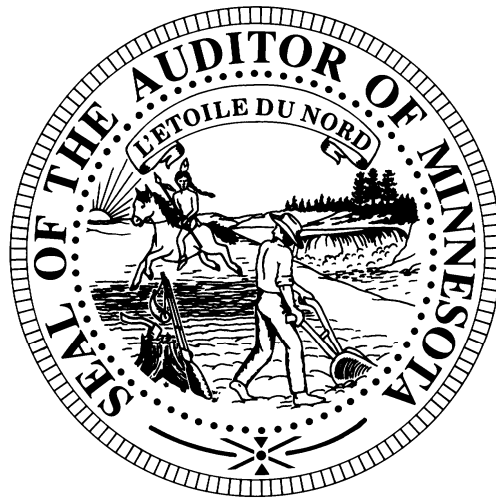


STATE OF MINNESOTA

Office of the State Auditor



Rebecca Otto
State Auditor

PINE COUNTY

AGREED-UPON PROCEDURES

AS OF DECEMBER 31, 2010

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.

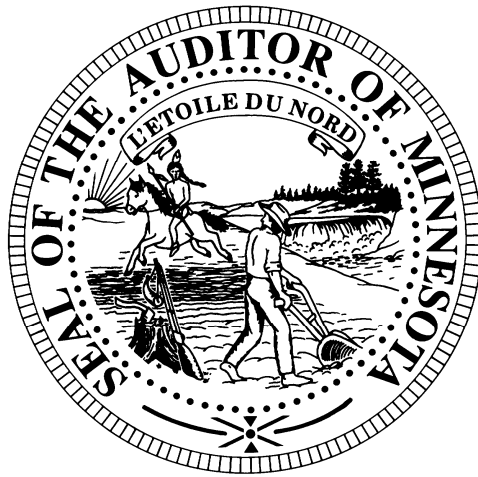
The State Auditor serves on the State Executive Council, State Board of Investment, Land Exchange Board, Public Employees Retirement Association Board, Minnesota Housing Finance Agency, and the Rural Finance Authority Board.

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PINE COUNTY

As of December 31, 2010



Agreed-Upon Procedures

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

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REBECCA OTTO
STATE AUDITOR

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INDEPENDENT AUDITOR'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of County Commissioners
Pine County, Minnesota

We have performed the procedures enumerated below, which were agreed to by the Board and management of Pine County, solely to assist you in witnessing and attesting to the transfer and delivery of accounts, books, vouchers, and funds from the outgoing County Treasurer to her successor pursuant to Minn. Stat. § 385.06 as of December 31, 2010. Pine 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 Pine 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. We counted the funds on hand in the cashiers' drawers and vault at the Pine County Courthouse Treasurer's Office.

Total change funds counted	\$	2,200.00
Total funds for deposit counted		54,582.09

Funds on hand for deposit were reconciled to receipts issued. There were no investments on hand.

2. 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 Treasurer's cash and investment records.

3. We reviewed the checking account bank reconciliations.

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

4. We reviewed the reconciliations of cash on deposit and investments to the balances in the respective general ledger accounts as of December 31, 2010.

County 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 December 31, 2010, under the County Treasurer's control is:

Checking accounts	\$	266,381.52
Money market savings		7,430,609.06
Certificates of deposit		540,000.00
County investments		<u>1,784,391.00</u>
Treasurer's cash book total	\$	10,021,381.58
Add		
Change funds		2,200.00
Funds for deposit		<u>54,582.09</u>
Total County Cash and Investments	\$	<u>10,078,163.67</u>

All of the above balances were verified and were reconciled to general ledger accounts as of December 31, 2010.

* * * * *

We were not engaged to, and did not, perform an audit with respect to the transfer and delivery of accounts, books, vouchers, and funds from the outgoing County Treasurer to her successor, the objective of which would be the expression of an opinion on those records. 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 of the Board of County Commissioners and Pine 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

February 24, 2011

/s/Greg Hierlinger

GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR