

# STATE OF MINNESOTA

## Office of the State Auditor



**Rebecca Otto**  
**State Auditor**

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**SOUTHERN PRAIRIE CENTER FOR  
COMMUNITY HEALTH IMPROVEMENT  
MARSHALL, MINNESOTA**

**YEAR ENDED DECEMBER 31, 2016**

## **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 150 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 approximately 650 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  
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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.auditor.state.mn.us](http://www.auditor.state.mn.us).

**SOUTHERN PRAIRIE CENTER FOR  
COMMUNITY HEALTH IMPROVEMENT  
MARSHALL, MINNESOTA**

**Year Ended December 31, 2016**



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

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**SOUTHERN PRAIRIE CENTER FOR  
COMMUNITY HEALTH IMPROVEMENT  
MARSHALL, MINNESOTA**

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**SOUTHERN PRAIRIE CENTER FOR  
COMMUNITY HEALTH IMPROVEMENT  
MARSHALL, MINNESOTA**

ORGANIZATION  
2016

Name	Representing	Position
Board of Directors		
Steve Gerberding	Clinics	
Jeff Huseby	Consumers	
Jeanette Stevens	Consumers	
Jim Butterfield	Counties	
Priscilla Klabunde	Counties	Secretary
Ann Stehn	Health and Human Services	
Craig Myers	Health and Human Services	
Frank Fernandez	Health Plans	
Mark Paulson	Hospitals	
Bryan Lydick	Hospitals	Vice Chair
Sharon Williams	Integrated Delivery Networks	Treasurer
Scott Johnson	Mental Health	
Julie Hansen	Pharmacists	
Alan Olson	Physicians	Chair
Lucinda Jesson	Member at Large	
Sarah Ackerman	Providers Alternate	
Gary Hendrickx	Counties Alternate	
Executive Director		
Elizabeth Cinqueonce		

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REBECCA OTTO  
STATE AUDITOR

# STATE OF MINNESOTA OFFICE OF THE STATE AUDITOR

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1-800-627-3529 (Relay Service)

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Southern Prairie Center for Community  
Health Improvement  
Marshall, Minnesota

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the General Fund of Southern Prairie Center for Community Health Improvement, a component unit of Southern Prairie Community Care, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise Southern Prairie Center for Community Health Improvement's basic financial statements, as listed in the table of contents.

#### *Management's Responsibility 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; this includes 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.

#### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to Southern Prairie Center for Community Health Improvement's preparation and fair presentation of the financial statements 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 Southern Prairie Center for Community Health Improvement's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the General Fund of Southern Prairie Center for Community Health Improvement as of December 31, 2016, 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.

***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Required Supplementary Information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not 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.

*/s/Rebecca Otto*

REBECCA OTTO  
STATE AUDITOR

*/s/Greg Hierlinger*

GREG HIERLINGER, CPA  
DEPUTY STATE AUDITOR

November 21, 2017

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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**SOUTHERN PRAIRIE CENTER FOR  
COMMUNITY HEALTH IMPROVEMENT  
MARSHALL, MINNESOTA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2016  
(Unaudited)**

As management of Southern Prairie Center for Community Health Improvement (CCHI), we offer the readers of CCHI's financial statements this narrative overview and analysis of its financial activities for the fiscal year ended December 31, 2016. Since this information is designed to focus on the current year's activities, resulting changes, and currently known facts, it should be read in conjunction with the financial statements. All amounts, unless otherwise indicated, are expressed in whole dollars.

**FINANCIAL HIGHLIGHTS**

- Governmental activities' total net position is \$299,411.
- CCHI's net position increased by \$284,411 for the year ended December 31, 2016.
- Overall fund level revenues totaled \$300,000 and were \$284,411 more than expenditures.
- For the year ended December 31, 2016, the unrestricted fund balance of the General Fund was \$262,786, or 1685.7 percent, of the total General Fund expenditures for the year.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This Management's Discussion and Analysis (MD&A) is intended to serve as an introduction to the basic financial statements. The basic financial statements consist of two statements that combine government-wide financial statements and fund financial statements and the notes to the financial statements. The MD&A (this section) is required to accompany the basic financial statements and, therefore, is included as required supplementary information. This report also includes a budgetary comparison schedule for the General Fund as other required supplementary information.

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

The third column in each statement presents the governmental activities' Statement of Net Position and the Statement of Activities, which provide information about the activities of CCHI as a whole and present a longer-term view of CCHI's finances. These columns include all assets and deferred outflows of resources, and liabilities and deferred inflows of resources using the full accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. Over time, increases or decreases in net position are one indicator of whether CCHI's financial health is improving or deteriorating.

Notes to the financial statements provide additional information essential to a full understanding of the data provided in the government-wide and fund statements. The notes to the financial statements can be found following Exhibit 2.

### Net Position

Over time, net position serves as a useful indicator of financial position. CCHI's assets exceeded liabilities by \$299,411 at the close of 2016. The largest portion of CCHI's net position reflects current assets. Comparative information will be provided in future years.

#### Net Position

Assets	
Current and other assets	\$ 301,418
Liabilities	
Other liabilities	\$ 2,007
Net Position	
Restricted	\$ 36,625
Unrestricted	262,786
	<u>\$ 299,411</u>
Total Net Position	<u>\$ 299,411</u>

### Changes in Net Position

CCHI's activities increased net position during 2016 by \$284,411. Comparative information will be provided in future years.

#### Changes in Net Position

Revenues	
Contributions	\$ 300,000
Expenditures	
Public health	15,589
	<u>15,589</u>
Increase (Decrease) in Net Position	\$ 284,411
Net Position - January 1	<u>15,000</u>
Net Position - December 31	<u>\$ 299,411</u>

## **FINANCIAL ANALYSIS OF THE GENERAL FUND**

As shown in the General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance on Exhibit 2, CCHI's major source of revenue was contributions, with \$300,000 received in 2016, or 100.0 percent of the total revenue received.

### **GENERAL FUND BUDGETARY HIGHLIGHTS**

During the course of 2016, the original revenue and expenditure budgets increased by \$50,000. During 2016, CCHI received an Otto Bremer grant.

Actual revenues exceeded budgeted amounts by a total of \$235,000; this was due to a contribution by Southern Prairie Community Care.

Actual expenditures were less than the budgeted expenditures by \$49,411 due to the Otto Bremer grant being a multi-year grant beginning in 2016.

### **CAPITAL ASSETS AND DEBT ADMINISTRATION**

#### **Capital Assets**

At the end of fiscal year 2016, CCHI had no capital assets.

#### **Long-Term Debt**

At the end of fiscal year 2016, CCHI had no outstanding debt.

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

CCHI will adopt a 2017 budget based on continuing to seek grants which help achieve its mission.

### **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of CCHI's finances. Questions concerning any of the information provided in this report, or requests for additional financial information, should be addressed to Samantha Nelson, Executive Director, 2200 - 23rd Street Northeast, Suite 2035, Willmar, Minnesota 56201.

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## **BASIC FINANCIAL STATEMENTS**

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**SOUTHERN PRAIRIE CENTER FOR  
COMMUNITY HEALTH IMPROVEMENT  
MARSHALL, MINNESOTA**

*EXHIBIT 1*

**GENERAL FUND BALANCE SHEET AND  
GOVERNMENTAL ACTIVITIES - STATEMENT OF NET POSITION  
WITH ADJUSTMENTS TO CONVERT MODIFIED TO FULL ACCRUAL  
DECEMBER 31, 2016**

	<b>General Fund</b>	<b>Adjustments</b>	<b>Governmental Activities</b>
<b><u>Assets</u></b>			
Cash and cash equivalents	\$ 301,418	\$ -	\$ 301,418
<b><u>Liabilities</u></b>			
Accounts payable	\$ 2,007	\$ -	\$ 2,007
<b><u>Fund Balance/Net Position</u></b>			
Fund Balance			
Restricted for cultural liaison	\$ 36,625	\$ (36,625)	
Unassigned	262,786	(262,786)	
<b>Total Fund Balance</b>	<b>\$ 299,411</b>	<b>\$ (299,411)</b>	
Net Position			
Restricted for health		\$ 36,625	\$ 36,625
Unrestricted		262,786	262,786
<b>Total Net Position</b>		<b>\$ 299,411</b>	<b>\$ 299,411</b>
<b>Total Liabilities and Fund Balance/Net Position</b>	<b>\$ 301,418</b>	<b>\$ -</b>	<b>\$ 301,418</b>

**SOUTHERN PRAIRIE CENTER FOR  
COMMUNITY HEALTH IMPROVEMENT  
MARSHALL, 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, 2016**

	<b>General Fund</b>	<b>Adjustments</b>	<b>Governmental Activities</b>
<b>Revenues</b>			
Contributions	\$ 300,000	\$ -	\$ 300,000
<b>Expenditures/Expenses</b>			
<b>Current</b>			
<b>Public health</b>			
Health	15,589	-	15,589
<b>Net Change in Fund Balance/Net Position</b>	<b>\$ 284,411</b>	<b>\$ -</b>	<b>\$ 284,411</b>
<b>Fund Balance/Net Position - January 1</b>	<b>15,000</b>	-	<b>15,000</b>
<b>Fund Balance/Net Position - December 31</b>	<b>\$ 299,411</b>	<b>\$ -</b>	<b>\$ 299,411</b>

**SOUTHERN PRAIRIE CENTER FOR  
COMMUNITY HEALTH IMPROVEMENT  
MARSHALL, MINNESOTA**

NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2016

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1. Summary of Significant Accounting Policies

Southern Prairie Center for Community Health Improvement's 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, 2016. 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 Southern Prairie Center for Community Health Improvement are discussed below.

A. Financial Reporting Entity

Southern Prairie Center for Community Health Improvement is a nonstock, nonprofit corporation organized pursuant to the provisions of the Minnesota Nonprofit Corporation Act.

Southern Prairie Center for Community Health Improvement was formed to engage and partner with community stakeholders, including the providers, payers, government services, community services, and consumers in the Southern Prairie Community Care region, through data collection and collaboration on health improvement strategies and implementation for the Southern Prairie Community Care counties and their residents.

The Southern Prairie Center for Community Health Improvement Board of Directors consists of not less than 11 or more than 17 members. The Board of Directors consists of up to 11 members who are health care providers in the region, up to 3 members who are appointed by the 12 counties in the region, and up to 3 members who are private consumers residing in the region.

Des Moines Valley Health and Human Services serves as fiscal agent and reports the transactions of Southern Prairie Center for Community Health Improvement as an agency fund on its financial statements.

**SOUTHERN PRAIRIE CENTER FOR  
COMMUNITY HEALTH IMPROVEMENT  
MARSHALL, MINNESOTA**

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1. Summary of Significant Accounting Policies

A. Financial Reporting Entity (Continued)

Southern Prairie Center for Community Health Improvement is a discretely presented component unit of Southern Prairie Community Care and, therefore, is included in Southern Prairie Community Care's financial statements because Southern Prairie Community Care is financially accountable to and able to impose its will on Southern Prairie Center for Community Health Improvement.

B. Basic Financial Statements

Basic financial statements include information on Southern Prairie Center for Community Health Improvement's activities as a whole and information on the General Fund of Southern Prairie Center for Community Health Improvement. These separate presentations are reported in different columns on Exhibits 1 and 2. Each of these 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 Southern Prairie Center for Community Health Improvement as a whole.

C. Measurement Focus and Basis of Accounting

The governmental activities are reported using the economic resources measurement focus and the full accrual basis of accounting. Southern Prairie Center for Community Health Improvement's net position is reported in three parts: (1) investment in capital assets, (2) restricted, and (3) unrestricted. 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. Southern Prairie Center for Community Health Improvement considers all revenues as available if collected within 60 days after the end of the current period. Charges for services and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for claims and judgments, which are recognized as expenditures to the extent that they have matured.

**SOUTHERN PRAIRIE CENTER FOR  
COMMUNITY HEALTH IMPROVEMENT  
MARSHALL, MINNESOTA**

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1. Summary of Significant Accounting Policies

C. Measurement Focus and Basis of Accounting (Continued)

When both restricted and unrestricted resources are available for use, it is Southern Prairie Center for Community Health Improvement's 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. Cash and Cash Equivalents

Southern Prairie Center for Community Health Improvement's available cash balances are held by Des Moines Valley Health and Human Services.

2. Classification of Net Position

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

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

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 is not included in the net investment in capital assets or restricted components.

**SOUTHERN PRAIRIE CENTER FOR  
COMMUNITY HEALTH IMPROVEMENT  
MARSHALL, MINNESOTA**

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1. Summary of Significant Accounting Policies

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

3. Classification of Fund Balances

Fund balance is divided into five classifications based primarily on the extent to which Southern Prairie Center for Community Health Improvement is bound to observe constraints imposed upon the use of the resources in the General Fund. The classifications are as follows:

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

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

Committed - amounts that can be used only for the specific purposes imposed by formal action of the Southern Prairie Center for Community Health Improvement Board. Those committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

Assigned - amounts the Southern Prairie Center for Community Health Improvement Board intends to use for specific purposes that do not meet the criteria to be classified as restricted or committed.

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

**SOUTHERN PRAIRIE CENTER FOR  
COMMUNITY HEALTH IMPROVEMENT  
MARSHALL, MINNESOTA**

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1. Summary of Significant Accounting Policies

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

3. Classification of Fund Balances (Continued)

Southern Prairie Center for Community Health Improvement 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.

2. Detailed Notes

Assets

Deposits

Cash transactions are administered by the Des Moines Valley Health and Human Services' Director of Business Management who is, according to Minn. Stat. §§ 118A.02 and 118A.04, authorized to deposit cash in financial institutions designated by the Southern Prairie Center for Community Health Improvement Board.

Minnesota Statute § 118A.03 requires that all deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged shall be at least ten percent more than the amount on deposit plus accrued interest 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, revenue obligations rated "AA" or better; irrevocable standby letters of credit issued by the Federal Home Loan Bank; and certificates of deposit. Minnesota statutes require that securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or in an account at a trust department of a commercial bank or other financial institution that is not owned or controlled by the financial institution furnishing the collateral.

**SOUTHERN PRAIRIE CENTER FOR  
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MARSHALL, MINNESOTA**

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2. Detailed Notes

Assets

Deposits (Continued)

Custodial credit risk for deposits is the risk that, in the event of a bank failure, Southern Prairie Center for Community Health Improvement's deposits may not be returned. Southern Prairie Center for Community Health Improvement's policy is to obtain collateral or bond for all uninsured amounts on deposit, necessary documentation to show compliance with state law, and a perfected security interest under federal law.

As of December 31, 2016, Southern Prairie Center for Community Health Improvement's deposits were not entirely covered by federal depository insurance or by pledged collateral. As of December 31, 2016, Southern Prairie Center for Community Health Improvement's deposits were undercollateralized by \$51,427.

3. Summary of Significant Contingencies and Other Items

Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the State of Minnesota. 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 Southern Prairie Center for Community Health Improvement expects such amounts, if any, to be immaterial.

**REQUIRED SUPPLEMENTARY INFORMATION**

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**SOUTHERN PRAIRIE CENTER FOR  
COMMUNITY HEALTH IMPROVEMENT  
MARSHALL, MINNESOTA**

*EXHIBIT A-1*

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Contributions	\$ 15,000	\$ 65,000	\$ 300,000	\$ 235,000
<b>Expenditures</b>				
<b>Current</b>				
<b>Public health</b>				
Health	<u>15,000</u>	<u>65,000</u>	<u>15,589</u>	<u>49,411</u>
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 284,411</b>	<b>\$ 284,411</b>
<b>Fund Balance - January 1</b>	<u><b>15,000</b></u>	<u><b>15,000</b></u>	<u><b>15,000</b></u>	<u><b>-</b></u>
<b>Fund Balance - December 31</b>	<u><u><b>\$ 15,000</b></u></u>	<u><u><b>\$ 15,000</b></u></u>	<u><u><b>\$ 299,411</b></u></u>	<u><u><b>\$ 284,411</b></u></u>

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**SOUTHERN PRAIRIE CENTER FOR  
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MARSHALL, MINNESOTA**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2016

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Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of American for the General Fund. All annual appropriations lapse at year-end.

The appropriated budget is prepared by fund, function, and department. The legal level of budgetary control (the level at which expenditures may not legally exceed appropriations) is the fund level. The budgets may be amended or modified at any time by the Southern Prairie Center for Community Health Improvement Board.

During the year, the Board amended the revenue and expenditure budgets.

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REBECCA OTTO  
STATE AUDITOR

# STATE OF MINNESOTA OFFICE OF THE STATE AUDITOR

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## INDEPENDENT AUDITOR'S REPORT ON MINNESOTA LEGAL COMPLIANCE

Board of Directors  
Southern Prairie Center for Community  
Health Improvement  
Marshall, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America, the accompanying financial statements of the governmental activities and the General Fund of Southern Prairie Center for Community Health Improvement, a component unit of Southern Prairie Community Care, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise Southern Prairie Center for Community Health Improvement's basic financial statements and have issued our report thereon dated November 21, 2017.

The *Minnesota Legal Compliance Audit Guide for Counties*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, contains seven categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and tax increment financing. Our audit considered all of the listed categories, except that we did not test for compliance with the provisions for public indebtedness and tax increment financing because Southern Prairie Center for Community Health Improvement has no public indebtedness or tax increment financing.

In connection with our audit, nothing came to our attention that caused us to believe that Southern Prairie Center for Community Health Improvement failed to comply with the provisions of the *Minnesota Legal Compliance Audit Guide for Counties*. 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 County's noncompliance with the above referenced provisions.

This report is intended solely for the information and use of the Board of Directors and management of Southern Prairie Center for Community Health Improvement and the State Auditor, and is not intended to be, and should not be, used by anyone other than those specified parties.

/s/Rebecca Otto

REBECCA OTTO  
STATE AUDITOR

/s/Greg Hierlinger

GREG HIERLINGER, CPA  
DEPUTY STATE AUDITOR

November 21, 2017

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