

EAU CLAIRE AREA SCHOOL DISTRICT
EXECUTIVE AUDIT SUMMARY (EAS)
JUNE 30, 2021



WEALTH ADVISORY | OUTSOURCING
AUDIT, TAX, AND CONSULTING

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**EAU CLAIRE AREA SCHOOL DISTRICT
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JUNE 30, 2021**

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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, 2021. 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.

Other Item – Staff Licenses

Another item noted during the audit that does not rise to the level of an internal control or compliance deficiency as defined by audit standards, however, we feel is important to include in this communication is the lack of a defined process to ensure staff are appropriately licensed for their position. We recommend the District implement a process to track and review, in a timely manner, that staff are appropriately licensed, especially those staff positions in special education that need to be properly categorized and licensed for state aid.



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, 2021, and have issued our report thereon dated December 6, 2021. 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.

As described in Note 5.K, in 2021, the District changed accounting policies related to leases by adopting Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. The adoption of this standard resulted in a restatement of governmental activities beginning net position, as well as adjustments to beginning capital asset balances and long-term obligations as identified in Note 4B and 4D, respectively.

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, 2021 are based on outside authoritative guidance.
- **Actuarial Assumptions:** The actuarial assumptions used for other postemployment benefits liabilities, supplemental pension plan liability, and Wisconsin Retirement System pension plan asset and related deferred outflows and inflows of resources are outlined in the notes to the basic financial statements. We evaluated the key factors and assumptions used to develop the pension and OPEB estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

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 December 6, 2021.

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 December 6, 2021.

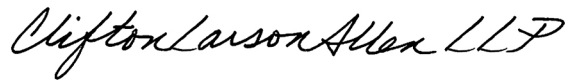
With respect to the individual and combining fund statements, budgetary comparison schedules and charter school authorizer annual report, section VI and VII only (the supplementary information) accompanying the financial statements, on which we were engaged to report in relation to the financial statements 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 December 6, 2021.

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 black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Eau Claire, Wisconsin
December 6, 2021



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

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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.

	6/30/2021	6/30/2020	6/30/2019	6/30/2018
Fund 10 Balance Sheet Summary:				
Cash and Investments	\$ 24,310,947	\$ 21,417,740	\$ 13,421,550	\$ 16,755,284
Receivables				
Taxes	18,395,257	19,651,486	19,126,475	18,904,697
Accounts	760,036	537,674	304,538	341,587
Due from Other Governments	3,638,806	2,190,298	2,701,472	2,592,829
Due from Other Funds	162,993	188,771	289,065	217,520
Inventories and Prepaid Items	3,206,219	2,959,542	1,414,535	3,287,664
Total Assets	<u>\$ 50,474,258</u>	<u>\$ 46,945,511</u>	<u>\$ 37,257,635</u>	<u>\$ 42,099,581</u>
Short-Term Note Payable	\$ -	\$ -	\$ -	\$ 7,000,000
Accounts Payable	2,516,142	3,465,873	1,330,696	1,757,931
Accrued Liabilities				
Payroll, Payroll Taxes, Insurance	7,251,041	7,863,460	8,038,116	7,807,098
Interest	-	-	-	86,250
Unearned Revenues	3,560	173,752	165,900	85,919
Total Liabilities	<u>9,770,743</u>	<u>11,503,085</u>	<u>9,534,712</u>	<u>16,737,198</u>
Fund Balance:				
Non-Spendable	3,206,219	2,959,542	1,414,535	3,287,664
Assigned	749,105	580,165	203,570	-
Unassigned	36,748,191	31,902,719	26,104,818	22,074,719
Total Fund Balance	<u>40,703,515</u>	<u>35,442,426</u>	<u>27,722,923</u>	<u>25,362,383</u>
	<u>\$ 50,474,258</u>	<u>\$ 46,945,511</u>	<u>\$ 37,257,635</u>	<u>\$ 42,099,581</u>
Revenues	\$ 146,954,856	\$ 139,602,996	\$ 133,135,949	\$ 128,372,616
Expenditures	(125,660,271)	(115,987,675)	(114,363,551)	(114,429,056)
Excess Revenue (Expenditures)	21,294,585	23,615,321	18,772,398	13,943,560
Transfers Out	(16,033,496)	(15,895,818)	(16,411,858)	(15,559,702)
Net Change in Fund Balance	<u>\$ 5,261,089</u>	<u>\$ 7,719,503</u>	<u>\$ 2,360,540</u>	<u>\$ (1,616,142)</u>
Unassigned Fund Balance as a % of Expenditures	29.2%	27.5%	22.8%	19.3%

Financial Statement Notations

Item
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2	Fund Balances	6/30/2021	6/30/2020	6/30/2019	6/30/2018
	Major Funds				
	General Fund	\$ 40,703,515	\$ 35,442,426	\$ 27,722,923	\$ 25,362,383
	Debt Service Fund	3,221,913	3,271,720	3,342,920	3,396,216
	Nonmajor Funds				
	Donations Fund	960,194	783,886	615,196	574,954
	Capital Projects Fund	453,181	728,497	5,524,447	14,690,957
	Food Service	1,564,773	1,841,620	2,151,190	2,148,383
	Community Service	2,214,118	2,075,146	2,034,755	2,005,204
		<u>\$ 49,117,694</u>	<u>\$ 44,143,295</u>	<u>\$ 41,391,431</u>	<u>\$ 48,178,097</u>
3	Long-Term Obligations	6/30/2021	6/30/2020	6/30/2019	6/30/2018
	General Obligation Debt:				
	General Obligation Bonds and Notes	\$ 45,585,000	\$ 50,300,000	\$ 55,870,000	\$ 61,270,000
	Plus Deferred Premium	4,645,260	4,742,770	4,884,656	5,026,544
	Total General Obligation Debt	<u>50,230,260</u>	<u>55,042,770</u>	<u>60,754,656</u>	<u>66,296,544</u>
	Non-General Obligation Debt:				
	Lease Liabilities	3,894,603	952,344	-	-
	Other Long-Term Liabilities:				
	Vested Employee Benefits	378,251	314,132	302,354	291,800
	Other Postemployment Benefits	69,732,403	71,998,954	73,449,538	73,602,559
	Pension Benefits	2,164,255	2,227,241	2,329,433	2,344,973
	WRS Pension Plan Liability	-	-	15,753,409	-
	LRLIF OPEB Liability	6,223,720	4,756,578	2,971,135	3,419,474
	Total Other Long-Term Liabilities	<u>78,498,629</u>	<u>79,296,905</u>	<u>94,805,869</u>	<u>79,658,806</u>
	Total Long-Term Liabilities	<u>\$ 132,623,492</u>	<u>\$ 135,292,019</u>	<u>\$ 155,560,525</u>	<u>\$ 145,955,350</u>
	General Obligation Debt as				
	Percent of Debt Limitation	5.5%	6.6%	7.6%	8.9%
	Debt Limit (10% of Equalized Value)	\$ 824,684,402	\$ 766,290,812	\$ 730,427,956	\$ 686,993,676