State of Minnesota

Office of the State Auditor

Julie Blaha
State Auditor

Western Prairie Human Services
Elbow Lake, Minnesota

Year Ended December 31, 2022

Description of the Office of the State Auditor

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

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

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

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

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

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

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

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

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

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

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Western Prairie Human Services
Elbow Lake, Minnesota

Year Ended December 31, 2022

Audit Practice Division
Office of the State Auditor
State of Minnesota

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, 2022

	Position	Entity	Term Expires
Western Prairie Human Services Board			
Nan Haggerty	Member	Pope County	January 2023
Gordy Wagner	Member	Pope County	January 2025
Paul Gerde	Member	Pope County	January 2025
Larry Lindor	Member	Pope County	January 2023
Cody Rogahn	Chair	Pope County	January 2023
Troy Johnson	Vice Chair	Grant County	January 2025
Dwight Walvatne	Member	Grant County	January 2023
Kenneth Johnson	Member	Grant County	January 2025
Bill LaValley	Member	Grant County	January 2023
Doyle Sperr	Member	Grant County	January 2025
Director			
Stacy Hennen			

Financial Section

STATE OF MINNESOTA

Julie Blaha
State Auditor

Office of the State Auditor

Suite 500
525 Park Street
Saint Paul, MN 55103

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, 2022, and the related notes to the financial statements, which collectively comprise 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, 2022, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

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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 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 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, Budgetary Comparison Schedule for the General Fund, 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 (GASB), who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Western Prairie Human Services' basic financial statements. The combining statements for fiduciary funds, Schedule of Intergovernmental Revenue, and Schedule of Expenditures of Federal Awards and related notes, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit*

Requirements for Federal Awards, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information as identified above is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 7, 2024, 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

/s/Chad Struss

Chad Struss, CPA
Deputy State Auditor

March 7, 2024

Management's Discussion and Analysis

Western Prairie Human Services
Elbow Lake, Minnesota

Management's Discussion and Analysis
December 31, 2022
(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, 2022. 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.

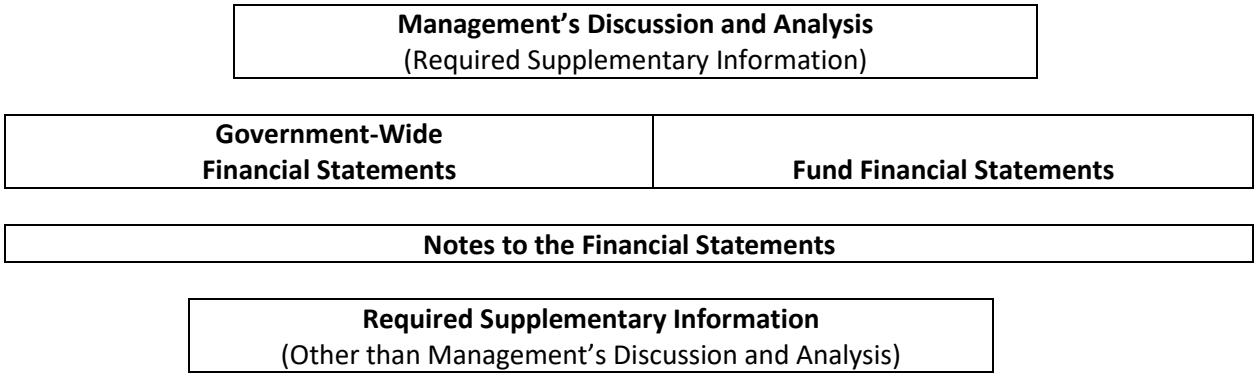
Financial Highlights

- Governmental activities' total net position is $3,539,454, of which $14,041 is the net investment in capital assets and $3,525,413 is unrestricted.

- The net cost of Western Prairie Human Services' governmental activities for the year ended December 31, 2022, was $2,222,059; the net cost was funded by general revenues totaling $3,305,597.

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), certain budgetary comparison schedules, 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's 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
Net Position

	Governmental Activities 2022
Assets	
Current and other assets	$ 6,461,919
Capital assets, net of accumulated depreciation	183,786
Total Assets	$ 6,645,705
Deferred Outflows of Resources	
Deferred OPEB outflows	$ 1,345
Deferred pension outflows	1,219,735
Total Deferred Outflows of Resources	$ 1,221,080
Liabilities	
Current liabilities	$ 793,421
Long-term liabilities	3,435,555
Total Liabilities	$ 4,228,976
Deferred Inflows of Resources	
Deferred pension inflows	$ 98,355
Net Position	
Net investment in capital assets	$ 14,041
Unrestricted	3,525,413
Total Net Position	$ 3,539,454

Western Prairie Human Services' total net position for the year ended December 31, 2022, totals $3,539,454. The governmental activities' unrestricted net position, totaling $3,525,413, 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 2022
Revenues	
Program revenues	
Fees, charges, fines, and other	$ 1,790,044
Operating grants and contributions	4,447,878
General revenues	
Grants and contributions not restricted to specific programs	3,305,597
Total Revenues	$ 9,543,519
Expenses	
Human services	$ 8,459,981
Special Items	$ 2,455,916
Change in Net Position	$ 3,539,454
Net Position – January 1	-
Net Position – December 31	$ 3,539,454

Governmental Activities

Revenues for Western Prairie Human Services' governmental activities for the year ended December 31, 2022, were $9,543,519. Western Prairie Human Services' cost for all governmental activities for the year ended December 31, 2022, was $8,459,981.

As shown in the Statement of Activities, $6,237,922 of the costs were paid by grants and contributions received for those programs and by those who directly benefited from the programs and $3,305,597 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 $5,622,825.

As of January 1, 2022, Grant County entered into a joint powers agreement with Pope County to form Western Prairie Human Services. Fund balance transfers of $1,762,491 and $2,818,978 were contributed from the Human Services Special Revenue Funds of each County, respectively, to Western Prairie Human Services. In addition, $113,007 from the Pope County Local Collaborative Custodial Fund, a total of $677,824 from the Assertive Community Treatment and Adult Mental Health Initiative Custodial Funds, and $16,239 from the Social Welfare Private-Purpose Trust Fund were contributed to Western Prairie Human Services. This activity is reported as special items in the financial statements of Western Prairie Human Services.

General Fund Budgetary Highlights

The Western Prairie Human Services Board, over the course of a budget year, may amend/revise the General Fund budget; in 2022, no budget amendments were made.

In the General Fund, actual revenues were $1,286,241 more than expected revenues, and actual expenditures were $444,190 more than budgeted expenditures. These differences were primarily due to under-budgeted revenues in Medical Assistance Recovery, Targeted Case Management, and additional grants. There were also additional expenditures in advertising, court related services, and payroll.

Capital Assets and Long-Term Obligations Administration

Capital Assets

At the end of 2022, Western Prairie Human Services had $183,786 invested in capital assets, net of depreciation and amortization (see Table 3).

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

	2022
Vehicles	$ 20,833
Leased vehicles	146,305
Leased equipment	16,648
Totals	$ 183,786

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 2023 the total levy request remained the same at $3,279,987. Western Prairie Human Services saw increases in Targeted Case Management rates overall for 2023.

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, 2022

Assets		
Cash	$	5,055,755
Receivables		1,406,164
Capital assets		
Depreciable or amortizable – net of accumulated depreciation and amortization		183,786
Total Assets	**$**	**6,645,705**
Deferred Outflows of Resources		
Deferred other postemployment benefits outflows	$	1,345
Deferred pension outflows		1,219,735
Total Deferred Outflows of Resources	**$**	**1,221,080**
Liabilities		
Accounts payable and other current liabilities	$	793,421
Long-term liabilities		
Due within one year		84,311
Due in more than one year		317,222
Other postemployment benefits liability		174,890
Net pension liability		2,859,132
Total Liabilities	**$**	**4,228,976**
Deferred Inflows of Resources		
Deferred pension inflows	**$**	**98,355**
Net Position		
Net investment in capital assets	$	14,041
Unrestricted		3,525,413
Total Net Position	**$**	**3,539,454**

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

Western Prairie Human Services
Elbow Lake, Minnesota

Exhibit 2

Statement of Activities
For the Year Ended December 31, 2022

Functions/Programs	Expenses	Program Revenues: Fees, Charges, Fines, and Other	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Governmental activities				
Human services	**$ 8,459,981**	**$ 1,790,044**	**$ 4,447,878**	**$ (2,222,059)**
General Revenues				
Grants and contributions not restricted to specific programs				$ 3,305,597
Special Items				
Grant County contribution to Western Prairie Human Services				944,791
Pope County contribution to Western Prairie Human Services				1,511,125
Total general revenues and special items				**$ 5,761,513**
Change in net position				**$ 3,539,454**
Net Position – Beginning				**-**
Net Position – Ending				**$ 3,539,454**

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

Fund Financial Statements

General Fund

Western Prairie Human Services
Elbow Lake, Minnesota

Exhibit 3

Balance Sheet
General Fund
December 31, 2022

	Total
Assets	
Cash	$ 5,055,755
Accounts receivable	82,759
Due from other governments	1,323,405
Total Assets	**$ 6,461,919**
Liabilities, Deferred Inflows of Resources, and Fund Balances	
Liabilities	
Accounts payable	$ 284,286
Salaries payable	179,227
Due to other governments	329,908
Total Liabilities	**$ 793,421**
Deferred Inflows of Resources	
Unavailable revenue	**$ 45,673**
Fund Balances	
Unassigned	**$ 5,622,825**
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	**$ 6,461,919**

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

Western Prairie Human Services
Elbow Lake, Minnesota

Exhibit 4

Reconciliation of General Fund Balance Sheet to the Statement of Net Position
December 31, 2022

Fund balance – total governmental funds (Exhibit 3)		**$ 5,622,825**
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 funds.		183,786
Deferred outflows of resources resulting from the other postemployment benefits liability are not available resources and, therefore, are not reported in governmental funds.		1,345
Deferred outflows of resources resulting from pension obligations are not available resources and, therefore, are not reported in governmental funds.		1,219,735
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 funds.		45,673
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Leases payable	$ (169,745)	
Compensated absences	(231,788)	
Other postemployment benefits liability	(174,890)	
Net pension liability	(2,859,132)	(3,435,555)
Deferred inflows of resources resulting from pension obligations are not due and payable in the current period and, therefore, are not reported in governmental funds.		(98,355)
Net Position of Governmental Activities (Exhibit 1)		**$ 3,539,454**

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

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, 2022

		Total
Revenues		
Intergovernmental	$	7,703,638
Charges for services		1,170,533
Miscellaneous		616,946
Total Revenues	**$**	**9,491,117**
Expenditures		
Current		
Human services	$	8,419,179
Capital outlay		
Human services		199,305
Debt service		
Principal		29,560
Interest		1,022
Total Expenditures	**$**	**8,649,066**
Excess of Revenues Over (Under) Expenditures	**$**	**842,051**
Other Financing Sources (Uses)		
Leases issued	**$**	**199,305**
Special Items		
Grant County contribution to Western Prairie Human Services	$	1,762,491
Pope County contribution to Western Prairie Human Services		2,818,978
Total Special Items	**$**	**4,581,469**
Net Change in Fund Balance	**$**	**5,622,825**
Fund Balance – January 1		-
Fund Balance – December 31	**$**	**5,622,825**

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

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, 2022

Net change in fund balance – total governmental funds (Exhibit 5)			**$ 5,622,825**
Amounts reported for governmental activities in the statement of activities are different because:			
In the funds, 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 statements and the statement of activities is the increase or decrease in revenue deferred as unavailable.			
Unavailable revenue – December 31	$	45,673	
Unavailable revenue – January 1 – transferred from participating counties		-	45,673
Governmental funds report 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. Also in the statement of activities, funds, the proceeds from sales increase financial resources. Therefore, the change in net position differs from the change in fund balance by the net book value of the assets sold.			
Expenditures for general capital assets	$	224,305	
Current year depreciation and amortization		(40,519)	183,786
Some capital asset additions were financed through leases. In governmental funds, 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 funds but reduces the liability in the statement of net position.			
Principal payments on leases	$	29,560	
Leases issued		(199,305)	(169,745)
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 governmental funds.			
Deferred other postemployment benefits outflows – transferred from participating counties	$	1,263	
Deferred other postemployment benefits outflows – net change in current year		82	1,345
Deferred pension outflows – transferred from participating counties	$	131,773	
Deferred pension outflows – net change in current year		1,087,962	1,219,735
Compensated absences – transferred from participating counties	$	(176,326)	
Compensated absences – net change in current year		(55,462)	(231,788)
Other postemployment benefits liability – transferred from participating counties	$	(147,212)	
Other postemployment benefits liability – net change in current year		(27,678)	(174,890)
Net pension liability – transferred from participating counties	$	(1,935,051)	
Net pension liability – net change in current year		(924,081)	(2,859,132)
Deferred pension inflows – transferred from participating counties	$	-	
Deferred pension inflows – net change in current year		(98,355)	(98,355)
Change in Net Position of Governmental Activities (Exhibit 2)			**$ 3,539,454**

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

Fiduciary Funds

Western Prairie Human Services
Elbow Lake, Minnesota

Exhibit 7

Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2022

	Social Welfare Private-Purpose Trust Fund	Custodial Funds
Assets		
Cash	$ 15,677	$ 1,030,954
Accounts receivable	-	177,213
Due from other funds	-	681,284
Total Assets	**$ 15,677**	**$ 1,889,451**
Liabilities		
Accounts Payable	$ -	$ 72,244
Due to other governments	-	865,365
Total Liabilities	**$ -**	**$ 937,609**
Net Position		
Restricted for individuals, organizations, and other governments	**$ 15,677**	**$ 951,842**

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

Western Prairie Human Services
Elbow Lake, Minnesota

Exhibit 8

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

	Social Welfare Private-Purpose Trust Fund	Custodial Funds
Additions		
Contributions from individuals	$ 58,869	$ -
Payments from state	-	1,726,293
Payments from other individuals/entities	-	1,224,745
Miscellaneous	-	558
Total Additions	**$ 58,869**	**$ 2,951,596**
Deductions		
Beneficiary payments to individuals	$ 59,431	$ -
Administrative expense	-	1,019,698
Payments to other individuals/entities	-	1,770,887
Total Deductions	**$ 59,431**	**$ 2,790,585**
Special Item		
Transfer of fiduciary activities from Grant and Pope Counties to Western Prairie Human Services	$ 16,239	$ 790,831
Change in Net Position	**$ 15,677**	**$ 951,842**
Net Position – January 1	**-**	**-**
Net Position – December 31	**$ 15,677**	**$ 951,842**

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

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, 2022. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). The more significant accounting policies established 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 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.

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.

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 for fiduciary activities, 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.

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, 2022.

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

Assets	Years
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

assets that applies to a future period(s) and will not be recognized as an outflow of resources (expenditure/ expense) until then. 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 benefits. This inflow arises 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.

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 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 has not adopted a minimum fund balance policy for the General Fund in order to provide protection against the need to reduce services due to a lack of resources resulting from temporary revenue shortfalls or unpredicted expenditures.

Use of Estimates

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

Special Items

On January 1, 2022, Pope County Human Services joined Grant County Human Services to form Western Prairie Human Services. All Human Services operations were transferred from Pope and Grant Counties. In the approved agreement, the counties agreed to transfer operations as follows:

Western Prairie Human Services' Special Items as of December 31, 2022

General Fund	
Assets (cash)	$ 4,581,469
Fund Balance	4,581,469
Governmental activities	
Deferred outflows of resources (OPEB & pension)	133,036
Liabilities (compensated absences, OPEB, & net pension liability	(2,258,589)
Net Position	$ 2,455,916

In addition, Western Prairie Human Services will now be the fiscal host for the Pope County Local Collaborative. This activity is reported as a custodial fund and the entire fund balance of $113,007 was transferred to Western Prairie Human Services. Western Prairie Human Services will also be the fiscal host for the Region 4 South Adult Mental Health Consortium, a joint venture of Grant County. The Assertive Community Treatment Fund and the Adult Mental Health Initiative Fund, both custodial funds, transferred their entire fund balances of $901,288 and ($223,464) respectively to Western Prairie Human Services. The entire fund balance of $16,239 for the Social Welfare Private-Purpose Trust Fund from Grant County was also transferred to Western Prairie Human Services.

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, 2022

Government-wide statement of net position		
Governmental activities		
Cash	$	5,055,755
Statement of fiduciary net position		
Cash		1,046,631
Total Cash	$	6,102,386

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. Western Prairie Human Services' deposits in banks on December 31, 2022, were entirely covered by federal depository insurance and collateral in accordance with Minnesota statutes.

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) 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 risk.

Western Prairie Human Services had no investments on December 31, 2022.

Receivables

Receivables as of December 31, 2022, for the Western Prairie Human Services' governmental activities, are as follows:

Governmental Activities' Receivables as of December 31, 2022

	Total Receivables
Governmental Activities	
Accounts	$ 82,759
Due from other governments	1,323,405
Total Governmental Activities	$ 1,406,164

Western Prairie Human Services did not have any receivables scheduled to be collected beyond one year as of December 31, 2022. 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, 2022, was as follows:

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

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets depreciated				
Vehicles	$ -	$ 25,000	$ -	$ 25,000
Less: accumulated depreciation for				
Vehicles	$ -	$ 4,167	$ -	$ 4,167
Total capital assets depreciated, net	$ -	$ 20,833	$ -	$ 20,833
Capital assets amortized				
Leased vehicles	$ -	$ 169,733	$ -	$ 169,733
Leased equipment	-	29,572	-	29,572
Total capital assets amortized	$ -	$ 199,305	$ -	$ 199,305
Less: accumulated amortization for				
Leased vehicles	$ -	$ 23,428	$ -	$ 23,428
Leased equipment	-	12,924	-	12,924
Total accumulated amortization	$ -	$ 36,352	$ -	$ 36,352
Total capital assets amortized, net	$ -	$ 162,953	$ -	$ 162,953
Governmental Activities Capital Assets, Net	$ -	$ 183,786	$ -	$ 183,786

Depreciation and amortization expense of $40,519 was charged to Western Prairie Human Services' human services function for the year ended December 31, 2022.

Liabilities and Deferred Inflows of Resources

Payables

Payables at December 31, 2022, were as follows:

Governmental Activities' Payables as of December 31, 2022

	Governmental Activities
Accounts	$ 284,286
Salaries	179,227
Due to other governments	329,908
Total Payables	$ 793,421

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, 2022

Year Ending December 31	Principal	Interest
2023	$ 45,680	$ 2,924
2024	41,627	2,087
2025	42,479	1,236
2026	35,131	377
2027	4,828	27
Total	$ 169,745	$ 6,651

Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2022, was as follows:

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Leases payable	$ -	$ 199,305	$ 29,560	$ 169,745	$ 45,680
Compensated absences	-	410,794	179,006	231,788	38,631
Total Long-Term Liabilities	$ -	$ 610,099	$ 208,566	$ 401,533	$ 84,311

Deferred Inflows of Resources

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, 2022, is as follows:

General Fund Deferred Inflows as of December 31, 2022

	General Fund
Grants	$ 43,108
Other	2,565
Total Deferred Inflows	$ 45,673

Other Postemployment Benefits (OPEB)

Plan Description

Western Prairie Human Services provides a single-employer defined benefit health care plan to eligible retirees and their spouses. The plan offers medical insurance benefits. Western Prairie Human Services provides benefits for retirees as required by Minn. Stat. § 471.61, subd. 2b.

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

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

Employees Covered by the OPEB Benefit Terms
As of the December 31, 2022, Actuarial Valuation

Inactive employees or beneficiaries currently receiving benefit payments	-
Active plan participants	60
Total	60

Total OPEB Liability

Western Prairie Human Services' total OPEB liability of $174,890 was measured as of January 1, 2022, and was determined by an actuarial valuation as of January 1, 2022. The total OPEB liability is liquidated through the General Fund.

The total OPEB liability in the fiscal year-end December 31, 2022, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

OPEB Actuarial Assumptions and Other Inputs

Actuarial cost method	Entry Age, level percentage of pay
Inflation	2.00 percent
Salary increases	Service graded table
Medical trend	6.50 percent in 2022, grading to 5.00 percent over six years and then to 4.00 percent over the next 48 years

The current year discount rate is 2.00 percent. The discount rate is based on the 20-Year AA-rated municipal bond yield.

Mortality rates used are based on Society of Actuaries 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, 2022

Balance at January 1, 2022*	$	147,212
Changes for the year		
Service cost	$	25,499
Interest		3,442
Benefit payments		(1,263)
Net change	$	27,678
Balance at December 31, 2022	$	174,890

*Includes $147,212 adjustment to match the actuarial valuation's "Beginning of Measurement Year" Total OPEB Liability. This represents the January 1, 2022, OPEB liability assumed by Western Prairie Human Services from Pope and Grant County and is included in the Special Items on Exhibit 2.

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 1.00 percentage point lower or 1.00 percentage point higher than the current discount rate:

Sensitivity of the Total OPEB Liability to Changes
In the Discount Rate as of December 31, 2022

	Discount Rate	Total OPEB Liability
1% Decrease	1.00%	$ 189,995
Current	2.00%	174,890
1% Increase	3.00%	160,531

The following presents the total OPEB liability of Western Prairie Human Services, calculated using the health care 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 1.00 percentage point lower or 1.00 percentage point higher than the current health care cost trend rate:

Sensitivity of the Total OPEB Liability to Changes
In the Health Care Trend Rates as of December 31, 2022

	Health Care Trend Rate	Total OPEB Liability
1% Decrease	5.50% Decreasing to 4.00%	$ 152,526
Current	6.50% Decreasing to 5.00%	174,890
1% Increase	7.50% Decreasing to 6.00%	201,677

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

For the year ended December 31, 2022, Western Prairie Human Services recognized OPEB expense of $27,596.

Western Prairie Human Services reported deferred outflows of resources related to OPEB from the following source:

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB as of December 31, 2022

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions made subsequent to the measurement date	$ 1,345	$ -

The $1,345 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended December 31, 2023.

Changes in Actuarial Assumptions

There were no changes in actuarial assumptions in 2022 since Western Prairie Human Services was newly created on January 1, 2022.

Pension Plans

Defined Benefit Pension Plans

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

The General Employees Plan (accounted for in the General Employees Fund) has multiple benefit structures with members belonging to the Coordinated Plan, the Basic Plan, or the Minneapolis Employees Retirement Fund. Coordinated Plan members are covered by Social Security, and the Basic Plan and Minneapolis Employees Retirement Fund members are not. The Basic Plan was closed to new members in 1967. The Minneapolis Employees Retirement Fund was closed to new members during 1978 and merged into the General Employees Plan in 2015. All new members must participate in the Coordinated Plan, for which benefits vest after five years of credited service. No 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 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 June 30 before the effective date of the increase will receive a reduced prorated increase. For members retiring on January 1, 2024, or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under the Rule of 90 are exempt from the delay to normal retirement.

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

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

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

Contributions

Pension benefits are funded from member and employer contributions and income from the investment of fund assets. Rates for employer and employee contributions are set by Minn. Stat. ch. 353. These statutes are established and amended by the state legislature. General Employees Plan members were required to contribute 6.50 percent of their annual covered salary in 2022. The employer was required to contribute 7.50 percent of annual covered salary in 2022. The employee and employer rates did not change from 2021.

Western Prairie Human Services' contributions for the General Employees Plan for the year ended December 31, 2022, were $259,519. The contributions are equal to the statutorily required contributions as set by state statute.

Pension Costs

General Employees Plan

At December 31, 2022, Western Prairie Human Services reported a liability of $2,859,132 for its proportionate share of the General Employees Plan's net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. 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, 2021, through June 30, 2022, relative to the total employer contributions received

from all of PERA's participating employers. At June 30, 2022, Western Prairie Human Services' proportion was 0.0361 percent. Western Prairie Human Services recognized pension expense of $206,498 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 $12,505 as grant revenue and pension expense for its proportionate share of the State of Minnesota's pension expense related to the special funding situation.

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

Western Prairie Human Services' proportionate share of the net pension liability	$ 2,859,132
State of Minnesota's proportionate share of the net pension liability associated with Western Prairie Human Services	83,690
Total	$ 2,942,822

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:

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 23,882	$ -
Changes in actuarial assumptions	19,548	-
Difference between projected and actual investment earnings	1,034,263	-
Changes in proportion	-	98,355
Contributions paid to PERA subsequent to the measurement date	142,042	-
Total	$ 1,219,735	$ 98,355

The $142,042 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

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

Year Ended December 31	Pension Expense Amount
2023	$ 240,256
2024	240,258
2025	240,258
2026	258,566

Actuarial Assumptions

The total pension liability in the June 30, 2022, actuarial valuations were determined using the individual entry-age normal actuarial cost method and the following additional actuarial assumptions:

Actuarial Assumptions for the Year Ended June 30, 2022

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

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabilitants were based on the Pub-2010 General Employee Mortality table for the General Employees Plan, with slight adjustments. Cost-of-living benefit increases for retirees are assumed to be 1.25 percent for the General Employees Plan per year through December 31, 2054, and 1.50 percent per year thereafter.

Actuarial assumptions used in the June 30, 2022, valuation were based on the results of actuarial experience studies. The experience study for the General Employees Plan was dated June 27, 2019. A review of inflation and investment assumptions dated July 12, 2022, was utilized.

The long-term expected rate of return on pension plan investments is 6.50 percent. The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness of the long-term expected rate of return on a regular basis using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages.

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

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

Discount Rate

The discount rate used to measure the total pension liability was 6.50 percent for the General Employees Plan in 2022, which remained consistent with 2021. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, the fiduciary net position of the General Employees Plan was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Actuarial Assumptions and Plan Provisions

The following changes in actuarial assumptions occurred in 2022:

General Employees Plan

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

Pension Liability Sensitivity

The following presents Western Prairie Human Services' proportionate share of the net pension liability calculated using the discount rate previously disclosed, as well as what 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, 2022

	Proportionate Share of the General Employees Plan	
	Discount Rate	Net Pension Liability
1% Decrease	5.50%	$ 4,516,149
Current	6.50%	2,859,132
1% Increase	7.50%	1,500,123

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 2022 and 2023. Should the MCIT Workers' Compensation Division liabilities exceed assets, MCIT may assess the County 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 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 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 2022, Western Prairie provided $32,890 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, Region 4 South Consortium, 507 North Nokomis Northeast, Suite 203, Alexandria, Minnesota 56308.

Required Supplementary Information

Western Prairie Human Services
Elbow Lake, Minnesota

Exhibit A-1

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

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Intergovernmental	$ 6,925,620	$ 6,925,620	$ 7,703,638	$ 778,018
Charges for services	1,134,506	1,134,506	1,170,533	36,027
Miscellaneous	144,750	144,750	616,946	472,196
Total Revenues	**$ 8,204,876**	**$ 8,204,876**	**$ 9,491,117**	**$ 1,286,241**
Expenditures				
Current				
Human services				
Income maintenance	$ 2,311,812	$ 2,311,812	$ 2,568,761	$ (256,949)
Social services	5,783,066	5,783,066	5,748,283	34,783
Coordinator on aging	109,998	109,998	102,135	7,863
Total human services	**$ 8,204,876**	**$ 8,204,876**	**$ 8,419,179**	**$ (214,303)**
Capital outlay				
Human services	**$ -**	**$ -**	**$ 199,305**	**$ (199,305)**
Debt service				
Principal	$ -	$ -	$ 29,560	$ (29,560)
Interest	-	-	1,022	(1,022)
Total debt service	**$ -**	**$ -**	**$ 30,582**	**$ (30,582)**
Total Expenditures	**$ 8,204,876**	**$ 8,204,876**	**$ 8,649,066**	**$ (444,190)**
Excess of Revenues Over (Under) Expenditures	**$ -**	**$ -**	**$ 842,051**	**$ 842,051**
Other Financing Sources (Uses)				
Leases issued	**$ -**	**$ -**	**$ 199,305**	**$ 199,305**
Special Items				
Grant County contribution to Western Prairie Human Services	$ -	$ -	$ 1,762,491	$ 1,762,491
Pope County contribution to Western Prairie Human Services	-	-	2,818,978	2,818,978
Total Special Items	**$ -**	**$ -**	**$ 4,581,469**	**$ 4,581,469**
Net Change in Fund Balance	**$ -**	**$ -**	**$ 5,622,825**	**$ 5,622,825**
Fund Balance – January 1	-	-	-	-
Fund Balance – December 31	**$ -**	**$ -**	**$ 5,622,825**	**$ 5,622,825**

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

Western Prairie Human Services
Elbow Lake, Minnesota

Exhibit A-2

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

	2022
Total OPEB Liability	
Service cost	$ 25,499
Interest	3,442
Benefit payments	(1,263)
Net change in total OPEB liability	**$ 27,678**
Total OPEB Liability – Beginning*	**147,212**
Total OPEB Liability – Ending	**$ 174,890**
Covered-employee payroll	$ 3,613,689
Total OPEB liability (asset) as a percentage of covered-employee payroll	4.84%

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

* – Includes $147,212 adjustment to match the actuarial valuation's "Beginning of Measurement Year" Total OPEB Liability. This represents the January 1, 2022, OPEB liability assumed by Western Prairie Human Services from Pope and Grant County and is included in the Special Items on Exhibit 2.

Western Prairie Human Services
Elbow Lake, Minnesota

Exhibit A-3

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

Measurement Date	Employer's Proportion of the Net Pension Liability/ Asset	Employer's Proportionate Share of the Net Pension Liability (Asset) (a)	State's Proportionate Share of the Net Pension Liability Associated with 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
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.

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

Western Prairie Human Services
Elbow Lake, Minnesota

Exhibit A-4

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

Year Ending	Statutorily Required Contributions (a)	Actual Contributions in Relation to Statutorily Required Contributions (b)	Contribution (Deficiency) Excess (b - a)	Covered Payroll (c)	Actual Contributions as a Percentage of Covered Payroll (b/c)
2022	$ 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 Priaire Human Services' year-end is December 31.

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

Western Prairie Human Services
Elbow Lake, Minnesota

Notes to the Required Supplementary Information
For the Year Ended December 31, 2022

Note 1 – Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles. All annual appropriations lapse at fiscal year-end.

The appropriated budget is prepared by fund, function, and department. Western Prairie Human Services' department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require approval of the Board. The legal level of budgetary control (the level at which expenditures may not legally exceed appropriations) is the fund level. During the year, the Board made no budgetary amendments.

Note 2 – Excess of Expenditures Over Budget

The following major fund had expenditures in excess of final budgets for the year ended December 31, 2022:

Excess of Expenditures Over Budget for the Year Ended December 31, 2022

	Expenditures	Budget	Excess
General Fund	$ 8,649,066	$ 8,204,876	$ 444,190

Note 3 – 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 4 – Other Postemployment Benefits – Changes in Significant Plan Provisions, Actuarial Methods, and Assumptions

No changes in actuarial assumptions occurred in 2022.

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

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

General Employees Retirement Plan

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

Pope County Local Collaborative – to account for the collection and payment of amounts due to the Pope County 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, 2022

	Custodial Funds			
	Pope County Local Collaborative	Assertive Community Treatment	Adult Mental Health Initiative	Total Custodial Funds
Assets				
Cash	$ 105,806	$ 925,148	$ -	$ 1,030,954
Accounts receivable	1,675	66,211	109,327	177,213
Due from other governments	-	14,808	666,476	681,284
Total Assets	**$ 107,481**	**$ 1,006,167**	**$ 775,803**	**$ 1,889,451**
Liabilities				
Accounts payable	$ -	$ 30,121	$ 42,123	$ 72,244
Due to other governments	-	-	865,365	865,365
Total Liabilities	**$ -**	**$ 30,121**	**$ 907,488**	**$ 937,609**
Net Position				
Restricted for individuals, organizations, and other governments	**$ 107,481**	**$ 976,046**	**$ (131,685)**	**$ 951,842**

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, 2022

	Custodial Funds			
	Pope County Local Collaborative	Assertive Community Treatment	Adult Mental Health Initiative	Total Custodial Funds
Additions				
Payments from state	$ 47,890	$ 213,950	$ 1,464,453	$ 1,726,293
Payments from other individuals/entities	25,498	954,812	244,435	1,224,745
Miscellaneous	-	209	349	558
Total Additions	**$ 73,388**	**$ 1,168,971**	**$ 1,709,237**	**$ 2,951,596**
Deductions				
Administrative expense	$ -	$ 727,974	$ 291,724	$ 1,019,698
Payments to other individuals/entities	78,914	366,239	1,325,734	1,770,887
Total Deductions	**$ 78,914**	**$ 1,094,213**	**$ 1,617,458**	**$ 2,790,585**
Special Item				
Transfer of fiduciary activities from Grant and Pope Counties to Western Prairie Human Services	$ 113,007	$ 901,288	$ (223,464)	$ 790,831
Change in Net Position	**$ 107,481**	**$ 976,046**	**$ (131,685)**	**$ 951,842**
Net Position – January 1	-	-	-	-
Net Position – December 31	**$ 107,481**	**$ 976,046**	**$ (131,685)**	**$ 951,842**

Schedules

Western Prairie Human Services
Elbow Lake, Minnesota

Exhibit C-1

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

Appropriations and Shared Revenues		
State		
PERA aid	$	5,776
Local		
Contributions from counties		3,293,092
Total appropriations and shared revenues	**$**	**3,298,868**
Reimbursement for Services		
State		
Minnesota Department of Human Services	**$**	**910,292**
Payments		
Local		
Local contributions	**$**	**602,251**
Grants		
State		
Minnesota Department of Human Services	**$**	**966,606**
Federal		
Department of Agriculture	$	274,121
Treasury		24,211
Health and Human Services		1,627,289
Total federal	**$**	**1,925,621**
Total state and federal grants	**$**	**2,892,227**
Total Intergovernmental Revenue	**$**	**7,703,638**

Western Prairie Human Services
Elbow Lake, Minnesota

Exhibit C-2

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

Federal Grantor Pass-Through Agency Program or Cluster Title	Assistance Listing Number	Pass-Through Grant Numbers	Expenditures	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	222MN101S2514	**$ 274,121**	**$ 28,259**
U.S. Department of Treasury				
Passed Through Grant County, Minnesota				
COVID-19 – Coronavirus State and Local Fiscal Recovery Funds	21.027	Not provided	**$ 24,211**	**$ -**
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	314-22-003B-435	$ 33,424	$ -
National Family Caregiver Support, Title III, Part E	93.052	314-22-003E-425	47,462	-
Passed Through Minnesota Department of Human Services				
Promoting Safe and Stable Families	93.556	2101MNFPSS	3,831	-
(Total Promoting Safe and Stable Families 93.556 $4,208)				
Temporary Assistance for Needy Families	93.558	2201MNTANF	172,426	1,727
Child Support Enforcement	93.563	2201MNCSES	56,731	17,235
Child Support Enforcement	93.563	2201MNCEST	223,826	-
(Total Child Support Enforcement 93.563 $280,557)				
Refugee and Entrant Assistance -State Administered Programs	93.566	2201MNRCMA	445	48
CCDF Cluster				
Child Care and Development Block Grant	93.575	2201MNCCDF	5,221	-
(Total Child Care and Development Block Grant 93.575 $5,835)				
Community-Based Child Abuse Prevention Grants	93.590	2102MNBCAP	10,454	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	2101MNCWSS	4,370	-
(Total Stephanie Tubbs Jones Child Welfare Services Program 93.645 $4,713)				
Foster Care – Title IV-E	93.658	2201MNFOST	108,845	15,698
(Total Foster Care – Title IV-E 93.658 $125,641)				
Social Services Block Grant	93.667	2201MNSOSR	160,166	-
Child Abuse and Neglect State Grants	93.669	2101MNNCAN	5,655	-
(Total Child Abuse and Neglect State Grants 93.669 $6,411)				
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	2201MNCILP	17,079	-
Children's Health Insurance Program	93.767	2205MN5021	1,497	172
Medicaid Cluster				
Medical Assistance Program	93.778	2205MN5ADM	460,187	57,316
Medical Assistance Program	93.778	2205MN5MAP	7,924	-
(Total Medical Assistance Program 93.778 $770,455)				

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

Western Prairie Human Services
Elbow Lake, Minnesota

Exhibit C-2
(Continued)

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

Federal Grantor Pass-Through Agency Program or Cluster Title	Assistance Listing Number	Pass-Through Grant Numbers	Expenditures	Passed Through to Subrecipients
U.S. Department of Health and Human Services				
(Continued)				
Passed Through Grant County, Minnesota				
Promoting Safe and Stable Families	93.556	2101MNFPSS	196	-
(Total Promoting Safe and Stable Families 93.556 $4,208)				
CCDF Cluster				
Child Care and Development Block Grant	93.575	2201MNCCDF	34	-
(Total Child Care and Development Block Grant 93.575 $5,835)				
Stephanie Tubbs Jones Child Welfare Services Program	93.645	2101MNCWSS	178	-
(Total Stephanie Tubbs Jones Child Welfare Services Program 93.645 $4,713)				
Foster Care – Title IV-E	93.658	2201MNFOST	2,577	-
(Total Foster Care – Title IV-E 93.658 $125,641)				
Child Abuse and Neglect State Grants	93.669	2101MNNCAN	393	-
(Total Child Abuse and Neglect State Grants 93.669 $6,411)				
Passed Through Pope County, Minnesota				
Promoting Safe and Stable Families	93.556	2101MNFPSS	181	-
(Total Promoting Safe and Stable Families 93.556 $4,208)				
CCDF Cluster				
Child Care and Development Block Grant	93.575	2201MNCCDF	580	-
(Total Child Care and Development Block Grant 93.575 $5,835)				
Stephanie Tubbs Jones Child Welfare Services Program	93.645	2101MNCWSS	165	-
(Total Stephanie Tubbs Jones Child Welfare Services Program 93.645 $4,713)				
Foster Care – Title IV-E	93.658	2201MNFOST	14,219	-
(Total Foster Care – Title IV-E 93.658 $125,641)				
Child Abuse and Neglect State Grants	93.669	2101MNNCAN	363	-
(Total Child Abuse and Neglect State Grants 93.669 $6,411)				
Medicaid Cluster				
Medical Assistance Program	93.778	2205MN5ADM	302,344	-
(Total Medical Assistance Program 93.778 $770,455)				
Total U.S. Department of Health and Human Services			**$ 1,640,773**	**$ 92,196**
Total Federal Awards			**$ 1,939,105**	**$ 120,455**

Totals by Cluster

Total expenditures for SNAP Cluster	$ 274,121
Total expenditures for Aging Cluster	33,424
Total expenditures for CCDF Cluster	5,835
Total expenditures for Medicaid Cluster	770,455

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

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, 2022

Note 1 – Summary of Significant Accounting Policies

Reporting Entity

The Schedule of Expenditures of Federal Awards presents the activities of federal award programs expended by Western Prairie Human Services. The County'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, 2022. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Western Prairie Human Services, it is not intended to and does not present the financial position or changes in net position 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

Reconciliation to Schedule of Intergovernmental Revenue

Federal grant revenue per Schedule of Intergovernmental Revenue	$	1,925,621
Grants received more than 60 days after year-end, considered unavailable revenue in 2022		
Promoting Safe and Stable Families (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	$	1,939,105

Management and Compliance Section

STATE OF MINNESOTA

Julie Blaha
State Auditor

Office of the State Auditor

Suite 500
525 Park Street
Saint Paul, MN 55103

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

Independent Auditor's Report

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, 2022, and the related notes to the financial statements, which collectively comprise Western Prairie Human Services' basic financial statements, and have issued our report thereon dated March 7, 2024.

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 an 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 2022-001 through 2022-003 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,

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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 2022-006. 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 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 internal control and legal compliance findings identified in our audit and described in the accompanying Corrective Action Plan. 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, 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

March 7, 2024

STATE OF MINNESOTA

Julie Blaha
State Auditor

Office of the State Auditor

Suite 500
525 Park Street
Saint Paul, MN 55103

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

Independent Auditor's Report

Board of Commissioners
Western Prairie Human Services
Elbow Lake, Minnesota

Report on Compliance for Each Major Federal Program

Qualified and Unmodified Opinions
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 each of Western Prairie Human Services' major federal programs for the year ended December 31, 2022. Western Prairie Human Services' major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Qualified Opinion on the Medicaid Cluster
In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, 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 the Medicaid Cluster for the year ended December 31, 2022.

Unmodified Opinion on the Other Major Federal Program
In our opinion, Western Prairie Human Services complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its other major federal program identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs for the year ended December 31, 2022.

Basis for Qualified and Unmodified Opinions
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 qualified and unmodified opinions on compliance for each major federal program. Our audit does not provide a legal determination of Western Prairie Human Services' compliance with the compliance requirements referred to above.

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Matter Giving Rise to Qualified Opinion on the Medicaid Cluster
As described in the accompanying Schedule of Findings and Questioned Costs, Western Prairie Human Services did not comply with requirements regarding Assistance Listing No. 93.778 Medical Assistance Program as described in finding number 2022-005 for Reporting.

Compliance with such requirements is necessary, in our opinion, for Western Prairie Human Services to comply with the requirements applicable to that program.

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 each major federal program as a whole.

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

- exercise professional judgment and maintain professional skepticism throughout the audit;

- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding 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.

Other Matters
The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance, and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2022-004. Our opinion on each major federal program is not modified with respect to this matter.

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

Report on Internal Control Over Compliance

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

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. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2022-005 to be a material weakness.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2022-004 to be a significant deficiency.

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

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

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

/s/Julie Blaha

Julie Blaha
State Auditor

/s/Chad Struss

Chad Struss, CPA
Deputy State Auditor

March 7, 2024

Western Prairie Human Services
Elbow Lake, Minnesota

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

Section I – Summary of Auditor's Results

Financial Statements

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

Internal control over financial reporting:
- Material weaknesses identified? **Yes**
- Significant deficiencies identified? **None reported**

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

Federal Awards

Internal control over major federal programs:
- Material weaknesses identified? **Yes**
- Significant deficiencies identified? **Yes**

Type of auditor's report issued on compliance for major federal programs: **Unmodified, except for the Medicaid Cluster, which is qualified.**

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

Identification of major federal programs:

Assistance Listing Number	Name of Federal Program or Cluster
93.667	Social Services Block Grant
93.778	Medicaid Cluster

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

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

Section II – Financial Statement Findings

2022-001 Bank Reconcilliation
Prior Year Finding Number: N/A
Repeat Finding Since: N/A
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 prevented and detected in a timely manner and involve the comparison of records or balances from different

sources. Effective reconciliations properly account for any differences between the records or balances. This includes investigating why the differences exist and resolving them in a timely manner.

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.

Context: Western Prairie Human Services does not have a formal bank reconciliation policy 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 formal bank reconciliation procedures to ensure reconciliations are completed in a timely manner. Bank reconciliations should be documented, and a supervisory review should be performed and documented once the reconciliations are complete.

View of Responsible Official: Concur

2022-002 Material Audit Adjustment
Prior Year Finding Number: N/A
Repeat Finding Since: N/A
Type of Finding: Internal Control Over Financial Reporting
Severity of Deficiency: Material Weakness

Criteria: 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 of the financial statements on a timely basis. Auditing standards define a material weakness as a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

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

Context: The inability to detect material misstatements in the financial statements increases the likelihood that the financial statements would not be fairly presented. The adjustment was found in the audit; however, independent external auditors cannot be considered part of Western Prairie Human Services' internal control.

Effect: The following audit adjustment was reviewed and approved by the appropriate staff and is reflected in the financial statements. Cash and revenues in the General Fund increased by $425,235 to record revenue receipted and not recorded in the general ledger.

Cause: Bank reconciliations were not completed during the year. If bank reconciliations had been performed, it is likely that this adjustment would have been identified and corrected.

Recommendation: We recommend Western Prairie Human Services review internal controls currently in place and design and implement procedures to improve internal controls over financial reporting which will prevent, or detect and correct, misstatements in the financial statements. The updated controls should include review of the balances and supporting documentation by a qualified individual to identify potential misstatements.

View of Responsible Official: Concur

2022-003 Budgets
Prior Year Finding Number: N/A
Repeat Finding Since: N/A
Type of Finding: Internal Control Over Financial Reporting
Severity of Deficiency: Material Weakness

Criteria: Generally accepted accounting principles recommend that expenditure estimates and the annual budget be appropriated to the various operational entities within the organization and that line-item budget detail by fund should be available. Budget best practices include: (1) an annual budget adopted by governance; 2) an accounting system that provides the basis for appropriate budgetary controls; and (3) a common classification used consistently throughout the budgets, accounts, and financial reports of each fund. Western Prairie Human Services should adopt an accurate budget and it should be followed. The adopted budget should be designed so that comparisons can be made between the current year and budget year. Any amendments to the budget should be approved and documented in the official minutes.

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 did have email support for total budgeted expenditures of $8,329,944. Total budgeted expenditures reported in IFS were $8,204,876, leaving a difference of $125,068.

Effect: When budgets are not Board approved or not entered into IFS properly, it becomes difficult to compare budget to actual activity, and the budget cannot effectively be used as a monitoring tool.

Cause: This is the first year of operation for 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 and this approval be documented in the Board minutes. We also recommend Western Prairie Human Services improve budgetary accounting, which should include reviewing the budgets entered into IFS for accuracy and comparing them to the Board-approved budgets to ensure there are no differences.

View of Responsible Official: Concur

Section III – Federal Award Findings and Questioned Costs

2022-004 Eligibility
Prior Year Finding Number: N/A
Repeat Finding Since: N/A
Type of Finding: Internal Control Over Compliance and Compliance
Severity of Deficiency: Significant Deficiency and Other Matter

Federal Agency: U.S. Department of Health and Human Services
Program: 93.778 Medical Assistance Program
Award Number and Year: 2205MN5ADM; 2022

Pass-Through Agency: Minnesota Department of Human Services

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

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.

Questioned Costs: Not applicable. The Western Prairie Human Services administers the program, but benefits to participants in this program are paid by the State of Minnesota.

Context: The State of Minnesota Department of Human Services (DHS) contracts with Western Prairie Human Services to perform the "intake function" needed (meeting with the social services client to determine income and categorical eligibility), while the State maintains MAXIS and METS, supporting the eligibility determination process and actually paying the benefits to participants.

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

Effect: The improper input or updating of information into MAXIS and METS increases the risk that clients will receive benefits when they are not eligible.

Cause: Program personnel entering case information into MAXIS and METS did not ensure all required information was input into MAXIS and METS correctly. This was caused by human error.

Recommendation: We recommend Western Prairie Human Services implement additional procedures to provide reasonable assurance that all necessary documentation is properly input or updated in MAXIS and METS and issues are followed up on in a timely manner.

View of Responsible Official: Concur

2022-005 Reporting
Prior Year Finding Number: N/A
Repeat Finding Since: N/A
Type of Finding: Internal Control Over Compliance and Compliance
Severity of Deficiency: Material Weakness and Modified Opinion

Federal Agency: U.S. Department of Health and Human Services
Program: 93.778 Medical Assistance Program
Award Number and Year: 2205MN5ADM; 2022

Pass-Through Agency: Minnesota Department of Human Services

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

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.

Questioned Costs: None.

Context: The Minnesota Department of Human Services requires entities to complete the DHS 2550/2556 reports quarterly and to retain an original signed copy of the submitted report for four years. The Minnesota Department of Human Services requires entities to complete the LCTS reports quarterly. The LCTS Fiscal Reporting and Payment Agent and Fiscal Site Contacts must print a copy, sign it, and retain the signed copy for the length of time required by the Western Prairie Human Services retention policy or four years, whichever is longer.

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

Effect: Lack of review and proper support could lead to incorrect reporting submissions.

Cause: There was turnover in the financial staff during this time and these items were an oversight.

Recommendation: We recommend Western Prairie Human Services maintain supporting documentation for quarterly reports. We also recommend Western Prairie Human Services implement procedures to review the reports for accuracy by someone other than the preparer and to retain the signed copies in accordance with the Minnesota Department of Human Services guidelines.

View of Responsible Official: Concur

Section IV – Other Findings and Recommendations

2022-006 Insufficient Collateral
Prior Year Finding Number: N/A
Repeat Finding Since: N/A
Type of Finding: Minnesota Legal Compliance

Criteria: Per Minn. Stat. § 118A.03, if a government entity desires to deposit an amount in excess of deposit insurance, it must obtain a bond or collateral which, when computed at its market value, shall be at least ten percent more than the amount of the excess deposit at the close of the banking day. If irrevocable standby letters of credit from Federal Home Loan Banks are used as collateral, the amount must be equal to the amount of the excess deposit at the close of the banking day.

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.

Context: Western Prairie Human Services is the fiscal agent for Region 4 South Adult Mental Health Consortium (Region 4). The accounts for Region 4 are held at the same bank and also require collateral to cover their accounts as well. Additional Collateral was obtained in December in amounts totaling $6,300,000, which was sufficient to cover balances at year end.

Effect: In the event the bank defaults, Western Prairie Human Services may lose deposits not covered by FDIC insurance and collateral.

Cause: The bank did not designate Western Prairie Human Services as a public entity at the time the accounts were opened. It was not until September of 2022 that the bank identified the issue and pledged collateral for the account balances. Additionally, Western Prairie Human Services staff were not monitoring collateral coverage on a monthly basis.

Recommendation: We recommend that Western Prairie Human Services develop procedures to review amounts pledged as collateral for deposits each month.

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, 2022

Finding Number: 2022-001
Finding Title: Bank Reconciliation

Name of Contact Person Responsible for Corrective Action:

Tracy Bowman

Corrective Action Planned:

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.

Anticipated Completion Date:

6/30/2024

Finding Number: 2022-002
Finding Title: Material Audit Adjustment

Name of Contact Person Responsible for Corrective Action:

Tracy Bowman

Corrective Action Planned:

We will have the bank account reconciliations and financials reviewed by management monthly. This will be outlined in our formal procedure.

Anticipated Completion Date:

6/30/2024

Finding Number: 2022-003
Finding Title: Budget Controls

Name of Contact Person Responsible for Corrective Action:

Tracy Bowman

Corrective Action Planned:

The annual budget amount will be documented in board minutes.

Anticipated Completion Date:

12/31/2023

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

Name of Contact Person Responsible for Corrective Action:

Crystal Zaviska

Corrective Action Planned:

Implement semi-annual trainings including asset verifications, timelines, and income verifications.

Anticipated Completion Date:

12/31/2023

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

Name of Contact Person Responsible for Corrective Action:

Tracy Bowman

Corrective Action Planned:

All quarterly DHS reports will be reviewed and signed following completion. Documentation for all will be maintained.

Anticipated Completion Date:

12/31/2022

Finding Number: 2022-006
Finding Title: Insufficient Collateral

Name of Contact Person Responsible for Corrective Action:

Tracy Bowman

Corrective Action Planned:

Collateral coverage will be monitored monthly.

Anticipated Completion Date:

12/31/2023