

INDEPENDENT SCHOOL DISTRICT NO. 622  
NORTH ST. PAUL – MAPLEWOOD – OAKDALE,  
MINNESOTA

Special Purpose Audit Reports

Year Ended  
June 30, 2025



Certified Public Accountants Business Consultants

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INDEPENDENT SCHOOL DISTRICT NO. 622

Special Purpose Audit Reports  
Year Ended June 30, 2025

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INDEPENDENT SCHOOL DISTRICT NO. 622

Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2025

Federal Grantor/Pass-Through Grantor/Program Title	Federal ALN	Federal Expenditures	Passed Through to Subrecipients
<b>U.S. Department of Agriculture</b>			
Passed through Minnesota Department of Education			
Child nutrition cluster			
School Breakfast Program	10.553	\$ 1,642,614	
National School Lunch Program	10.555	5,436,472	
Total child nutrition cluster			\$ 7,079,086
Child and Adult Care Food Program	10.558		405,489
<b>U.S. Institute of Museum and Library Services</b>			
Passed through Minnesota Department of Education			
Grants to States	45.310		15,175
<b>U.S. Department of Education</b>			
Direct			
Indian Education Grants to Local Educational Agencies	84.060		56,919
Passed through Minnesota Department of Education			
Title I Grants to Local Educational Agencies	84.010		2,672,737
Special education cluster			
Special Education Grant to States	84.027	3,315,237	
Special Education Preschool Grants	84.173	78,641	
Total special education cluster			3,393,878
Special Education – Grants for Infants and Families	84.181		80,836
Education for Homeless Children and Youth	84.196		34,285
English Language Acquisition State Grants	84.365		287,572
Supporting Effective Instruction State Grants	84.367		555,464
Adult Education – Basic Grants to States	84.002		489,297
Education Stabilization Fund			\$ 356,202
COVID-19 – American Rescue Plan – Elementary and Secondary School Emergency Relief (ARP ESSER) Fund	84.425U	2,114,631	
COVID-19 – American Rescue Plan – Elementary and Secondary School Emergency Relief (ARP ESSER) Fund – Homeless Children and Youth	84.425W	7,686	
Total ALN 84.425			2,122,317
Passed through Northeast Metropolitan Intermediate School District No. 916			
Career and Technical Education – Basic Grants to States	84.048		13,998
<b>U.S. Department of Health and Human Services</b>			
Passed through Minnesota Department of Education			
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	585,440	
Total federal awards		\$ 17,792,493	

INDEPENDENT SCHOOL DISTRICT NO. 622

Schedule of Expenditures of Federal Awards (continued)  
Year Ended June 30, 2025

Note 1: The Schedule of Expenditures of Federal Awards is prepared on the accrual basis of accounting. The information in this schedule is presented in accordance with OMB's *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from the amounts presented in, or used in the preparation of, the District's basic financial statements.

Note 2: All pass-through entities listed above use the same federal Assistance Listing Numbers (ALN) as the federal grantors to identify these grants.

Note 3: The District did not elect to use the federal de minimis indirect cost rate.

Note 4: The District had \$162,399 transferred into Supporting Effective Instruction State Grants, federal ALN 84.367 from other Title programs.

Note 5: The District had \$582,450 of noncash assistance included in the National School Lunch Program, federal ALN 10.555.

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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. 622  
North St. Paul – Maplewood – Oakdale, 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, each major fund, and the aggregate remaining fund information of Independent School District No. 622 (the District) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements, and have issued our report thereon dated May 18, 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 and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as findings 2025-001, 2025-002, 2025-003, 2025-004, and 2025-005, that we consider to be material weaknesses.

(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*.

## **DISTRICT'S RESPONSES TO FINDINGS**

*Government Auditing Standards* requires the auditor to perform limited procedures on the District's responses to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. The District's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

## **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,

Handwritten signature in cursive script that reads "LB Carlson, LLP".

LB CARLSON, LLP  
Minneapolis, Minnesota

May 18, 2026



INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR  
EACH MAJOR PROGRAM; REPORT ON INTERNAL CONTROL  
OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES  
OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

To the School Board and Management of  
Independent School District No. 622  
North St. Paul – Maplewood – Oakdale, Minnesota

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM**

***OPINION ON EACH MAJOR FEDERAL PROGRAM***

We have audited Independent School District No. 622’s (the District) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget *Compliance Supplement* that could have a direct and material effect on each of the District’s major federal programs for the year ended June 30, 2025. The District’s major federal programs are identified in the Summary of Audit Results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the District 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 programs for the year ended June 30, 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 *Governments 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 District 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 District’s compliance requirements referred to above.

(continued)

## ***RESPONSIBILITIES OF MANAGEMENT FOR COMPLIANCE***

Management is responsible for compliance with the requirements referred to on the previous page 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 District'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 on the previous page occurred, whether due to fraud or error, and express an opinion on the District'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 generally accepted auditing standards, *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 on the previous page is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgement 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 District's compliance with the compliance requirements referred to on the previous page and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District'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 District'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 an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying Schedule of Findings and Questioned Costs as finding 2025-006. Our opinion on each major federal program is not modified with respect to this matter.

*Government Auditing Standards* requires the auditor to perform limited procedures on the District's response to the noncompliance findings identified in our compliance audit described in the accompanying Schedule of Findings and Questioned Costs. The District'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.

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## REPORT ON INTERNAL CONTROL OVER COMPLIANCE

*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.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section on the previous page 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. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

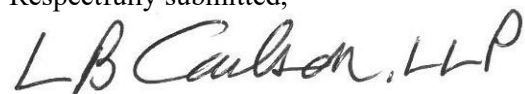
Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated May 18, 2026, which contained unmodified opinions on those financial statements. Our audit was performed 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 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 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 Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Respectfully submitted,



LB CARLSON, LLP  
Minneapolis, Minnesota

May 18, 2026

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INDEPENDENT AUDITOR’S REPORT  
ON MINNESOTA LEGAL COMPLIANCE

To the School Board and Management of  
Independent School District No. 622  
North St. Paul – Maplewood – Oakdale, 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. 622 (the District) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements, and have issued our report thereon dated May 18, 2026.

**MINNESOTA LEGAL COMPLIANCE**

In connection with our audit, we noted that the District failed to comply with provisions of the claims and disbursements, depositories of public funds and public investments, and uniform financial accounting and reporting standards 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 as described in the Schedule of Findings and Questioned Costs as findings 2025-007, 2025-008, and 2025-009. Also, 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, conflicts of interest, public indebtedness, and miscellaneous provisions sections of the *Minnesota Legal Compliance Audit Guide for School Districts*, 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.

**DISTRICT’S RESPONSES TO FINDINGS**

*Government Auditing Standards* requires the auditor to perform limited procedures on the District’s responses to the legal compliance findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. The District’s responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

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**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 report is not suitable for any other purpose.

Respectfully submitted,

A handwritten signature in black ink that reads "LB Carlson, LLP". The signature is written in a cursive, professional style.

LB CARLSON, LLP  
Minneapolis, Minnesota

May 18, 2026

INDEPENDENT SCHOOL DISTRICT NO. 622

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2025

**A. SUMMARY OF AUDIT RESULTS**

This summary is formatted to provide federal granting agencies and pass-through agencies answers to specific questions regarding the audit of federal awards.

**Financial Statements**

What type of auditor’s report is issued?		<input checked="" type="checkbox"/> Unmodified <input type="checkbox"/> Qualified <input type="checkbox"/> Adverse <input type="checkbox"/> Disclaimer
Internal control over financial reporting:		
Material weakness(es) identified?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Significant deficiency(ies) identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None reported
Noncompliance material to the financial statements noted?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

**Federal Awards**

Internal controls over major federal award programs:		
Material weakness(es) identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Significant deficiency(ies) identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None reported
Type of auditor’s report issued on compliance for major programs?		
U.S. Department of Education – Title I Grants to Local Educational Agencies		Unmodified
U.S. Department of Education – Special Education Cluster		Unmodified
U.S. Department of Education – COVID-19 – Education Stabilization Fund		Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No

Programs tested as major programs:

Program or Cluster	Federal ALN
U.S. Department of Education – Title I Grants to Local Educational Agencies	84.010
U.S. Department of Education – Special Education Cluster consisting of:	
– Special Education Grant to States	84.027
– Special Education Preschool Grants	84.173
U.S. Department of Education – COVID-19 – Education Stabilization Fund	84.425

Threshold for distinguishing type A and B programs.	<u>\$ 750,000</u>
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Does the auditee qualify as a low-risk auditee?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
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INDEPENDENT SCHOOL DISTRICT NO. 622

Schedule of Findings and Questioned Costs (continued)  
Year Ended June 30, 2025

**B. FINANCIAL STATEMENT FINDINGS**

**MATERIAL WEAKNESSES IN INTERNAL CONTROL OVER FINANCIAL REPORTING**

**2025-001 Segregation of Duties**

**Criteria** – Generally, a system of internal control contemplates a segregation of duties such that no one individual has responsibility to execute a transaction, has physical access to the related assets, and has responsibility or authority to record the transaction.

**Condition** – Due to the limited size of Independent School District No. 622’s (the District) office staff, the District has limited segregation of duties in several areas.

**Questioned Costs** – Not applicable.

**Context** – In planning and performing our audit, we considered the District’s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements.

**Cause** – The internal controls over several areas within the District’s finance department are not properly segregated.

**Repeat Finding** – This is a current year and prior year finding.

**Effect** – This lack of ideal segregation of duties subjects the District to a higher risk that errors or fraud could occur and not be detected in a timely manner.

**Recommendation** – We recommend that the District segregate duties as best as it can within the limits of the staff available. Any modifications in internal controls in this area should be viewed from a cost-benefit perspective.

**View of Responsible Official and Planned Corrective Actions** – The District agrees with the finding and has separately issued a Corrective Action Plan related to this finding.

INDEPENDENT SCHOOL DISTRICT NO. 622

Schedule of Findings and Questioned Costs (continued)  
Year Ended June 30, 2025

**B. FINANCIAL STATEMENT FINDINGS (CONTINUED)**

**MATERIAL WEAKNESSES IN INTERNAL CONTROL OVER FINANCIAL REPORTING (CONTINUED)**

**2025-002 Timeliness and Accuracy of Reconciliations**

**Criteria** – Internal controls over financial reporting are intended to allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. To be effective, control procedures such as periodic and year-end account and subledger reconciliations must be performed regularly, accurately, and in a timely manner.

**Condition** – During our audit, we noted that the monthly cash and investment reconciliations, self-insurance reconciliations, and payroll liability reconciliations prepared by the District’s staff were not being performed in a timely manner and contained discrepancies when compared to the District’s general ledger and underlying records. The effectiveness of some internal controls were diminished, due to a lack of timeliness and accuracy in completing these important control procedures.

**Questioned Costs** – Not applicable.

**Context** – Monthly cash and investment, self-insurance, and payroll liability reconciliations were not being completed accurately or timely throughout the fiscal year.

**Cause** – This condition was primarily caused by turnover of key district personnel within the District’s finance department.

**Repeat Finding** – This is a current year and prior year finding.

**Effect** – This condition subjects the District to higher risk that misstatements could occur, due to errors or fraud, and not be prevented or detected in a timely manner.

**Recommendation** – We recommend that district management review the internal controls over the monthly reconciliations of cash and investments, self-insurance, and payroll liability accounts and ensure these are completed timely and accurately.

**View of Responsible Official and Planned Corrective Actions** – The District agrees with the finding. District management will continue to review its internal control procedures to ensure monthly cash and investment, self-insurance, and payroll liability account reconciliations are accurately completed in a timely manner going forward. The District has separately issued a Corrective Action Plan related to this finding.

INDEPENDENT SCHOOL DISTRICT NO. 622

Schedule of Findings and Questioned Costs (continued)  
Year Ended June 30, 2025

**B. FINANCIAL STATEMENT FINDINGS (CONTINUED)**

**MATERIAL WEAKNESSES IN INTERNAL CONTROL OVER FINANCIAL REPORTING (CONTINUED)**

**2025-003 Material Audit Adjustments**

**Criteria** – Management is responsible for establishing and maintaining effective internal controls. These controls include the responsibility for preparation, or oversight of the preparation, of the financial statements in accordance with accounting principles generally accepted in the United States of America.

**Condition** – During our audit, we proposed necessary audit adjustments to the District that were considered material to the financial statements, which had not been recorded properly in accordance with accounting principles generally accepted in the United States of America, prior to our audit procedures detecting the misstatements. Auditing standards consider the identification by the auditor of a potentially material misstatement in the financial statements to be a material weakness in the related internal controls.

**Questioned Costs** – Not applicable.

**Context** – Our audit testing identified material amounts of prepaid expenditures, capital assets, accounts payable, and self-insurance activity that required adjustment, affecting several opinion units.

**Cause** – This condition was primarily caused by the turnover of key district personnel in the finance department responsible for identifying and recording activity during the year-end financial closing process.

**Repeat Finding** – This is a current year and prior year finding.

**Effect** – This condition may have resulted in material misstatements to the District’s financial statements for the 2025 fiscal year if uncorrected.

**Recommendation** – We recommend that the District ensure that its personnel are adequately trained to identify and record all material activity in its internal accounting records at year-end and accurately report them in its external financial statements.

**View of Responsible Official and Planned Corrective Actions** – There is no disagreement with the audit finding. District management will continue to review its internal control procedures and training to ensure that all activity is appropriately identified and recorded in its internal accounting records at year-end, and accurately reported in its external financial statements going forward. The District has separately issued a Corrective Action Plan related to this finding.

INDEPENDENT SCHOOL DISTRICT NO. 622

Schedule of Findings and Questioned Costs (continued)  
Year Ended June 30, 2025

**B. FINANCIAL STATEMENT FINDINGS (CONTINUED)**

**MATERIAL WEAKNESSES IN INTERNAL CONTROL OVER FINANCIAL REPORTING (CONTINUED)**

**2025-004 Internal Controls Over Journal Entries**

**Criteria** – Internal controls over financial reporting are intended to allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. To be effective, control procedures over the recording of journal entries must be performed regularly, accurately, and in a timely manner. This process should also include a review of the journal entries so that no individual has responsibility to both record and approve the entry.

**Condition** – During our audit, we noted various journal entries the District recorded that were inaccurate, did not have proper supporting documentation, and were not properly reviewed and approved. Due to a lack of completion of these important procedures, the District’s prescribed controls over journal entries were ineffective.

**Questioned Costs** – Not applicable.

**Context** – Our audit testing identified material journal entries that were inaccurate, did not have proper supporting documentation, and were not properly reviewed and approved.

**Cause** – This condition was primarily caused by turnover of key district personnel within the District’s finance department.

**Repeat Finding** – This is a current year and prior year finding.

**Effect** – This condition subjects the District to higher risk that misstatements could occur, due to errors or fraud, and not be prevented or detected in a timely manner.

**Recommendation** – We recommend that district management review the internal controls over the recording of journal entries and ensure that proper supporting documentation is retained for all journal entries, and all journal entries are reviewed and approved per district controls.

**View of Responsible Official and Planned Corrective Actions** – The District agrees with the finding. District management will continue to review its internal control procedures to ensure journal entries have proper supporting documentation and are reviewed and approved going forward. The District has separately issued a Corrective Action Plan related to this finding.

INDEPENDENT SCHOOL DISTRICT NO. 622

Schedule of Findings and Questioned Costs (continued)  
Year Ended June 30, 2025

**B. FINANCIAL STATEMENT FINDINGS (CONTINUED)**

**MATERIAL WEAKNESSES IN INTERNAL CONTROL OVER FINANCIAL REPORTING (CONTINUED)**

**2025-005 Regulatory Reporting Deadlines**

**Criteria** – Management is responsible for establishing and maintaining effective internal controls, which includes maintaining adequate internal financial records to facilitate the preparation and timely submission of audited financial data and annual financial statements prepared in accordance with accounting principles generally accepted in the United States of America to comply with applicable federal and state regulatory reporting requirements.

**Condition** – For the year ended June 30, 2025, the District’s internal controls over financial reporting were not adequate to ensure that the District’s financial records and year-end closing process were completed in a timely manner. As a result, the District was unable to comply with state and federal deadlines for the submission of audited financial data and annual financial statements.

**Questioned Costs** – Not applicable.

**Context** – For the year ended June 30, 2025, the District was not able to comply with Minnesota statutory requirements to report accurate audited financial data to the Minnesota Department of Education by November 30, 2025, and to submit audited financial statements by December 31, 2025. In addition, the District was unable to comply with federal reporting requirements for submitting an audited Schedule of Expenditures of Federal Awards and federal reporting package to federal oversight authorities by the March 31, 2026 deadline.

**Cause** – This condition was primarily caused by the turnover of key district personnel within the District’s finance department.

**Repeat Finding** – This is a current year and prior year finding.

**Effect** – This condition resulted in the District being unable to comply with several external regulatory requirements and deadlines for the year ended June 30, 2025. This condition also had a negative impact on the quality and timeliness of financial information available to the School Board and management.

**Recommendation** – We recommend that the District ensure that in the future its finance department has adequate personnel and resources to facilitate the preparation and timely submission of audited financial data and annual financial statements in compliance with state and federal regulatory requirements.

**View of Responsible Official and Planned Corrective Actions** – There is no disagreement with the audit finding. The District has continued to work to fill openings in its finance department with qualified individuals in order to improve the timeliness of both its internal and external financial reporting going forward. The District has separately issued a Corrective Action Plan related to this finding.

INDEPENDENT SCHOOL DISTRICT NO. 622

Schedule of Findings and Questioned Costs (continued)  
Year Ended June 30, 2025

**C. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

**REPORTABLE NONCOMPLIANCE WITH FEDERAL REPORTING REQUIREMENTS – ALL FEDERAL PROGRAMS AWARDED UNDER THE UNIFORM GUIDANCE**

**2025-006 Federal Reporting Deadline**

**Criteria** – 2CFR Part 200, Subpart F, § 200.512(a)(1) requires the District’s audited Schedule of Expenditures Federal Awards (SEFA) and federal reporting package to be submitted to the federal audit clearinghouse within the earlier of 30 calendar days after the receipt of the auditor’s report(s), or 9 months after the end of the audit period.

**Condition** – The District’s audited SEFA and federal reporting package for the fiscal year ended June 30, 2025, were not submitted to the federal audit clearinghouse within nine months after the end of the audit period.

**Questioned Costs** – Not applicable.

**Context** – The District’s audited SEFA and federal reporting package for the fiscal year ended June 30, 2025, were not submitted to the federal audit clearinghouse by the federal reporting deadline.

**Cause** – The completion of the District’s audited annual financial statements for the year ended June 30, 2025, which is a required component of the federal reporting package, was delayed beyond the nine-month deadline.

**Repeat Finding** – This is a current year and prior year finding.

**Effect** – The delay in the completion of the District’s financial audit for the year ended June 30, 2025, prevented the submission of the required information to the federal audit clearinghouse in a timely manner.

**Recommendation** – We recommend the District ensure the timely submission of its audited SEFA and federal reporting package to the federal audit clearinghouse in the future.

**View of Responsible Official and Planned Corrective Actions** – There is no disagreement with the audit finding. District management will ensure that all information required to comply with federal reporting requirements will be completed and submitted in a timely manner going forward. The District has separately issued a Corrective Action Plan related to this finding.

INDEPENDENT SCHOOL DISTRICT NO. 622

Schedule of Findings and Questioned Costs (continued)  
Year Ended June 30, 2025

**D. MINNESOTA LEGAL COMPLIANCE FINDINGS**

**2025-007 Payment of Invoices**

**Criteria** – Minnesota Statutes § 471.425 requires prompt payment of local government bills within a standard payment period of 35 days from the receipt of goods or services, or the invoice for goods or services, for districts with governing boards that meet at least once a month. If such obligations are not paid within the appropriate time period, districts must pay interest on the unpaid obligations at the rate of 1.5 percent per month or part of a month.

**Condition** – Two of forty disbursements selected for testing were not paid within the required 35 days from the receipt of goods and services.

**Questioned Costs** – Not applicable.

**Context** – We noted two of forty disbursements tested were not paid within the statutory timeline and interest was not paid on the unpaid obligations. This was not a statistically valid sample.

**Cause** – This was an oversight by district personnel.

**Repeat Finding** – This is a current year and prior year finding.

**Effect** – The District did not pay two invoices selected for testing in a timely manner, based on statutory requirements.

**Recommendation** – We recommend that the District review its procedures for paying invoices to ensure that all bills are paid within the statutory time limit.

**View of Responsible Official and Planned Corrective Actions** – The District agrees with the finding. The District will review its procedures relating to processing disbursements to ensure compliance in the future. The District has separately issued a Corrective Action Plan related to this finding.

INDEPENDENT SCHOOL DISTRICT NO. 622

Schedule of Findings and Questioned Costs (continued)  
Year Ended June 30, 2025

**D. MINNESOTA LEGAL COMPLIANCE FINDINGS (CONTINUED)**

**2025-008 Broker Certifications**

**Criteria** – Minnesota Statutes § 118A.04, Subd. 9.

**Condition** – Minnesota Statutes annually require that, prior to completing an initial investment transaction with each broker, districts provide to that broker a written statement of investment restrictions and that the broker acknowledge receipt of the investment restrictions and agree to handle a district's account in accordance with the restrictions. The District did not obtain such certifications from five of its investment brokers in fiscal year 2025.

**Questioned Costs** – Not applicable.

**Context** – The District did not obtain a signed broker acknowledgment form from five of the brokers used in fiscal year 2025.

**Cause** – This was an oversight by district personnel.

**Repeat Finding** – This is a current year and prior year finding.

**Effect** – The District did not obtain a signed acknowledgment of investment restrictions from five of the brokers it used for investment transactions in fiscal year 2025, increasing the risk that the broker could sell the District an instrument that is not an allowable investment under Minnesota Statutes.

**Recommendation** – We recommend that the District review investment procedures in place to ensure future compliance with this statute.

**View of Responsible Official and Planned Corrective Actions** – The District agrees with the finding. The District will review its procedures and obtain the appropriate certification from each broker with whom the District intends to transact in the future. The District has separately issued a Corrective Action Plan related to this finding.

INDEPENDENT SCHOOL DISTRICT NO. 622

Schedule of Findings and Questioned Costs (continued)  
Year Ended June 30, 2025

**D. MINNESOTA LEGAL COMPLIANCE FINDINGS (CONTINUED)**

**2025-009 Timely Submission of Audited Financial Statements**

**Criteria** – Minnesota Statutes § 6.65, 123B.77, Subd. 3, requires that the District submit audited fund balance, revenue, and expenditure data to the Minnesota Department of Education (MDE) annually by November 30, and audited financial statements by December 31.

**Condition** – The District did not meet the deadlines for submitting audited financial data and statements to the MDE for the fiscal year ended June 30, 2025.

**Questioned Costs** – Not applicable.

**Context** – The District’s audited financial data and statements for the fiscal year ended June 30, 2025, were not submitted to the MDE on a timely basis.

**Cause** – Completion of the District’s audited annual financial statements for the year ended June 30, 2025, was delayed due to turnover in key district personnel in the finance department.

**Repeat Finding** – This is a current year and prior year finding.

**Effect** – The District was not in compliance with state submission deadline requirements.

**Recommendation** – We recommend that the District comply with state statutory submission requirements in the future.

**View of Responsible Official and Planned Corrective Actions** – There is no disagreement with the audit finding. District management will ensure compliance with statutory reporting requirements in the future. The District has separately issued a Corrective Action Plan related to this finding.



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

To the School Board and Management of  
Independent School District No. 622  
North St. Paul – Maplewood – Oakdale, 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. 622 (the District) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated May 18, 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,

A handwritten signature in black ink that reads "LB Carlson, LLP". The letters are cursive and fluid, with the "L" and "B" being particularly prominent.

LB CARLSON, LLP  
Minneapolis, Minnesota

May 18, 2026

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INDEPENDENT SCHOOL DISTRICT NO. 622  
Uniform Financial Accounting and Reporting Standards  
Compliance Table  
June 30, 2025

	Audit	UFARS	Audit – UFARS
<b>General Fund</b>			
Total revenue	\$ 198,161,190	\$ 192,637,787	\$ 5,523,403
Total expenditures	\$ 192,011,554	\$ 190,822,330	\$ 1,189,224
Nonspendable			
460 Nonspendable fund balance	\$ 869,348	\$ 1,253,077	\$ (383,729)
Restricted			
401 Student activities	\$ 131,220	\$ 145,559	\$ (14,339)
402 Scholarships	\$ –	\$ –	\$ –
403 Staff development	\$ 2,597,215	\$ 1,587,900	\$ 1,009,315
407 Capital projects levy	\$ –	\$ –	\$ –
408 Cooperative revenue	\$ –	\$ –	\$ –
412 Literacy incentive aid	\$ 72,907	\$ 137,919	\$ (65,012)
414 Operating debt	\$ –	\$ –	\$ –
416 Levy reduction	\$ –	\$ –	\$ –
417 Taconite building maintenance	\$ –	\$ –	\$ –
420 American Indian education aid	\$ –	\$ –	\$ –
424 Operating capital	\$ 11,657,370	\$ 10,247,213	\$ 1,410,157
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	\$ 84,444	\$ –	\$ 84,444
438 Gifted and talented	\$ –	\$ –	\$ –
439 English learner	\$ –	\$ –	\$ –
440 Teacher development and evaluation	\$ –	\$ –	\$ –
441 Basic skills programs	\$ –	\$ –	\$ –
443 School library aid	\$ 37,601	\$ –	\$ 37,601
448 Achievement and integration	\$ –	\$ –	\$ –
449 Safe schools levy	\$ (276,664)	\$ 120,498	\$ (397,162)
451 QZAB payments	\$ –	\$ –	\$ –
452 OPEB liability not in trust	\$ –	\$ –	\$ –
453 Unfunded severance and retirement levy	\$ –	\$ –	\$ –
456 Literacy aid	\$ 265,723	\$ –	\$ 265,723
457 Teacher compensation for READ Act training	\$ 26,312	\$ –	\$ 26,312
459 Basic skills extended time	\$ –	\$ –	\$ –
467 Long-term facilities maintenance	\$ 221,767	\$ 209,874	\$ 11,893
471 Student support personnel	\$ 203,329	\$ 72,407	\$ 130,922
472 Medical Assistance	\$ 1,828,891	\$ 1,846,090	\$ (17,199)
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	\$ 2,984,974	\$ 2,723,056	\$ 261,918
Unassigned			
422 Unassigned fund balance	\$ 27,021,581	\$ 24,517,766	\$ 2,503,815
<b>Food Service</b>			
Total revenue	\$ 9,960,279	\$ 9,020,252	\$ 940,027
Total expenditures	\$ 9,918,215	\$ 9,210,963	\$ 707,252
Nonspendable			
460 Nonspendable fund balance	\$ 692,943	\$ 805,648	\$ (112,705)
Restricted			
452 OPEB liability not in trust	\$ –	\$ –	\$ –
464 Restricted fund balance	\$ 3,865,001	\$ 3,584,516	\$ 280,485
Unassigned			
463 Unassigned fund balance	\$ –	\$ –	\$ –
<b>Community Service</b>			
Total revenue	\$ 13,245,790	\$ 12,770,886	\$ 474,904
Total expenditures	\$ 13,766,428	\$ 13,351,267	\$ 415,161
Nonspendable			
460 Nonspendable fund balance	\$ 5,049	\$ 2,243	\$ 2,806
Restricted			
426 \$25 taconite	\$ –	\$ –	\$ –
431 Community education	\$ 1,785,301	\$ 2,518,096	\$ (732,795)
432 ECFE	\$ 806,741	\$ 931,368	\$ (124,627)
437 Quality compensation	\$ –	\$ –	\$ –
440 Teacher development and evaluation	\$ –	\$ –	\$ –
444 School readiness	\$ 535,792	\$ 664,378	\$ (128,586)
447 Adult basic education	\$ 267,911	\$ 349,335	\$ (81,424)
452 OPEB liability not in trust	\$ –	\$ –	\$ –
456 Literacy aid	\$ –	\$ –	\$ –
457 Teacher compensation for READ Act training	\$ –	\$ –	\$ –
464 Restricted fund balance	\$ 94	\$ 94	\$ –
Unassigned			
463 Unassigned fund balance	\$ –	\$ –	\$ –

INDEPENDENT SCHOOL DISTRICT NO. 622  
Uniform Financial Accounting and Reporting Standards  
Compliance Table (continued)  
June 30, 2025

	Audit	UFARS	Audit – UFARS
<b>Building Construction</b>			
Total revenue	\$ 2,175,303	\$ 2,641,858	\$ (466,555)
Total expenditures	\$ 30,027,963	\$ 27,896,250	\$ 2,131,713
Nonspendable			
460 Nonspendable fund balance	\$ –	\$ –	\$ –
Restricted			
407 Capital projects levy	\$ –	\$ –	\$ –
413 Projects funded by COP	\$ –	\$ –	\$ –
467 Long-term facilities maintenance	\$ 489,557	\$ 16,621,532	\$ (16,131,975)
464 Restricted fund balance	\$ 34,685,690	\$ 48,936,938	\$ (14,251,248)
Unassigned			
463 Unassigned fund balance	\$ –	\$ –	\$ –
<b>Debt Service</b>			
Total revenue	\$ 27,138,161	\$ 27,501,964	\$ (363,803)
Total expenditures	\$ 26,223,386	\$ 26,223,386	\$ –
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	\$ 6,297,218	\$ 32,289,378	\$ (25,992,160)
Unassigned			
463 Unassigned fund balance	\$ –	\$ –	\$ –
<b>Trust</b>			
Total revenue	\$ –	\$ –	\$ –
Total expenditures	\$ –	\$ 404	\$ (404)
401 Student activities	\$ –	\$ –	\$ –
402 Scholarships	\$ –	\$ –	\$ –
422 Net position	\$ –	\$ (404)	\$ 404
<b>Custodial Fund</b>			
Total revenue	\$ –	\$ –	\$ –
Total expenditures	\$ –	\$ –	\$ –
401 Student activities	\$ –	\$ –	\$ –
402 Scholarships	\$ –	\$ –	\$ –
448 Achievement and integration	\$ –	\$ –	\$ –
464 Restricted fund balance	\$ –	\$ –	\$ –
<b>Internal Service</b>			
Total revenue	\$ 25,602,587	\$ 1,497,682	\$ 24,104,905
Total expenditures	\$ 25,749,830	\$ 26,240,766	\$ (490,936)
422 Net position	\$ 4,071,648	\$ (20,524,193)	\$ 24,595,841
<b>OPEB Revocable Trust Fund</b>			
Total revenue	\$ –	\$ –	\$ –
Total expenditures	\$ –	\$ –	\$ –
422 Net position	\$ –	\$ –	\$ –
<b>OPEB Irrevocable Trust Fund</b>			
Total revenue	\$ 1,660,487	\$ 952,037	\$ 708,450
Total expenditures	\$ 839,110	\$ 191,732	\$ 647,378
422 Net position	\$ 14,902,100	\$ 14,841,027	\$ 61,073
<b>OPEB Debt Service Fund</b>			
Total revenue	\$ 2,054,164	\$ 2,000,952	\$ 53,212
Total expenditures	\$ 2,006,189	\$ 2,006,190	\$ (1)
Nonspendable			
460 Nonspendable fund balance	\$ –	\$ –	\$ –
Restricted			
425 Bond refundings	\$ –	\$ –	\$ –
464 Restricted fund balance	\$ 518,190	\$ 2,471,167	\$ (1,952,977)
Unassigned			
463 Unassigned fund balance	\$ –	\$ –	\$ –

Note 1: 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.

Note 2: The variances noted above between the amounts reported in the "Audit" and "UFARS" columns relate to material adjustments made after the UFARS reporting deadline that were considered necessary to prevent the District's financial statements for the year ended June 30, 2025 from being materially misstated.

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