

STATE OF MINNESOTA

Office of the State Auditor



Julie Blaha
State Auditor

KANDIYOHI-RENVILLE
COMMUNITY HEALTH BOARD
WILLMAR, MINNESOTA

YEAR ENDED DECEMBER 31, 2018

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 approximately 600 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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**KANDIYOHI-RENVILLE
COMMUNITY HEALTH BOARD
WILLMAR, MINNESOTA**

Year Ended December 31, 2018



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

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**KANDIYOHI-RENVILLE COMMUNITY HEALTH BOARD
WILLMAR, MINNESOTA**

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**KANDIYOHI-RENVILLE COMMUNITY HEALTH BOARD
WILLMAR, MINNESOTA**

ORGANIZATION
2018

Office	Name
Board Members	
Kandiyohi County Commissioners	
Member	Rollie Nissen
Member	Harlan Madsen
Renville County Commissioners	
Member	John Stahl
Member	Rick Schimdt
Member	Andrea Pieske
Member	Sandy Miller
Chair	Lynette Blem
Kandiyohi County Health and Human Services	
Director	Ann Stehn
Renville County Public Health Director	Jill Bruns

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JULIE BLAHA
STATE AUDITOR

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INDEPENDENT AUDITOR'S REPORT

Community Health Board
Kandiyohi-Renville Community Health Board
Willmar, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the General Fund of the Kandiyohi-Renville Community Health Board, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Health Board'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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 the Health Board'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 the Health Board'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 the Kandiyohi-Renville Community Health Board as of December 31, 2018, 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

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 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. 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 the Kandiyohi-Renville Community Health Board's basic financial statements. The Supplementary Information, which includes the Schedule of Intergovernmental Revenue, the Schedule of Expenditures of Federal Awards (SEFA), and the related notes to the SEFA, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Supplementary 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. Such 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 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 August 29, 2019, on our consideration of the Kandiyohi-Renville Community Health Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Kandiyohi-Renville Community Health Board's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Kandiyohi-Renville Community Health Board's internal control over financial reporting and compliance.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Health Board's basic financial statements. The accompanying SEFA, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements. The SEFA 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. Such 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 SEFA is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

/s/Julie Blaha

JULIE BLAHA
STATE AUDITOR

/s/Greg Hierlinger

GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

August 29, 2019

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BASIC FINANCIAL STATEMENTS

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**KANDIYOHI-RENVILLE COMMUNITY HEALTH BOARD
WILLMAR, MINNESOTA**

EXHIBIT 1

**GENERAL FUND BALANCE SHEET AND GOVERNMENTAL ACTIVITIES
STATEMENT OF NET POSITION WITH ADJUSTMENTS TO CONVERT MODIFIED TO FULL ACCRUAL
DECEMBER 31, 2018**

	General Fund	Adjustments	Governmental Activities
<u>Assets</u>			
Current assets			
Cash and pooled investments with Kandiyohi County	\$ 2,446	\$ -	\$ 2,446
Due from other governments	504,782	-	504,782
Total Assets	\$ 507,228	\$ -	\$ 507,228
<u>Liabilities and Fund Balance/Net Position</u>			
Liabilities			
Current liabilities			
Due to other governments	\$ 507,228	\$ -	\$ 507,228
Fund Balance/Net Position	-	-	-
Total Liabilities and Fund Balance/Net Position	\$ 507,228	\$ -	\$ 507,228
Reconciliation of the General Fund Balance to Net Position			
Fund Balance – General Fund			\$ -

**KANDIYOHI-RENVILLE COMMUNITY HEALTH BOARD
WILLMAR, 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, 2018**

	General Fund	Adjustments	Governmental Activities
Revenues			
Food and beverage licenses	\$ 216,752	\$ -	\$ 216,752
Intergovernmental			
Reimbursement for services	149,671	-	149,671
State	1,073,175	-	1,073,175
Federal	922,181	-	922,181
	\$ 2,361,779	\$ -	\$ 2,361,779
Expenditures/Expenses			
Health			
Current	\$ 300	\$ -	\$ 300
Intergovernmental	2,361,479	-	2,361,479
	\$ 2,361,779	\$ -	\$ 2,361,779
Net Change in Fund Balance/Net Position	\$ -	\$ -	\$ -
Fund Balance/Net Position – January 1	-	-	-
Fund Balance/Net Position – December 31	\$ -	\$ -	\$ -

**KANDIYOHI-RENVILLE COMMUNITY HEALTH BOARD
WILLMAR, MINNESOTA**

**NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2018**

1. Summary of Significant Accounting Policies

The Kandiyohi-Renville Community Health Board's (Health Board) financial statements are prepared in accordance with generally accepted accounting principles (GAAP) for the year ended December 31, 2018. 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 Board are discussed below.

A. Financial Reporting Entity

The Kandiyohi-Renville Community Health Board was originally established October 1, 2012, by a joint powers agreement between Kandiyohi and Renville Counties, pursuant to Minn. Stat. ch. 145A, and pursuant to Minn. Stat. § 471.59, for the purpose of transitioning grant contracts. The Kandiyohi-Renville Community Health Board became operational as of January 1, 2013. The joint powers agreement remains in force until any single county provides a resolution of withdrawal, duly passed by its governing board, to the County Boards and the auditor of the other county participating in the agreement, and the Commissioner of Health for the State of Minnesota, at least one year before the beginning of the calendar year in which it takes effect.

The Health Board's purpose is to engage in activities designed to protect and promote the health of the general population within a community health service area 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.

Control is vested in the Health Board, which consists of seven members comprising four County Commissioners from the two counties and three community members. Members of the Board serve a two-year term.

The financial activities of the Health Board are accounted for in an agency fund by Kandiyohi County. The individuals who administer the activities of the Health Board are employees of Kandiyohi County Public Health and Renville County Public Health.

**KANDIYOHI-RENVILLE COMMUNITY HEALTH BOARD
WILLMAR, MINNESOTA**

1. Summary of Significant Accounting Policies (Continued)

B. Basic Financial Statements

The basic financial statements display information about the Health Board's activities as a whole and information on the individual fund. These separate presentations are reported in different columns on Exhibits 1 and 2. Each exhibit 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 the Health Board as a whole.

The governmental activities statement of net position column is reported on a full accrual, economic resources basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Health Board's net position is reported as unrestricted net position. The statement of activities demonstrates the degree to which the expenses of the Health Board are offset by revenues.

The Health Board reports one governmental fund. The General Fund is the Health Board's primary operating fund and accounts for all financial resources of the organization.

C. Measurement Focus and Basis of Accounting

The governmental activities financial statement columns 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.

The governmental fund financial statement columns (the General Fund) 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. The Health Board considers all revenues to be available if collected within 60 days after the end of the current period. 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. When both restricted and unrestricted resources are available for use, it is the Health Board's policy to use restricted resources first and then unrestricted resources as needed.

**KANDIYOHI-RENVILLE COMMUNITY HEALTH BOARD
WILLMAR, MINNESOTA**

1. Summary of Significant Accounting Policies (Continued)

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

1. Assets

Due From/To Other Governments

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

2. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expenditure/expense) until then. No deferred outflows of resources affect the governmental fund or governmental activities financial statements in the current year.

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 position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. At year-end, the Health Board had no deferred inflows of resources in the governmental fund or governmental activities financial statements.

2. Budgetary Information

The Health Board did not approve a General Fund budget for fiscal year 2018 and, therefore, a budgetary comparison schedule is not presented.

**KANDIYOHI-RENVILLE COMMUNITY HEALTH BOARD
WILLMAR, MINNESOTA**

3. Detailed Notes

Assets

Deposits and Investments

The Health Board's available cash balances are pooled and invested by Kandiyohi County in accordance with Minnesota statutes. The fair value of the investment is the fair value per share of the underlying portfolio. The Health Board invests in this pool for the purpose of joint investment with Kandiyohi County in order to enhance investment earnings. There are no redemption limitations. Additional disclosures defining cash and pooled investments can be found in the Kandiyohi County Annual Financial Report.

Receivables

Receivables as of December 31, 2018, are as follows:

Due from other governments	\$ 504,782
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The Health Board had no receivables scheduled to be collected beyond one year.

4. Summary of Significant Contingencies and Other Items

A. Claims and Litigation

The attorney for the Health Board estimates that potential claims against the Health Board resulting from litigation would not materially affect the financial statements.

B. Risk Management

The Health Board is exposed to various risks of loss related to torts and errors and omissions or natural disasters. To cover these risks, the Health Board is a member of the Minnesota Counties Intergovernmental Trust (MCIT), a public entity risk pool. The Health Board retains the risk for the deductible portions of its insurance policies. The amounts of these deductibles are considered immaterial to the financial statements.

SUPPLEMENTARY INFORMATION

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**KANDIYOHI-RENVILLE COMMUNITY HEALTH BOARD
WILLMAR, MINNESOTA**

EXHIBIT A-1

**SCHEDULE OF INTERGOVERNMENTAL REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2018**

Reimbursement for Services

State

Minnesota Department of Human Services	<u>\$ 149,671</u>
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Grants

State

Minnesota Department of Health	<u>\$ 1,073,175</u>
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Federal

Department of	
Agriculture	\$ 528,564
Education	5,492
Health and Human Services	<u>388,125</u>

Total federal	<u>\$ 922,181</u>
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Total state and federal grants	<u>\$ 1,995,356</u>
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Total Intergovernmental Revenue	<u><u>\$ 2,145,027</u></u>
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**KANDIYOHI-RENVILLE COMMUNITY HEALTH BOARD
WILLMAR, MINNESOTA**

EXHIBIT A-2

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Federal Grantor Pass-Through Agency Program or Cluster Title	Federal CFDA 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	32573	\$ 528,564	\$ 528,564
U.S. Department of Education				
Passed Through Minnesota Department of Health Special Education – Grants for Infants and Families	84.181	80450	\$ 5,492	\$ 5,492
U.S. Department of Health and Human Services				
Passed Through Minnesota Department of Health Public Health Emergency Preparedness	93.069	161556	\$ 44,468	\$ 44,468
Universal Newborn Hearing Screening	93.251	Not Provided	225	225
Immunization Cooperative Agreements	93.268	147088	850	850
Pregnancy Assistance Fund Program	93.500	132268	179,155	179,155
PPHF Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance financed in part by Prevention and Public Health Funds TANF Cluster	93.539	Not Provided	2,450	2,450
Temporary Assistance for Needy Families	93.558	127429	82,227	82,227
Maternal and Child Health Services Block Grant to the States	93.994	Not Provided	78,750	78,750
Total U.S. Department of Health and Human Services			\$ 388,125	\$ 388,125
Total Federal Awards			\$ 922,181	\$ 922,181
Totals by Cluster				
Total expenditures for TANF Cluster			\$ 82,227	

**KANDIYOHI-RENVILLE COMMUNITY HEALTH BOARD
WILLMAR, MINNESOTA**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2018**

1. Reporting Entity

The Schedule of Expenditures of Federal Awards presents the activities of federal award programs expended by the Kandiyohi-Renville Community Health Board. The Health Board's reporting entity is defined in Note 1 to the financial statements.

2. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Kandiyohi-Renville Community Health Board under programs of the federal government for the year ended December 31, 2018. 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 the Kandiyohi-Renville Community Health Board, it is not intended to and does not present the financial position or changes in net position of the Kandiyohi-Renville Community Health Board.

3. Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Kandiyohi-Renville Community Health Board has elected to not use the ten percent de minimis indirect cost rate allowed under the Uniform Guidance.

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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
Kandiyohi-Renville Community Health Board
Willmar, 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 the Kandiyohi-Renville Community Health Board as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Health Board's basic financial statements, and have issued our report thereon dated August 29, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Kandiyohi-Renville Community Health Board's internal control over financial reporting to determine the 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 Board's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Health Board's internal control over financial reporting.

A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the Health

Board's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit the attention of 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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Kandiyohi-Renville Community Health Board's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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

The *Minnesota Legal Compliance Audit Guide for Other Political Subdivisions*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, contains six categories of compliance to be tested in connection with the audit of the Health Board's financial statements: contracting and bidding, deposits and investments, conflicts of interest, 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 contracting and bidding and tax increment financing because the Kandiyohi-Renville Community Health Board did not enter into any applicable contracts and does not administer any tax increment financing districts. Compliance with the provisions for deposits and investments was tested in conjunction with the audit of Kandiyohi County.

In connection with our audit, nothing came to our attention that caused us to believe that the Kandiyohi-Renville Community Health Board failed to comply with the provisions of the *Minnesota Legal Compliance Audit Guide for Other Political Subdivisions*. 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 Board's noncompliance with the above referenced provisions.

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 Board's internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Health Board's 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/Greg Hierlinger

GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

August 29, 2019

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REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Independent Auditor's Report

Community Health Board
Kandiyohi-Renville Community Health Board
Willmar, Minnesota

Report on Compliance for the Major Federal Program

We have audited the Kandiyohi-Renville Community Health Board's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on the Health Board's major federal program for the year ended December 31, 2018. The Kandiyohi-Renville Community Health Board's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Kandiyohi-Renville Community Health Board's major federal program based on our audit of the types of compliance requirements referred to above. 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Kandiyohi-Renville Community Health Board's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Health Board's compliance.

Opinion on the Major Federal Program

In our opinion, the Kandiyohi-Renville Community Health Board complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2018.

Report on Internal Control Over Compliance

Management of the Kandiyohi-Renville Community Health Board is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Health Board's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Health Board's 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 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 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 the attention of those charged with governance.

Our consideration of internal control over compliance 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 compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

August 29, 2019

/s/Greg Hierlinger

GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

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**KANDIYOHI-RENVILLE COMMUNITY HEALTH BOARD
WILLMAR, MINNESOTA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

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:

Special Supplemental Nutrition Program for Women,
Infants, and Children

CFDA No. 10.557

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

The Kandiyohi-Renville Community Health Board qualified as a low-risk auditee? **No**

**KANDIYOHI-RENVILLE COMMUNITY HEALTH BOARD
WILLMAR, MINNESOTA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2018**

**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. PREVIOUSLY REPORTED ITEM RESOLVED

2017-001 Cash Management (CFDA No. 10.557)

Kandiyohi County Health & Human Services
2200 23rd St NE Suite 1080
Willmar, MN 56201
Phone: 320/ 231-7800
Fax: 320/ 231-7888
publichealth@kcmn.us



Renville County Public Health Services
105 South 5th Street, Suite 119H
Olivia, MN 56277
Phone: 320/ 523-2570
Fax: 320/ 523-3749
rcph@renvillecountymn.com

**REPRESENTATION OF KANDIYOHI-RENVILLE
COMMUNITY HEALTH BOARD
WILLMAR, MINNESOTA**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Finding Number: 2017-001

Finding Title: Cash Management

Program: Special Supplemental Nutrition Program for Women, Infants, and Children (CFDA No. 10.557)

Summary of Condition: Five of the 12 reimbursements received by the Kandiyohi-Renville Community Health Board were not passed through to subrecipients until 20 to 78 days after the funds were received.

Summary of Corrective Action Previously Reported: Our plan is to disburse WIC funds to both Kandiyohi County and Renville County within 30-days of receipt. When there is a discrepancy between the amount that was invoiced to WIC and the payment received, these disbursements may go outside of the normal 30-day timeframe because additional calculations will be needed to reach a settlement.

Status: Fully Corrected. Corrective action was taken.

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

Yes No