

**MARTIN COUNTY WEST SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2448
SHERBURN, MINNESOTA**

EXECUTIVE AUDIT SUMMARY (EAS)

JUNE 30, 2025



CPAs | CONSULTANTS | WEALTH ADVISORS

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**MARTIN COUNTY WEST SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2448
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JUNE 30, 2025**

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**EXECUTIVE AUDIT SUMMARY (EAS) FOR
MARTIN COUNTY WEST SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2448
YEAR ENDED JUNE 30, 2025**

We prepared this Executive Audit Summary and Management Report in conjunction with our audit of the District's financial records for the year ended June 30, 2025.

Audit Opinion

The financial statements are fairly stated. We issued what is known as an unmodified (i.e., "clean") audit report.

Internal Control Over Financial Reporting

One deficiency in internal control over financial reporting was reported and related to oversight of the financial reporting process. This deficiency was considered to be a material weakness.

Compliance and Other Matters (Yellow Book)

No compliance issues were reported in our review of laws, regulations, contracts, and grants that could have significant financial implications to the District.

Minnesota Legal Compliance

No findings over Minnesota Legal Compliance were reported.



FORMAL REQUIRED COMMUNICATIONS

Board of Education
Martin County West Schools
Independent School District No. 2448
Sherburn, Minnesota

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Independent School District No. 2448 (District) for the year ended June 30, 2025, and have issued our report thereon dated February 4, 2026. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit in our engagement agreement dated June 23, 2025. Professional standards also require that we communicate to you the following information related to our audit.

Significant audit findings or issues

Qualitative aspects of accounting practices

Accounting policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the financial statements.

As described in Note 1, the school changed accounting policies related to compensated absences by adopting Statement of Governmental Accounting Standards Board (GASB Statement) No. 101, *Compensated Absences*, in the year ended June 30, 2025. There was no material impact on the District's net position and change in net position as a result of the adoption of this accounting standard.

We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no accounting estimates affecting the financial statements which were particularly sensitive or required substantial judgments by management.

Financial statement disclosures

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no particularly sensitive financial statement disclosures.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties encountered in performing the audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Significant unusual transactions

We identified no significant unusual transactions during our audit.

Difficulties encountered in performing the audit

The completion of our audit was delayed in relation to the District's implementation of Statement of Governmental Accounting Standards Board (GASB Statement) No. 101, *Compensated Absences*, in the year ended June 30, 2025. Estimating the liability for compensated absences under this new accounting standard required a detailed analysis by employee by bargaining unit of accumulated leave balances and related usage. We simply ran out of time to complete our audit procedures on this area in December.

Uncorrected misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. As a result of implementing GASB Statement No. 101, *Compensated Absences*, we determined that prior year liabilities were understated by \$83,797, leading to an overstatement of 2025 expenses by the same amount in the governmental activities opinion unit. Also, interest receivable on the construction investment account was understated by \$160,040, which also understated revenues in the governmental activities and capital projects fund opinion unit. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Uncorrected misstatements or the matters underlying uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even if management has concluded that the uncorrected misstatements are immaterial to the financial statements under audit.

Corrected misstatements

Management did not identify, and we did not notify them of any financial statement misstatements detected as a result of audit procedures.

Disagreements with management

For purposes of this communication, a disagreement with management is a disagreement on a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. No such disagreements arose during our audit.

Management representations

We have requested certain representations from management that are included in the management representation letter dated February 4, 2026.

Management consultations with other independent accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the District’s financial statements or a determination of the type of auditors’ opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Significant issues discussed with management prior to engagement

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to engagement as the District’s auditors. However, these discussions occurred in the normal course of our professional relationship, and our responses were not a condition to our engagement.

Required supplementary information

With respect to the required supplementary information (RSI) accompanying the financial statements, we made certain inquiries of management about the methods of preparing the RSI, including whether the RSI has been measured and presented in accordance with prescribed guidelines, whether the methods of measurement and preparation have been changed from the prior period and the reasons for any such changes, and whether there were any significant assumptions or interpretations underlying the measurement or presentation of the RSI. We compared the RSI for consistency with management’s responses to the foregoing inquiries, the basic financial statements, and other knowledge obtained during the audit of the basic financial statements. Because these limited procedures do not provide sufficient evidence, we did not express an opinion or provide any assurance on the RSI.

Supplementary information in relation to the financial statements as a whole

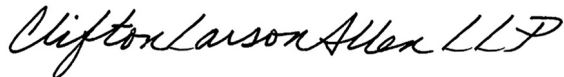
With respect to the nonmajor governmental funds combining balance sheet and combining statement of revenues, expenditures and changes in fund balances, the Food Service Fund budgetary comparison information, the Community Service Fund budgetary comparison information, and the Uniform Financial Accounting and Reporting Standards Compliance Table (collectively, the supplementary information) accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period or the reasons for such changes, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We have issued our report thereon dated February 4, 2026.

Other information included in annual reports

Other information (financial or nonfinancial information other than the financial statements and our auditors' report thereon) is being included in your annual report and is comprised of the introductory section. Our responsibility for other information included in your annual report does not extend beyond the financial information identified in our opinion on the financial statements. We have no responsibility for determining whether such other information is properly stated and do not have an obligation to perform any procedures to corroborate other information contained in your annual report. We are required by professional standards to read the other information included in your annual report and consider whether a material inconsistency exists between the other information and the financial statements because the credibility of the financial statements and our auditors' report thereon may be undermined by material inconsistencies between the audited financial statements and other information. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report. Our auditors' report on the financial statements includes a separate section, "Other Information," which states we do not express an opinion or any form of assurance on the other information included in the annual report. We did not identify any material inconsistencies between the other information and the audited financial statements.

* * *

This communication is intended solely for the information and use of the Board of Education and management of the District and is not intended to be, and should not be, used by anyone other than these specified parties.



CliftonLarsonAllen LLP

Rochester, Minnesota
February 4, 2026

APPENDIX A

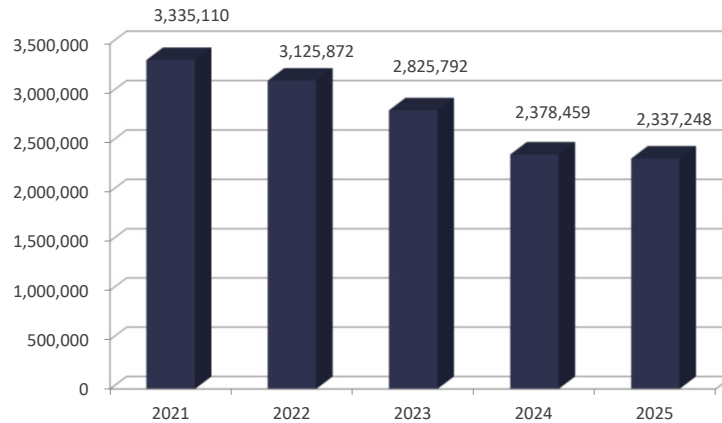
FINANCIAL TRENDS OF YOUR DISTRICT

The following graphs reflect financial trends of Martin County West Schools. Information related to fund balances was obtained from prior year and current year audit reports. Information from Martin County West Schools has been included when appropriate for comparison purposes.

The latter graphs show expenditures per student served compared to the four most recent years, state averages and the averages for comparable size school districts (students served of 500 – 999). Prior year expenditure data and statewide averages were obtained from the Minnesota Department of Education. Current year expenditures were obtained from the current year's audit report.

ISD NO. 2448 Martin County West

General Fund- Nonspendable, Committed and Unassigned Fund Balance (UFARS)



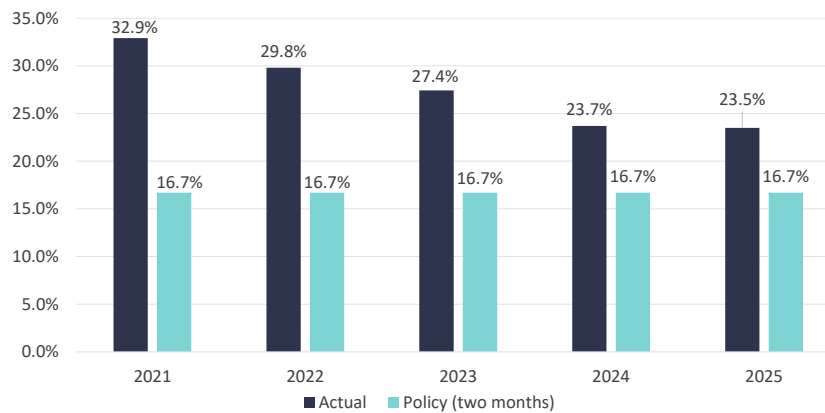
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ISD NO. 2448 Martin County West

General Fund – Unassigned Fund Balance as a % of Expenditures



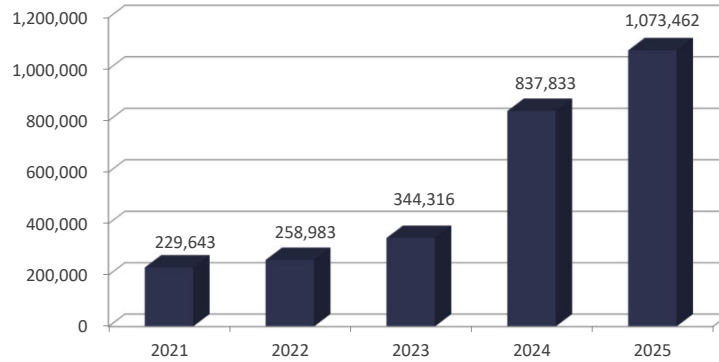
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ISD NO. 2448 Martin County West

General Fund- Restricted Balance (Excluding Capital Related)



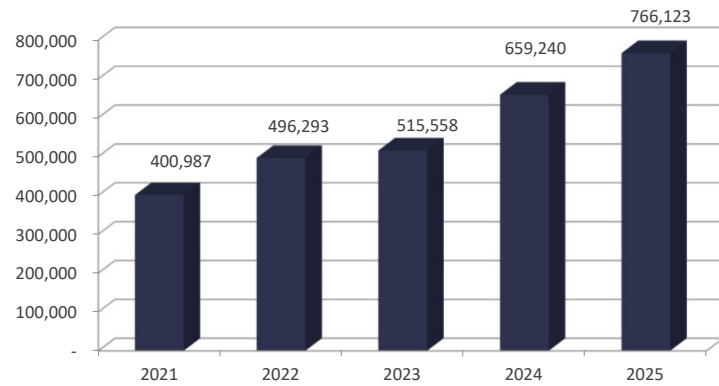
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ISD NO. 2448 Martin County West

General Fund- Operating Capital Fund Balance



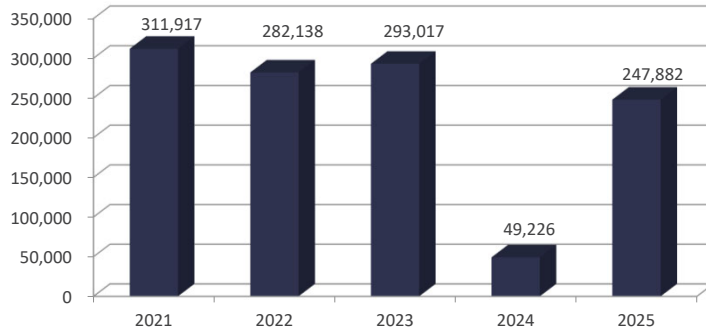
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ISD NO. 2448 Martin County West

General Fund- Long Term Facilities Maintenance Fund Balance



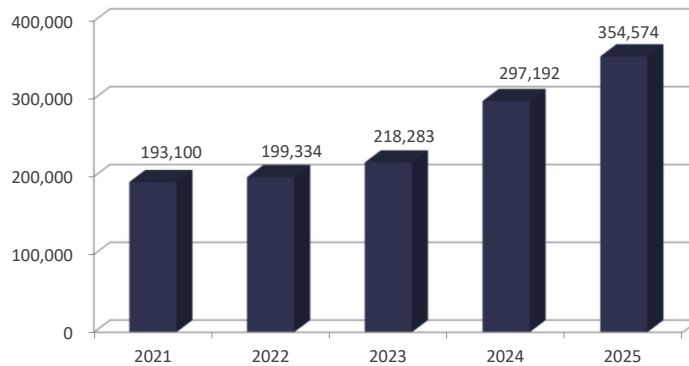
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ISD NO. 2448 Martin County West

ISD NO. 2448 Martin County West Food Service Fund Balance

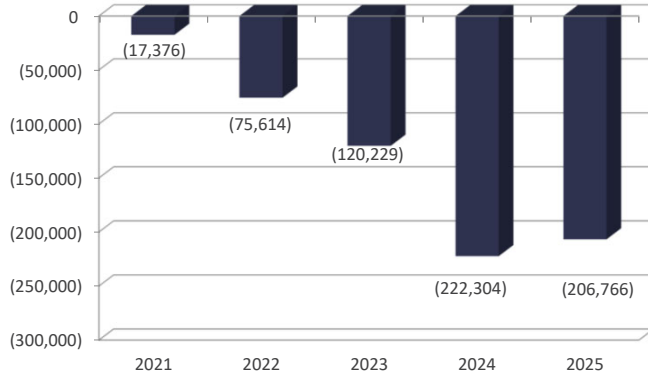


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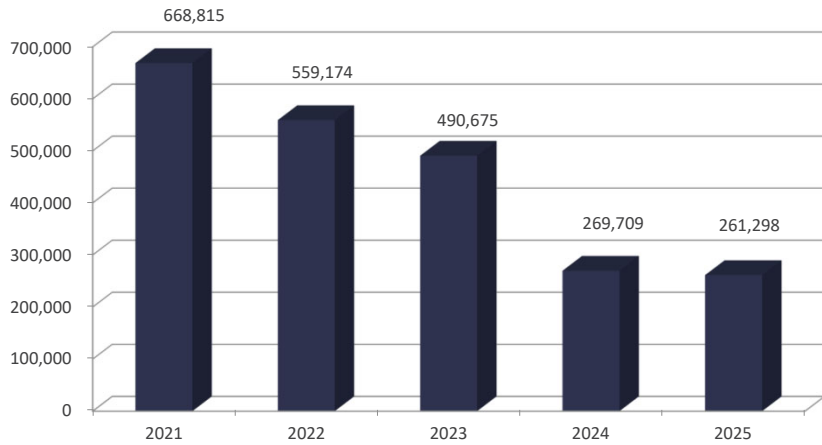
Community Service Fund Balance



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Debt Service Fund Balance

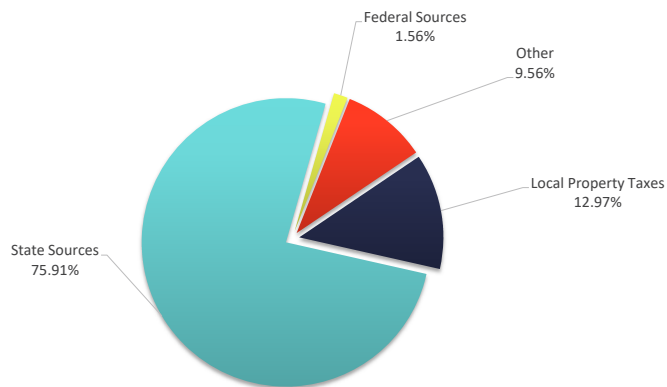


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General Fund Revenue

\$10,378,986



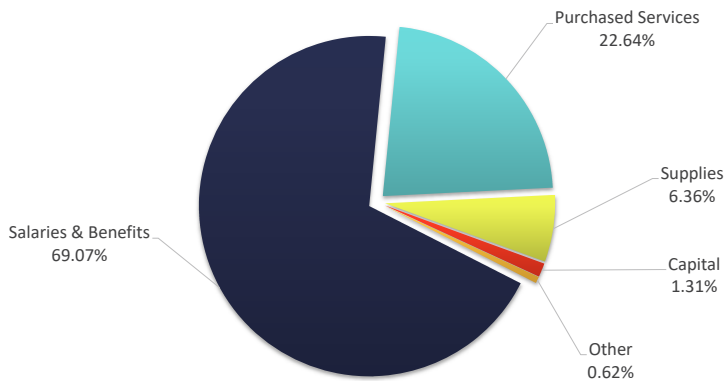
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General Fund Expenditures by Object

\$9,929,379



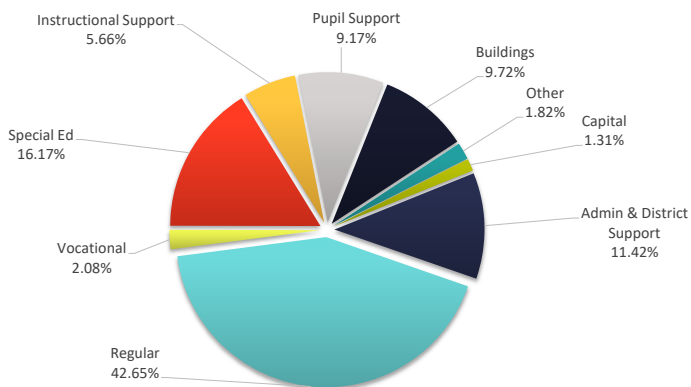
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General Fund Expenditures by Program

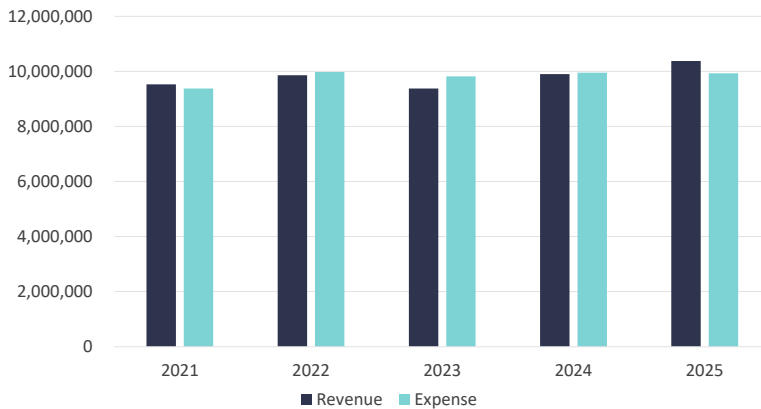
\$9,929,379



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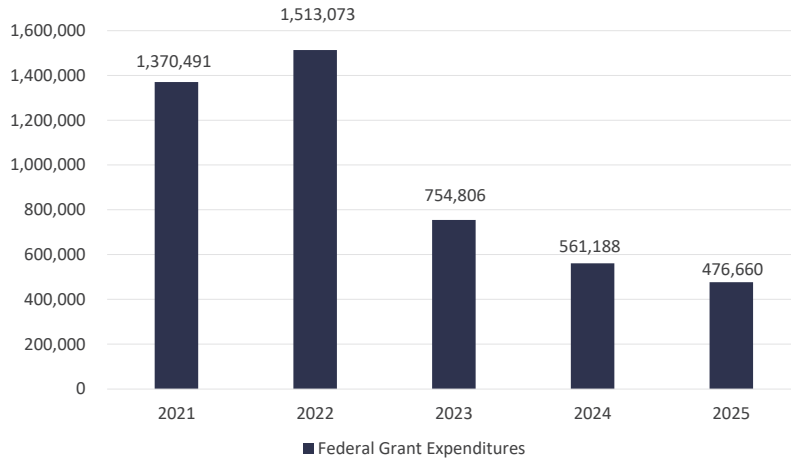
General Fund Revenues Vs Expenditures 4 Year Trend



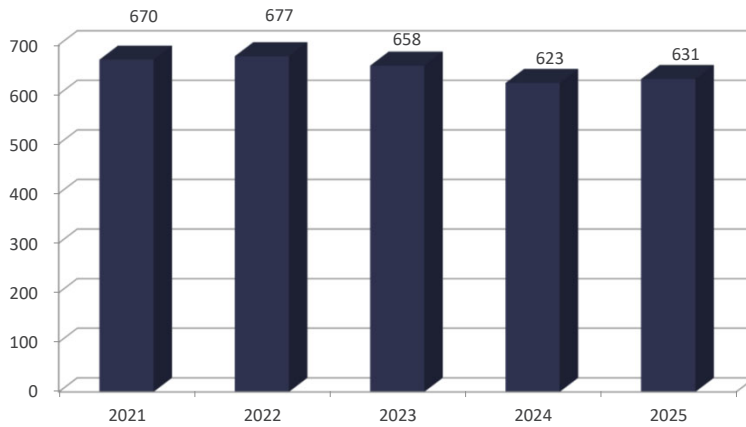
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Federal Program Expenditures – All Funds

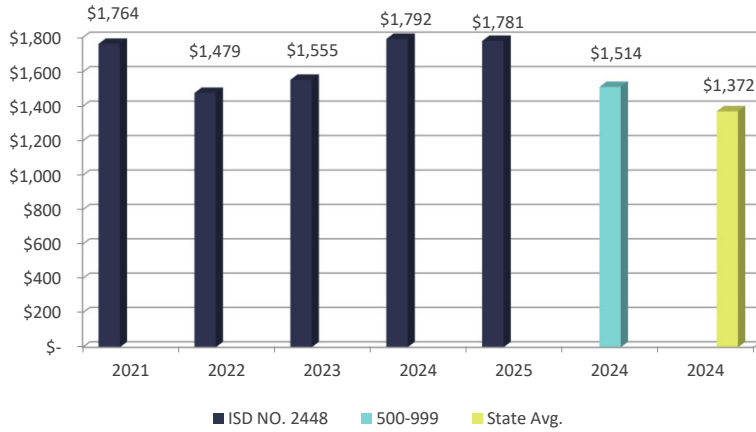


ADMs



ISD NO. 2448 Martin County West

District & School Administration & Support Services



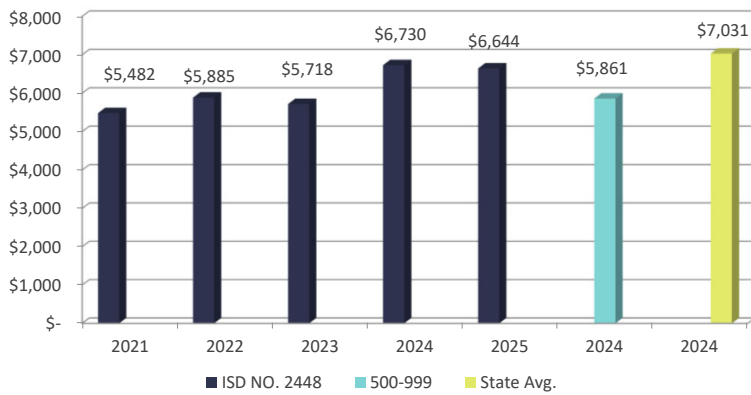
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ISD NO. 2448 Martin County West

Regular Instruction – including Student Activities and Athletics



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ISD NO. 2448 Martin County West

Special Education Instruction



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