

# 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, 2009**

## **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 160 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 730 public pension funds; and

**Tax Increment Financing** - promotes compliance and accountability in local governments' use of tax increment financing through financial and compliance audits.

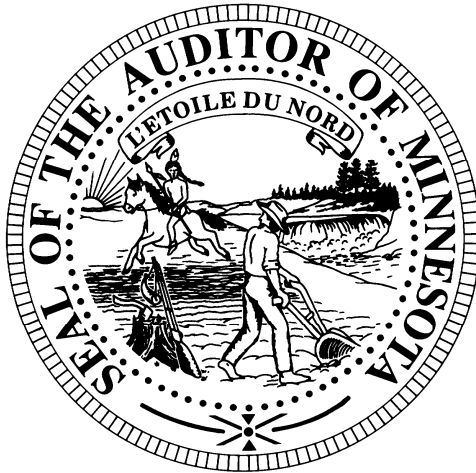
The State Auditor serves on the State Executive Council, State Board of Investment, Land Exchange Board, Public Employees Retirement Association Board, Minnesota Housing Finance Agency, and the Rural Finance Authority Board.

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

**Year Ended December 31, 2009**



**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  
2009**

Office	Name
Board Members	
Big Stone County	Howard Janssen
	Brent Olson
Douglas County	Bev Bales
	Dan Olson
Grant County	Ron Waltjer
	Vernell Wagner
McLeod County	Beverly Wangerin
	Kermit Terlinden
Meeker County	Jim Swenson
	Amy Wilde
Pipestone County	Marvin Tinklenberg
	James Keyes
Pope County	Dean Paulson
	Jeanne Olson
Redwood County	Al Kokesch
	Bruce Tolzmann
Renville County	John Stahl
Stevens County	Larry Sayre
Traverse County	Gerald Kaus
Yellow Medicine County	Jane Remiger
	Dick Wambeke
Chair	Al Kokesch
Vice Chair	Larry Sayre
Secretary	Jane Remiger
Fiscal Officer	Cindy Schultz
Steering Committee	
Big Stone and Yellow Medicine Counties	Elizabeth Auch
Douglas County	Sandy Tubbs
McLeod County	Kathy Nowak
Meeker County	Diane Winter
Pipestone County	Chris Gilb
Pope County	Sharon Braaten
Redwood County	Genie Simons
Renville County	Jill Bruns
Stevens, Traverse, and Grant Counties	Sandy Tubbs

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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

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, 2009, which collectively comprise the Nurse Family Partnership's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Nurse Family Partnership's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2009, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Supporting Hands Nurse Family Partnership has not presented a Management's Discussion and Analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

The budgetary comparison in Schedule 1 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming opinions on the financial statements that collectively comprise Supporting Hands Nurse Family Partnership's basic financial statements. The supplementary information listed in the table of contents as the other schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued a report dated September 1, 2010, on our consideration of Supporting Hands Nurse Family Partnership's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

*/s/Rebecca Otto*

REBECCA OTTO  
STATE AUDITOR

*/s/Greg Hierlinger*

GREG HIERLINGER, CPA  
DEPUTY STATE AUDITOR

September 1, 2010

## **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 ASSETS WITH ADJUSTMENTS TO CONVERT MODIFIED TO FULL ACCRUAL  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>General Fund</u>	<u>Adjustments</u>	<u>Governmental Activities</u>
<b><u>Assets</u></b>			
Cash and pooled investments	\$ 152,102	\$ -	\$ 152,102
Due from other governments	62,744	-	62,744
Capital assets			
Depreciable - net of accumulated depreciation	-	4,673	4,673
<b>Total Assets</b>	<b>\$ 214,846</b>	<b>\$ 4,673</b>	<b>\$ 219,519</b>
<b><u>Liabilities</u></b>			
Current liabilities			
Accounts payable	\$ 589	\$ -	\$ 589
Salaries payable	12,330	-	12,330
Accrued payroll taxes	884	-	884
Other accrued liabilities	1,708	-	1,708
Due to other governments	4,871	-	4,871
Long-term liabilities			
Due within one year	-	12,166	12,166
Due in more than one year	-	5,779	5,779
<b>Total Liabilities</b>	<b>\$ 20,382</b>	<b>\$ 17,945</b>	<b>\$ 38,327</b>
<b><u>Fund Balance/Net Assets</u></b>			
Fund Balance			
Unreserved			
Undesignated	194,464	\$ (194,464)	
Net Assets			
Invested in capital assets		\$ 4,673	\$ 4,673
Unrestricted		176,519	176,519
<b>Total Net Assets</b>		<b>\$ 181,192</b>	<b>\$ 181,192</b>
<b>Total Liabilities and Fund Balance/Net Assets</b>	<b>\$ 214,846</b>	<b>\$ 4,673</b>	<b>\$ 219,519</b>

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

***EXHIBIT 1***  
***(Continued)***

**GENERAL FUND BALANCE SHEET AND GOVERNMENTAL ACTIVITIES  
STATEMENT OF NET ASSETS WITH ADJUSTMENTS TO CONVERT MODIFIED TO FULL ACCRUAL  
FOR THE YEAR ENDED DECEMBER 31, 2009**

**Reconciliation of General Fund Balance to Net Assets**

Fund Balance - General Fund	\$ 194,464
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the governmental fund.	4,673
Compensated absences liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.	<u>(17,945)</u>
<b>Net Assets - Governmental Activities</b>	<b><u>\$ 181,192</u></b>

**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, 2009**

	<u>General Fund</u>	<u>Adjustments</u>	<u>Governmental Activities</u>
<b>Revenues</b>			
Intergovernmental	\$ 404,013	\$ -	\$ 404,013
Charges for services	159,877	(693)	159,184
<b>Total Revenues</b>	<u>\$ 563,890</u>	<u>\$ (693)</u>	<u>\$ 563,197</u>
<b>Expenditures/Expenses</b>			
<b>Current</b>			
<b>Health</b>			
Nursing service	\$ 507,572	\$ 16,852	\$ 524,424
Depreciation	-	1,992	1,992
<b>Total Expenditures/Expenses</b>	<u>\$ 507,572</u>	<u>\$ 18,844</u>	<u>\$ 526,416</u>
<b>Net Change in Fund Balance/Net Assets</b>	<u>\$ 56,318</u>	<u>\$ (19,537)</u>	<u>\$ 36,781</u>
<b>Fund Balance/Net Assets - January 1</b>	<u>138,146</u>	<u>6,265</u>	<u>144,411</u>
<b>Fund Balance/Net Assets - December 31</b>	<u><u>\$ 194,464</u></u>	<u><u>\$ (13,272)</u></u>	<u><u>\$ 181,192</u></u>

**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	\$	56,318
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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 revenues deferred as unavailable.

(693)

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. In the statement of activities, only the gain or loss on the disposal of capital assets is reported; whereas, in the governmental fund, the proceeds from the sale increase financial resources. Therefore, the change in net assets differs from the change in fund balance by the net book value of the assets disposed of.

Expenditures for general capital assets and infrastructure	\$	1,093
Current year depreciation		(1,992)

(899)

Compensated absences expenses are reported in the statement of activities and do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds

(17,945)

**Change in Net Assets of Governmental Activities**

\$ 36,781

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

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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, 2009**

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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, 2009. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board issued through November 30, 1989, (when applicable) that do not conflict with or contradict GASB pronouncements. The more significant accounting policies established in GAAP and used by the 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, Douglas, Grant, McLeod, Meeker, Pipestone, Pope, Redwood, Renville, Stevens, Traverse, and Yellow Medicine. Each county appoints a Commissioner to serve on the Board and a Commissioner to serve as an alternate. 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 assets are reported as unrestricted net assets. 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.

D. Assets, Liabilities, and Net Assets 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.

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

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1. Summary of Significant Accounting Policies

D. Assets, Liabilities, and Net Assets or Equity (Continued)

2. Capital Assets

Capital assets are recorded in the governmental activities column in the statement of net assets. 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.

4. Deferred Revenue

Supporting Hands Nurse Family Partnership's fund and the government-wide financial statements defer revenue for resources that have been received, but not yet earned. Governmental funds also report deferred revenue in connection with receivables for revenues not considered to be available to liquidate liabilities of the current period.

5. Fund Equity

In the General Fund column of the financial statements, the Nurse Family Partnership reports fund balance. The unreserved, undesignated fund balance account indicates the portion of equity available for budgeting and expending in future periods.

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

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1. Summary of Significant Accounting Policies

D. Assets, Liabilities, and Net Assets or Equity (Continued)

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

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 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, 2009.

2. Receivables

The Nurse Family Partnership did not have any receivables scheduled to be collected beyond one year as of December 31, 2009.

3. Capital Assets

Capital asset activity for the year ended December 31, 2009, was as follows:

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets depreciated				
Office equipment	\$ 7,337	\$ 1,093	\$ -	\$ 8,430
Less: accumulated depreciation for Office equipment	(1,765)	(1,992)	-	(3,757)
Total Capital Assets Depreciated, Net	\$ 5,572	\$ (899)	\$ -	\$ 4,673



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

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2. Detailed Notes on All Funds

A. Assets

3. Capital Assets (Continued)

Depreciation expense of \$1,992 was charged to Supporting Hands Nurse Family Partnership's health function.

B. Liabilities

1. Deferred Revenue

There was no deferred revenue for 2009 in the General Fund.

2. Changes in Long-Term Liabilities

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Compensated absences	\$ -	\$ 17,945	\$ -	\$ 17,945	\$ 12,166

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 Public 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.

Public 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.

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 and vest after three years of credited service. The 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.

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

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3. Pension Plans

A. Plan Description (Continued)

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 year thereafter. 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 successive 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 Public Employees Retirement Fund members whose annuity is calculated using Method 1, a full annuity is available when age plus years of service equal 90. A reduced retirement annuity is also available to eligible members seeking early retirement.

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 Public Employees Retirement Fund. 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, 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. Supporting Hands Nurse Family Partnership makes annual contributions to the pension plans equal to the amount required by state statutes. Public Employees Retirement Fund Basic Plan members and Coordinated Plan members were required to contribute 9.1 and 6.0 percent, respectively, of their annual covered salary in 2009.

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

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3. Pension Plans

B. Funding Policy (Continued)

Supporting Hands Nurse Family Partnership is required to contribute the following percentages of annual covered payroll in 2009:

Public Employees Retirement Fund	
Basic Plan members	11.78%
Coordinated Plan members	6.75

Supporting Hands Nurse Family Partnership's contributions for the years ending December 31, 2009, 2008, and 2007, were \$40,080, \$13,218, and \$337, respectively. These contributions are equal to the contractually required contributions for each year as set by state statute.

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), formerly the Minnesota Counties Insurance Trust, 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.

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## **REQUIRED SUPPLEMENTARY INFORMATION**

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

**Schedule 1**

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
<b>Revenues</b>				
Intergovernmental	\$ 390,000	\$ 390,000	\$ 404,013	\$ 14,013
Charges for services	107,520	107,520	159,877	52,357
<b>Total Revenues</b>	<b>\$ 497,520</b>	<b>\$ 497,520</b>	<b>\$ 563,890</b>	<b>\$ 66,370</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>Health</b>				
Nursing service	545,011	545,011	507,572	37,439
<b>Net Change in Fund Balance</b>	<b>\$ (47,491)</b>	<b>\$ (47,491)</b>	<b>\$ 56,318</b>	<b>\$ 103,809</b>
<b>Fund Balance - January 1</b>	<b>138,146</b>	<b>138,146</b>	<b>138,146</b>	<b>-</b>
<b>Fund Balance - December 31</b>	<b>\$ 90,655</b>	<b>\$ 90,655</b>	<b>\$ 194,464</b>	<b>\$ 103,809</b>

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

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2009**

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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.

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## **OTHER SCHEDULE**

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

**Schedule 2**

**SCHEDULE OF INTERGOVERNMENTAL REVENUE  
FOR THE YEAR ENDED DECEMBER 31, 2009**

**Grants**

**Local**

Local grants	<b>\$ 265,000</b>
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**Federal**

**Department of Health and Human Services**

Community-Based Child Abuse Prevention Grants	\$ 124,756
Child Abuse and Neglect Discretionary Activities	<u>14,257</u>

<b>Total federal</b>	<b>\$ 139,013</b>
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<b>Total Intergovernmental Revenue</b>	<b><u>\$ 404,013</u></b>
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**SUPPORTING HANDS NURSE FAMILY PARTNERSHIP  
GLENCOE, MINNESOTA**

**Schedule 3**

**SCHEDULE OF FINDINGS AND RECOMMENDATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

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

**INTERNAL CONTROL**

**PREVIOUSLY REPORTED ITEM RESOLVED**

**Monitoring of Internal Controls (07-1)**

Our previous reports identified the need for the Supporting Hands Management Committee to continue monitoring recorded transactions as well as monitoring the financial statement preparation process, including a final review of the statements and notes, before they are submitted to the auditors.

**Resolution**

The Supporting Hands Management Committee continues to monitor recorded transactions and did perform a review of the financial statements and notes to the financials before they were submitted to the auditors.

**II. OTHER FINDINGS AND RECOMMENDATIONS**

**OTHER ITEM FOR CONSIDERATION**

**GASB Statement 54**

The Governmental Accounting Standards Board (GASB) recently issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The intention of this standard is to enhance the usefulness of information included in the financial report about fund balance through clearer fund balance classifications that can be more consistently applied, as well as to clarify existing governmental fund type definitions.

### Fund Balance Reporting

Statement 54 establishes new fund balance classifications based on constraints imposed on how resources can be spent. The existing components of fund balance reserved, unreserved, designated, and undesignated are being replaced by nonspendable, restricted, committed, assigned, and unassigned as defined below:

- *Nonspendable* - amounts that cannot be spent because they are either not in spendable form (for example, inventory or prepaid items) or legally or contractually required to be maintained intact (such as the corpus of a permanent fund).
- *Restricted* - amounts that can be spent only for specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
- *Committed* - amounts that can be used only for specific purposes determined by a formal action of a government's highest level of decision-making authority.
- *Assigned* - amounts a government intends to use for a specific purpose that do not meet the criteria to be classified as restricted or committed.
- *Unassigned* - spendable amounts not contained in the other classifications.

### Governmental Fund Type Definitions

The definitions of the general fund, special revenue fund type, capital projects fund type, debt service fund type, and permanent fund type are clarified in Statement 54. Interpretations of certain terms within the definition of special revenue fund type have been provided and, for some governments, those interpretations may affect the activities they choose to report in those funds. The capital projects fund type definition also was clarified for better alignment with the needs of preparers and users. Definitions of other governmental fund types also have been modified for clarity and consistency.

The requirements of GASB Statement 54 are effective for Supporting Hands Nurse Family Partnership for the year ended December 31, 2011.



REBECCA OTTO  
STATE AUDITOR

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

Board Members  
Supporting Hands Nurse Family Partnership

We have audited the 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, 2009, which collectively comprise the Nurse Family Partnership's basic financial statements, and have issued our report thereon dated September 1, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### Internal Control Over Financial Reporting

In planning and performing our audit, we considered Supporting Hands Nurse Family Partnership's internal controls over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Nurse Family Partnership's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Nurse Family Partnership's internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Supporting Hands Nurse Family Partnership's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### Minnesota Legal Compliance

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of the *Minnesota Legal Compliance Audit Guide for Local Government*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65. Accordingly, the audit included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

The *Minnesota Legal Compliance Audit Guide for Local Government* contains six categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, and miscellaneous provisions. Our study included all of the listed categories, except that we did not test for deposits and investments and claims and disbursements because those categories were tested through McLeod County, and we did not test for contracting and bidding, public indebtedness, and the miscellaneous provisions because those categories did not apply to Supporting Hands Nurse Family Partnership this year.

The results of our tests indicate that, for the items tested, Supporting Hands Nurse Family Partnership complied with the material terms and conditions of applicable legal provisions.

Also included in the Schedule of Findings and Recommendations is an other item for consideration. We believe this information to be of benefit to Supporting Hands Nurse Family Partnership, and it is reported for that purpose.

This communication is intended solely for the information and use of the Supporting Hands Nurse Family Partnership Board members and its management 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

*/s/Greg Hierlinger*

GREG HIERLINGER, CPA  
DEPUTY STATE AUDITOR

September 1, 2010