

State of Minnesota



Office of the State Auditor

Julie Blaha
State Auditor

**Putting All Communities Together for
Families Collaborative
Willmar, Minnesota**

Year Ended December 31, 2023

Putting All Communities Together for Families Collaborative Willmar, Minnesota

Table of Contents

	<u>Exhibit</u>	<u>Page</u>
Introductory Section		
Organization		1
Financial Section		
Independent Auditor’s Report		2
Management’s Discussion and Analysis		5
Basic Financial Statements		
Government-Wide Financial Statements		
Statement of Net Position	1	12
Statement of Activities	2	13
Fund Financial Statements		
General Fund		
Balance Sheet	3	14
Reconciliation of the General Fund Balance Sheet to the Statement of Net Position	4	15
Statement of Revenues, Expenditures, and Changes in Fund Balance	5	16
Reconciliation of the General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities	6	17
Budgetary Comparison Statement	7	18
Notes to the Financial Statements		19
Required Supplementary Information		
Schedule of Changes in Total OPEB Liability and Related Ratios – Other Postemployment Benefits	A-1	39
PERA General Employees Retirement Plan		
Schedule of Proportionate Share of Net Pension Liability	A-2	40
Schedule of Contributions	A-3	41
Notes to the Required Supplementary Information		42
Supplementary Information		
Schedule of Expenditures of Federal Awards	A-4	46
Notes to the Schedule of Expenditures of Federal Awards		47
Management and Compliance Section		
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		48
Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance		50
Schedule of Findings and Questioned Costs		53

Putting All Communities Together for Families Collaborative Willmar, Minnesota

Table of Contents

	<u>Exhibit</u>	<u>Page</u>
Corrective Action Plan		56
Summary Schedule of Prior Audit Findings		57

Introductory Section

Putting All Communities Together for Families Collaborative Willmar, Minnesota

Organization December 31, 2023

	Position	Agency	Term Expires
Executive Board			
Mary Jo DeCathelineau	Chair	Corrections	2023
Lori Anderson	Vice Chair	Parent Representative	2024
Leah Lundgren	Member	Member at Large	2024
Heather Jeseritz	Member	Member at Large	2024
Carrie Peterson	Member	Parent Representative	2025
Wendell Veurink	Member	Mental Health	2025
Diane Winter	Member	Public Health	2023
Kodi Goracke	Member	Public Schools	2023
Rae Ann Keeler-Aus	Member	Social Services	2025

Fiscal Supervisor
Brenda Peterson

Director
Sarah Vonderharr

	Position	Agency
Chief Elected Officials Board		
Corky Berg	Chair	Kandiyohi County Commissioner
Paul Johnson	Vice Chair	Meeker County Commissioner
John Robinson	Member	Renville County Commissioner
Daryl Luthens	Member	McLeod County Commissioner
Ron Antony	Member	Yellow Medicine County Commissioner

Financial Section



Independent Auditor's Report

Executive Board
Putting All Communities Together for Families Collaborative
Willmar, Minnesota

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and the General Fund of Putting All Communities Together for Families Collaborative (PACT) as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Collaborative's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the General Fund of PACT as of December 31, 2023, and the respective changes in financial position and the budgetary comparison of the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Collaborative, 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.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America

and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of Changes in Total OPEB Liability and Related Ratios – Other Postemployment Benefits, PERA retirement plan schedules, and Notes to the Required Supplementary Information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise PACT's basic financial statements. The Schedule of Expenditures of Federal Awards and related notes, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The

information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information as identified above is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 18, 2024, on our consideration of PACT's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of PACT's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering PACT's internal control over financial reporting and compliance.

/s/Julie Blaha

/s/Chad Struss

Julie Blaha
State Auditor

Chad Struss, CPA
Deputy State Auditor

September 18, 2024

Management's Discussion and Analysis

Putting All Communities Together for Families Collaborative Willmar, Minnesota

Management's Discussion and Analysis December 31, 2023 (Unaudited)

This section of the annual financial report provides Management's Discussion and Analysis (MD&A) of Putting All Communities Together for Families Collaborative's (PACT) financial performance for the fiscal year ending December 31, 2023. The MD&A is a required part of the financial report and serves as supplementary information specified by the Governmental Accounting Standards Board's (GASB) Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, which was issued in June 1999.

This analysis offers a detailed explanation of PACT's financial activities and conditions, allowing stakeholders to better understand the organization's overall financial health for the year. It will highlight significant changes, key financial trends, and provide context for the financial statements presented in this report.

Financial Highlights

Key financial highlights for the 2023 fiscal year include the following:

- Total net position is \$1,593,121, of which \$1,593,332 is unrestricted.
- Net position decreased for the year ending December 31, 2023, by \$31,686.
- PACT has federally funded grants that pass through state departments:

Special Populations Chemical Health Grant entitled Guía, from the Minnesota Department of Human Services Alcohol and Drug Abuse Division	\$ 152,500
Families Forever; Family Permanency through the Minnesota Department of Human Services	134,565

- PACT also has federally funded grants directly from the U.S. Department of Health and Human Services; Substance Abuse Mental Health Services Administration (SAMHSA) as follows:

Journey to Independence System of Care	\$ 677,566
Partnerships for Success	271,807
Road to Success	79,000

- Government-wide net position decreased 1.95 percent from the prior year.
- Overall government-wide revenues totaled \$2,795,439 and were \$186,391 more than the prior year and \$31,686 less than expenses.
- The General Fund fund balance increased \$51,473, or 1.99 percent, from the prior year.

Overview of the Financial Statements

The Management's Discussion and Analysis (MD&A) introduces the financial section of PACT's report, which is divided into three key components:

1. Independent Auditor's Report – An external review of the organization's financial activities.
2. Required Supplementary Information – This includes the MD&A (this section) and other essential information.
3. Basic Financial Statements – These are the core financial reports.

The basic financial statements are explained further and include:

- A Statement of Net Position and a Statement of Activities that report governmental activities, providing a broader, long-term view of PACT's finances, accounting for all assets, liabilities, revenues, and expenses regardless of when cash is received or paid.
- Fund financial statements that display data of the General Fund, highlighting the short-term movement of money and the availability of funds at year-end, utilizing modified accrual accounting (which measures cash and assets convertible to cash). These also offer a short-term view of PACT's operations, helping to determine the immediate financial resources available for spending on programs.
- Reconciliations between the General Fund and governmental activities.

Additionally, notes accompany the financial statements to offer further explanation and detailed data. The budgetary comparison statement and notes are essential for understanding both short-term financial management and long-term financial health.

Financial Analysis of PACT as a Whole

Net position – the net position was \$1,593,121 on December 31, 2023.

Table 1
Net Position

	2023	2022	Percent Change (%)
Assets			
Cash and investments	\$ 2,043,261	\$ 2,012,422	1.53
Accrued interest receivable	20,488	10,920	87.62
Due from other governments	915,609	886,245	3.31
Capital assets	16,574	52,375	(68.36)
Total Assets	\$ 2,995,932	\$ 2,961,962	1.15
Deferred Outflows of Resources			
Deferred other post-employment benefits outflows	\$ 26,031	\$ 2,010	1195.07
Deferred pension outflows	383,865	694,689	(44.74)
Total Deferred Outflows of Resources	\$ 409,896	\$ 696,699	(41.17)
Liabilities			
Accounts payable	\$ 1,984	\$ 10,722	(81.5)
Salaries payable	99,376	93,396	6.4
Accrued payroll taxes	6,901	5,993	15.15
Due to other governments	16,660	21,492	(22.48)
Unearned revenue	77	-	100
Long-term liabilities			
Due within one year	32,786	50,979	(35.69)
Due in more than one year	48,004	70,422	(31.83)
Other post-employment benefits liability	67,607	40,290	67.8
Net pension liability	1,112,786	1,718,647	(35.25)
Total Liabilities	\$ 1,386,181	\$ 2,011,941	(31.10)
Deferred Inflows of Resources			
Deferred other post-employment benefits inflows	\$ 7,243	\$ 953	660.02
Deferred pension inflows	419,283	20,960	1900.4
Total Deferred Inflows of Resources	\$ 426,526	\$ 21,913	1846.45
Net Position			
Net investment in capital assets	\$ (211)	\$ 2,490	(108.47)
Unrestricted	1,593,332	1,622,317	(1.79)
Total Net Position	\$ 1,593,121	\$ 1,624,807	(1.95)

Table 2
Change in Net Position

	2023	2022	Percent Change (%)
Revenues			
Program revenues			
Operating grants and contributions	\$ 1,748,148	\$ 1,763,618	(.88)
Fees, charges, and other	636,593	586,492	8.54
General revenues			
Grants and contributions not restricted to specific programs	297,564	229,393	29.72
Investment earnings	113,134	29,545	282.92
Total Revenues	\$ 2,795,439	\$ 2,609,048	7.14
Expenses			
Program expenses			
General government	\$ 2,826,473	\$ 2,907,868	(2.80)
Debt service – interest	652	453	43.93
Total Expenses	\$ 2,827,125	\$ 2,908,321	(2.79)
Increase (Decrease) in Net Position	\$ (31,686)	\$ (299,273)	(89.41)
Beginning Net Position	1,624,807	1,924,080	(15.55)
Ending Net Position	\$ 1,593,121	\$ 1,624,807	(1.95)

Capital Assets

As of December 31, 2023, PACT had a total of \$16,574 invested in capital assets, as shown in Table 3 below.

Table 3
Capital Assets at Year-End

	2023	2022
Machinery, furniture, and equipment	\$ 66,886	\$ 66,886
Less: accumulated depreciation	(66,886)	(64,241)
Leased building	66,308	66,308
Less: accumulated amortization	(49,734)	(16,578)
Net Capital Assets	\$ 16,574	\$ 52,375

Financial Analysis of PACT at the Fund Level

PACT’s financial performance is reflected through its governmental fund, specifically the General Fund, which supports the organization’s main operations aimed at enhancing the well-being of children and their families.

- For the fiscal year, PACT’s governmental fund reported a fund balance of \$2,637,707, representing an increase of \$51,473, or 1.99 percent, from the previous year’s balance of \$2,586,234.
- This increase in the fund balance indicates a positive financial performance.

PACT operates with an annual adopted budget, which can be amended when additional grants are received. The financial statements provide a budget-to-actual comparison (found in Exhibit 7), which details the alignment between planned revenues and expenditures versus the actual figures.

Budgetary Highlights

In 2023, PACT's Board made no amendments or revisions to the adopted budget. However, there were notable differences between budgeted and actual revenues and expenditures:

- Actual revenues were \$294,242 less than budgeted, primarily due to changes and variations in grant revenues, particularly those grants that span multiple calendar years.
- Expenditures were \$345,715 less than budgeted, reflecting adjustments in the timing of grant spending and variations in federally sourced grants.

The most significant variances occurred with grants coming through federal systems, such as Journey to Independence, Partnerships for Success, and Guía. These grants (for example, Guía and Partnerships for Success, etc.) are based on a state or federal fiscal year, audited on a calendar year, and budgeted on a cash basis accounting structure.

Overall, the net position decreased by \$31,686, primarily due to variations in grant revenues budgeted during the budget cycle and grant revenues received during the calendar year.

Factors Bearing on the Future and Next Year's Grant Budgets and Rates

For the 2024 fiscal year, our grants are moving forward and gaining momentum. Sustainability discussions are at the forefront of our efforts, ensuring that we can make lasting and impactful changes in our communities to improve outcomes for youth and families. While we continue to navigate the uncertainties of grant funding, we are actively pursuing additional federal support for future projects that address the evolving needs of the communities we serve. Alongside federal funding, we remain committed to securing local and foundational resources to foster resilience and independence for families and youth facing challenges.

As in previous years, our non-categorical LCTS (local collaborative time study) funding remains variable, making it challenging to project income expectations. However, we remain optimistic that our targeted income projections will be exceeded. To support this, we are taking a proactive approach by ensuring our partners receive training on random moment time studies and stay informed about program requirements and changes, positioning us to increase revenues in 2025.

As we continue seeking additional funding streams, we recognize the importance of gaining a deeper understanding of the needs within our communities. To ensure that PACT and our partners have a comprehensive view of the challenges across our service region—and in line with federal grant requirements—we conducted a needs assessment to hear directly from community members about the needs of youth and families. This assessment highlighted service delivery gaps, barriers to accessing services, including culturally and linguistically appropriate care, and issues such as long waiting lists. Our Executive Board remains dedicated to pursuing funding opportunities that will allow us to address these challenges and ensure the effective and resourceful use of collaborative funds for the benefit of our communities.

On June 30, 2023, the state-funded Family Permanency Grant (also known as the Families Forever Program) through the MN Department of Human Services concluded. Alongside this, the state-funded Guía grant was also set to end. With the conclusion of the Families Forever Program, we carefully evaluated the services provided and planned our budget to ensure continued support for kinship and adoption families through our Connecting Families program and support groups. Although the Family Permanency funds ended, we maintained key resources, including respite services, to ensure families received the support they need.

Fortunately, the state extended the Guía program funding for another year, with the program now set to conclude on June 30, 2024. To sustain our cultural work, we integrated cultural programming into other federal programs and submitted a new proposal aimed at extending cultural support to youth and families facing mental

health and substance use challenges. We are currently in budget negotiations with the state to continue this work for an additional three years.

In addition to these program changes, we are in the process of transitioning to step three of our school-based services agreement. As of July 1, 2024, we will move to a 90/10 split, with schools paying 90 percent of the total salaries and benefits for school social workers/counselors in their districts. Three districts—BOLD, Willmar, and New London-Spicer—have opted to internalize their contracts. Step four of this transition, where schools will assume 100 percent of the costs, will begin in July 2025, with contract negotiations starting in January 2025. We anticipate that while some districts will continue their contracts with PACT, others may take their contracts in-house for greater control over the positions, salaries, and benefits.

Following the successful consolidation of previous programming—each with separate budgets under LCTS dollars, including Wraparound, the Connecting Families Program, the Family Liaison, and the Parent Advisory Committee—into one unified Family Support Services (FSS) program, we are pleased with the results. This transition has allowed us to streamline both services and budgets, resulting in an estimated three percent savings in our 2024 organizational budget.

Despite some staff turnover in 2023, which contributed to the budget falling below initial forecasts, we are confident in the direction of the FSS program and plan to continue running these services in the same streamlined way moving forward. We are hopeful to fill the open positions soon and look forward to building momentum in delivering enhanced services through FSS.

The remaining funded grants will remain active in 2024 and beyond as follows:

Journey to Independence is a federally funded System of Care initiative through SAMHSA. The current project concluded on August 29, 2024, and we are optimistic that our proposed 2024-2028 project will be awarded soon. This new project aims to expand support to youth aged 14-21 (previously 16-21) who struggle with severe emotional disturbances (SED), serious mental illness (SMI), or emerging mental health issues, along with their parents. By utilizing the Transition to Independence Planning (TIP) Model[®] and collaborating with key community members, mental health providers, and policymakers, we aim to help youth develop greater self-sufficiency and independence while emphasizing the critical role of parents/guardians in guiding their transition to adulthood. Journey to Independence represents a shift in service delivery that strengthens the resilience of rural youth, enhances parent-child bonds, and encourages communities to adopt similar systems of care that recognize the importance of investing in this critical transition period.

Partnerships for Success (PFS), also funded through SAMHSA, has entered its fifth and final year. The goal of PFS is to build prevention infrastructure to counteract the initiation of substance misuse among youth and reduce associated risk factors. Specifically, the project focuses on reducing underage drinking, marijuana use, and nicotine addiction (through vaping/e-cigarettes and tobacco) among youth and adults aged nine and up. This is accomplished by increasing the capacity of school districts and organizations in Kandiyohi, Renville, and Yellow Medicine Counties to implement effective prevention programming through the counties' Chemical Health Coalitions. A major objective is to establish a sustainable infrastructure that continues post-grant. While sustainability conversations are ongoing, and counties are stepping up to support the work, we are collaborating with the three counties to prepare a new proposal to continue this work, starting in November 2024 for submission in February 2025.

Road to Success (RTS), now in the second year of a five-year project, is a federal System of Care initiative through SAMHSA that began in October 2023. RTS aims to expand our transition services for youth aged 16-25 who are experiencing emerging mental health challenges, developmental delays, or are at risk of being diagnosed with SED or SMI. This project utilizes the Transition to Independence Planning (TIP) Model[®] and the Life Course[®] Curriculum, in collaboration with community stakeholders, mental health providers, and policymakers, to build skills and enhance positive outcomes for youth transitioning into adult roles and responsibilities. With \$630,000 awarded annually throughout the five-year project, Road to Success allows us to expand our services and support

more individuals as they transition to adulthood. We remain dedicated to making a meaningful and lasting impact on the lives of these young individuals and their families.

Contacting PACT's Financial Management

This financial report is designed to provide a general overview of PACT for Families Collaborative's finances and demonstrate PACT's accountability for the funds it receives. If you have any questions regarding this report or require additional financial information, please reach out to us at:

PACT for Families Collaborative

Kandiyohi County Health and Human Services Building
2200 – 23rd Street Northeast, Suite 2030
Willmar, Minnesota 56201
Phone: (320) 231-7030

Basic Financial Statements

Government-Wide Financial Statements

**Putting All Communities Together for Families Collaborative
Willmar, Minnesota**

Exhibit 1

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

Assets

Cash and pooled investments	\$	2,043,261
Accrued interest receivable		20,488
Due from other governments		915,609
Capital assets		
Depreciable or amortizable – net of accumulated depreciation and amortization		16,574
		16,574
Total Assets	\$	2,995,932

Deferred Outflows of Resources

Deferred other postemployment benefits outflows	\$	26,031
Deferred pension outflows		383,865
		383,865
Total Deferred Outflows of Resources	\$	409,896

Liabilities

Accounts payable	\$	1,984
Salaries payable		99,376
Accrued payroll taxes		6,901
Unearned revenue		77
Due to other governments		16,660
Long-term liabilities		
Due within one year		32,786
Due in more than one year		48,004
Other postemployment benefits liability		67,607
Net pension liability		1,112,786
		1,112,786
Total Liabilities	\$	1,386,181

Deferred Inflows of Resources

Deferred other postemployment benefits inflows	\$	7,243
Deferred pension inflows		419,283
		419,283
Total Deferred Inflows of Resources	\$	426,526

Net Position

Net investment in capital assets	\$	(211)
Unrestricted		1,593,332
		1,593,332
Total Net Position	\$	1,593,121

**Putting All Communities Together for Families Collaborative
Willmar, Minnesota**

Exhibit 2

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

<u>Functions/Programs</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Change in Net Position</u>
	<u>Expenses</u>	<u>Fees, Charges, and Other</u>	
Governmental activities			
General government	\$ 2,826,473	\$ 636,593	\$ 1,748,148
Interest	652	-	-
Total Governmental Activities	\$ 2,827,125	\$ 636,593	\$ 1,748,148
General Revenues			
Grants and contributions not restricted to specific programs			\$ 297,564
Investment earnings			113,134
Total general revenues			\$ 410,698
Change in net position			\$ (31,686)
Net Position – January 1			1,624,807
Net Position – December 31			\$ 1,593,121

Fund Financial Statements

**Putting All Communities Together for Families Collaborative
Willmar, Minnesota**

Exhibit 3

**Balance Sheet
General Fund
December 31, 2023**

<u>Assets</u>	
Cash and pooled investments	\$ 2,043,261
Accrued interest receivable	20,488
Due from other governments	915,609
	<hr/>
Total Assets	\$ 2,979,358
	<hr/> <hr/>
<u>Liabilities, Deferred Inflows of Resources, and Fund Balance</u>	
Liabilities	
Accounts payable	\$ 1,984
Salaries payable	99,376
Accrued payroll taxes	6,901
Unearned revenue	77
Due to other governments	16,660
	<hr/>
Total Liabilities	\$ 124,998
	<hr/>
Deferred Inflows of Resources	
Unavailable revenue	\$ 216,653
	<hr/>
Fund Balance	
Unassigned	\$ 2,637,707
	<hr/>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 2,979,358
	<hr/> <hr/>

**Putting All Communities Together for Families Collaborative
Willmar, Minnesota**

Exhibit 4

**Reconciliation of the General Fund Balance Sheet to the
Statement of Net Position
December 31, 2023**

Fund balance – General Fund (Exhibit 3)		\$ 2,637,707
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets, net of accumulated depreciation and amortization, used in governmental activities are not financial resources and, therefore, are not reported in the General Fund.		16,574
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as deferred inflows of resources in the General Fund.		216,653
Deferred outflows of resources and deferred inflows of resources are created as a result of various differences related to other postemployment benefits not recognized in the General Fund.		
Deferred outflows related to other postemployment benefits	\$ 26,031	
Deferred inflows related to other postemployment benefits	<u>(7,243)</u>	18,788
Deferred outflows of resources and deferred inflows of resources are created as a result of various differences related to pensions not recognized in the General Fund.		
Deferred outflows related to pensions	\$ 383,865	
Deferred inflows related to pensions	<u>(419,283)</u>	(35,418)
Long-term liabilities, are not due and payable in the current period and, therefore, are not reported in the General Fund.		
Compensated absences payable	\$ (64,005)	
Leases payable	(16,785)	
Other postemployment benefits liability	(67,607)	
Net pension liability	<u>(1,112,786)</u>	<u>(1,261,183)</u>
Net Position of Governmental Activities (Exhibit 1)		<u>\$ 1,593,121</u>

**Putting All Communities Together for Families Collaborative
Willmar, Minnesota**

Exhibit 5

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

Revenues	
Intergovernmental	\$ 1,774,289
Charges for services	632,150
Gifts and contributions	297,564
Investment earnings	103,566
	<hr/>
Total Revenues	\$ 2,807,569
Expenditures	
Current	
General government	
General	\$ 183,986
Local Collaborative Time Study	1,149,618
Guia	149,462
Drug-Free Communities	77,875
Pohlad Foundation	238
Medica Foundation	1,268
Parent Advisory Committee	1,276
Bush Foundation ACEs Grant	15
Connecting Families Program	48,763
Families Forever – Family Permanency	134,543
Journey to Independence	685,619
Partnerships for Success	277,250
Debt service	
Principal	33,100
Interest	652
	<hr/>
Total Expenditures	\$ 2,756,096
Net Change in Fund Balance	\$ 51,473
Fund Balance – January 1	2,586,234
	<hr/>
Fund Balance – December 31	\$ 2,637,707
	<hr/> <hr/>

**Putting All Communities Together for Families Collaborative
Willmar, Minnesota**

Exhibit 6

**Reconciliation of the General Fund Statement of Revenues, Expenditures, and
Changes in Fund Balance to the Statement of Activities
For the Year Ended December 31, 2023**

Net Change in Fund Balance – General Fund (Exhibit 5) **\$ 51,473**

Amounts reported for governmental activities in the statement of activities are different because:

The General Fund reports capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation and amortization expense. (35,801)

In the General Fund, under the modified accrual basis, receivables not available for expenditure are deferred. In the statement of activities, those revenues are recognized when earned. The adjustment to revenues is the increase or decrease in revenues deferred as unavailable.

Unavailable revenue – January 1	\$ (191,750)	
Unavailable revenue – December 31	216,653	24,903

Some capital assets additions were financed through leases. In the General Fund a lease arrangement is considered a source of financing but, in the statement of net position, the lease obligation is reported as a liability. Similarly, repayment of principal is an expenditure in the General Fund but reduces the liability in the statement of net position.

Principal payments on leases		33,100
------------------------------	--	--------

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the General Fund.

Change in deferred other postemployment benefits outflows	\$ 24,021	
Change in deferred pension outflows	(310,824)	
Change in compensated absences payable	7,511	
Change in other postemployment benefits liability	(27,317)	
Change in net pension liability	605,861	
Change in deferred other postemployment benefits inflows	(6,290)	
Change in deferred pension inflows	(398,323)	(105,361)

Change in Net Position of Governmental Activities (Exhibit 2) **\$ (31,686)**

**Putting All Communities Together for Families Collaborative
Willmar, Minnesota**

Exhibit 7

**Budgetary Comparison Statement
Budget and Actual
General Fund
For the Year Ended December 31, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 2,143,250	\$ 2,143,250	\$ 1,774,289	\$ (368,961)
Charges for services	676,885	676,885	632,150	(44,735)
Gifts and contributions	244,676	244,676	297,564	52,888
Investment earnings	37,000	37,000	103,566	66,566
Total Revenues	\$ 3,101,811	\$ 3,101,811	\$ 2,807,569	\$ (294,242)
Expenditures				
Current				
General government				
General	\$ 163,081	\$ 163,081	\$ 183,986	\$ (20,905)
Local Collaborative Time Study	1,201,377	1,201,377	1,149,618	51,759
Guia	178,000	178,000	149,462	28,538
Drug-Free Communities	-	-	77,875	(77,875)
Brain Conference	12,000	12,000	12,431	(431)
Pohlad Foundation	-	-	238	(238)
Medica Foundation	-	-	1,268	(1,268)
Parent Advisory Committee	-	-	1,276	(1,276)
Bush Foundation ACEs Grant	-	-	15	(15)
Connecting Families Program	57,103	57,103	48,763	8,340
Families Forever – Family Permanency	276,250	276,250	134,543	141,707
Journey to Independence	875,000	875,000	685,619	189,381
Partnerships for Success	339,000	339,000	277,250	61,750
Total general government	\$ 3,101,811	\$ 3,101,811	\$ 2,722,344	\$ 379,467
Debt service				
Principal	\$ -	\$ -	\$ 33,100	\$ (33,100)
Interest	-	-	652	(652)
Total debt service	\$ -	\$ -	\$ 33,752	\$ (33,752)
Total Expenditures	\$ 3,101,811	\$ 3,101,811	\$ 2,756,096	\$ 345,715
Net Change in Fund Balance	\$ -	\$ -	\$ 51,473	\$ 51,473
Fund Balance – January 1	2,586,234	2,586,234	2,586,234	-
Fund Balance – December 31	\$ 2,586,234	\$ 2,586,234	\$ 2,637,707	\$ 51,473

Putting All Communities Together for Families Collaborative Willmar, Minnesota

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

Note 1 – Summary of Significant Accounting Policies

Putting All Communities Together for Families Collaborative's (PACT) financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as of and for the year ended December 31, 2023. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). The more significant accounting policies established in GAAP and used by PACT are discussed below.

Financial Reporting Entity

PACT was established in 1996 by a joint powers agreement among Kandiyohi, Meeker, Renville, and Yellow Medicine Counties. Effective January 1, 2011, an additional joint powers agreement was entered into adding McLeod County as a fifth county partner to PACT. As a result, the name was changed from PACT 4 Families Collaborative to PACT for Families Collaborative. This had no effect on PACT's tax identification or filing obligations with the U.S. Department of the Treasury Internal Revenue Service or the Minnesota Secretary of State. The joint powers agreements were established to provide coordinated services to children and families. A county may withdraw from PACT by giving a 30-day written notice to PACT; however, the contribution will remain in the integrated fund for the implementation period. In the event of termination, any property acquired as a result of the agreement and any surplus monies on hand shall be distributed to the parties of this agreement in proportion to their contributions.

Management of PACT is vested in an Executive Board composed of nine members representing all counties. The Board includes an administrative representative of social services, public health services, community corrections, school districts, two parents (one parent of a child diagnosed with a serious emotional disturbance), and three members at large, one of whom is of a mental health background. The Board appoints a fiscal agent to handle and be responsible for safekeeping the funds of PACT.

Beginning January 1, 2020, Yellow Medicine County Family Services became the fiscal agent for PACT. Prior to that, McLeod County Family Services had acted as the fiscal agent for PACT since January 1, 2016.

Basic Financial Statements

The government-wide financial statements (the statement of net position and the statement of activities) display information about PACT overall. The government-wide statements are reported on a full accrual, economic resources basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. PACT's net position is reported in two parts: net investment in capital assets and unrestricted net position.

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

Putting All Communities Together for Families Collaborative Willmar, Minnesota

PACT reports one governmental fund. The General Fund is PACT's primary operating fund. It accounts for all financial resources of PACT.

Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. PACT considers all revenues as available if collected within 60 days after the end of the current period. Intergovernmental revenue and interest are considered susceptible to accrual. Expenditures are recorded when the related fund liability is incurred except for principal and interest on long-term debt and compensated absences, which are recognized as expenditures to the extent that they have matured. Acquisitions under leases are reported as other financing sources.

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

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

Deposits and Investments

PACT invests in an external investment pool, the Minnesota Association of Governments Investing for Counties (MAGIC) Fund, which is created under a joint powers agreement pursuant to Minn. Stat. § 471.59. The investment in the pool is measured at the net asset value per share provided by the pool. Other investments are reported at their fair value at December 31, 2023, based on market prices. Investment earnings for 2023 were \$103,566.

Due From/To Other Governments

Due from/to other governments represent receivables and payables related to grants from other federal, state, and local governments for program administration.

Capital Assets

Capital assets, which consist of equipment and right-to-use assets acquired under leasing arrangements, are reported in the government-wide financial statements. Capital assets are defined by PACT as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost. Donated capital assets are recorded at acquisition value.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Putting All Communities Together for Families Collaborative Willmar, Minnesota

Machinery, furniture, and equipment of PACT are depreciated using the straight-line method over the following estimated useful lives, while right-to-use assets are amortized over the shorter of the underlying assets' estimated useful life or lease term:

Estimated Useful Lives of Capital Assets

Assets	Years
Machinery, furniture, and equipment	3-5
Right-to-use buildings	2-5

Compensated Absences

The liability for compensated absences reported in the financial statements consists of unpaid, accumulated paid time off (PTO) leave balances. The liability has been calculated using the vesting method, in which leave amounts for all employees who currently are eligible to receive termination pay and other employees who are expected to become eligible in the future to receive such payments upon termination are included. Compensated absences are accrued when incurred and reported as both current and noncurrent in the governmental activities. The current portion is based on percentages predetermined by management based on historical information. The noncurrent portion consists of the remaining PTO. A liability for these amounts is reported in the General Fund only if they have matured, for example, as a result of employee resignations and retirements. Compensated absences are accrued when incurred in the government-wide financial statements.

Pension Plan

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until that time. PACT reports deferred outflows of resources only under the full accrual basis of accounting associated with pension plans and other postemployment benefits (OPEB) and, accordingly, are reported only in the statement of net position.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and will not be recognized as an inflow of resources (revenue or reduction of expense) until that time. PACT has three types of deferred inflows. The governmental fund reports unavailable revenue for amounts that are not considered to be available to liquidate liabilities of the current period. Unavailable revenue arises only under the modified accrual basis of accounting and, accordingly, is reported only in the governmental fund balance sheet. Unavailable revenue is deferred and recognized as an inflow of resources in the period that the amounts become available. PACT also reports deferred inflows of resources associated with

Putting All Communities Together for Families Collaborative Willmar, Minnesota

pension plans and OPEB. These inflows arise only under the full accrual basis of accounting and, accordingly, are reported only in the statement of net position.

Classification of Net Position

Net position in the government-wide statements is classified in the following categories:

Net investment in capital assets – the amount of net position representing capital assets, net of accumulated depreciation and amortization, and reduced by outstanding debt attributed to the acquisition, construction, or improvement of the assets.

Restricted net position – the amount of net position for which external restrictions have been imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

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

Classification of Fund Balance

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

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

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

Committed – amounts that can be used only for the specific purposes imposed by formal action (resolution) of the Executive Board of Directors or Chief Elected Officials Board.

Those committed amounts cannot be used for any other purpose unless the Executive Board of Directors or Chief Elected Officials Board removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. The action must be approved no later than the close of the reporting period and remains binding unless removed in the same manner.

Assigned – amounts PACT intends to use for specific purposes that do not meet the criteria to be classified as restricted or committed. In the General Fund, assigned amounts represent intended uses established by the PACT Director, who has been delegated that authority by a resolution of the Executive Board of Directors and the Chief Elected Officials Board.

Unassigned – the residual classification for the General Fund; it includes all spendable amounts not contained in the other fund balance classifications.

Putting All Communities Together for Families Collaborative Willmar, Minnesota

PACT applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first, followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Minimum Fund Balance

The General Fund is heavily reliant on intergovernmental revenues in the form of federal and state grant awards, some of which are on a reimbursement basis. PACT adopted a minimum fund balance policy for its General Fund to maintain a minimum unassigned fund balance for cash flows equal to 35 to 50 percent of the General Fund operating expenditures. In the event that the balance drops below the established minimum level at the completion of any fiscal year, the Executive Board of Directors shall create a plan to restore the balance to the appropriate level.

The fund balance policy was adopted by the Executive Board of Directors on November 1, 2011, and by the Chief Elected Officials Board on November 9, 2011.

At December 31, 2023, unassigned fund balance for the General Fund was above the minimum fund balance level.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources; and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 2 – Stewardship, Compliance, and Accountability

Budgetary Information

An annual budget is adopted on a basis consistent with generally accepted accounting principles for the General Fund by the Executive Board. All annual appropriations lapse at fiscal year-end. The appropriated budget is prepared by activity. Transfers of appropriations between activities require approval of the Executive Board. The legal level of budgetary control (that is, the level at which expenditures may not legally exceed appropriations) is the activity level.

The budget may be amended or modified at any time by the Executive Board. No budgetary amendments were made during the year.

Putting All Communities Together for Families Collaborative Willmar, Minnesota

Excess of Expenditures Over Budget

The following is a summary of activities in the General Fund that had expenditures in excess of budget for the year ended December 31, 2023.

Excess of Expenditures Over Budget			
	Expenditures	Final Budget	Excess
General government			
General	\$ 183,986	\$ 163,081	\$ 20,905
Drug-Free Communities	77,875	-	77,875
Brain Conference	12,431	12,000	431
Pohlad Foundation	238	-	238
Medica Foundation	1,268	-	1,268
Parent Advisory Committee	1,276	-	1,276
Bush Foundation ACEs Grant	15	-	15
Debt service			
Principal	33,100	-	33,100
Interest	652	-	652

Note 3 – Detailed Notes

Assets

Deposits and Investments

Reconciliation of PACT’s total deposits and investments to the basic financial statements is as follows:

Reconciliation of PACT’s Total Cash and Investments to the Basic Financial Statements as of December 31, 2023	
Deposits	\$ 394,000
Investments	<u>1,649,261</u>
Total Cash and Pooled Investments	<u><u>\$ 2,043,261</u></u>

Deposits

PACT is authorized by Minn. Stat. §§ 118A.02 and 118A.04 to designate a depository for public funds and to invest in certificates of deposit. PACT is required by Minn. Stat. § 118A.03 to protect deposits with insurance, surety bond, or collateral. The market value of collateral pledged shall be at least ten percent more than the amount on deposit at the close of the financial institution’s banking day, not covered by insurance or bonds.

Authorized collateral includes treasury bills, notes and bonds; issues of U.S. government agencies; general obligations rated “A” or better and revenue obligations rated “AA” or better; irrevocable standby letters of credit issued by the Federal Home Loan Bank; and certificates of deposit.

Minnesota statutes require that securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or in an account at a trust department of a commercial bank or other financial

Putting All Communities Together for Families Collaborative Willmar, Minnesota

institution not owned or controlled by the financial institution furnishing the collateral.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a financial institution failure, PACT's deposits may not be returned to it. It is PACT's policy to minimize custodial credit risk by obtaining collateral or bond for all uninsured amounts on deposit and obtaining necessary documentation to show compliance with state law and a perfected security interest under federal law. As of December 31, 2023, PACT had no exposure to custodial credit risk.

Investments

PACT may invest in the following types of investments as authorized by Minn. Stat. §§ 118A.04 and 118A.05:

- (1) securities which are direct obligations or are guaranteed or insured issues of the United States, its agencies, its instrumentalities, or organizations created by an act of Congress, except mortgage-backed securities defined as "high-risk" by Minn. Stat. § 118A.04, subd. 6;
- (2) mutual funds through shares of registered investment companies provided the mutual fund receives certain ratings depending on its investments;
- (3) general obligations of the State of Minnesota and its municipalities, and in certain state agency and local obligations of Minnesota and other states provided such obligations have certain specified bond ratings by a national bond rating service;
- (4) time deposits fully insured by the Federal Deposit Insurance Corporation, the National Credit Union Administration, or bankers' acceptances of United States banks;
- (5) commercial paper issued by United States corporations or their Canadian subsidiaries that is rated in the highest quality category by two nationally recognized rating agencies and matures in 270 days or less; and
- (6) with certain restrictions, in repurchase agreements, securities lending agreements, joint powers investment trusts, and guaranteed investment contracts.

PACT does have an Investment Policy Statement for investment risks, described below, complying with the requirements of Minnesota statutes.

Interest Rate Risk

Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. It is PACT's policy to minimize interest rate risk by (1) structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and (2) investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools, and limiting the average maturity in accordance with PACT's cash requirements. At December 31, 2023, PACT held no investments subject to interest rate risk.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating

Putting All Communities Together for Families Collaborative Willmar, Minnesota

organization. PACT's policy is to minimize credit risk by authorizing only investments allowed under state statute.

Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities in the possession of an outside party. It is PACT's policy to minimize custodial credit risk by permitting brokers to hold investments only to the extent there is Securities Investor Protection Corporation (SIPC) and excess SIPC coverage available, and securities purchased that exceed available SIPC coverage will be transferred to PACT's custodian. As of December 31, 2023, PACT had no exposure to custodial credit risk.

Concentration of Credit Risk

The concentration of credit risk is the risk of loss that may be caused by PACT's investment in a single issuer. It is PACT's policy to minimize concentration of credit risk by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

The following table presents PACT's deposit and investment balances at December 31, 2023, and information relating to potential investment risk:

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

Investment Type	Credit Risk		Concentration Risk (%)	Interest Rate Risk	Fair Value
	Credit Rating	Rating Agency		Maturity Date	
Negotiable certificates of deposit					
Little Rock OZK Bank	N/A	N/A	6.37	02/06/2024	\$ 105,000
Charles Schwab Bank	N/A	N/A	14.86	03/05/2024	245,000
Cross River Bank	N/A	N/A	14.60	05/19/2026	240,720
First Financial Northwest Bank	N/A	N/A	4.44	03/13/2025	73,302
First Foundation Bank	N/A	N/A	9.08	10/11/2024	149,827
Morgan Stanley Bank	N/A	N/A	12.87	12/01/2025	212,232
Third Cost Bank	N/A	N/A	14.26	08/11/2026	235,161
Washington Federal Bank	N/A	N/A	0.91	05/22/2024	15,000
Well Fargo Bank	N/A	N/A	15.10	07/07/2025	248,999
Total negotiable certificates of deposit					\$ 1,525,241
Investment pools					
MAGIC Portfolio	N/R	N/A	7.52		124,020
Total investments					\$ 1,649,261
Deposits					
Total Cash and Investments					\$ 2,043,261

N/A – Not Applicable, N/R – Not Rated

Putting All Communities Together for Families Collaborative Willmar, Minnesota

PACT measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- *Level 1:* Quoted prices for identical investments in active markets;
- *Level 2:* Observable inputs other than quoted market prices; and
- *Level 3:* Unobservable inputs.

At December 31, 2023, PACT had the following recurring fair value measurements.

Recurring Fair Value Measurements as of December 31, 2023

	December 31, 2023	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
Negotiable certificates of deposit	\$ 1,525,241	\$ -	\$ 1,525,241	\$ -
Investments measured at the net asset value (NAV)				
MAGIC Portfolio	124,020			
Total investments	\$ 1,649,261			

All Level 2 debt securities are valued using a matrix pricing technique based on the securities' relationship to benchmark quoted prices.

MAGIC is a local government investment pool which is quoted at a net asset value (NAV). PACT invests in this pool for the purpose of the joint investment of PACT's money with those of counties to enhance the investment earnings accruing to each member. PACT currently holds investments in MAGIC Portfolio as well as deposits in the MAGIC CD Program.

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

Receivables

PACT did not have any receivables scheduled to be collected beyond one year as of December 31, 2023. No allowance has been made for uncollectible receivables because such amounts are not expected to be material.

Putting All Communities Together for Families Collaborative Willmar, Minnesota

Capital Assets

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

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

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets depreciated				
Machinery, furniture, and equipment	\$ 66,886	\$ -	\$ -	\$ 66,886
Less: accumulated depreciation for Machinery, furniture, and equipment	(64,241)	(2,645)	-	(66,886)
Total capital assets depreciated	\$ 2,645	\$ (2,645)	\$ -	\$ -
Capital assets amortized				
Leased building	\$ 66,308	\$ -	\$ -	\$ 66,308
Less: accumulated amortization for Leased building	(16,578)	(33,156)	-	(49,734)
Total capital assets amortized	\$ 49,730	\$ (33,156)	\$ -	\$ 16,574
Total Capital Assets, Net	\$ 52,375	\$ (35,801)	\$ -	\$ 16,574

Depreciation expense of \$2,645 and amortization expense of \$33,156 were charged to PACT's general government function for the year ending December 31, 2023.

Liabilities

Leases

PACT entered into a lease agreement as lessee for financing the acquisition of office space. PACT is committed under this lease for its current office space through June 30, 2024. The lease is for two years and has been recorded at the present value of the future minimum lease payments as of the inception date.

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

Year Ending December 31	Principal	Interest
2024	\$ 16,785	\$ 91

Paid Time Off (PTO)

Employees are granted PTO in varying amounts based on their length of service and allows full-time and eligible less than full-time employees (either exempt or non-exempt) to accrue compensated time off without categorical barriers. PTO accrues per pay period on a step basis, with a maximum number of hours allowed to remain in the bank at the end of any given year.

If a staff member's PTO bank exceeds the 320 hour maximum, he or she will be allowed until the last day of the year to reduce banked hours, or on January 1 of each year, the PTO bank will be reduced to the maximum

Putting All Communities Together for Families Collaborative Willmar, Minnesota

allowance. PTO leave accrual varies from 18 to 31 days per year. PACT pays unused accumulated vested PTO leave to eligible employees upon termination.

Unvested PTO leave is not paid to employees at termination. Unvested PTO not expected to vest, valued at \$49,186 on December 31, 2023, is not reported in the financial statements.

Changes in Long-Term Liabilities

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

	Payable January 1	Additions	Deductions	Ending Balance	Due Within One Year
Compensated absences	\$ 71,516	\$ 66,966	\$ 74,477	\$ 64,005	\$ 16,001
Leases	49,885	-	33,100	16,785	16,785
Total	\$ 121,401	\$ 66,966	\$ 107,577	\$ 80,790	\$ 32,786

Other Postemployment Benefits (OPEB)

Plan Description

PACT administers an OPEB plan, a single-employer defined benefit health care plan, to eligible retirees and their dependents. PACT provides benefits for retirees as required by Minn. Stat. § 471.61, subd. 2b. Retirees are required to pay 100 percent of the total premium cost. Since the premium is determined on the entire active and retiree population, the retirees are receiving an implicit rate subsidy.

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

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

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

Inactive employees or beneficiaries currently receiving benefit payments	-
Active plan participants	24
Total	24

Total OPEB Liability

PACT's total OPEB liability of \$67,607 was determined by an actuarial valuation as of January 1, 2023, which was measured as of January 1, 2023.

Putting All Communities Together for Families Collaborative Willmar, Minnesota

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

OPEB Actuarial Assumptions and Other Inputs

Inflation	2.50 percent
Salary increases	Graded by service years and contract group ranging from 10.25 percent for one year of service to 3.00 percent for 27 or more years of service
Health care cost trend	6.50 percent, grading to 5.00 percent over six years and then 4.00 percent over the next 48 years

The current year's discount rate is 4.00 percent, which is an increase of 2.00 percent from the prior year rate. For the current valuation, the discount rate is based on the estimated yield of 20-year AA-rated municipal bonds.

Mortality rates are based on the Pub-2010 Public Retirement Plans General Headcount-Weighted Mortality Tables with MP-2021 Generational Improvement Scale.

The actuarial assumptions are currently based on historical information. The method to develop claims costs was done under the Alternative Measurement Method.

Changes in the Total OPEB Liability

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

	Total OPEB Liability
Balance at December 31, 2022	\$ 40,290
Changes for the year	
Service cost	\$ 6,023
Interest	918
Difference between expected and actual experience	29,093
Assumption changes	(7,930)
Benefit payments	(787)
Net change	\$ 27,317
Balance at December 31, 2023	\$ 67,607

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OPEB Liability Sensitivity

The following presents the total OPEB liability of PACT, calculated using the discount rate previously disclosed, as well as what PACT's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate:

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

	Discount Rate		Total OPEB Liability
1% Decrease	3.00%	\$	72,463
Current	4.00%		67,607
1% Increase	5.00%		62,942

The following presents the total OPEB liability of PACT, calculated using the health care cost trend previously disclosed, as well as what PACT's total OPEB liability would be if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rate:

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

	Health Care Trend Rate		Total OPEB Liability
1% Decrease	5.5% decreasing to 4.00%	\$	60,781
Current	6.5% decreasing to 5.00%		67,607
1% Increase	7.5% decreasing to 6.50%		75,401

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

For the year ended December 31, 2023, PACT recognized OPEB expense of \$9,586. PACT reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual liability	\$ 24,397	\$ -
Changes in actuarial assumptions	661	7,243
Contributions made subsequent to the measurement date	973	-
Total	\$ 26,031	\$ 7,243

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The \$973 reported as deferred outflows of resources related to OPEB resulting from the contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

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

Year Ended December 31	OPEB Expense Amount
2024	\$ 3,618
2025	3,615
2026	3,527
2027	3,527
2028	3,528

Changes in Significant Plan Provisions, Actuarial Methods, and Assumptions

The following changes were reflected in the other postemployment benefits valuation in 2023:

- The health care trends were changed to better anticipate short-term and long-term medical increases.
- The mortality tables were updated from the Pub-2010 Public Retirement Plans General Headcount-Weighted Mortality Tables with MP-2020 Generational Improvement Scale to the Pub-2010 Public Retirement Plans General Headcount-Weighted Mortality Tables with MP-2021 Generational Improvement Scale.
- The inflation rate was changed from 2.00 percent to 2.50 percent.
- The discount rate was changed from 2.00 percent to 4.00 percent.
- These changes decreased the liability \$7,930.

Defined Benefit Pension Plan

Plan Description

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

The General Employees Plan (accounted for in the General Employees Fund) has multiple benefit structures with members belonging to the Coordinated Plan, the Basic Plan, or the Minneapolis Employees Retirement Fund. Coordinated Plan members are covered by Social Security, and the Basic Plan and Minneapolis Employees Retirement Fund members are not. The Basic Plan was closed to new members in 1967. The Minneapolis Employees Retirement Fund was closed to new members during 1978 and merged into the General Employees Plan in 2015. All new members must participate in the Coordinated Plan, for which benefits vest after five years of

Putting All Communities Together for Families Collaborative Willmar, Minnesota

credited service. No PACT employees belong to either the Basic Plan or the Minneapolis Employees Retirement Fund.

Benefits Provided

PERA provides retirement benefits as well as disability benefits to members and benefits to survivors upon death of eligible members. Benefit provisions are established by state statute and can be modified only by the state legislature. Benefit increases are provided to benefit recipients each January.

General Employees Plan benefit recipients will receive a post-retirement increase equal to 50 percent of the cost-of-living adjustment announced by the Social Security Administration, with a minimum increase of at least 1.00 percent and a maximum of 1.50 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase.

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

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

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

Contributions

Pension benefits are funded from member and employer contributions and income from the investment of fund assets. Rates for employer and employee contributions are set by Minn. Stat. ch. 353. These statutes are established and amended by the state legislature. General Employees Plan members were required to contribute 6.50 percent of their annual covered salary in 2023. The employer was required to contribute 7.50 percent of annual covered salary in 2023. Rates did not change from 2022.

PACT's contributions for the General Employees Plan for the year ended December 31, 2023, were \$116,690. The contributions are equal to the statutorily required contributions as set by state statute.

Putting All Communities Together for Families Collaborative Willmar, Minnesota

Pension Costs

At December 31, 2023, PACT reported a liability of \$1,112,786 for its proportionate share of the General Employees Plan's net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. PACT's proportion of the net pension liability was based on PACT's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2022, through June 30, 2023, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2023, PACT's proportion was 0.0199 percent. It was 0.0217 percent measured as of June 30, 2022. PACT recognized pension expense of \$186,265 for its proportionate share of the General Employees Plan's pension expense.

Legislation requires the State of Minnesota to contribute \$16 million to the General Employees Plan annually until September 15, 2031. PACT recognized an additional \$138 as grant revenue and pension expense, for its proportionate share of the State of Minnesota's pension expense related to the special funding situation.

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

PACT's proportionate share of the net pension liability	\$ 1,112,786
State of Minnesota's proportionate share of the net pension liability associated with PACT	<u>30,603</u>
Total	<u><u>\$ 1,143,389</u></u>

PACT reported its proportionate share of the General Employees Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 37,338	\$ 7,358
Difference between projected and actual investment earnings	7,120	-
Changes in actuarial assumptions	173,841	305,005
Changes in proportion	106,477	-
Contributions made PERA subsequent to the measurement date	<u>59,089</u>	<u>106,920</u>
Total	<u><u>\$ 383,865</u></u>	<u><u>\$ 419,283</u></u>

Putting All Communities Together for Families Collaborative Willmar, Minnesota

The \$59,089 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized as pension expense as follows:

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

Year Ended December 31	Pension Expense Amount
2024	\$ 79,375
2025	(152,976)
2026	3,234
2027	(24,140)

Actuarial Assumptions

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

Actuarial Assumptions for the Year Ended June 30, 2023

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

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabilitants were based on the Pub-2010 General Employee Mortality table for the General Employees Plan, with slight adjustments. Cost-of-living benefit increases for retirees are assumed to be 1.25 percent for the General Employees Plan.

Actuarial assumptions used in the June 30, 2023, valuations were based on the results of actuarial experience studies. The experience study for the General Employees Plan was dated June 27, 2019. A review of inflation and investment assumptions dated June 29, 2023, was utilized.

The long-term expected rate of return on pension plan investments is 7.00 percent. The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness of the long-term expected rate of return on a regular basis using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages.

Putting All Communities Together for Families Collaborative Willmar, Minnesota

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

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

Discount Rate

The discount rate used to measure the total pension liability was 7.00 percent in 2023. This was an increase from the 6.50 percent used in 2022. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, the fiduciary net position of the General Employees Plan was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Actuarial Assumptions and Plan Provisions

The following changes in actuarial assumptions occurred in 2023:

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

Putting All Communities Together for Families Collaborative Willmar, Minnesota

Pension Liability Sensitivity

The following presents PACT’s proportionate share of the net pension liability calculated using the discount rate previously disclosed, as well as what PACT’s proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

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

	Proportionate Share of the General Employees Plan	
	Discount Rate	Net Pension Liability
1% Decrease	6.00%	\$ 1,968,607
Current	7.00%	1,112,786
1% Increase	8.00%	408,840

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in a separately issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the internet at www.mnpera.org.

Note 4 – Summary of Significant Contingencies and Other Items

Risk Management

PACT is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or natural disasters. PACT has entered into a joint powers agreement with Minnesota counties to form the Minnesota Counties Intergovernmental Trust (MCIT) to protect against liabilities from workers’ compensation and property and casualty. PACT purchases commercial insurance for other risks of loss. There were no significant reductions in insurance coverage from the previous year or settlements in excess of coverage for any of the past three years.

The Workers’ Compensation Division of MCIT is self-sustaining based on the contributions charged, so that total contributions plus compounded earnings on these contributions will equal the amount needed to satisfy claims liabilities and other expenses. MCIT participates in the Workers’ Compensation Reinsurance Association with coverage at \$500,000 per claim in 2023 and 2024. Should the MCIT Workers’ Compensation Division liabilities exceed assets, MCIT may assess PACT in a method and amount to be determined by MCIT.

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

Putting All Communities Together for Families Collaborative Willmar, Minnesota

Claims and Litigation

PACT, in connection with the normal conduct of its affairs, is involved in various claims, judgments, and litigation. PACT's attorney estimates that the potential claims against PACT resulting from such litigation not covered by insurance would not materially affect the financial statements of PACT.

Required Supplementary Information

**Putting All Communities Together for Families Collaborative
Willmar, Minnesota**

Exhibit A-1

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total OPEB Liability					
Service cost	\$ 6,023	\$ 4,061	\$ 3,943	\$ 2,741	\$ 2,375
Interest	918	794	1,056	1,140	1,012
Differences between expected and actual experience	29,093	-	387	-	-
Changes of assumption or other inputs	(7,930)	-	(1,589)	1,985	-
Benefit payments	<u>(787)</u>	<u>(367)</u>	<u>(900)</u>	<u>(419)</u>	<u>(386)</u>
Net change in total OPEB liability	\$ 27,317	\$ 4,488	\$ 2,897	\$ 5,447	\$ 3,001
Total OPEB Liability – Beginning	<u>40,290</u>	<u>35,802</u>	<u>32,905</u>	<u>27,458</u>	<u>24,457</u>
Total OPEB Liability – Ending	<u><u>\$ 67,607</u></u>	<u><u>\$ 40,290</u></u>	<u><u>\$ 35,802</u></u>	<u><u>\$ 32,905</u></u>	<u><u>\$ 27,458</u></u>
Covered-employee payroll	\$ 1,444,108	\$ 1,492,962	\$ 1,449,478	\$ 1,167,956	\$ 1,133,938
Total OPEB liability (asset) as a percentage of covered-employee payroll	4.68%	2.70%	2.47%	2.82%	2.42%

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

**Putting All Communities Together for Families Collaborative
Willmar, Minnesota**

Exhibit A-2

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

Measurement Date	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset) (a)	State's Proportionate Share of the Net Pension Liability Associated with PACT (b)	Employer's Proportionate Share of the Net Pension Liability and the State's Related Share of the Net Pension Liability (Asset) (a + b)	Covered Payroll (c)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2023	0.0199 %	\$ 1,112,786	\$ 30,603	\$ 1,143,389	\$ 1,578,640	70.49 %	83.10 %
2022	0.0217	1,718,647	50,304	1,768,951	1,625,687	105.72	76.67
2021	0.0191	815,656	24,930	840,586	1,377,234	59.22	87.00
2020	0.0157	941,287	29,054	970,341	1,119,333	84.09	79.06
2019	0.0157	868,016	26,999	895,015	1,109,006	78.27	80.23
2018	0.0158	876,519	28,719	905,238	1,061,895	82.54	79.53
2017	0.0187	1,193,796	15,018	1,208,814	1,171,997	101.86	75.90
2016	0.0188	1,526,467	19,889	1,546,356	1,163,927	131.15	68.91
2015	0.0198	1,026,139	N/A	1,026,139	1,161,554	88.34	78.19

This schedule is intended to show information for ten years. Additional years will be displayed as they become available.
The measurement date for each year is June 30.
N/A – Not Applicable

**Putting All Communities Together for Families Collaborative
Willmar, Minnesota**

Exhibit A-3

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

Year Ending	Statutorily Required Contributions (a)	Actual Contributions in Relation to Statutorily Required Contributions (b)	Contribution (Deficiency) Excess (b - a)	Covered Payroll (c)	Actual Contributions as a Percentage of Covered Payroll (b/c)
2023	\$ 116,690	\$ 116,690	\$ -	\$ 1,555,870	7.50 %
2022	123,007	123,007	-	1,640,090	7.50
2021	116,300	116,300	-	1,550,662	7.50
2020	89,319	89,319	-	1,190,916	7.50
2019	83,934	83,934	-	1,119,131	7.50
2018	80,323	80,323	-	1,070,971	7.50
2017	83,070	83,070	-	1,107,601	7.50
2016	91,659	91,659	-	1,222,124	7.50
2015	87,348	87,348	-	1,164,631	7.50

This schedule is intended to show information for ten years. Additional years will be displayed as they become available. Putting All Communities Together for Families Collaborative's year-end is December 31.

Putting All Communities Together for Families Collaborative Willmar, Minnesota

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

Note 1 – Other Postemployment Benefits Funded Status

See Note 3 in the notes to the financial statements for additional information regarding PACT's other postemployment benefits.

Note 2 – Employer Contributions to Other Postemployment Benefits

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

Note 3 – Other Postemployment Benefits – Changes in Significant Plan Provisions, Actuarial Methods, and Assumptions

The following changes were reflected in the other postemployment benefits valuation performed for the fiscal year December 31:

2023

- The health care trends were changed to better anticipate short-term and long-term medical increases.
- The mortality tables were updated from the Pub-2010 Public Retirement Plans General Headcount-Weighted Mortality Tables with MP-2020 Generational Improvement Scale to the Pub-2010 Public Retirement Plans General Headcount-Weighted Mortality Tables with MP-2021 Generational Improvement Scale.
- The inflation rate was changed from 2.00 percent to 2.50 percent.
- The discount rate was changed from 2.00 percent to 4.00 percent.

2022

- There were no changes in actuarial assumptions during the 2022 calendar year.

2021

- The discount rate was changed from 2.90 percent to 2.00 percent.
- The inflation rate was changed from 2.50 percent to 2.00 percent.

2020

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

Putting All Communities Together for Families Collaborative Willmar, Minnesota

Note 4 – Defined Benefit Pension Plans – Changes in Significant Plan Provisions, Actuarial Methods, and Assumptions

The following changes were reflected in the valuation performed on behalf of the Public Employees Retirement Association for the fiscal year June 30:

General Employees Retirement Plan

2023

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

2022

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

2021

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

2020

- The price inflation assumption was decreased from 2.50 percent to 2.25 percent.
- The payroll growth assumption was decreased from 3.25 percent to 3.00 percent.
- Assumed salary increase rates were changed as recommended in the June 30, 2019, experience study. The net effect is assumed rates that average 0.25 percent less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019, experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019, experience study. The new rates are based on service and are generally lower than the previous rates for years two to five and

Putting All Communities Together for Families Collaborative Willmar, Minnesota

slightly higher thereafter.

- Assumed rates of disability were changed as recommended in the June 30, 2019, experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Employee Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 Disabled Annuitant Mortality table to the Pub-2010 General/Teacher Disabled Retiree Mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100 percent Joint and Survivor option changed from 35 percent to 45 percent. The assumed number of married female new retirees electing the 100 percent Joint and Survivor option changed from 15 percent to 30 percent. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.
- Augmentation for current privatized members was reduced to 2.00 percent for the period July 1, 2020, through December 31, 2023, and 0.00 percent thereafter. Augmentation was eliminated for privatizations occurring after June 30, 2020.

2019

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

2018

- The mortality projection scale was changed from Scale MP-2015 to Scale MP-2017.
- The assumed benefit increase rate was changed from 1.00 percent per year through 2044 and 2.50 percent per year thereafter, to 1.25 percent per year.
- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Post-retirement benefit increases were changed from 1.00 percent per year with a provision to increase to 2.50 percent upon attainment of 90 percent funding to 50 percent of the Social Security cost of living adjustment, not less than 1.00 percent and not more than 1.50 percent, beginning January 1, 2019.

Putting All Communities Together for Families Collaborative Willmar, Minnesota

- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to the Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017

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

2016

- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2035 and 2.50 percent per year thereafter, to 1.00 percent for all future years.
- The assumed investment rate was changed from 7.90 percent to 7.50 percent. The single discount rate was also changed from 7.90 percent to 7.50 percent.
- Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed payroll growth and inflation were decreased by 0.25 percent. Payroll growth was reduced from 3.50 percent to 3.25 percent. Inflation was reduced from 2.75 percent to 2.50 percent.

Supplementary Information

**Putting All Communities Together for Families Collaborative
Willmar, Minnesota**

Exhibit A-4

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

Federal Grantor Pass-Through Agency Program or Cluster Title	Assistance Listing Number	Pass-Through Grant Numbers	Expenditures
U.S. Department of Health and Human Services			
Direct			
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED) Journey to Independence Grant	93.104		\$ 677,566
Substance Abuse and Mental Health Services – Projects of Regional and National Significance Road to Success Grant	93.243		79,000
Substance Abuse and Mental Health Services – Projects of Regional and National Significance Partnerships for Success Grant (Total Substance Abuse and Mental Health Services – Projects of Regional and National Significance 93.243 \$350,807)	93.243		271,807
Passed Through Minnesota Department of Human Services			
Adoption Incentive Payments Families Forever – Family Permanency Grant	93.603	1901MNAIPP	134,565
Block Grants for Community Mental Health Services Guia Special Populations Chemical Health Grant	93.958	18B1MNCMHS	54,915
Block Grants for Prevention and Treatment of Substance Abuse Guia Special Populations Chemical Health Grant	93.959	18B1MNSAPT	<u>97,585</u>
Total U.S. Department of Health and Human Services			<u>\$ 1,315,438</u>
Total Federal Awards			<u>\$ 1,315,438</u>

Putting All Communities Together for Families Collaborative did not pass any federal awards through to subrecipients during the year ended December 31, 2023.

Putting All Communities Together for Families Collaborative Willmar, Minnesota

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

Note 1 – Summary of Significant Accounting Policies

Reporting Entity

The Schedule of Expenditures of Federal Awards presents the activities of federal award programs expended by Putting All Communities Together for Families Collaborative (PACT). PACT's reporting entity is defined in Note 1 to the financial statements.

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of PACT under programs of the federal government for the year ended December 31, 2023. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of PACT, it is not intended to and does not present the financial position or changes in net position of PACT.

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 2 – De Minimis Cost Rate

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

Management and Compliance Section



**Report on Internal Control Over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards***

Independent Auditor's Report

Executive Board
Putting All Communities Together for Families Collaborative
Willmar, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and the General Fund of Putting All Communities Together for Families Collaborative (PACT), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Collaborative's basic financial statements, and have issued our report thereon dated September 18, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered PACT's internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of the Collaborative's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Collaborative's internal control over financial reporting.

A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether PACT's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and,

accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Minnesota Legal Compliance

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

Purpose of This Report

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

/s/Julie Blaha

Julie Blaha
State Auditor

September 18, 2024

/s/Chad Struss

Chad Struss, CPA
Deputy State Auditor



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

Independent Auditor's Report

Executive Board
Putting All Communities Together for Families Collaborative
Willmar, Minnesota

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

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

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

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on PACT's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in

the United States of America, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about PACT's compliance with the requirements of the major federal program as a whole.

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

- exercise professional judgment and maintain professional skepticism throughout the audit;
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding PACT's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances; and
- obtain an understanding of PACT's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances, and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of PACT's internal control over compliance. Accordingly, no such opinion is expressed.

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

Other Matters

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

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

Report on Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of

compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2023-001 to be a significant deficiency.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

/s/Julie Blaha

Julie Blaha
State Auditor

September 18, 2024

/s/Chad Struss

Chad Struss, CPA
Deputy State Auditor

Putting All Communities Together for Families Collaborative Willmar, Minnesota

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

Section I – Summary of Auditor’s Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with generally accepted accounting principles: **Unmodified**

Internal control over financial reporting:

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

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

Federal Awards

Internal control over the major federal program:

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

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

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

Identification of the major federal program:

Assistance Listing Number	Name of Federal Program or Cluster
93.104	Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)

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

Putting All Communities Together for Families Collaborative (PACT) qualified as a low-risk auditee? **No**

Section II – Financial Statement Findings

No matters were reported.

Section III – Federal Award Findings and Questioned Costs

2023-001 **Procurement, Suspension, and Debarment**

Prior Year Finding Number: N/A

Year of Finding Origination: 2023

Type of Finding: Internal Control Over Compliance and Compliance

Severity of Deficiency: Significant Deficiency and Other Matter

Putting All Communities Together for Families Collaborative Willmar, Minnesota

Federal Agency: U.S. Department of Health and Human Services

Program: 93.104 Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED) (Journey to Independence)

Award Number and Year: 5H79SM082970-03; 2023 and 5H79SM082970-04; 2024

Pass-Through Agency: Direct Award

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

Title 2 *U.S. Code of Federal Regulations* § 200.318(i) states that the non-federal entity must maintain records sufficient to detail the history of procurement. These records will include, but are not necessarily limited to, the following: rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price.

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

PACT's procurement policy requires that the contractor submit a certification that they are not suspended and debarred and also requires PACT staff to verify the vendor is not suspended, debarred, or otherwise excluded at SAM.gov.

Condition: For the one contractor not considered a sole source vendor, PACT obtained three quotes or proposals but did not have documentation supporting the selection of this vendor. In addition, PACT did not collect a certification that the contractor is not suspended or debarred or document its verification that this contractor was not suspended, debarred, or otherwise excluded at SAM.gov before entering into the covered transaction.

Questioned Costs: None

Context: The majority of costs associated with this federal grant are payroll related with only five vendors providing goods or services that exceeded the micro-purchase threshold (\$10,000). Other expenditures incurred are typically not related to contracts. PACT's policy for non-payroll disbursements requires an approved Expenditure Authorization Form (EAF) as support documenting the reason for the purchase. PACT's policy does not require documentation supporting the reason for the vendor selection.

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

Effect: It cannot be determined that the contracting process was open and fair because PACT did not document the rationale for the contractor selection. It also cannot be determined that an entity was not suspended, debarred, or otherwise excluded because PACT did not document that it performed a search on SAM.gov and did not collect a certification.

Putting All Communities Together for Families Collaborative Willmar, Minnesota

Cause: PACT was not aware of the requirement to document the reasoning behind its contractor selections and believed obtaining quotes was sufficient. In addition, PACT believed that performing the search was sufficient and that documentation of the search or collection of a certification was not necessary. Revised procedures were in the process of being implemented during 2023.

Recommendation: We recommend PACT develop formal procedures to document why a vendor is selected when price is not the sole factor (i.e., checklist or other criteria developed ahead of time). We recommend that PACT keep printouts (with dates) from SAM.gov to support that contractors were not suspended, debarred, or otherwise excluded prior to entering into covered transactions and collect certifications as required by policy.

View of Responsible Official: Acknowledge

**Representation of Putting All Communities Together for Families Collaborative
Willmar, Minnesota**

Corrective Action Plan
For the Year Ended December 31, 2023

Finding Number: 2023-001

Finding Title: Procurement, Suspension and Debarment

Program: 93.104 Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED) (Journey to Independence)

Name of Contact Person Responsible for Corrective Action:

Jolene Lambert, Finance and Benefits Coordinator

Corrective Action Planned:

To ensure consistency in managing sponsored projects, PACT for Families Collaborative implemented a procurement policy effective June 25, 2024, per Uniform Guidance Procurement Standards. In October 2023, we transitioned to an updated expenditure authorization process that includes a revised Expenditure Authorization Form (EAF) that requires pricing from multiple suppliers to document and secure the most reasonable purchase. While suspensions and debarments have been checked through SAM.gov for several years, printouts of the verification process were not retained. As of August 29, 2023, printouts are now kept as official documentation. The one micro-purchase identified during the audit occurred before this date.

Anticipated Completion Date:

August 29, 2023

**Representation of Putting All Communities Together for Families Collaborative
Willmar, Minnesota**

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

Finding Number: 2022-001

Year of Finding Origination: 2022

Finding Title: Micro-Purchasing Documentation

Program: 93.104 Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED) (Journey to Independence)

Summary of Condition: In a sample of eight micro-purchase disbursements tested, none had written documentation supporting why the vendors were selected, and that prices were reasonable.

Summary of Corrective Action Previously Reported: To keep policies for managing sponsored projects consistent, PACT for Families Collaborative will ensure Uniform Guidance Procurement Standards for all sponsored projects. We will use an updated expenditure authorization process to ensure micro-purchases are distributed equitably among qualified suppliers by updating our EAF (Expenditure Authorization Form) to include a process to ensure more than one supplier is priced and documented for the most reasonable purchase.

Status: Corrected.