

State of Minnesota



Office of the State Auditor

Julie Blaha
State Auditor

Audit Practice Division

Putting All Communities Together for Families Collaborative Willmar, Minnesota

Annual Financial Report and
Management and Compliance Report

Year Ended December 31, 2024

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Putting All Communities Together for Families Collaborative Willmar, Minnesota

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Introductory Section

Putting All Communities Together for Families Collaborative Willmar, Minnesota

Organization
December 31, 2024

	Position	Agency	Term Expires
Executive Board			
Mary Jo DeCathelineau	Chair	Corrections	2026
Lori Anderson	Vice Chair	Parent Representative	2024
Leah Lundgren	Member	Member at Large	2024
Heather Jeseritz	Member	Member at Large	2024
Carrie Peterson	Member	Parent Representative	2025
Wendell Veurink	Member	Mental Health	2025
Rae Ann Keeler-Aus	Member	Social Services	2025
Diane Winter	Member	Public Health	2026
Kodi Goracke	Member	Public Schools	2026
Fiscal Supervisor			
Brenda Peterson			
Director			
Sarah Vonderharr			

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

Financial Section



Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and the General Fund of Putting All Communities Together for Families Collaborative (PACT) as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Collaborative's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the General Fund of PACT as of December 31, 2024, and the respective changes in financial position and the budgetary comparison of the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of Changes in Total OPEB Liability and Related Ratios – Other Postemployment Benefits, PERA retirement plan schedules, and Notes to the Required Supplementary Information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 22, 2025, on our consideration of PACT's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of PACT's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering PACT's internal control over financial reporting and compliance.

/s/Julie Blaha

Julie Blaha
State Auditor

September 22, 2025

/s/Chad Struss

Chad Struss, CPA
Deputy State Auditor

Management's Discussion and Analysis

Putting All Communities Together for Families Collaborative Willmar, Minnesota

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

This section of the annual financial report provides Management's Discussion and Analysis (MD&A) of Putting All Communities Together for Families Collaborative's (PACT) financial performance for the fiscal year ending December 31, 2024. The MD&A is a required part of the financial report and serves as supplementary information specified by the Governmental Accounting Standards Board's (GASB) Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, which was issued in June 1999.

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

Financial Highlights

Key financial highlights for the 2024 fiscal year include the following:

- Total net position is \$1,748,860, of which \$1,749,093 is unrestricted.
- Net position increased for the year ending December 31, 2024, by \$155,739.
- PACT has federally funded grants that pass-through state departments:

Special Populations Chemical Health Grant entitled Guía, from the Minnesota Department of Human Services Alcohol and Drug Abuse Division	\$ 84,081
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- PACT also has federally funded grants directly from the U.S. Department of Health and Human Services, Substance Abuse Mental Health Services Administration (SAMHSA), as follows:

Journey to Independence System of Care	\$ 505,722
Partnerships for Success	329,622
Road to Success	501,108

- Government-wide net position increased 9.78 percent from the prior year.
- Overall government-wide revenues totaled \$2,906,874 and were \$111,435 more than the prior year and \$155,739 more than expenses.
- The General Fund balance increased \$53,290, or 2.02 percent, from the prior year.

Overview of the Financial Statements

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

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

The basic financial statements are explained further and include:

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

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

Financial Analysis of PACT as a Whole

Net position – the net position was \$1,748,860 on December 31, 2024.

Table 1
Statement of Net Position

	2024	2023	Percent Change (%)
Assets			
Cash and investments	\$ 2,500,217	\$ 2,043,261	22.36
Accrued interest receivable	10,179	20,488	(50.32)
Due from other governments	593,341	915,609	(35.2)
Capital assets-net	49,257	16,574	197.19
Total Assets	\$ 3,152,994	\$ 2,995,932	5.24
Deferred Outflows of Resources			
Deferred other post-employment benefits outflows	\$ 20,804	\$ 26,031	(20.08)
Deferred pension outflows	157,291	383,865	(59.02)
Total Deferred Outflows of Resources	\$ 178,095	\$ 409,896	(56.55)
Liabilities			
Accounts payable	\$ 2,853	\$ 1,984	43.8
Salaries payable	109,624	99,376	10.31
Accrued payroll taxes	7,681	6,901	11.3
Due to other governments	4,386	16,660	(73.67)
Unearned revenue	3,912	77	4980.52
Long-term liabilities			
Due within one year	48,177	32,786	46.94
Due in more than one year	63,000	48,004	31.24
Other post-employment benefits liability due within one year	2,464	-	100
Other post-employment benefits liability due in more than one year	73,307	67,607	8.43
Net pension liability	721,196	1,112,786	(35.19)
Total Liabilities	\$ 1,036,600	\$ 1,386,181	(25.22)
Deferred Inflows of Resources			
Deferred other post-employment benefits inflows	\$ 5,603	\$ 7,243	(22.64)
Deferred pension inflows	540,026	419,283	28.8
Total Deferred Inflows of Resources	\$ 545,629	\$ 426,526	27.92
Net Position			
Net investment in capital assets	\$ (233)	\$ (211)	10.43
Unrestricted	1,749,093	1,593,332	9.78
Total Net Position	\$ 1,748,860	\$ 1,593,121	9.78

Table 2
Change in Net Position

	2024	2023	Percent Change (%)
Revenues			
Program revenues			
Operating grants and contributions	\$ 1,913,850	\$ 1,748,148	9.48
Fees, charges, and other	614,418	636,593	(3.48)
General revenues			
Grants and contributions not restricted to specific programs	255,802	297,564	(14.03)
Investment earnings	122,804	113,134	8.55
Total Revenues	<u>\$ 2,906,874</u>	<u>\$ 2,795,439</u>	3.99
Expenses			
Program expenses			
General government	\$ 2,750,351	\$ 2,826,473	(2.69)
Debt service – interest	784	652	20.25
Total Expenses	<u>\$ 2,751,135</u>	<u>\$ 2,827,125</u>	(2.69)
Increase (Decrease) in Net Position	\$ 155,739	\$ (31,686)	(591.51)
Beginning Net Position	1,593,121	1,624,807	(1.95)
Ending Net Position	<u>\$ 1,748,860</u>	<u>\$ 1,593,121</u>	9.78

Capital Assets

As of December 31, 2024, PACT had a total of \$49,257 invested in capital assets, as shown in Table 3 below.

Table 3
Capital Assets at Year-End

	2024	2023
Machinery, furniture, and equipment	\$ 66,886	\$ 66,886
Less: accumulated depreciation	(66,886)	(66,886)
Lease building	65,673	66,308
Less: accumulated amortization	(16,416)	(49,734)
Net Capital Assets	<u>\$ 49,257</u>	<u>\$ 16,574</u>

Financial Analysis of PACT at the Fund Level

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

- For the fiscal year, PACT's governmental fund reported a fund balance of \$2,690,997, representing an increase of \$53,290, or 2.02 percent, from the previous year's balance of \$2,637,707.
- This increase in the fund balance indicates positive financial performance.

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

Budgetary Highlights

In 2024, PACT's Board made no amendments or revisions to the adopted budget. However, there were notable differences between budgeted and actual revenues and expenditures:

- Actual revenues were \$204,001 less than budgeted, primarily due to changes and variations in grant revenues, particularly those grants that span multiple calendar years.
- Expenditures were \$148,055 less than budgeted, reflecting adjustments in the timing of grant spending and variations in federally sourced grants.

The most significant variances occurred with grants coming through federal systems, such as Journey to Independence, Partnerships for Success, and Road to Success. These grants are based on a federal fiscal year, and budgeted and audited on a calendar year.

Overall, the net position increased by \$155,739, primarily due to variations in grant revenues budgeted during the budget cycle and grant revenues received during the calendar year.

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

For the 2024 fiscal year, our grants continued to move forward and build momentum across our five-county service area. Sustainability discussions remained at the forefront of our efforts, ensuring that we can make lasting and impactful changes in our communities to improve outcomes for youth and families. While we continue to navigate the uncertainties of grant funding, we actively pursued additional federal, state, and local resources to sustain prevention, intervention, and family support programming. Alongside federal funding, we remain committed to securing local and foundational support to foster resilience and independence for families and youth facing challenges.

As in previous years, our non-categorical LCTS (local collaborative time study) funding remained variable, making income projections challenging. However, targeted income projections for 2024 were met, and we are optimistic that revenues in 2025 will be further supported through expanded partner training and accountability for random moment time studies. We also recognize that changes and addition of LCTS codes have the potential to increase revenue and strengthen the supports offered across the service region.

Cross-sector collaboration efforts steadily increased throughout 2024, with membership continuing to grow. We remain intentional about fostering collaboration rather than competition and are working to ensure that programming is accessible to all counties. Staff provide regular updates at collaborative meetings, and committee meetings are used to guide discussions about progress toward shared goals and objectives across programs. We continue to provide partners with opportunities to highlight initiatives through collaborative communication channels, and we remain hopeful that cross-sector partnerships will continue to grow across communities and counties, creating regional impact and meaningful change.

To guide our strategic direction, we conducted additional needs assessments with partners and community members, along with hosting community conversations to lift up local voices across the five-county region. These assessments and conversations highlighted familiar challenges, including service delivery gaps, long waitlists, and the importance of culturally and linguistically responsive services. Our Executive Board remains committed to addressing these issues through strategic partnerships and sustainable funding. These themes were also a focus at our 2024 Annual Planning Retreat, where we worked to align resources with existing service structures and programming.

During 2024, several major program and funding shifts occurred:

- **School-Based Services:** On July 1, 2024, we transitioned to step three of our school-based services agreement, with schools now covering 90 percent of costs. Three districts—BOLD, Willmar, and New London-Spicer—opted to internalize their contracts. Step four, where schools assume full cost responsibility, will begin July 1, 2025. As anticipated, some districts will maintain their partnerships with PACT, while others may internalize positions or end contracts with previously contracted staff.
- **Family Support Services (FSS):** The consolidation of Wraparound, Connecting Families, Family Liaison, and Parent Advisory Committee programming under FSS continued to demonstrate cost savings and program efficiencies. Despite staff turnover, positions were refilled in 2024, stabilizing service delivery and strengthening program continuity. We remain focused on bolstering these services and ensuring program resources and information are accessible to county staff, partners, and families across the region.
- **Cultural Programming:** The Guía program concluded June 30, 2024, but PACT successfully integrated cultural programming into other federal initiatives. A proposal submitted for multi-year state funding was approved and began in December of 2024, extending cultural support for youth and families impacted by mental health and substance use challenges for an additional three years, ending September 30, 2027.
- **Journey to Independence (JTI):** The original five-year federally funded System of Care project concluded on August 29, 2024. A renewal application (2024–2028) was submitted and awarded, expanding the age range for services to include youth ages 14–21. This project will continue to strengthen support for youth with serious mental illness (SMI), serious emotional disturbance (SED), and emerging mental health concerns, and will also expand family liaison and peer support across our system of care. Additionally, in 2024, we confirmed that system of care funds could be used to support youth and families from birth to 21, allowing further expansion of outreach and support.
- **Partnerships for Success (PFS):** The five-year prevention initiative will conclude in August 2025. While PFS continues to demonstrate progress in reducing underage drinking, marijuana use, and nicotine use across Kandiyohi, Renville, and Yellow Medicine Counties (as reflected in SHARE and MSS data), continuation funding has not yet been secured. Sustainability planning with coalitions and county partners is ongoing, with two new federal prevention proposals submitted in 2025.
- **Road to Success (RTS):** Entered year three of its five-year cycle in 2024. RTS expanded supports for youth aged 16–25 through SAMHSA’s Healthy Transitions initiative. With \$630,000 annually, RTS continues to strengthen transition services and family engagement, helping rural youth build independence and resilience.

As we look toward 2025, our Collaborative remains committed to advancing prevention, building resilience, and ensuring that youth and families across our service area have equitable access to needed resources. Our sustainability efforts, proactive budget planning, and commitment to cross-sector collaboration will continue to guide us through the next phase of growth and change.

Contacting PACT's Financial Management

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

PACT for Families Collaborative

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

Basic Financial Statements

Government-Wide Financial Statements

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

Exhibit 1

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

Assets

Cash and pooled investments	\$ 2,500,217
Accrued interest receivable	10,179
Due from other governments	593,341
Capital assets	
Depreciable or amortizable – net of accumulated depreciation and amortization	49,257
Total Assets	\$ 3,152,994

Deferred Outflows of Resources

Deferred other postemployment benefits outflows	\$ 20,804
Deferred pension outflows	157,291
Total Deferred Outflows of Resources	\$ 178,095

Liabilities

Accounts payable	\$ 2,853
Salaries payable	109,624
Accrued payroll taxes	7,681
Unearned revenue	3,912
Due to other governments	4,386
Long-term liabilities	
Due within one year	48,177
Due in more than one year	63,000
Other postemployment benefits liability due within one year	2,464
Other postemployment benefits liability due in more than one year	73,307
Net pension liability	721,196
Total Liabilities	\$ 1,036,600

Deferred Inflows of Resources

Deferred other postemployment benefits inflows	\$ 5,603
Deferred pension inflows	540,026
Total Deferred Inflows of Resources	\$ 545,629

Net Position

Net investment in capital assets	\$ (233)
Unrestricted	1,749,093
Total Net Position	\$ 1,748,860

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

Exhibit 2

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

	Program Revenues			Net (Expense)
		Fees, Charges, and Other	Operating Grants and Contributions	Revenue and Change in Net Position
	Expenses			
<u>Functions/Programs</u>				
Governmental activities				
General government	\$ 2,750,351	\$ 614,418	\$ 1,913,850	\$ (222,083)
Interest	784	-	-	(784)
Total Governmental Activities	\$ 2,751,135	\$ 614,418	\$ 1,913,850	\$ (222,867)
General Revenues				
Grants and contributions not restricted to specific programs				\$ 255,802
Investment earnings				122,804
Total general revenues				\$ 378,606
Change in net position				\$ 155,739
Net Position – January 1				1,593,121
Net Position – December 31				\$ 1,748,860

Fund Financial Statements

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

Exhibit 3

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

<u>Assets</u>	
Cash and pooled investments	\$ 2,500,217
Accrued interest receivable	10,179
Due from other governments	<u>593,341</u>
Total Assets	<u>\$ 3,103,737</u>
 <u>Liabilities, Deferred Inflows of Resources, and Fund Balance</u>	
Liabilities	
Accounts payable	\$ 2,853
Salaries payable	109,624
Accrued payroll taxes	7,681
Unearned revenue	3,912
Due to other governments	<u>4,386</u>
Total Liabilities	<u>\$ 128,456</u>
Deferred Inflows of Resources	
Unavailable revenue	<u>\$ 284,284</u>
Fund Balance	
Unassigned	<u>\$ 2,690,997</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 3,103,737</u>

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

Exhibit 4

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

Fund balance – General Fund (Exhibit 3)	\$ 2,690,997
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets, net of accumulated depreciation and amortization, used in governmental activities are not financial resources and, therefore, are not reported in the General Fund.	49,257
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as deferred inflows of resources in the General Fund.	284,284
Deferred outflows of resources and deferred inflows of resources are created as a result of various differences related to other postemployment benefits not recognized in the General Fund.	
Deferred outflows related to other postemployment benefits	\$ 20,804
Deferred inflows related to other postemployment benefits	<u>(5,603)</u>
	15,201
Deferred outflows of resources and deferred inflows of resources are created as a result of various differences related to pensions not recognized in the General Fund.	
Deferred outflows related to pensions	\$ 157,291
Deferred inflows related to pensions	<u>(540,026)</u>
	(382,735)
Long-term liabilities, are not due and payable in the current period and, therefore, are not reported in the General Fund.	
Compensated absences payable	\$ (61,687)
Leases payable	(49,490)
Other postemployment benefits liability	(75,771)
Net pension liability	<u>(721,196)</u>
	<u>(908,144)</u>
Net Position of Governmental Activities (Exhibit 1)	<u>\$ 1,748,860</u>

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

Exhibit 5

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

Revenues	
Intergovernmental	\$ 1,796,038
Charges for services	651,170
Gifts and contributions	255,802
Investment earnings	133,113
Total Revenues	\$ 2,836,123
Expenditures	
Current	
General government	
General	\$ 186,879
Local Collaborative Time Study	833,900
Guia	82,927
Road to Success	494,359
Brain Conference	2,912
Foundations	68,384
Family Support Services	234,997
Journey to Independence	515,566
Partnerships for Success	329,157
Capital Outlay	
General government	65,673
Debt service	
Principal	32,968
Interest	784
Total Expenditures	\$ 2,848,506
Excess of Revenues Over (Under) Expenditures	\$ (12,383)
Other Financing Sources (Uses)	
Leases issued	65,673
Net Change in Fund Balance	\$ 53,290
 Fund Balance – January 1	 2,637,707
Fund Balance – December 31	\$ 2,690,997

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

Exhibit 6

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

Net Change in Fund Balance – General Fund (Exhibit 5)	\$	53,290
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Amounts reported for governmental activities in the statement of activities are different because:

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

Unavailable revenue – January 1	\$ (216,653)	
Unavailable revenue – December 31	284,284	67,631

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

Expenditures for general capital assets	\$ 65,673	
Current year depreciation and amortization	(32,990)	32,683

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

Principal payments on leases	\$ 32,968	
Leases issued	(65,673)	(32,705)

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

Change in deferred other postemployment benefits outflows	\$ (5,227)	
Change in deferred pension outflows	(226,574)	
Change in compensated absences payable	2,318	
Change in other postemployment benefits liability	(8,164)	
Change in net pension liability	391,590	
Change in deferred other postemployment benefits inflows	1,640	
Change in deferred pension inflows	(120,743)	34,840

Change in Net Position of Governmental Activities (Exhibit 2)	\$	155,739
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Exhibit 7

**Budgetary Comparison Statement
Budget and Actual
General Fund
For the Year Ended December 31, 2024**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Intergovernmental	\$ 2,306,709	\$ 2,306,709	\$ 1,796,038	\$ (510,671)
Charges for services	398,209	398,209	651,170	252,961
Gifts and contributions	252,906	252,906	255,802	2,896
Investment earnings	82,300	82,300	133,113	50,813
Total Revenues	\$ 3,040,124	\$ 3,040,124	\$ 2,836,123	\$ (204,001)
Expenditures				
Current				
General government				
General	\$ 180,090	\$ 180,090	\$ 186,879	\$ (6,789)
Local Collaborative Time Study	632,101	632,101	833,900	(201,799)
Guia	88,750	88,750	82,927	5,823
Road to Success	630,000	630,000	494,359	135,641
Brain Conference	12,000	12,000	2,912	9,088
Foundations	-	-	68,384	(68,384)
Family Support Services	340,661	340,661	234,997	105,664
Journey to Independence	775,943	775,943	515,566	260,377
Partnerships for Success	337,016	337,016	329,157	7,859
Total general government	\$ 2,996,561	\$ 2,996,561	\$ 2,749,081	\$ 247,480
Capital Outlay				
General government	\$ -	\$ -	\$ 65,673	\$ (65,673)
Debt service				
Principal	\$ -	\$ -	\$ 32,968	\$ (32,968)
Interest	-	-	784	(784)
Total debt service	\$ -	\$ -	\$ 33,752	\$ (33,752)
Total Expenditures	\$ 2,996,561	\$ 2,996,561	\$ 2,848,506	\$ 148,055
Excess of Revenues Over (Under) Expenditures	\$ 43,563	\$ 43,563	\$ (12,383)	\$ (55,946)
Other Financing Sources (Uses)				
Leases issued	-	-	65,673	65,673
Net Change in Fund Balance	\$ 43,563	\$ 43,563	\$ 53,290	\$ 9,727
Fund Balance – January 1	2,637,707	2,637,707	2,637,707	-
Fund Balance – December 31	\$ 2,681,270	\$ 2,681,270	\$ 2,690,997	\$ 9,727

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

Note 1 – Summary of Significant Accounting Policies

Putting All Communities Together for Families Collaborative's (PACT) financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as of and for the year ended December 31, 2024. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). The more significant accounting policies established in GAAP and used by PACT are discussed below.

Financial Reporting Entity

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

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

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

Basic Financial Statements

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

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

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general revenues. PACT does not allocate indirect expenses to functions within the financial statements.

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

Measurement Focus and Basis of Accounting

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

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

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

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

Deposits and Investments

PACT invests in an external investment pool, the Minnesota Association of Governments Investing for Counties (MAGIC) Fund, which is created under a joint powers agreement pursuant to Minn. Stat. § 471.59. The investment in the pool is measured at the net asset value per share provided by the pool. A market approach is used to value all investments other than external investment pools and money market accounts. Other investments are reported at their fair value at December 31, 2024, based on market prices. Investment earnings for 2024 were \$133,113.

Due From/To Other Governments

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

Capital Assets

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

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

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

Estimated Useful Lives of Capital Assets

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

Compensated Absences

The liability for compensated absences is reported in the government-wide financial statements. The leave consists of paid time off (PTO) that is attributable to services already rendered, it accumulates, and it is more likely than not to be used or settled through cash or noncash means. A liability for these amounts is reported in the 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 and sick leave. The noncurrent portion consists of the remaining amount of vacation and sick leave.

Pension Plan

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

Deferred Outflows/Inflows of Resources

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

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

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sheet. Unavailable revenue is deferred and recognized as an inflow of resources in the period that the amounts become available. PACT also reports deferred inflows of resources associated with pension plans and OPEB. These inflows arise only under the full accrual basis of accounting and, accordingly, are reported only in the statement of net position.

Classification of Net Position

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

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

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

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

Classification of Fund Balance

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

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

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

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

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

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

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

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

Minimum Fund Balance

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

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

At December 31, 2024, unassigned fund balance for the General Fund was above the minimum fund balance level.

Use of Estimates

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

Note 2 – Stewardship, Compliance, and Accountability

Budgetary Information

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

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

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Excess of Expenditures Over Budget

The following is a summary of activities in the General Fund that had expenditures in excess of budget for the year ended December 31, 2024.

Excess of Expenditures Over Budget

	Expenditures	Final Budget	Excess
Current			
General government			
General	\$ 186,879	\$ 180,090	\$ 6,789
Local Collaborative Time Study	833,900	632,101	201,799
Foundations	68,384	-	68,384
Capital Outlay			
General government	65,673	-	65,673
Debt service			
Principal	32,968	-	32,968
Interest	784	-	784

Note 3 – Detailed Notes

Assets

Deposits and Investments

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

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

Deposits	\$ 387,000
Investments	<u>2,113,217</u>
Total Cash and Pooled Investments	<u>\$ 2,500,217</u>

Deposits

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

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

Minnesota statutes require that securities pledged as collateral be held in safekeeping in a restricted account at

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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, PACT's deposits may not be returned to it. It is PACT's policy to minimize custodial credit risk by obtaining collateral or bond for all uninsured amounts on deposit and obtaining necessary documentation to show compliance with state law and a perfected security interest under federal law. As of December 31, 2024, PACT had no exposure to custodial credit risk.

Investments

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

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

Interest Rate Risk

Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. It is PACT's policy to minimize interest rate risk by (1) structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and (2) investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools, and limiting the average maturity in accordance with PACT's cash requirements. At December 31, 2024, PACT held no investments subject to interest rate risk.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. PACT's policy is to minimize credit risk by authorizing only investments allowed under state statute.

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Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities in the possession of an outside party. It is PACT's policy to minimize custodial credit risk by permitting brokers to hold investments only to the extent there is Securities Investor Protection Corporation (SIPC) and excess SIPC coverage available, and securities purchased that exceed available SIPC coverage will be transferred to PACT's custodian. As of December 31, 2024, PACT had no exposure to custodial credit risk.

Concentration of Credit Risk

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

The following table presents PACT's deposit and investment balances at December 31, 2024, and information relating to potential investment risk:

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

Investment Type	Credit Risk		Concentration Risk (%)	Interest Rate Risk		Fair Value
	Credit Rating	Rating Agency		Maturity Date		
Negotiable certificates of deposit						
Bank of America	N/R	N/A	4.98	8/15/2025	\$	105,321
Bank of America	N/R	N/A	0.72	12/1/2025		15,133
Cross River Bank	N/R	N/A	11.44	05/19/2026		241,761
First Financial Northwest Bank	N/R	N/A	3.46	03/13/2025		73,128
Morgan Stanley Bank	N/R	N/A	10.06	12/01/2025		212,494
Third Coast Bank	N/R	N/A	11.16	08/11/2026		235,820
Transn Alliance Bank	N/R	N/A	7.06	10/13/2026		149,169
Washington Federal Bank	N/R	N/A	11.87	6/20/2025		250,859
Well Fargo Bank	N/R	N/A	11.87	7/07/2025		249,007
Total negotiable certificates of deposit					\$	1,532,692
Investment pools						
MAGIC Portfolio	N/R	N/A	27.35			577,913
Money market account with broker	N/R	N/A	0.12			2,612
Total investments					\$	2,113,217
Deposits						387,000
Total Cash and Investments					\$	2,500,217

N/A – Not Applicable, N/R – Not Rated

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

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

At December 31, 2024, PACT had the following recurring fair value measurements.

Recurring Fair Value Measurements as of December 31, 2024

	December 31, 2024	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
Negotiable certificates of deposit	\$ 1,532,692	\$ -	\$ 1,532,692	\$ -
Investments measured at the net asset value (NAV)				
MAGIC Portfolio	577,913			
Money market accounts with broker	2,612			
Total investments	<u>\$ 2,113,217</u>			

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

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

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

Receivables

PACT did not have any receivables scheduled to be collected beyond one year as of December 31, 2024. No allowance has been made for uncollectible receivables because such amounts are not expected to be material.

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Capital Assets

Capital asset activity for the year ended December 31, 2024, was as follows:

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

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets depreciated				
Machinery, furniture, and equipment	\$ 66,886	\$ -	\$ -	\$ 66,886
Less: accumulated depreciation for Machinery, furniture, and equipment	(66,886)	-	-	(66,886)
Total capital assets depreciated	\$ -	\$ -	\$ -	\$ -
Capital assets amortized				
Lease building	\$ 66,308	\$ 65,673	\$ (66,308)	\$ 65,673
Less: accumulated amortization for Lease building	(49,734)	(32,990)	66,308	(16,416)
Total capital assets amortized	\$ 16,574	\$ 32,683	\$ -	\$ 49,257
Total Capital Assets, Net	\$ 16,574	\$ 32,683	\$ -	\$ 49,257

Amortization expense of \$32,990 was charged to PACT's general government function for the year ending December 31, 2024.

Liabilities

Leases

PACT entered into a lease agreement as lessee for financing the acquisition of office space. PACT is committed under this lease for its current office space through June 30, 2026. The lease is for two years and has been recorded at the present value of the future minimum lease payments as of the inception date.

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

Year Ending December 31	Principal	Interest
2025	\$ 32,755	\$ 997
2026	16,735	141
Total Governmental Activities Lease Payments	\$ 49,490	\$ 1,138

Paid Time Off (PTO)

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

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bank at the end of any given year.

If a staff member's PTO bank exceeds the 320-hour maximum, he or she will be allowed until the last day of the year to reduce banked hours, or on January 1 of each year, the PTO bank will be reduced to the maximum allowance. PTO leave accrual varies from 18 to 31 days per year. PACT pays unused accumulated PTO leave to eligible employees upon termination.

Beginning in 2024, PACT implemented GASB Statement No. 101, Compensated Absences, which requires including unvested PTO in the liability estimate. Under GASB 101, it is considered "more likely than not" that employees will use their accrued PTO as time off in future periods, and therefore the liability includes both vested and unvested PTO.

The year-end liability is based on estimates of PTO expected to be used as paid time off or paid at termination. For 2024, management determined these estimates using historical usage and termination payout patterns.

Changes in Long-Term Liabilities

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

	Payable January 1	Additions	Deductions	Ending Balance	Due Within One Year
Compensated absences	\$ 64,005	\$ -	\$ (2,318)*	\$ 61,687	\$ 15,422
Leases	16,785	65,673	(32,968)	49,490	32,755
Total	<u>\$ 80,790</u>	<u>\$ 65,673</u>	<u>\$ (35,286)</u>	<u>\$ 111,177</u>	<u>\$ 48,177</u>

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

Other Postemployment Benefits (OPEB)

Plan Description

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

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

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

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

Inactive employees or beneficiaries currently receiving benefit payments	-
Active plan participants	<u>24</u>
Total	<u>24</u>

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Total OPEB Liability

PACT's total OPEB liability of \$75,771 was determined by an actuarial valuation as of January 1, 2023, which was measured as of January 1, 2024.

The total OPEB liability in the fiscal year-end December 31, 2024, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

OPEB Actuarial Assumptions and Other Inputs

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

The current year's discount rate is 4.00 percent, with no change from the prior year rate. For the current valuation, the discount rate is based on the estimated yield of 20-year AA-rated municipal bonds.

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

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

Changes in the Total OPEB Liability

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

	Total OPEB Liability
Balance at December 31, 2023	\$ 67,607
Changes for the year	
Service cost	\$ 6,204
Interest	2,933
Benefit payments	(973)
Net change	\$ 8,164
Balance at December 31, 2024	\$ 75,771

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OPEB Liability Sensitivity

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

Sensitivity of the Total OPEB Liability to Changes In the Discount Rate as of December 31, 2024

	Discount Rate	Total OPEB Liability
1% Decrease	3.00%	\$ 80,986
Current	4.00%	75,771
1% Increase	5.00%	70,769

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

Sensitivity of the Total OPEB Liability to Changes In the Health Care Trend Rates as of December 31, 2024

	Health Care Trend Rate	Total OPEB Liability
1% Decrease	5.5% decreasing to 4.00%	\$ 67,863
Current	6.5% decreasing to 5.00%	75,771
1% Increase	7.5% decreasing to 6.50%	84,870

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

For the year ended December 31, 2024, PACT recognized OPEB expense of \$11,751. PACT reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB as of December 31, 2024

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual liability	\$ 19,470	\$ -
Changes in actuarial assumptions	330	5,603
Contributions made subsequent to the measurement date	1,004	-
Total	\$ 20,804	\$ 5,603

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The \$1,004 reported as deferred outflows of resources related to OPEB resulting from the contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended December 31, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

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

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

Changes in Significant Plan Provisions, Actuarial Methods, and Assumptions

The following changes were reflected in the other postemployment benefits valuation in 2024:

- There were no changes in actuarial assumptions during the 2024 calendar year.

Pension Plan

Defined Benefit Pension Plan

Plan Description

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

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

Benefits Provided

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

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

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

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

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

Contributions

Pension benefits are funded from member and employer contributions and income from the investment of fund assets. Rates for employer and employee contributions are set by Minn. Stat. ch. 353. These statutes are established and amended by the state legislature. General Employees Plan members were required to contribute 6.50 percent of their annual covered salary in 2024. The employer was required to contribute 7.50 percent of annual covered salary in 2024. Rates did not change from 2023.

PACT's contributions for the General Employees Plan for the year ended December 31, 2024, were \$121,697. The contributions are equal to the statutorily required contributions as set by state statute.

Pension Costs

At December 31, 2024, PACT reported a liability of \$721,196 for its proportionate share of the General Employees Plan's net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. PACT's proportion of the net pension liability was based on PACT's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2023, through June 30, 2024, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2024, PACT's proportion was 0.0195 percent. It was 0.0199 percent measured as of June 30, 2023. PACT recognized pension expense of \$111,106 for its proportionate share of the General Employees Plan's pension expense.

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Legislation requires the State of Minnesota to contribute \$16 million to the General Employees Plan annually until September 15, 2031. PACT recognized an additional \$500 as grant revenue and pension expense, for its proportionate share of the State of Minnesota's pension expense related to the special funding situation.

Employer's Share of the Net Pension Liability and the State's Related Liability As of December 31, 2024

PACT's proportionate share of the net pension liability	\$ 721,196
State of Minnesota's proportionate share of the net pension liability associated with PACT	<u>18,649</u>
Total	<u>\$ 739,845</u>

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 68,659	\$ -
Difference between projected and actual investment earnings	-	175,339
Changes in actuarial assumptions	3,917	276,966
Changes in proportion	27,758	87,721
Contributions made PERA subsequent to the measurement date	<u>56,957</u>	<u>-</u>
Total	<u>\$ 157,291</u>	<u>\$ 540,026</u>

The \$56,957 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized as pension expense as follows:

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

Year Ended December 31	Pension Expense Amount
2025	\$ (223,157)
2026	(66,943)
2027	(94,317)
2028	(55,275)

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Actuarial Assumptions

The total pension liability in the June 30, 2024, actuarial valuation was determined using the individual entry-age normal actuarial cost method and the following additional actuarial assumptions:

Actuarial Assumptions for the Year Ended June 30, 2024

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

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

Actuarial assumptions used in the June 30, 2024, valuations were based on the results of actuarial experience studies. The experience study for the General Employees Plan was dated June 27, 2019. A review of inflation and investment assumptions dated June 29, 2023, was utilized.

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

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

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

Discount Rate

The discount rate used to measure the total pension liability was 7.00 percent in 2024, which remains consistent with 2023. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, the fiduciary net position of the General Employees Plan was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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Changes in Actuarial Assumptions and Plan Provisions

The following changes in actuarial assumptions occurred in 2024:

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

Pension Liability Sensitivity

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

Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate As of December 31, 2024

	Proportionate Share of the General Employees Plan	
	Discount Rate	Net Pension Liability
1% Decrease	6.00%	\$ 1,575,208
Current	7.00%	721,196
1% Increase	8.00%	18,693

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.

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Note 4 – Summary of Significant Contingencies and Other Items

Risk Management

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

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

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

Claims and Litigation

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

Required Supplementary Information

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Exhibit A-1

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total OPEB Liability						
Service cost	\$ 6,204	\$ 6,023	\$ 4,061	\$ 3,943	\$ 2,741	\$ 2,375
Interest	2,933	918	794	1,056	1,140	1,012
Differences between expected and actual experience	-	29,093	-	387	-	-
Changes of assumption or other inputs	-	(7,930)	-	(1,589)	1,985	-
Benefit payments	<u>(973)</u>	<u>(787)</u>	<u>(367)</u>	<u>(900)</u>	<u>(419)</u>	<u>(386)</u>
Net change in total OPEB liability	\$ 8,164	\$ 27,317	\$ 4,488	\$ 2,897	\$ 5,447	\$ 3,001
Total OPEB Liability – Beginning	<u>67,607</u>	<u>40,290</u>	<u>35,802</u>	<u>32,905</u>	<u>27,458</u>	<u>24,457</u>
Total OPEB Liability – Ending	<u>\$ 75,771</u>	<u>\$ 67,607</u>	<u>\$ 40,290</u>	<u>\$ 35,802</u>	<u>\$ 32,905</u>	<u>\$ 27,458</u>
 Covered-employee payroll	 1,487,431	 \$ 1,444,108	 \$ 1,492,962	 \$ 1,449,478	 \$ 1,167,956	 \$ 1,133,938
 Total OPEB liability (asset) as a percentage of covered-employee payroll	 5.09%	 4.68%	 2.70%	 2.47%	 2.82%	 2.42%

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

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Exhibit A-2

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

Measurement Date	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset) (a)	State's Proportionate Share of the Net Pension Liability Associated with PACT (b)	Employer's Proportionate Share of the Net Pension Liability and the State's Related Share of the Net Pension Liability (Asset) (a + b)	Covered Payroll (c)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2024	0.0195 %	\$ 721,196	\$ 18,649	\$ 739,845	\$ 1,651,063	43.68 %	89.08 %
2023	0.0199	1,112,786	30,603	1,143,389	1,578,640	70.49	83.10
2022	0.0217	1,718,647	50,304	1,768,951	1,625,687	105.72	76.67
2021	0.0191	815,656	24,930	840,586	1,377,234	59.22	87.00
2020	0.0157	941,287	29,054	970,341	1,119,333	84.09	79.06
2019	0.0157	868,016	26,999	895,015	1,109,006	78.27	80.23
2018	0.0158	876,519	28,719	905,238	1,061,895	82.54	79.53
2017	0.0187	1,193,796	15,018	1,208,814	1,171,997	101.86	75.90
2016	0.0188	1,526,467	19,889	1,546,356	1,163,927	131.15	68.91
2015	0.0198	1,026,139	N/A	1,026,139	1,161,554	88.34	78.19

The measurement date for each year is June 30.

N/A – Not Applicable

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Exhibit A-3

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

Year Ending	Statutorily Required Contributions (a)	Actual Contributions in Relation to Statutorily Required Contributions (b)	Contribution (Deficiency) Excess (b - a)	Covered Payroll (c)	Actual Contributions as a Percentage of Covered Payroll (b/c)
2024	\$ 121,697	\$ 121,697	\$ -	\$ 1,622,628	7.50 %
2023	116,690	116,690	-	1,555,870	7.50
2022	123,007	123,007	-	1,640,090	7.50
2021	116,300	116,300	-	1,550,662	7.50
2020	89,319	89,319	-	1,190,916	7.50
2019	83,934	83,934	-	1,119,131	7.50
2018	80,323	80,323	-	1,070,971	7.50
2017	83,070	83,070	-	1,107,601	7.50
2016	91,659	91,659	-	1,222,124	7.50
2015	87,348	87,348	-	1,164,631	7.50

Putting All Communities Together for Families Collaborative's year-end is December 31.

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

Note 1 – Other Postemployment Benefits Funded Status

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

Note 2 – Employer Contributions to Other Postemployment Benefits

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

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

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

2024

- There were no changes in actuarial assumptions during the 2024 calendar year.

2023

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

2022

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

2021

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

2020

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

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

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

General Employees Retirement Plan

2024

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

2023

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

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2022

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

2021

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

2020

- The price inflation assumption was decreased from 2.50 percent to 2.25 percent.
- The payroll growth assumption was decreased from 3.25 percent to 3.00 percent.
- Assumed salary increase rates were changed as recommended in the June 30, 2019, experience study. The net effect is assumed rates that average 0.25 percent less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019, experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019, experience study. The new rates are based on service and are generally lower than the previous rates for years two to five and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019, experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Employee Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 Disabled Annuitant Mortality table to the Pub-2010 General/Teacher Disabled Retiree Mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100 percent Joint and Survivor option changed from 35 percent to 45 percent. The assumed number of married female new retirees electing the 100 percent Joint and Survivor option changed from 15 percent to 30 percent. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.
- Augmentation for current privatized members was reduced to 2.00 percent for the period July 1, 2020, through December 31, 2023, and 0.00 percent thereafter. Augmentation was eliminated for privatizations occurring after June 30, 2020.

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2019

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

2018

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

2017

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

2016

- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2035

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and 2.50 percent per year thereafter, to 1.00 percent for all future years.

- The assumed investment rate was changed from 7.90 percent to 7.50 percent. The single discount rate was also changed from 7.90 percent to 7.50 percent.
- Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed payroll growth and inflation were decreased by 0.25 percent. Payroll growth was reduced from 3.50 percent to 3.25 percent. Inflation was reduced from 2.75 percent to 2.50 percent.

Supplementary Information

**Putting All Communities Together for Families Collaborative
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Exhibit A-4

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

Federal Grantor Pass-Through Agency Program or Cluster Title	Assistance Listing Number	Pass-Through Grant Numbers	Expenditures
U.S. Department of Health and Human Services			
Direct			
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED) Journey to Independence Grant	93.104		\$ 505,722
Substance Abuse and Mental Health Services Projects of Regional and National Significance Road to Success Grant	93.243		501,108
Substance Abuse and Mental Health Services Projects of Regional and National Significance Partnerships for Success Grant (Total Substance Abuse and Mental Health Services Projects of Regional and National Significance 93.243 \$830,730)	93.243		329,622
Passed Through Minnesota Department of Human Services Block Grants for Community Mental Health Services Guia Special Populations Chemical Health Grant	93.958	18B1MNCMHS	34,404
Block Grants for Prevention and Treatment of Substance Abuse Guia Special Populations Chemical Health Grant	93.959	18B1MNSAPT	49,677
Total U.S. Department of Health and Human Services			\$ 1,420,533
Total Federal Awards			\$ 1,420,533

Putting All Communities Together for Families Collaborative did not pass any federal awards through to subrecipients during the year ended December 31, 2024.

Putting All Communities Together for Families Collaborative Willmar, Minnesota

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

Note 1 – Summary of Significant Accounting Policies

Reporting Entity

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

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal award activity of PACT under programs of the federal government for the year ended December 31, 2024. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule of Expenditures of Federal Awards presents only a selected portion of the operations of PACT, it is not intended to and does not present the financial position or changes in net position of PACT.

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

Note 2 – De Minimis Cost Rate

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

Management and Compliance Section

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

Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and the General Fund of Putting All Communities Together for Families Collaborative (PACT), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Collaborative's basic financial statements, and have issued our report thereon dated September 22, 2025.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

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

Minnesota Legal Compliance

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

Purpose of This Report

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

/s/Julie Blaha

/s/Chad Struss

Julie Blaha
State Auditor

Chad Struss, CPA
Deputy State Auditor

September 22, 2025

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

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

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

We have audited Putting All Communities Together for Families Collaborative's (PACT) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on PACT's major federal program for the year ended December 31, 2024. PACT's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, PACT complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2024.

Basis for Opinion on the Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

/s/Julie Blaha

Julie Blaha
State Auditor

September 22, 2025

/s/Chad Struss

Chad Struss, CPA
Deputy State Auditor

Putting All Communities Together for Families Collaborative Willmar, Minnesota

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

Section I – Summary of Auditor’s Results

Financial Statements

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

Internal control over financial reporting:

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

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

Federal Awards

Internal control over the major federal program:

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

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

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

Identification of the major federal program:

Assistance Listing Number	Name of Federal Program or Cluster
93.243	Substance Abuse and Mental Health Services Projects of Regional and National Significance

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

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

Section II – Financial Statement Findings

No matters were reported.

Section III – Federal Award Findings and Questioned Costs

No matters were reported.

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

Summary Schedule of Prior Audit Findings

For the Year Ended December 31, 2024

Finding Number: 2023-001

Year of Finding Origination: 2023

Finding Title: Procurement, Suspension, and Debarment

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

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

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

Status: Fully Corrected. Corrective action was taken.