



Other Required Report

City of Mound

Mound, Minnesota

For the year ended December 31, 2025



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City of Mound, Minnesota
Other Required Report
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INDEPENDENT AUDITOR'S REPORT ON MINNESOTA LEGAL COMPLIANCE

Honorable Mayor and City Council
City of Mound, Minnesota

We have audited, in accordance with 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 governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Mound, Minnesota (the City) as of and for the year ended December 31, 2025, and the related notes to the financial statements, and have issued our report thereon dated September 24, 2026.

In connection with our audit, nothing came to our attention that caused us to believe that the City of Mound failed to comply with the provisions of the contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and tax increment financing sections of the *Minnesota Legal Compliance Audit Guide for Cities*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, except as described in the Schedule of Findings and Responses as items 2025-004 and 2025-005. 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.

The City's responses to the findings in our audit is described in the accompanying Schedule of Findings and Responses. 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 it.

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance. Accordingly, this communication is not suitable for any other purpose.



Abdo
Minneapolis, Minnesota
September 24, 2026

City of Mound, Minnesota
Schedule of Findings and Responses
For the Year Ended December 31, 2025

<u>Finding</u>	<u>Description</u>
2025-004	Incomplete Payment Listings Provided to City Council for Approval
<i>Condition:</i>	The City of Mound did not consistently provide the City Council with complete listings of payments made from City funds for review at council meetings. During the audit period, the payment listings provided to the City Council did not include all payments made by the City. As a result, the City Council did not have a complete listing of payments available to review and approve, or to review for informational purposes when payment authority had been delegated.
<i>Criteria:</i>	Minn. Stat. § 412.271, subd. 1, provides that, except for specified payments and other statutory exceptions, no order for disbursement of city funds may be issued until the related claim has been audited and allowed by the city council. Under Minn. Stat. § 412.271, subd. 8, a city council may delegate its authority to pay certain claims to a city administrative official if the council establishes appropriate internal accounting and administrative controls and regularly and frequently reviews the official's actions. The statute further requires that a list of all claims paid under delegated authority be presented to the council at the next regularly scheduled meeting after payment. Minn. Stat. § 471.381, subd. 1, authorizes cities to make payments of claims and obligations by warrant, check, or electronic funds transfer but does not eliminate the governing body's responsibility to establish appropriate authority and controls over those payments.
<i>Cause:</i>	The City had not established and consistently followed procedures to ensure that complete payment listings were provided to the City Council for review at the required council meetings.
<i>Effect:</i>	When complete payment listings are not provided to the City Council, the Council cannot effectively review all payments made by the City or, when authority has been delegated, review the actions of the city administrative official as required by statute. This weakens controls over the disbursement of public funds and increases the risk that inaccurate, unauthorized, or inappropriate payments may not be detected in a timely manner.
<i>Recommendation:</i>	We recommend the City establish procedures to ensure that complete listings of all payments are provided to the City Council at each applicable council meeting. If the City has delegated authority to pay certain claims under Minn. Stat. § 412.271, subd. 8, the City should ensure that a list of all claims paid under the delegated authority is presented to the City Council at the next regularly scheduled meeting after payment. The City should also maintain documentation demonstrating the Council's review of the payment listings.
<i>Management Response:</i>	
	The City agrees with the finding and will implement procedures to ensure that complete payment listings are provided to the City Council for review in accordance with applicable statutory requirements.

City of Mound, Minnesota
Schedule of Findings and Responses
For the Year Ended December 31, 2025

<u>Finding</u>	<u>Description</u>
2025-005	Time Period for Payment
<i>Condition:</i>	Auditing for legal compliance requires a review of the City's payment of claims. Our audit indicated an instance of non-compliance. We noted two instances out of a sample of 25 invoices that were paid after the 35-day period.
<i>Criteria:</i>	Minnesota statute section 471.425 requires that the City pay bills within 35 days from receipt. If the invoice is not paid within 35 days, interest at 1.5 percent per month is to be added to amount due.
<i>Cause:</i>	Unknown
<i>Effect:</i>	The City is in violation of this statute.
<i>Recommendation:</i>	We recommend that the City develop policies and procedures related to the accounts payable cycle. These policies and procedures should include payment terms that are outlined within State statutes.
<i>Management Response:</i>	
With the hiring of additional finance staff, management will work towards developing procedures that are sufficient to prevent future noncompliance.	