INDEPENDENT SCHOOL DISTRICT NO. 12
CENTENNIAL SCHOOLS
CIRCLE PINES, MINNESOTA

Special Purpose Audit Reports

Year Ended
June 30, 2026

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Certified Public Accountants Business Consultants

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INDEPENDENT SCHOOL DISTRICT NO. 12

Special Purpose Audit Reports
Year Ended June 30, 2026

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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

To the School Board and Management of
Independent School District No. 12
Circle Pines, 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 the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 12 (the District) as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 27, 2026.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* 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, such that there is a reasonable possibility that a material misstatement of the District'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 that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

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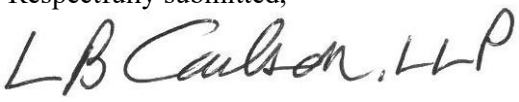
REPORT ON COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the District'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.*

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,



LB CARLSON, LLP
Minneapolis, Minnesota

October 27, 2026

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INDEPENDENT AUDITOR'S REPORT

ON MINNESOTA LEGAL COMPLIANCE

To the School Board and Management of
Independent School District No. 12
Circle Pines, 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 the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 12 (the District) as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 27, 2026.

MINNESOTA LEGAL COMPLIANCE

In connection with our audit, nothing came to our attention that caused us to believe that the District failed to comply with the provisions of the contracting – bid laws, depositories of public funds and public investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and uniform financial accounting and reporting standards for Minnesota school districts (UFARS) sections of the *Minnesota Legal Compliance Audit Guide for School Districts*, promulgated by the State Auditor pursuant to Minnesota Statutes § 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 District'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 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.

Respectfully submitted,

LB Carlson, LLP

LB CARLSON, LLP
Minneapolis, Minnesota

October 27, 2026

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INDEPENDENT SCHOOL DISTRICT NO. 12

Schedule of Findings and Questioned Costs
Year Ended June 30, 2026

A. FINANCIAL STATEMENT FINDINGS

None.

B. MINNESOTA LEGAL COMPLIANCE FINDINGS

None.

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INDEPENDENT AUDITOR'S REPORT ON UNIFORM FINANCIAL ACCOUNTING AND REPORTING STANDARDS COMPLIANCE TABLE

To the School Board and Management of
Independent School District No. 12
Circle Pines, 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 the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 12 (the District) as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 27, 2026.

Auditing standards referred to in the previous paragraph require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying Uniform Financial Accounting and Reporting Standards (UFARS) Compliance Table is presented for purposes of additional analysis as required by the Minnesota Department of Education (MDE), and is not a required part of the basic financial statements of the District. The UFARS Compliance Table 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 UFARS Compliance Table is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

(continued)

The purpose of this report on the UFARS Compliance Table required by the MDE is solely to describe the scope of our testing of the UFARS Compliance Table and the results of that testing based on our audit. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,



LB CARLSON, LLP
Minneapolis, Minnesota

October 27, 2026

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INDEPENDENT SCHOOL DISTRICT NO. 12

Uniform Financial Accounting and Reporting Standards
Compliance Table
June 30, 2026

		Audit	UFARS	Audit – UFARS
General Fund				
Total revenue		$ 113,533,635	$ 113,533,635	$ –
Total expenditures		$ 106,478,147	$ 106,478,147	$ –
Nonspendable				
460	Nonspendable fund balance	$ 7,843	$ 7,843	$ –
Restricted				
401	Student activities	$ 147,588	$ 147,588	$ –
402	Scholarships	$ –	$ –	$ –
403	Staff development	$ 261,341	$ 261,341	$ –
407	Capital projects levy	$ –	$ –	$ –
408	Cooperative revenue	$ –	$ –	$ –
412	Literacy incentive aid	$ 455,639	$ 455,639	$ –
414	Operating debt	$ –	$ –	$ –
416	Levy reduction	$ –	$ –	$ –
417	Taconite building maintenance	$ –	$ –	$ –
420	American Indian education aid	$ –	$ –	$ –
424	Operating capital	$ 8,126,978	$ 8,126,978	$ –
426	$25 taconite	$ –	$ –	$ –
427	Disabled accessibility	$ –	$ –	$ –
428	Learning and development	$ –	$ –	$ –
434	Area learning center	$ –	$ –	$ –
435	Contracted alternative programs	$ –	$ –	$ –
436	State approved alternative program	$ –	$ –	$ –
437	Quality compensation	$ 285,201	$ 285,201	$ –
438	Gifted and talented	$ –	$ –	$ –
439	English learner	$ –	$ –	$ –
440	Teacher development and evaluation	$ –	$ –	$ –
441	Basic skills programs	$ –	$ –	$ –
443	School library aid	$ –	$ –	$ –
448	Achievement and integration	$ –	$ –	$ –
449	Safe schools levy	$ 173,834	$ 173,834	$ –
451	QZAB payments	$ –	$ –	$ –
452	OPEB liability not in trust	$ –	$ –	$ –
453	Unfunded severance and retirement levy	$ –	$ –	$ –
456	Literacy incentive aid	$ –	$ –	$ –
457	Teacher compensation for READ Act training	$ –	$ –	$ –
467	Long-term facilities maintenance	$ 5,054,580	$ 5,054,580	$ –
471	Student support personnel	$ –	$ –	$ –
472	Medical Assistance	$ 1,421,757	$ 1,421,757	$ –
464	Restricted fund balance	$ –	$ –	$ –
475	Title VII – impact aid	$ –	$ –	$ –
476	PILT	$ –	$ –	$ –
Committed				
418	Committed for separation	$ –	$ –	$ –
461	Committed fund balance	$ –	$ –	$ –
Assigned				
462	Assigned fund balance	$ 31,936,864	$ 31,936,864	$ –
Unassigned				
422	Unassigned fund balance	$ 25,788,483	$ 25,788,483	$ –
Food Service				
Total revenue		$ 6,008,886	$ 6,008,886	$ –
Total expenditures		$ 5,606,921	$ 5,606,921	$ –
Nonspendable				
460	Nonspendable fund balance	$ 108,475	$ 108,475	$ –
Restricted				
452	OPEB liability not in trust	$ –	$ –	$ –
464	Restricted fund balance	$ 2,951,042	$ 2,951,042	$ –
Unassigned				
463	Unassigned fund balance	$ –	$ –	$ –
Community Service				
Total revenue		$ 7,855,195	$ 7,855,195	$ –
Total expenditures		$ 7,636,396	$ 7,636,396	$ –
Nonspendable				
460	Nonspendable fund balance	$ –	$ –	$ –
Restricted				
426	$25 taconite	$ –	$ –	$ –
431	Community education	$ 2,116,502	$ 2,116,502	$ –
432	ECFE	$ 492,478	$ 492,478	$ –
437	Quality compensation	$ –	$ –	$ –
440	Teacher development and evaluation	$ –	$ –	$ –
444	School readiness	$ 361,332	$ 361,332	$ –
447	Adult basic education	$ –	$ –	$ –
452	OPEB liability not in trust	$ –	$ –	$ –
456	Literacy aid	$ –	$ –	$ –
457	Teacher compensation for READ Act training	$ –	$ –	$ –
464	Restricted fund balance	$ 58,522	$ 58,522	$ –
Unassigned				
463	Unassigned fund balance	$ –	$ –	$ –

INDEPENDENT SCHOOL DISTRICT NO. 12

Uniform Financial Accounting and Reporting Standards
Compliance Table (continued)
June 30, 2026

		Audit	UFARS	Audit – UFARS
Building Construction				
Total revenue		$ –	$ –	$ –
Total expenditures		$ –	$ –	$ –
Nonspendable				
460	Nonspendable fund balance	$ –	$ –	$ –
Restricted				
407	Capital projects levy	$ –	$ –	$ –
413	Projects funded by COP	$ –	$ –	$ –
467	Long-term facilities maintenance	$ –	$ –	$ –
464	Restricted fund balance	$ –	$ –	$ –
Unassigned				
463	Unassigned fund balance	$ –	$ –	$ –
Debt Service				
Total revenue		$ 7,858,458	$ 7,858,458	$ –
Total expenditures		$ 7,330,382	$ 7,330,382	$ –
Nonspendable				
460	Nonspendable fund balance	$ –	$ –	$ –
Restricted				
425	Bond refundings	$ –	$ –	$ –
433	Maximum effort loan	$ –	$ –	$ –
451	QZAB payments	$ –	$ –	$ –
467	Long-term facilities maintenance	$ –	$ –	$ –
464	Restricted fund balance	$ 3,385,128	$ 3,385,128	$ –
Unassigned				
463	Unassigned fund balance	$ –	$ –	$ –
Trust				
Total revenue		$ –	$ –	$ –
Total expenditures		$ –	$ –	$ –
401	Student activities	$ –	$ –	$ –
402	Scholarships	$ –	$ –	$ –
422	Net position	$ –	$ –	$ –
Custodial Fund				
Total revenue		$ –	$ –	$ –
Total expenditures		$ –	$ –	$ –
401	Student activities	$ –	$ –	$ –
402	Scholarships	$ –	$ –	$ –
448	Achievement and integration	$ –	$ –	$ –
464	Restricted fund balance	$ –	$ –	$ –
Internal Service				
Total revenue		$ 14,034,434	$ 14,034,433	$ 1
Total expenditures		$ 12,663,442	$ 12,663,442	$ –
422	Net position	$ 8,043,736	$ 8,043,736	$ –
OPEB Revocable Trust Fund				
Total revenue		$ –	$ –	$ –
Total expenditures		$ –	$ –	$ –
422	Net position	$ –	$ –	$ –
OPEB Irrevocable Trust Fund				
Total revenue		$ 922,807	$ 922,807	$ –
Total expenditures		$ 826,842	$ 826,842	$ –
422	Net position	$ 9,225,424	$ 9,225,424	$ –
OPEB Debt Service Fund				
Total revenue		$ 1,646,324	$ 1,646,324	$ –
Total expenditures		$ 1,572,610	$ 1,572,610	$ –
Nonspendable				
460	Nonspendable fund balance	$ –	$ –	$ –
Restricted				
425	Bond refundings	$ –	$ –	$ –
464	Restricted fund balance	$ 471,350	$ 471,350	$ –
463	Unassigned fund balance	$ –	$ –	$ –

Note: Statutory restricted deficits, if any, are reported in unassigned fund balances in the financial statements in accordance with accounting principles generally accepted in the United States of America.

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