

OFFICE OF THE STATE AUDITOR REPORT NOTE:

Section 7-7-211, Mississippi Code Annotated (1972) gives the Office of the State Auditor the authority to audit, with the exception of municipalities, any governmental entity in the state. In the case of municipalities, *Section 21-35-31, Mississippi Code Annotated (1972)* requires municipalities to obtain an annual audit performed by a private CPA firm and submit that audit report to the Office of the State Auditor. The Office of the State Auditor files these audit reports for review in case questions arise related to the municipality.

As a result, the following document was not prepared by the Office of the State Auditor. Instead, it was prepared by a private CPA firm and submitted to the Office of the State Auditor. The document was placed on this web page as it was submitted and no review of the report was performed by the Office of the State Auditor prior to finalization of the report. The Office of the State Auditor assumes no responsibility for its content or for any errors located in the document. Any questions of accuracy or authenticity concerning this document should be submitted to the CPA firm that prepared the document. The name and address of the CPA firm appears in the document.

CITY OF WINONA, MISSISSIPPI

**FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

**CITY OF WINONA, MISSISSIPPI
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INDEPENDENT AUDITOR'S REPORT

To the Mayor and Alderpersons
City of Winona, Mississippi

Opinions

We have audited the accompanying cash receipts and disbursements basis financial statements of the governmental activities and the business-type activities (All Funds) of the City of Winona, Mississippi, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City of Winona, Mississippi's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash receipts and disbursements basis financial position – all funds of the City of Winona, Mississippi, as of September 30, 2021, and the respective changes in the cash basis financial position for the year then ended in accordance with the cash receipts and disbursements basis of accounting described in Note 1.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Winona, Mississippi, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter—Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash receipts and disbursements basis of accounting as prescribed by the Office of the Mississippi State Auditor, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash receipts and disbursements basis of accounting described in Note 1, and for determining that the cash receipts and disbursements basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than

for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Other Reporting Required by the Office of the Mississippi State Auditor

In accordance with the Office of the Mississippi State Auditor, we have also issued our report dated July 22, 2022, on our consideration of the City of Winona, Mississippi's compliance with state laws and regulations. We have 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.

This report is an integral part of an audit performed in accordance with the Office of the Mississippi State Auditor as it pertains to state legal compliance.

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

Greenwood, Mississippi
July 22, 2022

CITY OF WINONA, MISSISSIPPI
COMBINED STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS (ALL FUNDS)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

	Governmental Activities		Business-Type Activities	Totals (Memorandum Only)
	General Fund	Debt Service Fund	Water & Sewer Fund	September 30, 2021
REVENUE RECEIPTS:				
General property taxes:				
Advalorem taxes	\$ 1,199,226.09	\$ 31,417.32	\$	\$ 1,230,643.41
Penalties and interest	13,262.59			13,262.59
Total taxes	1,212,488.68	31,417.32		1,243,906.00
Licenses, permits, and other:				
Permits and inspections	12,291.44			12,291.44
Payments in lieu of taxes	10,972.66			10,972.66
Franchise fees – utilities	126,138.74			126,138.74
Total licenses and permits	149,402.84			149,402.84
Fines and forfeits – net of amounts remitted to state, refunds & restitution				
Intergovernmental revenue:	98,615.17			98,615.17
Federal grants:				
Homeland Security Grant	15,088.75			15,088.75
ARC-Hwy 82/55 Grant	347,041.89			347,041.89
MDPS-OP Grant	19,665.80			19,665.80
Parks Trail Grant	73,375.00			73,375.00
MOHS-Occupant Protection Grant	2,783.77			2,783.77
DUI Enforcement Grant	416.30			416.30
American Rescue Plan Act Grant	487,265.13			487,265.13
FEMA Grant	2,017.64			2,017.64
HOME Grant	51,700.00			51,700.00
Total federal grants	999,354.28			999,354.28

See Accompanying Notes to the Financial Statements.

CITY OF WINONA, MISSISSIPPI
 COMBINED STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS (ALL FUNDS)
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

	Governmental Activities		Business-Type Activities		Totals (Memorandum Only) September 30, 2021
	General Fund	Debt Service Fund	Water & Sewer Fund		
REVENUE RECEIPTS: (Cont'd)					
Intergovernmental revenue: (Cont'd)					
State of Mississippi:					
MEMA CARES Grant	\$ 118,117.09	\$	\$	\$	118,117.09
Homestead exemption reimbursement	87,191.59				91,054.51
Grand Gulf funds	29,842.48	3,862.92			29,842.48
General sales tax diversion	1,063,315.98				1,063,315.98
2% Tourism sales tax diversion	192,648.93				192,648.93
General municipal aid	2,514.85				2,514.85
Gasoline tax	5,009.04				5,009.04
Alcoholic beverages licenses	3,375.00				3,375.00
Fire state rebate and code funds					-
Modernization use tax	147,374.18				147,374.18
HB1730 State Appropriations (Veteran's Memorial)	150,000.00				150,000.00
SB2969 State Appropriations (Mont. St. Paving Project)	500,000.00				500,000.00
Total State of Mississippi	2,299,389.14	3,862.92			2,303,252.06
County shared revenues:					
Road maintenance	132,585.50				132,585.50
T.I.F Bond reimbursement	20,337.72				20,337.72
Motor vehicle privilege tax	1,424.46				1,424.46
Rail car tax	8,306.42				8,306.42
Fire protection contribution	5,446.00				5,446.00
Total county shared revenues	168,100.10				168,100.10

See Accompanying Notes to the Financial Statements.

CITY OF WINONA, MISSISSIPPI
COMBINED STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS (ALL FUNDS)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

RECEIPTS

REVENUE RECEIPTS: (Cont'd)

Charges for services:

	Governmental Activities		Business-Type Activities	Totals (Memorandum Only) September 30, 2021
	General Fund	Debt Service Fund	Water & Sewer Fund	
Refuse collection fees	\$ 484,680.05	\$	\$	\$ 484,680.05
Cemetery perpetual upkeep	700.00			700.00
Local fire runs	32,083.37			32,083.37
Animal control	200.00			200.00
Recreation fees	148,111.50			148,111.50
Water and Sewer Fees			1,515,778.45	1,515,778.45
Total charges for services	665,774.92		1,515,778.45	2,181,553.37

Miscellaneous:

Interest and investment earnings	1,175.91	11.93	2,302.63	3,490.47
Rent and lease – use of property	17,950.00			17,950.00
Cemetery lot sales	800.00			800.00

Sale of fixed assets

Sundry receipts- includes insurance proceeds, and donations	7,092.77		24,647.28	31,740.05
Total miscellaneous	27,018.68	11.93	26,949.91	53,980.52

Total revenue receipts

	5,620,143.81	35,292.17	1,542,728.36	7,198,164.34
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OTHER FINANCING SOURCES:

Loan Proceeds

Operating Transfers In:

General Fund transfers		91,000.00		91,000.00
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Interfund Loans

Total other sources		91,000.00		91,000.00
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Total receipts

	5,620,143.81	126,292.17	1,542,728.36	7,289,164.34
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See Accompanying Notes to the Financial Statements.

CITY OF WINONA, MISSISSIPPI
COMBINED STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS (ALL FUNDS)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

DISBURSEMENTS

OPERATING DISBURSEMENTS:

General Government:

	Governmental Activities		Business-Type Activities	Totals (Memorandum Only) September 30, 2021
	General Fund	Debt Service Fund	Water & Sewer Fund	
Legislative	\$ 62,275.21	\$	\$	\$ 62,275.21
Judicial	30,543.60			30,543.60
Executive	30,538.84			30,538.84
Elections	5,767.21			5,767.21
Financial Administration	171,585.32			171,585.32
Law and Engineering	40,735.71			40,735.71
Building and plant	51,743.59			51,743.59
Appropriations	26,700.00			26,700.00
Miscellaneous	157.00			157.00
Total general government	<u>420,046.48</u>			<u>420,046.48</u>

Public Safety:

Police:

Administrative	68,498.25			68,498.25
Patrol	686,064.22			686,064.22
Records and administration	84,790.83			84,790.83
Custody of prisoners	32,009.04			32,009.04
Communications	53,529.96			53,529.96
Police station and building	9,344.41			9,344.41
Miscellaneous				
Total police	<u>934,236.71</u>			<u>934,236.71</u>

See Accompanying Notes to the Financial Statements.

CITY OF WINONA, MISSISSIPPI
COMBINED STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS (ALL FUNDS)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

	Governmental Activities		Business-Type Activities		Totals (Memorandum Only) September 30, 2021
	General Fund	Debt Service Fund	Water & Sewer Fund		
DISBURSEMENTS					
OPERATING DISBURSEMENTS: (Cont'd)					
Public Safety: (Cont'd)					
Fire:					
Administrative	\$ 69,737.01	\$		\$	69,737.01
Fire fighting	12,705.46				12,705.46
Communications	389,833.81				389,833.81
Fire station and building	1,843.45				1,843.45
Miscellaneous					
Total fire	<u>474,119.73</u>				<u>474,119.73</u>
Total public safety	<u>1,408,356.44</u>				<u>1,408,356.44</u>
Public Works:					
Highways and Streets:					
Administrative	66,562.02				66,562.02
Street upkeep and improvements	179,917.56				179,917.56
Street lighting	144,677.48				144,677.48
Street salaries and maintenance	328,631.15				328,631.15
Miscellaneous					
Total streets	<u>719,788.21</u>				<u>719,788.21</u>
Sanitation:					
Waste disposal	473,328.75				473,328.75
Miscellaneous					
Total sanitation	<u>473,328.75</u>				<u>473,328.75</u>

See Accompanying Notes to the Financial Statements.

CITY OF WINONA, MISSISSIPPI
COMBINED STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS (ALL FUNDS)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

	Governmental Activities		Business-Type Activities	Totals (Memorandum Only) September 30, 2021
	General Fund	Debt Service Fund	Water & Sewer Fund	
DISBURSEMENTS				
OPERATING DISBURSEMENTS: (Cont'd)				
Health and Welfare:				
Rabies and animal control	\$ 41,138.73	\$		\$ 41,138.73
Mosquito control	1,540.00			1,540.00
Total health and welfare	<u>42,678.73</u>			<u>42,678.73</u>
Culture and Recreation:				
Community house	5,310.50			5,310.50
Neighborhood facility	9,319.08			9,319.08
Participant recreation	289,143.57			289,143.57
Library	73,791.43			73,791.43
Total culture and recreation	<u>377,564.58</u>			<u>377,564.58</u>
Miscellaneous:				
Oakwood Cemetery	12,750.00			12,750.00
Airport and parking	14,616.10			14,616.10
Miscellaneous				
Total miscellaneous	<u>27,366.10</u>			<u>27,366.10</u>
Enterprise:				
Water and Sewer Fund:				
General administration			276,006.01	276,006.01
Maintenance-bldgs, grounds, equip.			115,612.46	276,006.01
Water line transmission & distribution			281,329.29	115,612.46

See Accompanying Notes to the Financial Statements.

CITY OF WINONA, MISSISSIPPI
 COMBINED STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS (ALL FUNDS)
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

	Governmental Activities		Business-Type Activities		Totals
	General Fund	Debt Service Fund	Water & Sewer Fund	(Memorandum Only) September 30, 2021	
DISBURSEMENTS					
OPERATING DISBURSEMENTS: (Cont'd)					
Enterprise: (Cont'd)					
Water and Sewer Fund: (Cont'd)					
Treatment and purification	\$	\$	\$ 83,922.43	\$	83,922.43
Sewage collection			264,820.46		264,820.46
Sewage treatment			52,277.49		52,277.49
Total water and sewer fund			1,073,968.14		1,073,968.14
Total operating disbursements	3,469,129.29		1,073,968.14		4,543,097.43
OTHER DISBURSEMENTS:					
Debt service:					
Interfund Loans					
Water & Sewer Revenue Refunding Bond, Series 2011:					
Principal			230,000.00		230,000.00
Interest and fees			35,475.02		35,475.02
Regions Finance - Meter Loans:					
Principal			48,772.72		48,772.72
Interest			1,948.94		1,948.94
State Revolving Fund Loan:					
Principal			19,526.13		19,526.13
Interest			595.11		595.11
Capital Improvements Loans:					
Principal			8,721.79		8,721.79
Interest			3,436.73		3,436.73

See Accompanying Notes to the Financial Statements.

CITY OF WINONA, MISSISSIPPI
COMBINED STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS (ALL FUNDS)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

	Governmental Activities		Business-Type Activities		Totals
	General Fund	Debt Service Fund	Water & Sewer Fund	(Memorandum Only) September 30, 2021	
OTHER DISBURSEMENTS					
Tax Increment Financing Bonds, Series 2010:					
Principal	\$ 40,000.00	\$	\$	\$	40,000.00
Interest and fees	4,450.00				4,450.00
General Obligation Bonds, Series 2019:					
Principal		105,000.00			105,000.00
Interest and fees		48,662.50			48,662.50
General Obligation Bonds, Series 2012:					
Principal		24,000.00			24,000.00
Interest		1,417.50			1,417.50
Total debt service	44,450.00	179,080.00	348,476.44		572,006.44
Operating transfers	91,000.00				91,000.00
Capital outlay:					
Equipment and improvements	131,455.55	432,788.90	23,472.34		587,716.79
Capital outlay-construction in process	643,365.51				643,365.51
Total other disbursements	910,271.06	611,868.90	371,948.78		1,894,088.74
Total disbursements	4,379,400.35	611,868.90	1,445,916.92		6,437,186.17
EXCESS RECEIPTS, DISBURSEMENTS (-)	1,240,743.46	(485,576.73)	96,811.44		851,978.17
CASH AND INVESTMENTS - BEGINNING	259,635.48	580,783.48	407,922.35		1,248,341.31
CASH AND INVESTMENTS - ENDING	\$ 1,500,378.94	\$ 95,206.75	\$ 504,733.79	\$	2,100,319.48

See Accompanying Notes to the Financial Statements.

**CITY OF WINONA, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Winona, Mississippi (“the City”) operates under the Mayor-Board of Alderman form of government and provides the following services: public safety (police and fire protection), streets, sanitation, culture and recreation, public improvements, planning and zoning, general administrative services, and water and sewer services.

Reporting Entity – This report includes all of the funds of the City, and there are no component units as defined by GASB Statement 14.

Basis of Accounting – All governmental and proprietary funds are accounted for using the cash receipts and disbursements basis of accounting, as prescribed by the Mississippi State Department of Audit. This basis of accounting differs from generally accepted accounting principles in that revenues are recognized when received rather than when measurable and available as net current assets and expenditures are generally recognized when the related fund expense is disbursed rather than when the related fund liability is incurred. Consequently, these financial statements are not intended to present financial position or results of operations in accordance with generally accepted accounting principles. Financial statements issued following accounting principles generally accepted in the United States of America normally contain Government-Wide Financial Statements, Fund Financial Statements, Required Supplemental Information including Management Discussion and Analysis (MD&A), Budgetary Reporting, Pension Reporting, and other Supplemental Information. The cash receipts and disbursements basis of accounting does not require the above information and reporting.

Basis of Presentation – Fund Accounting – The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. Each fund is accounted for by a separate set of self-balancing accounts that comprise revenues/receipts and expenditures/expenses. The individual funds account for the governmental resources allocated to them for the purpose of carrying on specific activities in accordance with laws, regulations, or other restrictions.

The City uses the following funds:

Governmental Fund Types:

General Fund

The General Fund is established to account for resources devoted to financing the general services that the City performs for its citizens. General tax revenues and other sources of revenue used to finance the fundamental operations of the City are included in this fund. The fund is charged with all cost of operating the government for which a separate fund has not been established.

Special Revenue Fund

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

**CITY OF WINONA, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Fund Types: (Continued)

Debt Service Fund

Debt service funds are used to account for and report the accumulation of funds restricted or committed for the periodic payment of principal and interest on general long-term debt.

Capital Projects Fund

Capital Projects Funds are used to account for financial resources to be used for acquisition and/or construction of major capital facilities (other than those financed by proprietary funds including proprietary fund grants). Such resources are derived principally from proceeds of revenue bonds and federal grants.

Proprietary Fund Types:

Proprietary Funds are used to account for operations which are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or where the governing body has decided that periodic determination of revenues earned, expenses incurred or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The Proprietary Fund for the City is the Water and Sewer Fund which is used to account for the provision of water and sewer services to the residents of the City. Activities of the fund include administration, operations and maintenance of the water and sewer system and billing and collections thereof. The fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for water and sewer debt. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the fund.

The reporting model for financial statement format and presentation requirements of the Governmental Accounting Standards Board Statement Numbers do not apply when only a Statement of Cash Receipts and Disbursements prepared on an other comprehensive basis of accounting is presented.

Budget – The budget for all funds is prepared and adopted on the cash basis of accounting, a basis of accounting other than generally accepted accounting principles. This basis is consistent with the applicable laws of the State of Mississippi. Revenues which are legally receipted from October 1 through September 30 may be credited to the budget. Expenditures which may be charged to the budget are those which were legally budgeted, incurred prior to the end of the fiscal year, and disbursed during the fiscal year or within 30 days thereafter.

**CITY OF WINONA, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Investments – For the purpose of the financial statement, cash includes all demand, savings accounts, and certificates of deposits of the City.

Capital Assets – Capital asset purchases are recorded as expenditures (capital outlay) at the time of acquisition. Such assets are not capitalized but instead are fully expensed in the year of purchase. Consequently, depreciation has not been provided on fixed assets on the financial statements. The schedule of capital assets in Note 11 is for informational purposes only for both the governmental and business-type activities.

Revenues and Expenditures/Expenses – Revenues for governmental and proprietary funds are recorded when they are received. Expenditures for governmental funds are recorded when the warrant is issued.

Total Columns on Statements – The “Total” columns on the statements are captioned “Memorandum Only” to indicate that they are presented only to facilitate financial analysis. Adjustments to eliminate interfund transactions, if any, have not been recorded in arriving at such amounts and the memorandum totals are not intended to fairly present the financial position or results of operations of the City, taken as a whole.

NOTE 2 – PROPERTY TAXES

Property taxes are attached as an enforceable lien on property as of January 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.

The City’s millage rate for 2020 taxes, which were collected in the year ended September 30, 2021, was at a rate of 49.5 mills.

The City utilized the county tax rolls and values in assessing the ad valorem taxes on real and personal property within the City boundaries. Taxes on autos are billed and collected by the county and remitted to the City in the month following the month of collection.

Property for which ad valorem taxes have not been paid is advertised for sale in April and September each year. Property not sold at auction is purchased by the City.

A reconciliation of assessed properties and property taxes is contained in Note 12 of this report.

NOTE 3 – CASH AND CASH EQUIVALENTS

Cash and investments consist of petty cash and bank deposits in the form of checking accounts, savings accounts and certificates of deposit with the City’s depository banks. At September 30, 2021, the carrying amount of the City’s deposits with financial institutions was \$1,809,539.28 and the bank balance was \$2,262,097.25. The collateral for public entities’ deposits in financial institutions are now held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5 Miss. Code Ann. (1972).

Under this program, the entity’s funds are protected through the collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation.

**CITY OF WINONA, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

NOTE 3 – CASH AND CASH EQUIVALENTS (Continued)

The bank balance is categorized as follows:

Amount insured by the FDIC	\$ 397,127.83
Amount collateralized through the Statewide Collateral Pool Program Sponsored by the State of Mississippi Treasury Department	1,864,969.42
Uncollateralized	<u> </u>
Total bank balance	<u>\$ 2,262,097.25</u>

NOTE 4 – SCHEDULE OF INVESTMENTS – ALL FUNDS

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 Bond and Interest (Cushion) Fund investments consisted of the following at September 30, 2021:

290,780.20 units Federated U.S. Treasury Cash Reserve Fund	<u>\$ 290,780.20</u>
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All of the above investments were held by a bank trust department in the City's name and are collateralized through the statewide collateral pool sponsored by the State of Mississippi Treasury Department.

The carrying amount of cash in banks of \$1,809,539.28 and the investments in U.S. Cash Reserves of \$290,780.20 are presented as the total CASH AND INVESTMENTS-ENDING of \$2,100,319.48 on page 8.

NOTE 5 – BOND RESERVE REQUIREMENTS

The City's Combined Water and Sewer System Revenue Refunding Bonds, Series 2011 ordinances require that the City make monthly deposits to reserve accounts until the amount reaches the lessor of: a) 10% of "principal amount" of all bonds, b) maximum annual debt service for the bond year, or c) 125% of average annual debt service.

The minimum reserve balances and monthly deposits for the bonds are as follows:

	<u>Monthly Deposit Amount</u>	<u>Minimum Reserve Requirement</u>	<u>Balance in Account at 9-30-21</u>
W & S Revenue Refunding Bonds	<u>\$ 29,620.00</u>	<u>\$ 270,750.00</u>	<u>\$ 290,780.20</u>

**CITY OF WINONA, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

NOTE 5 – BOND RESERVE REQUIREMENTS (Continued)

The minimum reserve requirement amount also consists of a Depreciation Reserve of \$5,000 and a Contingent Reserve of \$5,000.

Any funds withdrawn from these accounts during the life of the loans must be replaced in accordance with the above schedule. The reserve requirements for the Combined Water and Sewer System Revenue Bonds, Series 2011 were fully funded at September 30, 2021.

NOTE 6 – RESTRICTED CASH AND INVESTMENTS

As required by debt and bond covenants, grant requirements, or City ordinances, the following cash and investments are considered restricted:

Certain resources the City's Debt Service Fund (City Bond) are restricted for payment of General Obligation Bond Debt. The amount totaled \$95,206.75

Fire protection funds are restricted for fire department maintenance and capital outlay. These amounts are included in the General Fund cash total. The amount of Fire protection funds totaled \$102,696.99.

The tourism tax funds are restricted for tourism promotion, recreational improvements, and city beautification. These amounts are included in the General Fund cash total. The amount of Tourism tax funds totaled \$80,956.63.

As noted above for the Combined Water and Sewer System Refunding Revenue Bonds, Series 2011, \$270,750.00 has been reserved for debt payment, a depreciation fund, and a contingent fund. This amount is included in the Water & Sewer Fund cash total.

Grant funds received shall be used only for the specified grant purposes. Normally, grant revenues are received as a reimbursement to grant expenditures/expenses that have already been paid, and therefore, there should generally be no grant funds in the cash totals at year-end. However, with the COVID pandemic and subsequent governmental economic assistance, several grants (federal and state) and state appropriations were awarded in advance of expenditures/expenses. The total of these grants and appropriations totaled \$1,320,725.75 at year-end. The restrictions as to the use of these funds vary widely depending on the anticipated project.

NOTE 7 – PENSION PLAN

The City 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. Benefit 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 Public Employees' Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling (601) 359-3589 or 1-800-444-PERS.

**CITY OF WINONA, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

NOTE 7 – PENSION PLAN (Continued)

Funding Policy – PERS members are required to contribute 9.0% of their annual covered salary and the City is required to contribute at an actuarially determined rate. The rate at September 30, 2021 was 17.40% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The City's contributions for the years ending September 30, 2021, 2020, and 2019 were \$299,372, \$284,270, and \$258,508, respectively, equal to the required contributions for each year.

NOTE 8 – SCHEDULE OF LONG-TERM DEBT

<u>Date Issued</u>	<u>Definition and Purpose</u>	<u>Beginning Balance Oct. 1, 2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance Sept. 30, 2021</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%.	\$ 75,000	\$	\$ 24,000	\$ 51,000	\$ 25,000
10-15-19	\$1,200,000 Trustmark-Public Improvement Bonds, Series 2020. 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%.	<u>1,200,000</u>		<u>105,000</u>	<u>1,095,000</u>	<u>110,000</u>
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.	<u>80,000</u>		<u>40,000</u>	<u>40,000</u>	<u>40,000</u>
Total Governmental Activities Long-term liabilities		<u>\$ 1,355,000</u>	<u>\$</u>	<u>\$ 169,000</u>	<u>\$ 1,186,000</u>	<u>\$ 175,000</u>

**CITY OF WINONA, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

NOTE 8 – SCHEDULE OF LONG-TERM DEBT (Continued)

<u>Date Issued</u>	<u>Definition and Purpose</u>	<u>Beginning Balance Oct. 1, 2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance Sept. 30, 2021</u>	<u>Amounts Due within One Year</u>
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%.	\$ 965,000	\$	\$ 230,000	\$ 735,000	\$ 235,000
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.	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.	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.	39,437		19,526	19,911	19,911
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.	175,820		8,722	167,098	8,898
	Total Business-type activities long-term debt	\$ 1,229,030	\$	\$ 307,021	\$ 922,009	\$ 263,809

**CITY OF WINONA, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

NOTE 8 – SCHEDULE OF LONG-TERM DEBT (Continued)

The annual debt service requirements to maturity, including principal and interest, for long-term debt as of September 30, 2021, 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>	
2022	\$ 175,000	\$ 30,691	\$ 263,809	\$ 29,222	\$ 498,722
2023	136,000	25,403	254,077	20,900	436,380
2024	115,000	22,073	264,261	12,142	413,476
2025	120,000	18,900	9,448	2,711	151,059
2026	120,000	15,660	9,638	2,520	147,818
2027-2031	520,000	28,485	51,189	9,603	609,277
2032-2036			56,568	4,225	60,793
2037-2038			13,019	153	13,172
Total	<u>\$ 1,186,000</u>	<u>\$ 141,212</u>	<u>\$ 922,009</u>	<u>\$ 81,476</u>	<u>\$ 2,330,697</u>

\$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>
2022	\$ 25,000	\$ 866	2.25%
2023	<u>26,000</u>	<u>293</u>	2.25%
Total	<u>\$ 51,000</u>	<u>\$ 1,159</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>
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	120,000	15,660	2.60%
2027-2030	<u>520,000</u>	<u>28,485</u>	2.60%
Total	<u>\$ 1,095,000</u>	<u>\$ 138,253</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>
2022	<u>\$ 40,000</u>	<u>\$ 1,800</u>	4.50%

**CITY OF WINONA, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

NOTE 8 – SCHEDULE OF LONG-TERM DEBT (Continued)

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>
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>\$ 735,000</u>	<u>\$ 52,813</u>	

SRF-LOAN #DWI-L490010-02-0

<u>Year ended September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Interest Rate</u>
2022	<u>\$ 19,911</u>	<u>\$ 211</u>	1.95%

CAP LOAN #15-389

<u>Year ended September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Interest Rate</u>
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	9,639	9,603	2.00%
2027 - 2031	51,189	2,520	2.00%
2032 - 2036	56,568	4,225	2.00%
2037 - 2038	<u>13,019</u>	<u>153</u>	2.00%
Total	<u>\$ 167,098</u>	<u>\$ 28,452</u>	

NOTE 9 – 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. In general, 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, such matters will not have a material effect upon the financial position of the City.

**CITY OF WINONA, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

NOTE 10 – RISK MANAGEMENT

The City 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 – SCHEDULE OF CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2021 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	2,976,461	48,307		3,024,768
Machinery and equipment	3,765,397	515,937		4,281,334
Infrastructure and CIP	2,144,581	643,366		2,787,947
Totals at historical cost	<u>10,164,627</u>	<u>1,207,610</u>		<u>11,372,237</u>
Less accumulated depreciation for:				
Buildings	57,747	8,346		66,093
Improvements	800,081	121,222		921,303
Machinery and equipment	1,458,224	157,920		1,616,144
Infrastructure	339,211	75,770		414,981
Total accumulated depreciation	<u>2,655,263</u>	<u>363,258</u>		<u>3,018,521</u>
Governmental activities capital assets, net	<u>\$ 7,509,364</u>	<u>\$ 844,352</u>	<u>\$</u>	<u>\$ 8,353,716</u>
Business-type activities:				
Non-depreciable assets:				
Land	\$ 40,930	\$	\$	\$ 40,930
Depreciable assets:				
Buildings	33,138			33,138
Water system	5,208,712	17,927		5,226,639
Sewer system	7,409,222	4,791		7,414,013
Machinery and equipment	920,926	755		921,681
Totals at historical cost	<u>13,612,928</u>	<u>23,473</u>		<u>13,636,401</u>
Less accumulated depreciation for:				
Buildings	33,138			33,138
Water system	3,219,916	96,184		3,316,100
Sewer system	3,866,497	137,784		4,004,281
Machinery and equipment	837,630	23,248		860,878
Total accumulated depreciation	<u>7,957,181</u>	<u>257,216</u>		<u>8,214,397</u>
Business-type activities capital assets, net	<u>\$ 5,655,747</u>	<u>\$ (233,743)</u>	<u>\$</u>	<u>\$ 5,422,004</u>

**CITY OF WINONA, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

NOTE 12 – RECONCILIATION OF TAX ASSESSMENTS TO FUND COLLECTIONS

Tax assessments were found to be mathematically correct and in agreement with collections as follows:

	Taxable Assessed Values	Millage	Tax
Realty	\$ 18,142,741	49.5	\$ 898,066
Personal other than autos	2,855,186	49.5	141,332
Public utilities	2,078,349	49.5	102,878
Autos collected by county	<u>5,305,311</u>	49.5	<u>262,613</u>
	<u>\$ 28,381,587</u>		1,404,889
Homestead exemptions allowed	<u>\$ 3,109,879</u>		-153,939
Homestead exemption reimbursement- state			91,055
Prior year taxes collected			13,263
Penalties and interest-delinquent taxes			<u>13,263</u>
Adjustment to Rolls			<u>13,263</u>
Total taxes to account for			<u>\$ 1,355,268</u>

	Taxes, Penalties and Interest	Homestead Exemption Reimbursement from State	Total
Credits:			
General Fund	\$ 1,138,130	\$ 81,674	1,219,804
Library Fund	74,201	5,518	79,719
Debt Service Fund	<u>31,417</u>	<u>3,863</u>	<u>35,280</u>
	<u>\$ 1,243,748</u>	<u>\$ 91,055</u>	\$ 1,334,803
Balance represented by:			
Unpaid personalty and mobile home			11,520
Unsettled – (over)/under			<u>8,945</u>
Total taxes accounted for			<u>\$ 1,355,268</u>

The distribution of taxes to funds was found to be in accordance with prescribed tax levies, and uncollected taxes were determined to be properly handled.

Ad valorem taxes were found to be within the limitation of Section 27-39-320 to 27-39-323 Mississippi Code Annotated (1972).

**CITY OF WINONA, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

NOTE 12 – SCHEDULE OF SURETY BONDS FOR CITY OFFICIALS

<u>Name</u>	<u>Position</u>	<u>Company</u>	<u>Bond</u>
William Aaron Dees	Mayor	Travelers Casualty & Surety Co.	\$ 100,000
Sylvia Clark	Alderman	Travelers Casualty & Surety Co.	100,000
William Travis Johnson	Alderman	Travelers Casualty & Surety Co.	100,000
Michael Austin	Alderman	Travelers Casualty & Surety Co.	100,000
Charles Harris, Jr.	Alderman	Travelers Casualty & Surety Co.	100,000
Linda Purnell	Alderman	Travelers Casualty & Surety Co.	100,000
June Williams	City Clerk	Liberty Mutual Surety	67,500
Tiffany Everett	Deputy Asst. City Clerk	Travelers Casualty & Surety Co.	50,000
Kaley Cox	Deputy Water Clerk	Travelers Casualty & Surety Co.	50,000
Dorothy Washington	Deputy Clerk	Travelers Casualty & Surety Co.	50,000
Trisahe James	Deputy Clerk	Travelers Casualty & Surety Co.	50,000
Kellie Fox	Court Clerk	Travelers Casualty & Surety Co.	50,000
Rachele Heath	Deputy Court Clerk	Travelers Casualty & Surety Co.	50,000
Roshaun Daniels	Police Chief	Travelers Casualty & Surety Co.	50,000
Michael Narmour	Recreation Director	Travelers Casualty & Surety Co.	50,000

NOTE 14 – FEDERAL EXPENDITURES

Although the City received \$999,354.28 in federal awards during the fiscal year under audit, much of the funding was for federal expenditure reimbursements from prior years or for future expenditures on projects not started during the current fiscal year. The amount of current year federal expenditures by grant and respective current year grant revenues received are as follows:

	<u>Expenditures</u>	<u>Grant Revenues Received</u>
Homeland Security Grant	\$ 15,088.75	\$ 15,088.75
Appalachian Regional Commission Grant	347,041.89	347,041.89
MDPS-OP Grant	19,665.80	19,665.80
MOHS-Occupant Protection Grant	2,783.77	2,783.77
Alcohol Grant (DUI Enforcement Grant)	416.30	416.30
FEMA Grant	2,017.64	2,017.64
HOME Grant	51,700.00	51,700.00
USDA-National Resource Conservation Grant	<u>93,546.83</u>	
Total Grant Expenditures	<u>\$ 532,260.98</u>	

Audit requirements under Title 2 U.S. Code of *Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) specify that any entity expending federal awards of \$750,000 or more in a fiscal year must have a compliance audit, or Single Audit, of those federal funds expended. Therefore the City of Winona is not subject to the Uniform Guidance requirements for the current fiscal year under audit ended September 30, 2021 as it has not expended the required minimum of \$750,000.

**CITY OF WINONA, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

NOTE 15 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through July 22, 2022, the date the financial statements were available to be issued.

In December 2021 the City was awarded a CDBG Grant in the amount of \$600,000 to be used for a wastewater collection project.

Also, in December 2021 the City received state bond funds in the amount of \$1,000,000 as appropriated from Mississippi Senate Bill 2971 Section 117 2021 for the purpose of road improvements.

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

To the Honorable Mayor and
Board of Alderpersons
City of Winona, MS

We have audited the Statement of Cash Receipts and Disbursements – All Funds of the City of Winona, MS as of and for the year ended September 30, 2021 and have issued our report dated July 22, 2022. We have conducted our audit in accordance with auditing standards generally accepted in the United States of America and in accordance with the Office of the State Auditor.

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.

July 22, 2022