

STATE OF MINNESOTA

Office of the State Auditor



Patricia Anderson
State Auditor

LINDEN HILLS NEIGHBORHOOD COUNCIL
MINNEAPOLIS, MINNESOTA

AGREED-UPON PROCEDURES

FEBRUARY 2, 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.

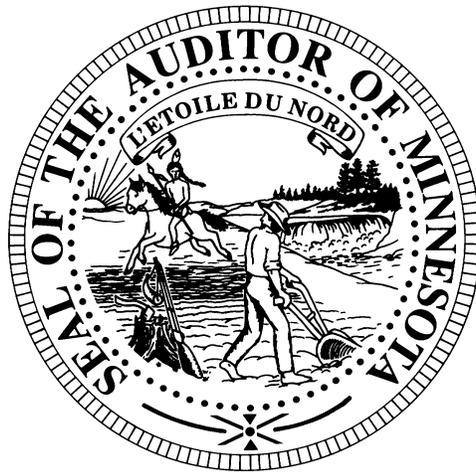
The State Auditor serves on the State Executive Council, State Board of Investment, Land Exchange Board, Public Employee's Retirement Association Board, Minnesota Housing Finance Agency, and the Rural Finance Authority Board.

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.

**LINDEN HILLS NEIGHBORHOOD
COUNCIL
MINNEAPOLIS, MINNESOTA**

February 2, 2006



Agreed-Upon Procedures

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

This page was left blank intentionally.



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)

PATRICIA ANDERSON
STATE AUDITOR

INDEPENDENT AUDITOR'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

Board of Directors
Linden Hills Neighborhood Council

We have performed the procedures enumerated below, which were agreed to by the Linden Hills Neighborhood Council (LHiNC) 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 LHiNC. These procedures were applied to the LHiNC's records as of February 2, 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 LHiNC 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 LHiNC 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 LHiNC has written policies and procedures for financial operations (receipting, disbursing, purchasing, personnel, etc.)

Findings

We found that the LHiNC has written policies and procedures for its financial operations.

3. Procedure

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

Findings

PREVIOUSLY REPORTED ITEM NOT RESOLVED

03-2 Segregation of Duties

Due to the limited number of office personnel within the LHiNC, segregation of the accounting functions necessary to ensure adequate internal accounting control is not possible. This is not unusual in operations the size of the LHiNC; 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's Response:

LHiNC continues to be aware that because of its small size, segregation of the accounting functions necessary to ensure adequate internal control is not entirely possible.

PREVIOUSLY REPORTED ITEM RESOLVED

Designation of Depositories and Check Signers (03-1)

Our previous report recommended that depositories designated by the Board be noted in the minutes.

Resolution

We found that depositories designated by the Board were noted in the minutes.

3. Procedure

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

Findings

The LHiNC presently has no financial activities in these areas.

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.

* * * * *

We were not engaged to and did not perform an audit of the Linden Hills Neighborhood Council'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 Linden Hills Neighborhood Council 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 2, 2006