

State of Minnesota



Office of the State Auditor

Julie Blaha
State Auditor

Audit Practice Division

Western Prairie Human Services Elbow Lake, Minnesota

Annual Financial Report and
Management and Compliance Report

Year Ended December 31, 2023

Western Prairie Human Services Elbow Lake, Minnesota

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Western Prairie Human Services Elbow Lake, Minnesota

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Introductory Section

**Western Prairie Human Services
Elbow Lake, Minnesota**

**Organization Schedule
December 31, 2023**

	<u>Position</u>	<u>Entity</u>	<u>Term Expires</u>
Western Prairie Human Services Board			
Paul Gremmels	Vice Chair	Pope County	January 2027
Gordy Wagner	Member	Pope County	January 2025
Paul Gerde	Member	Pope County	January 2025
Larry Lindor	Member	Pope County	January 2027
Paul Wildman	Member	Pope County	January 2027
Troy Johnson	Chair	Grant County	January 2025
Dwight Walvatne	Member	Grant County	January 2027
Kenneth Johnson	Member	Grant County	January 2025
Bill LaValley	Member	Grant County	January 2027
Doyle Sperr	Member	Grant County	January 2025
Director			
Stacy Hennen			

Financial Section



Independent Auditor's Report

Board of Commissioners
Western Prairie Human Services
Elbow Lake, 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 Western Prairie Human Services, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Western Prairie Human Services' 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 Western Prairie Human Services as of December 31, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Western Prairie Human Services, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of Changes in Total OPEB Liability and Related Ratios – Other Postemployment Benefits, PERA retirement plan schedules, and Notes to the Required Supplementary Information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit 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 Western Prairie Human Services' basic financial statements. The combining fiduciary fund financial statements, 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 April 17, 2025, on our consideration of Western Prairie Human Services' 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 Western Prairie Human Services' 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 Western Prairie Human Services' internal control over financial reporting and compliance.

/s/Julie Blaha

Julie Blaha
State Auditor

April 17, 2025

/s/Chad Struss

Chad Struss, CPA
Deputy State Auditor

Management's Discussion and Analysis

Western Prairie Human Services Elbow Lake, Minnesota

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

Introduction

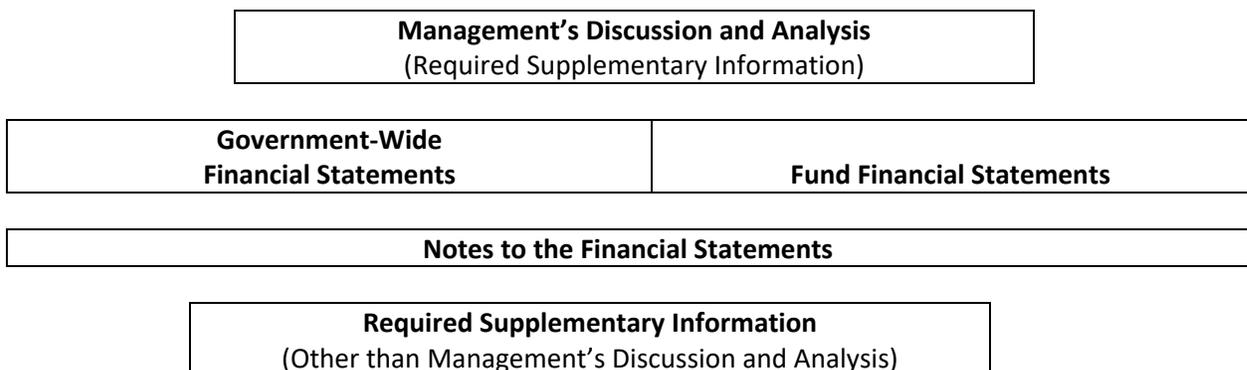
Western Prairie Human Services' Management's Discussion and Analysis (MD&A) provides an overview of Western Prairie Human Services' financial activities for the fiscal year ended December 31, 2023. We encourage readers to consider the information presented here in conjunction with Western Prairie Human Services' financial statements and the notes to the financial statements.

Financial Highlights

- Governmental activities' total net position is \$4,337,604, of which \$2,747 is the net investment in capital assets and \$4,334,857 is unrestricted.
- The net cost of Western Prairie Human Services' governmental activities for the year ended December 31, 2023, was \$2,564,949; the net cost was funded by general revenues totaling \$3,363,099.

Overview of the Financial Statements

Western Prairie Human Services' MD&A serves as an introduction to the basic financial statements. Western Prairie Human Services' basic financial statements consist of three parts: government-wide financial statements, fund financial statements, and notes to the financial statements. The MD&A (this section), information on Western Prairie Human Services' other postemployment benefits (OPEB) and net pension liability, and notes to the required supplementary information are required to accompany the basic financial statements and, therefore, are included as required supplementary information. The following chart demonstrates how the different pieces are inter-related.



Western Prairie Human Services presents two government-wide financial statements: the Statement of Net Position and the Statement of Activities. These statements provide information about the activities of Western Prairie Human Services as a whole and present a longer-term view of Western Prairie Human Services' finances. Western Prairie Human Services' fund financial statements follow the government-wide financial statements. For the governmental fund, these statements tell how Western Prairie Human Services financed services in the short-term as well as what remains for future spending. The remaining statement provides financial information about

activities for which Western Prairie Human Services acts solely as a trustee or agent for the benefit of those outside of the government.

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

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

These two statements consider all of Western Prairie Human Services' current year revenues and expenses, regardless of when Western Prairie Human Services receives the revenue or pays the expense, and reports Western Prairie Human Services' net position and changes in them. You can think of Western Prairie Human Services' net position—the difference between assets plus deferred outflows of resources, and liabilities plus deferred inflows of resources—as one way to measure Western Prairie Human Services' financial health or financial position. Over time, increases or decreases in Western Prairie Human Services' net position is one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the member counties property tax base and the general economic conditions of the state and member counties, to assess the overall health of Western Prairie Human Services.

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

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

Fund Financial Statements

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

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

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

- **Fiduciary funds**—Western Prairie Human Services is the trustee, or fiduciary, over assets that can be used only for the trust beneficiaries based on a trust agreement. Western Prairie Human Services is also an agent for other governments. Western Prairie Human Services reports its fiduciary activities in a separate Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position. These activities

have been excluded from Western Prairie Human Services' other financial statements because Western Prairie Human Services cannot use these assets to finance its operations. Western Prairie Human Services is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

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

Notes to the Financial Statements

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

Western Prairie Human Services as a Whole

The following analysis focuses on the net position (Table 1) and changes in net position (Table 2) of Western Prairie Human Services' governmental activities.

Table 1
Statement of Net Position

	Governmental Activities	
	2023	2022
Assets		
Current and other assets	\$ 7,224,625	\$ 6,461,919
Capital assets, net of accumulated depreciation and amortization	157,461	183,786
Total Assets	\$ 7,382,086	\$ 6,645,705
Deferred Outflows of Resources		
Deferred OPEB outflows	\$ 1,978	\$ 1,345
Deferred pension outflows	1,447,331	1,219,735
Total Deferred Outflows of Resources	\$ 1,449,309	\$ 1,221,080
Liabilities		
Current liabilities	\$ 457,638	\$ 793,421
Long-term liabilities	3,224,116	3,435,555
Total Liabilities	\$ 3,681,754	\$ 4,228,976
Deferred Inflows of Resources		
Deferred OPEB inflows	\$ 21,505	\$ -
Deferred pension inflows	790,532	98,355
Total Deferred Inflows of Resources	\$ 812,037	\$ 98,355
Net Position		
Net investment in capital assets	\$ 2,747	\$ 14,041
Unrestricted	4,334,857	3,525,413
Total Net Position	\$ 4,337,604	\$ 3,539,454

Western Prairie Human Services' total net position for the year ended December 31, 2023, totals \$4,337,604. The governmental activities' unrestricted net position, totaling \$4,334,857, is available to finance the day-to-day operations of the governmental activities of Western Prairie Human Services.

Table 2
Changes in Net Position

	Governmental Activities	
	2023	2022
Revenues		
Program revenues		
Fees, charges, fines, and other	\$ 2,222,004	\$ 1,790,044
Operating grants and contributions	4,505,607	4,447,878
General revenues		
Grants and contributions not restricted to specific programs	3,295,835	3,305,597
Unrestricted interest earnings	67,264	-
Total Revenues	<u>\$ 10,090,710</u>	<u>\$ 9,543,519</u>
Expenses		
Human services	<u>\$ 9,292,560</u>	<u>\$ 8,459,981</u>
Special Items	<u>\$ -</u>	<u>\$ 2,455,916</u>
Change in Net Position	\$ 798,150	\$ 3,539,454
Net Position – January 1	<u>3,539,454</u>	<u>-</u>
Net Position – December 31	<u><u>\$ 4,337,604</u></u>	<u><u>\$ 3,539,454</u></u>

Governmental Activities

Revenues for Western Prairie Human Services' governmental activities for the year ended December 31, 2023, were \$10,090,710. Western Prairie Human Services' cost for all governmental activities for the year ended December 31, 2023, was \$9,292,560.

As shown in the Statement of Activities, \$6,727,611 of the costs were paid by grants and contributions received for those programs and by those who directly benefited from the programs and \$3,363,099 was paid by other governments and organizations that provided additional grants and contributions.

Western Prairie Human Services General Fund

Western Prairie Human Services General Fund as presented in the Balance Sheet, reported a fund balance of \$6,695,915.

General Fund Budgetary Highlights

For fiscal year 2023, a budget was not approved by the Western Prairie Board. A working budget was prepared by Western Prairie that was not approved by the Board.

In the General Fund, actual revenues were \$1,537,903 more than expected revenues, and actual expenditures were \$501,377 more than expected expenditures. These differences were primarily due to more than expected revenues in Medical Assistance Recovery, Targeted Case Management, and additional grants. There were also additional expenditures in county share payments for Medical Assistance recipients under age 65 in long-term care, children's residential treatment, and payroll.

Capital Assets and Long-Term Obligations Administration

Capital Assets

At the end of 2023, Western Prairie Human Services had \$157,461 invested in capital assets, net of depreciation and amortization (see Table 3).

Table 3
Capital Assets at Year-End
(Net of Depreciation and Amortization)

	2023	2022
Vehicles	\$ 15,833	\$ 20,833
Leased vehicles	135,209	146,305
Leased equipment	6,419	16,648
Totals	<u>\$ 157,461</u>	<u>\$ 183,786</u>

Long-Term Obligations

Western Prairie Human Services has long-term obligations that include leases payable, compensated absences, other postemployment benefits, and the net pension liability. Western Prairie Human Services’ notes to the financial statements provide detailed information about the long-term liabilities.

Economic Factors and Next Year’s Budgets and Rates

In 2024 the total levy request increased by \$80,387. The Western Prairie Human Services total levy for 2024 was \$3,360,374. This increase was largely due to payroll steps and cost of living increases. Western Prairie Human Services also added an Executive Assistant position in 2023 which was added to the 2024 budget. There were large increases in insurance rates which added \$48,796 to the 2024 budget. Western Prairie Human Services did remove Rainbow Rider Capital Contributions from the budget as those costs should have stayed with each county, this change added \$58,000 back into the budget. Western Prairie Human Services saw increases in Targeted Case Management rates in Children’s Mental Health and Child Welfare for 2024 which also helped offset expense increases.

Contracting Western Prairie Human Services’ Financial Management

This financial report provides a general overview of Western Prairie Human Services’ finances and shows Western Prairie Human Services’ accountability for the money it receives and spends. If you have questions about this report or need additional financial information, contact Tracy Bowman, Western Prairie Human Services Fiscal Manager, (218-685-8200), 15 Central Avenue North, Elbow Lake, Minnesota 56531.

Basic Financial Statements

Government-Wide Financial Statements

**Western Prairie Human Services
Elbow Lake, Minnesota**

Exhibit 1

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

Assets

Cash	\$ 5,820,562
Receivables	1,404,063
Capital assets	
Depreciable or amortizable – net of accumulated depreciation and amortization	<u>157,461</u>
Total Assets	<u>\$ 7,382,086</u>

Deferred Outflows of Resources

Deferred other postemployment benefits outflows	\$ 1,978
Deferred pension outflows	<u>1,447,331</u>
Total Deferred Outflows of Resources	<u>\$ 1,449,309</u>

Liabilities

Accounts payable and other current liabilities	\$ 457,638
Long-term liabilities	
Due within one year	92,631
Due in more than one year	314,473
Other postemployment benefits liability	172,049
Net pension liability	<u>2,644,963</u>
Total Liabilities	<u>\$ 3,681,754</u>

Deferred Inflows of Resources

Deferred other postemployment benefits inflows	\$ 21,505
Deferred pension inflows	<u>790,532</u>
Total Deferred Inflows of Resources	<u>\$ 812,037</u>

Net Position

Net investment in capital assets	\$ 2,747
Unrestricted	<u>4,334,857</u>
Total Net Position	<u>\$ 4,337,604</u>

**Western Prairie Human Services
Elbow Lake, Minnesota**

Exhibit 2

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

	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>
	<u>Expenses</u>	<u>Fees, Charges, Fines, and Other</u>	
<u>Functions/Programs</u>			
Governmental activities			
Human services	<u>\$ 9,292,560</u>	<u>\$ 2,222,004</u>	<u>\$ 4,505,607</u>
			<u>\$ (2,564,949)</u>
General Revenues			
Grants and contributions not restricted to specific programs			\$ 3,295,835
Unrestricted interest earnings			<u>67,264</u>
Total general revenues			<u>\$ 3,363,099</u>
Change in net position			<u>\$ 798,150</u>
Net Position – Beginning			<u>3,539,454</u>
Net Position – Ending			<u>\$ 4,337,604</u>

Fund Financial Statements

General Fund

**Western Prairie Human Services
Elbow Lake, Minnesota**

Exhibit 3

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

<u>Assets</u>	
Cash	\$ 5,820,562
Accounts receivable	7,182
Due from other governments	<u>1,396,881</u>
Total Assets	<u><u>\$ 7,224,625</u></u>
 <u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u>	
Liabilities	
Accounts payable	\$ 175,689
Salaries payable	196,007
Due to other governments	<u>85,942</u>
Total Liabilities	<u>\$ 457,638</u>
Deferred Inflows of Resources	
Unavailable revenue	<u>\$ 71,072</u>
Fund Balances	
Unassigned	<u>\$ 6,695,915</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u><u>\$ 7,224,625</u></u>

**Western Prairie Human Services
Elbow Lake, Minnesota**

Exhibit 4

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

Fund balance – total governmental fund (Exhibit 3)	\$	6,695,915
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets, net of accumulated depreciation and amortization, used in governmental activities are not financial resources and, therefore, are not reported in the governmental fund.		157,461
Deferred outflows of resources resulting from the other postemployment benefits liability are not available resources and, therefore, are not reported in the governmental fund.		1,978
Deferred outflows of resources resulting from pension obligations are not available resources and, therefore, are not reported in the governmental fund.		1,447,331
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as deferred inflows of resources—unavailable revenue in the governmental fund.		71,072
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental fund.		
Leases payable	\$ (154,714)	
Compensated absences	(252,390)	
Other postemployment benefits liability	(172,049)	
Net pension liability	<u>(2,644,963)</u>	(3,224,116)
Deferred inflows of resources resulting from the other postemployment benefits liability are not due and payable in the current period and, therefore, are not reported in the governmental fund.		(21,505)
Deferred inflows of resources resulting from pension obligations are not due and payable in the current period and, therefore, are not reported in the governmental fund.		<u>(790,532)</u>
Net Position of Governmental Activities (Exhibit 1)	\$	<u><u>4,337,604</u></u>

**Western Prairie Human Services
Elbow Lake, Minnesota**

Exhibit 5

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

Revenues	
Intergovernmental	\$ 7,895,812
Charges for services	1,814,403
Interest earnings	67,264
Miscellaneous	375,526
	<hr/>
Total Revenues	\$ 10,153,005
Expenditures	
Current	
Human services	\$ 9,024,925
Capital outlay	
Human services	36,564
Debt service	
Principal	51,595
Interest	3,395
	<hr/>
Total Expenditures	\$ 9,116,479
 Excess of Revenues Over (Under) Expenditures	 \$ 1,036,526
Other Financing Sources (Uses)	
Leases issued	36,564
	<hr/>
Net Change in Fund Balance	\$ 1,073,090
Fund Balance – January 1	5,622,825
	<hr/>
Fund Balance – December 31	\$ 6,695,915
	<hr/> <hr/>

**Western Prairie Human Services
Elbow Lake, Minnesota**

Exhibit 6

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

Net change in fund balance – total governmental fund (Exhibit 5) \$ 1,073,090

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

In the 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 revenue between the fund statement and the statement of activities is the increase or decrease in revenue deferred as unavailable.

Unavailable revenue – December 31	\$ 71,072	
Unavailable revenue – January 1	<u>(45,673)</u>	25,399

The governmental 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	\$ 36,564	
Current year depreciation and amortization	<u>(62,889)</u>	(26,325)

Some capital asset additions were financed through leases. In the governmental 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 governmental fund but reduces the liability in the statement of net position.

Principal payments on leases	\$ 51,595	
Leases issued	<u>(36,564)</u>	15,031

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 governmental fund.

Change in deferred other postemployment benefits outflows	\$ 633	
Change in deferred pension outflows	227,596	
Change in compensated absences	(20,602)	
Change in other postemployment benefits liability	2,841	
Change in net pension liability	214,169	
Change in deferred other postemployment benefits inflows	(21,505)	
Change in deferred pension inflows	<u>(692,177)</u>	<u>(289,045)</u>

Change in Net Position of Governmental Activities (Exhibit 2) \$ 798,150

Fiduciary Funds

**Western Prairie Human Services
Elbow Lake, Minnesota**

Exhibit 7

**Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2023**

	Social Welfare Private-Purpose Trust Fund	Custodial Funds
<u>Assets</u>		
Cash	\$ 13,666	\$ 1,227,139
Accounts receivable	-	103,076
Due from other funds	-	745,265
	\$ 13,666	\$ 2,075,480
<u>Liabilities</u>		
Accounts payable	\$ -	\$ 65,504
Salaries payable	-	35,818
Due to other governments	-	821,854
	\$ -	\$ 923,176
<u>Net Position</u>		
Restricted for individuals, organizations, and other governments	\$ 13,666	\$ 1,305,464
Unrestricted	-	(153,160)
	\$ 13,666	\$ 1,152,304

**Western Prairie Human Services
Elbow Lake, Minnesota**

Exhibit 8

**Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended December 31, 2023**

	Social Welfare Private-Purpose Trust Fund	Custodial Funds
<u>Additions</u>		
Contributions from individuals	\$ 75,173	\$ -
Payments from state	-	1,794,785
Payments from other individuals/entities	-	1,065,659
Miscellaneous	-	27,511
	\$ 75,173	\$ 2,887,955
<u>Deductions</u>		
Beneficiary payments to individuals	\$ 77,184	\$ -
Administrative expense	-	1,065,443
Payments to other individuals/entities	-	1,706,394
	\$ 77,184	\$ 2,771,837
Special Item		
Transfer of fiduciary activities from West Central Area Schools to Western Prairie Human Services	\$ -	\$ 84,344
Change in Net Position	\$ (2,011)	\$ 200,462
Net Position – January 1	15,677	951,842
Net Position – December 31	\$ 13,666	\$ 1,152,304

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

Note 1 – Summary of Significant Accounting Policies

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

Financial Reporting Entity

Western Prairie Human Services was established pursuant to Minn. Stat. ch. 145A and a joint powers agreement, effective January 1, 2022, between Pope and Grant Counties. Minn. Stat. ch. 393 and other applicable state statutes and rules require counties, through the creation of a local social services agency, to undertake responsibilities related to the provision of human services. The primary function of the joint venture is to provide human services and to promote efficiency and economy in the delivery of human services.

The Western Prairie Human Services Board consists of ten members, five each from Pope and Grant Counties. The Board is organized with a chair and vice chair elected at the annual meeting in January of each year. Each member county shall make a budget contribution to Western Prairie Human Services for operating expenses each year based upon consideration of the following three factors, to be weighted equally: 1) population from the most recent national census; 2) tax capacity; and 3) the most recent three-year average of the Social Services Expenditures and Grant Reconciliation Report (SEAGR).

Western Prairie Human Services is an independent joint venture and is not included in any of the member counties' reporting entities.

Joint Ventures

Western Prairie Human Services participates in several joint ventures which are described in Note 4.

Basic Financial Statements

Government-Wide Statements

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

In the government-wide statement of net position, the governmental activities are reported on a full accrual, economic resources basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations and deferred inflows and outflows of resources. Western Prairie Human Services' net position is reported in two parts: net investment in capital assets, and unrestricted net position.

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

Fund Financial Statements

The fund financial statements provide information about Western Prairie Human Services' funds, including its fiduciary funds. Separate statements for each fund category—governmental and fiduciary—are presented.

Western Prairie Human Services reports the following governmental fund:

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

Additionally, Western Prairie Human Services reports the following fund types:

The Social Welfare Private-Purpose Trust Fund is used to account for resources legally held in a trust for the benefit of individuals.

Custodial funds are used to account for assets held by Western Prairie Human Services in a fiduciary capacity for individuals or other governments.

Measurement Focus and Basis of Accounting

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Western Prairie Human Services considers all revenues as available if collected within 60 days after the end of the current period. Intergovernmental revenue and charges for services are considered susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, compensated absences, and claims and judgments, which are recognized as expenditures to the extent that they have matured. Proceeds of 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 Western Prairie Human Services' policy to use restricted resources first and then unrestricted resources as needed.

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

Deposits and Investments

Western Prairie Human Services had no investments on December 31, 2023.

Capital Assets

Capital assets, which consist of vehicles and equipment and right-to-use assets acquired under leasing arrangements are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by Western Prairie Human Services 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.

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.

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

Estimated Useful Lives of Capital Assets

<u>Assets</u>	<u>Years</u>
Vehicles	5
Right-to-use vehicles	2-5
Right-to-use equipment	2-5

Compensated Absences

The liability for compensated absences reported in the financial statements consists of unpaid, accumulated annual vacation and compensatory time balances.

The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. Compensated absences are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

The government-wide statement of net position reports both current and noncurrent portions of compensated absences. The current portion consists of compensatory time and an amount based on a trend analysis of current usage of vacation leave. The noncurrent portion consists of the remaining amount of vacation leave. The compensated absences liability is liquidated through the General Fund.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net

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assets that applies to a future period(s) and will not be recognized as an outflow of resources (expenditure/expense) until that time. Western Prairie Human Services reports deferred outflows of resources only under the full accrual basis of accounting associated with pension plans and other postemployment benefits (OPEB) and, accordingly, are reported only in the statement of net position.

In addition to liabilities, the statement of 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. Western Prairie Human Services has two types of deferred inflows. The General Fund reports unavailable revenue for amounts that are not considered to be available to liquidate liabilities of the current period. Unavailable revenue arises only under the modified accrual basis of accounting and, accordingly, is reported only in the General Fund balance sheet. Unavailable revenue is deferred and recognized as an inflow of resources in the period that the amounts become available. Western Prairie Human Services also reports deferred inflows of resources associated with pension and OPEB benefits. These inflows arise only under the full accrual basis of accounting and, accordingly, are reported only in the statement of net position.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position.

In the General Fund statement, the face amount of the debt issued is reported as an other financing source. Acquisitions under leases are reported as an other financing source at the present value of the future minimum 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 net pension liability is liquidated through the General Fund.

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 – 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 – the amount of net position that does not meet the definition of restricted or net investment in

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capital assets.

Classification of Fund Balances

Fund balance is divided into five classifications based primarily on the extent to which Western Prairie Human Services is bound to observe constraints imposed upon the use of the resources in the General Fund. The classifications are as follows:

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

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

Committed – amounts that can be used for the specific purposes imposed by formal action (resolution) of the Western Prairie Human Services 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 Western Prairie Human Services 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 Western Prairie Human Services Board Director, who has been delegated that authority by Board resolution.

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

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

Minimum Fund Balance

Western Prairie Human Services adopted a minimum fund balance policy for the General Fund to protect against the need to reduce services due to a lack of resources resulting from temporary revenue shortfalls or unpredicted expenditures. Therefore, the Human Services Board has determined it needs to maintain a minimum level of unrestricted fund balance (committed, assigned, and unassigned) of \$800,000. At December 31, 2023, the unrestricted fund balance for the General Fund was above the minimum fund balance level.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of contingent

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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.

Special Item

On July 1, 2023, Western Prairie Human Services became the fiscal host for the Grant County Child and Youth Council Family Collaborative. This activity is reported as a custodial fund, and the fund balance of \$84,344 was transferred to Western Prairie Human Services from West Central Area Schools, the previous fiscal host.

Note 2 – Detailed Notes

Assets

Deposits and Investments

Reconciliation of Western Prairie Human Services' total cash to the basic financial statements follows:

**Reconciliation of Western Prairie Human Services' Total Cash to the
Basic Financial Statements as of December 31, 2023**

Government-wide statement of net position	
Governmental activities	
Cash	\$ 5,820,562
Statement of fiduciary net position	
Cash	<u>1,240,805</u>
Total Cash	<u>\$ 7,061,367</u>

Deposits

Western Prairie Human Services is authorized by Minn. Stat. §§ 118A.02 and 118A.04 to designate a depository for public funds and to invest in certificates of deposit. Western Prairie Human Services 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, Western Prairie Human Services' deposits may not be returned to it. Western Prairie Human Services does not have a deposit policy for custodial credit risk. As of December 31, 2023, \$1,264,110 of the Western Prairie Human Services' deposits were undercollateralized and, therefore, exposed to custodial credit risk. Additional collateral has been obtained since

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year-end.

Investments

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

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

Interest Rate Risk

Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. Western Prairie Human Services does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

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. Western Prairie Human Services does not have a policy on credit risk.

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. Western Prairie Human Services does not have a policy on custodial credit risk.

Concentration of Credit Risk

The concentration of credit risk is the risk of loss that may be caused by Western Prairie Human Services investments in a single issuer. Western Prairie Human Services does not have a policy on concentration of credit

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risk.

Western Prairie Human Services had no investments on December 31, 2023.

Receivables

Receivables as of December 31, 2023, for the Western Prairie Human Services' governmental activities, are as follows:

Governmental Activities' Receivables as of December 31, 2023

	Total Receivables
Governmental Activities	
Accounts	\$ 7,182
Due from other governments	1,396,881
Total Governmental Activities	\$ 1,404,063

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

Capital Assets

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

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

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets depreciated				
Vehicles	\$ 25,000	\$ -	\$ -	\$ 25,000
Less: accumulated depreciation for				
Vehicles	\$ 4,167	\$ 5,000	\$ -	\$ 9,167
Total capital assets depreciated, net	\$ 20,833	\$ (5,000)	\$ -	\$ 15,833
Capital assets amortized				
Leased vehicles	\$ 169,733	\$ 36,564	\$ -	\$ 206,297
Leased equipment	29,572	-	-	29,572
Total capital assets amortized	\$ 199,305	\$ 36,564	\$ -	\$ 235,869
Less: accumulated amortization for				
Leased vehicles	\$ 23,428	\$ 47,660	\$ -	\$ 71,088
Leased equipment	12,924	10,229	-	23,153
Total accumulated amortization	\$ 36,352	\$ 57,889	\$ -	\$ 94,241
Total capital assets amortized, net	\$ 162,953	\$ (21,325)	\$ -	\$ 141,628
Governmental Activities Capital Assets, Net	\$ 183,786	\$ (26,325)	\$ -	\$ 157,461

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Depreciation and amortization expense of \$62,889 was charged to Western Prairie Human Services' human services function for the year ended December 31, 2023.

Liabilities and Deferred Inflows of Resources

Payables

Payables at December 31, 2023, were as follows:

Governmental Activities' Payables as of December 31, 2023

	Governmental Activities
Accounts	\$ 175,689
Salaries	196,007
Due to other governments	85,942
Total Payables	\$ 457,638

Leases

Western Prairie Human Services has entered into lease agreements as lessee for financing the acquisition of vehicles, a copier, and mailing equipment. Leases range from two to five years and have been recorded at the present value of their future minimum lease payments as of the inception date. All lease payments are paid by the General Fund.

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

Year Ending December 31	Principal	Interest
2024	\$ 50,566	\$ 2,726
2025	51,635	1,657
2026	44,510	576
2027	8,003	43
Total	\$ 154,714	\$ 5,002

Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2023, was as follows:

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Leases payable	\$ 169,745	\$ 36,564	\$ 51,595	\$ 154,714	\$ 50,566
Compensated absences	231,788	361,902	341,300	252,390	42,065
Total Long-Term Liabilities	\$ 401,533	\$ 398,466	\$ 392,895	\$ 407,104	\$ 92,631

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Deferred Inflows of Resources – Unavailable Revenue

Deferred inflows of resources – unavailable revenue consists of state and federal grants not collected soon enough after year-end to pay liabilities of the current period and other receivables not collected soon enough after year-end to pay liabilities of the current period. Unavailable revenue at December 31, 2023, is as follows:

General Fund Deferred Inflows as of December 31, 2023

Grants	\$	36,115
Other		34,957
Total Deferred Inflows of Resources	\$	<u>71,072</u>

Other Postemployment Benefits (OPEB)

Plan Description

Western Prairie Human Services provides a single-employer defined benefit health care plan, to eligible retirees and their dependents.

Western Prairie Human Services provides benefits for retirees as required by Minn. Stat. § 471.61, subd. 2b. Retirees are required to pay 100 percent of the total premium cost. Since the premium is determined on the entire active and retiree population, the retirees are receiving an implicit rate subsidy.

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

As of the January 1, 2022, actuarial valuation, the following employees were covered by the benefit terms:

<u>Employees Covered by the OPEB Benefit Terms</u>	
Inactive employees or beneficiaries currently receiving benefit payments	-
Active plan participants	<u>60</u>
Total	<u>60</u>

Total OPEB Liability

Western Prairie Human Services' total OPEB liability of \$172,049 was measured as of January 1, 2023, and was determined by an actuarial valuation as January 1, 2022. The OPEB liability is liquidated through the General Fund.

The total OPEB liability was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

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OPEB Actuarial Assumptions and Other Inputs

Actuarial cost method	Entry Age, level percentage of pay
Inflation	2.50 percent
Salary increases	Graded by service years and contract group ranging from 10.25 percent for one year of service to 3.00 percent for 27 or more years of service
Health care cost trend	6.25 percent as of January 1, 2023, grading to 5.00 percent over five years and then to 4.00 percent over the next 48 years

The current year discount rate is 4.00 percent. For the current valuation, the discount rate is equal to the 20-Year AA-Municipal Bond Yield.

Mortality rates used are based on Pub-2010 Public Retirement Plans Headcount-Weighted Mortality tables (General, Safety) with MP-2021 Generational Improvement Scale.

Retirement and withdrawal assumptions used are similar to those used to value pension liabilities for Minnesota public employees. The state pension plans base their assumptions on periodic experience studies.

Changes in the Total OPEB Liability

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

Balance at January 1, 2023	\$ 174,890
Changes for the year	
Service cost	\$ 19,715
Interest	3,879
Assumption changes	(25,090)
Benefit payments	(1,345)
Net change	\$ (2,841)
Balance at December 31, 2023	\$ 172,049

OPEB Liability Sensitivity

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

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

	Discount Rate	Total OPEB Liability
1% Decrease	3.00%	\$ 187,431
Current	4.00%	172,049
1% Increase	5.00%	157,751

The following presents the total OPEB liability of Western Prairie Human Services, calculated using the health care

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cost trend previously disclosed, as well as what Western Prairie Human Services' 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 rates:

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

	Health Care Trend Rates	Total OPEB Liability
1% Decrease	5.25% Decreasing to 3.00%	\$ 150,436
Current	6.25% Decreasing to 4.00%	172,049
1% Increase	7.25% Decreasing to 5.00%	197,906

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

For the year ended December 31, 2023, Western Prairie Human Services recognized OPEB expense of \$21,505. Western Prairie Human Services reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in actuarial assumptions	\$ -	\$ 21,505
Contributions paid subsequent to the measurement date	1,978	-
Total	\$ 1,978	\$ 21,505

The \$1,978 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, 2024. Other amounts reported as deferred outflows of resources and deferred 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, 2023

Year Ended December 31	OPEB Expense Amount
2024	\$ (3,585)
2025	(3,585)
2026	(3,585)
2027	(3,585)
2028	(3,585)
Thereafter	(3,580)

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Changes in Actuarial Methods and Assumptions

The following changes in actuarial assumptions occurred in 2023:

- The discount rate was changed from 2.00 percent to 4.00 percent.
- The inflation rate was changed from 2.00 percent to 2.50 percent.

Pension Plans

Defined Benefit Pension Plan

Plan Description

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

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

Benefits Provided

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

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

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

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

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

Contributions

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

Western Prairie Human Services' contributions for the General Employees Plan for the year ended December 31, 2023, were \$280,892. The contributions are equal to the statutorily required contributions as set by state statute.

Pension Costs

At December 31, 2023, Western Prairie Human Services reported a liability of \$2,644,963 for its proportionate share of the General Employees Plan's net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. Western Prairie Human Services' proportion of the net pension liability was based on Western Prairie Human Services' contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2022, through June 30, 2023, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2023, Western Prairie Human Services' proportion was 0.0473 percent. It was 0.0361 percent measured as of June 30, 2022. Western Prairie Human Services' recognized pension expense of \$451,178 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. Western Prairie Human Services recognized an additional \$328 as grant revenue and pension expense for its proportionate share of the State of Minnesota's pension expense related to the special funding situation.

Western Prairie Human Services Elbow Lake, Minnesota

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

Western Prairie Human Services' proportionate share of the net pension liability	\$	2,644,963
State of Minnesota's proportionate share of the net pension liability associated with Western Prairie Human Services		72,907
Total	\$	2,717,870

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 81,923	\$ -
Changes in actuarial assumptions	13,032	724,962
Difference between projected and actual investment earnings	546,185	-
Changes in proportion	665,283	65,570
Contributions paid to PERA subsequent to the measurement date	140,908	-
Total	\$ 1,447,331	\$ 790,532

The \$140,908 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

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

Year Ended December 31	Pension Expense Amount
2024	\$ 184,987
2025	184,987
2026	203,295
2027	(57,378)

Actuarial Assumptions

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

Actuarial Assumptions for the Year Ended June 30, 2023

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

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

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

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

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

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

[Discount Rate](#)

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

[Changes in Actuarial Assumptions and Plan Provisions](#)

The following changes in actuarial assumptions occurred in 2023:

- The investment return assumption and single discount rate were changed from 6.50 percent to 7.00 percent.
- A one-time direct state aid contribution of \$170.1 million occurred on October 1, 2023.
- The vesting period for those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service.
- The benefit increase delay for early retirements on or after January 1, 2024, was eliminated.

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- For Basic Plan members, a one-time, non-compounding benefit increase of 4.00 percent, minus the actual 2024 adjustment, will be payable in a lump sum for calendar year 2024 by March 31, 2024.
- For Coordinated Plan members, a one-time, non-compounding benefit increase of 2.50 percent, minus the actual 2024 adjustment, will be payable in a lump sum for calendar year 2024 by March 31, 2024.

Pension Liability Sensitivity

The following presents the Western Prairie Human Services' proportionate share of the net pension liability calculated using the discount rate previously disclosed, as well as what the Western Prairie Human Services' proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate.

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

Discount Rate	Net Pension Liability
6.00%	\$ 4,679,152
7.00%	2,644,963
8.00%	971,765

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

Western Prairie Human Services 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 for which Western Prairie Human Services carries commercial insurance. Western Prairie Human Services has entered into a joint powers agreement with Minnesota counties to form the Minnesota Counties Intergovernmental Trust (MCIT). Western Prairie Human Services is a member of both the MCIT Workers' Compensation and Property and Casualty Divisions. For other risks, Western Prairie Human Services carries commercial insurance. The settlements did not exceed insurance coverage for the current fiscal year.

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

The Property and Casualty Division of MCIT is self-sustaining, and Western Prairie Human Services pays an annual premium to cover current and future losses. MCIT carries reinsurance for its property lines to protect against

Western Prairie Human Services Elbow Lake, Minnesota

catastrophic losses. Should the MCIT Property and Casualty Division liabilities exceed assets, MCIT may assess Western Prairie Human Services 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 grant 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 Western Prairie Human Services expects such amounts, if any, to be immaterial.

Western Prairie, in connection with the normal conduct of its affairs, is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the Western Prairie Human Services Attorney, the resolution of these matters will not have a material adverse effect on the financial condition of Western Prairie Human Services.

Joint Ventures

Pope County Family Collaborative

The Pope County Family Collaborative was established in 1996 under the authority of Minn. Stat. §§ 124D.23 (now 142D.15) and 245.491. The Collaborative includes Pope County Human Services, Pope County Public Health, Pope County Court Services, Minnewaska Area Schools, and West Central Minnesota Communities Action, Inc. Pope County has since joined Western Prairie Human Services for human services functions. The Pope County Family Collaborative was established to create opportunities to enhance family strengths and support through service coordination and access to information communication.

Control of the Collaborative is vested in the Governing Board consisting of one member from each of the five participating entities. The Collaborative is financed primarily by state and federal funding. In 2022, Western Prairie Human Services became the fiscal host and reports the activity as a custodial fund in the financial statements. During 2023, Western Prairie provided \$36,709 in LCTS funds to the Collaborative. Current financial statements are not available.

Grant County Child and Youth Council Family Collaborative

The Grant County Child and Youth Council Family Collaborative was established in 1998 under the authority of Minn. Stat. §§ 124D.23 (now 142D.15) and 245.491. The Collaborative includes Grant County Human Services, Horizon Public Health, Western Probation Services, Ashby Public School District, Herman-Norcross Community School District, West Central Area School District, and West Central Minnesota Communities Action, Inc. Grant County has since joined Western Prairie Human Services for human services functions. The Grant County Child and Youth Council Family Collaborative was established to create opportunities to enhance family strengths and support through service coordination and access to information communication.

Control of the Collaborative is vested in the Governing Board consisting of one member from each of the seven participating entities. The Collaborative is financed primarily by state and federal funding. In 2023, Western Prairie

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Human Services became the fiscal host and reports the activity as a custodial fund in the financial statements. During 2023, Western Prairie provided \$22,837 in LCTS funds to the Collaborative. Current financial statements are not available.

Region 4 South Adult Mental Health Consortium

Douglas, Grant, Pope, Stevens, and Traverse Counties entered into a joint powers agreement creating and operating Region 4 South Adult Mental Health Consortium, pursuant to Minn. Stat. § 471.59, to provide a system of care that will serve the needs of adults with serious and persistent mental illness for the mutual benefit of each of the joint participants. Grant and Pope Counties have since joined Western Prairie Human Services for human services functions.

Control of the Consortium is vested in a Governing Board, which consists of each participating county's Director of Social Services, Family Services or Human Services, as the case may be, two County Commissioners from the Executive Commissioner Board, three local providers and three consumers. The Governing Board operates under the ultimate authority of the Executive Commissioner Board. The Executive Commissioner Board is composed of one Commissioner of each county appointed by their respective County Board.

Any County may withdraw by providing notice to the chair of the Board 90 days prior to the date of the proposed withdrawal. Withdrawal does not act to discharge any liability incurred or chargeable to any county before the effective date of the withdrawal.

Dissolution of the Consortium shall occur by unanimous vote of the counties, or when the membership in the Consortium is reduced to less than two counties. Upon dissolution of the Consortium, the member counties shall share in the current liabilities and current financial assets, including real property, of the Consortium equally if no county has contributed during the term of the Consortium or based upon their percentage of contribution to the Consortium's budget during the period applicable to such liabilities and assets.

Financing is predominantly provided by state grants. In 2022, Western Prairie Human Services became the fiscal host and reports the activity of the Consortium as custodial funds in the financial statements.

Complete financial information can be obtained from: Region 4 South Adult Mental Health Consortium, 507 North Nokomis Northeast, Suite 203, Alexandria, Minnesota 56308.

Required Supplementary Information

**Western Prairie Human Services
Elbow Lake, Minnesota**

Exhibit A-1

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

	2023	2022
Total OPEB Liability		
Service cost	\$ 19,715	\$ 25,499
Interest	3,879	3,442
Changes of assumption or other inputs	(25,090)	-
Benefit payments	(1,345)	(1,263)
Net change in total OPEB liability	\$ (2,841)	\$ 27,678
Total OPEB Liability – Beginning	174,890	147,212
Total OPEB Liability – Ending	\$ 172,049	\$ 174,890
Covered-employee payroll	\$ 3,722,100	\$ 3,613,689
Total OPEB liability (asset) as a percentage of covered-employee payroll	4.62%	4.84%

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

**Western Prairie Human Services
Elbow Lake, Minnesota**

Exhibit A-2

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

Measurement Date	Employer's Proportion of the Net Pension Liability/ Asset	Employer's Proportionate Share of the Net Pension Liability (Asset) (a)	State's Proportionate Share of the Net Pension Liability Associated with Western Prairie Human Services (b)	Employer's Proportionate Share of the Net Pension Liability and the State's Related Share of the Net Pension Liability (Asset) (a + b)	Covered Payroll (c)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2023	0.0473 %	\$ 2,644,963	\$ 72,907	\$ 2,717,870	\$ 3,772,395	70.11 %	83.10 %
2022	0.0361	2,859,132	83,690	2,942,822	3,314,700	86.26	76.67

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.

**Western Prairie Human Services
Elbow Lake, Minnesota**

Exhibit A-3

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

Year Ending	Statutorily Required Contributions (a)	Actual Contributions in Relation to Statutorily Required Contributions (b)	Contribution (Deficiency) Excess (b - a)	Covered Payroll (c)	Actual Contributions as a Percentage of Covered Payroll (b/c)
2023	\$ 280,892	\$ 280,892	\$ -	\$ 3,742,796	7.50 %
2022	259,519	259,519	-	3,460,766	7.50

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

Western Prairie Human Services Elbow Lake, Minnesota

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

Note 1 – Budgetary Information

The Western Prairie Human Services Board did not approve a budget for fiscal year 2023.

Note 2 – Other Postemployment Benefits Funding Status

Assets have not been accumulated in a trust that meets the criteria in paragraph four of GASB Statement 75 to pay related benefits. See Note 2 in the notes to the financial statements for additional information regarding the Western Prairie Human Services' other postemployment benefits.

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

The following changes in actuarial assumptions occurred:

2023

- The discount rate was changed from 2.00 percent to 4.00 percent.
- The inflation rate was changed from 2.00 percent to 2.50 percent.

2022

No changes in actuarial assumptions occurred in 2022.

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

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

General Employees Retirement Plan

2023

- The investment return assumption and single discount rate were changed from 6.50 percent to 7.00 percent.
- A one-time direct state aid contribution of \$170.1 million occurred on October 1, 2023.
- The vesting period for those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service.

Western Prairie Human Services Elbow Lake, Minnesota

- The benefit increase delay for early retirements on or after January 1, 2024, was eliminated.
- For Basic Plan members, a one-time, non-compounding benefit increase of 4.00 percent, minus the actual 2024 adjustment, will be payable in a lump sum for calendar year 2024 by March 31, 2024.
- For Coordinated Plan members, a one-time, non-compounding benefit increase of 2.50 percent, minus the actual 2024 adjustment, will be payable in a lump sum for calendar year 2024 by March 31, 2024.

2022

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

Supplementary Information

**Western Prairie Human Services
Elbow Lake, Minnesota**

Fiduciary Funds

Custodial Funds

Local Collaborative – to account for the collection and payment of amounts due to the Pope County Family Collaborative and Grant County Child and Youth Council Family Collaborative.

Assertive Community Treatment Fund – to account for the collection and payment of money related to assertive community treatment services provided by the Region 4 South Adult Mental Health Consortium.

Adult Mental Health Initiative Fund – to account for the collection and payment of money related to adult mental health initiative services provided by the Region 4 South Adult Mental Health Consortium.

**Western Prairie Human Services
Elbow Lake, Minnesota**

Exhibit B-1

**Combining Statement of Fiduciary Net Position
Fiduciary Funds – Custodial Funds
December 31, 2023**

	Custodial Funds			Total Custodial Funds
	Local Collaborative	Assertive Community Treatment	Adult Mental Health Initiative	
<u>Assets</u>				
Cash	\$ 196,990	\$ 1,030,149	\$ -	\$ 1,227,139
Accounts receivable	-	94,978	8,098	103,076
Due from other governments	363	20,391	724,511	745,265
Total Assets	\$ 197,353	\$ 1,145,518	\$ 732,609	\$ 2,075,480
<u>Liabilities</u>				
Accounts payable	\$ -	\$ 11,902	\$ 53,602	\$ 65,504
Salaries payable	-	25,505	10,313	35,818
Due to other governments	-	-	821,854	821,854
Total Liabilities	\$ -	\$ 37,407	\$ 885,769	\$ 923,176
<u>Net Position</u>				
Restricted for individuals, organizations, and other governments	\$ 197,353	\$ 1,108,111	\$ -	\$ 1,305,464
Unrestricted	-	-	(153,160)	(153,160)
Total Net position	\$ 197,353	\$ 1,108,111	\$ (153,160)	\$ 1,152,304

**Western Prairie Human Services
Elbow Lake, Minnesota**

Exhibit B-2

**Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds – Custodial Funds
For the Year Ended December 31, 2023**

	Custodial Funds			Total Custodial Funds
	Local Collaborative	Assertive Community Treatment	Adult Mental Health Initiative	
<u>Additions</u>				
Payments from state	\$ 59,546	\$ 252,858	\$ 1,482,381	\$ 1,794,785
Payments from other individuals/entities	57,583	945,371	62,705	1,065,659
Miscellaneous	3,807	6,388	17,316	27,511
Total Additions	\$ 120,936	\$ 1,204,617	\$ 1,562,402	\$ 2,887,955
<u>Deductions</u>				
Administrative expense	\$ -	\$ 781,463	\$ 283,980	\$ 1,065,443
Payments to other individuals/entities	115,408	291,089	1,299,897	1,706,394
Total Deductions	\$ 115,408	\$ 1,072,552	\$ 1,583,877	\$ 2,771,837
<u>Special Item</u>				
Transfer of fiduciary activities from West Central Area Schools to Western Prairie Human Services	\$ 84,344	\$ -	\$ -	\$ 84,344
Change in Net Position	\$ 89,872	\$ 132,065	\$ (21,475)	\$ 200,462
Net Position – January 1	107,481	976,046	(131,685)	951,842
Net Position – December 31	\$ 197,353	\$ 1,108,111	\$ (153,160)	\$ 1,152,304

Schedules

**Western Prairie Human Services
Elbow Lake, Minnesota**

Exhibit C-1

**Schedule of Intergovernmental Revenue
For the Year Ended December 31, 2023**

Appropriations and Shared Revenues

State

PERA aid \$ 88,022

Local

Contributions from counties 3,295,190

Total appropriations and shared revenues **\$ 3,383,212**

Reimbursement for Services

State

Minnesota Department of Human Services \$ 1,048,365

Payments

Local

Local contributions \$ 500

Primewest 282,487

Total Local **\$ 282,987**

Grants

State

Minnesota Department of
Human Services \$ 1,181,827

Federal

Department of
Agriculture \$ 284,419

Health and Human Services 1,715,002

Total federal **\$ 1,999,421**

Total state and federal grants **\$ 3,181,248**

Total Intergovernmental Revenue **\$ 7,895,812**

**Western Prairie Human Services
Elbow Lake, Minnesota**

Exhibit C-2

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

Federal Grantor Pass-Through Agency Program or Cluster Title	Assistance Listing Number	Pass-Through Grant Numbers	Expenditures	Passed Through to Subrecipients
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	232MN101S2514	\$ 284,419	\$ 43,510
U.S. Department of Health and Human Services				
Passed Through Northwest Regional Development Commission				
Aging Cluster				
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	314-23-003B-435	\$ 29,380	\$ -
National Family Caregiver Support, Title III, Part E	93.052	314-23-003E-425	8,981	-
Passed Through Minnesota Department of Human Services				
Marylee Allen Promoting Safe and Stable Families Program	93.556	2201MNFPS	3,092	-
Temporary Assistance for Needy Families	93.558	2301MNTANF	138,215	21,246
Child Support Services	93.563	2301MNCSES	244,621	43,295
Child Support Services	93.563	2301MNCES	37,290	-
(Total Child Support Services 93.563 \$281,911)				
Refugee and Entrant Assistance State/Replacement				
Designee Administered Programs	93.566	2301MNRCA	1,017	161
CCDF Cluster				
Child Care and Development Block Grant	93.575	2301MNCDF	7,102	-
Community-Based Child Abuse Prevention Grants	93.590	2202MNBCAP	4,870	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	2201MNCWSS	4,902	-
Foster Care – Title IV-E	93.658	2301MNFOS	151,534	6,064
(Total Foster Care – Title IV-E 93.658 \$155,903)				
Social Services Block Grant	93.667	2301MNSOS	147,110	-
John H. Chafee Foster Care Program for Successful				
Transition to Adulthood	93.674	2301MNCILP	8,171	-
COVID-19 – Elder Abuse Prevention Interventions Program	93.747	2101MNA6	600	-
Children's Health Insurance Program	93.767	2305MNS021	1,072	208
Medicaid Cluster				
Medical Assistance Program	93.778	2305MNSADM	897,001	96,088
Medical Assistance Program	93.778	2305MNSMAP	6,551	-
(Total Medical Assistance Program 93.778 \$903,552)				
Block Grants for Prevention and Treatment of Substance Abuse				
	93.959	B08T105815/ B08T1083458/ B08T1084653	26,579	-
Passed Through Pope County, Minnesota				
Foster Care – Title IV-E	93.658	2301MNFOS	4,369	-
(Total Foster Care – Title IV-E 93.658 \$155,903)				
Total U.S. Department of Health and Human Services			\$ 1,722,457	\$ 167,062
Total Federal Awards			\$ 2,006,876	\$ 210,572
Totals by Cluster				
Total expenditures for SNAP Cluster			\$ 284,419	
Total expenditures for Aging Cluster			29,380	
Total expenditures for CCDF Cluster			7,102	
Total expenditures for Medicaid Cluster			903,552	

Western Prairie Human Services

Elbow Lake, Minnesota

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

Note 1 – Summary of Significant Accounting Policies

Reporting Entity

The Schedule of Expenditures of Federal Awards presents the activities of federal award programs expended by Western Prairie Human Services. Western Prairie Human Service’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 Western Prairie Human Services under programs of the federal government for the year ended December 31, 2023. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule of Expenditures of Federal Awards presents only a selected portion of the operations of Western Prairie Human Services, it is not intended to and does not present the financial position, changes in net position, or cash flows of Western Prairie Human Services.

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

Western Prairie Human Services has elected to not use the ten percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 3 – Reconciliation to Schedule of Intergovernmental Revenue

<u>Reconciliation to Schedule of Intergovernmental Revenue</u>	
Federal grant revenue per Schedule of Intergovernmental Revenue	\$ 1,999,421
Grants received more than 60 days after year-end, considered unavailable revenue in 2023	
Marylee Allen Promoting Safe and Stable Families Program (AL No. 93.556)	773
Temporary Assistance for Needy Families (AL No. 93.558)	19,397
Stephanie Tubbs Jones Child Welfare Services Program (AL No. 93.645)	769
Unavailable revenue in 2022, recognized as revenue in 2023	
Marylee Allen Promoting Safe and Stable Families Program (AL No. 93.556)	(1,011)
Community-Based Child Abuse Prevention Grants (AL No. 93.590)	(7,047)
Stephanie Tubbs Jones Child Welfare Services Program (AL No. 93.645)	(1,802)
Foster Care – Title IV-E (AL No. 93.658)	(825)
John H. Chafee Foster Care Program for Successful Transition to Adulthood (AL No. 93.674)	(2,799)
Expenditures per Schedule of Expenditures of Federal Awards	<u>\$ 2,006,876</u>

Management and Compliance Section



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

Independent Auditor's Report

Board of Commissioners
Western Prairie Human Services
Elbow Lake, 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 Western Prairie Human Services, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Western Prairie Human Services' basic financial statements, and have issued our report thereon dated April 17, 2025.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control over financial reporting, described in the accompanying Schedule of Findings and Questioned Costs as items 2023-001 and 2023-002 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Western Prairie Human Services' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations,

contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Minnesota Legal Compliance

In connection with our audit, we noted that Western Prairie Human Services failed to comply with the provisions of the depositories of public funds and public investments section 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, as described in the Schedule of Findings and Questioned Costs as item 2023-003. Also, in connection with our audit, nothing came to our attention that caused us to believe that Western Prairie Human Services failed to comply with the provisions of the contracting – bid laws, conflicts of interest, claims and disbursements, and miscellaneous provisions sections of the *Minnesota Legal Compliance Audit Guide for Other Political Subdivisions*, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Western Prairie Human Services’ noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

Western Prairie Human Services’ Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Western Prairie Human Services’ response to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs and Corrective Action Plan. The Western Prairie Human Services’ response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting and compliance, and the provisions of the *Minnesota Legal Compliance Audit Guide for Other Political Subdivisions* and the results of that testing, and not to provide an opinion on the effectiveness of Western Prairie Human Services’ 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 Western Prairie Human Services’ 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 Struss

Chad Struss, CPA
Deputy State Auditor

April 17, 2025



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

Independent Auditor's Report

Board of Commissioners
Western Prairie Human Services
Elbow Lake, Minnesota

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Western Prairie Human Services' 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 Western Prairie Human Services' major federal program for the year ended December 31, 2023. Western Prairie Human Services' major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

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

Basis for Opinion on the Major Federal Program

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

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Western Prairie Human Services' 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 Western Prairie Human Services' compliance with the requirements of the major federal program as a whole.

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

- exercise professional judgment and maintain professional skepticism throughout the audit;
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Western Prairie Human Services' 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 Western Prairie Human Services' 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 Western Prairie Human Services' 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.

Report on Internal Control Over Compliance

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.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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.

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

April 17, 2025

/s/Chad Struss

Chad Struss, CPA
Deputy State Auditor

Western Prairie Human Services Elbow Lake, Minnesota

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

Section I – Summary of Auditor’s Results

Financial Statements

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

Internal control over financial reporting:

- Material weaknesses identified? **Yes**
- Significant deficiencies identified? **None reported**

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

Federal Awards

Internal control over the major federal program:

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

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? **No**

Identification of the major federal program:

Assistance Listing Number	Name of Federal Program or Cluster
93.778	Medicaid Cluster

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

Western Prairie Human Services qualified as a low-risk auditee? **No**

Section II – Financial Statement Findings

2023-001 **Bank Reconciliation**

Prior Year Finding Number: 2022-001

Year of Finding Origination: 2022

Type of Finding: Internal Control Over Financial Reporting

Severity of Deficiency: Material Weakness

Criteria: Reconciliations are control activities designed to provide reasonable assurance that errors will be detected in a timely manner and involve the comparison of records or balances from different sources. Effective reconciliations account for differences between the records or balances. Reconciliations include identifying and investigating why differences exist and resolving them in a timely manner.

Western Prairie Human Services

Elbow Lake, Minnesota

Condition: Bank reconciliations were not completed on a regular basis during 2023 and were only completed for year end balances.

Context: Western Prairie Human Services does not have a formal bank reconciliation policy or procedures in place.

Effect: When accounting records are not reconciled on a regular basis, there is an increased risk that errors or irregularities will not be detected in a timely manner.

Cause: Staff were assigned to complete the bank reconciliations but did not have time available to investigate differences.

Recommendation: We recommend Western Prairie Human Services establish procedures over the preparation of the bank reconciliations as well as the timeliness of its completion. Bank reconciliations should be documented, and a supervisory review should be performed and documented once the reconciliations are complete.

View of Responsible Official: Concur

2023-002 Budgets

Prior Year Finding Number: 2022-003

Year of Finding Origination: 2022

Type of Finding: Internal Control Over Financial Reporting

Severity of Deficiency: Material Weakness

Criteria: The Western Prairie Human Services Board did not approve a budget for fiscal year 2023, and an unapproved budget was entered in the County's Integrated Financial System (IFS) for the General Fund.

Condition: The budget entered into Western Prairie Human Services' Integrated Financial System (IFS) was not approved by the Western Prairie Human Services Board of Commissioners and documentation was not maintained to support the line-item detail.

Context: Western Prairie Human Services does not have a formal budget process in place which includes documenting how each line-item was determined.

Effect: When budgets are not Board approved and support is not maintained, Western Prairie Human Services cannot effectively use the budget as a monitoring tool.

Cause: Western Prairie Human Services and staff are still developing accounting best practices and the documentation requirements.

Recommendation: We recommend Western Prairie Human Services Board of Commissioners approve the annual budget, document the approval in the Board minutes, and maintain supporting documentation for amounts entered into IFS.

View of Responsible Official: Concur

Section III – Federal Award Findings and Questioned Costs

No matters were reported.

Western Prairie Human Services

Elbow Lake, Minnesota

Section IV – Other Findings and Recommendations

2023-003 Insufficient Collateral

Prior Year Finding Number: 2022-006

Year of Finding Origination: 2022

Type of Finding: Minnesota Legal Compliance

Criteria: Government entities are required by Minn. Stat. § 118A.03, subd. 3, to obtain collateral to secure deposits to the extent funds on deposit exceed available federal deposit insurance at the close of the financial institution's banking day.

The market value of the collateral should be at least ten percent more than the uninsured and unbonded amount on deposit unless the collateral is an irrevocable letter of credit issued by Federal Home Loan Banks, which requires an amount at least equal to the amount on deposit.

Condition: Western Prairie Human Services did not have sufficient collateral pledged or a letter of credit to cover their deposits in excess of the Federal Deposit Insurance Corporation (FDIC) level as of December 31, 2023.

Context: On December 31, 2023, Western Prairie Human Services obtained letters of credit as collateral; however, the amounts were \$1,264,110 short of their deposits in excess of FDIC coverage. Western Prairie Human Services obtained an additional letter of credit on January 5, 2024, to cover the shortfall.

Effect: Western Prairie Human Services was not in compliance with Minn. Stat. § 118A.03 and exposed the deposits to custodial credit risk.

Cause: Western Prairie Human Services staff thought they had an additional letter of credit from the bank to cover the deposit balance, but the letter did not start until 2024.

Recommendation: We recommend Western Prairie Human Services establish procedures to monitor all deposits to determine there is adequate collateral pledged to secure deposits in accordance with Minn. Stat. § 118A.03.

View of Responsible Official: Concur



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**Representation of Western Prairie Human Services
Elbow Lake, Minnesota**

Corrective Action Plan
For the Year Ended December 31, 2023

Finding Number: 2023-001

Finding Title: Bank Reconciliation

Name of Contact Person Responsible for Corrective Action:

Tracy Bowman

Corrective Action Planned:

We will continue to improve the process. There is already a procedure in place, and we have a new staff who is able to be more dedicated to the task. The issue in our 2023 audit was the timeliness of balancing. We will work to complete the full balancing process quarterly within the month following quarter end.

Anticipated Completion Date:

4/30/2025

Finding Number: 2023-002

Finding Title: Budgets

Name of Contact Person Responsible for Corrective Action:

Tracy Bowman

Corrective Action Planned:

We will note the total budget amount in our board minutes when final budget is approved. We will also maintain supporting documentation for the approved budget.

Anticipated Completion Date:

12/1/2023



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Finding Number: 2023-003

Finding Title: Insufficient Collateral

Name of Contact Person Responsible for Corrective Action:

Tracy Bowman

Corrective Action Planned:

We will work with both branches at the bank to make sure we all have the same information regarding letters of credit.

Anticipated Completion Date:

1/31/2024



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**Representation of Western Prairie Human Services
Elbow Lake, Minnesota**

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

Finding Number: 2022-001
Year of Finding Origination: 2022
Finding Title: Bank Reconciliation

Summary of Condition: Bank reconciliations were not completed during 2022. Staff attempted the reconciliations but did not have time to investigate when the reconciliations did not balance. The auditor identified reconciling items including \$425,235 in revenues that were deposited but not recorded in the general ledger and \$305,629 in employee group insurance costs that had been recorded twice.

Summary of Corrective Action Previously Reported: We currently have this task broke up between positions. The fiscal manager is now reviewing the bank accounts daily and tracking the balances. We expect to have a formal procedure in place this year.

Status: Not Corrected. Even though we had the task broken up, reviewed balances daily, receipted funds timely, and developed a formal process, there were pieces to the formal process that were not followed despite efforts. We did end up balancing 2023 with a year-end process that met the needs of the agency, but couldn't be counted as balancing because it wasn't done throughout the year. We hired a new fiscal staff in Glenwood in April of 2024 with extensive balancing knowledge. She has been able to devote time and skills that were not previously available. The balancing process is now working as it should. We will be able to show balancing progress throughout 2024.

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

Finding Number: 2022-002
Year of Finding Origination: 2022
Finding Title: Material Audit Adjustment

Summary of Condition: A material audit adjustment was identified that resulted in significant changes to the Western Prairie Human Services' financial statements.

Summary of Corrective Action Previously Reported: We will have the bank account reconciliations and financials reviewed by management monthly. This will be outlined in our formal procedure.

Status: Fully Corrected. Corrective action was taken.

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

Finding Number: 2022-003
Year of Finding Origination: 2022
Finding Title: Budgets

Summary of Condition: The budget entered into Western Prairie Human Services' Integrated Financial System (IFS) was not approved by the Western Prairie Human Services Board of Commissioners and documentation was not maintained to support the line-item detail.

Summary of Corrective Action Previously Reported: The annual budget amount will be documented in board minutes.

Status: Not Corrected. By the time we received our 2022 findings noting how the budget amount approved should be noted in the minutes, our 2023 budget had already been approved and minutes had already been issued. Our budget amount for 2024 is noted in the minutes.

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

Finding Number: 2022-004
Year of Finding Origination: 2022
Finding Title: Eligibility
Program: 93.778 Medical Assistance Program

Summary of Condition: The Minnesota Department of Human Services maintains the computer systems, MAXIS and METS, which are used by the Western Prairie Human Services to support the eligibility determination process. The following exceptions were noted in the samples of 40 case files tested for each system:

- Three case files had asset information in MAXIS that did not have supporting documentation in the case file or did not agree with the supporting documentation,
- One METS case was processed outside of 45 days, and
- One METS case did not contain the income verification documentation from the Minnesota Department of Employment and Economic Development.

Summary of Corrective Action Previously Reported: Implement semi-annual trainings including asset verifications, timelines, and income verifications.

Status: Fully Corrected. Corrective action was taken.

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

Finding Number: 2022-005
Year of Finding Origination: 2022
Finding Title: Reporting
Program: 93.778 Medical Assistance Program

Summary of Condition: During report testing, the following were noted:

- One of two Income Maintenance Quarterly Expense Reports (DHS 2550) tested did not show documentation of review before being submitted.
- One of two Social Service Fund Reports (DHS 2556) tested did not show documentation of review before being submitted. In addition, documentation was not maintained to support the reported revenues. As a result, the auditor was unable to ascertain if the financial reports were prepared in accordance with the required accounting basis, if all applicable accounts were included, or if the reports agree with accounting records.

- The four Local Collaborative Time Study (LCTS) reports tested did not have documentation of review in accordance with DHS guidelines.

Summary of Corrective Action Previously Reported: All quarterly DHS reports will be reviewed and signed following completion. Documentation for all will be maintained.

Status: Fully Corrected. Corrective action was taken.

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

Finding Number: 2022-006

Year of Finding Origination: 2022

Finding Title: Insufficient Collateral

Summary of Condition Western Prairie Human Services did not have collateral pledged or a letter of credit to cover their deposits in excess of the Federal Deposit Insurance Corporation (FDIC) level from January 1, 2022, until September 30, 2022. A letter of credit was obtained as collateral in the amount of \$4,400,000 for September 30, 2022; however, the amount was insufficient, and the deposits were under-collateralized by \$148,928.

Summary of Corrective Action Previously Reported: Collateral coverage will be monitored monthly.

Status: Not Corrected. We have a process for collateral monitoring. It is done monthly. The issue is when the letters are received and the date spans that are on them. Collateral for December 2023 was noted to be insufficient in a timely manner by Western Prairie, the bank was contacted, they had another letter of credit on file that we did not receive. The collateral at the bank is handled by a different branch, and our contact at the bank was unable to obtain a copy of the letter. On 1/5/2024 another letter was issued that brought us into compliance. Our contact at the local branch is now saving copies of the letters and monitoring them as well. This was the only month in 2023 with this issue. We did not have any months in 2024 that were undercollateralized.

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