State of Minnesota

Office of the State Auditor

Julie Blaha
State Auditor

Minnesota Prairie County Alliance
Mantorville, Minnesota

Year Ended December 31, 2022

Description of the Office of the State Auditor

The Office of the State Auditor (OSA) helps ensure financial integrity and accountability in local government financial activities. The OSA is the constitutional office that oversees more than $40 billion in annual financial activity by local governments and approximately $20 billion of federal funding financial activity.

The OSA performs around 90 financial and compliance audits per year and has oversight responsibilities for over 3,300 local units of government throughout the state. The office maintains the following seven divisions:

- **Audit Practice**: Helps ensure fiscal integrity by conducting financial and compliance audits of local governments and the federal compliance audit of the State of Minnesota.

- **Constitution:** Connects with the public via external communication, media relations, legislative coordination, and public engagements for the State Auditor.

  This division also supports the State Auditor's service on the State Executive Council, State Board of Investment, Land Exchange Board, Public Employees Retirement Association Board, Minnesota Housing Finance Agency, the Minnesota Historical Society, and the Rural Finance Authority Board.

- **Government Information**: Collects, analyzes, and shares local government financial data to assist in policy and spending decisions; administers and supports financial tools including the Small Cities and Towns Accounting System (CTAS) software and infrastructure comparison tools.

- **Legal/Special Investigations**: Provides legal analysis and counsel to the OSA and responds to outside inquiries about Minnesota local law relevant to local government finances; investigates local government financial records in response to specific allegations of theft, embezzlement, or unlawful use of public funds or property.

- **Operations:** Ensures the office runs efficiently by providing fiscal management and technology support to the office.

- **Pension:** Analyzes investment, financial, and actuarial reporting for Minnesota's local public pension plans and monitors pension plan operations.

- **Tax Increment Financing (TIF)**: Promotes compliance and accountability in local governments' use of tax increment financing through education, reporting, and compliance reviews.

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Minnesota Prairie County Alliance
Mantorville, Minnesota

Year Ended December 31, 2022

Audit Practice Division
Office of the State Auditor
State of Minnesota

Minnesota Prairie County Alliance
Mantorville, Minnesota

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Mantorville, Minnesota

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Introductory Section

Minnesota Prairie County Alliance
Mantorville, Minnesota

Organization
December 31, 2022

		Member County
Board Members		
Member County Commissioners		
Member	Jim Abbe	Steele
Chair	Doug Christopherson	Waseca
Member	Rodney Peterson	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	Rhonda Toquam	Dodge
Executive Director	Jane Hardwick	
Management Team		
Income and Health Care Assistance Manager	Linda Johnson	
Adult and Disability Social Services Manager	Tara Reich	
Child and Family Social Services Manager	Patricia Harrelson	
Finance Manager	Kevin Venenga	

Financial Section

STATE OF MINNESOTA

Office of the State Auditor

Julie Blaha
State Auditor

Suite 500
525 Park Street
Saint Paul, MN 55103

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, 2022, 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, 2022, and the respective changes in financial position thereof 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.

Emphasis of Matter – Change in Accounting Principle

As discussed in Note 1 to the financial statements, in 2022, MNPrairie adopted new accounting guidance by implementing the provisions of Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, which represents a change in accounting principles. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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

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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 GASB, 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 23, 2023, 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

/s/Chad Struss

Chad Struss, CPA
Deputy State Auditor

August 23, 2023

Management’s Discussion and Analysis

Minnesota Prairie County Alliance
Mantorville, Minnesota

Management's Discussion and Analysis
December 31, 2022
(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, 2022. 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 $4,915,595, of which $197,461 is the net investment in capital assets and $76,929 is restricted for human services.

- MNPrairie's net position increased by $1,269,238 for the year ended December 31, 2022.

- Overall fund level revenues totaled $29,280,372, while total expenditures were $26,991,845.

- For the year ended December 31, 2022, the unassigned fund balance of the General Fund was $14,355,414, or 53 percent of the 2022 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 two statements that combine government-wide financial statements and governmental fund financial statements, fiduciary 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.

The first column of each of the first two statements presents governmental fund data. These columns focus on how money flows in and out and the balances left at year-end that are available for spending. They are reported using an accounting method called modified accrual accounting. This method measures cash and all other financial assets that can be readily converted to cash. These columns provide a detailed short-term view of the operations and the basic services provided. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the programs. We reconcile the relationship (or differences) between governmental funds and governmental activities (reported in the third column) in the center column of each statement.

The third column in each of the first two statements presents the governmental activities' Statement of Net Position and the Statement of Activities, which provide information about the activities of MNPrairie as a whole and present a longer-term view of the finances. These columns include all assets and deferred outflows of resources, and 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. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. Over time, increases or decreases in net position are one indicator of whether its financial health is improving or deteriorating.

Notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information is provided as supplementary information regarding MNPrairie's intergovernmental revenues and federal award programs.

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 $4,915,595 at the close of 2022.

Condensed Statements of Net Position

	FY 2022	FY 2021
Current and other assets	$ 16,409,291	$ 14,374,698
Capital assets	282,716	308,843
Total Assets	$ 16,692,007	$ 14,683,541
Deferred outflows of resources	$ 3,577,785	$ 4,438,603
Current liabilities	2,571,284	2,713,089
Long-term liabilities	12,456,611	7,232,466
Total Liabilities	$ 15,027,895	$ 9,945,555
Deferred inflows of resources	$ 326,302	$ 5,530,232
Net investment in capital assets	197,461	196,693
Restricted for human services	76,929	-
Unrestricted	4,641,205	3,449,664
Total Net Position	$ 4,915,595	$ 3,646,357

Governmental Activities

The following table summarizes the change in net position for 2022.

Condensed Statements of Net Position

	FY 2022	FY 2021
Revenues		
Intergovernmental	$ 27,732,044	$ 26,917,273
Charges for services	936,679	1,167,992
Gifts and contributions	2,442	-
Investment earnings	159,883	15,593
Miscellaneous	440,231	198,433
Total Revenues	$ 29,271,279	$ 28,299,291
Expenses		
Human services	28,002,041	26,002,537
Change in Net Position	$ 1,269,238	$ 2,296,754
Net Position – January 1	3,646,357	1,349,603
Net Position – December 31	$ 4,915,595	$ 3,646,357

FINANCIAL ANALYSIS OF THE GENERAL FUND

As shown in the General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance on Exhibit 2, the amount that was received through intergovernmental revenue in 2022 was 95 percent of the total revenue received, or $29,280,372, which is MNPrairie's major source of revenue.

For 2023 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 greater than budgeted revenues by $655,541. Actual expenditures were less than the budgeted expenditures by $1,632,986. The variance in revenues is a combination of an increase in the opportunity for added recoveries collected, an increase in the investment performance on fund balance reserves, and a mid-year grant that was awarded to the agency. Lower than expected expenditures were primarily impacted by savings in the staffing area as position openings were slowly filled as the pandemic eased and the change in the level of activity in our Chemical Dependency and Mental Health program areas.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

MNPrairie's capital assets (net of accumulated depreciation and amortization) at December 31, 2022, totaled $282,716. This investment in capital assets consists of equipment, vehicles and software owned and leased by MNPrairie. The total decrease in MNPrairie's investment in capital assets, net of depreciation and amortization, for the current fiscal year was $26,127.

Long-Term Debt

At the end of fiscal year 2022, MNPrairie had no bonded debt outstanding.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

MNPrairie adopted the 2023 budget based on trends from recent years of operation, anticipated changes to administrative and program areas, and any changes from the 2022 Legislature and current COVID-19 related emergency orders 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
- Some food assistance benefits will be reduced
- Eligibility administrative actions that have been suspended during the PHE will need to be acted upon and eligibility redetermined over a 12-month period
- 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)
- More in-person court activities are expected to resume
- 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
- 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 Jane Hardwick, Executive Director, 22 East 6th Street, Mantorville, Minnesota 55955.

Basic Financial Statements

Minnesota Prairie County Alliance
Mantorville, Minnesota

Exhibit 1

General Fund Balance Sheet and Governmental Activities – Statement of Net Position With Adjustments to Convert Modified to Full Accrual December 31, 2022

	General Fund	Adjustments	Governmental Activities
Assets and Deferred Outflows of Resources			
Assets			
Cash and pooled investments	$ 13,326,650	$ -	$ 13,326,650
Accounts receivable – net	235,438	-	235,438
Due from other governments	2,847,203	-	2,847,203
Capital assets			
Depreciable and amortizable – net of accumulated depreciation and amortization	-	282,716	282,716
Total Assets	**$ 16,409,291**	**$ 282,716**	**$ 16,692,007**
Deferred Outflows of Resources			
Deferred other postemployment benefits outflows	$ -	$ 38,626	$ 38,626
Deferred pension outflows	-	3,539,159	3,539,159
Total Deferred Outflows of Resources	**$ -**	**$ 3,577,785**	**$ 3,577,785**
Total Assets and Deferred Outflows of Resources	**$ 16,409,291**	**$ 3,860,501**	**$ 20,269,792**
Liabilities, Deferred Inflows of Resources, and Fund Balance/Net Position			
Liabilities			
Current liabilities			
Accounts payable	$ 884,287	$ -	$ 884,287
Salaries payable	476,238	-	476,238
Due to other governments	131,579	-	131,579
Compensated absences payable	-	1,037,908	1,037,908
Leases payable	-	41,272	41,272
Noncurrent liabilities			
Compensated absences payable	-	288,079	288,079
Leases payable	-	43,983	43,983
Other postemployment benefits liability	-	688,021	688,021
Net pension liability	-	11,436,528	11,436,528
Total Liabilities	**$ 1,492,104**	**$ 13,535,791**	**$ 15,027,895**
Deferred Inflows of Resources			
Unavailable revenue	$ 370,283	$ (370,283)	$ -
Deferred other postemployment benefits inflows	-	162,343	162,343
Deferred pension inflows	-	163,959	163,959
Total Deferred Inflows of Resources	**$ 370,283**	**$ (43,981)**	**$ 326,302**

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

Minnesota Prairie County Alliance
Mantorville, Minnesota

Exhibit 1
(Continued)

General Fund Balance Sheet and Governmental Activities – Statement of Net Position With Adjustments to Convert Modified to Full Accrual December 31, 2022

	General Fund	Adjustments	Governmental Activities
Liabilities, Deferred Inflows of Resources, and Fund Balance/Net Position (Continued)			
Fund Balance/Net Position			
Fund Balance			
Restricted for			
Adult protection services	$ 75,813	$ (75,813)	
Opioid programs	1,116	(1,116)	
Assigned - employee wellness program	114,561	(114,561)	
Unassigned	14,355,414	(14,355,414)	
Total Fund Balance	**$ 14,546,904**	**$ (14,546,904)**	
Net Position			
Net investment in capital assets		$ 197,461	$ 197,461
Restricted for human services		76,929	76,929
Unrestricted		4,641,205	4,641,205
Total Net Position		**$ 4,915,595**	**$ 4,915,595**
Total Liabilities, Deferred Inflows of Resources, and Fund Balance/Net Position	**$ 16,409,291**	**$ 3,860,501**	**$ 20,269,792**

Reconciliation of the General Fund Balance to Net Position		
Fund Balance – General Fund		**$ 14,546,904**
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.		282,716
Deferred outflows resulting from pension and other postemployment benefits liabilities are not available resources and, therefore, are not reported in the General Fund.		3,577,785
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the General Fund.		
Compensated absences payable	$ (1,325,987)	
Leases payable	(85,255)	
Other postemployment benefits liability	(688,021)	
Net pension liability	(11,436,528)	(13,535,791)
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.		370,283
Deferred inflows resulting from pension and other postemployment benefits liabilities are not due and payable in the current period and, therefore, are not reported in the General Fund.		(326,302)
Net Position – Governmental Activities		**$ 4,915,595**

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

Minnesota Prairie County Alliance
Mantorville, Minnesota

Exhibit 2

General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance and Governmental Activities – Statement of Activities With Adjustments to Convert Modified to Full Accrual For the Year Ended December 31, 2022

	General Fund	Adjustments	Governmental Activities
Revenues			
Intergovernmental	$ 27,811,047	$ (79,003)	$ 27,732,044
Charges for services	854,495	82,184	936,679
Gifts and contributions	2,442	-	2,442
Investment earnings	159,883	-	159,883
Miscellaneous	452,505	(12,274)	440,231
Total Revenues	**$ 29,280,372**	**$ (9,093)**	**$ 29,271,279**
Expenditures/Expenses			
Current			
Human services	$ 26,938,947	$ 1,058,191	$ 27,997,138
Debt service			
Principal	47,995	(47,995)	-
Interest	4,903	-	4,903
Total Expenditures/Expenses	**$ 26,991,845**	**$ 1,010,196**	**$ 28,002,041**
Excess of Revenues Over (Under) Expenditures/Expenses	**$ 2,288,527**	**$ (1,019,289)**	**$ 1,269,238**
Other Financing Sources (Uses)			
Leases issued	**21,100**	**(21,100)**	**-**
Net Change in Fund Balance/Net Position	**$ 2,309,627**	**$ (1,040,389)**	**$ 1,269,238**
Fund Balance/Net Position – January 1	**12,237,277**	**(8,590,920)**	**3,646,357**
Fund Balance/Net Position – December 31	**$ 14,546,904**	**$ (9,631,309)**	**$ 4,915,595**

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

Exhibit 2
(Continued)

General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance and Governmental Activities – Statement of Activities With Adjustments to Convert Modified to Full Accrual For the Year Ended December 31, 2022

Reconciliation of the Statement of General Fund Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities of Governmental Activities		
Net Change in Fund Balance		**$ 2,309,627**
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	$ 94,621	
Current year depreciation and amortization	(120,748)	(26,127)
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 – December 31	$ 370,283	
Unavailable revenue – January 1	(406,354)	(36,071)
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	$ 47,995	
Leases issued	(21,100)	26,895
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	$ (20,692)	
Change in deferred pension outflows	(840,126)	
Change in compensated absences payable	(35,565)	
Change in deferred other postemployment benefits inflows	(150,861)	
Change in deferred pension inflows	5,354,791	
Change in other postemployment benefits liability	106,834	
Change in net pension liability	(5,419,467)	(1,005,086)
Change in Net Position of Governmental Activities		**$ 1,269,238**

Minnesota Prairie County Alliance
Mantorville, Minnesota

Exhibit 3

Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2022

	Social Welfare Private-Purpose Trust Fund	Custodial Funds
Assets		
Cash and pooled investments	$ 177,272	$ 1,124,953
Due from other governments	-	132,800
Accounts receivable	-	360,893
Total Assets	**$ 177,272**	**$ 1,618,646**
Liabilities		
Due to other governments	**-**	**116,547**
Net Position		
Restricted for individuals, organizations, and other governments	**$ 177,272**	**$ 1,502,099**

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

Minnesota Prairie County Alliance
Mantorville, Minnesota

Exhibit 4

Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended December 31, 2022

	Social Welfare Private-Purpose Trust Fund	Custodial Funds
Additions		
Contributions from individuals	$ 988,780	$ 1,464,658
Interest earnings	-	10,431
Payments from other entities	-	584,538
Total Additions	**$ 988,780**	**$ 2,059,627**
Deductions		
Beneficiary payments to individuals	$ 980,239	$ -
Payments to state	-	1,009,943
Payments to other entities	-	484,047
Total Deductions	**$ 980,239**	**$ 1,493,990**
Change in Net Position	**$ 8,541**	**$ 565,637**
Net Position – January 1	**168,731**	**936,462**
Net Position – December 31	**$ 177,272**	**$ 1,502,099**

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

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, 2022. 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

Basic financial statements include information on MNPrairie's activities as a whole and information on the individual funds. Separate statements for each category – governmental and fiduciary – are presented.

The General Fund and governmental activities are reported in different columns on Exhibits 1 and 2. Each of the exhibits starts with a column of information based on activities of the General Fund and reconciles it to a column that reports the governmental activities of MNPrairie as a whole.

The governmental activities columns are reported on the full accrual, economic resources basis, which recognizes all long-term assets and receivables, long-term debt and obligations, as well as any related deferred inflows and outflows of resources. MNPrairie's net position is reported in three parts: net investment in capital assets, restricted, and unrestricted net position. The Statement of Activities demonstrates the degree to which the expenses of MNPrairie are offset by revenues.

The Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance for the General Fund are presented on the modified accrual basis and report current financial resources.

Additionally, MNPrairie reports the following fiduciary fund types:

The 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 governmental activities 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.

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, 2022, 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 2022 were $159,883.

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 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.

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

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 reported in the financial statements consists of unpaid, accumulated annual vacation, compensatory, sick leave, and paid time off balances. The liability has been calculated using the termination method. Amounts are accrued as they are earned by employees if it is probable that the employer will compensate the employee at termination. The sick leave amount is based on MNPrairie's past experience of making termination payments for sick leave adjusted for current factors. 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. Compensated absences are accrued when incurred in the government-wide financial statements. The current portion is based on the compensatory balance at year-end and the average use of accrued paid time off and vacation balances of the current and prior year. The noncurrent portion consists of the remaining amount of vacation, sick leave, and paid time off balances. Compensated absences are liquidated by the General Fund.

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 then. 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 from grant monies, charges for services, and miscellaneous revenue receivable for amounts that are not considered available to liquidate liabilities in the current period. 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.

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.

Change in Accounting Principles

During the year ended December 31, 2022, MNPrairie adopted new accounting guidance by implementing the provisions of Governmental Accounting Standards Board (GASB) No. 87, *Leases*, which establishes criteria for accounting and financial reporting for leases. The implementation of this statement resulted in changing the presentation of the government-wide financial statements by increasing the beginning balances of the right to use capital assets and decreasing beginning balances of the depreciated capital assets by $110,170.

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, 2022

Government-wide statement of net position	
Governmental activities	$ 13,326,650
Statement of fiduciary net position	
Social Welfare Private-Purpose Trust Fund	177,272
Custodial funds	1,124,953
Total	$ 14,628,875

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, 2022, none of MNPrairie's deposits were exposed to custodial credit risk.

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 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, 2022, $1,303,039 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.

Cash and Investments and Information Relating to Potential Investment Risk as of December 31, 2022

	Credit Risk		Concentration Risk	Interest Rate Risk	
Investment – Issuer	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	9%	N/A	$ 1,303,039
Investment pools					
MAGIC Portfolio	N/R	N/A	N/A	N/A	11,857,688
MAGIC Term	N/R	N/A	N/A	1/9/2023	200,000
MAGIC Term	N/R	N/A	N/A	2/3/2023	200,000
MAGIC Term	N/R	N/A	N/A	5/5/2023	200,000
MAGIC Term	N/R	N/A	N/A	8/7/2023	200,000
MAGIC Term	N/R	N/A	N/A	11/7/2023	200,000
Checking					468,148
Total Cash and Investments					$ 14,628,875

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 net asset value (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 of MNPrairie's money with those of counties to enhance the investment earnings accruing to each member. The MAGIC fund currently consists of the MAGIC Portfolio and the MAGIC Term Series.

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

Shares of MAGIC Term Series are purchased to mature upon pre-determined maturity dates selected by MNPrairie at the time of purchase. Should MNPrairie need to redeem shares in a MAGIC Term Series prematurely they must provide notice at least 7 days prior to the premature redemption date. The value of a premature redemption is equal to the original price for such share, plus dividends thereon, at the projected yield less such share's allocation of any losses incurred by the series, less a premature redemption penalty, if any.

Receivables

Governmental Activities' Receivables as of December 31, 2022

	Receivable	Less: Allowance for Uncollectible Accounts	Net Receivables
Accounts receivable	$ 1,859,609	$ (1,624,171)	$ 235,438
Due from other governments	2,847,203	-	2,847,203

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

Capital Assets

Changes in Capital Assets for the Year Ended December 31, 2022

	Beginning Balance, as Restated*	Increase	Decrease	Ending Balance
Capital assets depreciated				
Furniture, equipment, and vehicles	$ 108,236	$ -	$ -	$ 108,236
Software	220,581	71,761	-	292,342
Total capital assets depreciated	$ 328,817	$ 71,761	$ -	$ 400,578
Less: accumulated depreciation for				
Furniture, equipment, and vehicles	$ 82,352	$ 10,524	$ -	$ 92,876
Software	47,792	58,468	-	106,260
Total accumulated depreciation	$ 130,144	$ 68,992	$ -	$ 199,136
Total capital assets depreciated, net	$ 198,673	$ 2,769	$ -	$ 201,442
Capital assets amortized				
Leased equipment and vehicles	$ 110,170	$ 22,860	$ -	$ 133,030
Less: accumulated amortization for				
Leased equipment and vehicles	$ -	$ 51,756	$ -	$ 51,756
Total capital assets amortized, net	$ 110,170	$ (28,896)	$ -	$ 81,274
Total Capital Assets, Net	$ 308,843	$ (26,127)	$ -	$ 282,716

*- See Change in Accounting Principles note in Note 1.

Depreciation and amortization expense of $120,748 was charged to the human services function/program for the year ended December 31, 2022.

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, 2022

Year Ending December 31	Principal	Interest
2023	$ 41,272	$ 3,306
2024	30,544	1,195
2025	6,028	334
2026	4,399	173
2027	3,012	36
Total minimum lease payments	$ 82,255	$ 5,044

Long-Term Liabilities

Long-Term Liabilities for the Year Ended December 31, 2022

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Compensated absences	$ 1,290,422	$ 1,200,967	$ 1,165,402	$ 1,325,987	$ 1,037,908
Leases	112,150	21,100	47,995	85,255	41,272
Total	$ 1,402,572	$ 1,222,067	$ 1,213,397	$ 1,411,242	$ 1,079,180

Deferred Inflows of Resources – Unavailable Revenue

Deferred Inflows of Resources – Unavailable Revenue for General Fund as of December 31, 2022

	Deferred Inflows of Resources
Unavailable revenue	
Intergovernmental	$ 196,400
Miscellaneous revenue	91,699
Charges for services	82,184
Total	$ 370,283

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, 2022, 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 75. The OPEB plan does not issue a stand-alone financial report.

As of the January 1, 2022, actuarial valuation, there were 170 active plan participants covered by the benefit terms.

Total OPEB Liability

MNPrairie's total OPEB liability of $688,021 was measured as of January 1, 2022, and was determined by an actuarial valuation as of January 1, 2022. The OPEB liability is liquidated through the General Fund.

The total OPEB liability in the fiscal year-end December 31, 2022, 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	2.00 percent
Salary increases	Service graded ranging from 10.25 percent for 1 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 6 years and then 4.00 percent over the next 48 years

The current year discount rate is 2.00 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, 2022

Balance at December 31, 2021	$ 794,855
Changes for the year	
Service cost	$ 72,482
Interest	24,804
Changes of assumption or other inputs	4,562
Differences between expected and actual experience	(184,480)
Benefit payments	(24,202)
Net change	$ (106,834)
Balance at December 31, 2022	$ 688,021

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, 2022

	Discount Rate	Total OPEB Liability
1% Decrease	1.00%	$ 742,673
Current	2.00%	688,021
1% Increase	3.00%	636,259

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, 2022

	Health Care Trend Rates	Total OPEB Liability
1% Decrease	5.50% Decreasing to 4.00%	$ 605,046
Current	6.50% Decreasing to 5.00%	688,021
1% Increase	7.50% Decreasing to 6.00%	786,965

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

For the year ended December 31, 2022, MNPrairie recognized OPEB expense of $71,452. 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, 2022

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in actuarial assumptions	$ 13,421	$ 8,610
Difference between expected and actual experience	18,472	153,733
Contributions made subsequent to the measurement date	6,733	-
Total	$ 38,626	$ 162,343

The $6,733 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, 2023. 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, 2022

Year Ended December 31		OPEB Expense Amount
2023	$	(25,834)
2024		(25,834)
2025		(25,828)
2026		(22,966)
2027		(29,988)

Changes in Actuarial Assumptions

The following changes in actuarial assumptions occurred in 2022:

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

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. The plan is established and administered in accordance with Minn. Stat. chs. 353 and 356. PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

The General Employees Plan (accounted for in the General Employees Fund) has multiple benefit structures with members belonging to the Coordinated Plan, the Basic Plan, or the Minneapolis Employees Retirement Fund. Coordinated Plan members are covered by Social Security, and the Basic Plan and Minneapolis Employees Retirement Fund members are not. The Basic Plan was closed to new members in 1967. The Minneapolis Employees Retirement Fund was closed to new members during 1978 and merged into the General Employees Plan in 2015. All new members must participate in the Coordinated Plan, for which benefits vest after five years of credited service. No MNPrairie employees belong to either the Basic Plan or the Minneapolis Employees Retirement Fund.

Benefits Provided

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

General Employees Plan benefit recipients will receive a post-retirement increase equal to 50 percent of the cost of living adjustment announced by the Social Security Administration, with a minimum increase of at least 1.00 percent and maximum of 1.50 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. For members retiring on January 1, 2024, or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under the Rule of 90 are exempt from the delay to normal retirement.

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 2022. The employer was required to contribute 7.50 percent of annual covered salary in 2022. The employee and employer rates did not change from 2021.

MNPrairie's contributions for the General Employees Plan for the year ended December 31, 2022, were $833,200. The contributions are equal to the statutorily required contributions as set by state statute.

Pension Costs

At December 31, 2022, MNPrairie reported a liability of $11,436,528 for its proportionate share of the General

Employees Plan's net pension liability. The net pension liability was measured as of June 30, 2022, 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 during the measurement period for employer payroll paid dates from July 1, 2021, through June 30, 2022, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2022, MNPrairie's proportion was 0.1444 percent. It was 0.1409 percent measured as of June 30, 2021. MNPrairie recognized pension expense of $1,788,090 for its proportionate share of the General Employees Plan's pension expense.

Legislation requires the State of Minnesota to contribute $16 million to the General Employees Plan annually until September 15, 2031. MNPrairie recognized an additional $50,088 as grant revenue and pension expense for its proportionate share of the State of Minnesota's pension expense related to the special funding situation.

General Employees Plan
MNPrairie's Share of the Net Pension Liability and the State's Related Liability
As of December 31, 2022

MNPrairie's proportionate share of the net pension liability	$	11,436,528
State of Minnesota's proportionate share of the net pension liability associated with MNPrairie		335,209
Total	$	11,771,737

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:

General Employees Plan
Deferred Outflows of Resources and Deferred Inflows of Resources
As of December 31, 2022

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 95,526	$ 119,087
Changes in actuarial assumptions	2,527,453	44,872
Difference between projected and actual investment earnings	288,759	-
Changes in proportion	207,058	-
Contributions paid to PERA subsequent to the measurement date	420,363	-
Total	$ 3,539,159	$ 163,959

The $420,363 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, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

General Employees Plan
Schedule of Amortization of Deferred
Outflows and Inflows of Resources
As of December 31, 2022

Year Ended December 31	Pension Expense Amount
2023	$ 1,108,029
2024	1,104,330
2025	(291,785)
2026	1,034,263

Actuarial Assumptions

The total pension liability in the June 30, 2022, 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, 2022

	General Employees Fund
Inflation	2.25% per year
Active Member Payroll Growth	3.00% per year
Investment Rate of Return	6.50%

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 per year through December 31, 2054, and 1.50 percent per year thereafter.

Actuarial assumptions used in the June 30, 2022, valuation 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 July 12, 2022, was utilized.

The long-term expected rate of return on pension plan investments is 6.50 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 equities	33.50%	5.10%
International equities	16.50%	5.30%
Fixed income	25.00%	0.75%
Private markets	25.00%	5.90%

Discount Rate

The discount rate used to measure the total pension liability was 6.50 percent for the General Employees Plan in 2022, which remained consistent with 2021. 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 change in actuarial assumptions occurred in 2022:

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

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, 2022

	Proportionate Share of the General Employees Plan	
	Discount Rate	Net Pension Liability
1% Decrease	5.50%	$ 18,064,585
Current	6.50%	11,436,528
1% Increase	7.50%	6,000,490

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 2022 and 2023. 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.

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 124D.23. 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

Minnesota Prairie County Alliance
Mantorville, Minnesota

Exhibit A-1

Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Intergovernmental	$ 27,271,078	$ 27,271,078	$ 27,811,047	$ 539,969
Charges for services	1,016,753	1,016,753	854,495	(162,258)
Gifts and contributions	-	-	2,442	2,442
Investment earnings	20,000	20,000	159,883	139,883
Miscellaneous	317,000	317,000	452,505	135,505
Total Revenues	**$ 28,624,831**	**$ 28,624,831**	**$ 29,280,372**	**$ 655,541**
Expenditures				
Current				
Human services				
Income maintenance	$ 9,454,775	$ 9,454,775	$ 8,857,434	$ 597,341
Social services	19,170,056	19,170,056	18,081,513	1,088,543
Total human services	**$ 28,624,831**	**$ 28,624,831**	**$ 26,938,947**	**$ 1,685,884**
Debt service				
Principal	-	-	47,995	(47,995)
Interest	-	-	4,903	(4,903)
Total Expenditures	**$ 28,624,831**	**$ 28,624,831**	**$ 26,991,845**	**$ 1,632,986**
Excess of Revenues Over (Under) Expenditures	**$ -**	**$ -**	**$ 2,288,527**	**$ 2,288,527**
Other Financing Sources (Uses)				
Leases issued	-	-	**21,100**	**21,100**
Net Change in Fund Balance	**$ -**	**$ -**	**$ 2,309,627**	**$ 2,309,627**
Fund Balance – January 1	**12,237,277**	**12,237,277**	**12,237,277**	**-**
Fund Balance – December 31	**$ 12,237,277**	**$ 12,237,277**	**$ 14,546,904**	**$ 2,309,627**

The notes to the required supplementary information are an integral part of this schedule.

Minnesota Prairie County Alliance
Mantorville, Minnesota

Exhibit A-2

Schedule of Changes in Total OPEB Liability and Related Ratios
Other Postemployment Benefits
December 31, 2022

	2022	2021	2020	2019	2018
Total OPEB Liability					
Service cost	$ 72,482	$ 76,982	$ 74,559	$ 59,344	$ 62,183
Interest	24,804	22,665	24,794	19,778	17,807
Differences between expected and actual experience	(184,480)	-	32,326	-	-
Changes of assumption or other inputs	4,562	-	16,838	(20,098)	-
Benefit payments	(24,202)	(18,601)	(25,036)	(17,229)	(17,595)
Net change in total OPEB liability	**$ (106,834)**	**$ 81,046**	**$ 123,481**	**$ 41,795**	**$ 62,395**
Total OPEB Liability – Beginning	**794,855**	**713,809**	**590,328**	**548,533**	**486,138**
Total OPEB Liability – Ending	**$ 688,021**	**$ 794,855**	**$ 713,809**	**$ 590,328**	**$ 548,533**
Covered-employee payroll	$ 10,967,133	$ 10,133,880	$ 9,814,896	$ 9,035,648	$ 8,772,474
Total OPEB liability (asset) as a percentage of covered-employee payroll	6.27%	7.84%	7.27%	6.53%	6.25%

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

The notes to the required supplementary information are an integral part of this schedule.

Minnesota Prairie County Alliance
Mantorville, Minnesota

Exhibit A-3

Schedule of Proportionate Share of Net Pension Liability
PERA General Employees Retirement Plan
December 31, 2022

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
2022	0.1444 %	$ 11,436,528	$ 335,209	$ 11,771,737	$ 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

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

Minnesota Prairie County Alliance
Mantorville, Minnesota

Exhibit A-4

Schedule of Contributions
PERA General Employees Retirement Plan
December 31, 2022

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)
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

This schedule is intended to show information for ten years. Additional years will be displayed as they become available.
MNPrairie's year-end is December 31.

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 2022.

Note 2 – 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 3 – Other Postemployment Benefits – Changes in Significant Plan Provisions, Actuarial Methods, and Assumptions

The following changes in actuarial assumptions occurred:

2022

- The health care trend rates, mortality tables, and salary increase rates, and retirement and withdrawal rates 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 4 – Defined Benefit Pension Plan – 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 General Employees Retirement Plan for the fiscal year June 30:

2022

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

2021

- The investment return and single discount rates were changed from 7.50 percent to 6.50 percent.

- The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

2020

- The price inflation assumption was decreased from 2.50 percent to 2.25 percent.

- The payroll growth assumption was decreased from 3.25 percent to 3.00 percent.

- Assumed salary increase rates were changed as recommended in the June 30, 2019, experience study. The net effect is assumed rates that average 0.25 percent less than previous rates.

- Assumed rates of retirement were changed as recommended in the June 30, 2019, experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.

- Assumed rates of termination were changed as recommended in the June 30, 2019, experience study. The new rates are based on service and are generally lower than the previous rates for years two to five and slightly higher thereafter.

- Assumed rates of disability were changed as recommended in the June 30, 2019, experience study. The change results in fewer predicted disability retirements for males and females.

- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Employee Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 Disabled Annuitant Mortality table to the Pub-2010 General/Teacher Disabled Retiree Mortality table, with adjustments.

- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100 percent Joint and Survivor option changed from 35 percent to 45 percent. The assumed number of married female new retirees electing the 100 percent Joint and Survivor option changed from 15 percent to 30 percent. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.
- Augmentation for current privatized members was reduced to 2.00 percent for the period July 1, 2020, through December 31, 2023, and 0.00 percent thereafter. Augmentation was eliminated for privatizations occurring after June 30, 2020.

2019

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

2018

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

Exhibit B-1

Combining Statement of Fiduciary Net Position
Fiduciary Funds – Custodial Funds
December 31, 2022

	Custodial Funds				
	Dodge County Family Services Collaborative	Steele County Children's Mental Health Collaborative	Waseca County Collaborative for Families	Recoveries	Total Custodial Funds
Assets					
Cash and pooled investments	$ 425,032	$ 489,552	$ -	$ 210,369	$ 1,124,953
Due from other governments	35,856	62,416	34,528	-	132,800
Accounts receivable	-	-	-	360,893	360,893
Total Assets	**$ 460,888**	**$ 551,968**	**$ 34,528**	**$ 571,262**	**$ 1,618,646**
Liabilities					
Due to other governments	**$ -**	**$ -**	**$ -**	**$ 116,547**	**$ 116,547**
Net Position					
Restricted for individuals, organizations, and other governments	**$ 460,888**	**$ 551,968**	**$ 34,528**	**$ 454,715**	**$ 1,502,099**

Minnesota Prairie County Alliance
Mantorville, Minnesota

Exhibit B-2

Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds – Custodial Funds
For the Year Ended December 31, 2022

	Custodial Funds					
	Dodge County Family Services Collaborative	Steele County Children's Mental Health Collaborative	Waseca County Collaborative for Families	Recoveries	Child Support Collections	Total Custodial Funds
Additions						
Contributions from individuals	$ -	$ -	$ -	$ 1,439,873	$ 24,785	$ 1,464,658
Interest earnings	4,711	5,720	-	-	-	10,431
Payments from other entities	161,326	270,762	152,450	-	-	584,538
Total Additions	**$ 166,037**	**$ 276,482**	**$ 152,450**	**$ 1,439,873**	**$ 24,785**	**$ 2,059,627**
Deductions						
Payments to state	$ -	$ -	$ -	$ 985,158	$ 24,785	$ 1,009,943
Payments to other entities	181,970	184,155	117,922	-	-	484,047
Total Deductions	**$ 181,970**	**$ 184,155**	**$ 117,922**	**$ 985,158**	**$ 24,785**	**$ 1,493,990**
Change in Net Position	**$ (15,933)**	**$ 92,327**	**$ 34,528**	**$ 454,715**	**$ -**	**$ 565,637**
Net Position – January 1	**476,821**	**459,641**	**-**	**-**	**-**	**936,462**
Net Position – December 31	**$ 460,888**	**$ 551,968**	**$ 34,528**	**$ 454,715**	**$ -**	**$ 1,502,099**

Other Schedules

Minnesota Prairie County Alliance
Mantorville, Minnesota

Exhibit C-1

Schedule of Intergovernmental Revenue
For the Year Ended December 31, 2022

Appropriations and Shared Revenue		
Local		
PERA aid	$	23,110
Contributions from counties		11,954,159
Total local appropriations and shared revenue	**$**	**11,977,269**
Reimbursement for Services		
State		
Minnesota Department of Human Services	**$**	**5,225,260**
Grants		
State		
Minnesota Department of Human Services	**$**	**3,129,746**
Federal		
Department of		
Agriculture	$	872,062
Treasury		38,262
Health and Human Services		6,568,448
Total federal	**$**	**7,478,772**
Total state and federal grants	**$**	**10,608,518**
Total Intergovernmental Revenue	**$**	**27,811,047**

Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2022

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	222MN101S2514	$	831,156
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	222MN127Q7503		40,370
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	222MN101S2520		536
(Total State Administrative Matching Grants for the Supplemental Nutrition Assistance Program 10.561 $872,062)				
Total U.S. Department of Agriculture			**$**	**872,062**
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	**$**	**38,262**
U.S. Department of Health and Human Services				
Passed Through Minnesota Department of Human Services				
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	93.104	H79SM080155	$	50,494
Promoting Safe and Stable Families	93.556	2101MNFPSS		55,356
Temporary Assistance for Needy Families	93.558	2201MNTANF		1,014,538
Child Support Enforcement	93.563	2201MNCEST		1,064,689
Child Support Enforcement	93.563	2201MNCSES		297,378
(Total Child Support Enforcement 93.563 $1,362,067)				
Refugee and Entrant Assistance – State Administered Programs	93.566	2201MNRCMA		2,473
CCDF Cluster				
Child Care and Development Block Grant	93.575	2201MNCCDF		66,292
Community-Based Child Abuse Prevention Grants	93.590	2102MNBCAP		25,030
Stephanie Tubbs Jones Child Welfare Services Program	93.645	2101MNCWSS		11,578
Foster Care – Title IV-E	93.658	2201MNFOST		545,222
Social Services Block Grant	93.667	2201MNSOSR		441,668
Child Abuse and Neglect State Grants	93.669	2101MNNCAN		139,949
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	2101MNCILC		31,524
Children's Health Insurance Program	93.767	2205MN5021		6,966

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

Minnesota Prairie County Alliance
Mantorville, Minnesota

Exhibit C-2
(Continued)

Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2022

Federal Grantor Pass-Through Agency Program or Cluster Title	Assistance Listing Number	Pass-Through Grant Numbers	Expenditures
U.S. Department of Health and Human Services			
Passed Through Minnesota Department of Human Services (Continued)			
Medicaid Cluster			
Medical Assistance Program	93.778	2205MN5ADM	2,726,025
Medical Assistance Program	93.778	2205MN5MAP	31,707
(Total Medical Assistance Program 93.778 $2,757,732)			
Total U.S. Department of Health and Human Services			**$ 6,510,889**
Total Federal Awards			**$ 7,421,213**

Totals by Cluster	
Total expenditures for SNAP Cluster	$ 872,062
Total expenditures for CCDF Cluster	66,292
Total expenditures for Medicaid Cluster	2,757,732

MNPrairie did not pass any federal awards through to subrecipients during the year ended December 31, 2022.

Minnesota Prairie County Alliance
Mantorville, Minnesota

Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2022

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 grant activity of MNPrairie under programs of the federal government for the year ended December 31, 2022. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of MNPrairie, it is not intended to and does not present the financial position or changes in net position of MNPrairie.

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

Note 2 – De Minimis Cost Rate

MNPrairie has elected not to use the ten percent de minimis indirect cost rate 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	$	7,478,772
Grants received more than 60 days after year-end, unavailable in 2022		
Promoting Safe and Stable Families (AL No. 93.556)		47,942
Community-Based Child Abuse Prevention Grants (AL No. 93.590)		2,757
Stephanie Tubbs Jones Child Welfare Services Program (AL No. 93.645)		4,828
Child Abuse and Neglect State Grants (AL No. 93.669)		43,185
John H. Chafee Foster Care Program for Successful Transition to Adulthood (AL No. 93.674)		9,930
Unavailable in 2021, recognized as revenue in 2022		
Promoting Safe and Stable Families (AL No. 93.556)		(1,066)
Temporary Assistance for Needy Families (AL No. 93.558)		(159,880)
Stephanie Tubbs Jones Child Welfare Services Program (AL No. 93.645)		(971)
Child Abuse and Neglect State Grants (AL No. 93.669)		(4,284)
Expenditures per Schedule of Expenditures of Federal Awards	$	7,421,213

Management and Compliance Section

STATE OF MINNESOTA

Office of the State Auditor

Julie Blaha
State Auditor

Suite 500
525 Park Street
Saint Paul, MN 55103

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 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, 2022, and the related notes to the financial statements, which collectively comprise MNPrairie's basic financial statements, and have issued our report thereon dated August 23, 2023.

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 opinion 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, 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.

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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, 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

Julie Blaha
State Auditor

/s/Chad Stuss

Chad Struss, CPA
Deputy Auditor

August 23, 2023

STATE OF MINNESOTA

Office of the State Auditor

Julie Blaha
State Auditor

Suite 500
525 Park Street
Saint Paul, MN 55103

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 Each Major Federal Program

Opinion on Each 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 each of MNPrairie's major federal programs for the year ended December 31, 2022. MNPrairie's major federal programs are 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 each of its major federal programs for the year ended December 31, 2022.

Basis for Opinion on Each 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 each 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.

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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 each 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 2022-001 through 2022-004. Our opinion on each 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 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 2022-001 through 2022-004 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

/s/Chad Struss

Chad Struss, CPA
Deputy Auditor

August 23, 2023

Minnesota Prairie County Alliance
Mantorville, Minnesota

Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2022

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's 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 major federal programs:

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

Type of auditor's report issued on compliance for major federal programs: **Unmodified**

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

Identification of major federal programs:

Assistance Listing Number	Name of Federal Program or Cluster
10.561	SNAP Cluster
93.558	Temporary Assistance for Needy Families

The threshold used to distinguish between Type A and B programs was $750,000.

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

Section II – Financial Statement Findings

None.

Section III – Federal Award Findings and Questioned Costs

2022-001 <u>**Procurement Policy**</u>
Prior Year Finding Number: N/A
Repeat Finding Since: N/A
Type of Finding: Internal Control Over Compliance and Compliance
Severity of Deficiency: Significant Deficiency and Other Matter

Federal Agency: U.S. Department of Agriculture
Program: 10.561 State Administrative Matching Grants for the Supplemental Nutrition Assistance Program
Award Number and Year: 222MN101S2514; 2022

Pass-Through Agency: Minnesota Department of Human Services

Criteria: Title 2 U.S. *Code of Federal Regulations* § 200.318 states that the non-federal entity must use its own documented procurement procedures which reflect applicable state, local, and tribal laws and regulations, provided that the procurements conform with applicable federal law and the standards identified in this regulation.

Condition: MNPrairie's written procurement policies do not have all the required components of a procurement policy in accordance with Title 2 U.S. *Code of Federal Regulations* § 200.318.

Questioned Costs: None.

Context: This issue was discovered during the audit of the major federal program; however, it impacts federal programs entity-wide. Written policies that reflect the specific components of federal regulations improve controls to ensure compliance with federal award requirements.

Effect: Written policies and procedures that are not updated to reflect the Uniform Guidance procurement requirements could increase the risk of noncompliance with federal program requirements.

Cause: MNPrairie management indicated they were not able to complete an update to the policy in 2022, but it is an ongoing project.

Recommendation: We recommend MNPrairie implement and adhere to written procurement policies addressing the specific components of the Uniform Guidance requirements.

View of Responsible Official: Acknowledge.

2022-002 **<u>Procurement</u>**
Prior Year Finding Number: N/A
Repeat Finding Since: N/A
Type of Finding: Internal Control Over Compliance and Compliance
Severity of Deficiency: Significant Deficiency and Other Matter

Federal Agency: U.S. Department of Agriculture
Program: 10.561 State Administrative Matching Grants for the Supplemental Nutrition Assistance Program
Award Number and Year: 222MN101S2514; 2022

Pass-Through Agency: Minnesota Department of Human Services

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

Condition: Of the five procurement transactions tested for compliance with federal regulations, three instances were noted where the history of the procurement was not documented. Additionally, for two procurements tested, there was no documentation of full and open competition.

Questioned Costs: None.

Context: Five of 30 small purchase procurements were tested for compliance with applicable federal regulations.

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

Effect: MNPrairie is not in compliance with federal regulations.

Cause: Processes have not been implemented to ensure that required procurement documentation is prepared in accordance with federal regulations and the procurement policy.

Recommendation: We recommend MNPrairie document the history of procurement transactions including full and open competition in accordance with federal regulations.

View of Responsible Official: Acknowledge.

2022-003 **Eligibility**
Prior Year Finding Number: N/A
Repeat Finding Since: N/A
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: 93.558 Temporary Assistance for Needy Families
Award Number and Year: 2201MNTANF; 2022

Pass-Through Agency: Minnesota Department of Human Services

Criteria: Title 42 U.S. *Code of Federal Regulations* § 602(a)(1)(B)(iii) requires each state to create a written document that sets forth the objective criteria for the delivery of benefits and the determination of eligibility. The Minnesota Department of Human Services' State Plan for Temporary Assistance for Needy Families (TANF) and Minn. Stat. § 256J.10 establish the general eligibility requirements for TANF benefits.

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:

- One case file viewed included child support income which was not supported by documentation on file.
- Four case files viewed either did not have updated asset amounts or the asset amounts listed were not supported by documentation on file.

Questioned Costs: None.

Context: The State of Minnesota and MNPrairie split the eligibility determination process. Pursuant to Minnesota statutes, MNPrairie performs the "intake function" needed for this program, while the State maintains the MAXIS system, which supports the eligibility determination process. Participants receive benefit payments from the State.

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

Effect: The lack of updated information in MAXIS documenting verification of key eligibility-determining factors increases the risk that a program participant will receive benefits when they are not eligible.

Cause: Program personnel entering case data into MAXIS did not ensure all required information was input correctly or was supported and that all required information was obtained and/or retained.

Recommendation: We recommend MNPrairie implement additional procedures to provide reasonable assurance that all necessary documentation to support eligibility determinations exists, the information is properly input or updated in MAXIS, and issues are followed up on in a timely manner. In addition, consideration should be given to providing further training to program personnel.

View of Responsible Official: Acknowledge.

2022-004 **<u>Child Support Non-Cooperation</u>**
Prior Year Finding Number: N/A
Repeat Finding Since: N/A
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: 93.558 Temporary Assistance for Needy Families
Award Number and Year: 2201MNTANF; 2022

Pass-Through Agency: Minnesota Department of Human Services

Criteria: Title 45 U.S. *Code of Federal Regulations* § 264.30 states:
"What procedures exist to ensure cooperation with the child support enforcement requirements?
(a) (1) The State agency must refer all appropriate individuals in the family of a child, for whom paternity has not been established or for whom a child support order needs to be established, modified or enforced, to the child support enforcement agency (i.e., the IV-D agency).
(2) Referred individuals must cooperate in establishing paternity and in establishing, modifying, or enforcing a support order with respect to the child.
(b) If the IV-D agency determines that an individual is not cooperating, and the individual does not qualify for a good cause or other exception established by the State agency responsible for making good cause determinations in accordance with section 454(29) of the Act or for a good cause domestic violence waiver granted in accordance with § 260.52 of this chapter, then the IV-D agency must notify the IV-A agency promptly.
(c) The IV-A agency must then take appropriate action by:

(1) Deducting from the assistance that would otherwise be provided to the family of the individual an amount equal to not less than 25 percent of the amount of such assistance; or
(2) Denying the family any assistance under the program."

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. When a case is in child support non-cooperation status, per the IV-D agency, MNPrairie must reduce benefits. In a sample of 15 case files reviewed, two case files had identified errors related to improper reduction of benefits or improper timing of reduced benefits for case files in non-cooperation status.

Questioned Costs: None.

Context: Child support non-cooperation is determined by MNPrairie, and the Providing Resources to Improve Support in Minnesota (PRISM) system maintains the information and recipient status. When a Child Support Officer at MNPrairie updates PRISM to show non-cooperation, it interfaces with MAXIS. From this interface, MAXIS receives a Worker's Daily Report (DAIL) message which notifies the entity of child support non-cooperation. MNPrairie is responsible for updating the recipient's record in MAXIS, including entering child support sanctions, or closing a case on the seventh occurrence of noncompliance.

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

Effect: Noncompliance with Title 45 U.S. *Code of Federal Regulations* § 264.30. Benefit overpayments could be paid when child support non-cooperation is not properly processed for a benefit month.

Cause: Program personnel entering case data into MAXIS overlooked reducing the benefits for the child support non-cooperation cases identified.

Recommendation: We recommend MNPrairie review its guidance for child support non-cooperation to ensure benefits are being reduced as necessary in MAXIS.

View of Responsible Official: Acknowledge.

Representation of Minnesota Prairie County Alliance
Mantorville, Minnesota
Corrective Action Plan
For the Year Ended December 31, 2022

Finding Number: 2022-001
Finding Title: Procurement Policy
Program: 10.561 State Administrative Matching Grants for the Supplemental Nutrition Assistance Program

Name of Contact Person Responsible for Corrective Action:

Kevin Venenga

Corrective Action Planned:

A review of our current policy is underway, and it will be updated appropriately to meet all federal requirements.

Anticipated Completion Date:

12/31/2023

Finding Number: 2022-002
Finding Title: Procurement
Program: 10.561 State Administrative Matching Grants for the Supplemental Nutrition Assistance Program

Name of Contact Person Responsible for Corrective Action:

Kevin Venenga

Corrective Action Planned:

The first step of our planned action is to review and update our policy to ensure that all current criteria for procurement are appropriately addressed. The second step will we be establishing a documentation procedure for the type of transactions and vendors used for our multi-year equipment replacement procurement items.

Anticipated Completion Date:

December 31, 2023

Finding Number: 2022-003
Finding Title: Eligibility
Program: 93.558 Temporary Assistance for Needy Families

Name of Contact Person Responsible for Corrective Action:

Jeremy Allen

Corrective Action Planned:

Agency will correct the cases that were cited for errors. Supervisor will review relevant policies for assets and child support non-coop with Eligibility workers on the Family Team to provide additional support and guidance for processing of these cases.

Anticipated Completion Date:

8/31/2023

Finding Number: 2022-004
Finding Title: Child Support Non-Cooperation
Program: 93.558 Temporary Assistance for Needy Families

Name of Contact Person Responsible for Corrective Action:

Jeremy Allen

Corrective Action Planned:

Agency will correct the cases that were cited for errors. Supervisor will review relevant policies for assets and child support non-coop with Eligibility workers on the Family Team to provide additional support and guidance for processing of these cases.

Anticipated Completion Date:

8/31/2023

MINNESOTA PRAIRIE COUNTY ALLIANCE
COMMUNITY SERVICES OF DODGE, STEELE & WASECA COUNTIES

Representation of Minnesota Prairie County Alliance
Mantorville, Minnesota
Summary Schedule of Prior Audit Findings
For the Year Ended December 31, 2022

Finding Number: 2017-002
Year of Finding Origination: 2017
Finding Title: Uniform Guidance Written Procurement Policies and Procedures
Program: Medical Assistance Program (Assistance Listing #93.778)

Summary of Condition: MNPrairie's written procurement policies did not have the required components of a procurement policy in accordance with Title 2 U.S. *Code of Federal Regulations* § 200.318.

Summary of Corrective Action Previously Reported: The Procurement Policy will be reviewed and updated to incorporate necessary language and procedures will be established to ensure compliance with the procurement standards.

Status: Not Corrected. This will be corrected by December 31, 2023 with a review of the procurement policy in process.

Corrective action taken was not significantly different than the action previously reported.