

EAU CLAIRE AREA SCHOOL DISTRICT

FINANCIAL STATEMENTS WITH SUPPLEMENTAL
FINANCIAL INFORMATION

FOR THE YEAR ENDED
JUNE 30, 2019

EAU CLAIRE AREA SCHOOL DISTRICT

EXECUTIVE AUDIT SUMMARY (EAS)

JUNE 30, 2019

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AUDIT FINDINGS AND RESULTS

Audit Report Summary

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, 2019. The following is a summary of reports we have issued:

Audit Opinion

The financial statements are fairly stated. We issued what is known as an "unmodified" audit opinion.

Internal Controls Over Financial Reporting

Our report on internal control did not include any deficiencies in internal controls over financial reporting.

Compliance and Internal Control Over Compliance

As part of our audit, we tested the District's compliance with the requirements of laws, regulations, contracts and grants applicable to federal and state programs as well as the District's internal controls over compliance. We reported that the District complied with these requirements and that we did not identify any material weaknesses in the related internal controls.



APPENDIX A

FORMAL REQUIRED COMMUNICATIONS

The Board of Education
Eau Claire Area School District
Eau Claire, Wisconsin

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Eau Claire Area School District (the District) as of and for the year ended June 30, 2019, and have issued our report thereon dated November 22, 2019. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the Wisconsin *State Single Audit Guidelines*, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Significant audit findings

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. No new accounting policies were adopted and the application of existing policies was not changed during the year.

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. The most sensitive estimates affecting the financial statements were:

- **Useful Lives of Depreciable Capital Assets:** Management's estimate of the useful lives for depreciable assets is based on past experience, guidance recommended by DPI and other sources. The useful life of a depreciable asset determines the amount of depreciation that will be recorded in any given reporting period, as well as the amount of accumulated depreciation that is reported at the end of a reporting period.
- **Claims Payable:** The estimates of claims payable accrued for the District's self-funding insurance at June 30, 2019 are based on outside authoritative guidance.
- **Actuarial Assumptions:** The actuarial assumptions used for other postemployment benefits liabilities, supplemental pension plan liabilities, and Wisconsin Retirement System pension plan benefits are outlined in the notes to the basic financial statements.

We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

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.

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. Management did not identify and we did not notify them of any uncorrected financial statement misstatements.

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 letter, a disagreement with management is 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 November 22, 2019.

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 school’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our engagement.

Other information in documents containing audited financial statements

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.

With respect to the schedule of expenditures of federal awards (SEFA) and the schedule of state financial assistance (SSFA) 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 SEFA and SSFA to determine that the SEFA and SSFA comply with the requirements of the *Uniform Guidance* and the *State Single Audit Guidelines*, respectively, the method of preparing it has not changed from the prior period or the reasons for such changes, and the SEFA and SSFA are appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the SEFA and SSFA to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We have issued our report thereon dated November 22, 2019.

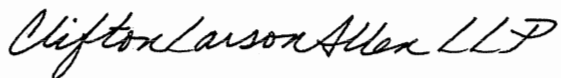
With respect to the individual and combining fund statements and charter school authorizer annual report, section VI and VII only (the supplementary information) accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, we made certain 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 November 22, 2019.

The charter school authorization annual report, sections I through V accompanying the financial statements, which is the responsibility of management, was prepared for purposes of additional analysis and is not a required part of the financial statements. Such information was not subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we did not express an opinion or provide any assurance on it.

Our auditors' opinion, the audited financial statements, and the notes to financial statements should only be used in their entirety. Inclusion of the audited financial statements in a document you prepare, such as an annual report, should be done only with our prior approval and review of the document.

* * *

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.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Eau Claire, Wisconsin
November 22, 2019



CliftonLarsonAllen LLP
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APPENDIX B

FINANCIAL STATEMENT NOTATIONS

The following information has been derived from management's financial statements. These tables are not intended to present all of the information and disclosures required by accounting principles generally accepted in the United States of America. Rather, the tables presented below are offered for the purpose of providing a multi-year trend analysis for discussion purposes. We were not engaged nor do we provide an opinion on the tables presented below. Please contact the office of the District Director of Business Services for copies of management's financial statements and refer to the independent auditors' report included therein for the opinions issued in connection with those financial statements.

Financial Statement Notations

Item
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- 1 **General Fund:** The General fund is the general operating fund of the District. It is used to account for all financial resources which are not required to be accounted for in another fund.

	6/30/2019	6/30/2018	6/30/2017	6/30/2016
Fund 10 Balance Sheet Summary:				
Cash and Investments	\$ 13,421,550	\$ 16,755,284	\$ 17,541,296	\$ 17,134,032
Receivables				
Taxes	19,126,475	18,904,697	19,454,216	18,182,012
Accounts	304,538	341,587	348,503	267,788
Due from Other Governments	2,701,472	2,592,829	2,396,756	5,756,670
Due from Other Funds	289,065	217,520	1,312,874	1,080,812
Inventories and Prepaid Items	1,414,535	3,287,664	2,342,896	2,284,763
Total Assets	<u>\$ 37,257,635</u>	<u>\$ 42,099,581</u>	<u>\$ 43,396,541</u>	<u>\$ 44,706,077</u>
Short-Term Note Payable	\$ -	\$ 7,000,000	\$ 6,000,000	\$ 7,000,000
Accounts Payable	1,330,696	1,757,931	2,750,135	2,776,384
Accrued Liabilities				
Payroll, Payroll Taxes, Insurance	8,038,116	7,807,098	7,452,615	7,210,954
Interest	-	86,250	54,948	42,778
Unearned Revenues	165,900	85,919	160,318	80,834
Total Liabilities	<u>9,534,712</u>	<u>16,737,198</u>	<u>16,418,016</u>	<u>17,110,950</u>
Fund Balance:				
Non-Spendable	1,414,535	3,287,664	2,342,896	2,284,763
Assigned	203,570	-	-	-
Unassigned	26,104,818	22,074,719	24,635,629	25,310,364
Total Fund Balance	<u>27,722,923</u>	<u>25,362,383</u>	<u>26,978,525</u>	<u>27,595,127</u>
	<u>\$ 37,257,635</u>	<u>\$ 42,099,581</u>	<u>\$ 43,396,541</u>	<u>\$ 44,706,077</u>
Revenues	\$ 133,135,949	\$ 128,372,616	\$ 126,976,174	\$ 119,036,940
Expenditures	(114,363,551)	(114,429,056)	(113,086,067)	(107,280,753)
Excess Revenue (Expenditures)	18,772,398	13,943,560	13,890,107	11,756,187
Transfers Out	(16,411,858)	(15,559,702)	(14,506,709)	(13,537,481)
Net Change in Fund Balance	<u>\$ 2,360,540</u>	<u>\$ (1,616,142)</u>	<u>\$ (616,602)</u>	<u>\$ (1,781,294)</u>
Unassigned Fund Balance as a % of Expenditures	22.8%	19.3%	21.8%	23.6%

Financial Statement Notations

Item
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2	Fund Balances	6/30/2019	6/30/2018	6/30/2017	6/30/2016
	Major Funds				
	General Fund	\$ 27,722,923	\$ 25,362,383	\$ 26,978,525	\$ 27,595,127
	Debt Service Fund	3,342,920	3,396,216	3,645,248	3,042,368
	Capital Projects Fund	5,524,447	14,690,957	24,245,970	161,535
	Nonmajor Funds				
	Donations Fund	615,196	574,954	546,526	580,044
	Food Service	2,151,190	2,148,383	1,943,908	1,736,476
	Community Service	2,034,755	2,005,204	2,002,361	1,952,745
		<u>\$ 41,391,431</u>	<u>\$ 48,178,097</u>	<u>\$ 59,362,538</u>	<u>\$ 35,068,295</u>
3	Long-Term Obligations	6/30/2019	6/30/2018	6/30/2017	6/30/2016
	General Obligation Debt:				
	General Obligation Bonds and Notes	\$ 55,870,000	\$ 61,270,000	\$ 69,160,000	\$ 47,895,000
	Plus Deferred Premium	4,884,656	5,026,544	810,817	296,409
	Total General Obligation Debt	<u>60,754,656</u>	<u>66,296,544</u>	<u>69,970,817</u>	<u>48,191,409</u>
	Other Long-Term Liabilities				
	Vested Employee Benefits	302,354	291,800	291,994	213,693
	Other Postemployment Benefits	73,449,538	73,602,559	72,599,882	82,603,690
	Pension Benefits	2,329,433	2,344,973	2,264,173	2,226,484
	WRS Pension Plan Liability	15,753,409	-	3,583,699	7,010,180
	LRLIF OPEB Liability	2,971,135	3,419,474	-	-
	Total Other Long-Term Liabilities	<u>94,805,869</u>	<u>79,658,806</u>	<u>78,739,748</u>	<u>92,054,047</u>
	Total Long-Term Liabilities	<u>\$ 155,560,525</u>	<u>\$ 145,955,350</u>	<u>\$ 148,710,565</u>	<u>\$ 140,245,456</u>
	General Obligation Debt as				
	Percent of Debt Limitation	8.3%	9.7%	10.7%	7.7%
	Debt Limit (10% of Equalized Value)	\$ 730,427,956	\$ 686,993,676	\$ 650,893,050	\$ 622,032,198

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2019

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
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EAU CLAIRE, WISCONSIN
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FINANCIAL SECTION



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INDEPENDENT AUDITORS' REPORT

Board of Education
Eau Claire Area School District
Eau Claire, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Eau Claire Area School District, Wisconsin (District) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit 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. Those standards 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 auditors' 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 entity'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 entity'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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Eau Claire Area School District, Wisconsin as of June 30, 2019, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

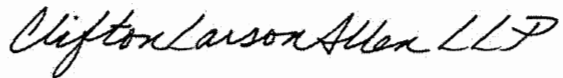
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The individual and combining fund statements and charter school authorizer annual report, as referenced in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards and schedule of state financial assistance are presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the *State Single Audit Guidelines*, issued by the Wisconsin Department of Administration, respectively, and are not a required part of the basic financial statements.

The individual and combining schedules, charter school authorizer annual report, section VI and VII only, and the schedule of expenditures of federal awards and schedule of state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements and have 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The charter school authorizer annual report, sections I through V, has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2019 on our consideration of District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Eau Claire Area School District's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Eau Claire, Wisconsin
November 22, 2019

REQUIRED SUPPLEMENTARY INFORMATION

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019**

As management of the Eau Claire Area School District (District), we offer the readers of the District's financial statements this narrative overview and analysis of financial activities of the District for the fiscal year ended June 30, 2019. We encourage readers to consider the information presented here in conjunction with the District's financial statements, which begin on page 15 following this narrative.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2018-2019 fiscal year include the following:

- The assets and deferred outflows of resources of the District exceeded liabilities and deferred inflows of resources at the close of the fiscal year by \$30,481,153 (net position). Of this, amount, \$69,575,073 represents the net investment in capital assets, \$8,162,105 is for restricted purposes and the remaining deficit balance of \$47,256,025 is classified as unrestricted net position.
- Net position for the most recent fiscal year decreased \$2,798,066 from the prior year.
- Net capital assets increased by \$3,816,328 reflecting cost of acquisitions greater than the depreciation expense.
- The District's general obligation debt, including the current portion, decreased by \$5,400,000 during the year. The District's other long-term obligations, including the current portions, increased \$15,005,175 during the year.
- Program revenues, in the form of charges for services and grants and contributions, accounted for \$22,981,581 of total revenues of \$156,825,818. General revenues accounted for \$133,844,237, including \$61,188,061 of property taxes and \$69,084,388 of state and federal aid. General revenues accounted for 85.4% of all revenues.
- The District had a total of \$159,623,884 of expenses, of which \$22,981,581 was financed with program revenues.
- The total fund balance of the District's governmental funds decreased \$6,786,666. The general fund had an increase of \$2,360,540 with a decrease of \$53,296 in the debt service fund, a decrease of \$9,166,510 in the capital projects fund and an increase of \$72,600 in the nonmajor funds.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: (1) government-wide financial statements; (2) fund financial statements; and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements, including required supplementary information consisting of the management's discussion and analysis, other postemployment benefits and pension plan schedules, and budgetary comparisons for the general fund and major special revenue funds.

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019**

Government-Wide Financial Statements

The two government-wide financial statements are the *Statement of Net Position* and *Statement of Activities*. These statements present an aggregate view of the District's finances in a manner similar to private-sector business. These statements are designed to distinguish functions that are supported principally by property taxes and intergovernmental revenues, called *governmental activities*, from functions that are intended to recover all or a significant portion of costs through user fees and charges called *business-type activities*. The District had no programs that were accounted for as business-type activities.

The *Statement of Net Position* presents information on all of the District's assets, liabilities, and deferred outflows/inflows, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. The *Statement of Activities* presents information showing how the District's net position changed during the year. This statement reports the cost of governmental functions and how those functions were financed for the fiscal year.

Fund Financial Statements

The District also produces *fund financial statements*. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities. The District, like other state and local governments, uses fund accounting to demonstrate compliance with finance related legal requirements and/or to control and manage money for particular purposes. Fund statements generally report operations in more detail than the government-wide statements and provide information that may be useful in evaluating a District's near-term financing requirements. Funds can be categorized into three categories: governmental funds, proprietary funds, and fiduciary funds. The District had no proprietary funds for the fiscal year ended June 30, 2019.

Governmental Funds – The District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for funding future basic services. Consequently, the governmental funds statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Governmental fund information does not report on long-term commitments as is reported on the government-wide statements. Therefore, explanations of the differences between the governmental funds and the government-wide statements are included as separate statements within the basic financial statements.

Governmental funds include the District's seven regular funds (general, donations, food service, other special projects, community service, debt service and capital projects).

Financial information is presented separately on both the *balance sheet* and the *statement of revenues, expenditures and changes in fund balance* for the general fund, the debt service fund and the capital projects fund as these are considered to be major funds. Data for the donation fund, food service fund, community service fund and other special projects fund are combined into a single, aggregated column. Data for each of these individual nonmajor funds is provided separately as supplementary information.

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019**

The District adopts annual budgets for its funds in accordance with statutory requirements. A budgetary comparison statement for the general fund has been provided as required supplementary information.

Fiduciary Funds – The District has three fiduciary funds. One of the fiduciary funds serves as an agency fund for student organizations. Another fiduciary fund is a private purpose trust fund, which accounts for donations for scholarships and other bequests. The third is an employee benefit trust fund which accounts for resources used to fund formally established employee benefit plans. Trust and agency funds are used to account for assets held by the District in a trustee capacity or as an agent for student organizations and for scholarship donations. The assets of these organizations and scholarships do not directly benefit the District. Fiduciary activities are excluded from the District-wide financial statements because the District cannot use these assets to finance its operation.

Notes of Financial Statements

The *notes to financial statements* provide additional information that is essential to the full understanding of the data provided in the government-wide and fund financial statements. The notes to financial statements follow the basic financial statements.

FINANCIAL ANALYSIS

The District as a Whole

Net Position, Table 1, below, provides a summary of the District's net position for the fiscal year ended June 30, 2019 compared to the prior fiscal year.

**Table 1
Condensed Statement of Net Position**

	Governmental Activities		Percent Change 2018-2019
	2019	2018	
Current and Other Assets	\$ 54,914,704	\$ 84,798,251	-35.2%
Capital Assets, Net of Depreciation	124,226,714	120,410,386	3.2
Total Assets	179,141,418	205,208,637	-12.7
Deferred Outflows of Resources	44,070,783	24,518,899	79.7
Current Liabilities	20,075,901	30,037,377	-33.2
Long-Term Liabilities	149,546,285	140,121,663	6.7
Total Liabilities	169,622,186	170,159,040	-0.3
Deferred Inflows of Resources	23,108,862	26,289,277	-12.1
Net Position			
Net Investment in Capital Assets	69,575,073	70,641,505	-1.5
Restricted	8,162,105	20,939,515	-61.0
Unrestricted	(47,256,025)	(58,301,801)	18.9
Total Net Position	\$ 30,481,153	\$ 33,279,219	8.4

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019**

The largest portion of the District's net position is its investment in capital assets (e.g. land, buildings, and equipment); less related outstanding debt used to acquire those assets. These assets are used to provide services to students and the community and, consequently, are not available for future spending.

The District is required by state statute to have available in the Debt Service Fund an amount sufficient to make debt payments required between the beginning of the fiscal year (July 1) and receipt of the first tax payments (normally January 20). Net position totaling \$2,804,532 is restricted for debt service along with \$615,196 for the donor specific purposes, \$2,151,190 for food service purposes, \$2,034,755 for community service programs and \$556,432 for capital projects.

Total liabilities decreased \$536,854 and total assets decreased \$26,067,219 during the year. Net position decreased \$2,798,066.

At June 30, 2019, the District reported \$44,070,783 of deferred outflows of resources and \$23,108,862 of deferred inflows of resources.

Change in Net Position. Table 2 shows the change in net position for the fiscal years 2019 and 2018. As shown in Table 2, general revenues provided 85.4% of the funding required for governmental activities with property taxes providing 39.0% of the funding and general state formula aid providing 44.1% of total revenues. Program revenues, consisting of charges for services and operating grants and contributions, provided 14.6% of the funding. The program revenues were allocated to the expense functions as shown in Table 3.

**Table 2
Change in Net Position**

	Governmental Activities		Percent Change 2018-2019
	2019	2018	
Revenues			
Program Revenues:			
Charges for Services	\$ 5,239,820	\$ 5,238,674	0.0%
Operating Grants and Contributions	17,695,560	16,778,561	5.5
Capital Grants and Contributions	46,201	13,827	234.1
General Revenues:			
Property Taxes	61,188,061	62,773,313	-2.5
State and Federal Aids	69,084,388	63,980,938	8.0
Other	3,571,788	2,924,809	22.1
Total Revenues	156,825,818	151,710,122	3.4
Expenses			
Instruction	85,887,263	81,147,495	5.8
Pupil and Instructional Services	13,813,606	13,228,015	4.4
Administration and Central Services	36,486,769	39,548,673	-7.7
Other	23,436,246	20,067,629	16.8
Total Expenses	159,623,884	153,991,812	3.7
Change in Net Position	(2,798,066)	(2,281,690)	22.6
Net Position - Beginning of Year	33,279,219	35,560,909	-6.4
Net Position - End of Year	\$ 30,481,153	\$ 33,279,219	-8.4

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019**

The District relies primarily on property taxes and general state aid to fund governmental activities. School funding regulations restrict the amount by which these two revenue sources, in combination, may be increased. This restriction, called revenue limit, is intended to help hold down increases in property taxes throughout the state. The tax levy for repayment of referendum approved debt is not subject to the revenue limit. The District's tax levy for the last two fiscal years consisted of the following components:

	2019	2018
Subject to Revenue Limit:		
General Fund	\$ 52,624,377	\$ 54,098,053
Debt Service	7,635,464	7,625,259
Not Subject to Revenue Limit:		
Community Service	904,506	868,418
	<u>\$ 61,164,347</u>	<u>\$ 62,591,730</u>

General state aid is paid according to a formula taking into consideration District spending and property values on a per student basis compared to spending and property values for the state as a whole. The District's state and federal aids increased \$5,103,450 in 2019 from \$63,980,938 in 2018 to \$69,084,388 in 2019.

Table 3 presents the total cost of the major activities: instruction, pupil and instructional services, administration central office and other. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

**Table 3
Net Cost of Governmental Activities**

	2019		2018	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction	\$ 85,887,263	\$ 69,958,799	\$ 81,147,495	\$ 65,194,526
Pupil and Instructional Services	13,813,606	12,277,055	13,228,015	12,063,078
Administration and Central Services	36,486,769	35,687,438	39,548,673	39,276,282
Other	23,436,246	18,719,011	20,067,629	15,426,864
Totals	<u>\$ 159,623,884</u>	<u>\$ 136,642,303</u>	<u>\$ 153,991,812</u>	<u>\$ 131,960,750</u>

- The cost of all governmental activities for the year was \$159,623,884, an increase of \$5,632,072 (3.7%) from the prior year.
- Individuals who directly participated or benefited from a program offering paid for \$5,239,820 of costs.
- Federal and state governments subsidized certain programs with operating and capital grants and contributions of \$17,741,761.
- Net cost of governmental activities (\$136,642,303) was financed by general revenues, which are made up primarily of property taxes (\$61,188,061) and state and federal aid (\$69,084,388).

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019**

Chart 1 below displays the composition of District revenues by source:

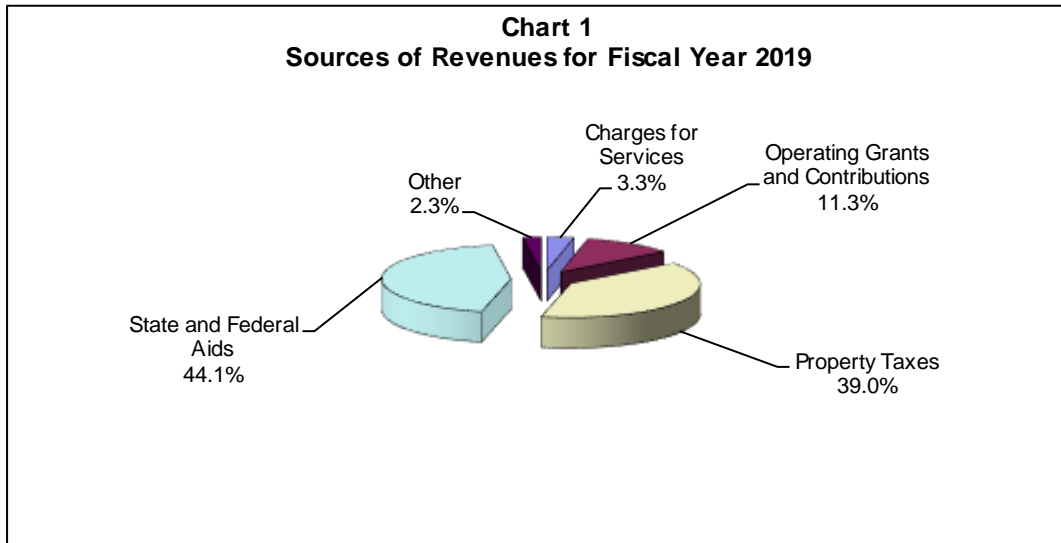
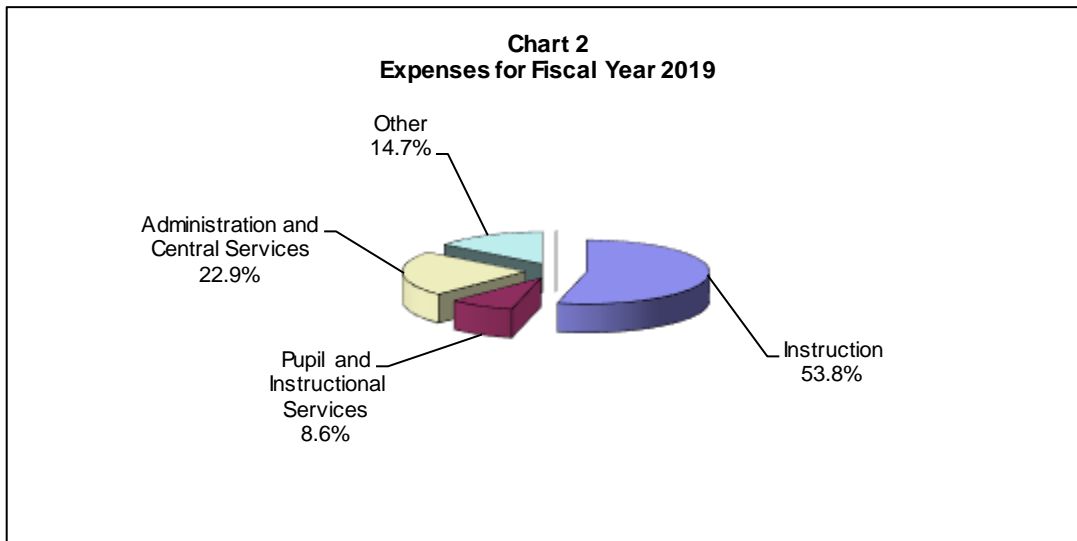


Chart 2 below displays the composition of expense by function:



**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019**

Governmental Funds

Changes in the District's governmental funds for the year ended June 30, 2019 are reflected below:

	Balance June 30, 2019	Balance June 30, 2018	Current Year Change
General	\$ 27,722,923	\$ 25,362,383	\$ 2,360,540
Donations Fund	615,196	574,954	40,242
Debt Service	3,342,920	3,396,216	(53,296)
Capital Projects	5,524,447	14,690,957	(9,166,510)
Food Service	2,151,190	2,148,383	2,807
Community Service	2,034,755	2,005,204	29,551
	<u>\$ 41,391,431</u>	<u>\$ 48,178,097</u>	<u>\$ (6,786,666)</u>

The general fund balance at year end totaled \$27,722,923. Of this amount, \$1,423,715 represents nonspendable funds, \$203,570 is assigned, and the remaining \$26,095,638 represents unassigned funds. The nonspendable funds consist of prepaid assets and inventory.

The balance in the donations fund is to provide donor specific requests.

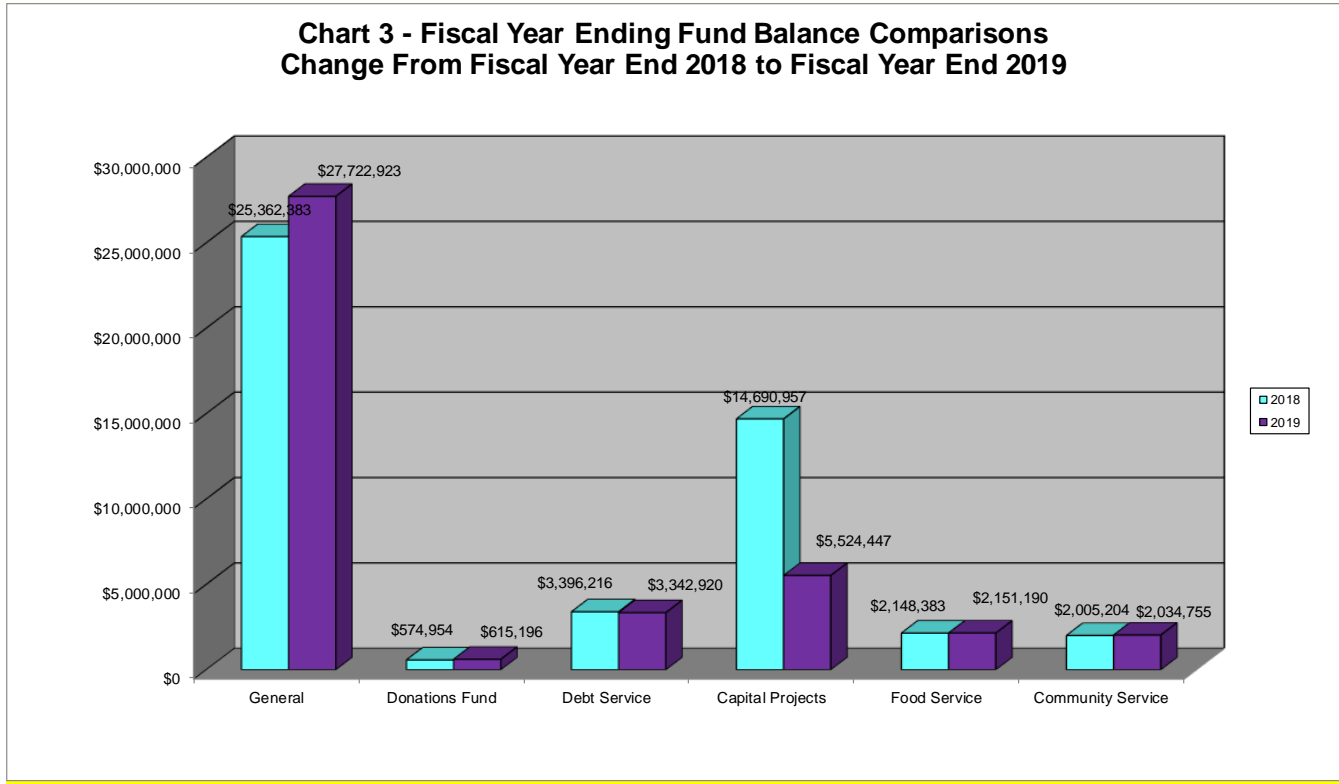
The balance in the debt service fund is to provide for the necessary accumulation of funds for debt retirement needs.

The balances in the food service fund and community service fund are restricted to finance future fund operations.

The balance in the capital projects fund is to finance a facilities improvement plan.

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019**

Chart 3 below depicts the changes in ending fund balances graphically for each fund from fiscal year 2018 to fiscal year 2019.



**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019**

General Fund Budgetary Highlights

Consistent with current statutes and regulations an *original* budget is adopted in October following determination of official enrollment and certification of general state aids. The District did modify the original budget for its general fund for fiscal year 2019 as shown in the budgetary comparison schedule for the general fund under *Required Supplementary Information*. The adjustments made to the original budget were to account for the receipts and related expenditures of grants, gifts, and/or other revenues as listed below:

Property Taxes

The original budget projected the amount of the Districts' revenue limit and the resulting tax levy. Once the pupil counts and the state revenue limit parameters are finalized, the estimated tax levy is adjusted.

State and Federal Grants

Budget adjustments were made to adjust grant estimated amounts to approved grant award amounts and to account for approved budget modifications.

Gifts

Budget adjustments were made to adjust budgets for gifts received.

Revenues

The variation between the original budget and the final budget for federal revenues was due to approved federal grant adjustments.

Expenditures

The final budgets for regular instruction, instructional staff services, special instruction and business services were increased due to federal grant adjustments made to account for final grant award amounts.

There were also amendments to transfer budgets from one functional area to another functional area. The transfers were not significant dollar amounts.

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of the end of fiscal year 2019, the District had invested approximately \$216.5 million in a broad range of capital assets, including buildings, sites, equipment and construction in progress (see Table 4). Accumulated depreciation on these assets totaled \$92,326,910. Net capital assets increased by \$3,816,328 from the previous year.

**Table 4
Capital Assets**

	June 30,		Percent
	2019	2018	Change
			2018-2019
Land	\$ 2,262,174	\$ 2,262,174	0.0%
Land Improvements	10,526,403	9,879,712	6.5
Buildings	186,864,158	174,959,371	6.8
Furniture and Equipment	11,341,406	13,668,633	-17.0
Construction in Progress	5,559,483	8,765,023	-36.6
Accumulated Depreciation	(92,326,910)	(89,124,527)	3.6
Total	<u>\$ 124,226,714</u>	<u>\$ 120,410,386</u>	3.2

- Asset acquisitions during the year totaled \$10,991,829.
- The District disposed of \$3,973,118 of capital assets during the year.
- The District recognized depreciation expense of \$6,257,624 during the year.

More detailed information about capital assets can be found in Note 4.B to the financial statements.

Long-Term Obligations

At year-end the District had approximately \$55.9 million in net general obligation debt outstanding which is a decrease of 8.8% from the previous year. The District also had other long-term obligations outstanding of approximately \$99.7 million (see Table 5).

General obligation debt of the District is secured by an irrevocable tax levy adopted by the School Board at the time of issuance. Wisconsin state statutes require that the first property tax receipts be segregated for use for annual debt service payments. The District complies with the statutory requirements.

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019**

**Table 5
Outstanding Long Term Obligations**

	June 30,		Percent Change 2018-2019
	2019	2018	
General Obligation Debt:			
General Obligation Bonds Payable	\$ 55,870,000	\$ 61,270,000	-8.8%
Other Long-Term Obligations			
Vested Employee Benefits	302,354	291,800	3.6
Other Postemployment Benefits Liabilities	76,420,673	77,022,033	-0.8
Pension Plan Liabilities	18,082,842	2,344,973	671.1
Premiums	4,884,656	5,026,544	-2.8
Total	<u>\$ 155,560,525</u>	<u>\$ 145,955,350</u>	6.6

- The District retired \$5,400,000 of outstanding general obligation debt during the year.

More detailed information about the District's long-term liabilities is presented in Note 4.D to the financial statements.

FACTORS BEARING ON THE DISTRICT'S FUTURE

Currently known circumstances that will impact the District's financial status in the future are:

The District continues to project moderate enrollment growth for at least the next 3 years. Enrollment projections are updated annually. Enrollment increases have a positive impact on the revenue that a school is allowed to raise under the Revenue Limit Formula. Revenue Limits will continue to restrict the amount of revenue the District is allowed to receive from General State Aid, Property Taxes, and a categorical aid referred to as State Computer Aid. When other revenue received from State sources is taken into consideration, about 85.1% of the District's revenue stream is controlled by the State Legislature and Governor. Controlling expenditure increases to fit within available revenue continues to be an annual challenge. The 2020-2021 school year marks the end of the State's biennial budget. In the 2019-2020 budget, the state added a \$175 per pupil increase in the revenue limit that significantly impacted the budget. In November 2016, a referendum was passed to annually exceed the revenue limit by \$5,860,000 for the next 15 years for the purposes of staff, building maintenance, safety and security improvements, class size, technology, and debt service for capital improvement projects.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Executive Director of Business Services, Eau Claire Area School District, 500 Main Street, Eau Claire, Wisconsin 54701.

BASIC FINANCIAL STATEMENTS

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
STATEMENT OF NET POSITION
JUNE 30, 2019**

	Governmental Activities
ASSETS:	
Cash and Investments	\$ 29,454,633
Taxes Receivable	19,126,475
Accounts Receivable	470,682
Due from Other Governments	4,343,834
Inventories and Prepaid Items	1,519,080
Capital Assets Not Being Depreciated:	
Land	2,262,174
Construction in Progress	5,559,483
Capital Assets Being Depreciated:	
Land Improvements	10,526,403
Buildings and Building Improvements	186,864,158
Furniture and Equipment	11,341,406
Less - Accumulated Depreciation	<u>(92,326,910)</u>
Total Assets	179,141,418
DEFERRED OUTFLOWS OF RESOURCES:	
Pension Related	40,649,970
Other Postemployment Benefits Related	<u>3,420,813</u>
Total Deferred Outflows of Resources	<u>44,070,783</u>
LIABILITIES:	
Accounts Payable	2,852,705
Accrued Payroll and Related Liabilities	10,200,011
Accrued Interest Payable	538,388
Other Deposits Payable	6,088
Unearned Revenues	355,073
Health Benefit Claims Payable	109,396
Current Portion of Long-Term Obligations	6,014,240
Noncurrent Liabilities:	
General Obligation Bonds	55,042,770
Net Other Postemployment Benefits Liability	73,449,538
State Life Insurance Net Other Postemployment Benefits Liability	2,971,135
Wisconsin Retirement System Net Pension Liability	15,753,409
Net Supplemental Pension Plan Liability	<u>2,329,433</u>
Total Liabilities	169,622,186
DEFERRED INFLOWS OF RESOURCES:	
Pension Related	22,259,813
Other Postemployment Benefits Related	<u>849,049</u>
Total Deferred Inflows of Resources	<u>23,108,862</u>
NET POSITION:	
Net Investment in Capital Assets	69,575,073
Restricted for:	
Donor Specifications	615,196
Debt Service	2,804,532
Food Service	2,151,190
Community Service	2,034,755
Capital Projects	556,432
Unrestricted (Deficit)	<u>(47,256,025)</u>
Total Net Position	<u>\$ 30,481,153</u>

See accompanying Notes to Basic Financial Statements.

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019**

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
Primary Government					
Governmental Activities:					
Instruction:					
Regular Instruction	\$ 53,623,048	\$ 2,700,766	\$ 4,329,333	\$ -	\$ (46,592,949)
Vocational Instruction	3,407,260	-	-	-	(3,407,260)
Special Instruction	23,383,148	-	7,603,919	10,052	(15,769,177)
Other Instruction	5,473,807	431,843	852,551	-	(4,189,413)
Total Instruction	85,887,263	3,132,609	12,785,803	10,052	(69,958,799)
Support Service:					
Pupil Services	7,377,438	-	1,092,524	-	(6,284,914)
Instructional Staff Services	6,436,168	-	444,027	-	(5,992,141)
General Administration	910,117	-	-	-	(910,117)
Building Administration	6,953,050	-	-	-	(6,953,050)
Business Services	26,701,541	15,692	747,490	36,149	(25,902,210)
Central Services	1,922,061	-	-	-	(1,922,061)
Insurance and Judgments	977,570	-	-	-	(977,570)
Interest on Debt	2,164,781	-	-	-	(2,164,781)
Other Supporting Services	4,791,669	-	-	-	(4,791,669)
Food Services	4,563,820	1,987,806	2,625,716	-	49,702
Community Services	926,557	103,713	-	-	(822,844)
Total Support Services	63,724,772	2,107,211	4,909,757	36,149	(56,671,655)
Non-Program:					
Purchased Instructional Services	9,961,743	-	-	-	(9,961,743)
Other Non-Program Transactions	50,106	-	-	-	(50,106)
Total Non-Program	10,011,849	-	-	-	(10,011,849)
Total Primary Government	<u>\$ 159,623,884</u>	<u>\$ 5,239,820</u>	<u>\$ 17,695,560</u>	<u>\$ 46,201</u>	(136,642,303)
General Revenues					
Property Taxes:					
General Purposes					52,624,377
Debt Services					7,635,464
Community Services					904,506
Payment in Lieu of Taxes					23,714
State and Federal Aids Not Restricted to					
Specific Functions					69,084,388
Interest and Investment Earnings					344,724
Miscellaneous					3,227,064
Total General Revenues					<u>133,844,237</u>
Change in Net Position					(2,798,066)
Net Position - Beginning of Year					<u>33,279,219</u>
Net Position - End of Year					<u>\$ 30,481,153</u>

See accompanying Notes to Basic Financial Statements.

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019**

	General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and Investments	\$ 14,716,132	\$ 3,342,920	\$ 6,669,374	\$ 4,726,207	\$ 29,454,633
Receivables:					
Taxes	19,126,475	-	-	-	19,126,475
Accounts	304,538	-	57,153	108,991	470,682
Due from Other Governments	3,644,035	-	-	699,799	4,343,834
Due from Other Funds	289,065	-	-	-	289,065
Inventories and Prepaid Items	1,423,715	-	-	95,365	1,519,080
Total Assets	\$ 39,503,960	\$ 3,342,920	\$ 6,726,527	\$ 5,630,362	\$ 55,203,769
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 1,431,722	\$ -	\$ 1,202,080	\$ 218,903	\$ 2,852,705
Accrued Liabilities:					
Payroll, Payroll Taxes, Insurance	10,069,229	-	-	130,782	10,200,011
Due to Other Funds	-	-	-	289,065	289,065
Other Deposits Payable	4,790	-	-	1,298	6,088
Unearned Revenue	165,900	-	-	189,173	355,073
Health Benefit Claims Payable	109,396	-	-	-	109,396
Total Liabilities	11,781,037	-	1,202,080	829,221	13,812,338
Fund Balances:					
Nonspendable	1,423,715	-	-	95,365	1,519,080
Restricted	-	3,342,920	5,524,447	4,706,722	13,574,089
Assigned	203,570	-	-	-	203,570
Unassigned	26,095,638	-	-	(946)	26,094,692
Total Fund Balances	27,722,923	3,342,920	5,524,447	4,801,141	41,391,431
Total Liabilities and Fund Balances	\$ 39,503,960	\$ 3,342,920	\$ 6,726,527	\$ 5,630,362	\$ 55,203,769

See accompanying Notes to Basic Financial Statements.

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2019**

Total Fund Balance - Governmental Funds **\$ 41,391,431**

Total net position reported for governmental activities in the statement of net position is different from the amount reported above as total governmental fund balance because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund statements. Amounts reported for governmental activities in the statement of net position consist of:

Capital Assets	\$ 216,553,624	
Accumulated Depreciation	<u>(92,326,910)</u>	124,226,714

Net pension plan assets/liabilities and related deferred inflows and outflows are recorded only on the statement of net position. Balances at year-end are:

Wisconsin Retirement System (WRS) Net Pension Asset (Liability)	(15,753,409)	
Net Supplemental Pension Plan Liability	(2,329,433)	
Deferred Outflows of Resources - Pension Related	40,649,970	
Deferred Inflows of Resources - Pension Related	<u>(22,259,813)</u>	307,315

Unused vacation pay is a liability of the governmental funds only if the employee has resigned or retired. (302,354)

Long-term liabilities, including bonds and notes payable, are not due in the current period and therefore are not reported in the fund statements. Interest on long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due. All liabilities, both current and long-term, are reported in the statement of net position. Balances reported in the statement of net position that are not reported in the funds balance sheet are:

General Obligation Debt	60,754,656	
Accrued Interest Payable on General Obligation Debt	<u>538,388</u>	(61,293,044)

Net OPEB plan assets/liabilities and related deferred inflows and outflows are recorded only on the statement of net position. Balances at year-end are:

Net Other Postemployment Benefits Liability	73,449,538	
State Life Insurance Net Other Postemployment Benefits Liability	2,971,135	
Deferred Outflows of Resources - Other Postemployment Benefits Related	(3,420,813)	
Deferred Inflows of Resources - Other Postemployment Benefits Related	<u>849,049</u>	<u>(73,848,909)</u>

Total Net Position - Governmental Activities **\$ 30,481,153**

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2019**

	General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Local	\$ 53,508,263	\$ 7,652,244	\$ 201,183	\$ 4,404,746	\$ 65,766,436
Interdistrict	2,604,465	-	-	-	2,604,465
Intermediate	98,460	-	-	839,700	938,160
State	77,570,322	-	-	63,049	77,633,371
Federal	5,644,007	-	-	2,575,138	8,219,145
Other	1,554,701	-	88,385	21,155	1,664,241
Total Revenues	140,980,218	7,652,244	289,568	7,903,788	156,825,818
EXPENDITURES					
Instruction:					
Regular Instruction	50,107,938	-	-	1,188,323	51,296,261
Vocational Instruction	3,271,966	-	-	-	3,271,966
Special Instruction	22,360,221	-	-	-	22,360,221
Other Instruction	5,185,785	-	-	61,513	5,247,298
Total Instruction	80,925,910	-	-	1,249,836	82,175,746
Support Services:					
Pupil Services	7,016,455	-	-	5,504	7,021,959
Instructional Staff Services	6,122,570	-	-	79,709	6,202,279
General Administration	872,590	-	-	-	872,590
Building Administration	6,609,481	-	-	-	6,609,481
Business Services	19,914,136	-	9,456,078	1,116,331	30,486,545
Food Services	-	-	-	4,450,172	4,450,172
Central Services	1,450,835	-	-	-	1,450,835
Insurance and Judgments	973,341	-	-	1,859	975,200
Community Services	-	-	-	890,931	890,931
Debt Service:					
Principal	-	5,400,000	-	-	5,400,000
Interest	33,126	2,305,540	-	-	2,338,666
Paying Agent Fees	2,850	-	-	-	2,850
Other Support Services	4,693,644	-	-	29,737	4,723,381
Total Support Services	47,689,028	7,705,540	9,456,078	6,574,243	71,424,889
Non-Program:					
Purchased Instructional Services	9,956,394	-	-	5,349	9,961,743
Other Non-Program Transactions	48,346	-	-	1,760	50,106
Total Non-Program	10,004,740	-	-	7,109	10,011,849
Total Expenditures	138,619,678	7,705,540	9,456,078	7,831,188	163,612,484
NET CHANGE IN FUND BALANCES	2,360,540	(53,296)	(9,166,510)	72,600	(6,786,666)
Fund Balances - Beginning of Year	25,362,383	3,396,216	14,690,957	4,728,541	48,178,097
FUND BALANCES - END OF YEAR	<u>\$ 27,722,923</u>	<u>\$ 3,342,920</u>	<u>\$ 5,524,447</u>	<u>\$ 4,801,141</u>	<u>\$ 41,391,431</u>

See accompanying Notes to Basic Financial Statements.

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES
AND CHANGE IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019**

Total Net Change in Fund Balances - Governmental Funds	\$ (6,786,666)
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Amounts reported for governmental activities in the statement of activities are different because:

The acquisition of capital assets is reported in the governmental funds as expenditures. However, for governmental activities, those costs are shown in the statement of net position and allocated over their useful lives as annual depreciation expense in the statement of activities.

Capital outlays reported in the governmental fund statements	\$	10,991,829	
Net book value of capital assets disposed of during the year		(917,877)	
Depreciation expense reported in the statement of activities		<u>(6,257,624)</u>	
Net change in capital assets			3,816,328

Pension expenditures in the governmental funds are measured by current year employee contributions. Pension expenses on the statement of activities are measured by the change in net pension asset/liability and the related deferred outflows and inflows of resources.	(6,100,471)
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OPEB expenditures in the governmental funds are measured by current year employee contributions. OPEB expenses on the statement of activities are measured by the change in net OPEB asset/liability and the related deferred outflows and inflows of resources.	706,562
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Repayment of principal on long-term debt is reported in the governmental funds as an expenditure, but it is reported as a reduction in long-term debt in the statement of net position and does not affect the statement of activities.	
The amount of long-term debt principal payments in the current year	5,400,000

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES
AND CHANGE IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES (CONTINUED)
YEAR ENDED JUNE 30, 2019**

Total Net Change in Fund Balances - Governmental Funds (Continued)

Governmental funds report the effect of certain debt related items (premiums, discounts, and similar items) when debt is first issued, whereas these amounts are amortized in the statement of activities.

The net effect of these differences in the current year is: \$ 141,888

In governmental funds, interest payments on long-term debt are reported as an expenditure when due. In the statement of activities, interest is reported as incurred.

The amount of interest paid during the current period	2,305,540	
The amount of interest accrued during the current period	(2,270,693)	
Amount of interest paid greater than interest accrued		34,847

In the statement of activities, compensated absences are measured by the amount earned during the year. In the governmental funds, however, expenditures for those items are measured by the amount of financial resources used (essentially the amounts actually paid).

Amount by which the liability for vacation pay changed in the current period	(10,554)

Change in Net Position - Governmental Activities	\$ (2,798,066)

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2019**

	Private-Purpose Trust	Employee Benefit Trust	Agency Funds
ASSETS			
Cash and Investments	\$ 10,095	\$ 3,518,348	\$ 154,625
Accounts Receivable	-	2,089	-
Prepays	-	1,979,673	-
Total Assets	<u>10,095</u>	<u>5,500,110</u>	<u>\$ 154,625</u>
LIABILITIES			
Due to Student Organizations	\$ -	\$ -	\$ 154,625
Health Benefit Claims Payable	-	23,376	-
Total Liabilities	<u>-</u>	<u>23,376</u>	<u>\$ 154,625</u>
NET POSITION			
Restricted	<u>\$ 10,095</u>	<u>\$ 5,476,734</u>	

See accompanying Notes to Basic Financial Statements.

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2019**

	Private Purpose Trust Funds	Employee Benefit Trust Funds
ADDITIONS		
Private Donations	\$ 1,020	\$ -
Investment Income	50	50,350
District Contributions	-	7,639,801
Total Additions	<u>1,070</u>	<u>7,690,151</u>
DEDUCTIONS		
Administrative Expenses	-	6,662
Benefit Payments to Plan Members	-	6,974,132
Scholarships Awarded	2,000	-
Total Deductions	<u>2,000</u>	<u>6,980,794</u>
CHANGE IN NET POSITION	(930)	709,357
Net Position - Beginning of Year	<u>11,025</u>	<u>4,767,377</u>
NET POSITION - END OF YEAR	<u><u>\$ 10,095</u></u>	<u><u>\$ 5,476,734</u></u>

See accompanying Notes to Basic Financial Statements.

NOTES TO BASIC FINANCIAL STATEMENTS

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The financial statements of the Eau Claire Area School District (the "District") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the District are described below.

B. Reporting Entity

The Eau Claire Area School District is organized as a unified school district. The District, governed by a seven member elected school board, operates grades pre-Kindergarten through twelve and is comprised of all or parts of fourteen taxing districts.

The financial reporting of the District is defined by GASB to consist of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that the exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The basic financial statements of the District consist solely of the primary government. No other organizations were identified for inclusion in the financial reporting entity of the District.

C. Government-Wide and Fund Financial Statements

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds) as described below:

Government-Wide Statements

The statement of net position and the statement of activities present financial information about the District's governmental type activities. The District had no business-type activities for the reporting year. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Government-Wide and Fund Financial Statements (Continued)

Government-Wide Statements (Continued)

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

The fund statements provide information about the District's funds, including fiduciary funds. Separate statements for each fund category - governmental and fiduciary - are presented. The emphasis of fund financial statements is on major governmental funds; each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The District has the following major governmental funds:

General Fund – The General Fund is the operating fund of the District. It is used to account for all financial resources of the District except those required to be accounted for in another fund.

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

Capital Projects Fund – The Capital Projects Fund is used to account for several building projects and related financing.

Additionally, the District reports the following fiduciary funds:

Private-Purpose Trust Funds – The Private-Purpose Trust Funds are used to account for scholarship assets held by the District in a trustee capacity.

Employee Benefit Trust Funds – The Employee Benefit Trust Funds are used to account for resources held in trust for the District's formally established employee benefit plans.

Agency Fund – The Agency Fund is used to account for assets held by the District as an agent. Activities of student organizations are accounted for in the agency fund.

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting

The government-wide and fiduciary trust fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Non-exchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Fiduciary agency funds do not have a measurement focus.

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within ninety days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District may fund certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Therefore, when program expenses are incurred, both restricted and unrestricted net position may be available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenues.

The preparation of the basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in financial statements and accompanying notes. Actual results could differ from those estimates.

EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity

1. Deposits and Investments

Investments by the District are stated at fair value. Cash and investment balances for individual funds are pooled unless maintained in segregated accounts.

The District is required to invest its funds in accordance with Wisconsin Statutes 66.0603 and 67.11(2). State statutes permit the District to invest available cash balances, other than debt service funds, in time deposits of authorized depositories, U.S. Treasury obligations, U.S. agency issues, high grade commercial paper, and the local government pooled-investment fund administered by the state investment board. Available balances in the debt service fund may be invested in municipal obligations, obligations of the United States and the local government pooled-investment fund.

Donations to the District of securities or other property are considered trust funds and are invested as the donor specifies. In the absence of any specific directions, the District may invest the donated items in accordance with the laws applicable to trust investments.

2. Receivables and Payables

Property Taxes. Under Wisconsin law, personal property taxes and first installment real estate taxes are collected by city, town, and village treasurers or clerks who then make proportional settlement with the school district and county treasurer for those taxes collected on their behalf. The county treasurer who then makes settlement with the city, town, village and school districts before retaining any for county purposes collects second installment real estate taxes and delinquent taxes.

The District's property taxes are levied on or before October 31 on the equalized property valuation certified by the Department of Revenue. As permitted by a collecting municipality's ordinance, taxes may be paid in full or two or more installments with the first installment payable the subsequent January 31st, and a final payment no later than the following July 31st. The District is paid by the collecting municipality its proportionate share of tax collections received through the last day of the preceding month on or before January 15th, and by the 20th of each subsequent month thereafter. On or before August 20th, the County Treasurer makes full settlement to the District for any remaining balance. The County assumes all responsibility for delinquent real property taxes.

Property taxes are recognized as revenue in the period for which taxes are levied. The 2018 tax levy is used to finance operations of the District's fiscal year ended June 30, 2019. All property taxes are considered due on January 1st, when an enforceable lien is assessed against the property and the taxpayer is liable for the taxes. All taxes are collected within 60 days of June 30th and are available to pay current liabilities.

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity (Continued)

2. Receivables and Payables (Continued)

Accounts Receivable. All accounts receivable are shown at gross amounts. No allowance for uncollectible accounts has been provided since such allowance would not be material.

Interfund Balances. The current portion of lending/borrowing arrangements between funds is identified as "due to/from other funds". The non-current portion of outstanding balances between funds is reported as "advances to/from other funds". Advances between funds are classified as nonspendable fund balance to indicate that they are not available for appropriation and are not expendable available financial resources. For government-wide financial statements, eliminations were made for amounts due to and due from within the various governmental funds.

3. Inventories and Prepaid Items

Expendable supplies or non-capital items acquired for initial use in subsequent fiscal periods are recorded as inventories and/or prepaid expenses. Inventory is valued at cost using the first-in, first-out method. The cost of inventory is recorded as an expenditure when consumed rather than when purchased.

4. Capital Assets

Capital assets are reported at actual cost. Donated assets are reported at estimated acquisition value at the time received. The District maintains a threshold level of \$5,000 for capitalizing capital assets.

Capital assets are recorded in the government-wide financial statements but are not reported in the fund financial statements. Capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are sold for an immaterial amount when declared no longer needed for public school purposes by the District, no salvage value is taken into consideration for depreciation purposes. Useful lives vary from 20 to 50 years for land improvements and buildings and 5 to 20 years for equipment.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives is not capitalized.

The District does not possess any material amounts of infrastructure capital assets, such as sidewalks and parking lots. Such items are considered to be part of the cost of buildings or other improvable property.

Capital assets not being depreciated include land and construction in progress.

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity (Continued)

5. Deferred Outflows of Resources

The District reports decreases in net position or fund balance that relate to future periods as deferred outflows of resources in a separate section of its government-wide statement of net position or governmental fund balance sheet. The District reports deferred outflows of resources for pension and OPEB related items.

6. Deferred Inflows of Resources

The District reports increases in net position or fund balance that apply to a future period as deferred inflows of resources in a separate section of its government-wide statement of net position or governmental fund balance sheet. The District reports deferred inflows of resources for pension and OPEB related items.

7. Compensated Absences

It is the District's policy to permit employees to accumulate paid leave benefits. Employees accumulate vacation benefits at various rates depending on bargaining group and length of service. Liabilities for accumulated employee leave benefits are not accrued in the District's governmental fund financial statements but are recorded as expenditures when paid. Such liabilities are accrued in the government-wide financial statements when earned. The District's policies and estimated liabilities at year-end are further discussed in Note 5.B.

8. Other Postemployment Benefits

Single-Employer Plan. Under the various employee and union contracts the District pays a portion of their retirees' health insurance premiums until they are Medicare eligible. The amount to be incurred is limited as specified by contract. The District funds these premiums through an irrevocable trust. This amount was actuarially determined.

Multiple-Employer Cost-Sharing Plan. The fiduciary net position of the Local Retiree Life Insurance Fund (LRLIF) has been determined using the flow of economic resources measurement focus and the accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, OPEB expense, and information about the fiduciary net position of the LRLIF and additions to/deductions from LRLIF's fiduciary net position have been determined on the same basis as they are reported by LRLIF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The District's collective OPEB liabilities for these two plans at June 30, 2019 was \$76,420,673 and total OPEB expense for 2018-19 was \$6,482,074.

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity (Continued)

9. Pension Plan Benefits

Single-Employer Plan. Under the various employee and union contracts the District provides a supplemental retirement program that offers a cash payout if certain age requirements are met. This program is funded on a pay-as-you-go basis through an irrevocable trust. The net pension liability and related deferred outflows of resources were actuarially determined.

Multiple-Employer Cost-Sharing Plan (Wisconsin Retirement System). For purposes of measuring the net pension asset/liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Wisconsin Retirement System (WRS) and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The District's collective pension liabilities for these two plans at June 30, 2019 was \$18,082,842 and total pension expense for 2018-19 was \$10,860,520.

10. Long-Term Obligations

In the government-wide financial statements, outstanding long-term debt and other long-term obligations are reported as liabilities. In the fund financial statements, governmental fund types recognize debt premiums and discounts, as well as debt issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. As required by state statute, premium and accrued interest received as part of the proceeds are recorded in the debt service fund.

11. Use of Restricted Resources

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity (Continued)

12. Equity Classifications

Fund equity, representing the difference between assets and deferred outflows of resources, less liabilities and deferred inflows of resources is classified as follows in the District's financial statements:

Government-Wide Statements. Fund equity is classified as net position in the government-wide financial statements and is displayed in three components. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net position is displayed as unrestricted.

Fund Financial Statements. In the fund financial statements, governmental funds report components of fund balance to provide information about fund balance availability for appropriation. Nonspendable fund balance represents amounts that are inherently nonspendable or assets that are legally or contractually required to be maintained intact. Restricted fund balance represents amounts available for appropriation but intended for a specific use and is legally restricted by outside parties. Committed fund balance represents constraints on spending that the government imposes upon itself by high-level formal action prior to the close of the fiscal period. Assigned fund balance represents resources intended for spending for a purpose set by the government body itself or by some person or body delegated to exercise such authority in accordance with policy established by the board. Unassigned fund balance is the residual classification for the District's general fund and includes all spendable amounts not contained in the other classifications. The District does not have a policy on minimum unassigned fund balance.

Committed fund balance is required to be established, modified, or rescinded by resolution of the District Board prior to each year end. Based on resolution of the District Board, the Executive Director of Business Services has the authority to establish or modify assigned fund balance. When restricted and unrestricted fund balance is available for an expenditure, it is the District's policy to first use restricted fund balance. When committed, assigned, and unassigned fund balance is available for an expenditure, it is the District's policy to use committed, assigned and finally unassigned fund balance.

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 2 RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Due to the differences in the measurement focus and basis of accounting used in the governmental fund financial statements and the government-wide financial statements, certain financial transactions are treated differently. Reconciliations of governmental fund balances and changes thereto to the net position and revenues/expenses shown in the government-wide financial statements are presented on pages 18 and 20 respectively.

NOTE 3 STEWARDSHIP AND ACCOUNTABILITY

Budgetary Accountability

Budgets are adopted each fiscal year for all funds in accordance with Section 65.90 of the Wisconsin Statutes, using the budgetary accounting basis prescribed by the Wisconsin Department of Public Instruction. The legally adopted budget and budgetary expenditure control are exercised at the two-digit subfunction level in the General Fund and at the function level for all other funds. Reported budget amounts are as originally adopted or as amended by School Board resolution.

The District follows these procedures in establishing the budgetary data reflected in the financial statements.

- Based upon requests from District staff, District administration recommends budget proposals to the School Board.
- The School Board prepares a proposed budget including proposed expenditures and the means of financing them for the July 1 through June 30 fiscal year.
- A public notice is published containing a summary of the budget and identifying the time and place where a public hearing will be held on the proposed budget.
- Pursuant to the public budget hearing, the School Board may make alterations to the proposed budget.
- Once the School Board (following the public hearing) adopts the budget, no changes may be made in the amount of tax to be levied or in the amount of the various appropriations and the purposes of such appropriations unless authorized by a 2/3 vote of the entire School Board.
- Appropriations lapse at year-end unless authorized as a carryover by the School Board. The portion of fund balance representing carryover appropriations is reported as a reserved fund balance.

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 4 DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

The Debt Service Fund and Capital Projects Fund account for their transactions through separate and distinct bank and investment accounts as recommended by the Department of Public Instruction. In addition, agency funds use separate and distinct accounts. All other funds share in common cash and investment accounts.

The District's cash and investments balances at June 30, 2019 were shown in the financial statements as follows:

Governmental Funds	\$ 29,454,633
Fiduciary Funds	3,683,068
	<u>\$ 33,137,701</u>

The above balances at June 30, 2019 consisted of the following:

Treasurer's Cash and Investments:	
Cash	\$ 200
Deposits at Financial Institutions	1,600,665
Insured Cash Sweep	9,150,575
Government Securities	1,664,623
PFM Funds Managed Money Market	3,559,221
OPEB Trust Money Market Fund	3,101,487
WISC Investment Series	14,060,067
Investments in State Local Government	
Pooled - Investment Fund	863
Total Cash and Investments	<u>\$ 33,137,701</u>

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 4 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Deposits and Investments (Continued)

Deposits at Financial Institutions

The District's balances at individual financial institutions were subject to coverage under federal depository insurance and amounts appropriated by Sections 20.144(1)(a) and 34.08 of the Wisconsin Statutes (State Guarantee Fund). Federal depository insurance provides for coverage of up to \$250,000 for time and savings deposits and up to an additional \$250,000 for demand accounts for all accounts at a particular financial institution. In addition, funds held for others (such as trust funds) are subject to coverage under the name of the party for whom the funds are held. Coverage under the State Guarantee Fund may not exceed \$400,000 above the amount of coverage under federal depository insurance at any institution and is limited by the availability of the appropriations authorized therein. (Due to the relatively small size of the State Guarantee Fund in relation to the total coverage, total recovery of losses may not be available.) Also, Section 34.07 of the Wisconsin Statutes authorizes the District to collateralize its deposits that exceed the amount of coverage provided by federal depository insurance and the State Guarantee Fund.

Custodial credit risk is the risk that, in the event of bank failure, the District's deposits may not be returned. At June 30, 2019, the District's deposits were not exposed to custodial credit risk.

Deposits in Insured Cash Sweep Account. The District has invested funds in an insured cash sweep account. Funds are placed with a network member and dispersed to demand deposit accounts and/or money market accounts at several member institutions. The placement of funds occurs in increments below the standard federal depository insurance maximum of \$250,000. Interest is earned on a daily basis and withdrawals are generally available on the day of the request.

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 4 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Deposits and Investments (Continued)

Investments

The District's investments at June 30, 2019 consisted of deposits in the following external investment pool:

Deposits in State Local Government Pooled-Investment Fund. The State of Wisconsin offers a Local Government Investment Pool (LGIP) to local government units to enable them to voluntarily invest idle funds in State Investment Fund. Local funds are pooled with state funds and invested by the State Investment Board. There is no minimum or maximum amount that can be invested by a local governmental unit. Interest is earned on a daily basis and withdrawals are generally available on the day of request. Deposits in the LGIP are not covered by federal depository insurance but are subject to coverage under the State Guarantee Fund. Also, the State of Wisconsin Investment Board has obtained a surety bond to protect deposits in the LGIP against defaults in principal payments on the LGIP's investments (subject to certain limitations). The average monthly weighted average maturity of the State Investment Fund's investments for twelve-month period ended June 30, 2019 was approximately 25 days.

Deposits in Wisconsin Investment Series Cooperative (WISC). WISC was established in 1988 by school officials pursuant to an Intergovernmental Cooperation Agreement designed specifically for investment of funds by participating Wisconsin public entities. Its portfolio of investments consists solely of securities and instruments in which public entities are permitted to invest. The WISC board of commissioners, comprised of superintendents and business officials of participating entities, have contracted with Bank One, NA to act as investment advisor. The District's investment consists of deposits in WISC's Cash Management Series, an investment account designed to meet liquidity. The District's funds are generally available on a daily basis.

Credit Risk

Credit risk is the risk that an investor or other counterparty to an investment will not fulfill its obligations.

As of June 30, 2019, the District's investments were rated as follows:

Type	Credit Rating	Amount
PFM Funds Managed Money Market	Not Rated	\$ 3,559,221
OPEB Trust Money Market Fund	Not Rated	3,101,487
WISC Investment Series	Not Rated	14,060,067
Freddie Mac	AA+	1,664,623
Local Government Investment Pool	Not Rated	863
Total		<u>\$ 22,386,261</u>

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 4 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Deposits and Investments (Continued)

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the value of an investment. As of June 30, 2019, the District's investments maturities were as follows:

Type	Total	< 1 Year	1 to 3 years	> 3 Years
PFM Funds Managed Money Market	\$ 3,559,221	\$ 3,559,221	\$ -	\$ -
OPEB Trust Money Market Fund	3,101,487	3,101,487	-	-
WISC Investment Series	14,060,067	14,060,067	-	-
Freddie Mac	1,664,623	1,664,623	-	-
Local Government Investment Pool	863	863	-	-
Total	<u>\$ 22,386,261</u>	<u>\$ 22,386,261</u>	<u>\$ -</u>	<u>\$ -</u>

Fair Value Measurements

The District uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures.

The District follows an accounting standard that defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value, and requires expanded disclosures about fair value measurements. In accordance with this standard, the District has categorized its investments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 4 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Deposits and Investments (Continued)

Fair Value Measurements (Continued)

Financial assets and liabilities recorded on the combined statements of financial position are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Financial assets and liabilities are valued using inputs that are unadjusted quoted prices in active markets accessible at the measurement date of identical financial assets and liabilities.

Level 2 – Financial assets and liabilities are valued based on quoted prices for similar assets, or inputs that are observable, either directly or indirectly for substantially the full term through corroboration with observable market data.

Level 3 – Financial assets and liabilities are valued using pricing inputs which are unobservable for the asset, inputs that reflect the reporting entity's own assumptions about the assumptions market participants and would use in pricing the asset.

The District's assets as of June 30, 2019 were categorized as follows:

	Level 1	Level 2	Level 3	Total
PFM Funds Managed Money Market	\$ 3,559,221	\$ -	\$ -	\$ 3,559,221
Freddie Mac	-	1,664,623	-	1,664,623
Total	<u>\$ 3,559,221</u>	<u>\$ 1,664,623</u>	<u>\$ -</u>	<u>5,223,844</u>
Investments at Amortized Cost:				
OPEB Trust Money Market Fund				3,101,487
WISC Investment Series				14,060,067
Local Government Investment Pool				863
Total				<u>\$22,386,261</u>

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 4 DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Capital Assets

Changes in the capital assets for the year ended June 30, 2019 were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets:				
Land	\$ 2,262,174	\$ -	\$ -	\$ 2,262,174
Land Improvements	9,879,712	661,115	(14,424)	10,526,403
Buildings and Improvements	174,959,371	13,295,515	(1,390,728)	186,864,158
Furniture and Equipment	13,668,633	240,739	(2,567,966)	11,341,406
Work in Progress	8,765,023	4,245,367	(7,450,907)	5,559,483
Total Capital Assets	209,534,913	18,442,736	(11,424,025)	216,553,624
Accumulated Depreciation:				
Land Improvements	3,655,820	421,677	(14,424)	4,063,073
Buildings and Improvements	75,639,118	5,051,970	(485,601)	80,205,487
Furniture and Equipment	9,829,589	783,977	(2,555,216)	8,058,350
Total Accumulated Depreciation	89,124,527	6,257,624	(3,055,241)	92,326,910
Governmental Activities Capital Assets				
Net of Accumulated Depreciation	<u>\$ 120,410,386</u>	<u>\$ 12,185,112</u>	<u>\$ (8,368,784)</u>	<u>\$ 124,226,714</u>

Depreciation was charged to governmental functions as follows:

Instruction:

Regular Instruction	\$ 17,941
Vocational Instruction	2,950
Special Instruction	1,005
Other Instruction	17,261

Support Services:

Pupil Services	2,770
Instructional Staff Services	735
Building Administrative Services	600
Business Services	5,658,439
Central Services	499,497
Insurance and Judgments	2,370
Food Services	49,296
Community Services	1,622
Other Support Services	3,138
Total Depreciation for Governmental Activities	<u>\$ 6,257,624</u>

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 4 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Interfund Receivables, Payables and Transfers

The composition of interfund balances as of June 30, 2019 was as follows:

Due to/from Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Other Special Projects Funds	<u>\$ 289,065</u>

This amount represents the general fund's financing of a cash overdraft in the other special projects fund.

D. Long-Term Obligations

Changes in Long-Term Obligations

Changes in long-term obligations of the District for the year ended June 30, 2019 were as follows:

	Balances as Presented at June 30, 2018	Additions	Reductions	Balances June 30, 2019	Amounts Due Within One Year
Long-Term Debt					
General Obligation Bonds and Notes	\$ 61,270,000	\$ -	\$ (5,400,000)	\$ 55,870,000	\$ 5,570,000
Add: Debt Premium	5,026,544	-	(141,888)	4,884,656	141,886
Subtotal	66,296,544	-	(5,541,888)	60,754,656	5,711,886
Other Long-Term Obligations:					
Vested Employee Benefits	291,800	97,177	(86,623)	302,354	302,354
Total	<u>\$ 66,588,344</u>	<u>\$ 97,177</u>	<u>\$ (5,628,511)</u>	<u>\$ 61,057,010</u>	<u>\$ 6,014,240</u>

The accrued employee leave is generally liquidated from the general fund and special revenue funds. The District's accrued employee leave is discussed in Note 5.B.

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 4 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Long-Term Obligations

General Obligation Debt

The individual long-term debt issues of the District outstanding at June 30, 2019 were as follows:

Description	Issue Date	Interest Rate	Final Maturity Date	Original Indebtedness	Amount Outstanding
2009 G.O. Bonds	8/3/2009	1.8-5.05	4/1/2020	\$ 9,360,000	\$ 1,145,000
2011 G.O. Bonds	11/7/2011	3.5-4.125	4/1/2021	31,000,000	3,800,000
2012 G.O. Promissory Notes	3/26/2012	0.05-3.0	4/1/2020	20,850,000	1,375,000
2013 G.O. Promissory Notes	4/1/2013	2.0	4/1/2023	2,850,000	2,850,000
2017 G.O. School Improvement Bonds	4/17/2017	2.0-4.0	4/1/2031	25,000,000	21,710,000
2017 G.O. Refunding Bonds	12/28/2017	2.0-5.0	4/1/2028	25,150,000	24,990,000
Total General Obligation Debt					<u>\$ 55,870,000</u>

Aggregate cash flow requirements for the retirement of long-term principal and interest as of June 30, 2019 follow:

Fiscal Year	Principal	Interest	Total
2020	\$ 5,570,000	\$ 2,165,385	\$ 7,735,385
2021	4,715,000	1,980,787	6,695,787
2022	4,555,000	1,841,588	6,396,588
2023	4,705,000	1,658,187	6,363,187
2024	3,890,000	1,497,000	5,387,000
2025	4,060,000	1,336,299	5,396,299
2026	4,230,000	1,150,800	5,380,800
2027	4,410,000	957,400	5,367,400
2028	4,610,000	774,500	5,384,500
2029	4,825,000	583,200	5,408,200
2030	5,045,000	382,750	5,427,750
2031	5,255,000	172,900	5,427,900
	<u>\$ 55,870,000</u>	<u>\$ 14,500,792</u>	<u>\$ 70,370,792</u>

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 4 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Long-Term Obligations (Continued)

General Obligation Debt (Continued)

The 2018 equalized valuation of the District as certified by the Wisconsin Department of Revenue is \$7,304,279,556. The legal debt limit and margin of indebtedness as of June 30, 2019 in accordance with Section 67.03(1)(b) of the Wisconsin Statutes is as follows:

Total Equalized Value (TIDIN)	\$ 7,304,279,556
	10.00%
Calculated Debt Limit	<u>730,427,956</u>
Deduct Long Term Debt Applicable to Debt Margin	55,870,000
Margin of Indebtedness	<u><u>\$ 674,557,956</u></u>

E. Short-Term Borrowing

Changes in short-term borrowing of the District for the year ended June 30, 2019 were as follows:

Description	Balance 7/1/18	Issued	Redeemed	Balance 6/30/19
Line of Credit	<u>\$ 7,000,000</u>	<u>\$ 8,400,000</u>	<u>\$ 15,400,000</u>	<u>\$ -</u>

The outstanding balance at the beginning of the year was a tax and revenue anticipation note that was paid off in August of 2018. On November 19, 2018, the District issued a Taxable Revolving Line of Credit with a maximum outstanding principal amount of \$7,500,000 for cash flow borrowing purposes. The borrowing accrues interest at prime minus 1.00 percent, adjusted monthly and will not exceed 5.75 percent. The line of credit matures November 1, 2019.

In November 2019, the District entered into a new taxable revolving line of credit agreement for a maximum outstanding principal amount of \$7,000,000. The borrowing accrues interest at prime minus 1.00%, adjusted monthly and will not exceed 4.00%. The line of credit matures November 1, 2020.

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 4 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Operating Leases

The District entered into lease agreements dated August 16, 2018 for eight vans to be used for student transportation. Lease payments are \$416 per month for each van, totaling \$3,328 per month. The District paid \$40,666 during 2018-19. Future lease payments under these agreements total \$81,333.

G. Governmental Fund Balances

The governmental fund balances reported on the fund financial statements at June 30, 2019 consisted of the following:

	Total	Nonspendable	Restricted	Assigned	Unassigned
Major Funds:					
General Fund:					
Nonspendable Prepaid Items and Inventory	\$ 1,423,715	\$ 1,423,715	\$ -	\$ -	\$ -
Assigned for Self Insurance	203,570	-	-	203,570	-
Unassigned	26,095,638	-	-	-	26,095,638
Debt Service Fund	3,342,920	-	3,342,920	-	-
Capital Projects Fund	5,524,447	-	5,524,447	-	-
Nonmajor Funds:					
Special Revenue Funds:					
Donor Restricted Purposes	615,196	17,575	597,621	-	-
Food Service Program	2,151,190	67,391	2,083,799	-	-
Community Service Programs	2,034,755	9,453	2,025,302	-	-
Subtotal Nonmajor Funds	4,801,141	95,365	4,706,722	-	(946)
Total Governmental Funds Balances at June 30, 2019	<u>\$ 41,391,431</u>	<u>\$ 1,519,080</u>	<u>\$ 13,574,089</u>	<u>\$ 203,570</u>	<u>\$ 26,094,692</u>

NOTE 5 OTHER INFORMATION

A. Wisconsin Retirement System Pension Plan Benefits

General Information about the Pension Plan

Plan Description. The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS. ETF issues a standalone Comprehensive Annual Financial Report (CAFR), which can be found at <http://etf.wi.gov/publications/cafr.htm>.

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 5 OTHER INFORMATION (CONTINUED)

A. Wisconsin Retirement System Pension Plan Benefits (Continued)

General Information about the Pension Plan (Continued)

Vesting. For employees beginning participation on or after January 1, 1990, and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998, and prior to July 1, 2011, are immediately vested. Participants who initially became WRS eligible on or after July 1, 2011, must have five years of creditable service to be vested.

Benefits Provided. Employees who retire at or after age 65 (54 for protective occupations and 62 for elected officials and executive service retirement plan participants, if hired on or before 12/31/2016) are entitled to a retirement benefit based on a formula factor, their final average earnings, and creditable service.

Final average earnings is the average of the participant's three highest annual earnings periods. Creditable service includes current service and prior service for which a participant received earnings and made contributions as required. Creditable service also includes creditable military service. The retirement benefit will be calculated as a money purchase benefit based on the employee's contributions plus matching employer's contributions, with interest, if that benefit is higher than the formula benefit.

Vested participants may retire at or after age 55 (50 for protective occupations) and receive an actuarially-reduced benefit. Participants terminating covered employment prior to eligibility for an annuity may either receive employee-required contributions plus interest as a separation benefit or leave contributions on deposit and defer application until eligible to receive a retirement benefit.

The WRS also provides death and disability benefits for employees.

Contributions. Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for general category employees, including teachers, and Executives and Elected Officials. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the reporting period July 1, 2018 through June 30, 2019, the WRS recognized \$4,497,508 in contributions from the employer.

Contribution rates as of June 30, 2019 are:

	<u>Employee</u>	<u>Employer</u>
General (including teachers)	6.55%	6.55%

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 5 OTHER INFORMATION (CONTINUED)

A. Wisconsin Retirement System Pension Plan Benefits (Continued)

General Information about the Pension Plan (Continued)

Post-Retirement Adjustments. The Employee Trust Funds Board may periodically adjust annuity payments from the retirement system based on annual investment performance in accordance with s. 40.27, Wis. Stat. An increase (or decrease) in annuity payments may result when investment gains (losses), together with other actuarial experience factors, create a surplus (shortfall) in the reserves, as determined by the system's consulting actuary. Annuity increases are not based on cost of living or other similar factors. For Core annuities, decreases may be applied only to previously granted increases. By law, Core annuities cannot be reduced to an amount below the original, guaranteed amount (the "floor") set at retirement. The Core and Variable annuity adjustments granted during recent years are as follows:

Year	Core Fund Adjustment	Variable Fund Adjustment
2009	(2.1)	(42.0)
2010	(1.3)	22.0
2011	(1.2)	11.0
2012	(7.0)	(7.0)
2013	(9.6)	9.0
2014	4.7	25.0
2015	2.9	2.0
2016	0.5	(5.0)
2017	2.0	4.0
2018	2.4	17.0

At June 30, 2019, the District reported a liability of \$15,753,409 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017 rolled forward to December 31, 2018. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2018, the District's proportion was 0.44279925 percent, which was an increase of 0.00530581 from its proportion measured as of December 31, 2017.

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 5 OTHER INFORMATION (CONTINUED)

A. Wisconsin Retirement System Pension Plan Benefits (Continued)

Pension Asset/Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2019, the District recognized pension expense of \$10,703,355. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 12,269,520	\$ 21,688,099
Changes of Assumptions	2,655,449	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	23,006,774	-
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	136,037	99,645
District Contributions Subsequent to the Measurement Date	2,243,015	-
Total	<u>\$ 40,310,795</u>	<u>\$ 21,787,744</u>

\$2,243,015 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	Pension Expense Amount
2020	\$ 5,949,335
2021	1,473,101
2022	2,569,521
2023	6,288,079

EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 5 OTHER INFORMATION (CONTINUED)

A. Wisconsin Retirement System Pension Plan Benefits (Continued)

Pension Asset/Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Actuarial assumptions. The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2017
Measurement Date of Net Pension Liability (Asset):	December 31, 2018
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	7.0%
Discount Rate:	7.0%
Inflation:	3.0%
Salary Increases:	0.1% to 5.6% including inflation WRS experience projected to
Mortality:	2018 with scale BB
Post-retirement Adjustments*:	1.9%

*No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 1.9% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. Based on this experience study, actuarial assumptions used to measure the Total Pension Liability changed from prior year, including the discount rate, long-term expected rate of return, post-retirement adjustment, wage inflation rate, mortality and separation rates. The Total Pension Liability for December 31, 2018 is based upon a roll-forward of the liability calculated from the December 31, 2017 actuarial valuation.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following tables:

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 5 OTHER INFORMATION (CONTINUED)

A. Wisconsin Retirement System Pension Plan Benefits (Continued)

**Pension Asset/Liability, Pension Expense, and Deferred Outflows of Resources and
Deferred Inflows of Resources Related to Pensions (Continued)**

Asset Class	Core Asset Allocation	
	Asset Allocation	Long-Term Expected Real Rate of Return
Global Equity	49%	5.5%
Fixed Income	24.5%	1.5%
Inflation Sensitive Assets	15.5%	1.3%
Real Estate	9%	3.9%
Private Equity/Debt	8%	6.7%
Multi-Asset	4%	4.1%
Cash	-10%	0.9%
Totals	100%	

Asset Class	Variable Asset Allocation	
	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	70%	5.0%
International Equity	30%	5.9%
Totals	100%	

Discount rate. A single discount rate of 7.00% was used to measure the Total Pension Liability, as opposed to a discount rate of 7.20% for the prior year. This single discount rate is based on the expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.71%. Because of the unique structure of WRS, the 7.00% expected rate of return implies that a dividend of approximately 1.9% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 5 OTHER INFORMATION (CONTINUED)

A. Wisconsin Retirement System Pension Plan Benefits (Continued)

Pension Asset/Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Sensitivity of the District's proportionate share of the net pension liability (asset) to changes in the discount rate. The following presents the District's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.0 percent, as well as what the District's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0 percent) or 1-percentage-point higher (8.0 percent) than the current rate:

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 62,605,698	\$ 15,753,409	\$ (19,084,901)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <http://etf.wi.gov/publications/cafr.htm>.

B. Vested Employee Benefits

The District's policy on allowing accumulated leave benefits to vest is based upon individual contracts. Accumulated benefits are recorded as an expenditure in the fund financial statements in the year used. The District's liability in the government-wide financial statements for vested employee benefits at June 30, 2019 was estimated at \$302,354.

C. Other Postemployment Benefit Plan – Single-Employer Plan

Single-Employer Plan Description

The District offers a single-employer defined benefit retirement plan. The District provides these health insurance benefits to certain employees according to negotiated agreements. The amounts vary based on age, years of service, and classification of employees. At June 30, 2019, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefit payments	212
Inactive plan members entitled to but not yet receiving benefit payments	48
Active plan members	1,330
	<u>1,590</u>

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 5 OTHER INFORMATION (CONTINUED)

C. Other Postemployment Benefit Plan (Continued)

Single-Employer Plan Description (Continued)

Investments

Investment policy. The Eau Claire Area School District's board policy in regard to the allocation of invested assets is established and may be amended by the School Board by a majority vote of its members. It is the policy of the School Board that all investments shall be made and administered in compliance with legal requirements, sections 25.50, 34.05, 34.08, 66.06.07, 120.11(3), 120.12(7), 120.16(5) Wisconsin State Statutes and other regulatory authorities. All trust fund assets were held in institutional government securities trust money market funds.

Rate of Return. For the year ended June 30, 2019, the annual money-weighted rate of return, net of investment expense, was 0.98 percent.

The plan does not issue a stand-alone report.

Net OPEB Liability

Total OPEB Liability - Ending (a)	\$ 78,505,302
Plan Fiduciary Net Position - Ending (b)	<u>5,055,764</u>
District's Net OPEB Liability - Ending (a) - (b)	<u>\$ 73,449,538</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	6.44%

The District's total OPEB liability for June 30, 2019 is based upon a roll-forward of the liability calculated from the June 30, 2017 actuarial valuation.

Actuarial Assumptions

The total OPEB liability for June 30, 2019, was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level \$
Remaining Amortization Period	30 Years
Asset Valuation Method	Market Value
Inflation	2.5 Percent
Salary Increases	3.0 Percent, Average, Including Inflation
Investment Rate of Return	3.75 Percent
Discount Rate	3.50 Percent
Retirement Age	Early Retirement - Age 55 years
	Regular Retirement - Age 57 years (30 or more years of services)
Mortality	Wisconsin 2012 Mortality Table
	4.31% in the first year, 7.00% in the second year decreasing by
	0.5% in the third year to 6.50%, then decreasing by 0.1% to 5.0%
Healthcare Cost Trend Rates	and level thereafter

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 5 OTHER INFORMATION (CONTINUED)

C. Other Postemployment Benefit Plan (Continued)

Net OPEB Liability (Continued)

Actuarial Assumptions (Continued)

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Discount Rate

The discount rate used to measure the total OPEB liability was 3.50 percent. The projection of cash flows used to determine the discount rate assumed that District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. Further, the discount rate was determined by looking at actual investment returns for the last three years and take the rounded average, therefore a discount rate of 3.50 percent was used in calculating the District's OPEB liabilities.

Changes in the Net OPEB Liability

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a-b)
Balances at June 30, 2018	\$ 77,954,788	\$ 4,352,229	\$ 73,602,559
Changes for the year:			
Service Cost	3,103,092	-	3,103,092
Interest	2,859,600	-	2,859,600
Changes of Assumptions or Other Input	1,088,486	-	1,088,486
Contributions - Employer	-	7,166,333	(7,166,333)
Net Investment Income	-	45,946	(45,946)
Benefit Payments	(6,500,664)	(6,500,664)	-
Administrative Expense	-	(6,080)	6,080
Adjustment	-	(2,000)	2,000
Net Changes	550,514	703,535	(153,021)
Balances at June 30, 2019	\$ 78,505,302	\$ 5,055,764	\$ 73,449,538

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 5 OTHER INFORMATION (CONTINUED)

C. Other Postemployment Benefit Plan (Continued)

Changes in the Net OPEB Liability (Continued)

Sensitivity of the net OPEB liability to changes in the discount rate

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50 percent) or 1-percentage-point higher (4.50 percent) than the current discount rate:

	1% Decrease 2.50%	Current Discount Rate 3.50%	1% Increase 4.50%
Total OPEB Liability	\$ 82,926,549	\$ 78,505,302	\$ 74,199,805
Fiduciary Net Position	5,055,764	5,055,764	5,055,764
Net OPEB Liability	<u>\$ 77,870,785</u>	<u>\$ 73,449,538</u>	<u>\$ 69,144,041</u>

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (6.0 percent decreasing to 4.0 percent) or 1-percentage-point higher (8.0 percent decreasing to 6.0 percent) than the current healthcare cost trend rates:

	1% Decrease (3.31% in the first year, then 6.0% in the second year decreasing to 4.00%)	Healthcare Cost Trend Rates (4.31% in the first year, then 7.0% in the second year decreasing to 5.00%)	1% Increase (5.31% in the first year, then 8.0% in the second year decreasing to 6.00%)
Total OPEB Liability	\$ 71,600,487	\$ 78,505,302	\$ 86,298,201
Fiduciary Net Position	5,055,764	5,055,764	5,055,764
Net OPEB Liability	<u>\$ 66,544,723</u>	<u>\$ 73,449,538</u>	<u>\$ 81,242,437</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2019, the District recognized OPEB expense of \$6,173,206 and reported the following deferred outflows of resources and deferred inflows of resources related to OPEB:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 1,828,133	\$ -
Changes of Assumptions or Other Input	979,637	54,302
Net Difference Between Projected and Actual Earnings on OPEB Investments	168,221	-
Total	<u>\$ 2,975,991</u>	<u>\$ 54,302</u>

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 5 OTHER INFORMATION (CONTINUED)

C. Other Postemployment Benefit Plan (Continued)

Changes in the Net OPEB Liability (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

The above amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEBs will be recognized in OPEB expense as follows:

<u>Year Ended June 30:</u>	OPEB Expense Amount
2020	\$ 378,010
2021	378,010
2022	378,010
2023	356,504
2024	330,578
Thereafter	1,100,577

D. Supplemental Pension Plan

Plan Description

The District offers a single-employer defined benefit supplemental retirement plan to certain employees wherein the retiree receives a monthly stipend for a period of 60 months. The District provides these stipends according to negotiated agreements. The amounts vary based on age, years of service, and classification of employees. At June 30, 2019, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefit payments	30
Inactive plan members entitled to but not yet receiving benefit payments	-
Active plan members	398
	<u>428</u>

Investments

Investment policy. The Eau Claire Area School District's board policy in regard to the allocation of invested assets is established and may be amended by the School Board by a majority vote of its members. It is the policy of the School Board that all investments shall be made and administered in compliance with legal requirements, sections 25.50, 34.05, 34.08, 66.06.07, 120.11(3), 120.12(7), 120.16(5) Wisconsin State Statutes and other regulatory authorities. All trust fund assets were held in institutional government securities trust money market funds.

Rate of Return. For the year ended June 30, 2019, the annual money-weighted rate of return, net of investment expense, was 0.98 percent.

The plan does not issue a stand-alone report.

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 5 OTHER INFORMATION (CONTINUED)

D. Supplemental Pension Plan (Continued)

Contributions

The District funds its pension liability through a separate employee trust fund. For fiscal year 2019, the District contributed an estimated \$251,115 to the plan.

Net Pension Liability

Total Pension Liability - Ending (a)	\$ 2,750,403
Plan Fiduciary Net Position - Ending (b)	420,970
District's Net Pension Liability - Ending (a) - (b)	<u>\$ 2,329,433</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	15.31%

The District's net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017, rolled forward to June 30, 2019.

Actuarial assumptions. The total pension liability for June 30, 2019, was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level \$
Remaining Amortization Period	30 Years
Asset Valuation Method	Market Value
Inflation	2.5 Percent
Salary Increases	3.0 Percent, Average, Including Inflation
Investment Rate of Return	3.75 Percent
Discount Rate	3.50 Percent
Retirement Age	Early Retirement - Age 55 years Regular Retirement - Age 57 years (30 or more years of service)
Mortality Assumptions	Wisconsin 2012 Mortality Table

The long-term expected rate of return on pension plan investments was determined based on the 20-year AA municipal bond rate as published by the Federal Reserve as of the week of the measurement date. Given this information and based upon the actuary's determination that the level of asset in the District's trust will remain sufficient to pay future retiree benefits, the District determined a 3.75 percent long-term expected rate of return to be reasonable for valuation purposes.

Discount Rate

The discount rate used to measure the total pension liability was 3.50 percent. This discount rate was determined by using a split interest rate based on the estimated investment return on the irrevocable trust for the funded portion of liabilities and the estimated 20-year AA-rated municipal bonds for the unfunded portion of liabilities.

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 5 OTHER INFORMATION (CONTINUED)

D. Supplemental Pension Plan (Continued)

Changes in the Net Pension Liability

	Total Pension Liability	Fiduciary Net Position	Net Pension Liability
Balances at Beginning of Year	\$ 2,762,122	\$ 417,149	\$ 2,344,973
Changes for the Year:			
Service Cost	92,607	-	92,607
Interest	100,608	-	100,608
Changes of assumptions or other input	46,180	-	46,180
Contributions - Employer	-	251,114	(251,114)
Net Investment Income	-	4,404	(4,404)
Benefit Payments	(251,114)	(251,114)	-
Administrative Expense	-	(583)	583
Net Changes	<u>(11,719)</u>	<u>3,821</u>	<u>(15,540)</u>
Balances at End of Year	<u>\$ 2,750,403</u>	<u>\$ 420,970</u>	<u>\$ 2,329,433</u>

Sensitivity of the net pension liability to changes in the discount rate. The following table presents the net pension liability of the District, calculated using the discount rate of 3.50%, as well as what the District's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (2.50%) or one percentage point higher (4.50% than the current rate):

	1% Decrease 2.50%	Current Discount Rate 3.50%	1% Increase 4.50%
Total Pension Liability	\$ 2,941,761	\$ 2,750,403	\$ 2,569,692
Fiduciary Net Position	420,970	420,970	420,970
Net Pension Liability	<u>\$ 2,520,791</u>	<u>\$ 2,329,433</u>	<u>\$ 2,148,722</u>

EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 5 OTHER INFORMATION (CONTINUED)

D. Supplemental Pension Plan (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2019, the District recognized pension expense of \$157,165. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources as related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 188,590	\$ 305,577
Changes of Assumptions	126,742	166,492
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	23,843	-
Total	<u>\$ 339,175</u>	<u>\$ 472,069</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30:</u>	Pension Expense Amount
2020	\$ (23,487)
2021	(26,212)
2022	(29,070)
2023	(31,212)
2024	(33,456)
Thereafter	10,543

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 5 OTHER INFORMATION (CONTINUED)

E. Other Postemployment Benefits – Multiple Employer Plan

Plan Description. The LRLIF is a multiple-employer defined benefit OPEB plan. LRLIF benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. The Wisconsin Department of Employee Trust Funds (ETF) and the Group Insurance Board have statutory authority for program administration and oversight. The plan provides post-employment life insurance benefits for all eligible employees.

Benefits Provided. The LRLIF plan provides fully paid up life insurance benefits for post-age 64 retired employees and pre-65 retirees who pay for their coverage.

Contributions. The Group Insurance Board approves contribution rates annually, based on recommendations from the insurance carrier. Recommended rates are based on an annual valuation, taking into consideration an estimate of the present value of future benefits and the present value of future contributions. A portion of employer contributions made during a member's working lifetime funds a post-retirement benefit.

Employers are required to pay the following contributions based on employee contributions for active members to provide them with Basic Coverage after age 65. There are no employer contributions required for pre-age 65 annuitant coverage. If a member retires prior to age 65, they must continue paying the employee premiums until age 65 in order to be eligible for the benefit after age 65.

Contribution rates as of June 30, 2019 are:

<u>Coverage Type</u>	<u>Employer Contribution</u>
50% Post Retirement Coverage	40% of employee contribution
25% Post Retirement Coverage	20% of employee contribution

Employee contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating employees must pay monthly contribution rates per \$1,000 of coverage until the age of 65 (age 70 if active). The employee contribution rates in effect for the year ended December 31, 2018 are:

<u>Attained Age</u>	<u>Basic</u>
Under 30	\$ 0.05
30-34	0.06
35-39	0.07
40-44	0.08
45-49	0.12
50-54	0.22
55-59	0.39
60-64	0.49
65-69	0.57

During the reporting period, the LRLIF recognized \$22,279 in contributions from the District.

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 5 OTHER INFORMATION (CONTINUED)

E. Other Postemployment Benefits – Multiple Employer Plan (Continued)

OPEB Liabilities/Assets, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs

At June 30, 2019, the District reported a liability of \$2,971,135 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2017 and rolled forward to December 31, 2018. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net OPEB liability was based on the District's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2018, the District's proportion was 1.151452 percent, which was an increase of 0.014878 from its proportion measured as of December 31, 2017.

For the year ended June 30, 2019, the District recognized OPEB expense of \$308,868. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ 150,723
Changes of Assumptions	283,492	644,024
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	71,005	-
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	79,271	-
District Contributions Subsequent to the Measurement Date	11,054	-
Total	<u>\$ 444,822</u>	<u>\$ 794,747</u>

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 5 OTHER INFORMATION (CONTINUED)

E. Other Postemployment Benefits – Multiple Employer Plan (Continued)

OPEB Liabilities/Assets, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs (Continued)

\$11,054 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction to the net OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEBs will be recognized in OPEB expense as follows:

<u>Year Ended June 30:</u>	<u>OPEB Expense Amount</u>
2020	\$ (44,774)
2021	(44,774)
2022	(44,774)
2023	(54,747)
2024	(65,019)
Thereafter	(106,891)

Actuarial assumptions. The total OPEB liability in the January 1, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	January 1, 2018
Measurement Date of Net OPEB Liability (Asset)	December 31, 2018
Actuarial Cost Method	Entry Age Normal
20 Year Tax-Exempt Municipal Bond Yield	4.1%
Long-Term Expected Rate of Return	5.0%
Discount Rate	4.22%
Salary Increases:	
Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality	Wisconsin 2018 Mortality Table

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. Based on this experience study, actuarial assumptions used to measure the Total OPEB Liability changed from prior year, including the discount rate, wage inflation rate, mortality and separation rates. The Total OPEB Liability for December 31, 2018 is based upon a roll-forward of the liability calculated from the December 31, 2017 actuarial valuation.

EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 5 OTHER INFORMATION (CONTINUED)

E. Other Postemployment Benefits – Multiple Employer Plan (Continued)

OPEB Liabilities/Assets, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs (Continued)

Long-term expected Return on Plan Assets. The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. Investments for the LRLIF are held with Securian, the insurance carrier. Interest is calculated and credited to the LRLIF based on the rate of return for a segment of the insurance carriers' general fund, specifically 10-year A- Bonds (as a proxy, and not tied to any specific investments). The overall aggregate interest rate is calculated using a tiered approach based on the year the funds were originally invested and the rate of return for that year. Investment interest is credited based on the aggregate rate of return and assets are not adjusted to fair market value. Furthermore, the insurance carrier guarantees the principal amounts of the reserves, including all interest previously credited thereto.

Asset Class	Index	Target Allocation	Long-Term Expected Geometric Real Rate of Return
U.S. Government Bonds	Barclays Government	1%	1.44%
U.S. Credit Bonds	Barclays Credit	40%	2.69%
U.S. Long Credit Bonds	Barclays Long Credit	4%	3.01%
U.S. Mortgages	Barclays MBS	54%	2.25%
U.S. Municipal Bonds	Bloomberg Barclays Muni	1%	1.68%
Inflation			2.30%
Long-Term Expected Rate of Return			5.00%

Single Discount rate. A single discount rate of 4.22% was used to measure the Total OPEB Liability for the current year, as opposed to a discount rate of 3.63% for the prior year. The Plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the Total OPEB Liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payment to the extent that the plan's fiduciary net position is projected to be insufficient. The plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through December 31, 2036.

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 5 OTHER INFORMATION (CONTINUED)

E. Other Postemployment Benefits – Multiple Employer Plan (Continued)

OPEB Liabilities/Assets, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs (Continued)

Sensitivity of the District's proportionate share of the net OPEB liability (asset) to changes in the discount rate. The following presents the District's proportionate share of the net OPEB liability (asset) calculated using the discount rate of 4.22 percent, as well as what the District's proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (3.22 percent) or 1-percentage-point higher (5.22 percent) than the current rate:

	1% Decrease (3.22%)	Current Discount Rate (4.22%)	1% Increase (5.22%)
District's Proportionate Share of the Net OPEB Liability (Asset)	\$ 4,226,636	\$ 2,971,135	\$ 2,002,801

OPEB plan fiduciary net position. Detailed information about the OPEB plan's fiduciary net position is available in separately issued financial statements available at <http://etf.wi.gov/publications/cafr.htm>.

F. Limitation on School District Revenues

Wisconsin statutes limit the amount of revenues school districts may derive from general school aids and property taxes. The annual revenue increase from these sources is based on pupil count and is limited to the amount approved by legislative action unless a higher amount has been approved by a referendum. The State also placed a limit on the decrease in the annual revenue cap due to declining enrollments. The State further allows an exemption equal to 75% of the prior year unused allowable revenue.

This limitation does not apply to revenues needed for payment of any general obligation debt service (including refinanced debt) authorized by either of the following:

- A resolution of the school board or by a referendum prior to August 12, 1993.
- A referendum on or after August 12, 1993.

G. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. There were no significant reductions in coverage during the past fiscal year and settled claims have not exceeded commercial coverage in any of the past three years.

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 5 OTHER INFORMATION (CONTINUED)

H. Self-Funded Dental Insurance

The District established a self-funded dental plan for its employees. The Plan Administrator, Delta Dental ("Administrator"), is responsible for the approval, processing and payment of claims. The District is also responsible for a monthly administrative fee. The Plan reports on a fiscal year ending June 30. Accounting and budgeting requirements of the Plan are established by the Wisconsin Department of Public Instruction. Currently the Plan is accounted for in the general fund of the District.

Changes in claims liability amount for the last three fiscal years, were as follows:

	Claims Payable July 1	Claims and Changes in Estimates	Claims Payments	Claims Payable June 30
Year Ended June 30, 2019	\$ 134,341	\$ 1,963,615	\$ (1,965,184)	\$ 132,772
Year Ended June 30, 2018	135,750	1,980,878	(1,982,287)	134,341
Year Ended June 30, 2017	135,569	1,980,930	(1,980,749)	135,750

The claims liability reported above are based upon the requirements of the Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the basic financial statement indicated that it is probable that a liability has been incurred at the date of the basic financial statements and the amount of the loss can be reasonably estimated.

I. Contingencies

From time to time, the District is party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and the District's legal advisors that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the District's financial position or results of operations.

J. Contract Commitments

The District has various contracts outstanding for buildings and grounds maintenance projects. The District's total remaining commitment under these contracts at June 30, 2019 is \$2,567,442.

EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 5 OTHER INFORMATION (CONTINUED)

K. Reconciliation Between GAAP Reporting and Department of Public Instruction (DPI) Reporting

During the year, the District had unrealized losses on investments. GAAP requires this to be recorded, whereas unrealized losses are not to be recorded for DPI purposes. The following is a reconciliation between GAAP and DPI reporting:

Reconciliation of GAAP Capital Projects Fund Net Change in Fund Balance to DPI

Regulatory Net Change in Fund Balance:

Net Change in Fund Balance According to GAAP	\$ (9,166,510)
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Addition:

Net Decrease in Fair Value of Investments	<u>(81,162)</u>
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Net Change in Fund Balance According to DPI Regulatory Requirements	<u><u>\$ (9,247,672)</u></u>
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REQUIRED SUPPLEMENTARY INFORMATION

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Local	\$ 53,552,751	\$ 53,561,436	\$ 53,508,263	\$ (53,173)
Interdistrict	2,387,974	2,387,974	2,373,003	(14,971)
Intermediate	72,242	96,550	94,583	(1,967)
State	71,512,374	72,181,876	72,433,848	251,972
Federal	2,024,862	2,592,632	3,171,588	578,956
Other	852,632	852,632	1,554,664	702,032
Total Revenues	130,402,835	131,673,100	133,135,949	1,462,849
EXPENDITURES:				
Instruction:				
Regular Instruction	50,220,094	50,944,449	50,107,938	836,511
Vocational Instruction	3,335,612	3,346,217	3,271,966	74,251
Special Instruction	3,218,499	3,221,770	3,080,844	140,926
Other Instruction	5,233,966	5,306,655	5,185,785	120,870
Total Instruction	62,008,171	62,819,091	61,646,533	1,172,558
Support Services:				
Pupil Services	4,669,938	4,671,811	4,593,662	78,149
Instructional Staff Services	5,620,844	6,166,792	5,709,063	457,729
General Administration	875,205	875,205	872,590	2,615
Building Administration	6,836,405	6,764,253	6,609,481	154,772
Business Services	18,890,464	19,489,993	18,936,943	553,050
Central Services	7,313,931	1,630,916	1,450,835	180,081
Insurance and Judgments	973,926	973,926	973,341	585
Debt Service:				
Interest	85,000	85,000	33,126	51,874
Paying Agent Fees	2,375	2,375	2,850	(475)
Other Support Services	165,097	5,228,833	4,677,894	550,939
Total Support Services	45,433,185	45,889,104	43,859,785	2,029,319
Non-Program:				
Purchased Instructional Services	8,810,292	8,813,718	8,817,040	(3,322)
Other Non-Program Transactions	-	-	40,193	(40,193)
Total Non-Program	8,810,292	8,813,718	8,857,233	(43,515)
Total Expenditures	116,251,648	117,521,913	114,363,551	3,158,362
EXCESS OF REVENUES OVER EXPENDITURES	14,151,187	14,151,187	18,772,398	4,621,211
OTHER FINANCING SOURCES (USES):				
Transfer to Special Education Fund	(17,334,007)	(17,334,007)	(16,411,858)	922,149
NET CHANGE IN FUND BALANCE	(3,182,820)	(3,182,820)	2,360,540	5,543,360
Fund Balance - Beginning of Year	25,362,383	25,362,383	25,362,383	-
FUND BALANCE - End of Year	<u>\$ 22,179,563</u>	<u>\$ 22,179,563</u>	<u>\$ 27,722,923</u>	<u>\$ 5,543,360</u>

See accompanying Notes to Required Supplementary Information.

EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF WISCONSIN RETIREMENT
SYSTEM NET PENSION PLAN LIABILITY (ASSET)
LAST TEN MEASUREMENT PERIODS
(SCHEDULE IS PRESENTED PROSPECTIVELY FROM IMPLEMENTATION)

Measurement Date: December 31,	2014	2015	2016	2017	2018
District's proportion of the net pension liability (asset)	0.44613091%	0.43140082%	0.43478900%	0.43749344%	0.44279925%
District's proportionate share of the net pension liability (asset)	\$ (10,958,196)	\$ 7,010,180	\$ 3,583,699	\$ (12,989,699)	\$ 15,753,409
District's covered payroll	\$ 61,246,881	\$ 60,363,684	\$ 63,072,217	\$ 66,354,053	\$ 67,848,614
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	17.89%	11.61%	5.68%	19.58%	23.22%
Plan fiduciary net position as a percentage of the total pension liability (asset)	102.74%	98.20%	99.12%	102.93%	96.45%

See accompanying Notes to Required Supplementary Information.

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
SCHEDULE OF DISTRICT'S CONTRIBUTIONS TO WISCONSIN
RETIREMENT SYSTEM PENSION PLAN
LAST TEN FISCAL YEARS
(SCHEDULE IS PRESENTED PROSPECTIVELY FROM IMPLEMENTATION)**

Fiscal Year Ended: June 30,	2015	2016	2017	2018	2019
Contractually Required Contribution	\$ 4,201,233	\$ 4,066,942	\$ 4,357,582	\$ 4,550,844	\$ 4,497,508
Contributions in Relation to the Contractually Required Contributions	(4,201,233)	(4,066,942)	(4,357,582)	(4,550,844)	(4,497,508)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 60,897,620	\$ 60,724,212	\$ 65,021,414	\$ 67,427,020	\$ 67,893,647
Contributions as a Percentage of Covered Payroll	6.90%	6.70%	6.70%	6.75%	6.62%

Changes of Benefit Terms. There were no changes of benefit terms for any participating employer in WRS.

Changes of Assumptions. Actuarial assumptions are based upon an experience study conducted in 2018 using experience from 2015 – 2017. Based on the experience study conducted in 2018, actuarial assumptions used to develop Total Pension Liability changed, including the discount rate, long-term expected rate of return, post-retirement adjustment, wage inflation rate, mortality and separation rates.

See accompanying Notes to Required Supplementary Information.

EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
SCHEDULE OF DISTRICT'S CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
LAST TEN FISCAL YEARS
(SCHEDULE IS PRESENTED PROSPECTIVELY FROM IMPLEMENTATION)

	2015	2016	2017	2018	2019
Total Pension Liability					
Service Cost	\$ 507,366	\$ 114,111	\$ 114,111	\$ 121,617	\$ 92,607
Interest	504,170	477,691	95,030	91,451	100,608
Changes in Benefit Terms	-	(9,877,880)	-	-	-
Differences Between Expected and Actual Experience	-	(509,293)	-	242,474	-
Changes in Assumptions	-	(106,912)	117,826	(131,584)	46,180
Benefit Payments	(1,610,706)	(327,952)	(276,078)	(227,845)	(251,114)
Net Change in Total Pension Liability	(599,170)	(10,230,235)	50,889	96,113	(11,719)
Total Pension Liability - Beginning of the Year	13,444,525	12,845,355	2,615,120	2,666,009	2,762,122
Total Pension Liability - End of Year	12,845,355	2,615,120	2,666,009	2,762,122	2,750,403
 Plan Fiduciary Net Position					
Contributions - Employer	\$ 1,691,241	\$ 344,349	\$ 289,882	\$ 239,237	\$ 251,114
Net Investment Income	103	668	518	4,570	4,404
Benefit Payments	(1,610,706)	(327,952)	(276,078)	(227,845)	(251,114)
Administrative Expense	(2,182)	(2,276)	(1,122)	(649)	(583)
Net Change in Plan Fiduciary Net Position	78,456	14,789	13,200	15,313	3,821
Plan Fiduciary Net Position Beginning of Year	295,391	373,847	388,636	401,836	417,149
Plan Fiduciary Net Position - End of Year	373,847	388,636	401,836	417,149	420,970
 Net Pension Liability - End of Year	<u>\$ 12,471,508</u>	<u>\$ 2,226,484</u>	<u>\$ 2,264,173</u>	<u>\$ 2,344,973</u>	<u>\$ 2,329,433</u>
 Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	2.91%	14.86%	15.07%	15.10%	15.31%
 District's Covered Payroll	\$ 32,491,403	\$ 27,957,383	\$ 27,957,383	\$ 26,708,974	\$ 26,708,974
 Net Pension Liability as a Percentage of Covered Payroll	38.38%	7.96%	8.10%	8.78%	8.72%

See accompanying Notes to Required Supplementary Information.

EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
SCHEDULE OF DISTRICT'S CONTRIBUTIONS TO SUPPLEMENTAL PENSION PLAN
LAST TEN FISCAL YEARS
(SCHEDULE IS PRESENTED PROSPECTIVELY FROM IMPLEMENTATION)

	2015	2016	2017	2018	2019
Schedule of District Contributions					
Actuarially Determined Contribution	\$ 1,262,760	\$ 250,573	\$ 250,573	\$ 223,072	\$ 223,072
Contributions in Relation of the Actuarially Determined Contribution	1,691,241	344,349	289,882	239,237	251,114
Contribution Deficiency (Excess)	<u>\$ (428,481)</u>	<u>\$ (93,776)</u>	<u>\$ (39,309)</u>	<u>\$ (16,165)</u>	<u>\$ (28,042)</u>
District's Covered Payroll	\$ 32,491,403	\$ 27,957,383	\$ 27,957,383	\$ 26,708,974	\$ 26,708,974
Contributions as a Percentage of Covered Payroll	5.21%	1.23%	1.04%	0.90%	0.94%

Changes of Benefit Terms.

None

Changes of Assumptions. The discount rate changed from 3.75% to 3.50%.

See accompanying Notes to Required Supplementary Information.

EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
SCHEDULE OF CHANGES IN THE DISTRICT'S OPEB LIABILITY AND RELATED RATIOS
LAST TEN FISCAL YEARS
(SCHEDULE IS PRESENTED PROSPECTIVELY FROM IMPLEMENTATION)

	2017	2018	2019
Total OPEB Liability			
Service Cost	\$ 3,461,943	\$ 3,461,943	\$ 3,103,092
Interest	2,630,746	2,613,503	2,859,600
Differences Between Expected and Actual Experience	-	2,285,167	-
Changes of Assumptions or Other Input	-	(67,878)	1,088,486
Benefit Payments	(6,613,794)	(6,556,952)	(6,500,664)
Net Change in Total OPEB Liability	(521,105)	1,735,783	550,514
Total OPEB Liability - Beginning	76,740,110	76,219,005	77,954,788
Total OPEB Liability - Ending (a)	76,219,005	77,954,788	78,505,302
Plan Fiduciary Net Position			
Contributions - Employer	\$ 7,221,315	\$ 7,254,737	\$ 7,166,333
Net Investment Income	4,023	41,162	45,946
Benefit Payments	(6,613,794)	(6,556,952)	(6,500,664)
Administrative Expense	(8,711)	(5,841)	(6,080)
Adjustment	-	-	(2,000)
Net Change in Plan Fiduciary Net Position	602,833	733,106	703,535
Plan Fiduciary Net Position - Beginning	3,016,290	3,619,123	4,352,229
Plan Fiduciary Net Position - Ending (b)	\$ 3,619,123	\$ 4,352,229	\$ 5,055,764
District's Net OPEB Liability - Ending (a) - (b)	\$ 72,599,882	\$ 73,602,559	\$ 73,449,538
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	4.75%	5.58%	6.44%
Covered Payroll	\$ 34,904,806	\$ 64,816,825	64,816,825
District's Net OPEB Liability as a Percentage of Covered Payroll	207.99%	113.55%	113.32%

See accompanying Notes to Required Supplementary Information.

EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
SCHEDULE OF DISTRICT'S CONTRIBUTIONS TO OPEB PLAN
LAST TEN FISCAL YEARS
(SCHEDULE IS PRESENTED PROSPECTIVELY FROM IMPLEMENTATION)

Schedule of District Contributions	<u>2017</u>	<u>2018</u>	<u>2019</u>
Actuarially Determined Contribution (ADC)	\$ 7,860,920	\$ 7,291,413	\$ 7,291,413
Contributions in Relation to the Actuarially Determined Contribution	<u>7,221,315</u>	<u>7,254,737</u>	<u>7,166,333</u>
Contribution Deficiency (Excess)	<u>\$ 639,605</u>	<u>\$ 36,676</u>	<u>\$ 125,080</u>
Covered Payroll	\$ 34,904,806	64,816,825	64,816,825
Contributions as a Percentage of Covered Payroll	20.69%	11.19%	11.06%

See accompanying Notes to Required Supplementary Information.

EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
SCHEDULE OF DISTRICT'S INVESTMENT RETURNS ON OPEB AND PENSION PLAN ASSETS
LAST TEN FISCAL YEARS
(SCHEDULE IS PRESENTED PROSPECTIVELY FROM IMPLEMENTATION)

Annual Money-Weighted Rate of Return,
Net of Investment Expense

Year

2017	0.12%
2018	1.03%
2019	0.98%

See accompanying Notes to Required Supplementary Information.

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
WISCONSIN LOCAL RETIREE LIFE INSURANCE FUND OPEB PLAN
LAST TEN MEASUREMENT PERIODS
(SCHEDULE IS PRESENTED PROSPECTIVELY FROM IMPLEMENTATION)**

Measurement Date: December 31,	<u>2017</u>	<u>2018</u>
District's proportion of the net OPEB liability (asset)	1.13657400%	1.15145200%
District's proportionate share of the net OPEB liability (asset)	\$ 3,419,474	\$ 2,971,135
District's covered-employee payroll	\$ 47,796,188	\$ 58,535,000
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	7.15%	5.08%
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	44.81%	48.69%

See accompanying Notes to Required Supplementary Information.

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
SCHEDULE OF DISTRICT'S CONTRIBUTIONS TO
WISCONSIN LOCAL RETIREE LIFE INSURANCE FUND OPEB PLAN
LAST TEN FISCAL YEARS
(SCHEDULE IS PRESENTED PROSPECTIVELY FROM IMPLEMENTATION)**

Fiscal Year Ended: June 30,	<u>2018</u>	<u>2019</u>
Contractually Required Contribution	\$ 22,017	\$ 22,279
Contributions in Relation to the Contractually Required Contributions	<u>(22,017)</u>	<u>(22,279)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
 District's Covered-Employee Payroll	 \$ 47,796,188	 \$ 58,535,000
 Contributions as a Percentage of Covered-Employee Payroll	 0.05%	 0.04%

Changes of Benefit Terms. There were no changes of benefit terms for any participating employer in LRLIF.

Changes of Assumptions. Actuarial assumptions are based upon an experience study conducted in 2018 using experience from 2015 – 2017. Based on the experience study conducted in 2018, actuarial assumptions used to develop Total OPEB Liability changed, including the discount rate, wage inflation rate, and mortality and separation rates.

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2019**

BUDGETARY INFORMATION

GASB Statement No. 34 requires the presentation of budgetary comparison schedules for the General Fund and for each major special revenue fund. Budgetary information for the general fund is derived from the District's annual operating budget.

Budgets are adopted each fiscal year for all funds in accordance with Section 65.90 of the Wisconsin Statutes, using the budgetary accounting basis prescribed by the Wisconsin Department of Public Instruction. The District's legally adopted budget and budgetary expenditure control is exercised at the function level in the general fund and at the fund level for all other funds. Reported budget amounts are as originally adopted or as amended by School Board resolution.

The District follows these procedures in establishing the budgetary data reflected in the financial statements.

- Based upon requests from District staff, District administration recommends budget proposals to the school board.
- The school board prepares a proposed budget including proposed expenditures and the means of financing them for the July 1 through June 30 fiscal year.
- A public notice is published containing a summary of the budget and identifying the time and place where public hearing will be held on the proposed budget.
- Pursuant to the public budget hearing, the school board may make alterations to the proposed budget.
- Once the school board (following the public hearing) adopts the budget, no changes may be made in the amount of the tax to be levied or in the amount of the various appropriations and the purposes of such appropriations unless authorized by a 2/3 vote of the entire school board.
- Appropriations lapse at year end unless authorized as a carryover by the school board.

Budget amounts in the financial statements include both original adopted and final budgets.

EXCESS OF EXPENDITURES OVER BUDGET

Comparisons of actual revenues and expenditures to budgeted amounts for the District's general fund and each major fund are presented as required supplementary information following the notes to the basic financial statements. Expenditures in excess of budgeted amounts at the legally adopted levels for each of these funds are shown in those schedules.

SUPPLEMENTARY INFORMATION

COMBINING AND INDIVIDUAL FUND STATEMENTS

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
COMBINING BUDGETARY COMPARISON SCHEDULE
FUND 10 AND FUND 27
YEAR ENDED JUNE 30, 2019**

	Original Budgets				Final Budgets				Actuals			
	Fund 10 General Fund	Fund 27 Special Education Fund	Eliminations	Combined	Fund 10 General Fund	Fund 27 Special Education Fund	Eliminations	Combined	Fund 10 General Fund	Fund 27 Special Education Fund	Eliminations	Combined
REVENUES												
Local	\$ 53,552,751	\$ -	\$ -	\$ 53,552,751	\$ 53,561,436	\$ -	\$ -	\$ 53,561,436	\$ 53,508,263	\$ -	\$ -	\$ 53,508,263
Interdistrict	2,387,974	156,778	-	2,544,752	2,387,974	156,778	-	2,544,752	2,373,003	231,462	-	2,604,465
Intermediate	72,242	-	-	72,242	96,550	-	-	96,550	94,583	3,877	-	98,460
State	71,512,374	5,293,792	-	76,806,166	72,181,876	5,293,792	-	77,475,668	72,433,848	5,136,474	-	77,570,322
Federal	2,024,862	2,856,187	-	4,881,049	2,592,632	2,833,972	-	5,426,604	3,171,588	2,472,419	-	5,644,007
Other	852,632	-	-	852,632	852,632	-	-	852,632	1,554,664	37	-	1,554,701
Total Revenues	130,402,835	8,306,757	-	138,709,592	131,673,100	8,284,542	-	139,957,642	133,135,949	7,844,269	-	140,980,218
EXPENDITURES:												
Instruction:												
Regular Instruction	50,220,094	-	-	50,220,094	50,944,449	-	-	50,944,449	50,107,938	-	-	50,107,938
Vocational Instruction	3,335,612	-	-	3,335,612	3,346,217	-	-	3,346,217	3,271,966	-	-	3,271,966
Special Instruction	3,218,499	20,559,245	-	23,777,744	3,221,770	20,487,434	-	23,709,204	3,080,844	19,279,377	-	22,360,221
Other Instruction	5,233,966	-	-	5,233,966	5,306,655	-	-	5,306,655	5,185,785	-	-	5,185,785
Total Instruction	62,008,171	20,559,245	-	82,567,416	62,819,091	20,487,434	-	83,306,525	61,646,533	19,279,377	-	80,925,910
Support Services:												
Pupil Services	4,669,938	2,468,252	-	7,138,190	4,671,811	2,476,592	-	7,148,403	4,593,662	2,422,793	-	7,016,455
Instructional Staff Services	5,620,844	426,013	-	6,046,857	6,166,792	447,374	-	6,614,166	5,709,063	413,507	-	6,122,570
General Administration	875,205	-	-	875,205	875,205	-	-	875,205	872,590	-	-	872,590
Building Administration	6,836,405	-	-	6,836,405	6,764,253	-	-	6,764,253	6,609,481	-	-	6,609,481
Business Services	18,890,464	1,101,785	-	19,992,249	19,489,993	1,121,015	-	20,611,008	18,936,943	977,193	-	19,914,136
Central Services	7,313,931	14,369	-	7,328,300	1,630,916	-	-	1,630,916	1,450,835	-	-	1,450,835
Insurance and Judgments	973,926	-	-	973,926	973,926	-	-	973,926	973,341	-	-	973,341
Debt Service:												
Interest	85,000	-	-	85,000	85,000	-	-	85,000	33,126	-	-	33,126
Paying Agent Fees	2,375	-	-	2,375	2,375	-	-	2,375	2,850	-	-	2,850
Other Support Services	165,097	-	-	165,097	5,228,833	14,369	-	5,243,202	4,677,894	15,750	-	4,693,644
Total Support Services	45,433,185	4,010,419	-	49,443,604	45,889,104	4,059,350	-	49,948,454	43,859,785	3,829,243	-	47,689,028
Non-Program:												
Purchased Instructional Services	8,810,292	1,062,981	-	9,873,273	8,813,718	1,063,646	-	9,877,364	8,817,040	1,139,354	-	9,956,394
Other Non-Program Transactions	-	8,119	-	8,119	-	8,119	-	8,119	40,193	8,153	-	48,346
Total Non-Program	8,810,292	1,071,100	-	9,881,392	8,813,718	1,071,765	-	9,885,483	8,857,233	1,147,507	-	10,004,740
Total Expenditures	116,251,648	25,640,764	-	141,892,412	117,521,913	25,618,549	-	143,140,462	114,363,551	24,256,127	-	138,619,678
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	14,151,187	(17,334,007)	-	(3,182,820)	14,151,187	(17,334,007)	-	(3,182,820)	18,772,398	(16,411,858)	-	2,360,540
OTHER FINANCING SOURCES (USES):												
Transfers In	-	17,334,007	(17,334,007)	-	-	17,334,007	(17,334,007)	-	-	16,411,858	(16,411,858)	-
Transfers Out	(17,334,007)	-	17,334,007	-	(17,334,007)	-	17,334,007	-	(16,411,858)	-	16,411,858	-
Total Other Financing Sources (Uses)	(17,334,007)	17,334,007	-	-	(17,334,007)	17,334,007	-	-	(16,411,858)	16,411,858	-	-
NET CHANGE IN FUND BALANCE	(3,182,820)	-	-	(3,182,820)	(3,182,820)	-	-	(3,182,820)	2,360,540	-	-	2,360,540
Fund Balance - Beginning of Year	25,362,383	-	-	25,362,383	25,362,383	-	-	25,362,383	25,362,383	-	-	25,362,383
FUND BALANCE - End of Year	<u>\$ 22,179,563</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,179,563</u>	<u>\$ 22,179,563</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,179,563</u>	<u>\$ 27,722,923</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,722,923</u>

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
BUDGETARY COMPARISON SCHEDULE
FUND 10
YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Local	\$ 53,552,751	\$ 53,561,436	\$ 53,508,263	\$ (53,173)
Interdistrict	2,387,974	2,387,974	2,373,003	(14,971)
Intermediate	72,242	96,550	94,583	(1,967)
State	71,512,374	72,181,876	72,433,848	251,972
Federal	2,024,862	2,592,632	3,171,588	578,956
Other	852,632	852,632	1,554,664	702,032
Total Revenues	130,402,835	131,673,100	133,135,949	1,462,849
EXPENDITURES:				
Instruction:				
Regular Instruction	50,220,094	50,944,449	50,107,938	836,511
Vocational Instruction	3,335,612	3,346,217	3,271,966	74,251
Special Instruction	3,218,499	3,221,770	3,080,844	140,926
Other Instruction	5,233,966	5,306,655	5,185,785	120,870
Total Instruction	62,008,171	62,819,091	61,646,533	1,172,558
Support Services:				
Pupil Services	4,669,938	4,671,811	4,593,662	78,149
Instructional Staff Services	5,620,844	6,166,792	5,709,063	457,729
General Administration	875,205	875,205	872,590	2,615
Building Administration	6,836,405	6,764,253	6,609,481	154,772
Business Services	18,890,464	19,489,993	18,936,943	553,050
Central Services	7,313,931	1,630,916	1,450,835	180,081
Insurance and Judgments	973,926	973,926	973,341	585
Debt Service:				
Interest	85,000	85,000	33,126	51,874
Paying Agent Fees	2,375	2,375	2,850	(475)
Other Support Services	165,097	5,228,833	4,677,894	550,939
Total Support Services	45,433,185	45,889,104	43,859,785	2,029,319
Non-Program:				
Purchased Instructional Services	8,810,292	8,813,718	8,817,040	(3,322)
Other Non-Program Transactions	-	-	40,193	(40,193)
Total Non-Program	8,810,292	8,813,718	8,857,233	(43,515)
Total Expenditures	116,251,648	117,521,913	114,363,551	3,158,362
EXCESS OF REVENUES OVER EXPENDITURES	14,151,187	14,151,187	18,772,398	4,621,211
OTHER FINANCING SOURCES (USES):				
Transfer to Special Education Fund	(17,334,007)	(17,334,007)	(16,411,858)	922,149
NET CHANGE IN FUND BALANCE	(3,182,820)	(3,182,820)	2,360,540	5,543,360
Fund Balance - Beginning of Year	25,362,383	25,362,383	25,362,383	-
FUND BALANCE - End of Year	<u>\$ 22,179,563</u>	<u>\$ 22,179,563</u>	<u>\$ 27,722,923</u>	<u>\$ 5,543,360</u>

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
BUDGETARY COMPARISON SCHEDULE
FUND 27
YEAR ENDING JUNE 30, 2019**

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Interdistrict Sources	\$ 156,778	\$ 156,778	\$ 231,462	\$ 74,684
Intermediate Sources	-	-	3,877	3,877
State Sources	5,293,792	5,293,792	5,136,474	(157,318)
Federal Sources	2,856,187	2,833,972	2,472,419	(361,553)
Other	-	-	37	37
Total Revenues	8,306,757	8,284,542	7,844,269	(440,273)
EXPENDITURES:				
Instruction:				
Special Instruction	20,559,245	20,487,434	19,279,377	1,208,057
Support Services:				
Pupil Services	2,468,252	2,476,592	2,422,793	53,799
Instructional Staff Services	426,013	447,374	413,507	33,867
Business Services	1,101,785	1,121,015	977,193	143,822
Other Support Services	14,369	14,369	15,750	(1,381)
Total Support Services	4,010,419	4,059,350	3,829,243	230,107
Non-Program:				
Purchased Instructional Services	1,062,981	1,063,646	1,139,354	(75,708)
Other Non-Program Transactions	8,119	8,119	8,153	(34)
Total Non-Program	1,071,100	1,071,765	1,147,507	(75,742)
Total Expenditures	25,640,764	25,618,549	24,256,127	1,362,422
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(17,334,007)	(17,334,007)	(16,411,858)	922,149
Transfer from General Fund	17,334,007	17,334,007	16,411,858	(922,149)
NET CHANGE IN FUND BALANCE	-	-	-	-
Fund Balance - Beginning of Year	-	-	-	-
FUND BALANCE - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2019**

	Special Revenue Funds				Totals
	Donations Fund	Other Special Projects	Food Service	Community Service	
ASSETS					
Cash and Investments	\$ 566,382	\$ -	\$ 1,987,955	\$ 2,171,870	\$ 4,726,207
Accounts Receivable	86,416	-	10,781	11,794	108,991
Due from Other Governments	250	331,201	368,348	-	699,799
Inventories and Prepaid Items	17,575	946	67,391	9,453	95,365
Total Assets	<u>\$ 670,623</u>	<u>\$ 332,147</u>	<u>\$ 2,434,475</u>	<u>\$ 2,193,117</u>	<u>\$ 5,630,362</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 50,816	\$ 9,783	\$ 6,576	\$ 151,728	\$ 218,903
Accrued Salaries and Withholding	1,739	33,259	89,621	6,163	130,782
Due to Other Funds	-	289,065	-	-	289,065
Other Deposits Payable	702	40	131	425	1,298
Unearned Revenue	2,170	-	186,957	46	189,173
Total Liabilities	<u>55,427</u>	<u>332,147</u>	<u>283,285</u>	<u>158,362</u>	<u>829,221</u>
Fund Balances:					
Nonspendable	17,575	946	67,391	9,453	95,365
Restricted	597,621	-	2,083,799	2,025,302	4,706,722
Unassigned	-	(946)	-	-	(946)
Total Fund Balances	<u>615,196</u>	<u>-</u>	<u>2,151,190</u>	<u>2,034,755</u>	<u>4,801,141</u>
Total Liabilities and Fund Balances	<u>\$ 670,623</u>	<u>\$ 332,147</u>	<u>\$ 2,434,475</u>	<u>\$ 2,193,117</u>	<u>\$ 5,630,362</u>

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES
YEAR ENDED JUNE 30, 2019**

	Special Revenue Funds				
	Donations Fund	Other Special Projects	Food Service	Community Service	Totals
REVENUES					
Local	\$ 1,386,674	\$ -	\$ 1,999,310	\$ 1,018,762	\$ 4,404,746
Intermediate	-	839,700	-	-	839,700
State	-	-	63,049	-	63,049
Federal	-	12,851	2,562,287	-	2,575,138
Other	19,905	-	1,250	-	21,155
Total Revenues	1,406,579	852,551	4,625,896	1,018,762	7,903,788
EXPENDITURES:					
Instruction:					
Regular Instruction	712,268	476,055	-	-	1,188,323
Other Instruction	61,513	-	-	-	61,513
Total Instruction	773,781	476,055	-	-	1,249,836
Support Services:					
Pupil Services	-	5,504	-	-	5,504
Instructional Staff Services	-	79,709	-	-	79,709
Business Services	586,538	288,647	152,019	89,127	1,116,331
Food Services	-	-	4,450,172	-	4,450,172
Insurance and Judgments	-	420	1,439	-	1,859
Community Services	-	-	-	890,931	890,931
Other Support Services	-	1,396	19,338	9,003	29,737
Total Support Services	586,538	375,676	4,622,968	989,061	6,574,243
Non-Program:					
Purchased Instructional Services	5,349	-	-	-	5,349
Other Non-Program Transactions	669	820	121	150	1,760
Total Non-Program	6,018	820	121	150	7,109
Total Expenditures	1,366,337	852,551	4,623,089	989,211	7,831,188
NET CHANGE IN FUND BALANCES	40,242	-	2,807	29,551	72,600
Fund Balances - Beginning of Year	574,954	-	2,148,383	2,005,204	4,728,541
FUND BALANCES - End of Year	<u>\$ 615,196</u>	<u>\$ -</u>	<u>\$ 2,151,190</u>	<u>\$ 2,034,755</u>	<u>\$ 4,801,141</u>

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
STUDENT ACTIVITY FUNDS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
YEAR ENDED JUNE 30, 2019**

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
ASSETS				
Cash and Investments	\$ 172,165	\$ 262,275	\$ 279,815	\$ 154,625
LIABILITIES				
High School	\$ 124,101	\$ 219,910	\$ 225,367	\$ 118,644
Middle School	48,064	42,365	54,448	35,981
Total Liabilities	\$ 172,165	\$ 262,275	\$ 279,815	\$ 154,625

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
CHARTER SCHOOL AUTHORIZER ANNUAL REPORT
YEAR ENDED JUNE 30, 2019**

SECTION I: AUTHORIZER INFORMATION

Authorizing Entity: Eau Claire Area School District
 Authorizer Address: 500 Main Street, Eau Claire, WI 54701
 Authorizer Contact Person: Abby Johnson
 Contact Person Title: Executive Director of Business Services
 Contact Person Phone: 715-852-3017
 Contact Person Email: ajohnson2@ecasd.us

SECTION II: CHARTER SCHOOL INFORMATION

Charter Schools Currently Under Contract:

School Name:	Contract	Contract	Grades
	Start Date:	Expiration Date:	Served:
Chippewa Valley Montessori	7/1/2015	6/30/2020	PK-5
McKinley Charter School	7/1/2019	6/30/2021	6-9

Charter Schools Currently Under Contract that have not Opened:

	Contract		
	Start Date:	Date School will Open:	
Eau Claire Virtual School, Inc	4/17/2019	7/1/2019	

SECTION III: ACADEMIC PERFORMANCE OF CHARTER SCHOOLS

Chippewa Valley Montessori

The Wisconsin Forward Exam provides the following information relevant to the performance of Montessori Charter school:

Pupil Achievement:

- Statewide assessment (i.e., Wisconsin Forward Reading and Math Exam given in grades 3rd through 5th and Wisconsin Forward Science and Social Studies Exam given in grade 4.)
- The percentage of students who have successfully completed the exam at CVMCS was 100%.

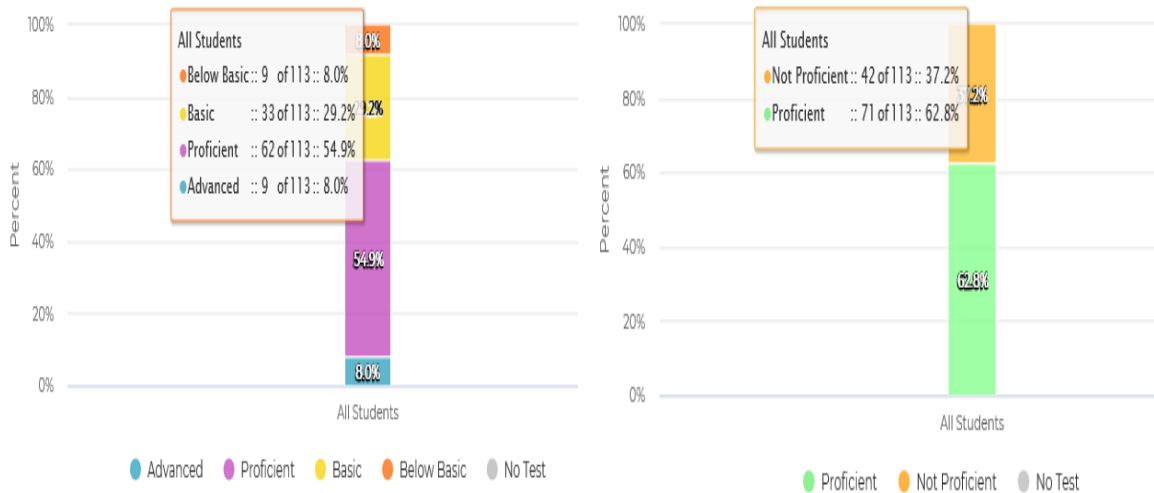
2018-19 Forward Exam Results												
Subject	Percentage of Students Proficient or Advanced											
	School				District				State			
	15-16	16-17	17-18	18-19	15-16	16-17	17-18	18-19	15-16	16-17	17-18	18-19
ELA	58.2%	58.7%	61.2%	62.8%	46.8%	49.2%	45.5%	43.6%	43.5%	45.2%	43.1%	41.5%
Mathematics	55.7%	55.6%	55.4%	62.8%	50.4%	50.9%	49.7%	48.2%	43.3%	43.5%	44.5%	44.0%
Social Studies	85.4%	75.0%	80.0%	78.4%	61.4%	58.2%	58.5%	55.5%	51.0%	50.8%	51.8%	50.2%
Science	82.9%	70.5%	72.5%	78.4%	57.4%	56.4%	59.1%	62.1%	51.2%	50.2%	50.5%	54.0%

In 2018-2019 CVMCS had a higher percentage of students at proficient and advanced than the state in all 4 subject areas (reading, math, science, social studies).

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
CHARTER SCHOOL AUTHORIZER ANNUAL REPORT
YEAR ENDED JUNE 30, 2019**

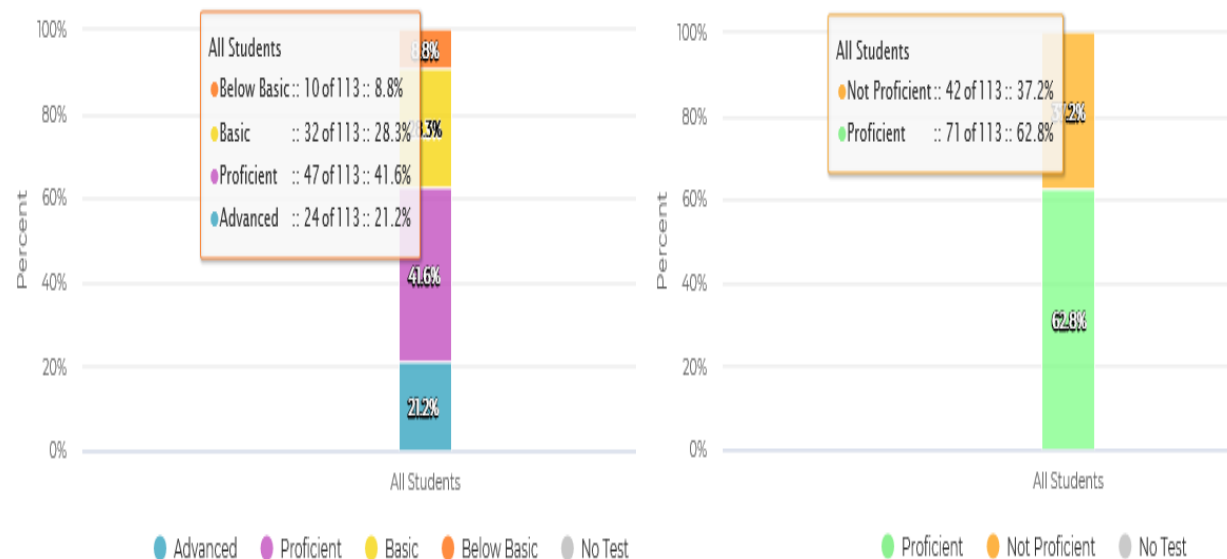
ELA Forward Exam

113 students were tested in 2018-19.



Mathematics Forward Exam

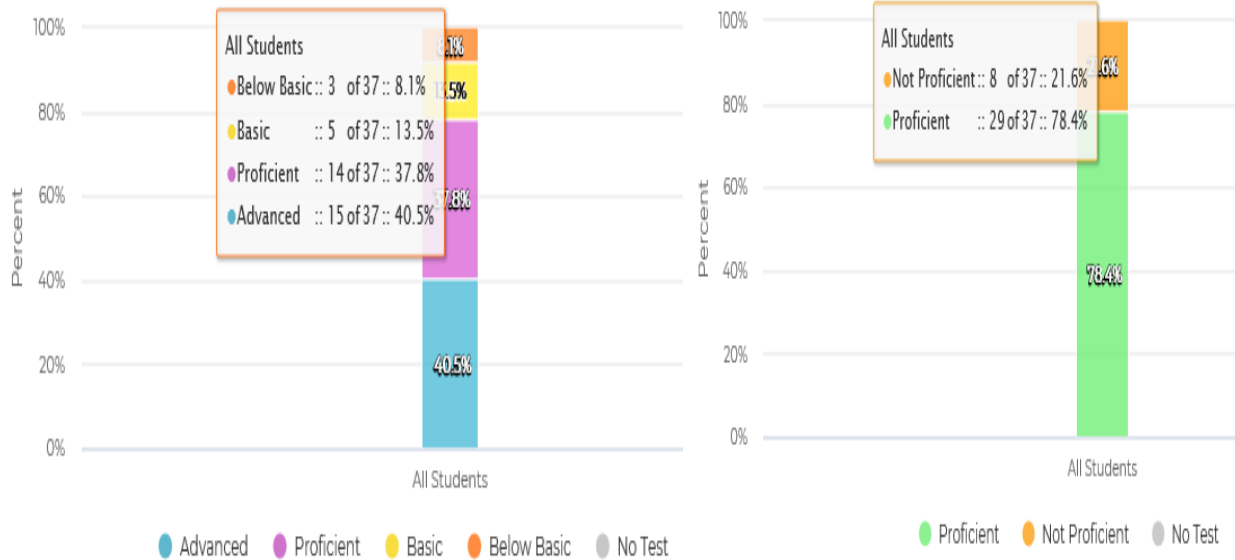
113 students were tested in 2018-19.



**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
CHARTER SCHOOL AUTHORIZER ANNUAL REPORT
YEAR ENDED JUNE 30, 2019**

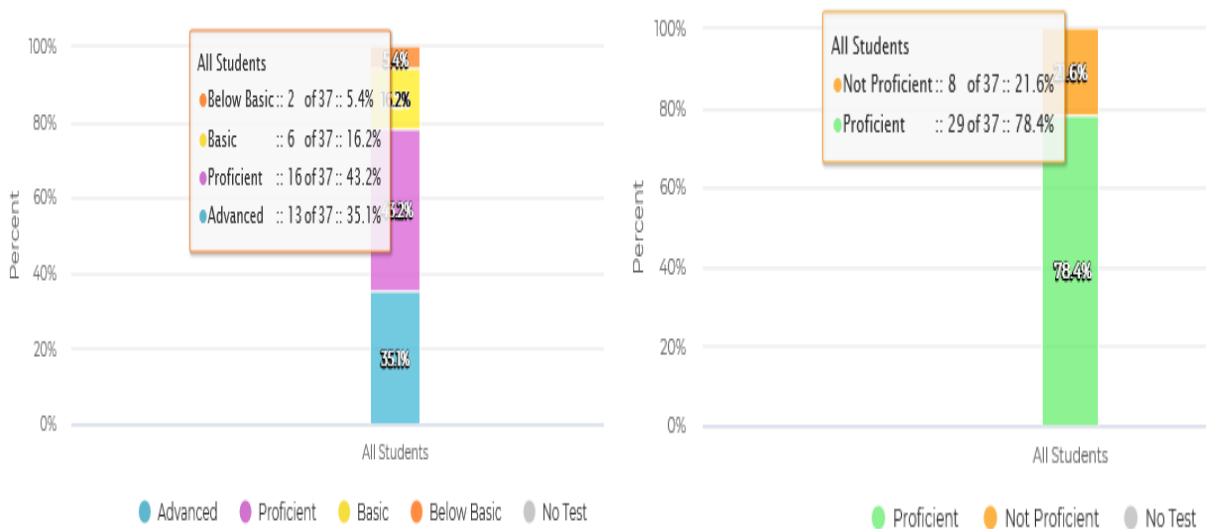
Social Studies Forward Exam

37 students were tested in 2018-19.



Science Forward Exam

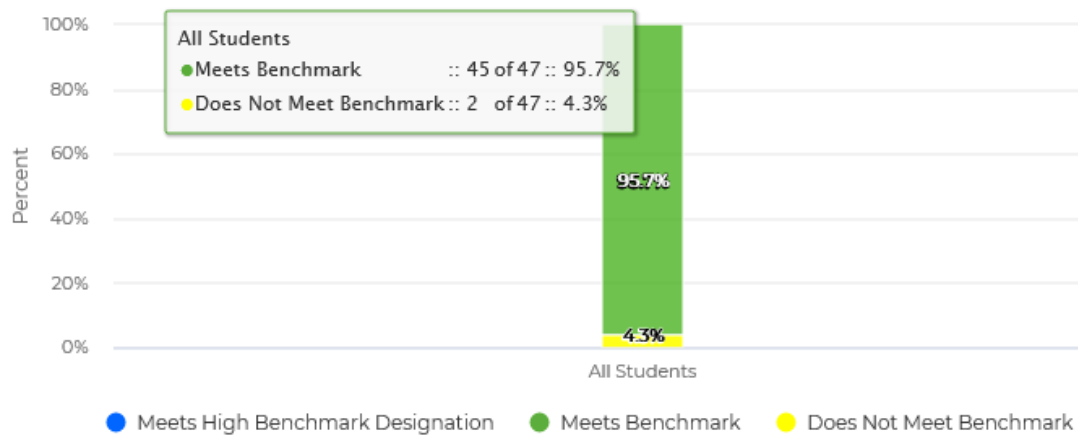
37 students were tested in 2018-19.



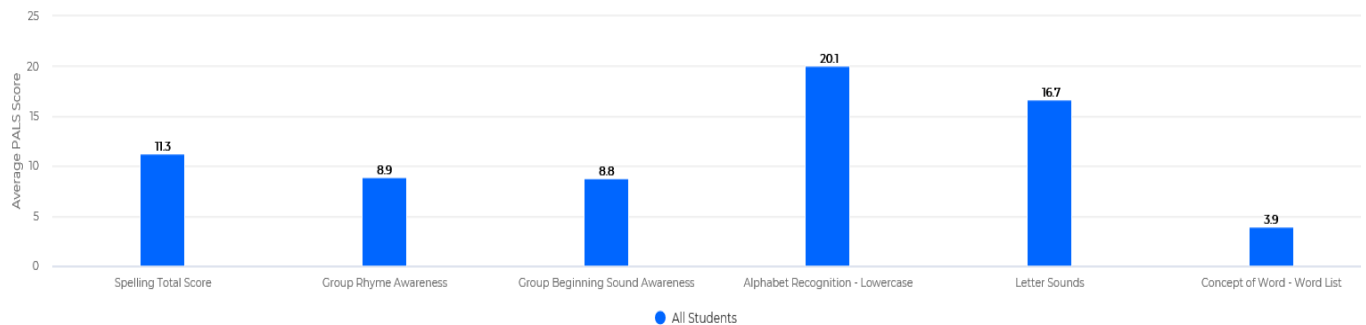
**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
CHARTER SCHOOL AUTHORIZER ANNUAL REPORT
YEAR ENDED JUNE 30, 2019**

PALS Kindergarten

47 students were tested in 2018-19.



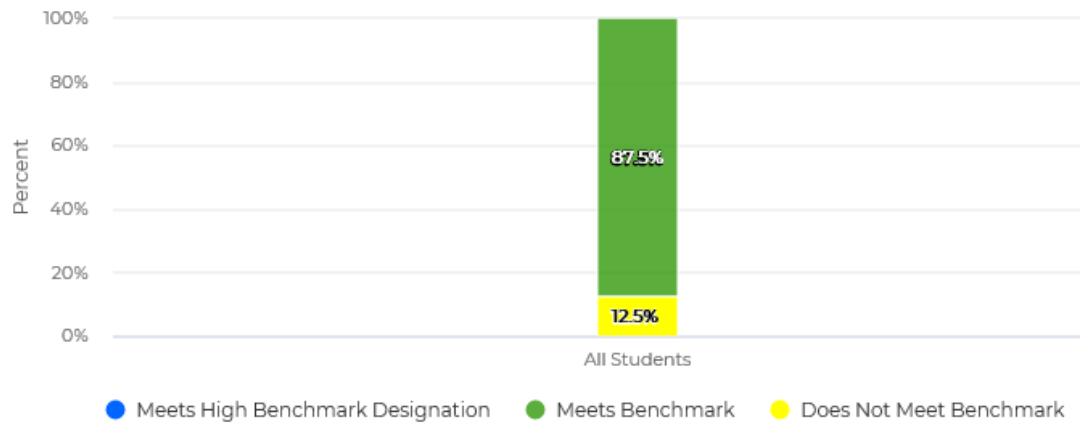
2018-19 Fall PALS Average Score by Task and [All Students] for Grade KG



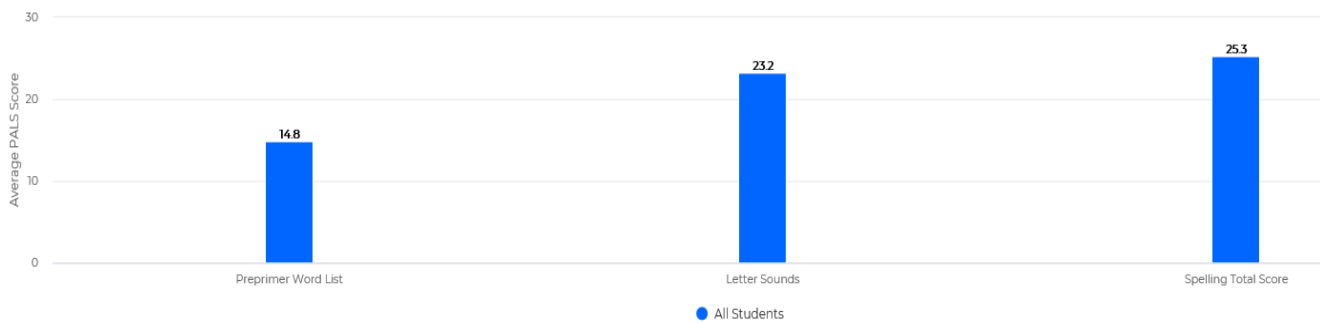
**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
CHARTER SCHOOL AUTHORIZER ANNUAL REPORT
YEAR ENDED JUNE 30, 2019**

PALS Grade 1

48 students were tested in 2018-19.



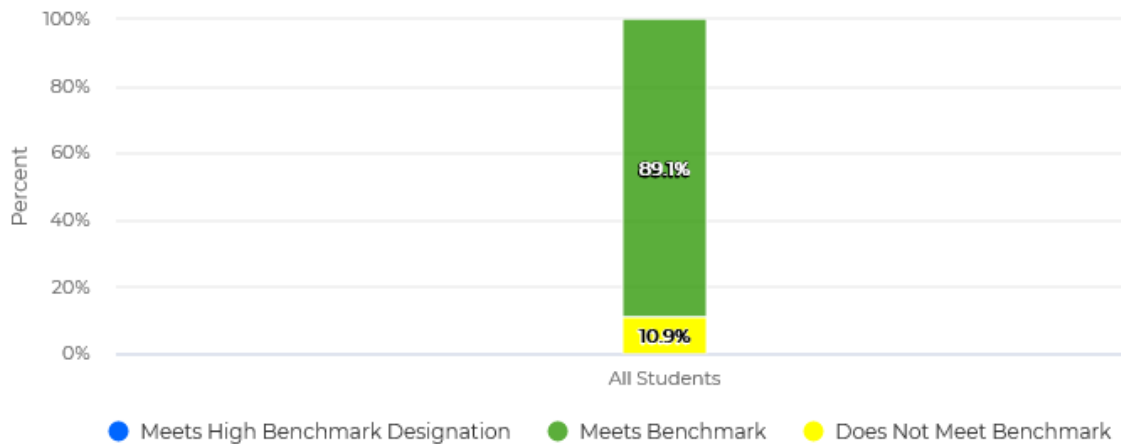
2018-19 Fall PALS Average Score by Task and [All Students] for Grade 1



**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
CHARTER SCHOOL AUTHORIZER ANNUAL REPORT
YEAR ENDED JUNE 30, 2019**

PALS Grade 2

46 students were tested in 2018-19.



2018-19 Fall PALS Average Score by Task and [All Students] for Grade 2

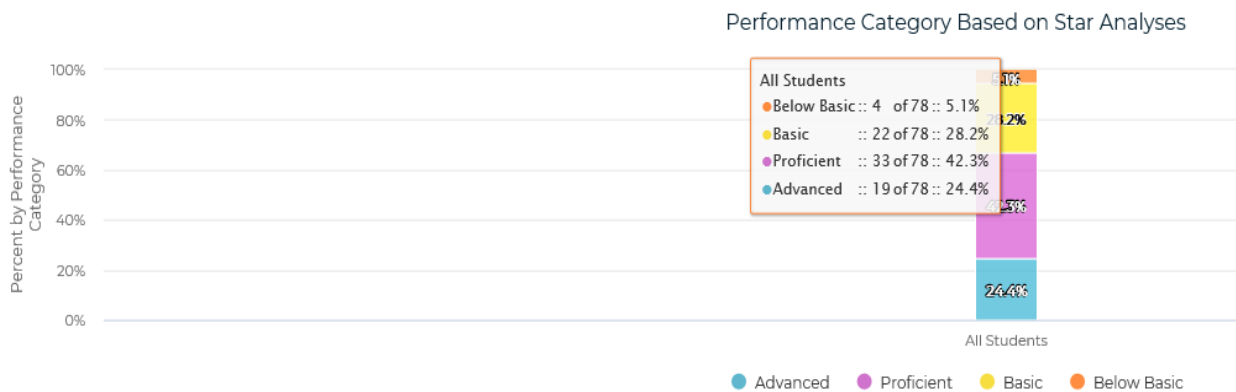


**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
CHARTER SCHOOL AUTHORIZER ANNUAL REPORT
YEAR ENDED JUNE 30, 2019**

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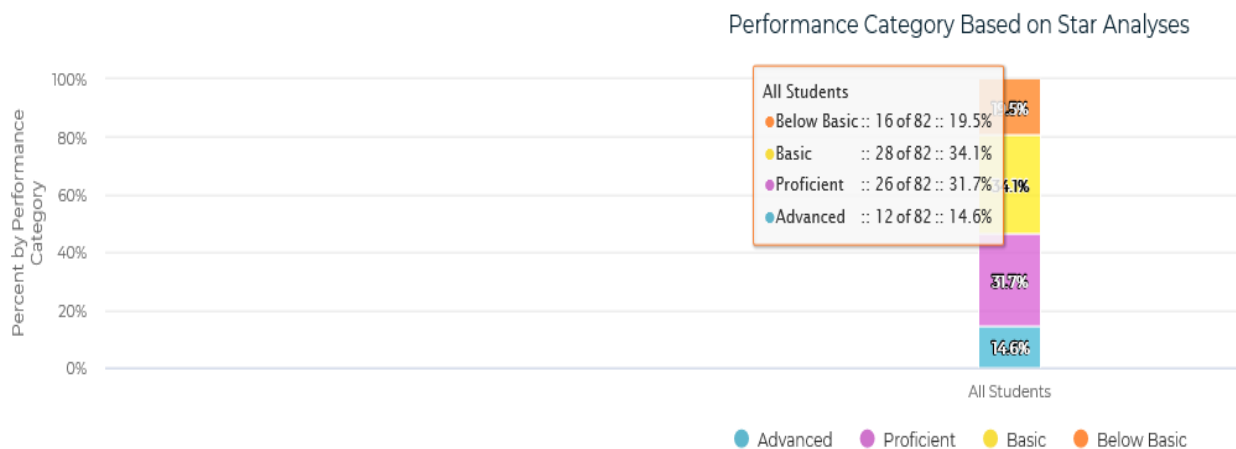
78 students were tested in 2018-19.

Reading



82 students were tested in Spring 2018-19.

Math



**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
CHARTER SCHOOL AUTHORIZER ANNUAL REPORT
YEAR ENDED JUNE 30, 2019**

McKinley Charter School

McKinley Component:

Students will pass the Stanford 10 Achievement Test Series reading, language arts and mathematics exams before graduating. All students are required to take a pre-test before they were able to take the final Stanford 10 exam anticipating a higher success rate on students meeting the requirement. Sixty-four students in the competency component passed the reading, language arts and mathematics exams prior to graduating.

All students complete an Individualized Learning Plan at the time of enrollment. Students will identify their preferred learning styles, set goals for graduation and post-secondary, and self-reflect on their current academic abilities. Student plans were reviewed quarterly by staff and then with students when needed. Sixty-four students graduated from the McKinley competency component in 2018-19.

Detention Center Component:

All students enrolled in the 180 program develop educational plans which will include earning credits toward graduation. Students may pursue a diploma from McKinley Charter School or their credits could transfer back to their school of origin. Curriculum may be designed by the instructor or students can utilize APEX, an online course option. This goal is measured by the number of students completing the English/Language Arts and Mathematics credits toward graduation. Two students completed on-line classes to meet their English/Language Arts credit requirements towards graduation. Four students completed online classes to meet their Mathematics credit toward graduation.

Educational plans were developed for 100% of the students placed in the 180 program to monitor students to ensure they are on schedule to graduate. Academic plans were reviewed, monitored and adjusted throughout the year. All 12 students in the 180 program earned credit toward graduation while in the Detention Center. One students completed all requirements for graduation and received their high school diploma.

Forward Exam ELA

5 Students Tested. Cell size is too small to report results.

Forward Exam Math

5 Students Tested. Cell size is too small to report results.

ACT WorkKeys

5 Students Tested. Cell size is too small to report results.

ACT Statewide

6 Students Tested. Cell size is too small to report results.

ACT-Aspire 9th Grade

4 Students Tested. Cell size is too small to report results.

ACT-Aspire 10th Grade

5 Students Tested. Cell size is too small to report results.

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
CHARTER SCHOOL AUTHORIZER ANNUAL REPORT
YEAR ENDED JUNE 30, 2019**

SECTION IV: FINANCIAL PERFORMANCE OF CHARTER SCHOOLS

Chippewa Valley Montessori

Chippewa Valley Montessori Charter School (CVMCS) was created as an independent institution in order to provide an opportunity for students to learn utilizing the Montessori principles of education. The founders of CVMCS and ECASD Board recognized the ability of a charter school to provide a high-quality educational experience for students. CVMCS will enroll ECASD and non-district open enrolled students, with a targeted 4K and 5K enrollment of 80. Students shall be enrolled in 4K through 5th grade.

Staffing units shall be determined by ECASD administration annually based on enrollment, alignment with post-secondary readiness criteria, and annual revenue limit increases as provided for by state statute and/or legislative action.

In 2018-19 the CVMCS budget was \$ 2,182,990, the actual amount spent was \$ 2,129,881.

McKinley Charter School

McKinley Charter School (MCS) is a separate institution with its own policy setting Governance Board. It provides a contracted service to the ECASD and Altoona School District. A funding allocation for up to 20 students at a time in the Competency Component and 1 student in the Credit Component from the Altoona School District shall be established through a 66.0301 Agreement between the Altoona School District, McKinley Charter School Governance Board and the ECASD Board of Education.

The Governance Board shall develop an annual budget based on programmatic need and submit it to the ECASD through the district's budgeting process. Once approved, the MCS Governance Board has control over the annual budget. The cost of all ECASD staff shall be paid by ECASD. Staffing assignments for MCS shall be set at levels to ensure safety for both the students and the staff and to best meet the academic goals of each student. The library/periodical/common fund allocation shall be determined by the state or district formula utilized for that year and shall be the same percentage as that allocated to other schools in the ECASD.

In 2018-19, the MCS budget was \$ 1,209,555, the actual amount spent was \$ 1,139,478.

SECTION V: OTHER CONTRACT TERMS AND EXPECTATIONS (OPTIONAL)

None.

SECTION VI: AUTHORIZER OPERATING COSTS

The District incurred \$600 for Charter School start up costs.

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
CHARTER SCHOOL AUTHORIZER ANNUAL REPORT
YEAR ENDED JUNE 30, 2019**

SECTION VII: SERVICES PROVIDED TO CHARTER SCHOOLS

SERVICES PROVIDED	FUNCTION CODE	COST
UNDIFFERENTIATED	110000	\$ 1,670,935
REGULAR CURRICULUM	120000	117,822
PHYSICAL EDUCATION	143000	49,646
SPECIAL EDUCATION	150000	533,525
CO-CIRRICULAR	160000	1,928
OTHER SPECIAL NEEDS	170000	1,561
GUIDANCE	213000	121,371
OTHER PUPIL SERVICES	219000	20,018
INSTRUCTIONAL STAFF TRAINING	221300	6,851
LIBRARY	222200	55,530
BUILDING ADMINISTRATION	240000	412,743
GENERAL OPERATIONS	253000	179,316
EQUIPMENT MAINTENANCE	254000	1,201
FACILITIES	255000	1,699
PUPIL TRANSPORTATION	256000	40,312
INTERNAL SERVICES	258000	18,015
ADMIN TECHNOLOGY SERVICES	295000	7,069
TUITION NON-OPEN ENROLLMENT	431000	29,664
ADJUSTMENTS	492000	152
TOTAL		\$ 3,269,359

SINGLE AUDIT SECTION

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2019**

Federal Grantor/ Pass-Through Grantor/Program Title	Federal CFDA #	Pass-Through Entity	Pass-Through Entity Identifying Number	Accrued Receivable (Unearned Revenue) July 1, 2018	Federal Expenditures	Receipts Grant Reimburse- ments	Accrued Receivable (Unearned Revenue) June 30, 2019
<u>U.S. Department of Agriculture</u>							
National School Breakfast Program:	{a} 10.553	WI DPI	2019-181554-SB-546				
July 1, 2018 to June 30, 2019				\$ -	\$ 429,369	\$ 356,803	\$ 72,566
July 1, 2017 to June 30, 2018				112,843	-	112,843	-
Food Distribution - Commodities:	{a} 10.555	WI DPI	2019-181554-CHC-001				
July 1, 2018 to June 30, 2019				-	283,444	283,444	-
National School Lunch Program:	{a} 10.555	WI DPI	2019-181554-NSL-547, 2019-181554-NSLAE-566				
July 1, 2018 to June 30, 2019				-	1,743,206	1,453,665	289,541
July 1, 2017 to June 30, 2018				457,817	-	457,817	-
Summer Food Service Program for Children:			2019-181554-SFSP-586				
July 1, 2018 to June 30, 2019	{a} 10.559	WI DPI		-	76,118	76,118	-
Fresh Fruits and Vegetable Program:	10.582	WI DPI	2019-181554-CNP Grants to ST. Fruit-594, 2019-181554-19FFVP-B-376				
July 1, 2018 to June 30, 2019				-	30,151	23,912	6,239
July 1, 2017 to June 30, 2018				5,009	-	5,009	-
Total Department of Agriculture				575,669	2,562,288	2,769,611	368,346
{a} Child Nutrition Cluster (\$2,532,137)							
CFDA No. 10.555 (\$2,026,650)							

See accompanying Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance.

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2019**

Federal Grantor/ Pass-Through Grantor/Program Title	Federal CFDA #	Pass-Through Entity	Pass-Through Entity Identifying Number	Accrued Receivable (Unearned Revenue) July 1, 2018	Federal Expenditures	Receipts Grant Reimburse- ments	Accrued Receivable (Unearned Revenue) June 30, 2019
<u>U.S. Department of Education</u>							
Indian Education - Grants to Local Agencies: July 1, 2018 to June 30, 2019 July 1, 2017 to June 30, 2018	84.060	Direct	S060A170554	\$ - 10,229	\$ 12,851 -	\$ 5,083 10,229	\$ 7,768 -
Title I Basic Grant: July 1, 2018 to June 30, 2019 July 1, 2017 to June 30, 2018	84.010	WI DPI	2018-181554-TIA-141, 2019-181554-TI-Delinquent-140, 2018-181554-SPIS-155, 2018-181554-Cohort I-154	- 865,576	1,838,155 -	1,069,582 865,576	768,573 -
PL 94-142 (Flow Through): July 1, 2018 to June 30, 2019 July 1, 2017 to June 30, 2018	{b} 84.027	WI DPI	2019-181554-IDEA-FT-341	- 842,835	2,171,801 -	1,308,242 842,835	863,559 -
PL 94-142 (Universal Design Grant) July 1, 2018 to June 30, 2019 July 1, 2017 to June 30, 2018	{b} 84.027	WI DPI	2019-181554-UDL SU-342	- 8,000	9,587 -	5,484 8,000	4,103 -
PL 99-457 Pre School Entitlement: July 1, 2018 to June 30, 2019 July 1, 2017 to June 30, 2018	{b} 84.173	WI DPI	2019-181554-IDEA-PS-347	- 22,884	81,705 -	57,946 22,884	23,759 -
Vocational Education - Basic Grants to States (Carl Perkins): July 1, 2018 to June 30, 2019 July 1, 2017 to June 30, 2018	84.048	CESA 10	2019-181554-CTE-400	- 74,037	79,464 -	- 74,037	79,464 -
ESEA Title X-C Homeless Children July 1, 2018 to June 30, 2019 July 1, 2017 to June 30, 2018	84.196	WI DPI	2019-181554-Education for Homeless Children and Youth-335	- 19,596	25,880 -	16,476 19,596	9,404 -
{b} Special Education Cluster (\$2,263,093) CFDA No. 84.027 (\$2,181,388)							

See accompanying Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance.

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2019**

Federal Grantor/ Pass-Through Grantor/Program Title	Federal CFDA #	Pass-Through Entity	Pass-Through Entity Identifying Number	Accrued Receivable (Unearned Revenue) July 1, 2018	Federal Expenditures	Receipts Grant Reimburse- ments	Accrued Receivable (Unearned Revenue) June 30, 2019
<u>U.S. Department of Education (Continued)</u>							
Title IVB - 21st Century Community Learning Center: July 1, 2017 to June 30, 2018	84.287	WI DPI	2018-181554-CLC-367	\$ 21,831	\$ -	\$ 21,831	\$ -
ESEA Title III - A English Language Acquisition Grants: July 1, 2018 to June 30, 2019	84.365	WI DPI	2019-181554-TIIIA-391	-	48,002	30,920	17,082
July 1, 2017 to June 30, 2018				22,958	-	22,958	-
ESEA Title II - A Teacher/Principal Training: July 1, 2018 to June 30, 2019	84.367	WI DPI	2019-181554-TIIA-365	-	321,366	236,988	84,378
July 1, 2017 to June 30, 2018				147,910	-	147,910	-
ESEA Title IVA - Student Support & Academic Enrichment Grants: July 1, 2018 to June 30, 2019	84.424	WI DPI	2019-181554-TIVA-381	-	69,857	16,624	53,233
Total Department of Education				2,035,856	4,658,668	4,783,201	1,911,323
<u>U.S. Department of Health and Human Services</u>							
Drug Free Communities Support Program Grant: July 1, 2018 to June 30, 2019	93.276	EC CO	5H79SP0158685-05	-	6,065	4,082	1,983
July 1, 2017 to June 30, 2018				3,354	-	3,354	-
Medical Assistance School Based Services Revenue: July 1, 2018 to June 30, 2019	93.778	WI DHS	Provider #44201900	-	1,071,589	1,020,565	51,024
July 1, 2017 to June 30, 2018				56,759	-	56,759	-
Head Start:	93.600	Western Wisconsin Dairyland Agency					
May 1, 2019 to April 30, 2020			FY2019/FY2020	-	118,966	-	118,966
May 1, 2018 to April 30, 2019			FY2018/FY2019	114,668	720,735	630,935	204,468
May 1, 2017 to April 30, 2018			FY2017/FY2018	129,777	-	129,777	-
Total Department of Health and Human Services				304,558	1,917,355	1,845,472	376,441
Total Federal Program Awards				\$ 2,916,083	\$ 9,138,311	\$ 9,398,284	\$ 2,656,110

CFDA No. 93.600 (\$839,701)

See accompanying Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance.

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
SCHEDULE OF STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2019**

<u>Award Agency/ Pass-Through Agency/Award Description</u>	<u>State I.D. Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Accrued Receivable (Unearned Revenue) July 1, 2018</u>	<u>Expenditures</u>	<u>State Reimburse- ments</u>	<u>Accrued Receivable (Unearned Revenue) June 30, 2019</u>
<u>Wisconsin Department Workforce Development</u>						
Wisconsin Fast Forward Grant	445.109	FY2019	\$ -	\$ 17,900	\$ -	\$ 17,900
Youth Apprenticeship Grant (through CESA 10):	445.107					
July 1, 2018 to June 30, 2019		FY2019	-	15,119	-	15,119
July 1, 2017 to June 30, 2018		FY2018	8,400	-	8,400	-
Total Department of Workforce Development			8,400	33,019	8,400	33,019
<u>Wisconsin Department of Public Instruction</u>						
Special Education and School Age Parents:	255.101 [1]	181554-100				
District Programs			-	5,113,474	5,113,474	-
Participant in Co-op Program at CESA No. 10			-	3,877	3,877	-
State Lunch	255.102	181554-107	-	42,887	42,887	-
Common School Fund Library Aid	255.103	181554-104	-	426,127	426,127	-
Bilingual/Bicultural Aid	255.106	181554-111	-	160,309	160,309	-
Pupil Transportation	255.107	181554-102	-	259,607	259,607	-
General Equalization	255.201	181554-116	992,561	60,789,036	60,766,085	1,015,512
School Mental Health	255.227	181554-176	-	7,751	7,751	-
Personal Electronic Computing Devices	255.296	181554-175	-	99,125	99,125	-
School Breakfast Program	255.344	181554-108	-	20,162	20,162	-
Tuition Payments by State	255.401	181554-157	-	172,655	172,655	-
SAGE / Achievement Gap Reduction	255.504	181554-160	-	1,496,472	1,496,472	-
Educator Effectiveness Grant	255.940	181554-154	-	73,200	73,200	-
Per Pupil Aid	255.945	181554-113	-	7,377,120	7,377,120	-
Career and Technical Education Incentive Grants	255.950	181554-152	-	64,000	64,000	-
Assessments of Reading Readiness	255.956	181554-166	-	23,787	23,787	-
Aid for Special Education Transition Grant BBL	255.960	181554-168	-	23,000	23,000	-
Total Department of Public Instruction			992,561	76,152,589	76,129,638	1,015,512
<u>Wisconsin Department of Justice</u>						
Safety Initiative Grants	455.206	FY2019	-	524,032	340,617	183,415
Total State Financial Assistance			\$ 1,000,961	\$ 76,709,640	\$ 76,478,655	\$ 1,231,946

[1] District's 2018-2019 Net Aidable Costs Reported to DPI Totaled \$21,559,017.

See accompanying Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance.

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
JUNE 30, 2019**

NOTE 1 GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance present the expenditures of all federal financial assistance programs and state financial assistance of the District subject to inclusion under the federal and state single audit requirements. Such expenditures are recognized following the cost principles contained in the *Uniform Guidance* and the *Wisconsin State Single Audit Guidelines*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The reporting entity is defined in Note 1 to the financial statements.

NOTE 2 BASIS OF ACCOUNTING

The accompanying schedules of expenditures of federal awards and state financial assistance are presented using the modified accrual basis of accounting, which is described in Note 1 to the District's financial statements.

NOTE 3 FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed for the USDA Commodities Program (CFDA #10.555).

NOTE 4 INDIRECT COSTS AND PASSED-THROUGH AMOUNTS

The District has not elected to use the 10% de minimis indirect cost rate. The District did not pass-through any amounts to subrecipients during the year.

NOTE 5 MEDICAL ASSISTANCE

Expenditures presented for the Medicaid School Based Services (SBS) Benefit represent only the federal funds for the program that the District receives from the Department of Health Services (DHS). District records should be consulted to determine the total amount expended for this program.



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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**

Board of Education
Eau Claire Area School District
Eau Claire, Wisconsin

We have audited, in accordance with auditing standards generally accepted in the United States of America and 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 the Eau Claire Area School District, Wisconsin (District) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 22, 2019.

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) to determine the 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 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.

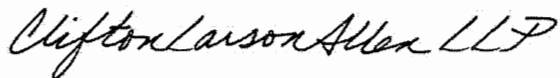
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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 test disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result 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 communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Eau Claire, Wisconsin
November 22, 2019



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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND
REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM
GUIDANCE AND THE STATE SINGLE AUDIT GUIDELINES**

Board of Education
Eau Claire Area School District
Eau Claire, Wisconsin

Report on Compliance for Each Major Federal and State Program

We have audited the Eau Claire Area School District, Wisconsin's (District) compliance with the types of compliance requirements described in the *OMB 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, 2019. We have also audited the District's compliance with types of compliance requirements described in the *State Single Audit Guidelines*, issued by the Wisconsin Department of Administration that are applicable to each of its major state programs (including federal programs required to be tested as major state programs) for the same period. The District's major federal programs and major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal and state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal and state programs based on our audit of the types of compliance requirements referred to above. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States; Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and the *State Single Audit Guidelines*, issued by the Wisconsin Department of Administration. Those standards, the Uniform Guidance, and state guidelines require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for major federal and state programs. However, our audit does not provide a legal determination on the District's compliance.

Opinion on Each Major Federal and State Programs

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on to each of its major federal and state programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2019.

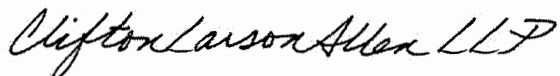
Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit, we considered the District's internal control over compliance with the requirements that could have a direct and material effect on a major federal or state program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the *Uniform Guidance* and *State Single Audit Guidelines*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's 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 or state 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 or state 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 result of that testing based on the requirements of the *Uniform Guidance* and *State Single Audit Guidelines*. Accordingly, this report is not suitable for any other purpose.



CliftonLarsonAllen LLP

Eau Claire, Wisconsin
November 22, 2019

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2019**

PART I: SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditors' report issued:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified
- Significant deficiency(ies) identified?

_____ yes X no
_____ yes X none reported

Noncompliance material to financial statements noted?

_____ yes X no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified?
- Significant deficiency(ies) identified?

_____ yes X no
_____ yes X none reported

Type of auditors' report issued on compliance for major programs

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

_____ yes X no

Identification of major Federal programs:

CFDA Number(s)

Name of Federal Program or Cluster

10.553, 10.555, 10.559
93.600

Child Nutrition Cluster
Head Start

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

Auditee qualified as low-risk auditee?

X yes _____ no

State Awards

Internal control over major programs:

- Material weakness(es) identified?
- Significant deficiency(ies) identified that are not considered to be material weakness(es)?

_____ yes X no
_____ yes X none reported

Type of auditors' report issued on compliance for major programs

Unmodified

Any audit findings disclosed that are required to be reported in accordance with the *State Single Audit Guidelines*?

_____ yes X no

EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

PART I: SUMMARY OF AUDITORS' RESULTS (CONTINUED):

State Awards (Continued)

Identification of major State programs:

<u>State ID Number(s)</u>	<u>Name of State Program or Cluster</u>
255.101	Special Education and School Age Parents
255.103	Common School Fund Library Aid
255.201	General Equalization Aids
255.504	Achievement Gap Reduction
455.206	School Safety Grants

Dollar threshold used to distinguish between type A and type B programs: \$250,000

Auditee qualified as low-risk auditee? yes X no

OTHER ISSUES

1. Do the auditors' report or the notes to the financial statements include disclosure with regard to substantial doubt as to the auditee's ability to continue as a going concern? No

2. Does the auditors' report show audit issues (i.e., material noncompliance, nonmaterial noncompliance, questioned costs, material weaknesses, significant deficiencies, management letter comments, excess revenue or excess reserve) related to grants or contracts with funding agencies that require audits to be in accordance with the *State Single Audit Guidelines*:

Department of Public Instruction No
Department of Health Services No

3. Was a management letter or other document conveying audit comments issued as a result of this audit? No

4. Name and signature of Principal



April L. Anderson, CPA

5. Date of Report

November 22, 2019

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2019**

PART II: FINDINGS RELATED TO INTERNAL CONTROL OVER FINANCIAL REPORTING:

None

PART III: FINDINGS RELATED TO MAJOR FEDERAL AWARD PROGRAMS:

None

PART IV: FINDINGS RELATED TO MAJOR STATE FINANCIAL ASSISTANCE PROGRAMS:

None

PART V: FINDINGS RELATED TO STATE GENERAL AND PROGRAM REQUIREMENTS:

None