

State of Minnesota



Office of the State Auditor

Julie Blaha
State Auditor

**Partnership4Health
Community Health Board
Moorhead, Minnesota**

Year Ended December 31, 2023

Partnership4Health Community Health Board Moorhead, Minnesota

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Introductory Section

Partnership4Health Community Health Board Moorhead, Minnesota

Organization
December 31, 2023

Community Health Board	Position	Entity
Commissioner Representatives		
Rick Busko	Member	Wilkin County
David Meyer	Member	Becker County
Frank Gross	Chair	Clay County
Wayne Johnson	Vice Chair	Otter Tail County
Community Representative		
Katie Vasey	Member	Becker County
Kathy Anderson	Member	Clay County
CHS Co-Administrators		
Clay County Public Health Director		
Kathy McKay		
Otter Tail County Public Health Director		
Jody Lien		
Clay County Public Health Financial		
Manager		
Carmen Barth		

Financial Section



Independent Auditor's Report

Community Health Board
Partnership4Health Community Health Board
Moorhead, 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 Partnership4Health Community Health Board (Partnership4Health), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise Partnership4Health'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 Partnership4Health as of December 31, 2023, and the respective changes in financial position and the budgetary comparison of the General Fund 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 Partnership4Health, 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 Partnership4Health'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 Partnership4Health'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 Partnership4Health'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

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 is the responsibility of management and, 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Partnership4Health'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 August 20, 2024, on our consideration of Partnership4Health'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 Partnership4Health'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 Partnership4Health's internal control over financial reporting and compliance.

/s/Julie Blaha

/s/Chad Struss

Julie Blaha
State Auditor

Chad Struss, CPA
Deputy State Auditor

August 20, 2024

Management's Discussion and Analysis

Partnership4Health Community Health Board Moorhead, Minnesota

Management's Discussion and Analysis December 31, 2023 (Unaudited)

Introduction

Partnership4Health Community Health Board's (Partnership4Health) Management's Discussion and Analysis (MD&A) provides an overview of Partnership4Health's financial activities for the fiscal year ended December 31, 2023. Since this information is designed to focus on the current year's activities, resulting changes, and currently known facts, it should be read in conjunction with the financial statements.

Partnership4Health is a joint powers governmental operation of Becker, Clay, Otter Tail, and Wilkin Counties, created with the intent to establish and maintain an integrated and cooperative system of community health services under local administration and within a system of state guidelines and standards, for the mutual benefit of the joint participants. Partnership4Health serves as the conduit to distribute grants received by other governments to the public health programs of the counties within the joint powers' entity.

Overview of the Financial Statements

This MD&A is intended to serve as an introduction to the basic financial statements. Partnership4Health's basic financial statements consist of two statements that combine government-wide financial statements and fund financial statements, a budgetary comparison statement, and 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.

Revenues increased in 2023, primarily due to addition of COVID-19 funding as well as an increase in Public Health Emergency Preparedness (PHEP), Temporary Assistance for Needy Family (TANF), Statewide Health Improvement Project (SHIP), and Local Public Health Aid (LPHA) funding sources. The additional funding sources covered the decrease in Evidence Based Home Visiting (EBHV) and Good Food Guidelines. There were slight changes in the remaining funding sources.

Budgetary Highlights

Partnership4Health's Board did not make any budgetary amendments/revisions in 2023; the COVID-19 funding generated less revenue than anticipated at the time budgets were prepared and presented to the Board for adoption.

Actual revenues were more than budgeted revenues by \$29,032; expenditures were also more than budgeted. Factors contributing to grant changes and variations of grant revenues are the addition of a new grant award for Regional Health Equity Network (RHEN). Women, Infants and Children (WIC) also received more funding than anticipated. However, the use of Coronavirus Relief funds was not used as much as in the past due to the official end to the pandemic declared at a federal level.

Known funding sources at the time the budget is developed are included in the Partnership4Health budgets. Revenues came in higher than expected (budgeted) due to variations in grant allocations during the budget cycle.

Financial Analysis

	Net Position		Increase (Decrease)	Percent Change (%)
	2023	2022		
Assets				
Current and other assets	\$ 1,271,785	\$ 1,193,133	\$ 78,652	6.59%
Liabilities				
Current liabilities	1,271,785	1,193,133	78,652	6.59%
Net Position				
Unrestricted	\$ -	\$ -	\$ -	

	Changes in Net Position		Increase (Decrease)	Percent Change (%)
	2023	2022		
Revenues				
Intergovernmental				
Reimbursement for services	\$ 391,537	\$ 453,268	\$ (61,731)	(13.62%)
State	2,600,452	1,936,686	663,766	34.27%
Federal	1,958,402	1,963,345	(4,943)	(0.25%)
Total Intergovernmental	\$ 4,950,391	\$ 4,353,299	\$ 597,092	13.72%
Gifts and contributions	81,121	136,341	(55,220)	(40.50%)
Miscellaneous Revenues	-	200	(200)	0.00%
Total Revenues	\$ 5,031,512	\$ 4,489,840	\$ 541,672	12.06%
Expenditures/Expenses				
Intergovernmental				
Intergovernmental payments	5,031,512	4,489,840	541,672	12.06%
Change in Net Position	\$ -	\$ -	\$ -	

Economic Factors and Next Year's Budgets

Partnership4Health Community Health Board will continue to utilize a member county (Clay) as our fiscal agent. The funding for Partnership4Health will include dollars from state, federal, and local grants. The year-to-year uncertainty of these funds, particularly the state and federal grant dollars, creates planning challenges. Partnership4Health will continue to focus on efficiency and effectiveness in service delivery to provide for meeting the needs of the population served within the allocated resources.

Coronavirus (COVID-19) had a substantial impact on the funding and expenses related to a variety of funding sources. As the federal government declared an end to the pandemic, public health needed to adjust to a new level of client care. Continued efforts are being made across public health to increase capacity of programs back to pre-pandemic levels. Many programs were able to reach this milestone in 2023. However, funding at the state level was left at pandemic levels. This necessitated the use of local funds to help fund public health work.

The increase in Local Public Health Aid awarded in mid-2021 to help minimize the impact of COVID-19 on Local Public Health departments continued into 2023. In addition, Local Public Health agencies continue to find additional grants and other funding sources to fund their work in the community.

Contacting Partnership4Health's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of Partnership4Health's finances and to show Partnership4Health's accountability for the money it receives. If you have questions about this report or need additional financial information, contact

Partnership4Health Co-CHS Administrator, Kathy McKay, c/o Clay County Public Health, 715 11th St N Suite #303, Moorhead, Minnesota 56560: phone 218-299-7186 or email Kathy.mckay@claycountymn.gov.

Basic Financial Statements

**Partnership4Health Community Health Board
Moorhead, Minnesota**

Exhibit 1

**General Fund Balance Sheet and
Statement of Net Position of Governmental Activities
December 31, 2023**

	General Fund Balance Sheet	Adjustments	Governmental Activities Statement of Net Position
<u>Assets</u>			
Current assets			
Cash and pooled investments	\$ 218,682	\$ -	\$ 218,682
Due from other governments	1,053,103	-	1,053,103
Total Assets	\$ 1,271,785	\$ -	\$ 1,271,785
 <u>Liabilities and Fund Balance/Net Position</u>			
Liabilities			
Current liabilities			
Due to other governments	\$ 1,185,070	\$ -	\$ 1,185,070
Unearned revenue	86,715	-	86,715
Total Liabilities	\$ 1,271,785	\$ -	\$ 1,271,785
Fund Balance/Net Position	\$ -	\$ -	\$ -
Total Liabilities, Deferred Inflows of Resources, and Fund Balance/Net Position	\$ 1,271,785	\$ -	\$ 1,271,785

**Partnership4Health Community Health Board
Moorhead, Minnesota**

Exhibit 2

**General Fund Revenues, Expenditures, and Changes in Fund Balance and
Statement of Activities of Governmental Activities
For the Year Ended December 31, 2023**

	General Fund Revenues, Expenditures, and Changes in Fund Balance	Adjustments	Governmental Activities Statement of Activities
Revenues			
Intergovernmental			
Reimbursement for Services	\$ 391,537	\$ -	\$ 391,537
State	2,601,727	(1,275)	2,600,452
Federal	1,958,827	(425)	1,958,402
Gifts and Contributions	81,121	-	81,121
	<u>5,033,212</u>	<u>(1,700)</u>	<u>5,031,512</u>
Total Revenues	\$ 5,033,212	\$ (1,700)	\$ 5,031,512
Expenditures/Expenses			
Health			
Intergovernmental	<u>5,033,212</u>	<u>(1,700)</u>	<u>5,031,512</u>
Net Change in Fund Balance/Net Position	\$ -	\$ -	\$ -
Fund Balance/Net Position – January 1	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance/Net Position – December 31	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

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

In the fund, under the modified accrual basis, receivables not available for expenditures are deferred. In the statement of activities, those revenues are recognized along with an equal amount of expenses when earned. The adjustment to revenues between the General Fund and the statement of activities is the change in unavailable revenue.

**Partnership4Health Community Health Board
Moorhead, Minnesota**

Exhibit 3

**Budgetary Comparison Statement
General Fund
For the Year Ended December 31, 2023**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental				
Reimbursement for Services	\$ 317,867	\$ 317,867	\$ 391,537	\$ 73,670
State	2,443,253	2,443,253	2,601,727	158,474
Federal	2,128,832	2,128,832	1,958,827	(170,005)
Gifts and Contributions	114,228	114,228	81,121	(33,107)
	<u>114,228</u>	<u>114,228</u>	<u>81,121</u>	<u>(33,107)</u>
Total Revenues	<u>\$ 5,004,180</u>	<u>\$ 5,004,180</u>	<u>\$ 5,033,212</u>	<u>\$ 29,032</u>
Expenditures				
Health				
Local Public Health Grant	\$ 907,702	\$ 907,702	\$ 970,702	\$ (63,000)
State Infrastructure	165,716	165,716	181,921	(16,205)
Immunization Cooperative Agreements	-	-	8,100	(8,100)
Public Health Emergency Preparedness Grants	135,470	135,470	128,503	6,967
Workforce Development Grant	-	-	82,209	(82,209)
Coronavirus Relief	826,326	826,326	201,216	625,110
Strong Foundations	966,000	966,000	966,000	-
Maternal and Child Health Services Block Grant	190,674	190,674	191,852	(1,178)
Home Visiting Temporary Assistance for Needy Families	220,443	220,443	261,172	(40,729)
Follow Along Program	8,400	8,400	8,400	-
Women, Infants, and Children	747,519	747,519	963,930	(216,411)
West Central Initiative	18,228	18,228	-	18,228
Regional Health Equity Network (RHEN)	-	-	111,869	(111,869)
Child and Teen Checkups	317,867	317,867	391,538	(73,671)
Refugee Health	2,749	2,749	2,749	-
BCBS Innovation	96,000	96,000	81,121	14,879
Child Special Health Needs	-	-	13,550	(13,550)
Family Planning Special Projects	7,555	7,555	4,500	3,055
Statewide Health Improvement Program	393,531	393,531	463,880	(70,349)
	<u>393,531</u>	<u>393,531</u>	<u>463,880</u>	<u>(70,349)</u>
Total Expenditures	<u>\$ 5,004,180</u>	<u>\$ 5,004,180</u>	<u>\$ 5,033,212</u>	<u>\$ (29,032)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance – January 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance – December 31	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

Partnership4Health Community Health Board Moorhead, Minnesota

Notes to the Financial Statements As of and for the Year Ended December 31, 2023

Note 1 – Summary of Significant Accounting Policies

Partnership4Health Community Health Board's (Partnership4Health) financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) for the year ended December 31, 2023. 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 Partnership4Health are discussed below.

Financial Reporting Entity

Partnership4Health was originally established July 1, 2014, by a joint powers agreement among Becker, Clay, Otter Tail, and Wilkin Counties, pursuant to Minn. Stat. ch. 145A, and pursuant to Minn. Stat. § 471.59, for the purpose of transitioning grant contracts. Partnership4Health became operational as of January 1, 2015. 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 counties 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.

Partnership4Health'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 Partnership4Health's Board, which consists of six members comprising four County Commissioners and two community members. Members of the Board serve an annual term, with no term limit.

The financial activities of Partnership4Health are accounted for in a custodial fund by Clay County. The individuals who administer the activities of Partnership4Health are considered employees of Clay County Public Health and Otter Tail County Public Health.

Partnership4Health is a joint venture independent of the counties that formed it. Each county has an ongoing responsibility to provide funding for the operating costs of the Board. The funding is allocated in accordance with the actual expenses incurred by representatives of the respective counties on the Board. In addition, administrative operating costs are allocated proportionately, with total subsidy funds available to each member county.

Basic Financial Statements

The basic financial statements display information about Partnership4Health'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 Partnership4Health as a whole.

Partnership4Health Community Health Board

Moorhead, Minnesota

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. Partnership4Health's net position is reported as unrestricted net position. The statement of activities demonstrates the degree to which the expenses of Partnership4Health are offset by revenues.

Partnership4Health reports one governmental fund. The General Fund is Partnership4Health's primary operating fund and accounts for all financial resources of the organization.

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. Partnership4Health 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 Partnership4Health's policy to use restricted resources first and then unrestricted resources as needed.

Budgetary Information

Partnership4Health adopts an annual budget for the General Fund on a basis consistent with generally accepted accounting principles. The legal level of control (the level at which expenditures may not legally exceed appropriations) is the activity level.

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

Assets

Due From/To Other Governments

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

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 assets that applies to a future period(s) and will not be recognized as an outflow of resources (expenditure/expense) until that time. No deferred outflows of resources affect the governmental fund or governmental activities financial statements in the current year.

Partnership4Health Community Health Board

Moorhead, Minnesota

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. No deferred inflows of resources affect the governmental fund or governmental activities financial statements in the current year.

Unearned Revenue

The governmental fund and governmental activities columns report unearned revenue in connection with resources that have been received, but not yet earned.

Note 2 – Stewardship, Compliance, and Accountability

Excess of Expenditures Over Budget

The General Fund expenditures of \$5,033,212 exceeded the final budget of \$5,004,180 by \$29,032.

Note 2 – Detailed Notes

Assets

Cash Deposits

As of December 31, 2023, Partnership4Health had \$218,682 on deposit with Clay County. Cash transactions are administered by the Clay County Auditor/Treasurer, who is authorized by Minn. Stat. §§ 118A.02 and 118A.04 to deposit cash in financial institutions designated by the County Board. All funds of Clay County are pooled.

Custodial credit risk is the risk that in the event of a financial institution failure, the County's deposits may not be returned to it. Minnesota statutes require that all county deposits be covered by insurance, surety bond, or collateral.

Receivables

Partnership4Health had no receivables scheduled to be collected beyond one year.

Liabilities

Unearned Revenue

Partnership4Health recognized unearned revenue for the unspent portion of the Blue Cross Blue Shield Innovations grant received in 2023. As of December 31, 2023, unearned revenue of \$86,716 was reported.

**Partnership4Health Community Health Board
Moorhead, Minnesota**

Note 3 – Summary of Significant Contingencies and Other Items

Claims and Litigation

The attorney for Partnership4Health estimates that potential claims against Partnership4Health resulting from litigation would not materially affect the financial statements.

Risk Management

Partnership4Health is exposed to various risks of loss related to torts and errors and omissions or natural disasters. To cover these risks, Partnership4Health is a member of the Minnesota Counties Intergovernmental Trust (MCIT), a public entity risk pool. Partnership4Health 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

**Partnership4Health Community Health Board
Moorhead, Minnesota**

Exhibit A-1

**Schedule of Intergovernmental Revenue
For the Year Ended December 31, 2023**

Reimbursement for Services

State

Minnesota Department of Human Services	\$ <u>391,538</u>
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State

Minnesota Department of Health	\$ <u>2,601,727</u>
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Federal

U.S. Department of Agriculture

Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)	\$ <u>963,930</u>
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U.S. Department of Education

Special Education – Grants for Infants and Families	\$ <u>8,400</u>
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U.S. Department of Health and Human Services

Public Health Emergency Preparedness (PHEP and CRI)	\$ 128,503
Universal Newborn Hearing Screening	1,575
Immunization Cooperative Agreement	90,309
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	201,216
Activities to Support STLT Health Dept Response to PH or Healthcare Crisis (RHEN)	111,869
TANF Home Visiting (Temporary Assistance for Needy Families)	261,172
Maternal and Child Health Services Block Grant (MCH)	<u>191,852</u>

Total U.S. Department of Health and Human Services	\$ <u>986,497</u>
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Total federal	\$ <u>1,958,827</u>
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Total state and federal grants	\$ <u>4,560,553</u>
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Total Intergovernmental Revenue	\$ <u><u>4,952,091</u></u>
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**Partnership4Health Community Health Board
Moorhead, Minnesota**

Exhibit A-2

**Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2023**

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	222MN004W1003	\$ 963,580	\$ 963,580
U.S. Department of Education				
Passed Through Minnesota Department of Health Special Education – Grants for Infants and Families	84.181	B04MC32551	\$ 8,400	\$ 8,400
U.S. Department of Health and Human Services				
Passed Through Minnesota Department of Health Public Health Emergency Preparedness	93.069	NU90TP922026	\$ 128,503	\$ 128,503
Early Hearing Detection and Intervention	93.251	H61MC00035	675	675
Immunization Cooperative Agreements	93.268	6 NH231P000737-05-02	8,344	8,344
COVID-19 – Immunization Cooperative Agreements (Immunization Cooperative Agreements 93.268 \$32,558)	93.268	NH231P922628	24,214	24,214
Early Hearing Detection and Intervention Information System (EHDI-IS) Surveillance Program	93.314	NI50DD000096	825	825
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	NU50CK000508	176,759	176,759
Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	NU90TP922188	82,209	82,209
Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises	93.391	NH75OT000032	111,869	111,869
Temporary Assistance for Needy Families	93.558	NGA 1801MNTANF	141,200	141,200
Temporary Assistance for Needy Families (Total Temporary Assistance for Needy Families Services Block 93.558 \$261,172)	93.558	2501MNTANF	119,972	119,972
Maternal and Child Health Services Block Grant to the States	93.994	B04MC32551	<u>191,852</u>	<u>191,852</u>
Total U.S. Department of Health and Human Services			\$ 986,422	\$ 986,422
Total Federal Awards			\$ 1,958,402	\$ 1,958,402

Partnership4Health Community Health Board Moorhead, Minnesota

Notes to the Schedule of Expenditures of Federal Awards As of and for the Year Ended December 31, 2023

Note 1 – Summary of Significant Accounting Policies

Reporting Entity

The Schedule of Expenditures of Federal Awards presents the activities of federal award programs expended by Partnership4Health Community Health Board (Partnership4Health). Partnership4Health's reporting entity is defined in Note 1 to the financial statements.

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Partnership4Health under programs of the federal government for the year ended December 31, 2023. 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 Partnership4Health, it is not intended to and does not present the financial position or changes in net position of Partnership4Health.

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.

Note 2 – De Minimis Cost Rate

Partnership4Health has elected to use the ten percent de minimis indirect cost rate allowed under the Uniform Guidance when appropriate.

Note 3 – Reconciliation to Schedule of Intergovernmental Revenue

Reconciliation to Schedule of Intergovernmental Revenue

Federal grant revenue per Schedule of Intergovernmental Revenue	\$ 1,958,827
Grants received in 2022, recognized as revenue in 2023	
WIC Special Supplemental Nutrition Program for Women, Infants, and Children (AL No. 10.557)	(350)
Early Hearing Detection and Intervention (AL No. 93.251)	(75)
	<hr/>
Expenditures per Schedule of Expenditures of Federal Awards	\$ 1,958,402

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
Partnership4Health Community Health Board
Moorhead, 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 Partnership4Health Community Health Board (Partnership4Health) as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise Partnership4Health's basic financial statements, and have issued our report thereon dated August 20, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Partnership4Health'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 opinion on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Partnership4Health's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Partnership4Health'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 over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Partnership4Health'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 Partnership4Health 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 Partnership4Health'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 and 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 Partnership4Health'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 Partnership4Health'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

August 20, 2024

/s/Chad Struss

Chad Struss, CPA
Deputy State Auditor



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
Partnership4Health Community Health Board
Moorhead, Minnesota

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Partnership4Health Community Health Board's (Partnership4Health) 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 Partnership4Health's major federal program for the year ended December 31, 2023. Partnership4Health's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, Partnership4Health complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2023.

Basis for Opinion on the Major Federal Program

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

We are required to be independent of Partnership4Health and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of Partnership4Health'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 Partnership4Health'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 Partnership4Health'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 Partnership4Health's compliance with the requirements of the major federal program as a whole.

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

- exercise professional judgment and maintain professional skepticism throughout the audit;
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Partnership4Health'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 Partnership4Health'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 Partnership4Health'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

August 20, 2024

/s/Chad Struss

Chad Struss, CPA
Deputy State Auditor

Partnership4Health Community Health Board Moorhead, Minnesota

Schedule of Findings and Questioned Costs For the Year Ended December 31, 2023

Section 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 generally accepted accounting principles: **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 federal 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**

Identification of the major federal program:

Assistance Listing Number	Name of Federal Program or Cluster
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000.

The Partnership4Health Community Health Board qualified as a low-risk auditee? **Yes**

Section II – Financial Statement Findings

No matters were reported.

Section III – Federal Award Findings and Questioned Costs

No matters were reported.