

STATE OF MINNESOTA

Office of the State Auditor



Rebecca Otto
State Auditor

COTTONWOOD-JACKSON
COMMUNITY HEALTH SERVICES
JACKSON, MINNESOTA

FOR THE YEAR ENDED DECEMBER 31, 2011

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 160 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 730 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.

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**COTTONWOOD-JACKSON
COMMUNITY HEALTH SERVICES
JACKSON, MINNESOTA**

For the Year Ended December 31, 2011



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

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**COTTONWOOD-JACKSON COMMUNITY HEALTH SERVICES
JACKSON, MINNESOTA**

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**COTTONWOOD-JACKSON COMMUNITY HEALTH SERVICES
JACKSON, MINNESOTA**

**ORGANIZATION
2011**

<u>Office</u>	<u>Name</u>
Board of Health	
Cottonwood County Commissioners	
1st District	Jim Schmidt
2nd District	Ron Kuecker
3rd District	Tom White
4th District	Norman Holmen ¹
5th District	John Oeltjenbruns
Jackson County Commissioners	
1st District	William Tusa
2nd District	Kim Hummel
3rd District	Rosemary Schultz
4th District	Roger Ringkob
5th District	David Henkels
Nursing Director/Administrator	Patricia Stewart

¹Chair 2011

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REBECCA OTTO
STATE AUDITOR

STATE OF MINNESOTA

OFFICE OF THE STATE AUDITOR

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INDEPENDENT AUDITOR'S REPORT

Board of Health
Cottonwood-Jackson Community Health Services
Jackson, Minnesota

We have audited the basic financial statements of Cottonwood-Jackson Community Health Services, (Health Services) as of and for the year ended December 31, 2011, as listed in the table of contents. These financial statements are the responsibility of Cottonwood-Jackson Community Health Services' management. Our responsibility is to express an opinion 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1.E.2. to the financial statements, Cottonwood-Jackson Community Health Services has not reported a liability for its other postemployment benefits (OPEB) and, accordingly, has not reported an expense for the current period change in the net OPEB obligation. Accounting principles generally accepted in the United States of America require that OPEB obligations, which arise from an exchange of salaries and benefits for employee service and are part of the compensation that employers offer for services received, and the annual OPEB cost be accrued as liabilities and expenses as the employees earn the right to the benefits. Accruing OPEB costs would increase liabilities, reduce net assets, and change the expenses. The amount by which this departure would affect the Health Services' liabilities, net assets, and expenses is not reasonably determinable.

In our opinion, except for the effects of not reporting a liability and related expense for OPEB as described above, the basic financial statements referred to above present fairly, in all material respects, the financial position of Cottonwood-Jackson Community Health Services as of December 31, 2011, and the changes in its financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis 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. In accordance with auditing standards generally accepted in the United States of America, we have applied certain limited procedures to the Management's Discussion and Analysis, 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

February 28, 2014

/s/Greg Hierlinger

GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

MANAGEMENT'S DISCUSSION AND ANALYSIS

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**COTTONWOOD-JACKSON COMMUNITY HEALTH SERVICES
JACKSON, MINNESOTA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2011
(Unaudited)**

Cottonwood-Jackson Community Health Services' (Health Services) Management's Discussion and Analysis (MD&A) provides an overview of the Health Services' financial activities for the fiscal year ended December 31, 2011. 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 Health Services' financial statements.

The Cottonwood-Jackson Community Health Services is a joint powers enterprise operation of Cottonwood and Jackson Counties created to provide community health care for the residents of the two-county area.

OVERVIEW OF THE FINANCIAL STATEMENTS

This MD&A is intended to serve as an introduction to the basic financial statements. Cottonwood-Jackson Community Health Services' basic financial statements consist of two parts: the 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.

The financial statements present the Health Services' financial activities and consist of the following:

- The statement of net assets compares the assets and liabilities to give an overall view of the financial health of the Health Services.
- The statement of revenues, expenses, and changes in net assets provides information on an aggregate view of the Health Services' finances. All of the current year's revenues and expenses are taken into account, regardless of when the cash was received or paid.
- The statement of cash flows provides sources and uses of cash for the Health Services.

FINANCIAL ANALYSIS

Net Assets

	<u>2011</u>	<u>2010</u>
Assets		
Current and other assets	\$ 246,256	\$ 291,609
Capital assets	<u>26,530</u>	<u>32,486</u>
Total Assets	<u>\$ 272,786</u>	<u>\$ 324,095</u>
Liabilities		
Current liabilities	\$ 81,681	\$ 138,592
Noncurrent liabilities	<u>80,902</u>	<u>89,546</u>
Total Liabilities	<u>\$ 162,583</u>	<u>\$ 228,138</u>
Net Assets		
Invested in capital assets	\$ 26,530	\$ 32,486
Restricted	60,300	61,108
Unrestricted	<u>23,373</u>	<u>2,363</u>
Total Net Assets	<u>\$ 110,203</u>	<u>\$ 95,957</u>

Current and other assets decreased from 2010 by \$45,352 due in part to elimination of the Tobacco-Free Communities Grant. The decrease in capital assets reflects the depreciation of the four vehicles owned by the Health Services.

The total liabilities decreased from 2010 due to a significant decrease in accounts payable. This was due to the Health Services holding the last batch of December 2009 warrants until January 2010.

Current compensated absences and long-term compensated absences show a decrease from 2010. This is due to that Cottonwood-Jackson Community Health Services had a long-term employee retire in 2011. This employee alone had \$10,908 in compensated absences, which accounts for the decrease in long-term compensated absences.

Cottonwood-Jackson Community Health Services tried to maximize its restricted investments by investing in certificates of deposit. In 2011, the Health Services awarded one \$1,500 continuing education scholarship from the Restricted Net Assets account. Because of low interest rates and the scholarship award, the Restricted Net Assets decreased in 2011.

Changes in Revenues, Expenses, and Net Assets

	<u>2011</u>	<u>2010</u>
Operating Revenues		
Charges for services	\$ 643,024	\$ 710,613
Intergovernmental	1,142,265	1,282,788
Miscellaneous	<u>60,337</u>	<u>40,446</u>
Total Operating Revenues	\$ 1,845,626	\$ 2,033,847
Nonoperating Revenues		
Interest and donations	<u>1,312</u>	<u>2,173</u>
Total Revenues	<u>\$ 1,846,938</u>	<u>\$ 2,036,020</u>
Operating Expenses		
Professional services	\$ 1,662,914	\$ 1,947,032
Administration	163,822	120,180
Depreciation	<u>5,956</u>	<u>5,957</u>
Total Expenses	<u>\$ 1,832,692</u>	<u>\$ 2,073,169</u>
Change in Net Assets	<u>\$ 14,246</u>	<u>\$ (37,149)</u>

Total operating revenues decreased from 2010 to 2011. Cottonwood-Jackson Community Health Services saw a 9.51 percent decrease in charges for services, a 10.95 percent decrease in intergovernmental revenue, and a 49.18 percent increase in miscellaneous revenues. The decrease in charges for services can be attributed to a decrease of reimbursement rates across all public funded pay sources (including Medicare, Medical Assistance, waived programs, and Veteran's Administration pay sources). The intergovernmental operating revenue decrease is due to the elimination of the Tobacco-Free Communities Grant. The increase in miscellaneous revenues is due in large part to an increase of \$13,852 from Minnesota Counties Insurance Trust for the annual dividend.

The decrease in operating expenses in 2011 is due largely to the elimination of the Tobacco-Free Communities Grant and the decrease in charges for services as the Health Services administration strives to have expenditures not exceed revenues. There was also the retirement of a long-term employee who was not replaced.

CAPITAL ASSETS ADMINISTRATION

Capital Assets (Net of Depreciation)

	<u>2011</u>	<u>2010</u>
Capital assets	<u>\$ 26,530</u>	<u>\$ 32,486</u>

Our capital assets decreased by \$5,956 due to depreciation expense. Additional capital assets information can be found in the notes to the financial statements.

FUTURE EVENTS

Cottonwood-Jackson Community Health Services looks forward to the future. The Health Services' Board and administration are continually assessing the needs of Cottonwood and Jackson Counties' citizens and the fees, grants, and state and local dollars the Health Services will be receiving for the coming year to meet those needs. The Health Services will evaluate staffing patterns to handle the activities for the coming year. We will monitor the Health Services' financial status monthly and monitor activities planned for our community.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Cottonwood-Jackson Community Health Services' finances for all those with an interest in our finances. For questions concerning any information provided in this report or requests for additional financial information, contact Patricia A. Stewart, Administrator, Cottonwood-Jackson Community Health Services, 407 - 5th Street, Suite 209, Jackson, Minnesota 56143.

BASIC FINANCIAL STATEMENTS

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**COTTONWOOD-JACKSON COMMUNITY HEALTH SERVICES
JACKSON, MINNESOTA**

EXHIBIT 1

**STATEMENT OF NET ASSETS
DECEMBER 31, 2011**

Assets

Current assets

Unrestricted assets

Cash and pooled investments	\$	58,117
Petty cash and change funds		60
Accounts receivable - net		32,972
Due from other governments - net		94,807
		94,807

Total unrestricted current assets **\$ 185,956**

Restricted assets

Cash and pooled investments	\$	59,829
Accrued interest receivable		471
		471

Total restricted assets **\$ 60,300**

Total current assets **\$ 246,256**

Noncurrent assets

Capital assets		
Depreciable - net		26,530
		26,530

Total Assets **\$ 272,786**

Liabilities

Current liabilities

Accounts payable	\$	19,798
Salaries payable		22,035
Compensated absences payable		39,848
		39,848

Total current liabilities **\$ 81,681**

Noncurrent liabilities

Compensated absences payable		80,902
		80,902

Total Liabilities **\$ 162,583**

Net Assets

Invested in capital assets	\$	26,530
Restricted for		
Endowments - expendable		14,800
Endowments - nonexpendable		45,500
Unrestricted		23,373
		23,373

Total Net Assets **\$ 110,203**

**COTTONWOOD-JACKSON COMMUNITY HEALTH SERVICES
JACKSON, MINNESOTA**

EXHIBIT 2

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2011**

Operating Revenues	
Charges for services	\$ 643,024
Intergovernmental	
Shared revenues	4,326
State	
Department of Health	474,240
Department of Human Services	28,421
Federal	
Women, Infants, and Children (WIC)	111,636
Medical Reserve Corps Small Grant Program	5,000
Public Health Emergency Preparedness	57,966
Universal Newborn Hearing Screening	375
Immunization Grants	4,540
National Public Health Improvement Initiative	4,500
Temporary Assistance for Needy Families (TANF)	39,610
ARRA - Immunization	15,329
Medical Assistance Program	28,422
Maternal and Child Health (MCH)	37,136
Local	
County appropriations	319,738
Other	11,026
Miscellaneous	60,337
	<hr/>
Total Operating Revenues	\$ 1,845,626
Operating Expenses	
Administration	\$ 163,822
Healthy communities	790,349
Infectious disease	42,395
Disaster preparation	45,668
Health services	784,502
Depreciation	5,956
	<hr/>
Total Operating Expenses	\$ 1,832,692
Operating Income (Loss)	\$ 12,934
Nonoperating Revenues (Expenses)	
Interest income	\$ 941
Gifts and contributions	371
	<hr/>
Total Nonoperating Revenues (Expenses)	\$ 1,312
Increase (Decrease) in Net Assets	\$ 14,246
Net Assets - January 1	95,957
	<hr/>
Net Assets - December 31	\$ 110,203
	<hr/> <hr/>

**COTTONWOOD-JACKSON COMMUNITY HEALTH SERVICES
JACKSON, MINNESOTA**

EXHIBIT 3

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2011
Increase (Decrease) in Cash and Cash Equivalents**

Cash Flows from Operating Activities	
Receipts from customers and users	\$ 846,664
Intergovernmental	722,286
County appropriations	319,738
Other local grants	11,026
Payments to suppliers	(503,243)
Payments to employees	<u>(1,389,047)</u>
Net cash provided by (used in) operating activities	<u>\$ 7,424</u>
Cash Flows from Noncapital Financing Activities	
Contributions	<u>\$ 371</u>
Cash Flows from Investing Activities	
Investment earnings received	<u>\$ 1,016</u>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 8,811
Cash and Cash Equivalents at January 1	<u>109,196</u>
Cash and Cash Equivalents at December 31	<u>\$ 118,007</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities	
Operating Income (Loss)	<u>\$ 12,934</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities	
Depreciation expense	\$ 5,956
(Increase) decrease in accounts receivable	98,101
(Increase) decrease in due from other governments	(44,013)
Increase (decrease) in accounts payable	(54,802)
Increase (decrease) in salaries payable	(968)
Increase (decrease) in compensated absences payable	<u>(9,784)</u>
Total adjustments	<u>\$ (5,510)</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 7,424</u>

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**COTTONWOOD-JACKSON COMMUNITY HEALTH SERVICES
JACKSON, MINNESOTA**

**NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2011**

1. Summary of Significant Accounting Policies

Cottonwood-Jackson Community Health Services' (Health Services) financial statements are prepared in accordance with generally accepted accounting principles (GAAP) as of and for the year ended December 31, 2011. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989, (when applicable) that do not conflict with or contradict GASB pronouncements. Although the Health Services has the option to apply FASB pronouncements issued after that date, the Health Services has chosen not to do so. The more significant accounting policies established in GAAP and used by the Health Services are discussed below.

A. Financial Reporting Entity

Cottonwood-Jackson Community Health Services operates under Minn. Stat. ch. 145A and was established by a joint powers agreement effective January 1, 1977. The Board of Health is made up of the five elected County Commissioners from both Cottonwood and Jackson Counties.

The primary activities of the Health Services are to protect and promote the health of the general population within the counties by emphasizing the prevention of disease, injury, disability, and preventable death through the promotion of effective coordination and use of community resources, and by extending health services into the community.

The Health Services is not a component unit of the two member counties, nor does it have any component units. The Health Services' financial statements are not included in any member county's financial statements.

Joint Ventures

Cottonwood-Jackson Community Health Services participates in joint ventures described in Note 5.D.

**COTTONWOOD-JACKSON COMMUNITY HEALTH SERVICES
JACKSON, MINNESOTA**

1. Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation

Cottonwood-Jackson Community Health Services' accounts are organized as an enterprise fund. The operations are accounted for with a set of self-balancing accounts that comprise its assets, liabilities, net assets, revenues, and expenses. Enterprise funds are used to account for: (1) operations that provide a service to citizens financed primarily by charges to users of that service; and (2) activities where the periodic measurement of net income is deemed appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

C. Measurement Focus and Basis of Accounting

The Health Services' financial statements are reported using the economic resources measurement focus and the 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.

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. Budget

An annual budget is prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. This budget is reviewed by the Cottonwood-Jackson Community Health Services' Board of Health and approved by both the Cottonwood County and Jackson County Boards of Commissioners.

E. Assets, Liabilities, and Net Assets

1. Assets

Cash and Cash Equivalents

For purposes of the statement of cash flows, all cash and highly liquid investments (including restricted assets) with a maturity of three months or less when purchased are considered to be cash equivalents.

**COTTONWOOD-JACKSON COMMUNITY HEALTH SERVICES
JACKSON, MINNESOTA**

1. Summary of Significant Accounting Policies

E. Assets, Liabilities, and Net Assets

1. Assets (Continued)

Restricted Assets

Certain funds are classified as restricted assets because their use is limited. Included in restricted assets are funds set aside to be used for the Alice Mann Good for People Education and Scholarship Fund and interest receivable for those funds.

Capital Assets and Depreciation

Capital assets are defined by the Health Services as assets with an initial individual cost of \$5,000 or more. Capital assets are recorded at cost and consist of vehicles. Depreciation is provided on the straight-line basis over ten years, the estimated useful lives of the assets.

2. Liabilities

Compensated Absences

Compensated absences are considered expenses when incurred. Earned but unpaid vacation and sick leave that is vested is shown on the statement of net assets as a long-term liability. A current portion of the liability is calculated based on a five-year trend analysis.

Other Postemployment Benefits

The Health Services has not calculated its other postemployment benefits (OPEB) obligation in order to report the liability on the statement of net assets. Therefore, the change in the net OPEB obligation has not been reported in the statement of revenues, expenses, and changes in net assets. These are departures from generally accepted accounting principles.

**COTTONWOOD-JACKSON COMMUNITY HEALTH SERVICES
JACKSON, MINNESOTA**

1. Summary of Significant Accounting Policies

E. Assets, Liabilities, and Net Assets (Continued)

3. Net Assets

Net assets are classified in the following categories:

- Invested in capital assets, net of related debt - the amount of net assets representing capital assets, net of accumulated depreciation, and reduced by outstanding debt attributed to the acquisition, construction or improvement of the assets.
- Restricted net assets - the amount of net assets for which external restrictions have been imposed either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- Unrestricted net assets - the amount of net assets that do not meet the definition of restricted or invested in capital assets, net of related debt.

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

F. Revenues and Expenses

1. Operating and Nonoperating Revenues

The Health Services distinguishes operating revenues from nonoperating revenues. Operating revenues generally result from providing services and producing and delivering goods in connection with an activity's principal ongoing operations. Operating revenues include charges for services and intergovernmental operating grants, since they constitute the Health Services' ongoing operations. All revenues not meeting this definition are reported as nonoperating revenues.

2. Expenses

Cottonwood-Jackson Community Health Services recognizes expenses, including compensated absences, when incurred. Operating expenses include the cost of services, administrative expenses, and depreciation on capital assets.

**COTTONWOOD-JACKSON COMMUNITY HEALTH SERVICES
JACKSON, MINNESOTA**

1. Summary of Significant Accounting Policies (Continued)

G. 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 and liabilities and disclosure of contingent assets and liabilities at the end of 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.

2. Stewardship, Compliance, and Accountability

Budget

Following is a summary of the budgeted and actual amounts for the year ended December 31, 2011:

	Budget	Actual	Variance Favorable (Unfavorable)
Operating Revenues	\$ 1,859,540	\$ 1,845,626	\$ (13,914)
Operating Expenses	1,882,350	1,832,692	49,658
Operating Income (Loss)	\$ (22,810)	\$ 12,934	\$ 35,744
Nonoperating Revenues (Expenses)	22,810	1,312	(21,498)
Net Income (Loss)	\$ -	\$ 14,246	\$ 14,246

3. Detailed Notes

A. Assets

Deposits and Investments

Reconciliation of the Health Services' total cash as reported in the basic financial statements to deposits, cash on hand, and investments follows:

Petty cash and change funds	\$ 60
Savings and checking	61,632
Certificates of deposit	45,500
Cash with fiscal agent	10,814
Total Deposits and Investments	\$ 118,006

**COTTONWOOD-JACKSON COMMUNITY HEALTH SERVICES
JACKSON, MINNESOTA**

3. Detailed Notes

A. Assets

Deposits and Investments (Continued)

The following table presents the Health Services' cash and deposit balances at December 31, 2011:

Cash and cash equivalents	\$ 58,117
Petty cash and change funds	60
Restricted cash	<u>59,829</u>
Total Cash	<u>\$ 118,006</u>

1. Deposits

Cottonwood-Jackson Community 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 securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or in an account at a trust department of a commercial bank or other financial institution not owned or controlled by the financial institution furnishing the collateral.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a financial institution failure, the Health Services' deposits may not be returned to it. The Health Services does not have a deposit policy for custodial credit risk. As of December 31, 2011, the Health Services' deposits were not exposed to custodial credit risk.

**COTTONWOOD-JACKSON COMMUNITY HEALTH SERVICES
JACKSON, MINNESOTA**

3. Detailed Notes

A. Assets

Deposits and Investments (Continued)

2. Investments

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

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

During the year ended December 31, 2011, Cottonwood-Jackson Community Health Services had no investments.

**COTTONWOOD-JACKSON COMMUNITY HEALTH SERVICES
JACKSON, MINNESOTA**

3. Detailed Notes

A. Assets (Continued)

Accounts Receivable

A summary of accounts receivable, including allowance for uncollectible accounts, at December 31, 2011, is:

Gross accounts receivable	\$	44,369
Less: allowance for uncollectibles		(11,397)
Net Accounts Receivable	\$	32,972

The Health Services did not have any receivables scheduled to be collected beyond one year.

Due From Other Governments

The following amounts were due from other governments at December 31, 2011:

Gross due from other governments	\$	131,344
Less: allowance for uncollectibles		(36,537)
Net Due From Other Governments	\$	94,807

Capital Assets

A summary of capital assets at December 31, 2011, follows:

	Balance January 1, 2011	Additions	Deletions	Balance December 31, 2011
Equipment	\$ 59,563	\$ -	\$ -	\$ 59,563
Less: accumulated depreciation	(27,077)	(5,956)	-	(33,033)
Total	\$ 32,486	\$ (5,956)	\$ -	\$ 26,530

**COTTONWOOD-JACKSON COMMUNITY HEALTH SERVICES
JACKSON, MINNESOTA**

3. Detailed Notes (Continued)

B. Liabilities

Vacation and Sick Leave

Under Cottonwood-Jackson Community Health Services' personnel policies, employees are granted vacation leave in varying amounts based on their length of service. Vacation leave accrual varies from 5 to 20 days per year. Sick leave accrual is 12 days per year.

Unused accumulated vacation and vested sick leave are paid to employees upon termination. Unvested sick leave is available to employees in the event of illness-related absences and is not paid to them at termination.

Compensated Absences

The net change in compensated absences for the year ended December 31, 2011, is:

Compensated absences - January 1	\$ 130,534
Net change	<u>(9,784)</u>
Compensated absences - December 31	<u>\$ 120,750</u>
Estimated payable within a year	<u>\$ 39,848</u>

4. Pension Plans

A. Plan Description

All full-time and certain part-time employees of Cottonwood-Jackson Community Health Services are covered by defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA administers the General Employees Retirement Fund, which is a cost-sharing, multiple-employer retirement plan. The plan is established and administered in accordance with Minn. Stat. chs. 353 and 356.

**COTTONWOOD-JACKSON COMMUNITY HEALTH SERVICES
JACKSON, MINNESOTA**

4. Pension Plans

A. Plan Description (Continued)

General Employees Retirement Fund members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security, and Basic Plan members are not. All new members must participate in the Coordinated Plan.

PERA provides retirement benefits as well as disability benefits to members and benefits to survivors upon death of eligible members. Benefits are established by state statute and vest after three years of credited service (five years for those first eligible for membership after June 30, 2010). Defined retirement benefits are based on a member's average yearly salary for the five highest-paid consecutive years of allowable service, age, and years of credit at termination of service.

Two methods are used to compute benefits for Coordinated and Basic Plan members. The retiring member receives 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 Basic Plan member is 2.2 percent of average salary for each of the first ten years of service and 2.7 percent for each year thereafter. For a Coordinated Plan member, the annuity accrual rate is 1.2 percent of average salary for each of the first ten years and 1.7 percent for each successive year. Using Method 2, the annuity accrual rate is 2.7 percent of average salary for Basic Plan members and 1.7 percent for Coordinated Plan members for each year of service.

For General Employees Retirement Fund members whose annuity is calculated using Method 1, a full annuity is available when age plus years of service equal 90. Normal retirement age is 65 for members hired prior to July 1, 1989, and is the age for unreduced Social Security benefits capped at age 66 for Coordinated Plan members hired on or after July 1, 1989. A reduced retirement annuity is also available to eligible members seeking early retirement.

The benefit provisions stated in the previous paragraphs 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 public service.

**COTTONWOOD-JACKSON COMMUNITY HEALTH SERVICES
JACKSON, MINNESOTA**

4. Pension Plans

A. Plan Description (Continued)

PERA issues a publicly available financial report that includes financial statements and required supplementary information for the General Employees Retirement Fund. That report may be obtained on the internet at www.mnpera.org; by writing to PERA at 60 Empire Drive, Suite 200, Saint Paul, Minnesota 55103-2088; or by calling 651-296-7460 or 1-800-652-9026.

B. Funding Policy

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. Cottonwood-Jackson Community Health Services makes annual contributions to the pension plans equal to the amount required by state statutes. General Employees Retirement Fund Basic Plan members and Coordinated Plan members are required to contribute 9.10 and 6.25 percent, respectively, of their annual covered salary.

Cottonwood-Jackson Community Health Services is required to contribute the following percentages of annual covered payroll in 2011:

General Employees Retirement Fund	
Basic Plan members	11.78%
Coordinated Plan members	7.25

Cottonwood-Jackson Community Health Services' contributions for the years ending December 31, 2009, 2010, and 2011, for the General Employees Retirement Fund were:

	<u>2009</u>	<u>2010</u>	<u>2011</u>
General Employees Retirement Fund	\$ 70,694	\$ 76,471	\$ 73,210

These contribution amounts are equal to the contractually required contribution rates for each year as set by state statute.

**COTTONWOOD-JACKSON COMMUNITY HEALTH SERVICES
JACKSON, MINNESOTA**

5. Summary of Significant Contingencies and Other Items

A. Claims and Litigation

Cottonwood-Jackson 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 that would not be covered by insurance would not materially affect the financial statements.

B. Risk Management

The Health Services is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the Health Services carries commercial insurance. The Health Services retains the risk for the deductible portions of the insurance policies. The Health Services has entered into a joint powers agreement with Minnesota counties to form the Minnesota Counties Intergovernmental Trust (MCIT). The Health Services is a member of both the MCIT Workers' Compensation and Property and Casualty Divisions. For all other risk, the Health Services carries commercial insurance. There were no significant reductions in insurance from the previous year or settlements in excess of insurance coverage for any of the past three fiscal 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 \$450,000 per claim in 2011 and \$460,000 per claim in 2012. 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.

**COTTONWOOD-JACKSON COMMUNITY HEALTH SERVICES
JACKSON, MINNESOTA**

5. Summary of Significant Contingencies and Other Items

B. Risk Management (Continued)

The Southwest/West Central Service Cooperative is a joint powers entity which sponsors a plan to provide group employee health benefits to its participating members. All members pool premiums and losses; however, a particular member may receive increases or decreases depending on a good or bad year of claims experience. Premiums are determined annually by the Service Cooperative and are based partially on the experience of the Health Services and partially on the experience of the group. The Service Cooperative solicits proposals from carriers and negotiates the contracts.

For health insurance, the Health Services participates in Jackson County's self-insurance program. Jackson County handles its self-insurance in its General Fund. Additional disclosures, as required by GASB Statement No. 10, *Accounting and Reporting for Risk Financing and Related Insurance Issues*, are disclosed on a County-wide basis in the Jackson County Annual Financial Report.

The Health Services did not have a loss exceeding the limits of insurance coverage for any of the past three years. There were no significant reductions in insurance from the previous year.

C. Subsequent Event

On April 21, 2013, Cottonwood-Jackson Community Health Services approved dissolution of the Health Board and will assign all power and duties to the Des Moines Valley Health and Human Services Board effective January 1, 2014. Jackson County formally approved joining the joint agency on March 13, 2012, and Cottonwood County formally approved joining the joint powers on February 26, 2013.

D. Jointly-Governed Organizations

Cottonwood County Family Services Collaborative provides for the improvement in the social, emotional, educational, and economic outcomes of all Cottonwood County children, adolescents, and their families through activities that coordinate support and services. During 2011, Cottonwood-Jackson Community Health Services paid \$500 to the Collaborative.

**COTTONWOOD-JACKSON COMMUNITY HEALTH SERVICES
JACKSON, MINNESOTA**

5. Summary of Significant Contingencies and Other Items

D. Jointly-Governed Organizations (Continued)

Jackson County Children's Mental Health and Family Services Network Collaborative promotes the improvement of the outcome of Jackson County children and their families through the utilization of existing resources by creating a more efficient and effective system of delivering services. During 2011, the Health Services paid \$500 to the Collaborative.

The Minnesota Counties Computer Cooperative provides computer programming services for Cottonwood-Jackson Community Health Services. Cottonwood-Jackson Community Health Services pays Jackson County for Information Technology and is included in Jackson County's contribution.

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**COTTONWOOD-JACKSON COMMUNITY HEALTH SERVICES
JACKSON, MINNESOTA**

**SCHEDULE OF FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2011**

I. INTERNAL CONTROL OVER FINANCIAL REPORTING

PREVIOUSLY REPORTED ITEMS NOT RESOLVED

99-1 **Segregation of Duties**

Criteria: A good system of internal control provides for an adequate segregation of duties so that no one individual handles a transaction from its inception to completion.

Condition: Cottonwood-Jackson Community Health Services (Health Services) lacks proper segregation of duties. One staff person is responsible for billing, collecting, recording, and depositing receipts as well as reconciling bank accounts.

Context: Due to the limited number of office personnel within the Health Services, segregation of the accounting functions necessary to ensure adequate internal accounting control is not possible. This is not unusual in operations the size of Cottonwood-Jackson Community Health Services; however, the Health Services' management should constantly be aware of this condition and realize that the concentration of duties and responsibilities in a limited number of individuals is not desirable from an accounting point of view.

Effect: Inadequate segregation of duties could adversely affect the Health Services' ability to detect misstatements in amounts that would be material in relation to the financial statements in a timely period by employees in the normal course of performing their assigned functions.

Cause: The Health Services indicated that due to the limited number of employees, the Health Services cannot adequately segregate accounting duties.

Recommendation: We recommend the Health Services' Board and management be aware of the lack of segregation of accounting functions and, where possible, implement oversight procedures to ensure that internal control policies and procedures are being implemented by staff to the extent possible.

Client's Response:

The Cottonwood-Jackson Board of Health is aware that it is desirable to segregate duties in the accounting department of Cottonwood-Jackson Community Health Services. However, due to the size of the agency, it is not possible nor is it economically feasible to separate the accounting department to the desirable level of control. The Cottonwood-Jackson Board of Health and the Health Services are aware of this lack of segregation of duties and continue to monitor the financial status of the agency.

10-1 Preparation of Financial Statements

Criteria: The Health Services is required to prepare financial statements in accordance with generally accepted accounting principles (GAAP). The preparation of the financial statements is the responsibility of the Health Services' management. Financial statement preparation in accordance with GAAP requires internal control over both: (1) recording, processing, and summarizing accounting data (maintaining internal books and records); and (2) preparing and reporting appropriate financial statements, including the related notes to the financial statements.

Condition: As is the case with many small and medium-sized entities, the Health Services has relied on its independent external auditors to assist in the preparation of the basic financial statements, including notes to the financial statements, as part of its external financial reporting process.

Context: The Health Services' ability to prepare financial statements in accordance with GAAP is based, at least in part, on its reliance on its external auditors, who cannot by definition be considered part of the Health Services' internal control.

Effect: As a result of this condition, the Health Services lacks internal control over the preparation of financial statements in accordance with GAAP.

Cause: This condition was caused by the Health Services' decision that it is more cost effective to have its auditors prepare its annual basic financial statements than to incur the time and expense of obtaining the necessary training and expertise required to prepare the financial statements internally.

Recommendation: We recommend the Cottonwood-Jackson Community Health Services obtain the training and expertise to internally prepare its annual financial statements in accordance with GAAP. If the Health Services still intends to have external audit staff assist in preparation then, at a minimum, it must have an individual identified and trained with the expertise to sufficiently review, understand, and approve the Health Services' financial statements, including notes. As an alternative, the Health Services could have an outside consultant assist in preparing its basic financial statements.

Client's Response:

The Fiscal Officer does not have the expertise to sufficiently review, understand and approve the Community Health Services' financial statements, including notes. However, due to the demands of the Fiscal Officer position, time does not allow for the preparation of the statements on an annual basis.

On January 1, 2014, Cottonwood-Jackson Community Health Services merged with Cottonwood County Family Service Agency and Jackson County Department of Human Services to form Des Moines Valley Health and Human Services. The new agency does have the financial staff to complete these reports in-house.

10-2 General Ledger

Criteria: A general ledger is the main accounting record of an entity which includes debits and credits, a double-entry system, for each transaction. Accounting and reporting controls are more efficient and effective when all transactions are accounted for in one centralized general ledger. The Health Services' Board and management are better able to implement and maintain internal controls over one central computerized system than several decentralized systems. Management and employees should have access to assets or records based on the requirements of their positions.

Condition: Cottonwood-Jackson Community Health Services does not maintain a complete and comprehensive general ledger of receipt and disbursement transactions. The Health Services uses Excel spreadsheets to record receipts and cash balances and the Integrated Financial System (IFS) Account Activity Report is used to account for disbursements.

Context: A centralized general ledger generally provides more uniformity and consistency in accounting for financial transactions. In addition, it allows management to have access to financial information for the entire Health Services as needed to manage and monitor its financial operations.

Effect: Increased audit time and costs to prepare a working trial balance for the Health Services.

Cause: Cottonwood-Jackson Community Health Services maintains an Excel spreadsheet called "General Ledger" which includes summary level data. The "General Ledger" is used by the Health Services to combine the receipts and expenditures from the IFS, Community Health Administrative Management Program (CHAMP), and the Cash Receipts/Accounts Receivable Ledger. Due to limited personnel and time constraints, Cottonwood-Jackson Community Health Services is not able to maintain a double-entry general ledger.

Recommendation: We recommend that the Health Services' Board provide the necessary directives to management to complete the process of consolidating all transactions into one general ledger system. This would improve efficiencies in maintaining the Health Services' financial records and preparing required reports.

Client's Response:

On January 1, 2014, Cottonwood-Jackson Community Health Services merged with Cottonwood County Family Service Agency and Jackson County Department of Human Services to form Des Moines Valley Health and Human Services. The new agency will be utilizing one general ledger system. It should be noted that DVHHS-PH will still be utilizing the Nightingale Notes for its client clinical, billing, and accounts receivable. All receivables that are Public Health client receivables will be posted twice, once in IFS and then in Nightingale Notes creating a duplication of posting.

10-3 Other Postemployment Benefits (OPEB)

Criteria: The Governmental Accounting Standards Board (GASB) issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, which provides the accounting and financial reporting standards for OPEB offered to retirees. GASB Statement 45 was applicable to Cottonwood-Jackson Community Health Services for the year ended December 31, 2009.

Condition: GASB Statement 45 has not yet been implemented by Cottonwood-Jackson Community Health Services as required. The Health Services has not undergone an actuarial study to determine its OPEB liability. The Health Services has not reported its OPEB liability or the change to the net OPEB obligation in the basic financial statements.

Context: The Health Services should have determined its net OPEB liability and annual OPEB cost in accordance with GASB Statement 45.

Effect: A qualified opinion is issued on the basic financial statements of Cottonwood-Jackson Community Health Services.

Cause: The Health Services has determined the cost of hiring an actuary to determine annual costs and liabilities associated with reporting its OPEB liability is not worth the necessary investment to become compliant with GASB 45.

Recommendation: We recommend the Health Services determine the net OPEB liability and annual OPEB cost in accordance with the requirements of GASB Statement 45. This will require the Health Services to contract with an actuarial service to determine this liability.

Client's Response:

On January 1, 2014, Cottonwood-Jackson Community Health Services merged with Cottonwood County Family Service Agency and Jackson County Department of Human Services to form Des Moines Valley Health and Human Services. The new agency intends to determine the OPEB liability and annual OPEB cost in accordance with the requirements of GASB Statement No. 45.

Cottonwood-Jackson CHS determined the cost associated with identifying the OPEB liability and annual OPEB cost in accordance with the requirements of GASB Statement No. 45 to be cost prohibitive for an agency its size.

PREVIOUSLY REPORTED ITEM RESOLVED

Audit Adjustment (08-1)

Material audit adjustments resulted in significant changes to the Health Services' financial statements.

Resolution

No material audit adjustments were identified.

II. MANAGEMENT PRACTICES

PREVIOUSLY REPORTED ITEM NOT RESOLVED

98-1 Disaster Recovery Plan

Criteria: There should be a detailed disaster recovery plan in place to assist in a timely recovery of data processing in the event of a disaster. Disaster recovery planning involves predetermined methods and procedures to restore and continue operations in the event of a catastrophic emergency in the data processing area. A written plan should cover the loss of any or all programs, data, forms, computer media, operating instructions, details on an alternate site for operations, staffing requirements, and a schedule of priorities.

Condition: Cottonwood-Jackson Community Health Services rents time on Jackson County's IBM iSeries for recording financial transactions, disbursements, and payroll. In the event of a disaster, the Health Services would rely on Jackson County's disaster recovery plan to restore operations; however, Jackson County does not have a formal County Board-approved policy.

Context: The Health Services relies on Jackson County's system for recording a significant amount of data, making guidelines for timely recovery of such important.

Effect: The lack of a formal written disaster recovery plan could adversely affect the Health Services' ability to recover data or continue processing operations after an unexpected interruption.

Cause: Jackson County has not formalized a risk assessment policy relative to information technology and has not developed a detailed plan that will ensure continued operations in the event of a disaster.

Recommendation: We recommend Cottonwood-Jackson Community Health Services work with Jackson County to complete and approve a disaster recovery plan.

Client's Response:

Des Moines Valley Health and Human Services will work with Jackson County to complete and approve a disaster recovery plan.

PREVIOUSLY REPORTED ITEM RESOLVED

Approval of Time Sheets (10-4)

We noted three time sheets with no employee signature and six timesheets with no supervisor signature. Approval of time sheets is an important internal control which helps to ensure that the time worked is reported accurately and reliably.

Resolution

All timesheets reviewed during the audit had evidence of employee and supervisor signatures.



REBECCA OTTO
STATE AUDITOR

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND MINNESOTA LEGAL COMPLIANCE

Board of Health
Cottonwood-Jackson Community Health Services
Jackson, Minnesota

We have audited the financial statements of Cottonwood-Jackson Community Health Services as of and for the year ended December 31, 2011, and have issued our report thereon dated February 28, 2014. Our report on the financial statements was qualified because the Health Services has not reported other postemployment benefits (OPEB) obligations in the Statement of Net Assets and has not reported the net OPEB obligation change in the Statement of Revenues, Expenses, and Changes in Net Assets, as required by generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of Cottonwood-Jackson Community Health Services (Health Services) as of and for the year ended December 31, 2011, in accordance with auditing standards generally accepted in the United States of America, we considered the Health Services' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion 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 combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Health Services' financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in the internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified deficiencies in internal control over financial reporting that we consider to be significant deficiencies described in the accompanying Schedule of Findings and Recommendations as items 99-1, 10-1, 10-2, and 10-3. 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.

Minnesota Legal Compliance

We have audited the basic financial statements of Cottonwood-Jackson Community Health Services as of and for the year ended December 31, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of the *Minnesota Legal Compliance Audit Guide for Political Subdivisions*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65. Accordingly, the audit included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

The *Minnesota Legal Compliance Audit Guide for Political Subdivisions* contains six categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, and miscellaneous provisions. Our study included all of the listed categories, except that we did not test for compliance with the provisions for public indebtedness because Cottonwood-Jackson Community Health Services does not have debt.

The results of our tests indicate that for the items tested, Cottonwood-Jackson Community Health Services complied with the material terms and conditions of applicable legal provisions.

Also included in the Schedule of Findings and Recommendations is a management practices comment. We believe this recommendation to be of benefit to the Health Services, and we are reporting it for that purpose.

Cottonwood-Jackson Community Health Services' written responses to the internal control and management practices findings identified in our audit have been included in the Schedule of Findings and Recommendations. We did not audit the Health Services' responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Board of Health, management, and others within Cottonwood-Jackson Community Health Services 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

February 28, 2014

/s/Greg Hierlinger

GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR