INDEPENDENT SCHOOL DISTRICT NO. 279
OSSEO AREA SCHOOLS

Special Purpose Audit Reports on

Internal Controls,
Compliance With Laws and Regulations,
and Other Required Reports

Year Ended
June 30, 2026

LB | CARLSON
Certified Public Accountants Business Consultants

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INDEPENDENT SCHOOL DISTRICT NO. 279

Special Purpose Audit Reports
Year Ended June 30, 2026

**Table of Contents**


| | Page |
|---|---|
| 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* | 5–6 |
| Independent Auditor's Report on Minnesota Legal Compliance | 7 |
| Independent Auditor's Report on Uniform Financial Accounting and Reporting Standards Compliance Table | 9–10 |
| Uniform Financial Accounting and Reporting Standards Compliance Table | 12–13 |

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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. 279 – Osseo Area Schools
Maple Grove, 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. 279 – Osseo Area Schools (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 November 6, 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.

(continued)

## REPORT ON COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether 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

LB CARLSON, LLP
Minneapolis, Minnesota

November 6, 2026

LB | CARLSON

# INDEPENDENT AUDITOR'S REPORT

# ON MINNESOTA LEGAL COMPLIANCE

To the School Board and Management of
Independent School District No. 279 – Osseo Area Schools
Maple Grove, 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. 279 – Osseo Area Schools (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 November 6, 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

November 6, 2026

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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. 279 – Osseo Area Schools
Maple Grove, 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. 279 – Osseo Area Schools (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 November 6, 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

November 6, 2026

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INDEPENDENT SCHOOL DISTRICT NO. 279

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

| | | Audit | UFARS | Audit – UFARS |
|---|---|---|---|---|
| **General Fund** | | | | |
| Total revenue | | $ 409,723,642 | $ 409,723,642 | $ – |
| Total expenditures | | $ 417,439,939 | $ 417,439,939 | $ – |
| Nonspendable | | | | |
| 460 | Nonspendable fund balance | $ 3,839,380 | $ 3,839,381 | $ (1) |
| Restricted | | | | |
| 401 | Student activities | $ 245,311 | $ 245,311 | $ – |
| 402 | Scholarships | $ – | $ – | $ – |
| 403 | Staff development | $ – | $ – | $ – |
| 407 | Capital projects levy | $ 1,270,731 | $ 1,270,731 | $ – |
| 408 | Cooperative revenue | $ – | $ – | $ – |
| 412 | Literacy incentive aid | $ – | $ – | $ – |
| 414 | Operating debt | $ – | $ – | $ – |
| 416 | Levy reduction | $ – | $ – | $ – |
| 417 | Taconite building maintenance | $ – | $ – | $ – |
| 420 | American Indian education aid | $ – | $ – | $ – |
| 424 | Operating capital | $ 5,320,316 | $ 5,320,316 | $ – |
| 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 | $ – | $ – | $ – |
| 438 | Gifted and talented | $ 211,557 | $ 211,557 | $ – |
| 439 | English learner | $ – | $ – | $ – |
| 440 | Teacher development and evaluation | $ – | $ – | $ – |
| 441 | Basic skills programs | $ 3,764,668 | $ 3,764,668 | $ – |
| 443 | School library aid | $ – | $ – | $ – |
| 448 | Achievement and integration | $ – | $ – | $ – |
| 449 | Safe schools levy | $ 398,634 | $ 398,634 | $ – |
| 451 | QZAB payments | $ – | $ – | $ – |
| 452 | OPEB liability not in trust | $ – | $ – | $ – |
| 453 | Unfunded severance and retirement levy | $ – | $ – | $ – |
| 456 | Literacy aid | $ 829,794 | $ 829,793 | $ 1 |
| 457 | Teacher compensation READ Act | $ 95,216 | $ 95,216 | $ – |
| 467 | Long-term facilities maintenance | $ (135,726) | $ (135,726) | $ – |
| 471 | Student support personnel | $ – | $ – | $ – |
| 472 | Medical Assistance | $ 1,319,931 | $ 1,319,931 | $ – |
| 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 | $ 18,671,075 | $ 18,671,075 | $ – |
| Unassigned | | | | |
| 422 | Unassigned fund balance | $ 92,240,926 | $ 92,240,926 | $ – |
| **Food Service** | | | | |
| Total revenue | | $ 19,047,829 | $ 19,047,827 | $ 2 |
| Total expenditures | | $ 18,120,742 | $ 18,120,741 | $ 1 |
| Nonspendable | | | | |
| 460 | Nonspendable fund balance | $ 198,403 | $ 198,403 | $ – |
| Restricted | | | | |
| 452 | OPEB liability not in trust | $ – | $ – | $ – |
| 464 | Restricted fund balance | $ 7,176,172 | $ 7,176,172 | $ – |
| Unassigned | | | | |
| 463 | Unassigned fund balance | $ – | $ – | $ – |
| **Community Service** | | | | |
| Total revenue | | $ 20,285,194 | $ 20,285,195 | $ (1) |
| Total expenditures | | $ 22,184,143 | $ 22,184,143 | $ – |
| Nonspendable | | | | |
| 460 | Nonspendable fund balance | $ – | $ – | $ – |
| Restricted | | | | |
| 426 | $25 taconite | $ – | $ – | $ – |
| 431 | Community education | $ 1,802,181 | $ 1,802,181 | $ – |
| 432 | ECFE | $ 461,295 | $ 461,295 | $ – |
| 437 | Quality compensation | $ – | $ – | $ – |
| 440 | Teacher development and evaluation | $ – | $ – | $ – |
| 444 | School readiness | $ (28,998) | $ (28,998) | $ – |
| 447 | Adult basic education | $ 4,621 | $ 4,621 | $ – |
| 452 | OPEB liability not in trust | $ – | $ – | $ – |
| 456 | Literacy aid | $ – | $ – | $ – |
| 457 | Teacher compensation READ Act | $ – | $ – | $ – |
| 464 | Restricted fund balance | $ – | $ – | $ – |
| Unassigned | | | | |
| 463 | Unassigned fund balance | $ – | $ – | $ – |

INDEPENDENT SCHOOL DISTRICT NO. 279

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

| | | Audit | UFARS | Audit – UFARS |
|---|---|---|---|---|
| **Building Construction** | | | | |
| Total revenue | | $ 6,274,128 | $ 6,274,126 | $ 2 |
| Total expenditures | | $ 173,723,702 | $ 173,723,702 | $ – |
| Nonspendable | | | | |
| 460 | Nonspendable fund balance | $ – | $ – | $ – |
| Restricted | | | | |
| 407 | Capital projects levy | $ – | $ – | $ – |
| 413 | Projects funded by COP | $ 3,716 | $ 3,716 | $ – |
| 467 | Long-term facilities maintenance | $ 41,756,527 | $ 41,756,527 | $ – |
| 464 | Restricted fund balance | $ 52,580,945 | $ 52,580,945 | $ – |
| Unassigned | | | | |
| 463 | Unassigned fund balance | $ – | $ – | $ – |
| **Debt Service** | | | | |
| Total revenue | | $ 34,694,133 | $ 34,694,132 | $ 1 |
| Total expenditures | | $ 34,001,673 | $ 34,001,673 | $ – |
| 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 | $ 6,525,500 | $ 6,525,500 | $ – |
| Unassigned | | | | |
| 463 | Unassigned fund balance | $ – | $ – | $ – |
| **Trust** | | | | |
| Total revenue | | $ – | $ – | $ – |
| Total expenditures | | $ – | $ – | $ – |
| 401 | Student activities | $ – | $ – | $ – |
| 402 | Scholarships | $ – | $ – | $ – |
| 422 | Net position | $ – | $ – | $ – |
| **Custodial Fund** | | | | |
| Total revenue | | $ 1,223,314 | $ 1,223,314 | $ – |
| Total expenditures | | $ 984,434 | $ 984,434 | $ – |
| 401 | Student activities | $ – | $ – | $ – |
| 402 | Scholarships | $ – | $ – | $ – |
| 448 | Achievement and integration | $ – | $ – | $ – |
| 464 | Restricted fund balance | $ 2,353,187 | $ 2,353,187 | $ – |
| **Internal Service** | | | | |
| Total revenue | | $ 10,924,690 | $ 10,924,690 | $ – |
| Total expenditures | | $ 10,313,653 | $ 10,313,653 | $ – |
| 422 | Net position | $ 1,791,015 | $ 1,791,015 | $ – |
| **OPEB Revocable Trust Fund** | | | | |
| Total revenue | | $ 2,737,629 | $ 2,737,628 | $ 1 |
| Total expenditures | | $ 1,136,371 | $ 1,136,371 | $ – |
| 422 | Net position | $ 13,395,656 | $ 13,395,656 | $ – |
| **OPEB Irrevocable Trust Fund** | | | | |
| Total revenue | | $ – | $ – | $ – |
| Total expenditures | | $ – | $ – | $ – |
| 422 | Net position | $ – | $ – | $ – |
| **OPEB Debt Service Fund** | | | | |
| Total revenue | | $ – | $ – | $ – |
| Total expenditures | | $ – | $ – | $ – |
| Nonspendable | | | | |
| 460 | Nonspendable fund balance | $ – | $ – | $ – |
| Restricted | | | | |
| 425 | Bond refundings | $ – | $ – | $ – |
| 464 | Restricted 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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