

STATE OF MINNESOTA

Office of the State Auditor



Rebecca Otto
State Auditor

SUPPORTING HANDS NURSE
FAMILY PARTNERSHIP
GLENCOE, MINNESOTA

YEAR ENDED DECEMBER 31, 2014

Description of the Office of the State Auditor

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

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

The State Auditor performs approximately 150 financial and compliance audits per year and has oversight responsibilities for over 3,300 local units of government throughout the state. The office currently maintains five divisions:

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

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

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

Pension - monitors investment, financial, and actuarial reporting for approximately 700 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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This document can be made available in alternative formats upon request. Call 651-296-2551 [voice] or 1-800-627-3529 [relay service] for assistance; or visit the Office of the State Auditor's web site: www.auditor.state.mn.us.

**SUPPORTING HANDS NURSE
FAMILY PARTNERSHIP
GLENCOE, MINNESOTA**

Year Ended December 31, 2014



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

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**SUPPORTING HANDS NURSE FAMILY PARTNERSHIP
GLENCOE MINNESOTA**

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**SUPPORTING HANDS NURSE FAMILY PARTNERSHIP
GLENCOE, MINNESOTA**

ORGANIZATION
2014

Office	Name
Board Members	
Big Stone County	Joe Berning
Chippewa County	David Lieser
Douglas County	Dan Olson
Grant County	Vernell Wagner
Kandiyohi	Jim Butterfield
Lac qui Parle County	Todd Patzer, Vice Chair
Lincoln County	Curtis Blumeyer
Lyon County	Rick Anderson
McLeod County	Ron Shimanski
Meeker County	Beth Oberg
Murray County	Robert Moline, Secretary
Pipestone County	William Johnson
Pope County	Larry Kittelson
Redwood County	Al Kokesch
Renville County	John Stahl, Chair
Rock County	Bob Jarchow
Stevens County	Bob Kopitzke
Swift County	Peter Peterson
Traverse County	Todd Johnson
Yellow Medicine County	John Berends
Executive Committee	
Lac qui Parle County	Todd Patzer
Murray County	Robert Moline
Renville County	John Stahl
Personnel Committee	
Kandiyohi County	Jim Butterfield
Redwood County	Al Kokesh
Traverse County	Todd Johnson

**SUPPORTING HANDS NURSE FAMILY PARTNERSHIP
GLENCOE, MINNESOTA**

ORGANIZATION
2014
(Continued)

Office	Name
Finance Committee	
McLeod County	Ron Shimanski
Pope County	Larry Kittelson
Renville County	John Stahl
Fiscal Officer	Cindy Schultz
Steering Committee	
Meeker County	Diane Winter
Renville County	Jill Bruns
McLeod County	Kathy Nowak
Kandiyohi County	Cheryl Johnson
Stevens Traverse Grant Public Health	Sandy Tubbs
Horizon Community Health Board (representing Pope, Douglas, Stevens, Traverse, and Grant Counties)	Sharon Braaten
Southwest Health and Human Services (representing Lincoln, Lyon, Murray, Pipestone, Redwood, and Rock Counties)	Kristen Deacon
Countryside Community Health Board (representing Big Stone, Chippewa, Swift, Lac qui Parle, and Yellow Medicine Counties)	Elizabeth Auch
Executive Director	Mary Jo O'Brien

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REBECCA OTTO
STATE AUDITOR

STATE OF MINNESOTA

OFFICE OF THE STATE AUDITOR

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INDEPENDENT AUDITOR'S REPORT

Board Members
Supporting Hands Nurse Family Partnership
Glencoe, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the General Fund of Supporting Hands Nurse Family Partnership as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Nurse Family Partnership's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 Nurse Family Partnership'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 Nurse Family Partnership'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 Supporting Hands Nurse Family Partnership as of December 31, 2014, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Required Supplementary Information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB), 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.

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 GASB, 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 Supporting Hands Nurse Family Partnership's basic financial statements. The Schedule of Intergovernmental Revenue is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Schedule of Intergovernmental Revenue 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

/s/Rebecca Otto

REBECCA OTTO
STATE AUDITOR

/s/Greg Hierlinger

GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

September 24, 2015

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BASIC FINANCIAL STATEMENTS

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**SUPPORTING HANDS NURSE FAMILY PARTNERSHIP
GLENCOE, MINNESOTA**

EXHIBIT 1

**GENERAL FUND BALANCE SHEET AND GOVERNMENTAL
ACTIVITIES - STATEMENT OF NET POSITION
WITH ADJUSTMENTS TO CONVERT MODIFIED TO FULL ACCRUAL
DECEMBER 31, 2014**

	General Fund	Adjustments	Governmental Activities
<u>Assets</u>			
Cash and pooled investments	\$ 232,566	\$ -	\$ 232,566
Accounts receivable	90,067	-	90,067
Due from other governments	49,256	-	49,256
Capital assets			
Depreciable - net of accumulated depreciation	-	21,652	21,652
Total Assets	\$ 371,889	\$ 21,652	\$ 393,541
 <u>Liabilities, Deferred Inflows of Resources, and Fund Balance/Net Position</u>			
Liabilities			
Current liabilities			
Accounts payable	\$ 8,708	\$ -	\$ 8,708
Salaries payable	32,783	-	32,783
Accrued payroll taxes	2,457	-	2,457
Other accrued liabilities	11,454	-	11,454
Due to other governments	11,150	-	11,150
Long-term liabilities			
Due within one year	-	13,758	13,758
Due in more than one year	-	6,534	6,534
Total Liabilities	\$ 66,552	\$ 20,292	\$ 86,844
Deferred Inflows of Resources			
Unavailable revenue	2,909	\$ (2,909)	\$ -
Fund Balance			
Unassigned	302,428	\$ (302,428)	
Net Position			
Investment in capital assets		\$ 21,652	\$ 21,652
Unrestricted		285,045	285,045
Total Net Position		\$ 306,697	\$ 306,697
Total Liabilities, Deferred Inflows of Resources, and Fund Balance/Net Position	\$ 371,889	\$ 21,652	\$ 393,541

The notes to the financial statements are an integral part of this statement.

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**SUPPORTING HANDS NURSE FAMILY PARTNERSHIP
GLENCOE, MINNESOTA**

***EXHIBIT 1
(Continued)***

**GENERAL FUND BALANCE SHEET AND GOVERNMENTAL
ACTIVITIES - STATEMENT OF NET POSITION
WITH ADJUSTMENTS TO CONVERT MODIFIED TO FULL ACCRUAL
DECEMBER 31, 2014**

Reconciliation of General Fund Balance to Net Position	
Fund Balance - General Fund	\$ 302,428
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the governmental fund.	21,652
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as deferred inflows of resources in the governmental fund.	2,909
Compensated absences liabilities are not due and payable in the current period and, therefore, are not reported in the governmental fund.	<u>(20,292)</u>
Net Position - Governmental Activities	<u><u>\$ 306,697</u></u>

**SUPPORTING HANDS NURSE FAMILY PARTNERSHIP
GLENCOE, 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, 2014**

	General Fund	Adjustments	Governmental Activities
Revenues			
Intergovernmental	\$ 807,994	\$ -	\$ 807,994
Charges for services	440,544	(45,963)	394,581
Total Revenues	\$ 1,248,538	\$ (45,963)	\$ 1,202,575
Expenditures/Expenses			
Current			
Health			
Nursing service	\$ 1,066,956	\$ (5,447)	\$ 1,061,509
Depreciation	-	6,513	6,513
Total Expenditures/Expenses	\$ 1,066,956	\$ 1,066	\$ 1,068,022
Net Change in Fund Balance/Net Position	\$ 181,582	\$ (47,029)	\$ 134,553
Fund Balance/Net Position - January 1	120,846	51,298	172,144
Fund Balance/Net Position - December 31	\$ 302,428	\$ 4,269	\$ 306,697

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

Net Change in Fund Balance		\$ 181,582
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Under the modified accrual basis, receivables not available for expenditures are deferred. In the statement of activities, those revenues are recognized when earned. The adjustment to revenues is the increase or decrease in unavailable revenue.

(45,963)

Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Expenditures for general capital assets	\$ 6,011	
Current year depreciation	(6,513)	(502)

Increases in compensated absences payable increase expenses but do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

(564)

Change in Net Position of Governmental Activities		\$ 134,553
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**SUPPORTING HANDS NURSE FAMILY PARTNERSHIP
GLENCOE, MINNESOTA**

**NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2014**

1. Summary of Significant Accounting Policies

Supporting Hands Nurse Family Partnership's financial statements are prepared in accordance with generally accepted accounting principles (GAAP) for the year ended December 31, 2014. 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 Supporting Hands Nurse Family Partnership are discussed below.

A. Financial Reporting Entity

The Supporting Hands Nurse Family Partnership Board was established pursuant to Minn. Stat. §§ 145A.17 and 471.59 and a joint powers agreement, effective May 31, 2007. The Board is comprised of one representative from each county to the agreement. The counties in the agreement are Big Stone, Chippewa, Douglas, Grant, Kandiyohi, Lac qui Parle, Lincoln, Lyon, McLeod, Meeker, Murray, Pipestone, Pope, Redwood, Renville, Rock, Stevens, Swift, Traverse, and Yellow Medicine. Each county appoints a Commissioner to serve on the Board. The primary function of the joint venture is to improve the health and life-course of low-income, first-time mothers and their children.

McLeod County, in an agent capacity, reports the cash transactions of the Nurse Family Partnership as an agency fund in its annual financial statements.

B. Basic Financial Statements

Basic financial statements include information on Supporting Hands Nurse Family Partnership's activities as a whole and information on the General Fund of the Nurse Family Partnership. These separate presentations are reported in different columns on Exhibits 1 and 2. Each of the exhibits starts with a column of information based on activities of the General Fund and reconciles it to a column that reports the "governmental activities" of Supporting Hands Nurse Family Partnership as a whole.

**SUPPORTING HANDS NURSE FAMILY PARTNERSHIP
GLENCOE, MINNESOTA**

1. Summary of Significant Accounting Policies

B. Basic Financial Statements (Continued)

The governmental activities columns are reported on a full accrual, economic resources basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. Supporting Hands Nurse Family Partnership's net position is reported in two parts: (1) investment in capital assets, and (2) unrestricted net position. Supporting Hands Nurse Family Partnership first utilizes restricted resources to finance qualifying activities. The statement of activities demonstrates the degree to which the expenses of Supporting Hands Nurse Family Partnership are offset by revenues.

The balance sheet and statement of revenues, expenditures, and changes in fund balance for the General Fund are presented on the modified accrual basis of accounting and report current financial resources.

C. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Supporting Hands Nurse Family Partnership considers all revenues as available if collected within 90 days after the end of the current period. Charges for services are considered susceptible to accrual. Expenditures are recorded when the related fund liability is incurred.

When both restricted and unrestricted resources are available for use, it is the Nurse Family Partnership's policy to use restricted resources first and then unrestricted resources as needed.

**SUPPORTING HANDS NURSE FAMILY PARTNERSHIP
GLENCOE, MINNESOTA**

1. Summary of Significant Accounting Policies (Continued)

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

1. Due From/To Other Governments

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

2. Capital Assets

Capital assets are recorded in the governmental activities column in the statement of net position. Supporting Hands Nurse Family Partnership defines capital assets as assets with an initial, individual cost of more than \$500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

Capital assets of Supporting Hands Nurse Family Partnership are depreciated using the straight-line method over an estimated five-year useful life.

3. Compensated Absences

The liability for compensated absences reported in the financial statements consists of unpaid, accumulated vacation, comp time, vested sick leave balances, and sick leave balances in excess of the maximum balance. Compensated absences are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The current portion of compensated absences is based on percentages pre-determined by management based on historical information.

4. 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.

**SUPPORTING HANDS NURSE FAMILY PARTNERSHIP
GLENCOE, MINNESOTA**

1. Summary of Significant Accounting Policies

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

4. Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the statement of financial position will sometimes report 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. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available.

5. Classification of Net Position

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

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

Unrestricted - the amount of net position that does not meet the definition of investment in capital assets.

6. Classification of Fund Balance

Fund balance is divided into classifications based primarily on the extent to which the Nurse Family Partnership is bound to observe restraints upon the use of resources in the General Fund.

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

**SUPPORTING HANDS NURSE FAMILY PARTNERSHIP
GLENCOE, MINNESOTA**

1. Summary of Significant Accounting Policies

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

7. Budgetary Information

The Nurse Family Partnership adopts estimated revenue and expenditure budgets for the General Fund on the modified accrual basis. The legal level of budgetary control is the function level. Appropriations lapse at year-end. The budgets may be amended or modified at any time by the Board.

E. Future Change in Accounting Standards

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, replaces Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, and Statement No. 50, *Pension Disclosures*, as they relate to employer governments that provide pensions through pension plans administered as trusts or similar arrangement that meet certain criteria. GASB Statement 68 requires governments providing defined benefit pension plans to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. This statement will be effective for the Nurse Family Partnership's calendar year 2015. The Nurse Family Partnership has not yet determined the financial statement impact of adopting this new standard.

2. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

Cash is on deposit with McLeod County. Cash transactions are administered by the McLeod County Auditor-Treasurer who is, according to Minn. Stat. §§ 118A.02 and 118A.04, authorized to deposit cash in financial institutions designated by the County Board. Minnesota statutes require that all county deposits be covered by insurance, surety bond, or collateral, a requirement with which the County was in compliance at December 31, 2014.

**SUPPORTING HANDS NURSE FAMILY PARTNERSHIP
GLENCOE, MINNESOTA**

2. Detailed Notes on All Funds

A. Assets (Continued)

2. Receivables

The Nurse Family Partnership did not have any receivables scheduled to be collected beyond one year at December 31, 2014.

3. Capital Assets

Capital asset activity for the year ended December 31, 2014, was as follows:

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Capital assets depreciated				
Office equipment	\$ 37,048	\$ 6,011	\$ -	\$ 43,059
Less: accumulated depreciation for				
Office equipment	<u>(14,894)</u>	<u>(6,513)</u>	<u>-</u>	<u>(21,407)</u>
Total Capital Assets Depreciated, Net	<u>\$ 22,154</u>	<u>\$ (502)</u>	<u>\$ -</u>	<u>\$ 21,652</u>

Depreciation expense of \$6,513 was charged to Supporting Hands Nurse Family Partnership's health function.

B. Liabilities and Deferred Inflows of Resources

1. Changes in Long-Term Liabilities

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Compensated absences	<u>\$ 19,728</u>	<u>\$ 564</u>	<u>\$ -</u>	<u>\$ 20,292</u>	<u>\$ 13,758</u>

2. Deferred Inflows of Resources - Unavailable Revenue

There was \$2,909 of unavailable revenue recorded for 2014 in the General Fund.

**SUPPORTING HANDS NURSE FAMILY PARTNERSHIP
GLENCOE, MINNESOTA**

3. Pension Plans

A. Plan Description

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

General Employees Retirement Fund members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security, and Basic Plan members are not. All new members must participate in the Coordinated Plan and benefits vest after five years of credited service.

PERA provides retirement benefits as well as disability benefits to members and benefits to survivors upon death of eligible members. Benefits are established by state statute. Defined retirement benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service.

Two methods are used to compute benefits for Coordinated and Basic Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2 percent of average salary for each of the first ten years of service and 2.7 percent for each remaining year. For a Coordinated Plan member, the annuity accrual rate is 1.2 percent of average salary for each of the first ten years and 1.7 percent for each remaining year. Using Method 2, the annuity accrual rate is 2.7 percent of average salary for Basic Plan members and 1.7 percent for Coordinated Plan members for each year of service.

For General Employees Retirement Fund members hired prior to July 1, 1989, whose annuity is calculated using Method 1, a full annuity is available when age plus years of service equal 90. Normal retirement age is either 65 or 66 (depending on date hired) for General Employees Retirement Fund members. A reduced retirement annuity is also available to eligible members seeking early retirement.

**SUPPORTING HANDS NURSE FAMILY PARTNERSHIP
GLENCOE, MINNESOTA**

3. Pension Plans

A. Plan Description (Continued)

The benefit provisions stated in the previous paragraphs of this section are current provisions and apply to active plan participants. Vested, terminated employees who are entitled to benefits but are not yet receiving them are bound by the provisions in effect at the time they last terminated public service.

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

B. Funding Policy

Pension benefits are funded from member and employer contributions and income from the investment of fund assets. Rates for employer and employee contributions are set by Minn. Stat. ch. 353. These statutes are established and amended by the State Legislature. Supporting Hands Nurse Family Partnership makes annual contributions to the pension plans equal to the amount required by state statutes. General Employees Retirement Fund Basic Plan members and Coordinated Plan members are required to contribute 9.10 and 6.25 percent, respectively, of their annual covered salary.

In 2014, Supporting Hands Nurse Family Partnership was required to contribute the following percentages of annual covered payroll:

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

Supporting Hands Nurse Family Partnership's contributions for the years ending December 31, 2014, 2013, and 2012, for the General Employees Retirement Fund were:

<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 42,143	\$ 39,475	\$ 28,181

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

**SUPPORTING HANDS NURSE FAMILY PARTNERSHIP
GLENCOE, MINNESOTA**

4. Summary of Significant Contingencies and Other Items

A. Risk Management

Supporting Hands Nurse Family Partnership is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or natural disasters. McLeod County has entered into a joint powers agreement with Minnesota counties to form the Minnesota Counties Intergovernmental Trust (MCIT) and is a member of both the MCIT Workers' Compensation and Property and Casualty Divisions. Supporting Hands Nurse Family Partnership is covered through McLeod County for both property and casualty insurance and for workers' compensation.

B. Claims and Litigation

Supporting Hands Nurse Family Partnership, in connection with the normal conduct of its affairs, is involved in various claims, judgments, and litigation. Supporting Hands Nurse Family Partnership's attorney estimates that the potential claims against Supporting Hands Nurse Family Partnership resulting from such litigation not covered by insurance would not materially affect the financial statements of Supporting Hands Nurse Family Partnership.

C. Component Unit

Supporting Hands Nurse Family Partnership was approved for tax-exempt status under Section 501(c)(3) of the Internal Revenue Code in December 2010. There was no activity for 2014 under the Supporting Hands Nurse Family Partnership non-profit. Any activity in the future, if material to Supporting Hands Nurse Family Partnership, will be reported as its own entity and listed on the financial statements as a component unit of Supporting Hands Nurse Family Partnership.

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REQUIRED SUPPLEMENTARY INFORMATION

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**SUPPORTING HANDS NURSE FAMILY PARTNERSHIP
GLENCOE, MINNESOTA**

EXHIBIT A-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 803,671	\$ 803,671	\$ 807,994	\$ 4,323
Charges for services	<u>210,000</u>	<u>210,000</u>	<u>440,544</u>	<u>230,544</u>
Total Revenues	\$ 1,013,671	\$ 1,013,671	\$ 1,248,538	\$ 234,867
Expenditures				
Current				
Health				
Nursing service	<u>1,013,671</u>	<u>1,013,671</u>	<u>1,066,956</u>	<u>(53,285)</u>
Net Change in Fund Balance	\$ -	\$ -	\$ 181,582	\$ 181,582
Fund Balance - January 1	<u>120,846</u>	<u>120,846</u>	<u>120,846</u>	<u>-</u>
Fund Balance - December 31	<u><u>\$ 120,846</u></u>	<u><u>\$ 120,846</u></u>	<u><u>\$ 302,428</u></u>	<u><u>\$ 181,582</u></u>

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**SUPPORTING HANDS NURSE FAMILY PARTNERSHIP
GLENCOE, MINNESOTA**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2014**

1. Budgetary Information

Supporting Hands Nurse Family Partnership adopts estimated revenue and expenditure budgets for the General Fund on the modified accrual basis. The legal level of budgetary control is the function level. Appropriations and encumbrances lapse at year-end. The budgets may be amended or modified at any time by the Supporting Hands Nurse Family Partnership Board.

2. Excess of Expenditures Over Appropriations

In the General Fund, expenditures exceeded appropriations for the year ended December 31, 2014, by \$53,285.

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SUPPLEMENTARY INFORMATION

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**SUPPORTING HANDS NURSE FAMILY PARTNERSHIP
GLENCOE, MINNESOTA**

EXHIBIT B-1

**SCHEDULE OF INTERGOVERNMENTAL REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2014**

Payments

Local

Local contributions	\$ 632,171
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Grants

Federal

Department of Health and Human Services	
Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program	<u>175,823</u>

Total Intergovernmental Revenue	<u><u>\$ 807,994</u></u>
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**SUPPORTING HANDS NURSE FAMILY PARTNERSHIP
GLENCOE, MINNESOTA**

**SCHEDULE OF FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2014**

ITEM FOR CONSIDERATION

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*

The Governmental Accounting Standards Board (GASB) is the independent organization that establishes standards of accounting and financial reporting for state and local governments. Effective for your calendar year 2015 financial statements, the GASB changed those standards as they apply to employers that provide pension benefits.

GASB Statement 68 significantly changes pension accounting and financial reporting for governmental employers that prepare financial statements on the accrual basis by separating pension accounting methodology from pension funding methodology. Statement 68 requires employers to include a portion of the Public Employees Retirement Association (PERA) total employers' unfunded liability, called the "net pension liability" on the face of Supporting Hands Nurse Family Partnership's government-wide statement of financial position. The Nurse Family Partnership's financial position will be immediately impacted by its unfunded share of the pension liability.

Statement 68 changes the amount employers report as pension expense and defers some allocations of expenses to future years—deferred outflows or inflows of resources. It requires pension costs to be calculated by an actuary; whereas, in the past pension costs were equal to the amount of employer contributions sent to PERA during the year. Additional footnote disclosures and required supplementary information schedules are also required by Statement 68.

The net pension liability that, if material, will be reported in the Nurse Family Partnership's financial statements is an accounting estimate of the proportionate share of PERA's unfunded liability at a specific point in time. That number will change from year to year, and is based on assumptions about the probability of the occurrence of events far into the future. Those assumptions include how long people will live, how long they will continue to work, projected salary increases, and how well pension trust investments will do. PERA has been proactive in taking steps toward implementation and will be providing most of the information needed by employers to report the net pension liability and deferred outflows/inflows of resources.

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REBECCA OTTO
STATE AUDITOR

STATE OF MINNESOTA OFFICE OF THE STATE AUDITOR

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INDEPENDENT AUDITOR'S REPORT ON MINNESOTA LEGAL COMPLIANCE

Board Members
Supporting Hands Nurse Family Partnership
Glencoe, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America, the accompanying financial statements of the governmental activities and the General Fund of Supporting Hands Nurse Family Partnership as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Nurse Family Partnership's basic financial statements and have issued our report thereon dated September 24, 2015.

The *Minnesota Legal Compliance Audit Guide for 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 Nurse Family Partnership's financial statements: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, and miscellaneous provisions. Our audit considered all of the listed categories, except that we did not test for compliance with the provisions for contracting and bidding and public indebtedness because these categories did not apply to Supporting Hands Nurse Family Partnership this year. Also, we did not test for compliance with the provisions for deposits and investments and claims and disbursements because they were tested in conjunction with the audit of the financial statements of McLeod County.

In connection with our audit, nothing came to our attention that caused us to believe that Supporting Hands Nurse Family Partnership failed to comply with the provisions of the *Minnesota Legal Compliance Audit Guide for 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 Nurse Family Partnership's noncompliance with the above referenced provisions.

This report is intended solely for the information and use of the Board members and management of Supporting Hands Nurse Family Partnership and the State Auditor and is not intended to be, and should not be, used by anyone other than those specified parties.

/s/Rebecca Otto

REBECCA OTTO
STATE AUDITOR

September 24, 2015

/s/Greg Hierlinger

GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR