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# City of Minneapolis

(Including the Municipal Building Commission)

# Minneapolis, Minnesota

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Management and Compliance Report

Year Ended December 31, 2025

Audit Practice Division



**STATE OF MINNESOTA**  
**OFFICE OF THE STATE AUDITOR**

State Auditor Julie Blaha

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**City of Minneapolis  
Management and Compliance Report  
Year Ended December 31, 2025**



**Independent Auditor's Report on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards***

The Honorable Jacob Frey, Mayor,  
and Members of the City Council  
Minneapolis, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Minneapolis, Minnesota, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 25, 2026. Our report includes a reference to other auditors who audited the financial statements of the Meet Minneapolis component unit and the Minneapolis Parks Foundation, a component unit of the Minneapolis Park and Recreation Board discrete component unit, as described in our report on the City's financial statements. The financial statements of Meet Minneapolis and the Minneapolis Parks Foundation were not audited in accordance with *Government Auditing Standards* and, accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with Meet Minneapolis or the Minneapolis Parks Foundation. This report does not include the results of our audit testing of the Minneapolis Park and Recreation Board component unit's internal control over financial reporting or compliance and other matters. We issue a separate Management and Compliance Report for the Minneapolis Park and Recreation Board component unit. This report also does not include the results of our audit testing of the Municipal Building Commission component unit's internal control over financial reporting or compliance and other matters that are reported on separately within the Management and Compliance Report.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City of Minneapolis's internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

*A deficiency in internal control over financial reporting* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. We identified a deficiency in internal control over financial reporting, described in the accompanying Schedule of Findings and Questioned Costs as item 2025-001, that we consider to be a significant deficiency.

## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Minneapolis's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## Minnesota Legal Compliance

In connection with our audit, we noted that the City of Minneapolis failed to comply with the provisions of the claims and disbursements section of the *Minnesota Legal Compliance Audit Guide for Cities*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, insofar as they relate to accounting matters, as described in the Schedule of Findings and Questioned Costs as item 2025-004. Also, in connection with our audit, nothing came to our attention that caused us to believe that the City of Minneapolis failed to comply with the provisions of the contracting – bid laws, depositories of public funds and public investments, conflicts of interest, public indebtedness, miscellaneous provisions, and tax increment financing sections of the *Minnesota Legal Compliance Audit Guide for Cities*, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the City's noncompliance with the above-referenced provisions, insofar as they relate to accounting matters.

## City of Minneapolis's Response to Findings

*Government Auditing Standards* requires the auditor to perform limited procedures on the City of Minneapolis's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs and Corrective Action Plan. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

## Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting and compliance, and the provisions of the *Minnesota Legal Compliance Audit Guide for Cities* and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance. Accordingly, this communication is not suitable for any other purpose.

/s/Julie Blaha

Julie Blaha  
State Auditor

June 25, 2026

/s/Lisa Young

Lisa Young, CPA  
Deputy State Auditor



Julie Blaha  
State Auditor

Suite 500  
525 Park Street  
Saint Paul, MN 55103

## Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

The Honorable Jacob Frey, Mayor,  
and Members of the City Council  
City of Minneapolis, Minnesota

### Report on Compliance for Each Major Federal Program

#### Opinion on Each Major Federal Program

We have audited the City of Minneapolis's compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the City of Minneapolis's major federal programs for the year ended December 31, 2025. The City of Minneapolis's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the City of Minneapolis complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2025.

#### Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City of Minneapolis and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City of Minneapolis's compliance with the compliance requirements referred to above.

#### Other Matter – Federal Expenditure Not Included in the Compliance Audit

The City of Minneapolis's basic financial statements include the operations of the Minneapolis Park and Recreation Board component unit, which expended \$4,003,964 in federal awards which are not included in the City of Minneapolis's Schedule of Expenditures of Federal Awards during the year ended December 31, 2025. Our compliance audit, described in the Opinion on Each Major Federal Program section, does not include the operations of the Minneapolis Park and Recreation Board component because a separate single audit was performed in accordance with the Uniform Guidance.

## Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City of Minneapolis's federal programs.

## Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City of Minneapolis's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City of Minneapolis's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit;
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances; and
- obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances, and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance, and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2025-002 and 2025-003. Our opinion on each major federal program is not modified with respect to these matters.

*Government Auditing Standards* requires the auditor to perform limited procedures on the City of Minneapolis's response to the noncompliance findings identified in our compliance audit described in the accompanying Schedule of Findings and Questioned Costs. The City of Minneapolis's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

## Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and, therefore, material weaknesses or significant deficiencies may exist that were not identified.

We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2025-002 and 2025-003 to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

*Government Auditing Standards* requires the auditor to perform limited procedures on the City of Minneapolis's response to the internal control over compliance findings identified in our compliance audit described in the accompanying Schedule of Findings and Questioned Costs. The City of Minneapolis's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

## **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Minneapolis as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon, dated June 25, 2026, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards (SEFA) is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the SEFA is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*/s/Julie Blaha*

Julie Blaha  
State Auditor

June 25, 2026

*/s/Lisa Young*

Lisa Young, CPA  
Deputy State Auditor

# City of Minneapolis Minneapolis, Minnesota

## Schedule of Findings and Questioned Costs For the Year Ended December 31, 2025

### Section I – Summary of Auditor’s Results

#### Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with generally accepted accounting principles: **Unmodified**

Internal control over financial reporting:

- Material weaknesses identified? **No**
- Significant deficiencies identified? **Yes**

Noncompliance material to the financial statements noted? **No**

#### Federal Awards

Internal control over the major federal programs:

- Material weaknesses identified? **No**
- Significant deficiencies identified? **Yes**

Type of auditor’s report issued on compliance for the major federal programs: **Unmodified**

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? **Yes**

Identification of the major federal programs:

Assistance Listing Number	Name of Federal Program or Cluster
14.218	CDBG – Entitlement Grants Cluster
14.241	Housing Opportunities for Persons with Aids
16.753	Congressionally Recommended Awards
66.468	Drinking Water State Revolving Fund
93.967	Centers for Disease Control and Prevention Collaboration with Academia to Strengthen Public Health

Dollar threshold used to distinguish between Type A and Type B programs: \$1,797,962.

City of Minneapolis qualified as a low-risk auditee? **No**

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### Section II – Financial Statement Findings

**2025-001**      **Service Organization Controls**

**Prior Year Finding Number:** 2024-002

**Year of Finding Origination:** 2024

**Type of Finding:** Internal Control Over Financial Reporting

**Severity of Deficiency:** Significant Deficiency

**Criteria:** Management is responsible for establishing and maintaining internal control. The responsibility includes internal control over the various accounting cycles, the fair presentation of the financial statements and related notes, and the accuracy and completeness of all financial records and related information. When management chooses to use a service organization, entity management is also responsible to review controls at the service organization to ensure information that will be included in the entity’s financial records is accurate and complete.

**Condition:** The City contracts with a vendor for booking events and receipting the related revenues at the Convention Center. The City has not received a System and Organization Control (SOC) 1 engagement report from the vendor.

**Context:** Information related to events is entered into the vendor’s system, which then generates invoices to the customers. When payment is received, it is recorded in this system.

The City of Minneapolis performed procedures to verify the completeness and accuracy of this revenue cycle. These procedures help mitigate the risk of not receiving a SOC 1 report with the assurances of the service organization having controls in place; however, these procedures do not eliminate risks associated with controls related to the vendor’s system.

**Effect:** The City has no assurance that their vendor, a service organization, has adequate controls in place. There is an increased risk of the City’s data in the vendor’s system being removed or altered including, but not limited to, receipt amounts. In addition, the City does not have access to the data outside of the vendor’s system.

**Cause:** The City’s management contracted for the service but has not been successful in obtaining a SOC 1 report for 2025.

**Recommendation:** We recommend the City continue to work with the vendor to obtain a SOC 1 report and continue to perform complementary internal controls on a regular basis.

**View of Responsible Official:** Concur

### Section III – Federal Award Findings and Questioned Costs

**2025-002**      **Reporting – Federal Funding Accountability and Transparency Act (FFATA)**

**Prior Year Finding Number:** N/A

**Year of Finding Origination:** 2025

**Type of Finding:** Internal Control Over Compliance and Compliance

**Severity of Deficiency:** Significant Deficiency and Other Matter

# City of Minneapolis Minneapolis, Minnesota

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**Federal Agency:** U.S. Department of Housing and Urban Development  
**Program:** 14.218 Community Development Block Grants/Entitlement Grants  
 14.218 COVID-19 – Community Development Block Grants/Entitlement Grants  
**Award Number and Year:** B-24-MC-27-0003, 2024; B-25-MC-27-0003, 2025

**Pass-Through Agency:** N/A – Direct

**Criteria:** Title 2 U.S. *Code of Federal Regulations* § 200.303 states that the auditee must establish, document, and maintain effective internal control over the federal award that provides reasonable assurance that the auditee is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award.

Under the requirements of the Federal Funding Accountability and Transparency Act (Pub. L. No. 109-282), as amended by Section 6202 of Public Law 110-252, that are codified in Title 2 U.S. *Code of Federal Regulations*, Part 170, recipients (i.e., direct recipients) of grants or cooperative agreements are required to report first-tier subawards of \$30,000 or more to the Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS) or SAM.gov. Title 2 U.S. *Code of Federal Regulations*, Appendix A to Part 170, requires reporting a subaward, once issued, by the end of the subsequent month.

**Condition:** The six subawards issued for the 2025 Community Development Block Grant (CDBG) award with obligation action dates between June 3, 2025, and December 18, 2025, were submitted to SAM.gov on March 23, 2026, after the documentation was requested for the audit. For one of the six subawards tested, the amount in SAM.gov did not agree with the applicable grant agreements or other supporting documentation. Additionally, two subawards for the 2024 CDBG award and one subaward for the 2024 CDBG-CV award were not submitted to either the FSRS or to SAM.gov as of the date of our review.

Transactions Tested	Subaward Not Reported	Report Not Timely	Subaward Amount Incorrect
6	3	6	1
Dollar Amount of Tested Transactions	Subaward Not Reported	Report Not Timely	Subaward Amount Incorrect
\$ 1,699,034	\$ 340,536	\$ 1,699,034	\$ 100,000

**Questioned Costs:** None.

**Context:** The agreement between the Department of Housing and Urban Development (HUD) and the City of Minneapolis for CDBG for the 2025 award year was not signed until December 2025. The City could not submit FFATA subaward reports before the grant was uploaded into SAM.gov by HUD.

All six subawards totaling \$1,699,034 issued from the 2025 award year were tested. The subawards not reported from 2024 were not considered tested.

**Effect:** The City of Minneapolis is not in compliance with FFATA reporting requirements.

**Cause:** The submittal of the 2025 subawards was overlooked by City staff until the information related to those subawards was requested for the audit. The City was unable to determine the cause of the subaward amount not matching the grant agreement for the subaward.

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The subawards not submitted for the 2024 award year were due to these subawards not being communicated properly to the preparer of the subaward reports. The CDBG-CV subaward report was not submitted due to being an amendment to replace an initial award using Emergency Solutions Grant Program funds with CDBG-CV funds. The City did not want to overstate the total HUD funds provided to the subrecipient and were unaware that subaward reports could be edited.

**Recommendation:** We recommend the City of Minneapolis implement procedures to ensure subawards are submitted as required by FFATA.

**View of Responsible Official:** Concur

**2025-003      Reporting – PR29 CDBG Cash on Hand Quarterly Report**

**Prior Year Finding Number:** N/A

**Year of Finding Origination:** 2025

**Type of Finding:** Internal Control Over Compliance and Compliance

**Severity of Deficiency:** Significant Deficiency and Other Matter

**Federal Agency:** U.S. Department of Housing and Urban Development

**Program:** 14.218 Community Development Block Grants/Entitlement Grants

**Award Number and Year:** B-20-MC-27-003, 2020; B-20-MW-27-003, 2020; B-21-MC-27-0003, 2021; B-22-MC-27-0003, 2022; B-23-MC-27-0003, 2023; B-24-MC-27-0003, 2024; B-25-MC-27-0003, 2025

**Pass-Through Agency:** N/A – Direct

**Criteria:** Title 2 U.S. *Code of Federal Regulations* § 200.303 states that the auditee must establish, document, and maintain effective internal control over the federal award that provides reasonable assurance that the auditee is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award.

The PR29 – CDBG Cash on Hand Quarterly Report is a required report. The basis of accounting described in the directions is the cash basis. The instructions also state that program income received by the grantee from the beginning date of the reporting period through the end date of the reporting period should be reported under line 8 of the report.

**Condition:** In the sample of two quarterly PR29– CDBG Cash on Hand Quarterly Reports tested, errors were noted in both reports resulting from the City reporting program income as received during the reporting period when it was applied to a project, not when it was received by the City.

**Questioned Costs:** None.

**Context:** The PR29 – CDBG Cash on Hand Quarterly Report is not used to claim reimbursement of federal funds.

The population consisted of four PR29 – CDBG Cash on Hand Quarterly Reports submitted during the fiscal year. The sample size of two was based on guidance from Chapter 11 of the AICPA Audit Guide, *Government Auditing Standards and Single Audits*.

**Effect:** The City of Minneapolis is not in compliance with the reporting requirements for the PR29 – CDBG Cash on Hand Quarterly Reports.

# City of Minneapolis

## Minneapolis, Minnesota

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**Cause:** The PR29 – CDBG Cash on Hand Quarterly Reports were prepared by a new employee. The new preparer was following earlier guidance provided to the previous preparer by HUD.

**Recommendation:** We recommend that the City of Minneapolis implement procedures to complete reports as required by HUD in its instructions for the preparation of the PR29 – CDBG Cash on Hand Quarterly Report.

**View of Responsible Official:** Acknowledge

### Section IV – Other Findings and Recommendations

#### 2025-004 Prompt Payment of Invoices

**Prior Year Finding Number:** N/A

**Year of Finding Origination:** 2025

**Type of Finding:** Minnesota Legal Compliance

**Criteria:** Pursuant to Minn. Stat. § 471.425, subd. 2, the City is required to make payment on vendor invoices according to the terms of the contract, or within 35 days of the completed delivery of the goods or services or the receipt of the invoice, whichever is later. For bills paid after the time period set by contract or standard payment period, the government entity must calculate and pay interest as required.

**Condition:** Three of the 27 invoices tested for compliance with this statute were not paid within the required 35 days. In addition, the City did not calculate or pay interest on invoices not paid within the required 35 days.

**Context:** Invoices are sent to the Accounts Payable Department and then routed to the applicable department for approval. A voucher is created and paid to the vendor only when a three-way match is achieved between the purchase order, receiving acknowledgement, and the invoice. The City paid the three invoices between 41 and 75 days after the invoice receipt date.

**Effect:** The City is not in compliance with Minn. Stat. § 471.425, subd. 2.

**Cause:** The City informed us that the invoices were initially routed to the incorrect department and were returned to the Accounts Payable Department, which delayed the payment process.

**Recommendation:** We recommend the City develop a process to ensure payments are made in accordance with Minn. Stat. § 471.425, subd. 2.

**View of Responsible Official:** Concur

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**Representation of the City of Minneapolis  
Minneapolis, Minnesota**

**Corrective Action Plan**

For the Year Ended December 31, 2025

**Finding Number: 2025-001**

**Finding Title: Service Organization Controls**

Name of Contact Person Responsible for Corrective Action:

Chris Hunjas, Robert Lange

Corrective Action Planned:

The City concurs with this finding.

The City will meet with Vendor Team to develop a timeline for when a SOC 1 Type II report can be obtained. If vendor is unable to produce a SOC 1 Type II report or develop a plan to produce the report timely, additional options will be researched. The City is willing to continue to perform complementary detail testing of transactions produced by the software. In addition, if the vendor cannot obtain the SOC 1 Type II report, the City will confer with our auditors to determine what additional steps the City should take to clear up this audit finding.

Anticipated Completion Date:

December 31, 2026

**Finding Number: 2025-002**

**Finding Title: Reporting – Federal Funding Accountability and Transparency Act (FFATA)**

**Program: 14.218 Community Development Block Grants/Entitlement Grants**

**14.218 COVID-19 – Community Development Block Grants/Entitlement Grants**

Name of Contact Person Responsible for Corrective Action:

Matthew Bower, George Hardgrove

Corrective Action Planned:

The City concurs with this finding.

City has hired additional resources to perform review of subrecipient transactions. On a monthly basis, the new position will review system generated reports to timely capture reportable subrecipient transactions. Additionally, the City has an ongoing quarterly meeting with all grant managers. Training will be provided to grant managers to ensure proper identification of subrecipient contracts and proper entry into the SAM.gov system.

Anticipated Completion Date:

December 31, 2026

**Finding Number: 2025-003**

**Finding Title: Reporting – PR29 CDBG Cash on Hand Quarterly Report**

**Program: 14.218 Community Development Block Grants/Entitlement Grants**

Name of Contact Person Responsible for Corrective Action:

Matthew Bower, George Hardgrove

Corrective Action Planned:

The City acknowledges this finding.

City has communicated directly with Housing and Urban Development for clarification on reporting requirements and intends on following the updated guidance they provided.

Anticipated Completion Date:

July 31, 2026

**Finding Number: 2025-004**

**Finding Title: Prompt Payment of Invoices**

Name of Contact Person Responsible for Corrective Action:

Pam Fernandez, Rich Perrizo, George Hardgrove

Corrective Action Planned:

We concur with this finding. Procurement will provide additional training and documentation on the payment process this year. This will cover the steps necessary to reroute invoices and for contacting Payable staff for support in the process.

In addition, Procurement will send out reminder notices to our vendors stating that a PO Number must be present on their invoice in order for the invoice to be paid on time and that the PO number is a critical part of our Accounts/Payable system to properly route invoices for approval.

Lastly, the City's Controller Division will discuss the need to approve invoices timely in our monthly financial meetings with the departments. This will include reviewing a report that lists invoices paid without a PO Number.

We also are working on replacing our ERP and associate Accounts/Payable systems with Workday. We expect to make additional process improvements when this system is operational late in 2028.

Anticipated Completion Date:

6/30/27 for non-Workday items. 12/31/28 for Workday.

## Representation of the City of Minneapolis Minneapolis, Minnesota

### Summary Schedule of Prior Audit Findings For the Year Ended December 31, 2025

**Finding Number: 2024-001**

**Year of Finding Origination: 2024**

**Finding Title: Prior Period Adjustment**

**Summary of Condition:** A prior period adjustment was identified that resulted in material changes to the City of Minneapolis's financial statements.

**Summary of Corrective Action Previously Reported:** The City's land held for resale records migrated from MINS to Salesforce, a new software in 2024. As part of the migration, additional internal controls around land held for resale will be developed to ensure all sales, purchases, transfers, and adjustments to land are properly captured within the system. Additionally, enhanced communications with the financial accountants and CPED Real Estate team will be implemented to include regularly scheduled meetings and trainings to align land transactions with reported information. Land records in Salesforce will be reconciled to the City financial system (Comet) and Hennepin County records to ensure land changes are captured promptly and correctly during the year.

**Status:** Fully Corrected. Corrective action was taken.

**Finding Number: 2024-002**

**Year of Finding Origination: 2024**

**Finding Title: Service Organization Controls**

**Summary of Condition:** The City contracts with a vendor for booking events and receipting the related revenues at the Convention Center. The City has not established internal controls to ensure revenues are complete and accurate or received a System and Organization Control (SOC) 1 engagement report from the vendor.

**Summary of Corrective Action Previously Reported:** The City will maintain a list of service organizations that have a material effect on the City's financial position through connecting to our Comet system. SOC 1 Type II reports will be requested and reviewed annually. The city will continue to work with the service organizations that are unable to provide SOC 1 Type II reports to stress the importance of SOC 1 reporting and will develop compensating internal controls in the absence of a SOC 1 Type II reports. Additionally, the City will include language in future contracts with service organizations that they must provide documents that adhere to SSAE 18 upon request.

**Status:** Partially Corrected. A SOC I, Type II Report for 2025 was not provided by the vendor used for booking events and receipting revenues related to the Convention Center. The City tested a sample of transactions processed in the system and noted no deviations.

Our revised Corrective Plan is as follows:

We concur with this finding. Meet with Vendor Team to develop timeline for when a SOC 1 Type II report can be obtained. If vendor is unable to produce a SOC 1 Type II report or develop a plan to produce the report timely, additional options will be researched. The City is willing to continue to perform complementary detail testing of transactions produced by the software. In addition, if the vendor cannot obtain the SOC 1 Type II report, the city will confer with our auditors to determine what additional steps the city should take to clear up this audit finding.

**Finding Number: 2024-003**

**Year of Finding Origination: 2023**

**Finding Title: Suspension and Debarment**

**Program: 21.027 COVID-19 – Coronavirus State and Local Fiscal Recovery Funds**

**Summary of Condition:** The City did not maintain documentation of the verification that the vendor was not suspended or debarred at SAM.gov for one of 14 transactions tested.

**Summary of Corrective Action Previously Reported:** Procurement maintains control over which contracts have final approval. As part of the final contract approval, procurement will verify that debarment documentation has been maintained in the Comet software.

**Status:** No further action warranted as the City did not receive funding for this program in 2025.

**Finding Number: 2024-004**

**Year of Finding Origination: 2024**

**Finding Title: Subrecipient Monitoring**

**Program: 21.027 COVID-19 – Coronavirus State and Local Fiscal Recovery Funds**

**Summary of Condition:** The City did not have documentation of risk assessment procedures performed for two of the four subrecipients tested.

**Summary of Corrective Action Previously Reported:** The City established and maintains a quarterly training for all grant managers to attend which includes training on grant management. Additional emphasis on subrecipient pre-award risk management will be included within future quarterly trainings.

**Status:** No further action warranted as the City did not receive funding for this program in 2025.

**Finding Number: 2021-002**

**Year of Finding Origination: 2022**

**Finding Title: Procurement, Suspension, and Debarments**

**Program: 14.231 Emergency Solutions Grant Program**

**14.231 COVID-19 – Emergency Solutions Grant Program**

**Summary of Condition:** In a sample of two contracts tested over the covered transaction amount, the City did not have documentation to meet the verification requirements as to whether the vendor was suspended, debarred, or otherwise excluded.

**Summary of Corrective Action Previously Reported:** The suspension and debarment verifications were included as a Closing Checklist for the Emergency Solutions Grant projects. This was missed as these projects were outside the Affordable Housing Trust Fund. A clause was added to contracts addressing suspension and debarment. The City of Minneapolis changed the procedure to make sure all contracts, regardless of the sourcing process or funding sources, suspension and debarment verifications will be done.

**Status:** Partially Corrected. The City has begun including a clause in the contracts tested for suspension and debarment. City procurement staff have implemented and executed additional controls around verification of vendors debarred, suspended, or otherwise are excluded by review of SAM.gov.

**City of Minneapolis  
Minneapolis, Minnesota**

**Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2025**

Federal Grantor Pass-Through Agency Program or Cluster Title	Assistance Listing Number	Pass-Through Grant Numbers	Expenditures	Passed Through to Subrecipients
<b>U.S. Department of Agriculture</b>				
Direct				
Inflation Reduction Act Urban & Community Forestry Program	10.727		\$ 1,691,312	\$ -
Urban Agriculture and Innovative Production Grants Program (UAIP)	10.935		115,123	-
<b>Total U.S. Department of Agriculture</b>			<b>\$ 1,806,435</b>	<b>\$ -</b>
<b>U.S. Department of Housing and Urban Development</b>				
Direct				
CDBG – Entitlement Grants Cluster				
Community Development Block Grants/Entitlement Grants COVID-19 – Community Development Block Grants/Entitlement Grants	14.218		\$ 11,539,485	\$ 1,891,510
(Total Community Development Block Grants/Entitlement Grants 14.218 \$12,767,699. Total Community Development Block Grants/Entitlement Grants 14.218 passed through to subrecipients \$3,119,724.)	14.218		1,228,214	1,228,214
Emergency Solutions Grant Program	14.231		510,279	425,900
Home Investment Partnerships Program	14.239		7,956,738	-
Housing Opportunities for Persons with AIDS Economic Development Initiative, Community Project Funding, and Miscellaneous Grants	14.241		2,467,952	2,373,332
Lead Hazard Reduction Grant Program	14.251		339,438	-
Healthy Homes Production Program	14.900		1,543,725	-
	14.913		638,311	-
<b>Total U.S. Department of Housing and Urban Development</b>			<b>\$ 26,224,142</b>	<b>\$ 5,918,956</b>
<b>U.S. Department of the Interior – National Park Service</b>				
Direct				
Historic Preservation Fund Grants-In-Aid	15.904		\$ 11,767	\$ -
<b>U.S. Department of Justice</b>				
Direct				
Congressionally Recommended Awards	16.753		\$ 3,021,252	\$ -
Public Safety Partnership and Community Policing Grants	16.710		117,076	-
National Sexual Assault Kit Initiative	16.833		187,436	187,436
Comprehensive Opioid, Stimulant, and Substance Use Program	16.838		392,099	-
Equitable Sharing Program	16.922		19,946	-
Passed Through Hennepin County, Minnesota				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	PR00005165	23,200	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	PR00005967	236,743	-
Edward Byrne Memorial Justice Assistance Grant Program (Total Edward Byrne Memorial Justice Assistance Grant Program 16.738 \$477,765)	16.738	PR00006800	217,822	-
<b>Total U.S. Department of Justice</b>			<b>\$ 4,215,574</b>	<b>\$ 187,436</b>

**City of Minneapolis  
Minneapolis, Minnesota**

**Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2025  
(Continued)**

Federal Grantor Pass-Through Agency Program or Cluster Title	Assistance Listing Number	Pass-Through Grant Numbers	Expenditures	Passed Through to Subrecipients
<b>U.S. Department of Labor</b>				
Passed Through Minnesota Department of Employment and Economic Development				
WIOA Cluster				
WIOA Adult Program	17.258	2103101	\$ 32,429	\$ 29,187
WIOA Adult Program	17.258	3103100	190,274	133,457
WIOA Adult Program	17.258	4103100	641,557	549,662
WIOA Adult Program	17.258	5103100	76,676	76,676
(Total WIOA Adult Program 17.258 \$940,936. Total WIOA Adult Program 17.258 passed through to subrecipients \$788,982.)				
WIOA Youth Activities	17.259	3103600	372,349	372,349
WIOA Youth Activities	17.259	4103600	1,019,821	822,206
WIOA Youth Activities	17.259	5103600	224,894	148,431
(Total WIOA Youth Activities 17.259 \$1,617,064. Total WIOA Youth Activities 17.259 passed through to subrecipients \$1,342,986.)				
WIOA Dislocated Worker Formula Grants	17.278	2108001	33,364	30,028
WIOA Dislocated Worker Formula Grants	17.278	3108000	59,682	57,690
WIOA Dislocated Worker Formula Grants	17.278	4108000	250,896	195,045
WIOA Dislocated Worker Formula Grants	17.278	5108000	61,928	56,860
(Total WIOA Dislocated Worker Formula Grants 17.278 \$405,870. Total WIOA Dislocated Worker Formula Grants 17.278 passed through to subrecipients \$339,623.)				
<b>Total U.S. Department of Labor</b>			<b>\$ 2,963,870</b>	<b>\$ 2,471,591</b>
<b>U.S. Department of Transportation</b>				
Direct				
Strengthening Mobility and Revolutionizing Transportation (SMART) Grants Program				
	20.941		\$ 1,000,441	\$ -
Passed Through Metropolitan Council of the Twin Cities				
Highway Planning and Construction				
	20.205	1029973	2,015,768	-
(Total Highway Planning and Construction 20.205 \$8,404,848)				
Passed Through Minnesota Department of Transportation				
Highway Planning and Construction				
	20.205	8825-964	(1,076)	-
Highway Planning and Construction				
	20.205	1029973	6,390,156	-
(Total Highway Planning and Construction 20.205 \$8,404,848)				
Passed Through Minnesota Department of Public Safety				
Minimum Penalties for Repeat Offenders for Driving While Intoxicated				
	20.608	A-ENFRC25-2025-CRYSTAPD-055	4,453	-
Minimum Penalties for Repeat Offenders for Driving While Intoxicated				
	20.608	A-ENFRC26-2026-CRYSTAPD-044	2,996	-
Minimum Penalties for Repeat Offenders for Driving While Intoxicated				
	20.608	A-DGCT25-2025-4TH-JD-005	26,456	-
Minimum Penalties for Repeat Offenders for Driving While Intoxicated				
	20.608	A-DGCT26-2026-4TH-JD-003	4,102	-
(Total Minimum Penalties for Repeat Offenders for Driving While Intoxicated 20.608 \$38,007)				
<b>Total U.S. Department of Transportation</b>			<b>\$ 9,443,296</b>	<b>\$ -</b>

**City of Minneapolis  
Minneapolis, Minnesota**

**Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2025  
(Continued)**

Federal Grantor Pass-Through Agency Program or Cluster Title	Assistance Listing Number	Pass-Through Grant Numbers	Expenditures	Passed Through to Subrecipients
<b>U.S. Department of the Treasury</b>				
Direct				
Equitable Sharing	21.016		\$ 230,909	\$ -
COVID-19 – Emergency Rental Assistance Program	21.023		2,776	-
			<hr/>	<hr/>
<b>Total U.S. Department of the Treasury</b>			<b>\$ 233,685</b>	<b>\$ -</b>
<b>U.S. Environmental Protection Agency</b>				
Direct				
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	66.034		\$ 106,597	\$ -
Greenhouse Gas Reduction Fund: National Clean Investment Fund	66.957		28,056	-
Passed Through Minnesota Public Facilities Authority				
Drinking Water State Revolving Fund	66.468	1270024-14	61,753	-
Drinking Water State Revolving Fund	66.468	1270024-15	1,259,629	-
Drinking Water State Revolving Fund	66.468	1270024-18	190,427	-
Drinking Water State Revolving Fund	66.468	1270024-19	1,644,853	-
Drinking Water State Revolving Fund	66.468	1270024-22	758,716	-
Drinking Water State Revolving Fund (Total Drinking Water State Revolving Fund 66.468 \$5,340,876)	66.468	1270024-24	1,425,498	-
			<hr/>	<hr/>
<b>Total U.S. Environmental Protection Agency</b>			<b>\$ 5,475,529</b>	<b>\$ -</b>
<b>U.S. Department of Energy</b>				
Direct				
Energy Efficiency and Conservation Block Grant Program (EECBG)	81.128		\$ 424,279	\$ -
<b>U.S. Department of Health and Human Services</b>				
Direct				
Food and Drug Administration Research	93.103		\$ 10,062	\$ -
Injury Prevention and Control Research and State and Community Based Programs	93.136		124,090	-
Racial and Ethnic Approaches to Community Health	93.304		912,617	-
COVID-19 – Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises	93.391		1,773	-
Centers for Disease Control and Prevention Collaboration with Academia to Strengthen Public Health	93.967		1,925,027	-
Passed Through Minnesota Department of Health				
Public Health Emergency Preparedness	93.069	251979	294,993	-
Affordable Care Act (ACA) Personal Responsibility Education Program	93.092	223701	89,919	-
COVID-19 – Immunization Cooperative Agreements	93.268	191800	207,242	40,813
COVID-19 – Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	191800	470,941	-
Temporary Assistance for Needy Families	93.558	232362	807,907	620,038
Maternal and Child Health Services Block Grant to the States	93.994	256581	829,907	222,688
Passed Through University of Nebraska				
Community Programs to Improve Minority Health	93.137	5CPIMP231377-02-00	85,324	47,039
Passed Through Minnesota Department of Human Services				
Opioid STR	93.788	191971	4,373	-

**City of Minneapolis  
Minneapolis, Minnesota**

**Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2025  
(Continued)**

Federal Grantor Pass-Through Agency Program or Cluster Title	Assistance Listing Number	Pass-Through Grant Numbers	Expenditures	Passed Through to Subrecipients
<b>U.S. Department of Health and Human Services (Continued)</b>				
Passed Through Hennepin County, Minnesota Teenage Pregnancy Prevention Program	93.297	HS00001406	534,644	-
<b>Total U.S. Department of Health and Human Services</b>			<b>\$ 6,298,819</b>	<b>\$ 930,578</b>
<b>Executive Office of the President</b>				
Direct High Intensity Drug Trafficking Areas Program	95.001		<b>\$ 44,377</b>	<b>\$ -</b>
<b>U.S. Department of Homeland Security</b>				
Direct Staffing for Adequate Fire and Emergency Response (SAFER)	97.083		\$ 1,778,300	\$ -
Passed Through Minnesota Department of Public Safety Emergency Management Performance Grants	97.042	A-EMPG-2022-MPLSEMER-051	(2,870)	-
Emergency Management Performance Grants	97.042	A-EMPG-2023-MPLSEMER-058	29,967	-
Emergency Management Performance Grants (Total Emergency Management Performance Grants 97.042 \$53,059)	97.042	A-EMPG-2024-MPLSEMER-078	25,962	-
Homeland Security Grant Program	97.067	A-SHSP-2023-MPLSBOMB-012	587	-
Homeland Security Grant Program	97.067	A-SHSP-2024-MPLSBOMB-012	188,195	-
Homeland Security Grant Program	97.067	A-UASI-2022-MPLSEMER-008	(2,836)	-
Homeland Security Grant Program	97.067	A-UASI-2023-MPLSEMER-023	415,894	-
Homeland Security Grant Program (Total Homeland Security Grant Program 97.067 \$958,920)	97.067	A-UASI-2024-MPLSEMER-014	357,080	-
<b>Total U.S. Department of Homeland Security</b>			<b>\$ 2,790,279</b>	<b>\$ -</b>
<b>Total Federal Awards</b>			<b>\$ 59,932,052</b>	<b>\$ 9,508,561</b>
<b>Totals by Cluster</b>				
Total expenditures for CDBG – Entitlement Grants Cluster			\$ 12,767,699	
Total expenditures for WIOA Cluster			2,963,870	

# City of Minneapolis Minneapolis, Minnesota

## Notes to the Schedule of Expenditures of Federal Awards For the Year Ended December 31, 2025

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### Note 1 – Summary of Significant Accounting Policies

#### Reporting Entity

The Schedule of Expenditures of Federal Awards presents the activities of federal award programs expended by the City of Minneapolis. The City's reporting entity is defined in Note 1 to the financial statements. The schedule does not include \$4,003,964 in federal awards expended by the Minneapolis Park and Recreation Board component unit because a separate single audit was performed in accordance with Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

#### Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal award activity of the City of Minneapolis under programs of the federal government for the year ended December 31, 2025. The information in this schedule is presented in accordance with the requirements of Uniform Guidance. Because the Schedule of Expenditures of Federal Awards presents only a selected portion of the operations of the City of Minneapolis, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City of Minneapolis.

Expenditures reported on the schedule are reported on the modified accrual basis of accounting for federal awards recorded in governmental funds and on the full accrual basis for federal awards in proprietary funds, with recognition criteria following Uniform Guidance. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

### Note 2 – De Minimis Cost Rate

The City of Minneapolis has elected to not use the de minimis indirect cost rate allowed under the Uniform Guidance.

**Municipal Building Commission  
Management and Compliance Report  
Year Ended December 31, 2025**



**Independent Auditor's Report on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards***

Municipal Building Commission Board  
Municipal Building Commission  
Minneapolis, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the City of Minneapolis, Minnesota, which include as Supplementary Information, the financial statements of the Municipal Building Commission, a discretely presented component unit, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 25, 2026.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Municipal Building Commission's internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Building Commission's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Building Commission's internal control over financial reporting.

*A deficiency in internal control over financial reporting* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Municipal Building Commission’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### Minnesota Legal Compliance

In connection with our audit, nothing came to our attention that caused us to believe that the Municipal Building Commission failed to comply with the provisions of the contracting – bid laws, depositories of public funds and public investments, conflicts of interest, claims and disbursements, and miscellaneous provisions sections of the *Minnesota Legal Compliance Audit Guide for Other Political Subdivisions*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Municipal Building Commission’s noncompliance with the above-referenced provisions, insofar as they relate to accounting matters.

### Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting and compliance, and the provisions of the *Minnesota Legal Compliance Audit Guide for Other Political Subdivisions* and the results of that testing, and not to provide an opinion on the effectiveness of the Building Commission’s internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Building Commission’s internal control over financial reporting and compliance. Accordingly, this communication is not suitable for any other purpose.

*/s/Julie Blaha*

Julie Blaha  
State Auditor

June 25, 2026

*/s/Lisa Young*

Lisa Young, CPA  
Deputy State Auditor