

# STATE OF MINNESOTA

## Office of the State Auditor



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

---

**GOODHUE COUNTY FAMILY  
SERVICES COLLABORATIVE  
RED WING, MINNESOTA**

AS OF AND FOR THE YEAR ENDED  
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.

Office of the State Auditor  
525 Park Street, Suite 500  
Saint Paul, Minnesota 55103  
(651) 296-2551  
state.auditor@osa.state.mn.us  
www.auditor.state.mn.us

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).

**GOODHUE COUNTY FAMILY  
SERVICES COLLABORATIVE  
RED WING, MINNESOTA**

**As of and for the Year Ended  
December 31, 2010**



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

This page was left blank intentionally.

**GOODHUE COUNTY FAMILY SERVICES COLLABORATIVE  
RED WING, MINNESOTA**

TABLE OF CONTENTS

	<u>Exhibit</u>	<u>Page</u>
<b>Introductory Section</b>		
Organization		1
<b>Financial Section</b>		
Independent Auditor's Report		2
Basic Financial Statements		
Statement of Cash Net Assets	1	3
Statement of Activities Arising from Cash Transactions	2	4
Balance Sheet Arising from Cash Transactions	3	5
Statement of Receipts, Disbursements, and Changes in Cash		
Fund Balance	4	6
Notes to the Financial Statements		7
<b>Management and Compliance Section</b>		
Report on Minnesota Legal Compliance		10

This page was left blank intentionally.



This page was left blank intentionally.



**GOODHUE COUNTY FAMILY SERVICES COLLABORATIVE  
RED WING, MINNESOTA**

ORGANIZATION  
DECEMBER 31, 2010

Name	Agency	Term Expires
<b>Governing Board</b>		
Greg Schoener*	Goodhue County Health and Human Services	Indefinite
Cherie Johnson	Goodhue County Education District	Indefinite
Stan Slessor**	Red Wing School District	Indefinite
Joanne Pohl	Goodhue County Court Services	Indefinite
Jo Siemers	Three Rivers Community Action Council	Indefinite
Karen Main	Goodhue County Health and Human Services	Indefinite
Bob Glasenapp	Goodhue County Mental Health Center	Indefinite
Pamm Horlitz	Fairview Red Wing Community Coordinator	Indefinite
Jeff Evert	Kenyon-Wanamingo School District	Indefinite
Scott McNurlin	Goodhue County Sheriff Department	Indefinite
Vacant	Goodhue County Extension	
<b>Liaisons</b>		
Meg Walch	Business Liaison - United Way	Indefinite
Roseanne Grosso	Business Liaison	3 years
Lucia LaRuffa	Community Liaison- Parent	3 years

\*Chair

\*\*Retired, replaced by Karsten Anderson

This page was left blank intentionally.



This page was left blank intentionally.



REBECCA OTTO  
STATE AUDITOR

# STATE OF MINNESOTA OFFICE OF THE STATE AUDITOR

SUITE 500  
525 PARK STREET  
SAINT PAUL, MN 55103-2139

(651) 296-2551 (Voice)  
(651) 296-4755 (Fax)  
state.auditor@state.mn.us (E-mail)  
1-800-627-3529 (Relay Service)

## INDEPENDENT AUDITOR'S REPORT

Collaborative Board  
Goodhue County Family Services Collaborative

We have audited the financial statements of the governmental activities and the General Fund of the Goodhue County Family Services Collaborative as of and for the year ended December 31, 2010, which collectively comprise the Collaborative's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Goodhue County Family Services Collaborative'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. 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.

As described in Note 1.C., the Collaborative's policy is to prepare its financial statements on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities and the General Fund of the Goodhue County Family Services Collaborative as of December 31, 2010, and the respective changes in cash basis financial position thereof for the year then ended in conformity with the cash basis of accounting described in Note 1.C.

*/s/Rebecca Otto*

REBECCA OTTO  
STATE AUDITOR

*/s/Greg Hierlinger*

GREG HIERLINGER, CPA  
DEPUTY STATE AUDITOR

January 17, 2012

Page 2

This page was left blank intentionally.

## **BASIC FINANCIAL STATEMENTS**

This page was left blank intentionally.



**GOODHUE COUNTY FAMILY SERVICES COLLABORATIVE  
RED WING, MINNESOTA**

*EXHIBIT 1*

**STATEMENT OF CASH NET ASSETS  
DECEMBER 31, 2010**

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash and cash equivalents	\$ 399,647
<b>Liabilities</b>	
	<u>-</u>
<b>Cash Net Assets</b>	
Unrestricted	<u><u>\$ 399,647</u></u>

**GOODHUE COUNTY FAMILY SERVICES COLLABORATIVE  
RED WING, MINNESOTA**

*EXHIBIT 2*

**STATEMENT OF ACTIVITIES ARISING FROM CASH TRANSACTIONS  
FOR THE YEAR ENDED DECEMBER 31, 2010**

<b>Functions/Programs</b>	<b>Disbursements</b>	<b>Program Receipts Operating Grants and Contributions</b>	<b>Net (Disbursements) Receipts and Changes in Cash Net Assets Governmental Activities</b>
<b>Governmental activities</b>			
Human Services	<u>\$ 356,106</u>	<u>\$ 203,664</u>	\$ (152,442)
			1,081
			<u>\$ (151,361)</u>
			<u>551,008</u>
			<u>\$ 399,647</u>

**GOODHUE COUNTY FAMILY SERVICES COLLABORATIVE  
RED WING, MINNESOTA**

*EXHIBIT 3*

**BALANCE SHEET ARISING FROM CASH TRANSACTIONS  
GOVERNMENTAL FUND  
DECEMBER 31, 2010**

	<u>General Fund</u>
<u>Assets</u>	
Cash and cash equivalents	\$ <u>399,647</u>
<u>Cash Fund Balance</u>	
Unreserved, reported in General Fund	\$ <u>399,647</u>

**GOODHUE COUNTY FAMILY SERVICES COLLABORATIVE  
RED WING, MINNESOTA**

*EXHIBIT 4*

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH FUND BALANCE  
GOVERNMENTAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>General Fund</u>
<b>Receipts</b>	
Intergovernmental	
Federal direct	
Drug-Free Community Grant	\$ 76,059
Reimbursement for services	
Minnesota Department of Human Services	
Local Collaborative Time Study	125,639
Investment earnings	1,081
Gifts and contributions	1,966
	<hr/>
<b>Total Receipts</b>	<b>\$ 204,745</b>
<b>Disbursements</b>	
<b>Current</b>	
<b>Human Services</b>	
Family Services Collaborative	\$ 184,929
Chemical Health Initiative	171,177
	<hr/>
<b>Total Disbursements</b>	<b>\$ 356,106</b>
<b>Net Change in Cash Fund Balance</b>	<b>\$ (151,361)</b>
<b>Cash Balance - January 1</b>	<b>551,008</b>
	<hr/>
<b>Cash Balance - December 31</b>	<b>\$ 399,647</b>
	<hr/> <hr/>

**GOODHUE COUNTY FAMILY SERVICES COLLABORATIVE  
RED WING, MINNESOTA**

**NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2010**

---

---

1. Summary of Significant Accounting Policies

A. Financial Reporting Entity

The Goodhue County Family Services Collaborative was established June 24, 1999, pursuant to Minn. Stat. § 124D.23, between Goodhue County Social Services, Goodhue County Education District, Cannon Falls District, Goodhue County Court Services, Goodhue County Public Health, Three Rivers Community Action Council, and Goodhue County Mental Health. On June 22, 2001, an amendment to the interagency agreement was signed by the aforementioned agencies and the following others: Goodhue County Extension, Fairview Red Wing Behavioral Health Care, Kenyon-Wanamingo School District, Goodhue School District, and the Red Wing School District. The Collaborative's primary programs and services are to improve planning and coordination of child and family services.

The management of the Collaborative is vested in a governing board consisting of one person from each participating party to the interagency agreement. The governing board appoints a fiscal agent to handle and be responsible for safekeeping the funds of the Collaborative.

Goodhue County Social Services acts as the fiscal agent for the Goodhue County Family Services Collaborative.

B. Basis of Presentation

1. Government-Wide Statements

The government-wide statements (statement of cash net assets and the statement of activities arising from cash transactions) display information about the primary government.

**GOODHUE COUNTY FAMILY SERVICES COLLABORATIVE  
RED WING, MINNESOTA**

---

---

1. Summary of Significant Accounting Policies

B. Basis of Presentation

1. Government-Wide Statements (Continued)

The statement of activities arising from cash transactions demonstrates the degree to which direct disbursements of the Human Services function of the Collaborative's activities is offset by program receipts. Direct disbursements are those clearly identifiable with a specific function or activity. Program receipts include: (1) fees, fines, and charges paid by the recipients of goods, services, or privileges provided by a given function or activity; and (2) grants and contributions restricted to meeting the operational or capital requirements of a particular function or activity. Receipts not classified as program revenues are presented as general receipts.

2. Fund Financial Statements

The accounts of the Goodhue County Family Services Collaborative are organized in the General Fund. The operations of the General Fund are accounted for with self-balancing accounts that comprise of assets, fund equity, revenues, and expenditures. The General Fund is the general operating fund of the Collaborative. It is used to account for all financial resources.

C. Basis of Accounting

The Goodhue County Family Services Collaborative's accounts are maintained on a cash basis. Receipts are recorded when cash is received, and disbursements are recognized when checks are issued. These statements do not give effect to accounts receivable, accounts payable, or other accrued items and, therefore, are not presented in accordance with generally accepted accounting principles.

2. Detailed Notes

A. Assets

Cash transactions are administered by the Goodhue County Auditor/Treasurer, who is authorized to deposit cash in financial institutions designated by the County Board pursuant to Minn. Stat. § 118A.02. The County may invest in different investment types authorized by Minn. Stat. §§ 118A.04 and 118A.05. Minnesota statutes require that all County deposits be covered by insurance, surety bond, or collateral.

**GOODHUE COUNTY FAMILY SERVICES COLLABORATIVE  
RED WING, MINNESOTA**

---

2. Detailed Notes (Continued)

B. Risk Management

The Goodhue County Family Services Collaborative is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. All risks of loss are insured by the purchase of commercial insurance. To cover risks associated with property and casualty, the Collaborative members are covered under their individual agency's insurance.

This page was left blank intentionally.





This page was left blank intentionally.



REBECCA OTTO  
STATE AUDITOR

# STATE OF MINNESOTA OFFICE OF THE STATE AUDITOR

SUITE 500  
525 PARK STREET  
SAINT PAUL, MN 55103-2139

(651) 296-2551 (Voice)  
(651) 296-4755 (Fax)  
state.auditor@state.mn.us (E-mail)  
1-800-627-3529 (Relay Service)

## REPORT ON MINNESOTA LEGAL COMPLIANCE

Collaborative Board  
Goodhue County Family Services Collaborative

We have audited the financial statements of the governmental activities and the General Fund of the Goodhue County Family Services Collaborative as of and for the year ended December 31, 2010, which collectively comprise the Collaborative's basic financial statements. 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 Political Subdivisions*, 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 Political Subdivisions* 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 compliance in public indebtedness because our audit was conducted on a cash basis.

The results of our tests indicate that for the items tested, the Goodhue County Family Services Collaborative complied with the material terms and conditions of applicable legal provisions.

This report is intended solely for the information and use of the Collaborative Board, its management, and others within the Goodhue County Family Services Collaborative 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

January 17, 2012