

State of Minnesota



Office of the State Auditor

Julie Blaha
State Auditor

**Meeker-McLeod-Sibley
Community Health Services
Litchfield, Minnesota**

Year Ended December 31, 2021

Description of the Office of the State Auditor

The mission of the Office of the State Auditor is to oversee local government finances for Minnesota taxpayers by helping to ensure financial integrity and accountability in local governmental financial activities.

Through financial, compliance, and special audits, the State Auditor oversees and ensures that local government funds are used for the purposes intended by law and that local governments hold themselves to the highest standards of financial accountability.

The State Auditor performs approximately 100 financial and compliance audits per year and has oversight responsibilities for over 3,300 local units of government throughout the state. The office currently maintains five divisions:

Audit Practice – conducts financial and legal compliance audits of local governments;

Government Information – collects and analyzes financial information for cities, towns, counties, and special districts;

Legal/Special Investigations – provides legal analysis and counsel to the Office and responds to outside inquiries about Minnesota local government law; as well as investigates allegations of misfeasance, malfeasance, and nonfeasance in local government;

Pension – monitors investment, financial, and actuarial reporting for Minnesota’s local public pension funds; and

Tax Increment Financing – promotes compliance and accountability in local governments’ use of tax increment financing through financial and compliance audits.

The State Auditor serves on the State Executive Council, State Board of Investment, Land Exchange Board, Public Employees Retirement Association Board, Minnesota Housing Finance Agency, and the Rural Finance Authority Board.

Office of the State Auditor
525 Park Street, Suite 500
Saint Paul, Minnesota 55103
(651) 296-2551
state.auditor@osa.state.mn.us
www.osa.state.mn.us

This document can be made available in alternative formats upon request. Call 651-296-2551 [voice] or 1-800-627-3529 [relay service] for assistance; or visit the Office of the State Auditor’s web site: www.osa.state.mn.us.

**Meeker-McLeod-Sibley
Community Health Services
Litchfield, Minnesota**

Year Ended December 31, 2021



Office of the State Auditor

**Audit Practice Division
Office of the State Auditor
State of Minnesota**

**MEEKER-MCLEOD-SIBLEY COMMUNITY HEALTH SERVICES
LITCHFIELD, MINNESOTA**

TABLE OF CONTENTS

	<u>Exhibit</u>	<u>Page</u>
Introductory Section		
Organization		1
Financial Section		
Independent Auditor's Report		2
Basic Financial Statements		
General Fund Balance Sheet and Governmental Activities Statement of Net Position with Adjustments to Convert Modified to Full Accrual	1	6
General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance and Governmental Activities Statement of Activities with Adjustments to Convert Modified to Full Accrual	2	8
Notes to the Financial Statements		9
Required Supplementary Information		
Budgetary Comparison Schedule – General Fund	A-1	25
PERA General Employees Retirement Plan		
Schedule of Proportionate Share of Net Pension Liability	A-2	26
Schedule of Contributions	A-3	27
Notes to the Required Supplementary Information		28
Other Schedules		
Schedule of Intergovernmental Revenue	B-1	33
Schedule of Expenditures of Federal Awards	B-2	34
Notes to the Schedule of Expenditures of Federal Awards		35

**MEEKER-MCLEOD-SIBLEY COMMUNITY HEALTH SERVICES
LITCHFIELD, MINNESOTA**

TABLE OF CONTENTS
(Continued)

	<u>Exhibit</u>	<u>Page</u>
Management and Compliance Section		
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		36
Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance		39
Schedule of Findings and Questioned Costs		42
Corrective Action Plan		45
Summary Schedule of Prior Audit Findings		46

INTRODUCTORY SECTION

**MEEKER-MCLEOD-SIBLEY COMMUNITY HEALTH SERVICES
LITCHFIELD, MINNESOTA**

**ORGANIZATION
2021**

<u>Office</u>	<u>Name</u>
Board Members	
McLeod County Commissioners	
Secretary	Nathan Schmalz
Member	Daryl Luthens
Alternate	Joe Nagel
Meeker County Commissioners	
Vice Chair	Beth Oberg
Member	Julie Bredeson
Alternate	Danny Schiefelbein
Sibley County Commissioners	
Chair	Bobbie Harder
Member	Joy Cohrs
Alternate	Steve Saxton
Management Team	
McLeod County Health and Human Services Director	Berit Spors
Meeker County Public Health Director	Diane Winter
Sibley County Public Health and Human Services Director	Klea Rettmann
Community Health Services Administrator	Kiza Olson

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

Community Health Board
Meeker-McLeod-Sibley Community Health Services
Litchfield, 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 Meeker-McLeod-Sibley Community Health Services as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Health Services' basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the General Fund of Meeker-McLeod-Sibley Community Health Services, as of December 31, 2021, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance, and therefore, is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

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

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the GASB, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Meeker-McLeod-Sibley Community Health Services' basic financial statements. The Schedule of Intergovernmental Revenue and 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 16, 2022 on our consideration of the Health Services' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope

of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Health Services' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Health Services' internal control over financial reporting and compliance.

/s/Julie Blaha

JULIE BLAHA
STATE AUDITOR

/s/Dianne Syverson

DIANNE SYVERSON, CPA
DEPUTY STATE AUDITOR

September 16, 2022

BASIC FINANCIAL STATEMENTS

**MEEKER-MCLEOD-SIBLEY COMMUNITY HEALTH SERVICES
LITCHFIELD, MINNESOTA**

EXHIBIT 1

**GENERAL FUND BALANCE SHEET AND GOVERNMENTAL ACTIVITIES
STATEMENT OF NET POSITION WITH ADJUSTMENTS TO CONVERT MODIFIED TO FULL ACCRUAL
DECEMBER 31, 2021**

	<u>General Fund</u>	<u>Adjustments</u>	<u>Governmental Activities</u>
<u>Assets and Deferred Outflows of Resources</u>			
Current assets			
Cash and pooled investments	\$ 335,718	\$ -	\$ 335,718
Due from other governments	742,035	-	742,035
Noncurrent assets			
Capital assets			
Depreciable – net of accumulated depreciation	-	8,040	8,040
Total Assets	\$ 1,077,753	\$ 8,040	\$ 1,085,793
Deferred Outflows of Resources			
Deferred pension outflows	-	223,286	223,286
Total Assets and Deferred Outflows of Resources	\$ 1,077,753	\$ 231,326	\$ 1,309,079
<u>Liabilities, Deferred Inflows of Resources, and Fund Balance/Net Position</u>			
Liabilities			
Current liabilities			
Accounts payable	\$ 935	\$ -	\$ 935
Salaries payable	13,442	-	13,442
Accrued payroll taxes	973	-	973
Other accrued liabilities	1,005	-	1,005
Due to other governments	688,056	-	688,056
Compensated absences payable	-	14,320	14,320
Noncurrent liabilities			
Compensated absences payable – long-term	-	6,801	6,801
Net pension liability	-	230,604	230,604
Total Liabilities	\$ 704,411	\$ 251,725	\$ 956,136
Deferred Inflows of Resources			
Deferred pension inflows	\$ -	\$ 220,277	\$ 220,277
Fund Balance			
Assigned for health programs	\$ 373,342	\$ (373,342)	\$ -

**MEEKER-MCLEOD-SIBLEY COMMUNITY HEALTH SERVICES
LITCHFIELD, MINNESOTA**

**EXHIBIT 1
(Continued)**

**GENERAL FUND BALANCE SHEET AND GOVERNMENTAL ACTIVITIES
STATEMENT OF NET POSITION WITH ADJUSTMENTS TO CONVERT MODIFIED TO FULL ACCRUAL
DECEMBER 31, 2021**

	General Fund	Adjustments	Governmental Activities
<u>Liabilities, Deferred Inflows of Resources, and Fund Balance/Net Position</u>			
(Continued)			
Net Position			
Investment in capital assets	\$	8,040	\$ 8,040
Unrestricted		124,626	124,626
Total Net Position		\$ 132,666	\$ 132,666
Total Liabilities, Deferred Inflows of Resources, and Fund Balance/Net Position	\$ 1,077,753	\$ 231,326	\$ 1,309,079
 Reconciliation of the General Fund Balance to Net Position – Governmental Activities			
Fund Balance – General Fund			\$ 373,342
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the governmental fund.			8,040
Deferred outflows of resources resulting from pension obligations are not available resources and, therefore, are not reported in the governmental fund.			223,286
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental fund.			
Compensated absences payable	\$	(21,121)	
Net pension liability		(230,604)	(251,725)
Deferred inflows of resources resulting from pension obligations are not due and payable in the current period and, therefore, are not reported in the governmental fund.			(220,277)
Net Position – Governmental Activities			\$ 132,666

**MEEKER-MCLEOD-SIBLEY COMMUNITY HEALTH SERVICES
LITCHFIELD, MINNESOTA**

EXHIBIT 2

**GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE AND GOVERNMENTAL ACTIVITIES
STATEMENT OF ACTIVITIES WITH ADJUSTMENTS TO CONVERT MODIFIED TO FULL ACCRUAL
FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>General Fund</u>	<u>Adjustments</u>	<u>Governmental Activities</u>
Revenues			
Intergovernmental	\$ 2,536,811	\$ -	\$ 2,536,811
Charges for services	77	-	77
Gifts and contributions	560	-	560
Miscellaneous	3,689	-	3,689
	<u>\$ 2,541,137</u>	<u>\$ -</u>	<u>\$ 2,541,137</u>
Expenditures/Expenses			
Health			
Current	\$ 659,425	\$ 4,979	\$ 664,404
Intergovernmental	1,805,133	-	1,805,133
Depreciation	-	4,713	4,713
	<u>\$ 2,464,558</u>	<u>\$ 9,692</u>	<u>\$ 2,474,250</u>
Net Change in Fund Balance/Net Position	\$ 76,579	\$ (9,692)	\$ 66,887
Fund Balance/Net Position – January 1	296,763	(230,984)	65,779
Fund Balance/Net Position – December 31	\$ 373,342	\$ (240,676)	\$ 132,666

**Reconciliation of the Statement of General Fund Revenues,
Expenditures, and Changes in Fund Balance to the Statement
of Activities of Governmental Activities**

Net Change in Fund Balance **\$ 76,579**

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Current year depreciation (4,713)

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

Change in compensated absences payable	\$ 1,847	
Change in net pension liability	39,192	
Change in deferred pension outflows	139,983	
Change in deferred pension inflows	(186,001)	(4,979)
	<u> </u>	<u> </u>

Change in Net Position of Governmental Activities **\$ 66,887**

**MEEKER-MCLEOD-SIBLEY COMMUNITY HEALTH SERVICES
LITCHFIELD, MINNESOTA**

**NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2021**

1. Summary of Significant Accounting Policies

Meeker-McLeod-Sibley Community Health Services' financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) for the year ended December 31, 2021. 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 the Health Services are discussed below.

A. Financial Reporting Entity

The Meeker-McLeod-Sibley Community Health Board was established pursuant to Minn. Stat. §§ 145A.09-145A.14 and a joint powers agreement as the Meeker-McLeod-Sibley Health Services Board effective April 1, 1980. This joint powers agreement was revised, effective April 19, 1990, and the Board was renamed the Meeker-McLeod-Sibley Community Health Board. The Community Health Board consists of nine members, three each from Meeker, McLeod, and Sibley Counties. The primary function of the joint venture is to provide health services and to promote efficiency and economy in the delivery of health services.

The Health Services participates in a jointly-governed organization described in Note 5.

B. Basic Financial Statements

The basic financial statements include information on Meeker-McLeod-Sibley Community Health Services' activities as a whole and information on the General Fund of the Health Services. These separate presentations are reported in different columns on Exhibits 1 and 2. Each of the exhibits starts with a column of information based on activities of the General Fund and reconciles it to a column that reports the "governmental activities" of Meeker-McLeod-Sibley Community Health Services as a whole.

The governmental activities columns are reported using the economic resources measurement focus and the full accrual basis of accounting, which recognizes all long-term assets and receivables as well as long-term debt and obligations. Meeker-McLeod-Sibley Community Health Services' net position is reported as an investment in capital assets and unrestricted net position.

**MEEKER-MCLEOD-SIBLEY COMMUNITY HEALTH SERVICES
LITCHFIELD, MINNESOTA**

1. Summary of Significant Accounting Policies

B. Basic Financial Statements (Continued)

Meeker-McLeod-Sibley Community Health Services first utilizes restricted resources to finance qualifying activities. The statement of activities demonstrates the degree to which the expenses of Meeker-McLeod-Sibley Community Health Services are offset by revenues.

The balance sheet and statement of revenues, expenditures, and changes in fund balance for the General Fund are presented on the modified accrual basis of accounting and report current financial resources.

C. 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. Meeker-McLeod-Sibley Community Health Services considers all revenues as available if collected within 90 days after the end of the current period. Charges for services are considered susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for compensated absences, which is recognized as an expenditure to the extent that it has matured.

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

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

1. Due From/To Other Governments

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

**MEEKER-MCLEOD-SIBLEY COMMUNITY HEALTH SERVICES
LITCHFIELD, MINNESOTA**

1. Summary of Significant Accounting Policies

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

1. Due From/To Other Governments (Continued)

No allowance for uncollectible receivables has been provided because such amounts are not expected to be material.

2. Capital Assets

Capital assets and related depreciation are recorded in the governmental activities column in the statement of net position. Meeker-McLeod-Sibley Community Health Services defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value.

Capital assets of Meeker-McLeod-Sibley Community Health Services are depreciated using the straight-line method over an estimated five-year useful life.

3. Compensated Absences

The liability for compensated absences reported in the financial statements consists of unpaid, accumulated vacation, comp time, vested sick leave balances, and sick leave balances in excess of the maximum balance. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. Compensated absences are accrued when incurred in the government-wide financial statements. A liability for this amount is reported in the governmental fund only if it has matured, for example, as a result of employee resignations and retirements. The current portion of compensated absences is calculated at 68 percent of the total liability.

**MEEKER-MCLEOD-SIBLEY COMMUNITY HEALTH SERVICES
LITCHFIELD, MINNESOTA**

1. Summary of Significant Accounting Policies

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity
(Continued)

4. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and will not be recognized as an outflow of resources (expenditure/expense) until then. Meeker-McLeod-Sibley Community Health Services reports deferred outflows of resources only under the full accrual basis of accounting associated with the pension plan and, accordingly, is only reported in the statement of net position.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Meeker-McLeod-Sibley Community Health Services reports deferred inflows of resources associated with pension benefits. This deferred inflow of resources arises only under the full accrual basis of accounting and, accordingly, is reported only in the statement of net position.

5. Classification of Net Position

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

Investment in capital assets – the amount of net position representing capital assets, net of accumulated depreciation.

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

6. Classification of Fund Balance

Fund balance is divided into classifications based primarily on the extent to which the Health Services is bound to observe constraints imposed upon the use of resources in the General Fund. The Health Services only has assigned fund balance.

**MEEKER-MCLEOD-SIBLEY COMMUNITY HEALTH SERVICES
LITCHFIELD, MINNESOTA**

1. Summary of Significant Accounting Policies

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

6. Classification of Fund Balance (Continued)

Assigned – amounts in the assigned fund balance classification are intended to be used for specific purposes but do not meet the criteria to be classified as restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Community Health Board or the Community Health Services Administrator, who has been delegated that authority.

7. Budgetary Information

The Health Services adopts a revenue and expenditure budget for the General Fund on the modified accrual basis. The legal level of budgetary control is the function level. Appropriations lapse at year-end. The budget may be amended or modified at any time by the Community Health Board.

8. 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.

9. 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.

**MEEKER-MCLEOD-SIBLEY COMMUNITY HEALTH SERVICES
LITCHFIELD, MINNESOTA**

2. Significant Violations of Finance-Related Legal or Contractual Provisions

During December 2021, the Health Services' deposits were under-collateralized by \$258,895, which is not in compliance with Minn. Stat. § 118A.03. At December 31, 2021, the Health Services had sufficient collateral to cover deposits. Collateral will be obtained for future deposits for amounts held in excess of Federal Deposit Insurance Corporation (FDIC) insurance.

3. Detailed Notes

A. Assets

1. Deposits

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

Authorized collateral includes treasury bills, notes and bonds; issues of U.S. government agencies; general obligations rated "A" or better and revenue obligations rated "AA" or better; irrevocable standby letters of credit issued by the Federal Home Loan Bank; and certificates of deposit. Minnesota statutes require that the securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or in an account at a trust department of a commercial bank or other financial institution that is 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, the Health Services' deposits may not be returned to it. The Health Services does not have a deposit policy for custodial credit risk. At December 31, 2021, none of the Health Services' deposits were exposed to custodial credit risk.

**MEEKER-MCLEOD-SIBLEY COMMUNITY HEALTH SERVICES
LITCHFIELD, MINNESOTA**

3. Detailed Notes

A. Assets (Continued)

2. Receivables

The Health Services did not have any receivables scheduled to be collected beyond one year as of December 31, 2021.

3. Capital Assets

Capital asset activity for the year ended December 31, 2021, was as follows:

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Capital assets depreciated				
Office equipment	\$ 35,246	\$ -	\$ -	\$ 35,246
Less: accumulated depreciation for				
Office equipment	<u>(22,493)</u>	<u>(4,713)</u>	<u>-</u>	<u>(27,206)</u>
Total Capital Assets Depreciated, Net	<u>\$ 12,753</u>	<u>\$ (4,713)</u>	<u>\$ -</u>	<u>\$ 8,040</u>

Depreciation expense of \$4,713 was charged to the Health Services' health function in 2021.

B. Liabilities

Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2021, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Compensated absences	<u>\$ 22,968</u>	<u>\$ 20,637</u>	<u>\$ 22,484</u>	<u>\$ 21,121</u>	<u>\$ 14,320</u>

**MEEKER-MCLEOD-SIBLEY COMMUNITY HEALTH SERVICES
LITCHFIELD, MINNESOTA**

3. Detailed Notes (Continued)

C. Defined Benefit Pension Plan

1. Plan Description

All full-time and certain part-time employees of Meeker-McLeod-Sibley Community Health Services 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 plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

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

2. Benefits Provided

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

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

**MEEKER-MCLEOD-SIBLEY COMMUNITY HEALTH SERVICES
LITCHFIELD, MINNESOTA**

3. Detailed Notes

C. Defined Benefit Pension Plan

2. Benefits Provided (Continued)

Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. For members retiring on January 1, 2024, or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under the Rule of 90 are exempt from the delay to normal retirement.

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

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

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

**MEEKER-MCLEOD-SIBLEY COMMUNITY HEALTH SERVICES
LITCHFIELD, MINNESOTA**

3. Detailed Notes

C. Defined Benefit Pension Plan (Continued)

3. 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 2021.

In 2021, the Health Services was required to contribute 7.50 percent of annual covered salary. The employee and employer contribution rates did not change from the previous year.

The Health Services' contribution for the General Employees Plan for the year ended December 31, 2021, was \$27,112. The contributions are equal to the contractually required contributions as set by state statute.

4. Pension Costs

At December 31, 2021, the Health Services reported a liability of \$230,604 for its proportionate share of the General Employees Plan's net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Health Services' proportion of the net pension liability was based on the Health Services' contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2020, through June 30, 2021, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2021, the Health Services' proportion was 0.0054 percent. It was 0.0046 percent measured as of June 30, 2020. The Health Services recognized pension expense of \$33,937 for its proportionate share of the General Employees Plan's pension expense.

**MEEKER-MCLEOD-SIBLEY COMMUNITY HEALTH SERVICES
LITCHFIELD, MINNESOTA**

3. Detailed Notes

C. Defined Benefit Pension Plan

4. Pension Costs (Continued)

The Health Services also recognized \$572 as revenue, which results in a reduction of the net pension liability, for its proportionate share of the State of Minnesota's expense related to its contribution to the General Employees Plan, which qualifies as a special funding situation. Legislation requires the State of Minnesota to contribute \$16 million to the General Employees Plan annually until September 15, 2031.

The Health Services' proportionate share of the net pension liability	\$	230,604
State of Minnesota's proportionate share of the net pension liability associated with the Health Services		7,087
Total	\$	237,691

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 1,260	\$ 6,923
Changes in actuarial assumptions	140,802	4,340
Difference between projected and actual investment earnings	-	200,721
Changes in proportion	68,207	8,293
Contributions paid to PERA subsequent to the measurement date	13,017	-
Total	\$ 223,286	\$ 220,277

**MEEKER-MCLEOD-SIBLEY COMMUNITY HEALTH SERVICES
LITCHFIELD, MINNESOTA**

3. Detailed Notes

C. Defined Benefit Pension Plan

4. Pension Costs (Continued)

The \$13,017 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, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31	Pension Expense Amount
2022	\$ 29,195
2023	4,881
2024	10,389
2025	(54,473)

5. Actuarial Assumptions

The total pension liability in the June 30, 2021, actuarial valuation was determined using the individual entry-age normal actuarial cost method and the following additional actuarial assumptions:

Inflation	2.25 percent per year
Active member payroll growth	3.00 percent per year
Investment rate of return	6.50 percent

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, with slight adjustments. Cost of living benefit increases for retirees are assumed to be 1.25 percent.

Actuarial assumptions used in the June 30, 2021, valuation were based on the results of actuarial experience studies. The experience study for the General Employees Plan was dated June 27, 2019. A review of inflation and investment assumptions dated June 24, 2021, was utilized.

**MEEKER-MCLEOD-SIBLEY COMMUNITY HEALTH SERVICES
LITCHFIELD, MINNESOTA**

3. Detailed Notes

C. Defined Benefit Pension Plan

5. Actuarial Assumptions (Continued)

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

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

6. Discount Rate

The discount rate used to measure the total pension liability was 6.50 percent in 2021, which is a decrease of one percent from 2020. 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.

**MEEKER-MCLEOD-SIBLEY COMMUNITY HEALTH SERVICES
LITCHFIELD, MINNESOTA**

3. Detailed Notes

C. Defined Benefit Pension Plan (Continued)

7. Changes in Actuarial Assumptions and Plan Provisions

The following changes in actuarial assumptions occurred in 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.

8. Pension Liability Sensitivity

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

	Proportionate Share of the General Employees Plan	
	Discount Rate	Net Pension Liability
1% Decrease	5.50%	\$ 470,315
Current	6.50	230,604
1% Increase	7.50	33,907

9. 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.

**MEEKER-MCLEOD-SIBLEY COMMUNITY HEALTH SERVICES
LITCHFIELD, MINNESOTA**

4. Summary of Significant Contingencies and Other Items

A. Risk Management

Meeker-McLeod-Sibley Community Health Services is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or natural disasters. The Health Services has entered into a joint powers agreement with Minnesota counties to form the Minnesota Counties Intergovernmental Trust (MCIT) to cover its property and casualty liabilities. There were no significant reductions in insurance from the previous year or settlements in excess of insurance 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 in 2021 and 2022. Should the MCIT Workers' Compensation Division liabilities exceed assets, MCIT may assess the Health Services in a method and amount to be determined by MCIT.

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

B. Claims and Litigation

Meeker-McLeod-Sibley Community Health Services, in connection with the normal conduct of its affairs, is involved in various claims, judgments, and litigation. The Health Services' attorney estimates that the potential claims against the Health Services resulting from litigation not covered by insurance would not materially affect the financial statements of the Health Services.

**MEEKER-MCLEOD-SIBLEY COMMUNITY HEALTH SERVICES
LITCHFIELD, MINNESOTA**

4. Summary of Significant Contingencies and Other Items (Continued)

C. Contingent Liabilities

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

5. Jointly-Governed Organization

Minnesota Counties Computer Cooperative

Under Minnesota Joint Powers Law, Minn. Stat. § 471.59, Minnesota counties have created the Minnesota Counties Computer Cooperative (MCCC) to jointly provide for the establishment, operation, and maintenance of data processing systems, facilities, and management information systems. Meeker-McLeod-Sibley Community Health Services entered into a joint powers agreement with the MCCC during 2015. In 2021, the Health Services paid \$31,192 to the MCCC.

REQUIRED SUPPLEMENTARY INFORMATION

**MEEKER-MCLEOD-SIBLEY COMMUNITY HEALTH SERVICES
LITCHFIELD, MINNESOTA**

EXHIBIT A-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 1,652,240	\$ 1,652,240	\$ 2,536,811	\$ 884,571
Charges for services	-	-	77	77
Gifts and contributions	-	-	560	560
Miscellaneous	-	-	3,689	3,689
Total Revenues	\$ 1,652,240	\$ 1,652,240	\$ 2,541,137	\$ 888,897
Expenditures				
Health				
Local Public Health Grant	\$ 311,635	\$ 311,635	\$ 374,107	\$ (62,472)
Early Hearing and Detection	3,000	3,000	2,525	475
Women, Infants, and Children	360,282	360,282	501,747	(141,465)
Family Planning Special Projects	34,074	34,074	17,376	16,698
Project Harmony	180,000	180,000	114,090	65,910
Crow River Area Breastfeeding Coalition	-	-	1,179	(1,179)
Follow Along Program	6,072	6,072	6,283	(211)
Maternal and Child Health Services				
Block Grant	81,891	81,891	93,493	(11,602)
Health Disparities	1,883	1,883	89,411	(87,528)
Healthy Communities Activities	4,000	4,000	1,315	2,685
Home Visiting Temporary Assistance for Needy Families	95,010	95,010	104,102	(9,092)
Child and Teen Checkups	229,411	229,411	212,350	17,061
Public Health Emergency Preparedness Grants	80,887	80,887	64,866	16,021
Suicide Prevention Grant	20,000	20,000	27,798	(7,798)
COVID Grants	-	-	641,704	(641,704)
Influenza Vaccine	-	-	47,113	(47,113)
Statewide Health Improvement Program	224,095	224,095	165,099	58,996
Total Expenditures	\$ 1,632,240	\$ 1,632,240	\$ 2,464,558	\$ (832,318)
Net Change in Fund Balance	\$ 20,000	\$ 20,000	\$ 76,579	\$ 56,579
Fund Balance – January 1	296,763	296,763	296,763	-
Fund Balance – December 31	\$ 316,763	\$ 316,763	\$ 373,342	\$ 56,579

**MEEKER-MCLEOD-SIBLEY COMMUNITY HEALTH SERVICES
LITCHFIELD, MINNESOTA**

EXHIBIT A-2

**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
PERA GENERAL EMPLOYEES RETIREMENT PLAN
DECEMBER 31, 2021**

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 Meeker-McLeod-Sibley Community Health Services (b)	Employer's Proportionate Share of the Net Pension Liability and the State's Related Share of the Net Pension Liability (Asset) (a + b)	Covered Payroll (c)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2021	0.0054 %	\$ 230,604	\$ 7,087	\$ 237,691	\$ 389,936	59.14 %	87.00 %
2020	0.0046	269,796	8,250	278,046	317,397	85.00	79.06
2019	0.0048	265,381	8,166	273,547	334,872	79.25	80.23
2018	0.0028	155,333	5,110	160,443	187,062	83.04	79.53
2017	0.0036	227,389	2,860	230,249	229,507	99.08	75.90
2016	0.0031	254,023	3,330	257,353	194,933	130.31	68.91
2015	0.0015	79,059	N/A	79,059	90,395	87.46	78.19

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

**MEEKER-MCLEOD-SIBLEY COMMUNITY HEALTH SERVICES
LITCHFIELD, MINNESOTA**

EXHIBIT A-3

**SCHEDULE OF CONTRIBUTIONS
PERA GENERAL EMPLOYEES RETIREMENT PLAN
DECEMBER 31, 2021**

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)
2021	\$ 27,112	\$ 27,112	\$ -	\$ 361,486	7.50 %
2020	27,771	27,771	-	370,278	7.50
2019	23,435	23,435	-	312,472	7.50
2018	20,543	20,543	-	273,896	7.50
2017	15,723	15,723	-	209,640	7.50
2016	16,555	16,555	-	220,747	7.50
2015	7,115	7,115	-	94,867	7.50

This schedule is intended to show information for ten years. Additional years will be displayed as they become available. Meeker-McLeod-Sibley Community Health Services' year-end is December 31.

**MEEKER-MCLEOD-SIBLEY COMMUNITY HEALTH SERVICES
LITCHFIELD, MINNESOTA**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2021

1. Budgetary Information

Meeker-McLeod-Sibley Community Health Services adopts estimated revenue and expenditure budgets for the General Fund on a basis consistent with accounting principles generally accepted in the United States of America. The legal level of budgetary control is the function level. Appropriations and encumbrances lapse at year-end. The budgets may be amended or modified at any time by the Community Health Board.

2. Excess of Expenditures over Appropriations

In the General Fund, the expenditures exceeded appropriations for the year ended December 31, 2021, by \$832,318.

3. Defined Benefit Pension Plans – Changes in Significant Plan Provisions, Actuarial Methods, and Assumptions

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

General Employees Retirement Plan

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.

**MEEKER-MCLEOD-SIBLEY COMMUNITY HEALTH SERVICES
LITCHFIELD, MINNESOTA**

3. Defined Benefit Pension Plans – Changes in Significant Plan Provisions, Actuarial Methods, and Assumptions

General Employees Retirement Plan

2020 (Continued)

- 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.

**MEEKER-MCLEOD-SIBLEY COMMUNITY HEALTH SERVICES
LITCHFIELD, MINNESOTA**

3. Defined Benefit Pension Plans – Changes in Significant Plan Provisions, Actuarial Methods, and Assumptions

General Employees Retirement Plan

2020 (Continued)

- Augmentation for current privatized members was reduced to 2.00 percent for the period July 1, 2020, through December 31, 2023, and 0.00 percent thereafter. Augmentation was eliminated for privatizations occurring after June 30, 2020.

2019

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

2018

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

**MEEKER-MCLEOD-SIBLEY COMMUNITY HEALTH SERVICES
LITCHFIELD, MINNESOTA**

3. Defined Benefit Pension Plans – Changes in Significant Plan Provisions, Actuarial Methods, and Assumptions

General Employees Retirement Plan

2018 (Continued)

- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to the Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017

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

2016

- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2035 and 2.50 percent per year thereafter, to 1.00 percent for all future years.
- The assumed investment rate was changed from 7.90 percent to 7.50 percent. The single discount rate was also changed from 7.90 percent to 7.50 percent.

**MEEKER-MCLEOD-SIBLEY COMMUNITY HEALTH SERVICES
LITCHFIELD, MINNESOTA**

3. Defined Benefit Pension Plans – Changes in Significant Plan Provisions, Actuarial Methods, and Assumptions

General Employees Retirement Plan

2016 (Continued)

- 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.

OTHER SCHEDULES

**MEEKER-MCLEOD-SIBLEY COMMUNITY HEALTH SERVICES
LITCHFIELD, MINNESOTA**

EXHIBIT B-1

**SCHEDULE OF INTERGOVERNMENTAL REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2021**

Reimbursement for Services	
State	
Minnesota Department of Human Services	<u>\$ 212,350</u>
Grants	
Local	
PrimeWest Health	<u>\$ 35,000</u>
State	
Minnesota Department of Health	<u>\$ 772,268</u>
Federal	
U.S. Department of Agriculture	
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)	<u>\$ 504,543</u>
U.S. Department of the Treasury	
Coronavirus State and Local Fiscal Recovery Funds	<u>\$ 11,000</u>
U.S. Department of Education	
Special Education – Grants for Infants and Families	<u>\$ 6,283</u>
U.S. Department of Health and Human Services	
PHEP Grants (Public Health Emergency Preparedness)	\$ 74,629
Early Hearing Detection and Intervention	975
TANF Home Visiting (Temporary Assistance for Needy Families)	108,948
Immunization Cooperative Agreements	341,129
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	262,074
Block Grants for Prevention and Treatment of Substance Abuse	114,119
Maternal and Child Health Services Block Grant (MCH)	<u>93,493</u>
Total U.S. Department of Health and Human Services	<u>\$ 995,367</u>
Total federal	<u>\$ 1,517,193</u>
Total state and federal grants	<u>\$ 2,289,461</u>
Total Intergovernmental Revenue	<u>\$ 2,536,811</u>

**MEEKER-MCLEOD-SIBLEY COMMUNITY HEALTH SERVICES
LITCHFIELD, MINNESOTA**

EXHIBIT B-2

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021**

Federal Grantor Pass-Through Agency Program or Cluster Title	Assistance Listing Number	Pass-Through Grant Numbers	Expenditures	Passed Through to Subrecipients
U.S. Department of Agriculture				
Passed Through Minnesota Department of Health Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	202MN004W1003	\$ 504,543	\$ 327,145
U.S. Department of the Treasury				
Passed Through Minnesota Department of Health COVID-19 – Coronavirus State and Local Fiscal Recovery Funds	21.027	Not Provided	\$ 11,000	\$ 11,000
U.S. Department of Education				
Passed Through Minnesota Department of Health Special Education – Grants for Infants and Families	84.181	BO4MC32551	\$ 6,283	\$ 6,283
U.S. Department of Health and Human Services				
Passed Through Minnesota Department of Health Public Health Emergency Preparedness	93.069	161406	\$ 74,629	\$ -
Early Hearing Detection and Intervention	93.251	H61MC00035	975	975
Immunization Cooperative Agreements	93.268	NH23IP922628	68,508	68,147
COVID-19 – Immunization Cooperative Agreements (Total Immunization Cooperative Agreements 93.268 \$341,129)	93.268	NH23IP922628	272,621	261,785
COVID-19 – Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	NU50CK000508	262,074	255,658
Temporary Assistance for Needy Families	93.558	1801MNTANF	108,948	108,925
Maternal and Child Health Services Block Grant to the States	93.994	BO4MC32551	93,493	93,493
Passed Through Minnesota Department of Human Services Block Grants for Prevention and Treatment of Substance Abuse	93.959	H79T1080360	114,119	70,552
Total U.S. Department of Health and Human Services			\$ 995,367	\$ 859,535
Total Federal Awards			\$ 1,517,193	\$ 1,203,963

**MEEKER-MCLEOD-SIBLEY COMMUNITY HEALTH SERVICES
LITCHFIELD, MINNESOTA**

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021

1. Summary of Significant Accounting Policies

A. Reporting Entity

The Schedule of Expenditures of Federal Awards presents the activities of federal award programs expended by Meeker-McLeod-Sibley Community Health Services. The Health Services' reporting entity is defined in Note 1 to the financial statements.

B. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Meeker-McLeod-Sibley Community Health Services under programs of the federal government for the year ended December 31, 2021. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Meeker-McLeod-Sibley Community Health Services, it is not intended to and does not present the financial position or changes in net position of Meeker-McLeod-Sibley Community Health Services.

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

2. De Minimis Cost Rate

Meeker-McLeod-Sibley Community Health Services has elected to not use the ten percent de minimis indirect cost rate 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

Community Health Board
Meeker-McLeod-Sibley Community Health Services
Litchfield, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and the General Fund of Meeker-McLeod-Sibley Community Health Services, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Health Services' basic financial statements, and have issued our report thereon dated September 16, 2022.

Report on Internal Control Over Financial Reporting

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

A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control 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 Meeker-McLeod-Sibley Community Health Services' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Minnesota Legal Compliance

In connection with our audit, we noted that Meeker-McLeod-Sibley Community Health Services failed to comply with the provisions of the depositories of public funds and public investments section of the *Minnesota Legal Compliance Audit Guide for Other Political Subdivisions*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, insofar as they relate to accounting matters as described in the Schedule of Findings and Questioned Costs as item 2021-001. Also, in connection with our audit, nothing came to our attention that caused us to believe that Meeker-McLeod-Sibley Community Health Services failed to comply with the provisions of the contracting – bid laws, conflicts of interest, claims and disbursements, and miscellaneous provisions sections of the *Minnesota Legal Compliance Audit Guide for Other Political Subdivisions*, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Health Services' noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

Meeker-McLeod-Sibley Community Health Services' Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Meeker-McLeod-Sibley Community Health Services' response to the legal compliance finding identified in our audit and described in the accompanying Corrective Action Plan. The Health Services' response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of This Report

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

/s/Julie Blaha

JULIE BLAHA
STATE AUDITOR

/s/Dianne Syverson

DIANNE SYVERSON, CPA
DEPUTY STATE AUDITOR

September 16, 2022



**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

Independent Auditor's Report

Community Health Board
Meeker-McLeod-Sibley Community Health Services
Litchfield, Minnesota

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Meeker-McLeod-Sibley Community Health Services' compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on Meeker-McLeod-Sibley Community Health Services' major federal program for the year ended December 31, 2021. Meeker-McLeod-Sibley Community Health Services' major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, Meeker-McLeod-Sibley Community Health Services complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2021.

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 Meeker-McLeod-Sibley Community Health Services and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of Meeker-McLeod-Sibley Community Health Services' compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Meeker-McLeod-Sibley Community Health Services' federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Meeker-McLeod-Sibley Community Health Services' compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Meeker-McLeod-Sibley Community Health Services' compliance with the requirements of the major federal program as a whole.

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

/s/Julie Blaha

JULIE BLAHA
STATE AUDITOR

/s/Dianne Syverson

DIANNE SYVERSON, CPA
DEPUTY STATE AUDITOR

September 16, 2022

**MEEKER-MCLEOD-SIBLEY COMMUNITY HEALTH SERVICES
LITCHFIELD, MINNESOTA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

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 GAAP: **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 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**

The major federal program is:

Assistance Listing Number	Name of Federal Program or Cluster
93.268	Immunization Cooperative Agreements

The threshold for distinguishing between Types A and B programs was \$750,000.

Meeker-McLeod-Sibley Community Health Services qualified as a low-risk auditee? **Yes**

**MEEKER-MCLEOD-SIBLEY COMMUNITY HEALTH SERVICES
LITCHFIELD, MINNESOTA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2021**

**II. FINDINGS RELATED TO FINANCIAL STATEMENTS AUDITED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

None.

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARD PROGRAMS

None.

IV. OTHER FINDINGS AND RECOMMENDATIONS

2021-001 Insufficient Collateral

Prior Year Finding Number: 2020-003

Repeat Finding Since: 2020

Type of Finding: Minnesota Legal Compliance

Criteria: Government entities are required by Minn. Stat. § 118A.03 to obtain collateral to secure deposits to the extent funds on deposit exceed available federal deposit insurance at the close of the financial institution's banking day. The market value of the collateral should be at least ten percent more than the uninsured and unbonded amount on deposit, unless the collateral is an irrevocable letter of credit issued by Federal Home Loan Banks, which requires an amount at least equal to the amount on deposit.

Condition: During December 2021, Meeker-McLeod-Sibley Community Health Services had deposits with Security Bank & Trust that were not adequately covered by Federal Deposit Insurance Corporation (FDIC) insurance or collateral.

Context: The Health Services' deposits were under-collateralized the majority of the month of December, with the largest amount being by \$258,895. At December 31, 2021, the Health Services' deposits were sufficiently covered by FDIC insurance.

Effect: When the Health Services has insufficient collateral with a bank, it may not receive all deposits in the event of bank default.

**MEEKER-MCLEOD-SIBLEY COMMUNITY HEALTH SERVICES
LITCHFIELD, MINNESOTA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2021**

Cause: The issue was brought to the attention of the Health Services in October 2021 as a result of the 2020 audit. The Health Services informed us there was a delay until the month of December 2021 to get a savings account established so excess deposits can be transferred for additional FDIC insurance.

Recommendation: We recommend Meeker-McLeod-Sibley Community Health Services continue to monitor all deposits to ensure there is adequate collateral pledged to secure deposits in accordance with Minn. Stat. § 118A.03.

View of Responsible Official: Concur



Public Health
Prevent. Promote. Protect.

Meeker McLeod Sibley
Community Health Services

Meeker-McLeod-Sibley Community Health Services

114 N Holcombe Ave, Litchfield, Minnesota 55355
Main Line (320)693-5370

REPRESENTATION OF MEEKER-MCLEOD-SIBLEY COMMUNITY HEALTH SERVICES LITCHFIELD, MINNESOTA

CORRECTIVE ACTION PLAN FOR THE YEAR ENDED DECEMBER 31, 2021

Finding Number: 2021-001

Finding Title: Insufficient Collateral

Name of Contact Person Responsible for Corrective Action:

Kiza Olson, Community Health Services Administrator

Corrective Action Planned:

MMS CHS will establish monthly procedures to monitor all deposits to determine there is adequate collateral pledged to secure deposits in accordance with Minn. Stat. § 118A.03. Documentation of findings will be recorded.

Effective August 4th, 2022, MMS CHS entered into an agreement for custody of pledged securities.

Anticipated Completion Date:

August 4th, 2022



Public Health
Prevent. Promote. Protect.

Meeker McLeod Sibley
Community Health Services

Meeker-McLeod-Sibley Community Health Services

114 N Holcombe Ave, Litchfield, Minnesota 55355
Main Line (320)693-5370

REPRESENTATION OF MEEKER-MCLEOD-SIBLEY COMMUNITY HEALTH SERVICES LITCHFIELD, MINNESOTA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED DECEMBER 31, 2021

Finding Number: 2020-001
Year of Finding Origination: 2020
Finding Title: Audit Adjustments

Summary of Condition: Adjustments and reclassifications were prepared by the external auditor which resulted in significant changes to Meeker-McLeod-Sibley Community Health Services' financial statements.

Summary of Corrective Action Previously Reported: MMS CHS will work with accounting firm to prepare the financial report on the modified-accrual and full accrual basis of accounting. MMS CHS will implement a monthly final approval to ensure the information is complete and accurate. Documentation of final approval will be saved for accuracy and accountability.

Status: Fully Corrected. Corrective action was taken.
Was corrective action taken significantly different than the action previously reported?
Yes _____ No X

Finding Number: 2020-002
Year of Finding Origination: 2018
Finding Title: Special Supplemental Nutrition Program for Women, Infants, and Children: Procurement
Program: Special Supplemental Nutrition Program for Women, Infants, and Children (ALN 10.557)

Summary of Condition: Meeker-McLeod-Sibley Community Health Services updated its procurement policy in 2020; however, it did not include all of the required components to be in compliance with Title 2 U.S. *Code of Federal Regulations* § 200.318. In addition, documentation was not maintained for the history of the one procurement transaction tested.





Public Health
Prevent. Promote. Protect.

Meeker McLeod Sibley
Community Health Services

Meeker-McLeod-Sibley Community Health Services

114 N Holcombe Ave, Litchfield, Minnesota 55355
Main Line (320)693-5370

Summary of Corrective Action Previously Reported: The MMS CHS Administrator will update the procurement policy to be in compliance with Title 2 U.S. *Code of Federal Regulations* § 200.318. Findings of the procurement transaction will be saved per retention policy.

Status: Not Corrected. Administrator will provide further explanation in the policy explaining the expectations to ensure staff are able to understand.

Additionally, an explanation has been placed in the file as to why MMS CHS continues to use this vendor for our contract staffing needs.

Was corrective action taken significantly different than the action previously reported?

Yes _____ No X

Finding Number: 2020-003

Year of Finding Origination: 2020

Finding Title: Insufficient Collateral

Summary of Condition: At year-end, Meeker-McLeod-Sibley Community Health Services had deposits with Security Bank & Trust that were not adequately covered by Federal Deposit Insurance Corporation (FDIC) insurance or collateral.

Summary of Corrective Action Previously Reported: MMS CHS will establish monthly procedures to monitor all deposits to determine there is adequate collateral pledged to secure deposits in accordance with Minn. Stat. § 118A.03. Documentation of findings will be recorded.

Status: Partially Corrected. Effective August 4th, 2022, MMS CHS entered into an agreement for custody of pledged securities.

Was corrective action taken significantly different than the action previously reported?

Yes _____ No X

