



MICA 2026

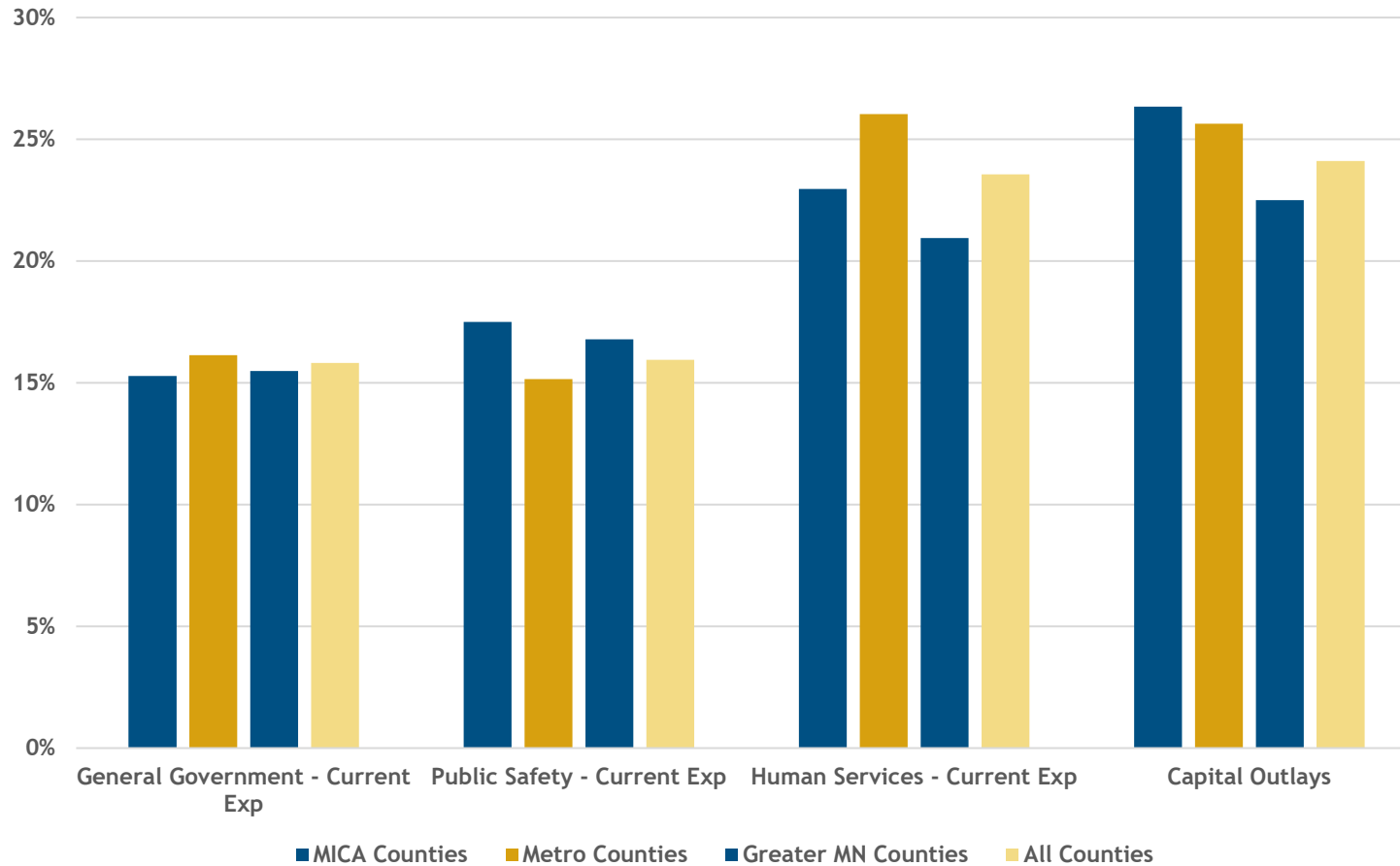
State Auditor
Julie Blaha

THE QUESTION

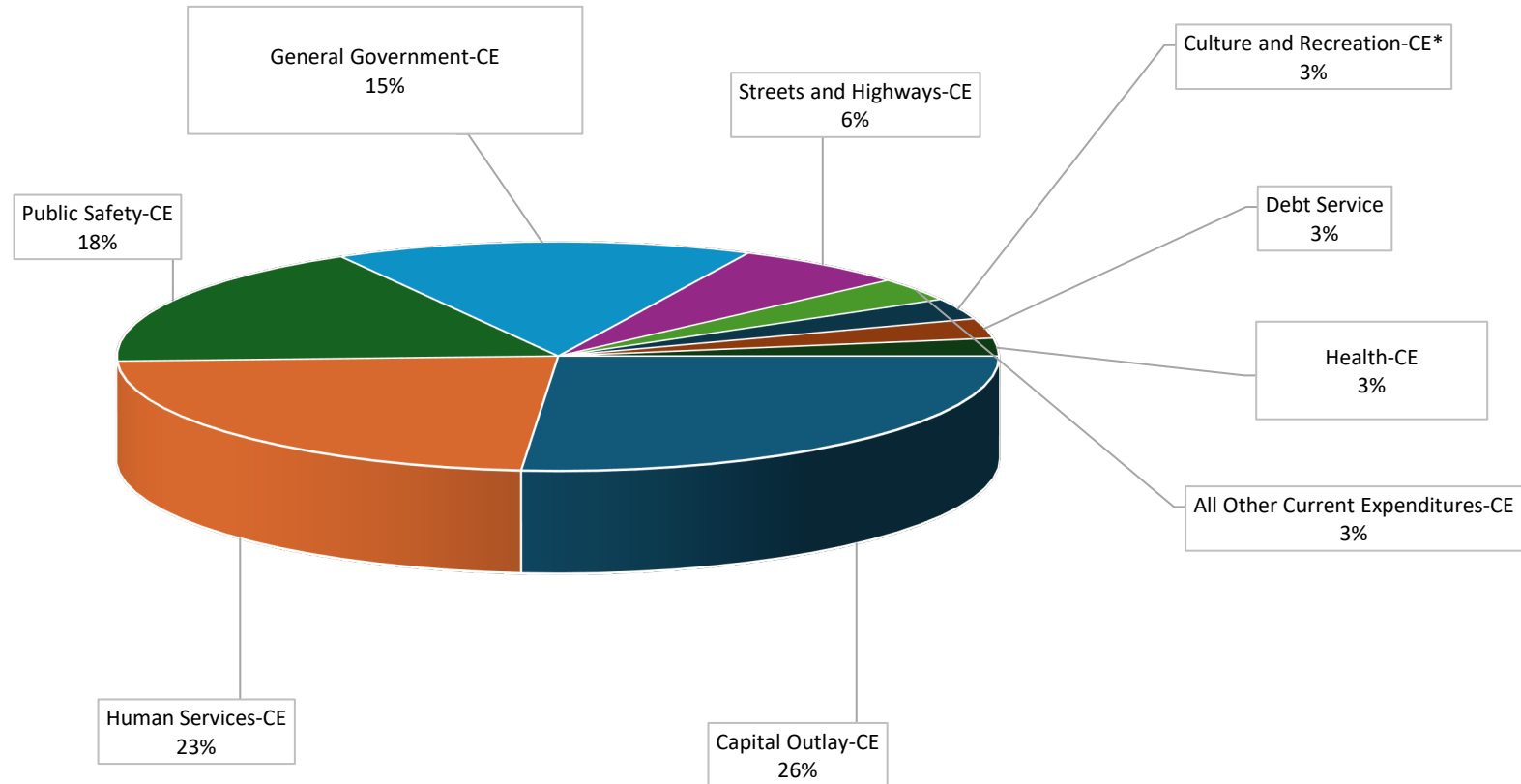
- **General Government**
 - Consistent share across all county types: All groups cluster around 15-16%.
- **Public Safety**
 - Highest in MICA counties: MICA sits near 18%, while Metro is closer at 15% and Greater MN at 17%.
- **Human Services**
 - Highest in Metro counties: Metro counties allocate roughly 26%, compared to 21% in Greater MN and 23% in MICA counties.
- **Capital Outlays**
 - Highest in MICA and Metro counties: MICA and Metro is around 26%, while Greater MN is closer to 23%.



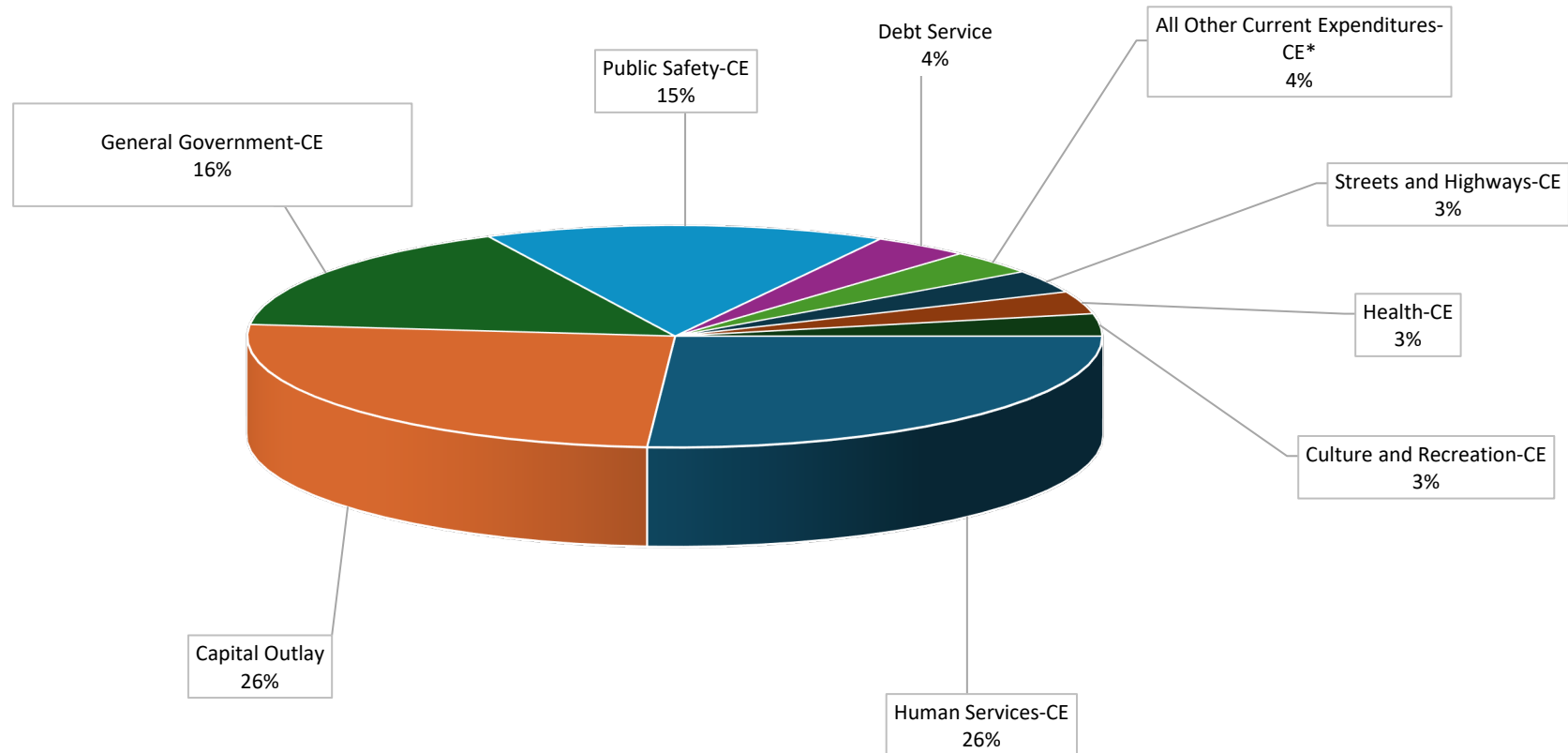
TOP FOUR CATEGORIES OF SPENDING IN 2025 BUDGETS



MICA COUNTIES BUDGETED EXPENDITURES - 2025



METRO COUNTIES BUDGETED EXPENDITURES - 2025



STATEWIDE BUDGET EXPENDITURE TRENDS

- On the expenditure side, counties continue to balance increasing needs with fiscal responsibility. Three categories—Human Services, Public Safety, and Capital Outlay—continue to define most of the budget, while General Government and Debt Service remain steady.
- **Human services continue to be the largest and fastest-growing expense:** Human services consistently account for nearly one-third of all county spending.
- **Public safety pressures increasing:** Counties public safety spending has risen steadily.
- **Infrastructure investment accelerating:** Capital outlay – especially for roads, bridges, and transportation – has grown significantly.
- **General Government remains steady:** General Government expenditure has remained steady.
- **Debt service remains stable and manageable:** Despite increased capital investment, counties have maintained responsible debt levels, with principal and interest payments holding steady as a share of total expenditures.



THE NUMBERS

- **General Government**
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THE QUESTION



**What are you
doing about
fraud?**



AN ANSWER

- **A risk we have out here is...**
- **So we decided to...**
- **And so far...**



AN ANSWER

- **Identify Risks**
- **Make a Focused Plan**
- **Check Results**



IDENTIFY RISKS



- **Staffing**
- **Size**
- **Complexity**
- **History**
- **Unique Situation**

FINANCIAL TIMES ARTICLE

Accountant shortage prompts US plan for quicker path to qualification

- The number of people taking the CPA exam fell from a peak of more than 100,000 in 2016 to a 17-year low of just above 67,000 in 2022.
- Three-quarters of US accountants at or near retirement age



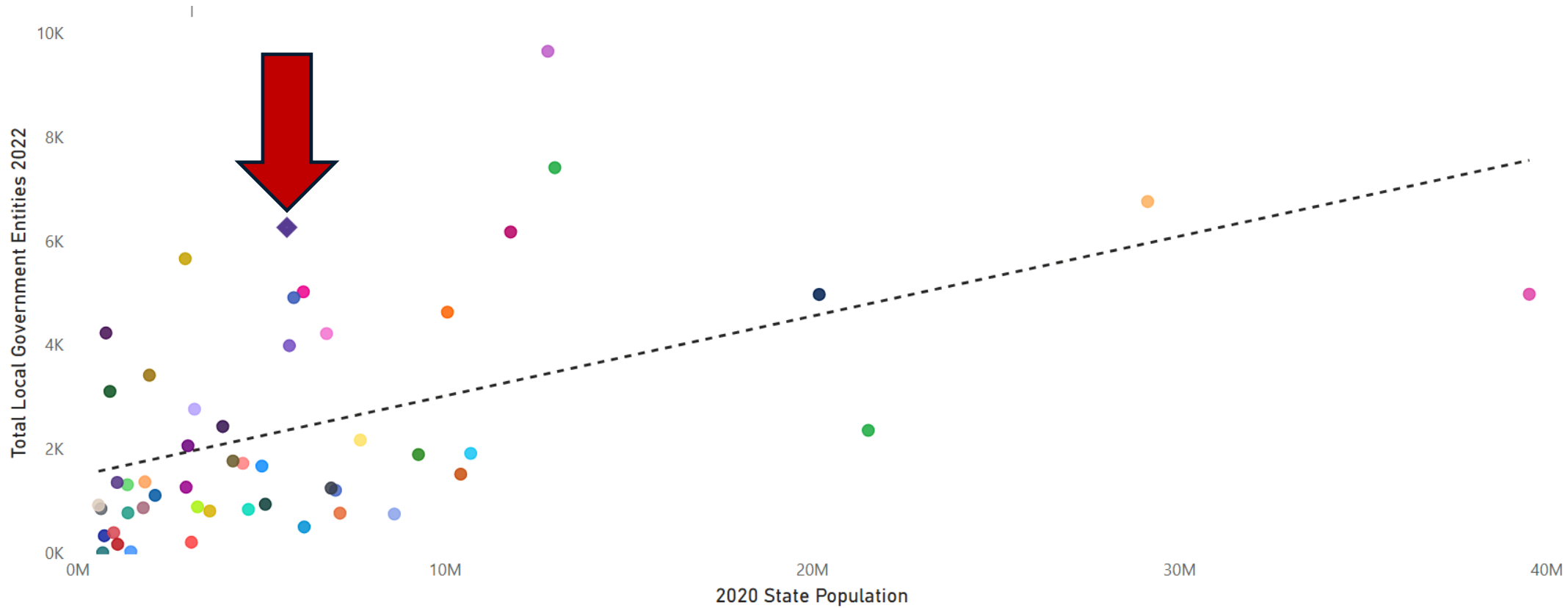
SP GLOBAL ARTICLE

Various Ratings Withdrawn On 91 Local Governments and Utility Systems

- Late or missing financial information leads to negative rating actions
- Increase in negative rating actions
- Financial staff recruitment and retention issues may a cause



ENTITY DENSITY



OSA EXPERIENCES

- Increase in audit costs across the board
- Increase in reports of local entities dropped by audit firms
- Increase in late reporting of financial data to OSA
- Increase in audit findings related to staff turnover



FOCUSED PLAN



- **Internal Controls**
- **Transition Plans**
- **New Technology**
- **Hiring Out Bookkeeping**
- **Strengthening Approvals**
- **Streamlining Processes**



CHECK RESULTS



- Annual Reporting
- Regular Board Updates
- Outside Assessment
- *Note: Normalizing fixing mistakes and discussing risk openly will improve oversight*



AN ANSWER

- A risk we have out here is...
- So we decided to...
- And so far...



GOING FORWARD



**You are exactly
who we need
right now.**



YOUR IDEAS & QUESTIONS





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