

STATE OF MINNESOTA

Office of the State Auditor



Patricia Anderson
State Auditor

LOGAN PARK NEIGHBORHOOD ASSOCIATION
MINNEAPOLIS, MINNESOTA

AGREED-UPON PROCEDURES

FEBRUARY 24, 2006

Description of the Office of the State Auditor

The Office of the State Auditor serves as a watchdog for Minnesota taxpayers by helping to ensure financial integrity, accountability, and cost-effectiveness in local governments throughout the state.

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 250 financial and compliance audits per year and has oversight responsibilities for over 4,300 local units of government throughout the state. The office currently maintains five divisions:

Audit Practice - conducts financial and legal compliance audits for 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 over 700 public pension funds; and

Tax Increment Financing, Investment and Finance - 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 Employee's Retirement Association Board, Minnesota Housing Finance Agency, and the Rural Finance Authority Board.

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**LOGAN PARK NEIGHBORHOOD
ASSOCIATION
MINNEAPOLIS, MINNESOTA**

February 24, 2006



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

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PATRICIA ANDERSON
STATE AUDITOR

INDEPENDENT AUDITOR'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Directors
Logan Park Neighborhood Association

We have performed the procedures enumerated below, which were agreed to by the Logan Park Neighborhood Association (LPNA) and the Minneapolis Neighborhood Revitalization Program Policy Board (NRP), solely to assist you with respect to ensuring adequate accounting procedures and other practices are being followed to account for and report on the use of NRP funding being provided to the LPNA. These procedures were applied to the LPNA's records as of February 24, 2006. This engagement to apply agreed-upon procedures was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the LPNA and the NRP. 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.

1. Procedure

Determine if the LPNA is current with required filings (Attorney General, Secretary of State, and Internal Revenue Service).

Findings

Filings for the above items were found to be current.

2. Procedure

Determine if the LPNA has written policies and procedures for financial operations (receiving, disbursing, purchasing, personnel, etc.).

Findings

PREVIOUSLY REPORTED ITEM NOT RESOLVED

00-3 Written Policies and Procedures

Previous reports have noted that the LPNA does not have written policies and procedures for its financial activities. Our current review found no change in this condition. Written policies and procedures should exist to set forth requirements to account for such matters as the receipt and deposit of funds, purchase of goods and services, approval and payment of bills, reconciliation of bank accounts, accounting for fixed assets, accounting for the use of restricted funds, preparing reimbursement requests for granting authorities, and general file maintenance. Such a document would provide guidance for future boards and employees and ensure that accounting records and files will be maintained as intended in a consistent manner from year to year.

We again recommend that the Board adopt written policies and procedures for its financial activities.

3. Procedure

Determine if the procedures the LPNA has in place over cash accounts, payroll, receipts, and disbursements are adequate for its operation.

Findings

PREVIOUSLY REPORTED ITEM NOT RESOLVED

00-2 Segregation of Duties

Due to the limited number of office personnel within the LPNA, segregation of the accounting functions necessary to ensure adequate internal control is not possible. This is not unusual in operations the size of the LPNA; however, management should constantly be aware of this condition and realize that the concentration of duties and responsibilities in a limited number of individuals is not desirable from an accounting point of view.

ITEM ARISING THIS YEAR

05-1 Authorization of Financial Institutions and Check Signers

We found that the Board does not annually authorize depositories and check signers. This authorization is necessary to ensure that current Board members have an understanding as to where the LPNA's funds are held and who is responsible for signing checks.

We recommend that the Board authorize depositories and check signers on an annual basis and that such authorization be noted in the minutes.

4. Procedure

Determine if the LPNA has procedures in place to account for donations, fixed assets, and long-term obligations.

Findings

The LPNA presently has no financial activities in these areas.

PREVIOUSLY REPORTED ITEM NOT RESOLVED

00-5 Fixed Asset Capitalization Policy

Previous reports have recommended that a capitalization policy for fixed assets be established through Board action. Our current review found that no Board action had yet been taken on a policy. Presently, the LPNA does not have any fixed assets.

We again recommend that the Board adopt a capitalization policy.

5. Procedure

Determine if accounting records support the NRP amounts requested for reimbursement.

Findings

The accounting records appeared to support amounts requested for reimbursement. A process was in place to request reimbursement of NRP funding on a regular basis.

6. Procedure

Follow up on previous year's report findings.

Findings

All follow-up on previous findings is discussed above.

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We were not engaged to and did not perform an audit of the Logan Park Neighborhood Association's financial statements, the objective of which would be the expression of an opinion on those financial statements. 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 Logan Park Neighborhood Association and the Minneapolis Neighborhood Revitalization Program Policy Board and is not intended to be, and should not be, used by anyone other than those specified parties.

/s/Pat Anderson

/s/Greg Hierlinger

PATRICIA ANDERSON
STATE AUDITOR

GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

February 24, 2006