

# STATE OF MINNESOTA

## Office of the State Auditor



**Rebecca Otto**  
**State Auditor**

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

YEAR ENDED DECEMBER 31, 2015

## **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](http://www.auditor.state.mn.us).

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

**Year Ended December 31, 2015**



**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  
2015**

Office	Name
<b>Board Members</b>	
Big Stone County	Joe Berning
Chippewa County	David Lieser
Douglas County	Owen Miller
Grant County	Vernell Wagner
Kandiyohi County	Jim Butterfield
Lac qui Parle County	Todd Patzer
Lincoln County	Mic VanDeVere
Lyon County	Rick Anderson
McLeod County	Ron Shimanski
Meeker County	Beth Oberg
Murray County	Robert Moline
Pipestone County	Bruce Kooiman
Pope County	Larry Kittelson
Redwood County	Priscilla Klabunde
Renville County	John Stahl
Rock County	Sherri Thompson
Stevens County	Bob Kopitzke
Swift County	Peter Peterson
Traverse County	Todd Johnson
Yellow Medicine County	John Berends
<b>Chair</b>	John Stahl
<b>Vice Chair</b>	Todd Patzer
<b>Secretary</b>	Robert Moline
<b>Fiscal Officer</b>	Cindy Schultz Ford
<b>Personnel Committee</b>	
Chippewa County	David Lieser
Kandiyohi County	Jim Butterfield
Traverse County	Todd Johnson
<b>Finance Committee</b>	
McLeod County	Ron Shimanski
Pope County	Larry Kittelson
Renville County	John Stahl
<b>Executive Committee</b>	
Lac qui Parle County	Todd Patzer
Murray County	Robert Moline
Renville County	John Stahl
<b>Executive Director</b>	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, 2015, 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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, 2015, 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.

### ***Emphasis of Matter - Change in Accounting Principle***

As discussed in Note 1 to the financial statements, in 2015 the Nurse Family Partnership adopted new accounting guidance by implementing the provisions of Governmental Accounting Standards Board (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*, and GASB Statement No. 82, *Pension Issues*, which represents a change in accounting principles. Our opinion is not modified with respect to this matter.

### ***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 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

August 24, 2016

*/s/Greg Hierlinger*

GREG HIERLINGER, CPA  
DEPUTY STATE AUDITOR

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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, 2015**

	<b>General Fund</b>	<b>Adjustments</b>	<b>Governmental Activities</b>
<b><u>Assets and Deferred Outflows of Resources</u></b>			
<b>Assets</b>			
Cash and pooled investments	\$ 361,690	\$ -	\$ 361,690
Accounts receivable	80,551	-	80,551
Due from other governments	68,548	-	68,548
Capital assets			
Depreciable - net of accumulated depreciation	-	41,785	41,785
<b>Total Assets</b>	<b>\$ 510,789</b>	<b>\$ 41,785</b>	<b>\$ 552,574</b>
<b>Deferred Outflows of Resources</b>			
Deferred pension outflows	-	75,698	75,698
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 510,789</b>	<b>\$ 117,483</b>	<b>\$ 628,272</b>
<b><u>Liabilities, Deferred Inflows of Resources, and Fund Balance/Net Position</u></b>			
<b>Liabilities</b>			
<b>Current liabilities</b>			
Accounts payable	\$ 8,644	\$ -	\$ 8,644
Salaries payable	39,917	-	39,917
Accrued payroll taxes	2,971	-	2,971
Other accrued liabilities	2,709	-	2,709
Due to other governments	11,287	-	11,287
Compensated absences payable - current	-	16,390	16,390
<b>Noncurrent liabilities</b>			
Compensated absences payable - long-term	-	7,784	7,784
Net pension obligation	-	536,549	536,549
Other postemployment benefits	-	17,711	17,711
<b>Total Liabilities</b>	<b>\$ 65,528</b>	<b>\$ 578,434</b>	<b>\$ 643,962</b>

**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, 2015**

	<b>General Fund</b>	<b>Adjustments</b>	<b>Governmental Activities</b>
<b><u>Liabilities, Deferred Inflows of Resources, and Fund Balance/Net Position</u></b> (Continued)			
<b>Deferred Inflows of Resources</b>			
Deferred pension inflows	-	\$ 39,963	\$ 39,963
<b>Fund Balance</b>			
Unassigned	445,261	\$ (445,261)	
<b>Net Position</b>			
Investment in capital assets		\$ 41,785	\$ 41,785
Unrestricted		(97,438)	(97,438)
<b>Total Net Position</b>		\$ (55,653)	\$ (55,653)
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balance/Net Position</b>	\$ 510,789	\$ 117,483	\$ 628,272
 <b>Reconciliation of General Fund Balance to Net Position</b>			
<b>Fund Balance - General Fund</b>			\$ 445,261
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the governmental fund.			41,785
Deferred outflows resulting from pension obligations are not available resources and, therefore, are not reported in the governmental fund.			75,698
Long-term liabilities, including compensated absences, other postemployment benefits, and net pension obligation are not due and payable in the current period, and therefore, are not reported in the governmental fund.			(578,434)
Deferred inflows resulting from pension obligations are not due and payable in the current period and, therefore, are not reported in the governmental fund.			(39,963)
<b>Net Position - Governmental Activities</b>			\$ (55,653)

**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, 2015**

	<b>General Fund</b>	<b>Adjustments</b>	<b>Governmental Activities</b>
<b>Revenues</b>			
Intergovernmental	\$ 901,804	\$ -	\$ 901,804
Charges for services	494,928	(2,909)	492,019
Gifts and contributions	1,000	-	1,000
Insurance proceeds	7,314	-	7,314
<b>Total Revenues</b>	<b>\$ 1,405,046</b>	<b>\$ (2,909)</b>	<b>\$ 1,402,137</b>
<b>Expenditures/Expenses</b>			
<b>Current</b>			
<b>Health</b>			
Nursing service	\$ 1,273,354	\$ (2,179)	\$ 1,271,175
Depreciation	-	11,063	11,063
<b>Total Expenditures/Expenses</b>	<b>\$ 1,273,354</b>	<b>\$ 8,884</b>	<b>\$ 1,282,238</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ 131,692</b>	<b>\$ (11,793)</b>	<b>\$ 119,899</b>
Proceeds from/gain on disposal of capital asset	11,141	(10,728)	413
<b>Net Change in Fund Balance/Net Position</b>	<b>\$ 142,833</b>	<b>\$ (22,521)</b>	<b>\$ 120,312</b>
Fund Balance/Net Position - January 1	\$ 302,428	\$ 4,269	\$ 306,697
Prior period adjustment (Note 1.E.)	-	(482,662)	(482,662)
<b>Fund Balance/Net Position - January 1, as restated</b>	<b>\$ 302,428</b>	<b>\$ (478,393)</b>	<b>\$ (175,965)</b>
<b>Fund Balance/Net Position - December 31</b>	<b>\$ 445,261</b>	<b>\$ (500,914)</b>	<b>\$ (55,653)</b>

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

***EXHIBIT 2  
(Continued)***

**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, 2015**

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

<b>Net Change in Fund Balance</b>	<b>\$</b>	<b>142,833</b>
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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.		(2,909)
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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	\$ 41,924		
Net book value of disposed assets	(10,728)		
Current year depreciation	<u>(11,063)</u>		20,133

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Change in compensated absences		(3,882)
Change in OPEB liability		(17,711)
Change in net pension obligation, as restated		(32,999)
Change in deferred outflows of resources, as restated		54,810
Change in deferred pension inflows		<u>(39,963)</u>

<b>Change in Net Position of Governmental Activities</b>	<b>\$</b>	<b><u>120,312</u></b>
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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, 2015**

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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, 2015. 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**

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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**

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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 reports a separate section for deferred outflows of resources. This separate financial statement element 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. Currently, the Nurse Family Partnership has deferred outflows related to pension

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

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1. Summary of Significant Accounting Policies (Continued)

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

4. Deferred Outflows/Inflows of Resources (Continued)

obligations. These outflows consist of pension plan contributions paid subsequent to the measurement date and also the differences between projected and actual earnings on pension plan investments.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element 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. Currently, the Nurse Family Partnership has deferred inflows related to pension obligations. These inflows consist of the difference between projected and actual pension plan economic experience and pension plan changes in proportionate share.

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. At year-end, all fund balance is classified as unassigned.

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

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

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1. Summary of Significant Accounting Policies

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

7. Budgetary Information

The 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 lapse at year-end. The budgets may be amended or modified at any time by the Board.

8. Pension Plan

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA, except that PERA's fiscal year-end is June 30. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Plan investments are reported at fair value.

9. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

E. Change in Accounting Principles

During the year ended December 31, 2015, the Nurse Family Partnership adopted new accounting guidance by implementing the provisions of GASB Statements 68, 71, and 82. GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, requires governments providing defined benefit pensions to employees through pension plans administered through trusts to record their proportionate share of the net pension obligation as a liability on their

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

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1. Summary of Significant Accounting Policies

E. Change in Accounting Principles (Continued)

financial statements along with related deferred outflows of resources, deferred inflows of resources, and pension expense. This statement also requires additional note disclosures and schedules in the required supplementary information.

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*, addresses an issue regarding amounts associated with contributions made to a pension plan after the measurement date of the net pension liability.

GASB Statement No. 82, *Pension Issues - an amendment of GASB Statements No. 67, No. 68, and No. 73*, modifies the measure of payroll that is presented in the required supplementary information schedules.

GASB Statements 68 and 71 require the Nurse Family Partnership to report its proportionate share of the PERA total employers' unfunded pension liability. As a result, beginning net position has been restated to record the Nurse Family Partnership's net pension liability and related deferred outflows of resources.

	Governmental Activities
Net Position, January 1, 2015, as previously reported	\$ 306,697
Change in accounting principles	(482,662)
Net Position, January 1, 2015, as restated	\$ (175,965)

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 McLeod County was in compliance at December 31, 2015.

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

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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, 2015.

3. Capital Assets

Capital asset activity for the year ended December 31, 2015, was as follows:

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Capital assets depreciated				
Machinery and equipment	\$ 43,059	\$ 41,924	\$ (26,545)	\$ 58,438
Less: accumulated depreciation for				
Machinery and equipment	<u>(21,407)</u>	<u>(11,063)</u>	<u>15,817</u>	<u>(16,653)</u>
Total Capital Assets Depreciated, Net	<u>\$ 21,652</u>	<u>\$ 30,861</u>	<u>\$ (10,728)</u>	<u>\$ 41,785</u>

Depreciation expense of \$11,063 was charged to the 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>\$ 20,292</u>	<u>\$ 3,882</u>	<u>\$ -</u>	<u>\$ 24,174</u>	<u>\$ 16,390</u>

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

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3. Pension Plans

A. Defined Benefit Pension Plans

1. 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. PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

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. The Basic Plan was closed to new members in 1967, and the Nurse Family Partnership does not have any Basic Plan members. All new members must participate in the Coordinated Plan, for which benefits vest after five years of credited service.

2. Benefits Provided

PERA provides retirement benefits as well as disability benefits to members and benefits to survivors upon death of eligible members. Benefit provisions are established by state statute and can be modified only by the state legislature. Benefit increases are provided to benefit recipients each January. Increases are related to the funding ratio of the plan. Benefit recipients receive a future annual 1.0 percent post-retirement benefit increase. If the funding ratio reaches 90 percent for two consecutive years, the benefit increase will revert to 2.5 percent. If, after reverting to a 2.5 percent benefit increase, the funding ratio declines to less than 80 percent for one year or less than 85 percent for two consecutive years, the benefit increase will decrease to 1.0 percent.

The benefit provisions stated in the following paragraph 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 their public service.

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

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3. Pension Plans

A. Defined Benefit Pension Plans

2. Benefits Provided (Continued)

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 General Employees Retirement Fund Coordinated 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 Coordinated Plan member is 1.2 percent of average salary for each of the first ten years of service and 1.7 percent for each remaining year. Under Method 2, the annuity accrual rate is 1.7 percent for Coordinated Plan members for each year of service.

For General Employees Retirement Fund members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90, and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66. Disability benefits are available for vested members and are based on years of service and average high-five salary.

3. Contributions

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. Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary in 2015.

In 2015, the Nurse Family Partnership was required to contribute the following percentages of annual covered salary:

General Employees Retirement Fund Coordinated Plan members	7.50%
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The Coordinated Plan member and employer contribution rates each reflect a 0.25 percent increase from 2014.

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

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3. Pension Plans

A. Defined Benefit Pension Plans

3. Contributions (Continued)

The Nurse Family Partnership's contributions for the General Employees Retirement Fund for the year ended December 31, 2015, were \$48,919. The contributions are equal to the contractually required contributions as set by state statute.

4. Pension Costs

At December 31, 2015, the Nurse Family Partnership reported a liability of \$536,549 for its proportionate share of the General Employees Retirement Fund's net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Nurse Family Partnership's proportion of the net pension liability was based on the Nurse Family Partnership's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2014, through June 30, 2015, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2015, the Nurse Family Partnership's proportion was 0.0104 percent. It was 0.01 percent measured as of June 30, 2014. The Nurse Family Partnership recognized pension expense of \$67,071 for its proportionate share of the General Employees Retirement Fund's pension expense.

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

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3. Pension Plans

A. Defined Benefit Pension Plans

4. Pension Costs (Continued)

The Nurse Family Partnership reported its proportionate share of the General Employees Retirement Fund's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 27,051
Difference between projected and actual investment earnings	50,793	-
Changes in proportion	-	12,912
Contributions paid to PERA subsequent to the measurement date	24,905	-
Total	\$ 75,698	\$ 39,963

A total of \$24,905 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31	Pension Expense Amount
2016	\$ (623)
2017	(623)
2018	(623)
2019	12,699

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

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3. Pension Plans

A. Defined Benefit Pension Plans (Continued)

5. Actuarial Assumptions

The total pension liability in the June 30, 2015, actuarial valuation was determined using the individual entry age normal actuarial cost method and the following additional actuarial assumptions:

Inflation	2.75 percent per year
Active member payroll growth	3.50 percent per year
Investment rate of return	7.90 percent

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabilitants were based on RP-2000 tables for males or females, as appropriate, with slight adjustments. The cost of living benefit increases for retirees was assumed to be 1.0 percent effective every January 1 through 2035, and 2.5 percent thereafter.

Actuarial assumptions used in the June 30, 2015, valuation were based on the results of actuarial experience studies. The experience study in the General Employees Retirement Fund was for the period July 1, 2004, through June 30, 2008, with an update of economic assumptions in 2014.

In 2015, an updated experience study was done for PERA's General Employees Retirement Fund for the six-year period ending June 30, 2014, which would result in a larger pension liability. However, PERA will not implement the changes in assumptions until its June 30, 2016, estimate of pension liability.

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

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3. Pension Plans

A. Defined Benefit Pension Plans

5. Actuarial Assumptions (Continued)

The long-term expected rate of return on pension plan investments is 7.9 percent. The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness of the long-term expected rate of return on a regular basis using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic stocks	45%	5.50%
International stocks	15	6.00
Bonds	18	1.45
Alternative assets	20	6.40
Cash	2	0.50

6. Discount Rate

The discount rate used to measure the total pension liability was 7.9 percent. The discount rate did not change since the prior measurement date. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, each of the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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3. Pension Plans

A. Defined Benefit Pension Plans (Continued)

7. Pension Liability Sensitivity

The following presents the Nurse Family Partnership’s proportionate share of the net pension liability calculated using the discount rate disclosed in the preceding paragraph, as well as what the Nurse Family Partnership’s proportionate share of the net pension liability would be if it were calculated using a discount rate 1.0 percentage point lower or 1.0 percentage point higher than the current discount rate:

	1% Decrease in Discount Rate (6.9%)	Discount Rate (7.9%)	1% Increase in Discount Rate (8.9%)
Proportionate share of the General Employees Retirement Fund net pension liability	\$ 843,646	\$ 536,549	\$ 282,934

8. Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in a separately issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the internet at [www.mnpera.org](http://www.mnpera.org); by writing to PERA at 60 Empire Drive, Suite 200, St. Paul, Minnesota 55103-2088; or by calling (651) 296-7460 or 1-800-652-9026.

4. Other Postemployment Benefits (OPEB)

A. Plan Description

The Nurse Family Partnership provides a defined benefit health care plan to eligible retirees and their spouses through McLeod County, as the Nurse Family Partnership employees are employed through McLeod County. Prior to 2015, the liability associated with the Nurse Family Partnership employees was recorded with McLeod County. Beginning in 2015, the liability is recorded for the Nurse Family Partnership. The health care plan offers medical, dental, and life coverage. Medical coverage is administered by Medica. Dental coverage is administered through the Midwest Dental Plan. Minnesota Life is the life insurance provider.

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

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4. Other Postemployment Benefits (OPEB)

A. Plan Description (Continued)

McLeod County is self-insured for medical coverage. Retirees pay 100 percent of the blended active/retiree premium rate, in accordance with Minn. Stat. § 471.61, subd. 2b. It is McLeod County’s policy to periodically review its medical, dental, and life insurance coverage in order to provide the most favorable benefits and premiums for the employees and retirees.

B. Funding Policy

Retirees and their spouses contribute to the health care plan at the same rate as Nurse Family Partnership employees. This results in the retirees receiving an implicit rate subsidy. Contribution requirements are established by the Nurse Family Partnership based on contract terms with Medica, Midwest Dental, and Minnesota Life. The required contributions are based on projected pay-as-you-go financing requirements. For fiscal year 2015, the Nurse Family Partnership contributed \$1,079 to the plan. As of January 1, 2015, there were two retirees receiving health benefits from McLeod County’s health plan.

C. Annual OPEB Cost and Net OPEB Obligation

The Nurse Family Partnership’s annual OPEB cost is calculated based on the annual required contribution (ARC) of the Nurse Family Partnership, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial accrued liabilities over a period not to exceed 30 years. The following table shows the components of the Nurse Family Partnership’s annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Nurse Family Partnership’s net OPEB obligation to the plan.

ARC	\$	19,083
Interest on net OPEB obligation		601
Adjustment to ARC		(894)
		18,790
Annual OPEB cost	\$	18,790
Contributions made		(1,079)
		17,711
Increase in net OPEB obligation	\$	17,711
Net OPEB Obligation - Beginning of Year		-
		17,711
Net OPEB Obligation - End of Year	\$	17,711

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

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4. Other Postemployment Benefits (OPEB)

C. Annual OPEB Cost and Net OPEB Obligation (Continued)

The Nurse Family Partnership’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015, were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
December 31, 2015	\$ 3,774	28.59%	\$ 17,711

D. Funded Status and Funding Progress

As of January 1, 2014, the most recent actuarial valuation date, the Nurse Family Partnership had no assets deposited to fund the plan. The actuarial accrued liability for benefits was \$27,321, and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$27,321. The covered payroll (annual payroll of active employees covered by the plan) was \$221,273, and the ratio of the UAAL to the covered payroll was 12.35 percent.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the health care cost trend. Amounts determined regarding the funded status of the plan and the ARC of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress - Other Postemployment Benefits, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

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4. Other Postemployment Benefits (OPEB) (Continued)

E. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

For January 1, 2014, the most recent actuarial valuation date, the projected unit credit cost method was used. The actuarial assumptions included a 4.0 percent discount rate, which is based on the investment yield expected to finance benefits. The Nurse Family Partnership currently does not plan to prefund for this benefit. At the actuarial valuation date, the annual health care cost trend rate was calculated to be 7.5 percent initially, reduced incrementally to an ultimate rate of 5.0 percent.

5. 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.

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

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5. Summary of Significant Contingencies and Other Items (Continued)

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 were \$1,000 in contributions during 2015 under the Supporting Hands Nurse Family Partnership non-profit. The activity has been reported in the financial statements.

D. Change in Fiscal Agent

As of December 31, 2015, McLeod County is no longer the fiscal agent for Supporting Hands Nurse Family Partnership. Renville County became the new fiscal host effective January 1, 2016. The role of the fiscal agent has been reduced along with this change. Beginning in 2016, the Nurse Family Partnership is responsible for performing its own depositing and investing activities, as well as handling its receipts and processing its disbursements and payroll. McLeod County previously handled or assisted in these processes. Additionally, Supporting Hands Nurse Family Partnership assumed the responsibility of independently carrying the health and dental insurance for its employees rather than being enrolled through McLeod County.

E. Deficit Net Position

Supporting Hands Nurse Family Partnership had a deficit net position as of December 31, 2015. The deficit is due primarily to the implementation of GASB Statement 68 and the related pension obligations. The Nurse Family Partnership intends to improve the net position through increased revenues.

**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, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$ 786,334	\$ 875,281	\$ 901,804	\$ 26,523
Charges for services	396,888	396,888	494,928	98,040
Gifts and contributions	-	500	1,000	500
Insurance proceeds	-	-	7,314	7,314
<b>Total Revenues</b>	<b>\$ 1,183,222</b>	<b>\$ 1,272,669</b>	<b>\$ 1,405,046</b>	<b>\$ 132,377</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>Health</b>				
Nursing service	1,183,222	1,210,616	1,273,354	(62,738)
<b>Excess of Revenues Over (Under)</b>				
<b>Expenditures</b>	<b>\$ -</b>	<b>\$ 62,053</b>	<b>\$ 131,692</b>	<b>\$ 69,639</b>
<b>Other Financing Sources (Uses)</b>				
Proceeds from disposal of capital asset	-	-	11,141	11,141
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>\$ 62,053</b>	<b>\$ 142,833</b>	<b>\$ 80,780</b>
<b>Fund Balance - January 1</b>	<b>302,428</b>	<b>302,428</b>	<b>302,428</b>	<b>-</b>
<b>Fund Balance - December 31</b>	<b>\$ 302,428</b>	<b>\$ 364,481</b>	<b>\$ 445,261</b>	<b>\$ 80,780</b>

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

*EXHIBIT A-2*

**SCHEDULE OF FUNDING PROGRESS  
OTHER POSTEMPLOYMENT BENEFITS  
DECEMBER 31, 2015**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (b)</b>	<b>Unfunded Actuarial Accrued Liability (UAAL) (b - a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll ((b - a)/c)</b>
January 1, 2014	\$ -	\$ 27,321	\$ 27,321	0.00%	\$ 221,273	12.35%

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

*EXHIBIT A-3*

**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY  
PERA GENERAL EMPLOYEES RETIREMENT FUND  
DECEMBER 31, 2015**

<b>Measurement Date</b>	<b>Employer's Proportion of the Net Pension Liability (Asset)</b>	<b>Employer's Proportionate Share of the Net Pension Liability (Asset) (a)</b>	<b>Covered Payroll (b)</b>	<b>Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll (a/b)</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>
2015	0.0104%	\$ 536,549	\$ 598,693	89.62%	78.19%

This schedule is intended to show information for ten years. Additional years will be displayed as they become available. The measurement date for each year is June 30.

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

*EXHIBIT A-4*

**SCHEDULE OF CONTRIBUTIONS  
PERA GENERAL EMPLOYEES RETIREMENT FUND  
DECEMBER 31, 2015**

<b>Year Ending</b>	<b>Statutorily Required Contributions (a)</b>	<b>Actual Contributions in Relation to Statutorily Required Contributions (b)</b>	<b>Contribution (Deficiency) Excess (b-a)</b>	<b>Covered Payroll (c)</b>	<b>Actual Contributions as a Percentage of Covered Payroll (b/c)</b>
2015	\$ 48,919	\$ 48,919	\$ -	\$ 652,253	7.50%

This schedule is intended to show information for ten years. Additional years will be displayed as they become available. The Nurse Family Partnership's year-end is December 31.

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

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2015**

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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, the expenditures exceeded appropriations for the year ended December 31, 2015, by \$62,738.

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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, 2015**

**Payments**

**Local**

Local contributions \$ 689,631

**Grants**

**Federal**

Department of Health and Human Services  
Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program 212,173

**Total Intergovernmental Revenue** \$ 901,804

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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, 2015, 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 August 24, 2016.

The *Minnesota Legal Compliance Audit Guide for Other Political Subdivisions*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, contains six categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interest, claims and disbursements, miscellaneous provisions, and tax increment financing. Our audit considered all of the listed categories, except that we did not test for compliance with the provisions for contracting and bidding because this category did not apply to Supporting Hands Nurse Family Partnership this year. Also, we did not test for compliance with the provisions for tax increment financing because the Nurse Family Partnership does not administer any tax increment districts. Finally, the testing of compliance with the provisions of deposits and investments and claims and disbursements was performed 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 Other Political Subdivisions*. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the 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

August 24, 2016

*/s/Greg Hierlinger*

GREG HIERLINGER, CPA  
DEPUTY STATE AUDITOR