

STATE OF MINNESOTA

Office of the State Auditor



Rebecca Otto
State Auditor

VENTURA VILLAGE
MINNEAPOLIS, MINNESOTA

AGREED-UPON PROCEDURES

JANUARY 2, 2008

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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**VENTURA VILLAGE
MINNEAPOLIS, MINNESOTA**

January 2, 2008



Agreed-Upon Procedures

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

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INDEPENDENT AUDITOR'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Directors
Ventura Village

We have performed the procedures enumerated below, which were agreed to by Ventura Village 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 Ventura Village. These procedures were applied to Ventura Village's records, as of January 2, 2008. 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 Ventura Village 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 Ventura Village 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 Ventura Village has written policies and procedures for financial operations (receipting, disbursing, purchasing, personnel, conflict of interest policy, etc.).

Findings

PREVIOUSLY REPORTED ITEM RESOLVED

No Written Policies and Procedures (01-2)

Our previous report recommended that Ventura Village adopt written policies and procedures for its financial operations.

Resolution

Our current review found that Ventura Village now has written policies and procedures.

3. Procedure

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

Findings

PREVIOUSLY REPORTED ITEM NOT RESOLVED

01-1 Segregation of Duties

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

Client's Response:

Mary will prepare deposits for the bank, Janet will take deposits to the bank.

ITEMS ARISING THIS YEAR

07-1 Bank Reconciliations

At the time of our review, Ventura Village had one checking account, one savings account, and a certificate of deposit. We found that bank reconciliations were not being performed on any of these accounts. To maintain control over Ventura Village's cash position, procedures should be in place to ensure the cash account is receiving monthly monitoring.

We recommend that reconciliations of the above accounts be performed monthly.

Client's Response:

The bank account reconciliation will be formally prepared and written on the back of each monthly statement.

07-2 Coding of Invoices

We found several invoices were not being marked with the general ledger account codes. The coding of invoices provides underlying evidence for the basis used to post amounts to the general ledger.

We recommend that all invoices be marked with the appropriate general ledger account codes.

Client's Response:

The funding source will be noted on each check request to assure that funds are being expensed from the proper sources.

4. Procedure

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

Findings

Donations are accounted for through Ventura Village's general ledger. Amounts viewed were not significant. Ventura Village had no fixed assets or long-term obligations.

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 report findings, if applicable.

Findings

Findings from the previous report are noted above.

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We were not engaged to and did not perform an audit of Ventura Village'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 Ventura Village, 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/Rebecca Otto

/s/Greg Hierlinger

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STATE AUDITOR

GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

January 2, 2008