INDEPENDENT SCHOOL DISTRICT NO. 112
EASTERN CARVER COUNTY SCHOOLS
CHASKA, MINNESOTA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND OTHER REQUIRED REPORTS

JUNE 30, 2025



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EASTERN CARVER COUNTY SCHOOLS
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INDEPENDENT AUDITORS' 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*

School Board
Independent School District No. 112
Eastern Carver County Schools
Chaska, 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. 112, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Independent School District No. 112's basic financial statements, and have issued our report thereon dated February 6, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Independent School District No. 112'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 Independent School District No. 112's internal control. Accordingly, we do not express an opinion on the effectiveness of Independent School District No. 112'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 entity'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 Independent School District No. 112'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.*

Independent School District No. 112's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Independent School District No. 112's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Independent School District No. 112's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Minneapolis, Minnesota
February 6, 2026

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE, AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

School Board
Independent School District No. 112
Eastern Carver County Schools
Chaska, Minnesota

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Independent School District No. 112's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Independent School District No. 112's major federal programs for the year ended June 30, 2025. Independent School District No. 112's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Independent School District No. 112 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 federal 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 (GAAS); the standards applicable to financial audits contained in *Government 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 Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Independent School District No. 112 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 Independent School District No. 112's compliance with the compliance requirements referred to above.

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Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above 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 Independent School District No. 112's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Independent School District No. 112'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 GAAS, *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 above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Independent School District No. 112's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment 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 Independent School District No. 112's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of Independent School District No. 112'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 Independent School District No. 112'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.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2025-001 and 2025-002 to be material weaknesses.

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.

Government Auditing Standards requires the auditor to perform limited procedures on Independent School District No. 112's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. Independent School District No. 112'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.

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.

School Board
Independent School District No. 112
Eastern Carver County Schools

Report on 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 remaining fund information of Independent School District No. 112 as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Independent School District No. 112's basic financial statements. We have issued our report thereon dated February 6, 2026, which contained unmodified opinions on those financial statements. Our audit was conducted 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 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 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Minneapolis, Minnesota
February 6, 2026

INDEPENDENT SCHOOL DISTRICT NO. 112
EASTERN CARVER COUNTY SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2025

Federal Grantor/Pass-Through Grantor/Program or Cluster Title		Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures	Passed Through to Subrecipients
U.S. DEPARTMENT OF AGRICULTURE					
Passed Through Minnesota Department of Education:					
Child Nutrition Cluster:					
Noncash Assistance (Commodities):					
National School Lunch Program	{a}	10.555	1-0112-000	$ 519,007	$ -
Cash Assistance:					
School Breakfast Program	{a}	10.553	1-0112-000	439,300	-
National School Lunch Program	{a}	10.555	1-0112-000	1,482,000	-
Cash Assistance Subtotal				1,921,300	-
Child Nutrition Cluster Subtotal:				2,440,307	-
Noncash Assistance (Commodities):					
Child and Adult Care Food Program		10.558	1-0112-000	4,315	-
Cash Assistance:					
Child and Adult Care Food Program		10.558	1-0112-000	10,270	-
Child and Adult Care Food Program Subtotal				14,585	-
State Administrative Expenses for Child Nutrition Program		10.560	1-0112-000	11,314	-
Total U.S. Department of Agriculture				2,466,206	-
U.S. DEPARTMENT OF EDUCATION					
Passed Through Minnesota Department of Education:					
Title I - Grants to Local Education Agencies		84.010	S010A230023A	305,860	-
Special Education Grants to States	{b}	84.027	H027A230087	1,389,332	-
Indian Education - Formula Grants to Local Education Agencies		84.060	Unknown	1,704	-
Special Education Preschool Grants	{b}	84.173	H173A230086	40,829	-
Special Education Grants for Infants and Families		84.181	H181A190029	54,892	-
Title III - English Language Acquisition		84.365	H365A230023A	57,936	-
Title II - Supporting Effective Instruction		84.367	S367A230022	108,058	-
COVID-19 Education Stabilization Fund - Elementary and Secondary School Emergency Relief III	{c}	84.425U	S425D220045	134,697	-
COVID-19 Education Stabilization Fund - Elementary and Secondary School Emergency Relief Homeless Children and Youth II	{c}	84.425W	S425D220045	703	-
Total Passed Through Minnesota Department of Education				2,094,011	-
Passed Through SouthWest Metro Education Cooperative (6088):					
Career and Technical Education (Perkins V)		84.048	Unknown	4,263	-
Total U.S. Department of Education				2,098,274	-
Total Federal Awards				$ 4,564,480	$ -

{a} - Child Nutrition Cluster = $2,440,307
{b} - Special Education Cluster = $ 1,430,161
{c} - Education Stabilization Fund = $ 135,400

See accompanying Notes to Schedule of Expenditures of Federal Awards.

INDEPENDENT SCHOOL DISTRICT NO. 112
EASTERN CARVER COUNTY SCHOOLS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2025

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Independent School District No. 112 (the District) under programs of the federal government for the year ended June 30, 2025. The information in this Schedule is presented in accordance with the requirements of 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).* Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance for all awards with the exception of Assistance Listing 21.027, which follows criteria determined by the Department of Treasury for allowability of costs. Under these principles, certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 INDIRECT COST RATE

The District has not elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

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INDEPENDENT AUDITORS' REPORT ON MINNESOTA LEGAL COMPLIANCE

School Board
Independent School District No. 112
Eastern Carver County Schools
Chaska, 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. 112 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 February 6, 2026.

In connection with our audit, nothing came to our attention that caused us to believe that Independent School District No. 112 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 Minn. Stat. § 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.

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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Minneapolis, Minnesota
February 6, 2026

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INDEPENDENT SCHOOL DISTRICT NO. 112
EASTERN CARVER COUNTY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2025

Section I – Summary of Auditors' Results

Financial Statements

1. Type of auditors' report issued: Unmodified
2. Internal control over financial reporting:
   - Material weakness(es) identified? _____ yes ____x____ no
   - Significant deficiency(ies) identified? _____ yes ____x____ none reported
3. Noncompliance material to financial statements noted? _____ yes ____x____ no

Federal Awards

1. Internal control over major federal programs:
   - Material weakness(es) identified? ____x____ yes _____ no
   - Significant deficiency(ies) identified? _____ yes ____x____ none reported
2. Type of auditors' report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ____x____ yes _____ no

Identification of Major Federal Programs

Assistance Listing Number(s)	**Name of Federal Program or Cluster**
10.553, 10.555, 10.556, 10.559	Child Nutrition Cluster
84.027 and 84.173	Special Education Cluster

Dollar threshold used to distinguish between Type A and Type B programs: $ 750,000

Auditee qualified as low-risk auditee? _____ yes ____x____ no

Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with Governmental Auditing Standards.

Section III – Findings and Questioned Costs – Major Federal Programs

2025 - 001: Suspension and Debarment

Federal Agency: U.S. Department of Agriculture

Federal Program Title: Child Nutrition Cluster

ALN: 10.553, 10.555, 10.556, 10.559

Federal Award Identification Number and Year: 252MN061N1199, 2025

Pass-Through Agency: Minnesota Department of Education

Pass-Through Number: 1-0112-000

Award Period: July 1, 2024 – June 30, 2025

Type of Finding: Material Weakness in Internal Control Over Compliance

Criteria or Specific Requirement: The District should have controls in place to ensure compliance with suspension and debarment requirements of the Child Nutrition Cluster, per the requirements of 2 CFR §200.303. The Uniform Guidance requires that when a nonfederal entity enters into a covered transaction with an entity at a lower tier, the non-federal entity must verify that the entity, as defined in 2 CFR section 180.995 and agency adopting regulations, is not suspended or debarred or otherwise excluded from participating in the transaction. This verification may be accomplished by either checking the System for Award Management (SAM) Exclusions maintained by the General Services Administration (GSA), collecting a certification from the entity, or adding a clause to the covered transaction with the entity.

Condition: The District did not retain formal documentation of a control to ensure timely completion of suspension and debarment requirements.

Questioned Costs: None

Context: One of the two covered transactions selected for testing lacked formal control documentation showing that the District completed the required suspension and debarment verification before entering into the contract. The verification was instead performed and documented at a later date.

Cause: The District's policies and procedures did not include formal documentation of a control to ensure vendors are checked for suspension and debarment prior to entering covered transactions.

Effect: The District could have entered into a covered transaction with an entity which was suspended or debarred without realizing it.

Repeat Finding: Yes – 2024-004

Recommendation: We recommend that the District review its procurement policies and controls to ensure there is a formally documented control to ensure all vendors are checked for suspension and debarment prior to entering into a covered transaction.

View of Responsible Official: There is no disagreement with the audit finding.

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

2025 - 002: Suspension and Debarment

Federal Agency: U.S. Department of Education

Federal Program Title: Special Education Cluster

ALN: 84.027 and 84.173

Federal Award Identification Numbers and Year: H027A240087 & H173A240086, 2025

Pass-Through Agency: Minnesota Department of Education

Pass-Through Numbers: H027A230087 & H173A230086

Award Period: July 1, 2024 – June 30, 2025

Type of Finding: Material Weakness in Internal Control Over Compliance and Other Matters

Criteria or Specific Requirement: The District should have controls in place to ensure compliance with suspension and debarment requirements of the Special Education Cluster, per the requirements of 2 CFR §200.303. The Uniform Guidance requires that when a non-federal entity enters into a covered transaction with an entity at a lower tier, the non-federal entity must verify that the entity, as defined in 2 CFR section 180.995 and agency adopting regulations, is not suspended or debarred or otherwise excluded from participating in the transaction. This verification may be accomplished by either checking the System for Award Management (SAM) Exclusions maintained by the General Services Administration (GSA), collecting a certification from the entity, or adding a clause to the covered transaction with the entity.

Condition: The District did not retain formal documentation of a control to ensure timely completion of suspension and debarment requirements.

Questioned Costs: None

Context: The one covered transactions selected for testing lacked formal control documentation showing that the District completed the required suspension and debarment verification before entering into the contract. The verification was instead performed and documented at a later date.

Cause: The District's policies and procedures did not include formal documentation of a control to ensure vendors are checked for suspension and debarment prior to entering covered transactions.

Effect: The District could have entered into a covered transaction with an entity which was suspended or debarred without realizing it.

Repeat Finding: Yes – 2024-004

Recommendation: We recommend that the District follow its procurement policies as well as requirements within the Uniform Guidance to perform the proper verification procedures on all covered transactions entered into with federal funds. Also, the District should ensure there is a formally documented control to ensure all vendors are checked for suspension and debarment prior to entering into a covered transaction.

View of Responsible Official: There is no disagreement with the audit finding.

Section IV – MN Legal Compliance Findings

No findings were noted related to Minnesota legal compliance which would be required to be reported.



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