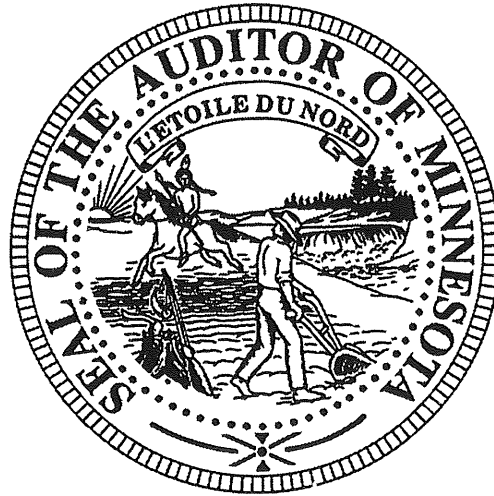


# STATE OF MINNESOTA

## Office of the State Auditor



**Patricia Anderson**  
**State Auditor**

---

**DOWNTOWN MINNEAPOLIS**  
**NEIGHBORHOOD ASSOCIATION**  
**MINNEAPOLIS, MINNESOTA**

**AGREED-UPON PROCEDURES**

**FEBRUARY 15, 2005**

## **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 (TIF)** - promotes compliance and accountability in local governments' use of TIF through financial and compliance audits.

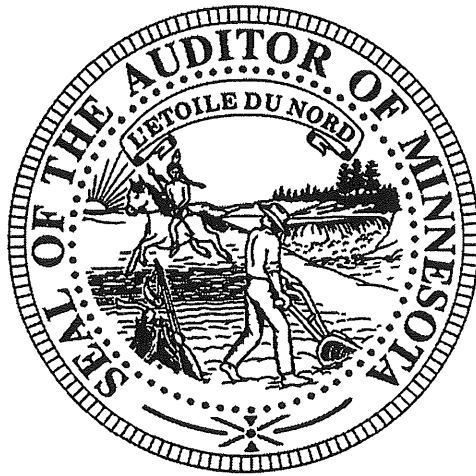
The State Auditor serves on the State Executive Council, State Board of Investment, Land Exchange Board, Public Employee's Retirement Association Board, Minnesota Housing Finance Agency, and the Rural Finance Authority Board.

Office of the State Auditor  
525 Park Street, Suite 500  
Saint Paul, Minnesota 55103  
(651) 296-2551  
state.auditor@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 State Auditor's web site: [www.auditor.state.mn.us](http://www.auditor.state.mn.us).

**DOWNTOWN MINNEAPOLIS  
NEIGHBORHOOD ASSOCIATION  
MINNEAPOLIS, MINNESOTA**

**February 15, 2005**



**Agreed-Upon Procedures**

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



PATRICIA ANDERSON  
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 ON APPLYING AGREED-UPON PROCEDURES

Board of Directors  
Downtown Minneapolis Neighborhood Association

We have performed the procedures enumerated below, which were agreed to by the Downtown Minneapolis Neighborhood Association (DMNA) and the Minneapolis Neighborhood Revitalization 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 DMNA. These procedures were applied to the DMNA's records as of February 15, 2005. 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 DMNA 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 DMNA is current with filings to the Secretary of State.

Findings

None.

2. Procedure

Determine if the DMNA is current with filings to the Attorney General's Office.

Findings

None.

3. Procedure

Determine if the DMNA is current with filing IRS 990 forms.

Findings

None.

4. Procedure

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

Findings

None.

5. Procedure

Follow up on any previous audit findings.

PREVIOUSLY REPORTED ITEM NOT RESOLVED

97-2 Segregation of Duties

Due to the limited number of office personnel within the DMNA, segregation of the accounting functions necessary to ensure adequate internal control is not possible. This is not unusual in operations the size of the DMNA; however, the Board 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.

Client Response:

*DMNA has no staff persons but they have a Neighborhood Coordinator and a bookkeeper/financial consultant and they assist in the segregation of duties. Board officers are aware that a lack of segregation of duties exists and take steps to ensure checks and balances in the accounting and other functions of the organization. The board will continue to find ways to implement internal controls for the segregation of duties.*

PREVIOUSLY REPORTED ITEMS RESOLVED

**Receipts Journal (98-1)**

In previous reports, we recommended that a receipts journal be implemented.

**Resolution**

A receipts journal has been implemented.

**Accounting Policies and Procedures (00-2)**

Previous reports have recommended that a written policies and procedures manual be developed for the DMNA's financial activities.

**Resolution**

A policies and procedures manual has been implemented.

We were not engaged to, and did not, perform an audit of the Downtown Minneapolis 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 for the information and use of the Downtown Minneapolis Neighborhood Association and the Minneapolis Neighborhood Revitalization Policy Board and is not intended to be, and should not be, used by anyone other than those specified parties.



PATRICIA ANDERSON  
STATE AUDITOR



GREG HIERLINGER, CPA  
DEPUTY STATE AUDITOR

End of Fieldwork: February 15, 2005