

STATE OF MINNESOTA

Office of the State Auditor



Rebecca Otto
State Auditor

LAKE COUNTY
TWO HARBORS, MINNESOTA

AGREED-UPON PROCEDURES

AS OF FEBRUARY 28, 2014

Description of the Office of the State Auditor

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

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

The State Auditor performs approximately 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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TWO HARBORS, MINNESOTA**

As of February 28, 2014



Agreed-Upon Procedures

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

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REBECCA OTTO
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INDEPENDENT AUDITOR'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of County Commissioners
Lake County, Minnesota

We have performed the procedures enumerated below, which were agreed to by the Lake County Board of Commissioners and management of Lake County, Minnesota, solely to assist you in witnessing and attesting to the transfer and delivery of accounts, books, vouchers, and funds from the outgoing County Auditor/Treasurer to his successor pursuant to Minn. Stat. § 385.06 as of February 28, 2014. Lake County's management is responsible for these records. This engagement to apply agreed-upon procedures was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of Lake County. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

1. Procedure

Count cashier's and vault cash at the Lake County Courthouse and reconcile to receipts issued.

Findings

We counted the funds on hand in the cashiers' drawers and vault at the Lake County Courthouse Auditor/Treasurer's Office and reconciled to receipts issued.

Total change funds counted	\$	500
Total funds for deposit counted		10,493

Funds on hand for deposit were reconciled to receipts issued.

2. Procedure

Obtain bank account and investment confirmations.

Findings

We obtained confirmations for all bank and investment accounts.

Checking account balances confirmed were traced to bank reconciliations.

Confirmed investment balances were traced to the County Auditor/Treasurer's cash and investment records. One confirmation returned included documentation indicating that the authorized personnel on the account included the former County Auditor/Treasurer. An important internal control on all bank and investment accounts is to maintain a current listing of authorized personnel and check signers, otherwise an individual may have unauthorized access to these accounts. We recommend management review all bank and investment accounts to make sure the bank and investment account's authorized personnel and check signers reflect only authorized personnel.

3. Procedure

Count any investments on hand.

Findings

We counted investments on hand.

Total investments on hand counted	\$ 436,401
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Investments on hand were reconciled to the County's investments records.

4. Procedure

Review the checking account reconciliations.

Findings

We reviewed the checking account bank reconciliations.

All material reconciling items were reviewed and found to be valid.

5. Procedure

Review reconciliations of cash on deposit and investment records to the balances in the Treasurer's cash book and the respective general ledger accounts as of February 28, 2014.

Findings

We reviewed the reconciliations of cash on deposit and investments to the balances in the respective general ledger accounts as of February 28, 2014.

County Auditor/Treasurer cash and investment records agree with the corresponding balances in the general ledger and do not require adjustment.

A summary of cash and investments as of February 28, 2014, under the County Auditor/Treasurer's control is:

Checking accounts	\$ 2,831,343
County investments	5,092,417
Certificates of deposit	436,401
Investment pool/mutual fund	<u>4,832,384</u>
Total	<u>\$ 13,192,545</u>

All of the above balances were verified and were reconciled to the general ledger accounts as of February 28, 2014.

6. Procedure

Verify check number sequence by comparing the February 2014 warrant register to the checking account reconciliation.

Findings

We verified the check number sequence by comparing the February 2014 warrant register to the checking account reconciliation.

All check numbers were accounted for during the review.

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We were not engaged to, and did not, perform an audit of the records of the County Auditor/Treasurer with respect to the transfer and delivery of accounts, books, vouchers, and funds from the outgoing County Auditor/Treasurer to his successor, the objective of which would be an expression of an opinion on those items and accounts. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board of County Commissioners and Lake County 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

April 2, 2014