

State of Minnesota



Office of the State Auditor

Julie Blaha
State Auditor

Kandiyohi-Renville Community Health Board Willmar, Minnesota

Year Ended December 31, 2021

Description of the Office of the State Auditor

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

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

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

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

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

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

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

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

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

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

Year Ended December 31, 2021



Office of the State Auditor

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

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

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INTRODUCTORY SECTION

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

ORGANIZATION
2021

Office	Name
Board Members	
Kandiyohi County Commissioners	
Member	Roger Imdieke
Member	Steve Gardner
Renville County Commissioners	
Member	Dave Hamre
Chair	Greg Snow
Member	Kathryn Kelly
Member	Harlen Madsen
Vice-Chair	Patricia Berg
Kandiyohi County Health and Human Services	
Director	Jennie Lippert
Renville County Public Health Director	Sara Bensen

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and the General Fund of the Kandiyohi-Renville Community Health Board as of and for the year ended December 31, 2021, 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.

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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 part of the basic financial statements, is required by Governmental Accounting Standards Board, who considers it to be an essential part of the 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 Schedule of Intergovernmental Revenue and Schedule of Expenditures of Federal Awards and related notes, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information as identified above is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2022, 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 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 Health Board’s internal control over financial reporting and compliance.

/s/Julie Blaha

JULIE BLAHA
STATE AUDITOR

December 2, 2022

/s/Dianne Syverson

DIANNE SYVERSON, CPA
DEPUTY STATE AUDITOR

BASIC FINANCIAL STATEMENTS

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

EXHIBIT 1

**GENERAL FUND BALANCE SHEET AND
GOVERNMENTAL ACTIVITIES STATEMENT OF NET POSITION
DECEMBER 31, 2021**

	General Fund	Governmental Activities
<u>Assets</u>		
Current assets		
Cash and pooled investments with Kandiyohi County	\$ 44,580	\$ 44,580
Due from other governments	477,227	477,227
Total Assets	\$ 521,807	\$ 521,807
<u>Liabilities and Fund Balance/Net Position</u>		
Liabilities		
Current liabilities		
Due to other governments	\$ 521,807	\$ 521,807
Fund Balance/Net Position	-	-
Total Liabilities and Fund Balance/Net Position	\$ 521,807	\$ 521,807

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

EXHIBIT 2

**GENERAL FUND REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
AND GOVERNMENTAL ACTIVITIES STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021**

	General Fund	Governmental Activities
Revenues		
Food and beverage licenses	\$ 191,299	\$ 191,299
Intergovernmental		
Reimbursement for services	215,634	215,634
State	977,196	977,196
Federal	1,283,157	1,283,157
Total Revenues	\$ 2,667,286	\$ 2,667,286
Expenditures/Expenses		
Health		
Current	\$ 77	\$ 77
Intergovernmental	2,667,209	2,667,209
Total Expenditures/Expenses	\$ 2,667,286	\$ 2,667,286
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, 2021**

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, 2021. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). The more significant accounting policies established in GAAP and used by the Health 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 a custodial 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 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 statements column (the General Fund) is 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. Licenses, grants, and similar items are all considered susceptible to accrual accounting in governmental fund financial statements. 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, and Deferred Outflows/Inflows of Resources

1. Assets/Liabilities

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 will not be recognized as an inflow of resources (revenue) until that time. Unavailable revenue sometimes is reported in the governmental fund balance sheet financial statement. This unavailable revenue is deferred and recognized as an inflow of resources in the period that the amount becomes available. No deferred inflows of resources affect the governmental fund or governmental activities financial statements in the current year.

2. Budgetary Information

The Health Board did not approve a General Fund budget for fiscal year 2021 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, 2021, are as follows:

Due from other governments	\$ 477,227
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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

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

EXHIBIT A-1

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

Reimbursement for Services

State

Minnesota Department of Human Services	<u>\$ 215,634</u>
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Grants

State

Minnesota Department of Health	<u>\$ 977,196</u>
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Federal

Department of

Agriculture	\$ 481,382
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Education	4,048
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Health and Human Services	<u>797,727</u>
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Total federal	<u>\$ 1,283,157</u>
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Total state and federal grants	<u>\$ 2,260,353</u>
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Total Intergovernmental Revenue	<u><u>\$ 2,475,987</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, 2021**

Federal Grantor Pass-Through Agency Program or Cluster Title	Assistance Listing Number	Pass-Through Grant Numbers	Expenditures	Passed Through to Subrecipients
U.S. Department of Agriculture				
Passed Through Minnesota Department of Health Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	150371	\$ 481,382	\$ 481,382
U.S. Department of Education				
Passed Through Minnesota Department of Health Special Education – Grants for Infants and Families	84.181	167194	\$ 4,048	\$ 4,048
U.S. Department of Health and Human Services				
Passed Through Minnesota Department of Health Public Health Emergency Preparedness	93.069	161556	\$ 88,066	\$ 88,066
Environmental Public Health and Emergency Response	93.070	143392	1,800	1,800
Early Hearing Detection and Intervention	93.251	H61MC00035	225	225
COVID-19 Immunization Cooperative Agreements	93.268	191793	73,517	73,517
COVID-19 Immunization Cooperative Agreements	93.268	186482	31,286	31,286
Immunization Cooperative Agreements	93.268	185500	23,917	23,917
Immunization Cooperative Agreements (Total Immunization Cooperative Agreements 93.268 \$130,895)	93.268	147088	2,175	2,175
COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	191793	80,824	80,824
Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	204242	504	504
Temporary Assistance for Needy Families	93.558	1801MNTANF	82,226	82,226
Maternal, Infant, and Early Childhood Home Visiting Grant	93.870	131796	354,278	354,278
Maternal and Child Health Services Block Grant to the States	93.994	167194	58,909	58,909
Total U.S. Department of Health and Human Services			\$ 797,727	\$ 797,727
Total Federal Awards			\$ 1,283,157	\$ 1,283,157

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

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

1. Summary of Significant Accounting Policies

A. Reporting Entity

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

B. Basis of Presentation

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

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

2. De Minimis Cost Rate

The Kandiyohi-Renville Community Health Board has elected not to use the ten percent de minimis indirect cost rate allowed under the Uniform Guidance.

MANAGEMENT AND COMPLIANCE SECTION



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Independent Auditor's Report

Community Health Board
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 General Fund of the Kandiyohi-Renville Community Health Board as of and for the year ended December 31, 2021, 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 December 2, 2022.

Report on 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 as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Health 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies.

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Given these limitations, during our audit, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Minnesota Legal Compliance

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting, 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/Dianne Syverson

DIANNE SYVERSON, CPA
DEPUTY STATE AUDITOR

December 2, 2022



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

Independent Auditor's Report

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

In our opinion, the Kandiyohi-Renville Community Health Board complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

/s/Julie Blaha

JULIE BLAHA
STATE AUDITOR

/s/Dianne Syverson

DIANNE SYVERSON, CPA
DEPUTY STATE AUDITOR

December 2, 2022

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

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

I. SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: **Unmodified**

Internal control over financial reporting:

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

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

Federal Awards

Internal control over major programs:

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

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

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

The major federal programs are:

Assistance Listing Number	Name of Federal Program or Cluster
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children
93.323	COVID-19 – Epidemiology and Laboratory Capacity for Infectious Diseases

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, 2021**

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

None.

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARD PROGRAMS

None.



Kandiyohi County Health and Human Services

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

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

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

Summary of Condition: Two material misstatements were identified that resulted in significant changes to the Kandiyohi-Renville Community Health Board’s financial statements.

Summary of Corrective Action Previously Reported: Accounting staff in Kandiyohi County Public Health will decide which accrual codes to use for receipts and disbursements. They will write the code on the disbursement vouchers before sending them to the Kandiyohi County Auditor/Treasurer Office. And they will include the code in the receipting emails to the Auditor/Treasurer staff.

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

