

State of Minnesota



Office of the State Auditor

Julie Blaha
State Auditor

Audit Practice Division

Minnesota Prairie County Alliance Mantorville, Minnesota

Annual Financial Report and
Management and Compliance Report

Year Ended December 31, 2024

Minnesota Prairie County Alliance

Mantorville, Minnesota

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Minnesota Prairie County Alliance Mantorville, Minnesota

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Introductory Section

Minnesota Prairie County Alliance

Mantorville, Minnesota

Organization
December 31, 2024

		Member County
<hr/>		
Board Members		
Member County Commissioners		
Member	Jim Abbe	Steele
Chair	Doug Christopherson	Waseca
Member	Rhonda Toquam	Dodge
Member	Greg Krueger	Steele
Member	DeAnne Malterer	Waseca
Member	Tim Tjosaas	Dodge
Alternate Member	James Brady	Steele
Alternate Member	Brian Harguth	Waseca
Alternate Member	Rod Peterson	Dodge
Executive Director		
	Tara Reich	
Management Team		
Income and Health Care Assistance Manager	DeAnn Boney	
Adult and Disability Social Services Manager	Tina Rentz	
Child and Family Social Services Manager	Patricia Harrelson	
Finance Manager	Kevin Venenga ¹	

¹Waylon Welvaert replaced Kevin Venenga as the Finance Manager beginning in January of 2025.

Financial Section

**Independent Auditor's Report**

Joint Powers Board
Minnesota Prairie County Alliance
Mantorville, Minnesota

Report on the Audit of the Financial Statements***Opinions***

We have audited the financial statements of the governmental activities, the General Fund, and the aggregate remaining fund information of Minnesota Prairie County Alliance (MNPrairie) as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise MNPrairie'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, the General Fund, and the aggregate remaining fund information of MNPrairie as of December 31, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Schedule – General Fund, Schedule of Changes in Total OPEB Liability and Related Ratios – Other Postemployment Benefits, PERA General Employees 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 MNPrairie's basic financial statements. The combining statements for fiduciary funds, Schedule of Intergovernmental Revenue, and Schedule of Expenditures of Federal Awards and related notes, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The

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

Other Information

Management is responsible for the other information included in the Annual Financial Report. The other information comprises the Introductory Section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 4, 2025, on our consideration of MNPrairie'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 MNPrairie'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 MNPrairie's internal control over financial reporting and compliance.

/s/Julie Blaha

Julie Blaha
State Auditor

August 4, 2025

/s/Chad Struss

Chad Struss, CPA
Deputy State Auditor

Management's Discussion and Analysis

Minnesota Prairie County Alliance Mantorville, Minnesota

Management's Discussion and Analysis December 31, 2024 (Unaudited)

Minnesota Prairie County Alliance's (MNPrairie) Management's Discussion and Analysis (MD&A) provides an overview of MNPrairie's financial activities for the fiscal year ended December 31, 2024. Since this information is designed to focus on the current year's activities, resulting changes, and currently known facts, it should be read in conjunction with MNPrairie's financial statements (beginning with Exhibit 1).

Financial Highlights

- Governmental activities' total net position is \$4,229,461, of which \$120,887 is the net investment in capital assets and \$534,396 is restricted for human services.
- MNPrairie's net position decreased by \$845,875 for the year ended December 31, 2024.
- Overall fund level revenues totaled \$29,363,044, while total expenditures were \$30,923,638.
- For the year ended December 31, 2024, the unassigned fund balance of the General Fund was \$13,035,876, or 42 percent of the 2024 expenditures.

Overview of the Financial Statements

This MD&A is intended to serve as an introduction to the basic financial statements. MNPrairie's basic financial statements consist of three parts: government-wide financial statements, fund financial statements, and notes to the financial statements. The MD&A (this section), the budgetary comparison schedule, and certain information related to MNPrairie's other postemployment benefits (OPEB) liability and net pension liability are required to accompany the basic financial statements and, therefore, are included as required supplementary information.

MNPrairie presents two government-wide financial statements: the Statement of Net Position and the Statement of Activities. These statements provide information about the activities of MNPrairie as a whole and present a longer-term view of MNPrairie's finances. MNPrairie's fund financial statements follow the government-wide financial statements. For the governmental fund, these statements tell how MNPrairie financed services in the short term as well as what remains for future spending. The remaining statement provides financial information about activities for which MNPrairie acts solely as a trustee agent for the benefit of those outside of the government.

Government-Wide Financial Statements—The Statement of Net Position and the Statement of Activities

The Statement of Net Position and the Statement of Activities report information about MNPrairie as a whole and about its activities in a way that helps the reader determine whether MNPrairie's financial condition has improved or declined as a result of the current year's activities. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the full accrual basis of accounting, which is similar to the accounting used by most private-sector companies.

These two statements consider all of MNPrairie's current year revenues and expenses, regardless of when MNPrairie receives the revenue or pays the expense, and reports MNPrairie's net position and changes in them. You can think of MNPrairie's net position—the difference between assets plus deferred outflows of resources, and liabilities plus deferred inflows of resources—as one way to measure MNPrairie's financial health or financial

position. Over time, increases or decreases in MNPrairie's net position is one indicator of whether its financial health is improving or deteriorating.

The activities reported by MNPrairie are all human services related. MNPrairie finances the majority of these activities with local property taxes contributed from the member counties, fees, charges for services, and federal and state grants.

The government-wide statements can be found as Exhibits 1 and 2 of this report.

Fund Financial Statements

MNPrairie's fund financial statements provide detailed information about the General Fund. Significant governmental and fiduciary funds may be established by MNPrairie to meet requirements of a specific state law; to help control and manage money for a particular purpose/project; or to show that it is meeting specific legal responsibilities and obligations when expending grants and/or other funds designated for a specific purpose.

- **Governmental fund**—All of MNPrairie's basic services are reported in the General Fund, which focuses on how money flows into and out of the fund and the balance left at year-end available for spending. The fund is reported in our financial statements using the modified accrual method of accounting, which measures cash and other financial assets that MNPrairie can readily convert to cash. The governmental fund statements provide a detailed short-term view of MNPrairie's general government operations and the basic services it provides. Governmental fund information helps determine whether there are financial resources available that can be spent in the near future to finance various programs within MNPrairie. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation statement following each governmental fund financial statement.

The basic governmental fund financial statements can be found as Exhibits 3 through 6 of this report.

- **Fiduciary funds**—MNPrairie is the trustee, or fiduciary, over assets that can be used only for the trust beneficiaries based on a trust agreement. MNPrairie is also an agent for other governments. MNPrairie reports its fiduciary activities in a separate Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position. These activities have been excluded from MNPrairie's other financial statements because MNPrairie cannot use these assets to finance its operations. MNPrairie is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

The fiduciary funds financial statements can be found as Exhibits 7 and 8 of this report.

Notes to the Financial Statements

Notes to the financial statements provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 18 of this report.

Government-Wide Financial Analysis

Over time, net position serves as a useful indicator of financial position. MNPrairie's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$4,229,461 at the close of 2024.

Condensed Statements of Net Position

	FY 2024	FY 2023
Current and other assets	\$ 15,961,818	\$ 17,212,794
Capital assets	320,484	237,389
Total Assets	\$ 16,282,302	\$ 17,450,183
Deferred outflows of resources	\$ 1,127,993	\$ 2,157,135
Current liabilities	\$ 1,715,116	\$ 1,490,788
Long-term liabilities	7,688,642	10,398,177
Total Liabilities	\$ 9,403,758	\$ 11,888,965
Deferred inflows of resources	\$ 3,777,076	\$ 2,643,017
Net investment in capital assets	\$ 120,887	\$ 132,007
Restricted for human services	534,396	574,261
Unrestricted	3,574,178	4,369,068
Total Net Position	\$ 4,229,461	\$ 5,075,336

Governmental Activities

The following table summarizes the change in net position for 2024.

Condensed Statements of Changes in Net Position

	FY 2024	FY 2023
Revenues		
Program revenues		
Fees, charges, and others	\$ 1,624,166	\$ 1,574,287
Operating grants and contributions	27,055,301	27,201,958
General revenues		
Other	843,503	542,791
Total Revenues	\$ 29,522,970	\$ 29,319,036
Expenses		
Human services	\$ 30,359,556	\$ 29,154,400
Interest	9,289	4,895
Total Expenses	\$ 30,368,845	\$ 29,159,295
Change in Net Position	\$ (845,875)	\$ 159,741
Net Position – January 1	5,075,336	4,915,595
Net Position – December 31	\$ 4,229,461	\$ 5,075,336

Financial Analysis of the General Fund

As shown in the General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance on Exhibit 5, the amount that was received through intergovernmental revenue in 2024 was 93 percent of the total revenue received, or \$27,246,112, which is MNPrairie's major source of revenue.

For 2025 and going forward, MNPrairie expects to continue to receive a large portion of intergovernmental revenue, as the services that we provide are funded either through federal and state revenue sources or with member county tax levies.

General Fund Budgetary Highlights

Over the course of the year, the original to final budget totals did not change. Actual revenues were more than budgeted revenues by \$90,978. The variance in revenues is due to a combination of being slightly under budget related to intergovernmental revenues and being over budget due to higher interest rates in 2024 related to investment earnings. Actual expenditures were greater than the budgeted expenditures by \$1,473,096. Higher than expected expenditures were primarily due to collaborative spending amounts, an increase in placement costs, and receiving additional grant funding during the year that wasn't in the original budget which allowed for increased expenditures related to housing assistance.

Capital Assets and Long-Term Debt Administration

Capital Assets

MNPrairie's capital assets (net of accumulated depreciation and amortization) at December 31, 2024, totaled \$320,484. This investment in capital assets consists of equipment, vehicles, and software owned and leased by MNPrairie. The total increase in MNPrairie's investment in capital assets, net of depreciation and amortization, for the current fiscal year was \$83,095.

Long-Term Debt

At the end of fiscal year 2024, MNPrairie had no bonded debt outstanding.

Economic Factors and Next Year's Budget

MNPrairie adopted the 2025 budget based on trends from recent years of operation, anticipated changes to administrative and program areas, and any changes from the 2024 Legislature that would impact our operations. This included factors such as:

- Program administration waivers that will expire
- Caseloads and workloads for income and health care assistance
- Benefits for program participants will change
- Case managers and assessors will be traveling more to meet people in their homes; while this is more effective for many of the vulnerable people served by MNPrairie, it will reduce the efficiency of meeting by phone or video, will increase travel costs, and will reduce revenue (due to a reduction of billable hours as travel time is not directly billable)
- Enhanced federal MA match rate for services, which reduces the county share for things like child-welfare targeted case management; nursing facility services for people with a disability will discontinue

In addition, there are a number of demographic and economic externalities that can have a significant impact on our budget from year to year. Some of those factors are:

- State billing errors
- State or federal policy changes

- Local area economic conditions such as affordable housing
- Availability of affordable employer-based insurance
- Unemployment rate
- School attendance and graduation rates
- Rates of drug and alcohol use and ease of access to substance use disorder treatment
- Child abuse and neglect
- Mental health status and ease of access to mental health treatment
- Teen pregnancy rates
- Access to technology to improve client access to supports and/or increase agency efficiency

Requests for Information

This financial report is designed to provide a general overview of MNPrairie's finances. Questions concerning any of the information provided in this report, or requests for additional financial information, should be addressed to Tara Reich, Executive Director, 22 East 6th Street, Mantorville, Minnesota 55955.

Basic Financial Statements

Government-Wide Financial Statements

**Minnesota Prairie County Alliance
Mantorville, Minnesota**

Exhibit 1

**Statement of Net Position
Governmental Activities
December 31, 2024**

Assets

Cash and pooled investments	\$ 12,677,129
Accounts receivable – net	307,233
Due from other governments	2,977,456
Capital assets	
Depreciable or amortizable – net of accumulated depreciation and amortization	<u>320,484</u>
Total Assets	<u>\$ 16,282,302</u>

Deferred Outflows of Resources

Deferred other postemployment benefits outflows	\$ 28,717
Deferred pension outflows	<u>1,099,276</u>
Total Deferred Outflows of Resources	<u>\$ 1,127,993</u>

Liabilities

Accounts payable	\$ 640,460
Salaries payable	674,533
Due to other governments	400,123
Long-term liabilities	
Due within one year	851,671
Due in more than one year	748,099
Other postemployment benefits liability due within one year	30,846
Other postemployment benefits liability due in more than one year	664,685
Net pension liability	<u>5,393,341</u>
Total Liabilities	<u>\$ 9,403,758</u>

Deferred Inflows of Resources

Deferred other postemployment benefits inflows	\$ 213,671
Deferred pension inflows	<u>3,563,405</u>
Total Deferred Inflows of Resources	<u>\$ 3,777,076</u>

Net Position

Net investment in capital assets	\$ 120,887
Restricted for human services	534,396
Unrestricted	<u>3,574,178</u>
Total Net Position	<u>\$ 4,229,461</u>

**Minnesota Prairie County Alliance
Mantorville, Minnesota**

Exhibit 2

**Statement of Activities
For the Year Ended December 31, 2024**

	Program Revenues			Net (Expense)
	Expenses	Fees, Charges, and Other	Operating Grants and Contributions	Revenue and Change in Net Position
<u>Functions/Programs</u>				
Governmental activities				
Human services	\$ 30,359,556	\$ 1,624,166	\$ 27,055,301	\$ (1,680,089)
Interest	9,289	-	-	(9,289)
Total Governmental Activities	<u>\$ 30,368,845</u>	<u>\$ 1,624,166</u>	<u>\$ 27,055,301</u>	<u>\$ (1,689,378)</u>
General Revenues				
Grants and contributions not restricted to specific programs				\$ 251,883
Investment earnings				591,620
Total general revenues				<u>\$ 843,503</u>
Change in net position				\$ (845,875)
Net Position – January 1				<u>5,075,336</u>
Net Position – December 31				<u>\$ 4,229,461</u>

Fund Financial Statements

General Fund

**Minnesota Prairie County Alliance
Mantorville, Minnesota**

Exhibit 3

**Balance Sheet
General Fund
December 31, 2024**

Assets

Cash and pooled investments	\$ 12,677,129
Accounts receivable – net	307,233
Due from other governments	<u>2,977,456</u>
Total Assets	<u>\$ 15,961,818</u>

**Liabilities, Deferred Inflows of Resources,
and Fund Balances**

Liabilities

Accounts payable	\$ 640,460
Salaries payable	674,533
Due to other governments	<u>400,123</u>

Total Liabilities	<u>\$ 1,715,116</u>
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Deferred Inflows of Resources

Unavailable revenue	<u>\$ 368,022</u>
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Fund Balances

Restricted for	
Adult protection services	\$ 261,863
Medical assistance eligibility renewal	200,259
Family resource centers project	71,449
Housing services	825
Assigned to	
Employee wellness program	92,998
Capital improvements	215,410
Unassigned	<u>13,035,876</u>

Total Fund Balances	<u>\$ 13,878,680</u>
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Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 15,961,818</u>
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**Minnesota Prairie County Alliance
Mantorville, Minnesota**

Exhibit 4

**Reconciliation of the General Fund Balance Sheet to the
Statement of Net Position
December 31, 2024**

Fund balances – General Fund (Exhibit 3)		\$ 13,878,680
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.		320,484
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.		368,022
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	\$ 28,717	
Deferred inflows related to other postemployment benefits	<u>(213,671)</u>	(184,954)
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	\$ 1,099,276	
Deferred inflows related to pensions	<u>(3,563,405)</u>	(2,464,129)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the General Fund.		
Compensated absences payable	\$ (1,400,173)	
Leases payable	(199,597)	
Other postemployment benefits liability	(695,531)	
Net pension liability	<u>(5,393,341)</u>	<u>(7,688,642)</u>
Net Position of Governmental Activities (Exhibit 1)		<u><u>\$ 4,229,461</u></u>

**Minnesota Prairie County Alliance
Mantorville, Minnesota**

Exhibit 5

**Statement of Revenues, Expenditures, and Changes in Fund Balances
General Fund
For the Year Ended December 31, 2024**

Revenues	
Intergovernmental	\$ 27,246,112
Charges for services	975,892
Investment earnings	591,620
Miscellaneous	549,420
	<hr/>
Total Revenues	\$ 29,363,044
Expenditures	
Current	
Human services	\$ 30,854,661
Debt service	
Principal	59,688
Interest	9,289
	<hr/>
Total Expenditures	\$ 30,923,638
Excess of Revenues Over (Under) Expenditures	\$ (1,560,594)
Other Financing Sources (Uses)	
Leases issued	153,903
	<hr/>
Net Change in Fund Balances	\$ (1,406,691)
Fund Balances – January 1	15,285,371
	<hr/>
Fund Balances – December 31	\$ 13,878,680
	<hr/>

**Minnesota Prairie County Alliance
Mantorville, Minnesota**

Exhibit 6

**Reconciliation of the General Fund Statement of Revenues, Expenditures, and
Changes in Fund Balances to the Statement of Activities
For the Year Ended December 31, 2024**

Net Change in Fund Balances – General Fund (Exhibit 5) **\$ (1,406,691)**

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.

Expenditures for general capital assets	\$ 239,286	
Current year depreciation and amortization	<u>(156,191)</u>	83,095

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	\$ (436,635)	
Unavailable revenue – December 31	<u>368,022</u>	(68,613)

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	\$ 59,688	
Leases issued	<u>(153,903)</u>	(94,215)

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	\$ (12,360)	
Change in deferred pension outflows	(1,016,782)	
Change in compensated absences payable	24,437	
Change in other postemployment benefits liability	75,600	
Change in net pension liability	2,703,713	
Change in deferred other postemployment benefits inflows	(84,947)	
Change in deferred pension inflows	<u>(1,049,112)</u>	<u>640,549</u>

Change in Net Position of Governmental Activities (Exhibit 2) **\$ (845,875)**

Fiduciary Funds

**Minnesota Prairie County Alliance
Mantorville, Minnesota**

Exhibit 7

**Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2024**

	<u>Social Welfare Private-Purpose Trust Fund</u>	<u>Custodial Funds</u>
<u>Assets</u>		
Cash and pooled investments	\$ 158,391	\$ 1,511,364
Due from other governments	-	95,554
Accounts receivable	-	103,751
Total Assets	<u>\$ 158,391</u>	<u>\$ 1,710,669</u>
<u>Liabilities</u>		
Due to others	\$ -	\$ 836
Due to other governments	-	677,602
Total Liabilities	<u>\$ -</u>	<u>\$ 678,438</u>
<u>Net Position</u>		
Restricted for individuals, organizations, and other governments	<u>\$ 158,391</u>	<u>\$ 1,032,231</u>

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Exhibit 8

**Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended December 31, 2024**

	<u>Social Welfare Private-Purpose Trust Fund</u>	<u>Custodial Funds</u>
<u>Additions</u>		
Contributions from individuals	\$ 1,050,952	\$ 1,074,108
Interest earnings	-	30,382
Payments from other entities	-	474,726
Total Additions	<u>\$ 1,050,952</u>	<u>\$ 1,579,216</u>
<u>Deductions</u>		
Beneficiary payments to individuals	\$ 1,067,839	\$ -
Payments to state	-	1,227,500
Payments to other entities	-	621,901
Total Deductions	<u>\$ 1,067,839</u>	<u>\$ 1,849,401</u>
Change in Net Position	<u>\$ (16,887)</u>	<u>\$ (270,185)</u>
Net Position – January 1	<u>175,278</u>	<u>1,302,416</u>
Net Position – December 31	<u><u>\$ 158,391</u></u>	<u><u>\$ 1,032,231</u></u>

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Notes to the Financial Statements As of and for the Year Ended December 31, 2024

Note 1 – Summary of Significant Accounting Policies

Minnesota Prairie County Alliance's (MNPrairie) 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, 2024. 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 MNPrairie are discussed below.

Financial Reporting Entity

MNPrairie was formed pursuant to Minn. Stat. § 471.59, by Dodge, Steele, and Waseca Counties. MNPrairie began official operations on January 1, 2015, and performs the human services function in the counties that are signatories to the joint powers agreement.

The purpose of MNPrairie is to improve outcomes of safety and wellness for residents by taking advantage of efficiencies that can be garnered from a larger organization; aligning and merging policies and processes; and applying technology to offer services of a consistent, high quality, with an emphasis on prevention and early intervention, continuous improvement, partnering, and accountability.

MNPrairie is governed by a Joint Powers Board made up of two County Commissioners from each of the participating counties who are chosen by their respective County Boards. Each participating county also designates one additional representative to serve as an alternate.

MNPrairie is an independent joint venture and not a component unit of any of the member counties.

Joint Ventures and Jointly-Governed Organization

MNPrairie participates in joint ventures and jointly-governed organizations, which are described in Note 4 – Summary of Significant Contingencies and Other Items.

Basic Financial Statements

Government-Wide Statements

The government-wide financial statements (the statement of net position and the statement of activities) display information about MNPrairie. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities.

In the government-wide statement of net position, the governmental activities present all assets, liabilities, deferred inflows and outflows of resources, and net position on a full accrual accounting basis with an economic resource focus, which recognizes all long-term assets and receivables, long-term debt and obligations, as well as any related deferred inflows and outflows of resources. The net position is reported in three parts: (1) net investment in capital assets, (2) restricted, and (3) unrestricted.

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

Fund Financial Statements

The fund financial statements provide information about MNPrairie's funds, including its fiduciary funds. Separate statements for each fund category—governmental and fiduciary—are presented.

MNPrairie reports the following governmental fund:

The General Fund is MNPrairie's primary operating fund. It accounts for all financial resources of the government. Financing comes primarily from contributions of participating counties and intergovernmental revenue provided by the state and federal governments.

Additionally, MNPrairie reports the following fiduciary fund types:

The Social Welfare Private-Purpose Trust Fund accounts for funds held in trust that MNPrairie acts on behalf of individuals as representative payee.

Custodial funds are safekeeping in nature. These funds account for activity that MNPrairie holds for others in an agent capacity.

Measurement Focus and Basis of Accounting

The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

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. MNPrairie considers all revenues as available if collected within 60 days after the end of the current period. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met and are available. Charges for services and interest are all considered susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, compensated absences, and claims and judgments, which are recognized as expenditures to the extent that they have matured. Proceeds of general long-term debt and acquisitions under leases are reported as other financing sources.

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

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

Deposits and Investments

Investments are reported at their fair value at December 31, 2024, using a market approach. Pursuant to Minn. Stat. § 385.07, investment earnings on cash and investments are credited to the General Fund. Pooled investment earnings for 2024 were \$591,620.

MNPrairie 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 (NAV) per share provided by the pool.

Receivables and Payables

Accounts receivable is shown net of an allowance for uncollectible balances.

Capital Assets

Capital assets, which include furniture, equipment, vehicles and software, and right-to-use assets acquired under leasing arrangements are reported in the government-wide financial statements. Capital assets are defined by MNPrairie as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value (entry price) on the date of donation.

Additions, improvements, and other capital outlays that significantly extend the useful life or increase capacity of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Furniture, equipment, and vehicles and software of MNPrairie 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 asset's estimated useful life or the lease term:

Estimated Useful Lives of Capital Assets

Assets	Years
Furniture, equipment, and vehicles	5-10
Software	5
Right-to-use equipment and vehicles	5

Compensated Absences

The liability for compensated absences is reported in the government-wide financial statements. The leave consists of vacation leave, compensatory time, sick leave, and paid time off leave that is attributable to services already rendered, it accumulates, and it is more likely than not to be used or settled through cash or noncash means. A liability for these amounts is reported in the General Fund only if it has matured, for example, as a result of employee resignations and retirements. The government-wide statement of net position reports both current and noncurrent portions of compensated absences. The current portion consists of compensatory time and an amount based on a five-year average of vacation, sick leave, and paid time off used. The noncurrent portion consists of the remaining amount of vacation, sick, and paid time off leave.

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Long-Term Obligations

In the government-wide financial statements, long-term obligations are reported as liabilities in the statement of net position. The governmental fund financial statements report only liabilities expected to be financed with available, spendable financial resources. Acquisitions under leases are reported as an other financing source at the present value of the future minimum lease payments as of the inception date.

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. The pension liability is liquidated through the General Fund.

Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The General Fund reports unavailable revenue associated with receivables not collected within the period of availability. Unavailable revenue arises only under the modified accrual basis of accounting and, accordingly, is reported only in the General Fund Balance Sheet. Unavailable revenue is deferred and recognized as an inflow of resources in the period that the amounts become available. MNPrairie also has deferred inflows of resources associated with 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 financial statements is classified in the following categories:

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

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

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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 Balances

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

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

Restricted – amounts for which constraints have been placed on the use of resources either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or 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 Joint Powers Board. Those committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts.

Assigned – amounts MNPrairie 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 Joint Powers Board.

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

MNPrairie applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, or 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

MNPrairie adopted a minimum fund balance policy for its General Fund to maintain a minimum unassigned fund balance equal to 35 percent of the General Fund’s operating expenditures.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain 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.

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Change in Accounting Principle

During the year ended December 31, 2024, MNPrairie adopted new accounting guidance by implementing the provisions of GASB Statement No. 101, *Compensated Absences*, which establishes new criteria for accounting and financial reporting for the compensated absences liability. The implementation of this statement resulted in changing the calculation of the compensated absences liability recorded in the long-term liabilities of the government-wide financial statements.

Note 2 – Detailed Notes on All Funds

Assets

Deposits and Investments

Reconciliation of MNPrairie's Total Cash and Investments to the Basic Financial Statements as of December 31, 2024

Government-wide statement of net position	
Governmental activities	\$ 12,677,129
Statement of fiduciary net position	
Social Welfare Private-Purpose Trust Fund	158,391
Custodial funds	<u>1,511,364</u>
Total	<u>\$ 14,346,884</u>

Deposits

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

Authorized collateral includes treasury bills, notes and bonds; issues of U.S. government agencies; general obligations rated "A" or better and revenue obligations rated "AA" or better; irrevocable standby letters of credit issued by the Federal Home Loan Bank; and certificates of deposit. Minnesota statutes require that securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or in an account at a trust department of a commercial bank or other financial institution not owned or controlled by the financial institution furnishing the collateral.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a financial institution failure, MNPrairie's deposits may not be returned to it. MNPrairie's policy states all deposits should be fully collateralized. As of December 31, 2024, none of MNPrairie's deposits were exposed to custodial credit risk.

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Investments

MNPrairie 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.

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 MNPrairie’s policy to minimize its exposure to interest rate risk by investing in shorter-term investments to provide the cash flow and liquidity needed for operations.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. It is MNPrairie’s policy to invest only in securities that meet the ratings requirements set by 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. MNPrairie does not have a policy on custodial credit risk. As of December 31, 2024, \$423,747 of MNPrairie’s investments were exposed to custodial credit risk.

Concentration of Credit Risk

The concentration of credit risk is the risk of loss that may be caused by MNPrairie’s investment in a single issuer. It is MNPrairie’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 minimal.

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Cash and Investments and Information Relating to Potential Investment Risk as of December 31, 2024

Investment – Issuer	Credit Risk		Concentration Risk	Interest Rate Risk	
	Credit Rating	Rating Agency	Over 5 Percent of Portfolio	Maturity Date	Carrying (Fair) Value
Commercial paper					
U.S. Bank, National Association	P-1	Moody's	N/A	N/A	\$ 423,747
Investment pools					
MAGIC Portfolio	N/R	N/A	N/A	N/A	13,063,301
Checking					380,836
Certificates of deposit					479,000
Total Cash and Investments					<u>\$ 14,346,884</u>

N/R – Not Rated

N/A – Not Applicable

Fair Value Measurements

MNPrairie invests in commercial paper for the benefit of liquid investments that can be readily re-invested. The commercial paper is quoted at a NAV. The investments have a daily liquidity, and funds can be accessed at any time.

MAGIC is a local government investment pool which is quoted at a NAV. MNPrairie invests in this pool for the purpose of the joint investment with counties to enhance the investment earnings accruing to each member. The MAGIC fund currently consists of the MAGIC Portfolio.

The 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 MNPrairie has a sufficient number of shares to meet the redemption request. The Fund's Board of Trustees can suspend the right of withdrawal or postpone the date of payment if the Trustees determine that there is an emergency that makes the sale of a Portfolio's securities or determination of its NAV not reasonably practical.

Receivables

Governmental Activities' Receivables as of December 31, 2024

	Receivable	Less: Allowance for Uncollectible Accounts	Net Receivables
Accounts receivable	\$ 1,678,070	\$ (1,370,837)	\$ 307,233
Due from other governments	2,977,456	-	2,977,456

Net receivables are expected to be collected within the subsequent year.

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Capital Assets

Changes in Capital Assets for the Year Ended December 31, 2024

	Beginning Balance		Increase		Decrease		Ending Balance
Capital assets depreciated and amortized							
Furniture, equipment, and vehicles	\$ 70,039	\$	96,295	\$	-	\$	166,334
Software	292,342		-		-		292,342
Lease equipment and vehicles	198,091		142,991		(47,641)		293,441
Total capital assets depreciated and amortized	\$ 560,472	\$	239,286	\$	(47,641)	\$	752,117
Less: accumulated depreciation and amortization for							
Furniture, equipment, and vehicles	\$ 52,913	\$	26,682	\$	-	\$	79,595
Software	164,729		58,469		-		223,198
Lease equipment and vehicles	105,441		71,040		(47,641)		128,840
Total accumulated depreciation and amortization	\$ 323,083	\$	156,191	\$	(47,641)	\$	431,633
Total Capital Assets, Net	\$ 237,389	\$	83,095	\$	-	\$	320,484

Depreciation and amortization expense of \$156,191 was charged to the human services function/program for the year ended December 31, 2024.

Liabilities

Long-Term Leases

MNPrairie has entered into lease agreements as a lessee for financing copy machines, vehicles, and a server. The lease agreements range from one to five years. These leases have been recorded at the present value of their future minimum lease payments as of the inception date. Lease payments are paid from the General Fund.

Future Minimum Lease Obligations and Present Value of Minimum Lease Payments as of December 31, 2024

Year Ending December 31	Principal	Interest
2025	\$ 47,139	\$ 9,599
2026	47,814	7,133
2027	48,893	4,529
2028	42,803	1,908
2029	12,948	186
Total minimum lease payments	\$ 199,597	\$ 23,355

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Long-Term Liabilities

Long-Term Liabilities for the Year Ended December 31, 2024

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Compensated absences	\$ 1,424,610	\$ -	\$ (24,437)*	\$ 1,400,173	\$ 804,532
Leases	105,382	153,903	(59,688)	199,597	47,139
Total	\$ 1,529,992	\$ 153,903	\$ (84,125)	\$ 1,599,770	\$ 851,671

*The change in the compensated absences liability is presented as a net change.

Deferred Inflows of Resources – Unavailable Revenue

Deferred Inflows of Resources – Unavailable Revenue for General Fund As of December 31, 2024

	Deferred Inflows of Resources
Unavailable revenue	
Intergovernmental	\$ 206,028
Miscellaneous	161,432
Charges for services	562
Total	<u>\$ 368,022</u>

Other Postemployment Benefits (OPEB)

Plan Description and Funding Policy

MNPrairie provides health insurance benefits for eligible retired employees and their dependents 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. This postemployment benefit is funded on a pay-as-you-go basis. As of January 1, 2024, there were no retirees receiving health benefits from MNPrairie's health plan. A separate, audited GAAP-basis postemployment plan report is not issued.

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, 2024, actuarial valuation, there were 180 active plan participants covered by the benefit terms.

Total OPEB Liability

MNPrairie's total OPEB liability of \$695,531 was measured as of January 1, 2024, and was determined by an actuarial valuation as of January 1, 2024. The OPEB liability is liquidated through the General Fund.

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The total OPEB liability in the fiscal year-end December 31, 2024, 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

Actuarial cost method	Entry Age, level percentage of pay
Inflation	2.50 percent
Salary increases	Service graded 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, decreasing to 5.00 percent over six years and then 4.00 percent over the next 48 years

The current year discount rate is 3.70 percent, which 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.

Economic assumptions are based on input from a variety of published sources of historical and projected future financial data.

Changes in the Total OPEB Liability

Changes in the Total OPEB Liability For the Year Ended December 31, 2024

Balance at December 31, 2023	\$ 771,131
Changes for the year	
Service cost	\$ 67,054
Interest	16,595
Changes of assumptions or other inputs	(80,056)
Differences between expected and actual experience	(62,224)
Benefit payments	(16,969)
Net change	\$ (75,600)
Balance at December 31, 2024	\$ 695,531

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OPEB Liability Sensitivity

The following presents the total OPEB liability of MNPrairie, calculated using the discount rate previously disclosed, as well as what MNPrairie'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, 2024

	Discount Rate	Total OPEB Liability
1% Decrease	1.00%	\$ 752,304
Current	2.00%	695,531
1% Increase	3.00%	642,664

The following presents the total OPEB liability of MNPrairie, calculated using the health care cost trend previously disclosed, as well as what MNPrairie'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, 2024

	Health Care Trend Rates	Total OPEB Liability
1% Decrease	5.50% Decreasing to 4.00%	\$ 616,523
Current	6.50% Decreasing to 5.00%	695,531
1% Increase	7.50% Decreasing to 6.00%	789,069

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

For the year ended December 31, 2024, MNPrairie recognized OPEB expense of \$34,101. MNPrairie 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, 2024

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in actuarial assumptions	\$ 7,087	\$ 69,579
Difference between expected and actual experience	9,236	144,092
Contributions made subsequent to the measurement date	12,394	-
Total	<u>\$ 28,717</u>	<u>\$ 213,671</u>

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The \$12,394 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended December 31, 2025. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Schedule of Amortization of Deferred Outflows and Inflows of Resources Related to OPEB As of December 31, 2024

Year Ended December 31	OPEB Expense Amount
2025	\$ (49,542)
2026	(46,680)
2027	(53,702)
2028	(23,714)
2029	(23,710)

Changes in Actuarial Assumptions

The following changes in actuarial assumptions occurred in 2024:

- The health care trend rates were changed to better anticipate short-term and long-term medical increases.
- The inflation rate was changed from 2.00 percent to 2.50 percent.
- The discount rate was changed from 2.00 percent to 3.70 percent.

Pension Plan

Defined Benefit Pension Plan

Plan Description

All full-time and certain part-time employees of MNPrairie are covered by defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA administers the General Employees Retirement Plan (the General Employees Plan), which is a cost-sharing, multiple-employer retirement plan. This 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, while the Basic Plan and Minneapolis Employees Retirement Fund members are not covered. The Basic Plan was closed to new members in 1967. The Minneapolis Employees Retirement Fund was closed to new members in 1978 and merged into the General Employees Plan in 2015. All new members must participate in the Coordinated Plan, for which benefits vest after three years of credited service. No MNPrairie employees belong to either the Basic Plan or the Minneapolis Employees Retirement Fund.

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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. The 2024 annual increase was 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 2024. The employer was required to contribute 7.50 percent of annual covered salary in 2024. Rates did not change from 2023.

MNPrairie's contributions for the General Employees Plan for the year ended December 31, 2024, were \$944,695. The contributions are equal to the statutorily required contributions as set by state statute.

Pension Costs

At December 31, 2024, MNPrairie reported a liability of \$5,393,341 for its proportionate share of the General Employees Plan's net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. MNPrairie's proportion of the net pension liability was based on MNPrairie's contributions received by PERA

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during the measurement period for employer payroll paid dates from July 1, 2023, through June 30, 2024, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2024, MNPrairie's proportion was 0.1459 percent. It was 0.1448 percent measured as of June 30, 2023. MNPrairie recognized pension expense of \$558,759 for its proportionate share of the General Employees Plan's pension expense.

The State of Minnesota contributed \$170.1 million to the General Employees Plan in the plan fiscal year ended June 30, 2024. This contribution was a one-time direct state aid that does not meet the definition of a special funding situation. MNPrairie recognized \$248,144 as revenue, which results in a reduction of the net pension liability, for its proportionate share of the State of Minnesota's on-behalf contributions to the General Employees Plan.

Legislation requires the State of Minnesota to contribute \$16 million to the General Employees Plan annually until September 15, 2031. MNPrairie recognized an additional \$3,739 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, 2024

MNPrairie's proportionate share of the net pension liability	\$ 5,393,341
State of Minnesota's proportionate share of the net pension liability associated with MNPrairie	<u>139,461</u>
Total	<u>\$ 5,532,802</u>

MNPrairie 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, 2024

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 505,776	\$ -
Changes in actuarial assumptions	26,064	2,030,183
Difference between projected and actual investment earnings	-	1,533,222
Changes in proportion	98,796	-
Contributions paid to PERA subsequent to the measurement date	<u>468,640</u>	<u>-</u>
Total	<u>\$ 1,099,276</u>	<u>\$ 3,563,405</u>

The \$468,640 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, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

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Schedule of Amortization of Deferred Outflows and Inflows of Resources As of December 31, 2024

Year Ended December 31	Pension Expense Amount
2025	\$ (1,600,583)
2026	(274,532)
2027	(644,287)
2028	(413,367)

Actuarial Assumptions

The total pension liability in the June 30, 2024, 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, 2024

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, 2024, 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.

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 equity	33.50%	5.10%
International equity	16.50%	5.30%
Fixed income	25.00%	0.75%
Private markets	25.00%	5.90%

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Discount Rate

The discount rate used to measure the total pension liability was 7.00 percent in 2024, which remains consistent with 2023. 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 2024:

- Rates of merit and seniority were adjusted, resulting in slightly higher rates.
- Assumed rates of retirement were adjusted as follows: increase the rate of assumed unreduced retirements, slight adjustments to Rule of 90 retirement rates, and slight adjustments to early retirement rates.
- Assumed rates of withdrawal were increased for both males and females.
- Assumed rates of disability were decreased.
- Slight adjustments were made to the use of the Pub-2010 General Mortality table as recommended in the most recent experience study.
- Minor changes to form of payment assumptions were applied for male and female retirees.
- Minor changes to assumptions were made with respect to missing participant data.
- The workers' compensation offset for disability benefits was eliminated.
- The actuarial equivalent factors were updated to reflect changes in assumptions.

Pension Liability Sensitivity

The following presents MNPrairie's proportionate share of the net pension liability calculated using the discount rate previously disclosed, as well as what MNPrairie'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, 2024**

Discount Rate	Net Pension Liability
6.00%	\$ 11,779,925
7.00%	5,393,341
8.00%	139,793

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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 3 – Risk Management

MNPrairie 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. To manage these risks, MNPrairie has entered into a joint powers agreement with other Minnesota counties to form the Minnesota Counties Intergovernmental Trust (MCIT).

MCIT is a public entity risk pool currently operated as a common risk management and insurance program for its members. MNPrairie is a member of both the MCIT Workers' Compensation and Property and Casualty Divisions. There were no significant reductions in insurance from the prior year, and the amount of settlements did not exceed insurance coverage for the past three fiscal years.

The Workers' Compensation Division of MCIT is self-sustaining based on the contributions charged, so that total contributions plus compounded earnings on these contributions will equal the amount needed to satisfy claims liabilities and other expenses. MCIT participates in the Workers' Compensation Reinsurance Association with coverage at \$500,000 per claim in 2024 and \$1,000,000 per claim in 2025. Should the MCIT Workers' Compensation Division liabilities exceed assets, MCIT may assess MNPrairie in a method and amount to be determined by MCIT.

The Property and Casualty Division of MCIT is self-sustaining, and MNPrairie 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 MNPrairie in a method and amount to be determined by MCIT.

Note 4 – Summary of Significant Contingencies and Other Items

Contingent Liabilities

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

MNPrairie is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of MNPrairie's attorney, the resolution of these matters will not have a material adverse effect on the financial condition of MNPrairie.

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Joint Ventures

Dodge County Family Services Collaborative

The Dodge County Family Services Collaborative was established in 1999 under the authority of Minn. Stat. §§ 471.59 and 142D.15. The Collaborative includes Dodge County and approximately seven other human services-related agencies serving Dodge County residents. The governing board consists of seven members, of which four represent the legally required participants of a collaborative (a school district, the County, public health, and a community action agency). The purpose of the Collaborative is to provide a coordinated approach to support and nurture individuals and families through prevention and intervention so as to ensure success of every child. Control of the Collaborative is vested in a Board of Directors. MNPrairie acts as fiscal agent for the Collaborative and reports the fiscal transactions of the Collaborative as a custodial fund.

The Collaborative is financed by state grants and appropriations from participating members. During the year, MNPrairie did not contribute to the Collaborative.

Steele County Children's Mental Health Collaborative

The Steele County Children's Mental Health Collaborative was established in 2009 under the authority of Minn. Stat. § 245.491. The governing board consists of five members, two members of the County Board of Commissioners and one school board member from each participating school district. The purpose of this Collaborative is to improve the mental health and educational outcomes of children in Steele County by creating an integrated service delivery system for children who have, or are at risk of having, emotional or behavioral problems and their families. MNPrairie acts as fiscal agent for the Steele County Children's Mental Health Collaborative and reports the fiscal transactions of the Collaborative as a custodial fund. During the year, MNPrairie did not contribute to the Collaborative.

Waseca County Collaborative for Families

The Waseca County Collaborative for Families was established in 2001 to improve the well-being of the children and families of Waseca County. The members include Waseca County; Independent School District Nos. 829, 2835, and 2168; and Waseca Medical Center-Mayo Health System. The governing board consists of five members, one from each participating entity. MNPrairie acts as fiscal agent for the Waseca County Collaborative for Families and reports the fiscal transactions of the Collaborative as a custodial fund. During the year, MNPrairie did not contribute to the Collaborative.

Jointly-Governed Organization

MNPrairie, in conjunction with other governmental entities and various private organizations, formed the jointly-governed organization as listed below:

The Southeast Service Cooperative delivers numerous services to support administrative and instructional functions to its members and to improve learning opportunities. During the year, MNPrairie made payments of \$300 to the Cooperative.

Required Supplementary Information

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Exhibit A-1

**Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2024**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Intergovernmental	\$ 27,564,534	\$ 27,564,534	\$ 27,246,112	\$ (318,422)
Charges for services	941,332	941,332	975,892	34,560
Investment earnings	350,000	350,000	591,620	241,620
Miscellaneous	416,200	416,200	549,420	133,220
Total Revenues	\$ 29,272,066	\$ 29,272,066	\$ 29,363,044	\$ 90,978
Expenditures				
Current				
Human services				
Income maintenance	\$ 10,019,713	\$ 10,007,713	\$ 10,119,954	\$ (112,241)
Social services	19,357,829	19,369,829	20,734,707	(1,364,878)
Total human services	\$ 29,377,542	\$ 29,377,542	\$ 30,854,661	\$ (1,477,119)
Debt service				
Principal	\$ 63,711	\$ 63,711	\$ 59,688	\$ 4,023
Interest	9,289	9,289	9,289	-
Total debt service	\$ 73,000	\$ 73,000	\$ 68,977	\$ 4,023
Total Expenditures	\$ 29,450,542	\$ 29,450,542	\$ 30,923,638	\$ (1,473,096)
Excess of Revenues Over (Under)				
Expenditures	\$ (178,476)	\$ (178,476)	\$ (1,560,594)	\$ (1,382,118)
Other Financing Sources (Uses)				
Leases issued	-	-	153,903	153,903
Net Change in Fund Balances	\$ (178,476)	\$ (178,476)	\$ (1,406,691)	\$ (1,228,215)
Fund Balances – January 1	15,285,371	15,285,371	15,285,371	-
Fund Balances – December 31	\$ 15,106,895	\$ 15,106,895	\$ 13,878,680	\$ (1,228,215)

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**Schedule of Changes in Total OPEB Liability and Related Ratios
Other Postemployment Benefits
December 31, 2024**

	<u>2024</u>	<u>2023</u>
Total OPEB Liability		
Service cost	\$ 67,054	\$ 74,656
Interest	16,595	15,187
Differences between expected and actual experience	(62,224)	-
Changes of assumption or other inputs	(80,056)	-
Benefit payments	<u>(16,969)</u>	<u>(6,733)</u>
Net change in total OPEB liability	\$ (75,600)	\$ 83,110
Total OPEB Liability – Beginning	<u>771,131</u>	<u>688,021</u>
Total OPEB Liability – Ending	<u><u>\$ 695,531</u></u>	<u><u>\$ 771,131</u></u>
 Covered-employee payroll	 \$ 12,748,590	 \$ 11,296,147
 Total OPEB liability (asset) as a percentage of covered-employee payroll	 5.46%	 6.83%

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

Exhibit A-2

2022	2021	2020	2019	2018
\$ 72,482	\$ 76,982	\$ 74,559	\$ 59,344	\$ 62,183
24,804	22,665	24,794	19,778	17,807
(184,480)	-	32,326	-	-
4,562	-	16,838	(20,098)	-
(24,202)	(18,601)	(25,036)	(17,229)	(17,595)
\$ (106,834)	\$ 81,046	\$ 123,481	\$ 41,795	\$ 62,395
794,855	713,809	590,328	548,533	486,138
\$ 688,021	\$ 794,855	\$ 713,809	\$ 590,328	\$ 548,533
\$ 10,967,133	\$ 10,133,880	\$ 9,814,896	\$ 9,035,648	\$ 8,772,474
6.27%	7.84%	7.27%	6.53%	6.25%

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Exhibit A-3

**Schedule of Proportionate Share of Net Pension Liability
PERA General Employees Retirement Plan
December 31, 2024**

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 MNPrairie (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
2024	0.1459 %	\$ 5,393,341	\$ 139,461	\$ 5,532,802	\$ 12,361,939	43.63 %	89.08 %
2023	0.1448	8,097,054	223,200	8,320,254	11,517,652	70.30	83.10
2022	0.1444	11,436,528	325,209	11,761,737	10,816,471	105.73	76.67
2021	0.1409	6,017,061	183,745	6,200,806	10,148,465	59.29	87.00
2020	0.1393	8,351,672	257,544	8,609,216	9,931,019	84.10	79.06
2019	0.1359	7,513,607	233,490	7,747,097	9,616,857	78.13	80.23
2018	0.1283	7,117,558	233,454	7,351,012	8,621,094	82.56	79.53
2017	0.1260	8,043,757	101,172	8,144,929	8,091,495	99.41	75.90
2016	0.1100	8,931,454	116,610	9,048,064	6,819,948	130.96	68.91
2015	0.0493	2,554,982	N/A	2,554,982	2,848,574	89.69	78.19

The measurement date for each year is June 30.

N/A – Not Applicable

**Minnesota Prairie County Alliance
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Exhibit A-4

**Schedule of Contributions
PERA General Employees Retirement Plan
December 31, 2024**

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)
2024	\$ 944,695	\$ 944,695	\$ -	\$ 12,595,930	7.50 %
2023	894,552	894,552	-	11,927,357	7.50
2022	833,200	833,200	-	11,109,333	7.50
2021	789,883	789,883	-	10,533,724	7.50
2020	741,493	741,493	-	9,886,569	7.50
2019	739,771	739,771	-	9,863,626	7.50
2018	687,421	687,421	-	9,165,613	7.50
2017	615,501	615,501	-	8,204,350	7.50
2016	551,584	551,584	-	7,354,449	7.50
2015	478,511	478,511	-	6,380,147	7.50

MNPrairie's year-end is December 31.

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Notes to the Required Supplementary Information For the Year Ended December 31, 2024

Note 1 – Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General Fund. All annual appropriations lapse at fiscal year-end.

The appropriated budget is prepared by fund and department. The legal level of budgetary control (that is, the level at which expenditures may not legally exceed appropriations) is the fund level. The budgets may be amended or modified at any time by MNPrairie. There were no budget amendments during 2024.

Note 2 – Excess of Expenditures Over Appropriations

The General Fund had expenditures in excess of appropriations (the legal level of budgetary control) for the year ended December 31, 2024:

	Expenditures	Final Budget	Excess
General Fund	\$ 30,923,638	\$ 29,450,542	\$ 1,473,096

Note 3 – Other Postemployment Benefits Funded Status

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

Note 4 – Other Postemployment Benefits – Changes in Significant Plan Provisions, Actuarial Methods, and Assumptions

The following changes in actuarial assumptions occurred:

2024

- The health care trend rates were changed to better anticipate short-term and long-term medical increases.
- The inflation rate was changed from 2.00 percent to 2.50 percent.
- The discount rate was changed from 2.00 percent to 3.70 percent.

2023

- There were no actuarial assumption changes in 2023.

2022

- The health care trend rates, mortality tables, salary increase rates, and retirement and withdrawal rates

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were updated.

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

2021

- There were no actuarial assumption changes in 2021.

2020

- The health care trend rates, mortality tables, and salary increase rates were updated.
- The discount rate used changed from 3.80 percent to 2.90 percent.

2019

- The discount rate used changed from 3.30 percent to 3.80 percent.

2018

- The discount rate used changed from 3.50 percent to 3.30 percent.
- The mortality tables were updated from the RP-2014 White Collar Mortality tables with MP-2016 Generational Improvement Scale to the RP-2014 White Collar Mortality tables with MP-2017 Generational Improvement Scale.
- The retirement and withdrawal tables were updated.
- The health care trend rates were changed to better anticipate short-term and long-term medical increases.

Note 5 – Defined Benefit Pension Plans – Changes in Significant Plan Provisions, Actuarial Methods, and Assumptions

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

General Employees Retirement Plan

2024

- Rates of merit and seniority were adjusted, resulting in slightly higher rates.
- Assumed rates of retirement were adjusted as follows: increase the rate of assumed unreduced retirements, slight adjustments to Rule of 90 retirement rates, and slight adjustments to early retirement rates.

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- Assumed rates of withdrawal were increased for both males and females.
- Assumed rates of disability were decreased.
- Slight adjustments were made to the use of the Pub-2010 General Mortality table as recommended in the most recent experience study.
- Minor changes to form of payment assumptions were applied for male and female retirees.
- Minor changes to assumptions were made with respect to missing participant data.
- The workers' compensation offset for disability benefits was eliminated.
- The actuarial equivalent factors were updated to reflect changes in assumptions.

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.

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- Assumed salary increase rates were changed as recommended in the June 30, 2019, experience study. The net effect is assumed rates that average 0.25 percent less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019, experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019, experience study. The new rates are based on service and are generally lower than the previous rates for years two to five and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019, experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Employee Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 Disabled Annuitant Mortality table to the Pub-2010 General/Teacher Disabled Retiree Mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100 percent Joint and Survivor option changed from 35 percent to 45 percent. The assumed number of married female new retirees electing the 100 percent Joint and Survivor option changed from 15 percent to 30 percent. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.
- Augmentation for current privatized members was reduced to 2.00 percent for the period July 1, 2020, through December 31, 2023, and 0.00 percent thereafter. Augmentation was eliminated for privatizations occurring after June 30, 2020.

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.

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- Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Post-retirement benefit increases were changed from 1.00 percent per year with a provision to increase to 2.50 percent upon attainment of 90 percent funding to 50 percent of the Social Security cost-of-living adjustment, not less than 1.00 percent and not more than 1.50 percent, beginning January 1, 2019.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to the Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017

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

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

Minnesota Prairie County Alliance Mantorville, Minnesota

Fiduciary Funds

Custodial Funds

Dodge County Family Services Collaborative – to account for the collection and disbursement of funds for the Dodge County Family Services Collaborative.

Steele County Children’s Mental Health Collaborative – to account for the collection and disbursement of funds for the Steele County Children’s Mental Health Collaborative.

Waseca County Collaborative for Families – to account for the collection and disbursement of funds for the Waseca County Collaborative for Families.

Recoveries – to account for the State of Minnesota’s share of recoveries received from program participants.

Child Support Collections – to account for the collection and disbursement of child support payments to the State of Minnesota.

**Minnesota Prairie County Alliance
Mantorville, Minnesota**

**Combining Statement of Fiduciary Net Position
Fiduciary Funds – Custodial Funds
December 31, 2024**

	<u>Dodge County Family Services Collaborative</u>	<u>Steele County Children's Mental Health Collaborative</u>
<u>Assets</u>		
Cash and pooled investments	\$ 450,935	\$ 383,915
Due from other governments	31,533	31,533
Accounts receivable	-	-
Total Assets	<u>\$ 482,468</u>	<u>\$ 415,448</u>
<u>Liabilities</u>		
Due to others	\$ 810	\$ 26
Due to other governments	1,088	-
Total Liabilities	<u>\$ 1,898</u>	<u>\$ 26</u>
<u>Net Position</u>		
Restricted for individuals, organizations, and other governments	<u>\$ 480,570</u>	<u>\$ 415,422</u>

Exhibit B-1

Waseca County Collaborative for Families	Recoveries	Child Support Collections	Total Custodial Funds
\$ -	\$ 676,011	\$ 503	\$ 1,511,364
32,488	-	-	95,554
-	103,751	-	103,751
\$ 32,488	\$ 779,762	\$ 503	\$ 1,710,669
\$ -	\$ -	\$ -	\$ 836
-	676,011	503	677,602
\$ -	\$ 676,011	\$ 503	\$ 678,438
\$ 32,488	\$ 103,751	\$ -	\$ 1,032,231

**Minnesota Prairie County Alliance
Mantorville, Minnesota**

**Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds – Custodial Funds
For the Year Ended December 31, 2024**

	<u>Dodge County Family Services Collaborative</u>	<u>Steele County Children's Mental Health Collaborative</u>
<u>Additions</u>		
Contributions from individuals	\$ -	\$ -
Interest earnings	16,525	13,857
Payments from other entities	<u>135,931</u>	<u>212,006</u>
Total Additions	<u>\$ 152,456</u>	<u>\$ 225,863</u>
<u>Deductions</u>		
Payments to the state	\$ -	\$ -
Payments to other entities	<u>175,764</u>	<u>318,577</u>
Total Deductions	<u>\$ 175,764</u>	<u>\$ 318,577</u>
Change in Net Position	\$ (23,308)	\$ (92,714)
Net Position – January 1	<u>503,878</u>	<u>508,136</u>
Net Position – December 31	<u><u>\$ 480,570</u></u>	<u><u>\$ 415,422</u></u>

Waseca County Collaborative for Families	Recoveries	Child Support Collections	Total Custodial Funds
\$ -	\$ 1,032,142	\$ 41,966	\$ 1,074,108
-	-	-	30,382
126,789	-	-	474,726
\$ 126,789	\$ 1,032,142	\$ 41,966	\$ 1,579,216
\$ -	\$ 1,185,534	\$ 41,966	\$ 1,227,500
127,560	-	-	621,901
\$ 127,560	\$ 1,185,534	\$ 41,966	\$ 1,849,401
\$ (771)	\$ (153,392)	\$ -	\$ (270,185)
33,259	257,143	-	1,302,416
\$ 32,488	\$ 103,751	\$ -	\$ 1,032,231

Other Schedules

**Minnesota Prairie County Alliance
Mantorville, Minnesota**

Exhibit C-1

**Schedule of Intergovernmental Revenue
For the Year Ended December 31, 2024**

Appropriations and Shared Revenue

State

PERA aid	\$ 23,344
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Reimbursements for Services

State

Minnesota Department of Human Services	\$ 5,144,281
Minnesota Management and Budget	185,278

Total reimbursements for services	\$ 5,329,559
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Payments

Local

Contributions from counties	\$ 10,012,143
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Grants

State

Minnesota Department of Human Services	\$ 3,651,445
--	--------------

Federal

Department of	
Agriculture	\$ 885,680
Treasury	153,716
Health and Human Services	7,190,225

Total federal	\$ 8,229,621
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Total state and federal grants	\$ 11,881,066
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Total Intergovernmental Revenue	\$ 27,246,112
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**Minnesota Prairie County Alliance
Mantorville, Minnesota**

Exhibit C-2

**Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2024**

Federal Grantor Pass-Through Agency Program or Cluster Title	Assistance Listing Number	Pass-Through Grant Numbers	Expenditures
U.S. Department of Agriculture			
Passed Through Minnesota Department of Human Services			
SNAP Cluster			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	242MN101S2514	\$ 850,658
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	242MN127Q7503	34,601
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	242MN101S2520	421
(Total State Administrative Matching Grants for the Supplemental Nutrition Assistance Program 10.561 \$885,680)			
Total U.S. Department of Agriculture			\$ 885,680
U.S. Department of the Treasury			
Passed Through Institute for Community Alliances			
COVID-19 – Emergency Rental Assistance Program	21.023	River Valleys MN Housing HSS sub3	\$ 105,112
U.S. Department of Health and Human Services			
Passed Through Minnesota Department of Human Services			
MaryLee Allen Promoting Safe and Stable Families Program	93.556	2401MNFPS	\$ 18,853
Temporary Assistance for Needy Families	93.558	2401MNTANF	938,176
Child Support Services	93.563	2301MNCES	273,472
Child Support Services	93.563	2301MNCSES	1,267,188
(Total Child Support Services 93.563 \$1,540,660)			
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566	2401MNRCA	6,127
CCDF Cluster			
Child Care and Development Block Grant	93.575	2401MNCCDF	73,395
Community-Based Child Abuse Prevention Grants	93.590	2302MNBCAP	22,942
Adoption and Legal Guardianship Incentive Payments Program	93.603	2301MNAIPP	94,180
Children's Justice Grants to States	93.643	2301MNNCAN	16,078
Stephanie Tubbs Jones Child Welfare Services Program	93.645	2301MNCWSS	4,033
Foster Care Title IV-E	93.658	2401MNFOS	371,772
Social Services Block Grant	93.667	2401MNSOSR	446,953
Child Abuse and Neglect State Grants	93.669	2301MNNCAN	178,980
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	2301MNCILP	22,653
Children's Health Insurance Program	93.767	2305MNS021	1,373
Medicaid Cluster			
Medical Assistance Program	93.778	2405MNSADM	3,197,655
Medical Assistance Program	93.778	2405MNSMAP	27,306
(Total Medical Assistance Program 93.778 \$3,224,961)			
Total U.S. Department of Health and Human Services			\$ 6,961,136
Total Federal Awards			\$ 7,951,928

**Minnesota Prairie County Alliance
Mantorville, Minnesota**

Exhibit C-2
(Continued)

**Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2024**

Totals by Cluster

Total expenditures for SNAP Cluster	\$	885,680
Total expenditures for CCDF Cluster		73,395
Total expenditures for Medicaid Cluster		3,224,961

MNPrairie did not pass any federal awards through to subrecipients during the year ended December 31, 2024.

Minnesota Prairie County Alliance

Mantorville, Minnesota

Notes to the Schedule of Expenditures of Federal Awards As of and for the Year Ended December 31, 2024

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 Minnesota Prairie County Alliance (MNPrairie). MNPrairie'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 award activity of MNPrairie under programs of the federal government for the year ended December 31, 2024. 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 of Expenditures of Federal Awards presents only a selected portion of the operations of MNPrairie, it is not intended to and does not present the financial position, changes in net position, or cash flows of MNPrairie.

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

Note 2 – De Minimis Cost Rate

MNPrairie has elected not to use the ten percent de minimis indirect cost rate nor the 15 percent de minimis indirect cost rate, as applicable, allowed under the Uniform Guidance.

Note 3 – Reconciliation to Schedule of Intergovernmental Revenue

Reconciliation to Schedule of Intergovernmental Revenue	
Federal grant revenue per Schedule of Intergovernmental Revenue	\$ 8,229,621
Grants received more than 60 days after year-end, unavailable in 2024	
MaryLee Allen Promoting Safe and Stable Families Program (AL No. 93.556)	2,262
Refugee and Entrant Assistance State/Replacement Designee Administered Programs (AL No. 93.566)	1,716
Foster Care Title IV-E (AL No. 93.658)	11,910
Child Abuse and Neglect State Grants (AL No. 93.669)	4,032
Unavailable in 2023, recognized as revenue in 2024	
COVID-19 – Emergency Rental Assistance Program (AL No. 21.023)	(48,604)
MaryLee Allen Promoting Safe and Stable Families Program (AL No. 93.556)	(2,031)
Temporary Assistance for Needy Families (AL No. 93.558)	(244,956)
Stephanie Tubbs Jones Child Welfare Services Program (AL No. 93.645)	(2,022)
Expenditures per Schedule of Expenditures of Federal Awards	<u>\$ 7,951,928</u>

Management and Compliance Section



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

Independent Auditor's Report

Joint Powers Board
Minnesota Prairie County Alliance
Mantorville, Minnesota

We have audited, in accordance with the 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, the General Fund, and the aggregate remaining fund information of Minnesota Prairie County Alliance (MNPrairie) as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise MNPrairie's basic financial statements, and have issued our report thereon dated August 4, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered MNPrairie'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of MNPrairie's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of MNPrairie'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 MNPrairie'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 MNPrairie failed to comply with the provisions of the contracting – bid laws, 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 MNPrairie’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 MNPrairie’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 MNPrairie’s internal control over financial reporting and compliance. Accordingly, this communication is not suitable for any other purpose.

/s/Julie Blaha

/s/Chad Struss

Julie Blaha
State Auditor

Chad Struss, CPA
Deputy State Auditor

August 4, 2025

**Report on Compliance for Each Major Federal Program and Report on Internal
Control Over Compliance Required by the Uniform Guidance**Independent Auditor's Report

Joint Powers Board
Minnesota Prairie County Alliance
Mantorville, Minnesota

Report on Compliance for the Major Federal Program***Opinion on the Major Federal Program***

We have audited Minnesota Prairie County Alliance's (MNPrairie) 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 MNPrairie's major federal program for the year ended December 31, 2024. MNPrairie'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, MNPrairie 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, 2024.

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 MNPrairie 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 MNPrairie'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 MNPrairie'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 MNPrairie'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 MNPrairie'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 MNPrairie'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 MNPrairie'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 MNPrairie'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 items 2024-001 and 2024-002. Our opinion on the major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on MNPrairie's response to the noncompliance findings identified in our compliance audit described in the accompanying Schedule of Findings and Questioned Costs. MNPrairie'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 certain 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 deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2024-001 and 2024-002 to be significant deficiencies.

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 MNPrairie's response to the internal control over compliance findings identified in our compliance audit described in the accompanying Schedule of Findings and Questioned Costs. MNPrairie'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

August 4, 2025

/s/Chad Struss

Chad Struss, CPA
Deputy State Auditor

**Minnesota Prairie County Alliance
Mantorville, Minnesota**

**Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2024**

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
93.778	Medicaid Cluster

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

MNPrairie qualified as a low-risk auditee? **Yes**

Section II – Financial Statement Findings

No matters were reported.

Minnesota Prairie County Alliance

Mantorville, Minnesota

Section III – Federal Award Findings and Questioned Costs

2024-001 Eligibility

Prior Year Finding Number: N/A

Year of Finding Origination: 2024

Type of Finding: Internal Control Over Compliance and Compliance

Severity of Deficiency: Significant Deficiency and Other Matter

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

Program: 93.778 Medical Assistance Program

Award Number and Year: 2405MN5ADM; 2024

Pass-Through Agency: Minnesota Department of Human Services

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 42 U.S. *Code of Federal Regulations* §§ 435.911 and 435.945 require the state Medicaid agency to determine and verify eligibility of enrollees in Medicaid. The Minnesota Department of Human Services provides the Minnesota Health Care Programs Eligibility Policy Manual. The manual contains the Minnesota Department of Human Services eligibility policies for the Minnesota Health Care Programs, including the eligibility requirements of Medical Assistance. Specific eligibility requirements are included for participants' Social Security number verification and income limits. Minnesota Statutes, section 256B.05, requires agencies to administer Medical Assistance.

Condition: The Minnesota Department of Human Services maintains the computer system, METS, which is used by MNPrairie to support the eligibility determination process. In the case files tested for eligibility, not all documentation to support participant eligibility was available, updated, or input correctly. The following exceptions were noted in the sample of 40 case files tested:

- One participant's Social Security number was not verified.
- Two case files did not calculate or document the participant's income correctly.

Questioned Costs: Not applicable. MNPrairie administers the program, but the State of Minnesota pays benefits to participants in this program.

Context: The State of Minnesota and MNPrairie split the eligibility determination process. Generally, MNPrairie resolves eligibility issues when prompted by the system, while the State performs the initial review of the case files, including determining the information in METS is verified. Participants receive benefits from the State.

The population consisted of 16,951 active METS cases enrolled in the Medical Assistance Program in 2024; the sample size was 40 case files. The sample size was based on the guidance from Chapter 11 of the AICPA Audit Guide, *Government Auditing Standards and Single Audits*.

Minnesota Prairie County Alliance Mantorville, Minnesota

Effect: The improper input or updating of information in METS and lack of verification of key eligibility-determining factors increases the risk that program participants will receive benefits when they are not eligible.

Cause: Program personnel responsible for resolving eligibility issues in METS did not ensure all required information was input or updated correctly or verified.

Recommendation: We recommend MNPrairie implement additional procedures to provide reasonable assurance that all documentation needed to resolve eligibility issues exists and program personnel properly input, update, or verify the documentation in METS. In addition, MNPrairie should consider providing further training to program personnel.

View of Responsible Official: Acknowledge

2024-002 Reporting

Prior Year Finding Number: N/A

Year of Finding Origination: 2024

Type of Finding: Internal Control Over Compliance and Compliance

Severity of Deficiency: Significant Deficiency and Other Matter

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

Program: 93.778 Medical Assistance Program

Award Number and Year: 2405MN5ADM; 2024

Pass-Through Agency: Minnesota Department of Human Services

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.

Administrative program costs for the Medical Assistance Program are submitted to the Minnesota Department of Human Services (DHS) through the DHS Social Services Fund (DHS 2556) report on a quarterly basis. DHS provides reporting instructions, including information regarding eligible and ineligible costs.

Condition: In the sample of two DHS-2556 reports, misclassifications of expenditures were found between the SSTS RMS Participants Payroll Expense (Line 2a) and Non SSTS RMS Participants Payroll Expense (Line 2b) report categories. In one instance, there was a net misclassification of \$44,047 between reported Line 2a and Line 2b expenditures. In the other, there was a net misclassification of \$10,444 between reported Line 2a and Line 2b expenditures.

Questioned Costs: None.

Context: DHS relies on accurate identification and reporting of program costs to ensure grant funds paid to MNPrairie are allowable and provide detailed information necessary for maintaining proper oversight over federal programs.

The identified misclassifications had no effect on the total expenses claimed for federal funding and, therefore, had no effect on federal funding received.

Minnesota Prairie County Alliance Mantorville, Minnesota

The population consisted of four quarterly DHS 2556 reports; the sample was two quarterly DHS 2556 reports. The sample size was based on the guidance from Chapter 11 of the AICPA Audit Guide, *Government Auditing Standards and Single Audits*.

Effect: Errors in the reporting of costs in the quarterly reports can impair DHS' ability to provide required oversight over federal programs.

Cause: MNPrairie's controls over preparation of the quarterly reports were not sufficient to identify the reporting errors.

Recommendation: We recommend MNPrairie implement controls to ensure all DHS reports are completed accurately and in accordance with DHS guidance.

View of Responsible Official: Acknowledge



**Representation of Minnesota Prairie County Alliance
Mantorville, Minnesota**

Corrective Action Plan
For the Year Ended December 31, 2024

Finding Number: 2024-001

Finding Title: Eligibility

Program: 93.778 Medical Assistance Program

Name of Contact Person Responsible for Corrective Action:

DeAnn Boney, Income and Healthcare Assistance Manager

Corrective Action Planned:

The results of the MA audit will be shared with all eligibility workers at a full team meeting. We will review the findings of the cases found in error and retrain workers on the expectation that the system will be updated when documentation is received on a case. The case findings will be reviewed directly with the individual workers that made the mistake on the case. They will update the case in the METS system to reflect the information in the case files.

Anticipated Completion Date:

Our full eligibility meeting is scheduled for July 29, 2025.

Finding Number: 2024-002

Finding Title: Reporting

Program: 93.778 Medical Assistance Program

Name of Contact Person Responsible for Corrective Action:

Waylon Welvaert, Finance Manager

Corrective Action Planned:

All impacted employees have been reviewed and system adjustments in payroll have been completed. We have completed and submitted updated 2556 reports to the State on June 25, 2025, for the two quarterly reports that were affected. In addition, a review will be done at the start of every quarter to ensure that all allocations are being distributed correctly by the payroll system to ensure that reports are accurately completed.

Anticipated Completion Date:

We completed doing a full payroll system review on July 10, 2025 of account code classifications for the start of the 3rd quarter.



**Representation of Minnesota Prairie County Alliance
Mantorville, Minnesota**

Summary Schedule of Prior Audit Findings
For the Year Ended December 31, 2024

Finding Number: 2023-001

Year of Finding Origination: 2022

Finding Title: Eligibility

Program: 93.558 Temporary Assistance for Needy Families

Summary of Condition: The Minnesota Department of Human Services maintains the computer system, MAXIS, which is used by MNPrairie to support the eligibility determination process. In the case files reviewed for eligibility, not all documentation was available, updated, or input correctly to support participant eligibility. The following exceptions were noted in the sample of 40 MAXIS case files tested:

- two case files where the asset amounts listed were not supported by documentation on file.
- one case file where the income amount in MAXIS was input incorrectly and did not agree to the supporting documentation on file.
- one case file where the application completed by the participant was incomplete.

Summary of Corrective Action Previously Reported: The agency will take the following steps to come into compliance:

1. Correct the cases that were found to be in error.
2. Establish an internal case review process.
3. Provide training and review the policy areas where deficiencies were identified with the family team.
4. Require family team to take new DHS training on assets.
5. Use DHS TANF case reviews as learning tools and share results with the family team.

Status: Partially Corrected.

The agency will continue to follow the steps already outlined above, and will increase the number of case reviews completed.

Finding Number: 2023-002

Year of Finding Origination: 2022

Finding Title: Child Support Non-Cooperation

Program: 93.558 Temporary Assistance for Needy Families

Summary of Condition: The Minnesota Department of Human Services maintains the computer system, MAXIS, which is used by MNPrairie to support the eligibility determination process. Part of the eligibility determination process is cooperating with child support requirements. MNPrairie must reduce benefits when a case is in child support noncooperation status. In a sample of 15 case files reviewed, two case

files had identified errors related to improper timing of reduced benefits for case files in non-cooperation status. The sanctions that are imposed on casefiles are not reviewed by someone after they are entered into the system.

Summary of Corrective Action Previously Reported: The agency will take the following steps to come into compliance:

1. Correct the cases that were found to be in error.
2. Establish an internal case review process.
3. Provide training and review the policy areas where deficiencies were identified with the family team.
4. Require family team to take new DHS training on assets.
5. Use DHS TANF case reviews as learning tools and share results with the family team.

Status: Fully Corrected. Corrective action was taken.

Finding Number: 2023-003

Year of Finding Origination: 2023

Finding Title: Activities Allowed or Unallowed and Allowable Costs/Cost Principles

Program: 93.563 Child Support Enforcement

Summary of Condition: The following deviations were noted in a sample of 40 expenditures tested:

- two claims did not have documentation to support the supervisor's approval, and
- four employees' timesheets for office support staff were not allocated correctly between income maintenance and social services and therefore the payroll expenditures included on the DHS quarterly reports were not accurate.

Summary of Corrective Action Previously Reported: All impacted employees have been reviewed and system adjustments in payroll have been completed. In addition, a review will be done at the start of every quarter to ensure that all allocations are being distributed correctly by the payroll system to ensure that reports are accurately completed.

Status: Fully Corrected. Corrective action was taken.