

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

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2022



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EAU CLAIRE, WISCONSIN
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FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

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, Eau Claire, Wisconsin (the District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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 District, as of June 30, 2022, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, the budgetary comparison information, pension schedules, and other postemployment benefits schedules as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary 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 combining and individual fund statements and the charter school authorizer annual report (sections VI and VII only) are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedules of expenditures of federal and state awards, 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 are also presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the charter school authorizer annual report sections I through V, but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2022, on our consideration of the 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 District's internal control over financial reporting and compliance.

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

CliftonLarsonAllen LLP

Eau Claire, Wisconsin
November 28, 2022

REQUIRED SUPPLEMENTARY INFORMATION

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

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, 2022. We encourage readers to consider the information presented here in conjunction with the District's financial statements, which begin on page 16 following this narrative.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2021-2022 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 \$87,526,156 (net position). Of this, amount, \$71,896,731 represents the net investment in capital assets, \$43,295,237 is for restricted purposes and the remaining deficit balance of \$27,665,812 is classified as unrestricted net position.
- Net capital assets decreased by \$4,316,191 reflecting cost of acquisitions less than the depreciation/amortization expense.
- The District's general obligation debt, including the current portion, decreased by \$4,555,000 during the year. The District's other long-term obligations, including the current portions, decreased \$19,635,503 during the year.
- Program revenues, in the form of charges for services and grants and contributions, accounted for \$36,267,963 of total revenues of \$176,298,989. General revenues accounted for \$140,031,026, including \$60,799,663 of property taxes and \$75,750,845 of state and federal aid. General revenues accounted for 79.4% of all revenues.
- The District had a total of \$144,374,561 of expenses, of which \$36,267,963 was financed with program revenues.
- The total fund balance of the District's governmental funds increased \$3,162,222. The general fund had an increase of \$1,551,722 with a decrease of \$73,824 in the debt service fund and an increase of \$1,684,324 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, 2022**

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, 2022.

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 and the debt service fund as these are considered to be major funds. Data for the donation fund, food service fund, community service fund, capital projects 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, 2022**

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 two fiduciary funds. One of the fiduciary funds serves as a custodial fund for student organizations. The second is an employee benefit trust fund which accounts for resources used to fund formally established employee benefit plans. Trust and custodial funds are used to account for assets held by the District on behalf of others. The assets of these funds 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, 2022 compared to the prior fiscal year.

**Table 1
Condensed Statement of Net Position**

	Governmental Activities		Percent Change 2021-2022
	2022	2021	
Current and Other Assets	\$ 98,398,058	\$ 88,166,895	11.6%
Capital Assets, Net of Depreciation/Amortization	120,565,016	124,881,207	-3.5
Total Assets	218,963,074	213,048,102	2.8
Deferred Outflows of Resources	72,909,376	47,991,538	51.9
Current Liabilities	19,920,291	19,690,286	1.2
Long-Term Liabilities	101,474,987	125,947,268	-19.4
Total Liabilities	121,395,278	145,637,554	-16.6
Deferred Inflows of Resources	82,951,016	59,800,358	38.7
Net Position			
Net Investment in Capital Assets	71,896,731	65,518,325	9.7
Restricted	43,295,237	34,404,318	25.8
Unrestricted	(27,665,812)	(44,320,915)	37.6
Total Net Position	\$ 87,526,156	\$ 55,601,728	57.4

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

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 \$2,676,881 is restricted for debt service along with \$994,685 for the donor specific purposes, \$3,266,793 for food service purposes, \$2,168,682 for community service programs, \$446,430 for capital projects, \$33,582,061 for net pension asset, and \$159,705 for other purposes.

Total liabilities decreased \$24,242,276 and total assets increased \$5,914,972 during the year. Net position increased \$31,924,428.

At June 30, 2022, the District reported \$72,909,376 of deferred outflows of resources and \$82,951,016 of deferred inflows of resources.

Change in Net Position. Table 2 shows the change in net position for the fiscal years 2022 and 2021. As shown in Table 2, general revenues provided 79.4% of the funding required for governmental activities with property taxes providing 34.5% of the funding and general state formula aid providing 43.0% of total revenues. Program revenues, consisting of charges for services and operating grants and contributions, provided 20.6% 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 2021-2022
	2022	2021	
Revenues			
Program Revenues:			
Charges for Services	\$ 4,568,520	\$ 2,963,614	54.2%
Operating Grants and Contributions	31,335,550	21,233,584	47.6
Capital Grants and Contributions	363,893	113,394	220.9
General Revenues:			
Property Taxes	60,799,663	61,089,898	-0.5
State and Federal Aids	75,750,845	75,973,824	-0.3
Other	3,480,518	3,412,475	2.0
Total Revenues	176,298,989	164,786,789	7.0
Expenses			
Instruction	68,790,879	81,986,172	-16.1
Pupil and Instructional Services	13,864,509	12,774,119	8.5
Administration and Central Services	32,651,496	28,539,941	14.4
Other	29,067,677	26,903,097	8.0
Total Expenses	144,374,561	150,203,329	-3.9
Change in Net Position	31,924,428	14,583,460	118.9
Net Position - Beginning of Year	55,601,728	41,018,268	35.6
Net Position - End of Year	\$ 87,526,156	\$ 55,601,728	57.4

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

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:

	2022	2021
Subject to Revenue Limit:		
General Fund	\$ 53,508,581	\$ 52,911,401
Debt Service	6,304,888	6,626,188
Not Subject to Revenue Limit:		
Community Service	906,097	744,782
	<u>\$ 60,719,566</u>	<u>\$ 60,282,371</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 decreased \$222,979 in 2022 from \$75,973,824 in 2021 to \$75,750,845 in 2022.

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**

	2022		2021	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction	\$ 68,790,879	\$ 50,398,867	\$ 81,986,172	\$ 65,397,545
Pupil and Instructional Services	13,864,509	6,518,212	12,774,119	10,172,831
Administration and Central Services	32,651,496	30,371,333	28,539,941	27,285,828
Other	29,067,677	20,818,186	26,903,097	23,036,533
Totals	<u>\$ 144,374,561</u>	<u>\$ 108,106,598</u>	<u>\$ 150,203,329</u>	<u>\$ 125,892,737</u>

- The cost of all governmental activities for the year was \$144,374,561, a decrease of \$5,828,768 (3.88%) from the prior year.
- Individuals who directly participated or benefited from a program offering paid for \$4,568,520 of costs.
- Federal and state governments subsidized certain programs with operating and capital grants and contributions of \$31,699,443.
- Net cost of governmental activities (\$108,106,598) was financed by general revenues, which are made up primarily of property taxes (\$60,799,663) and state and federal aid (\$75,750,845).

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

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

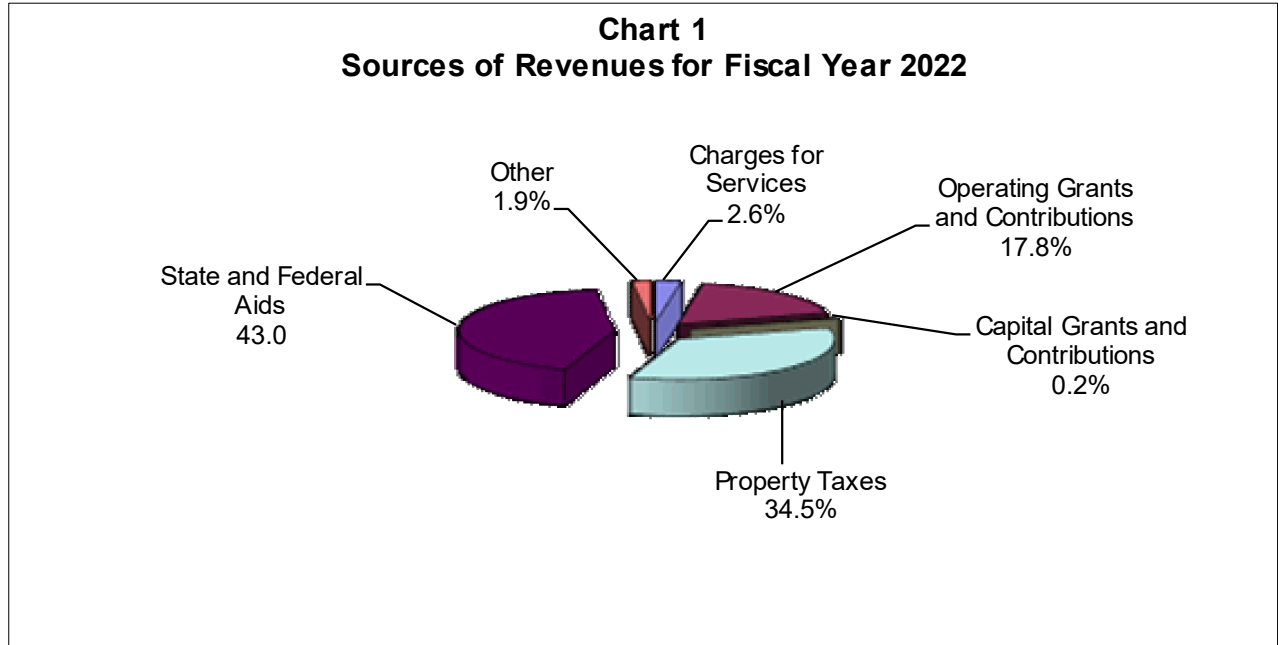
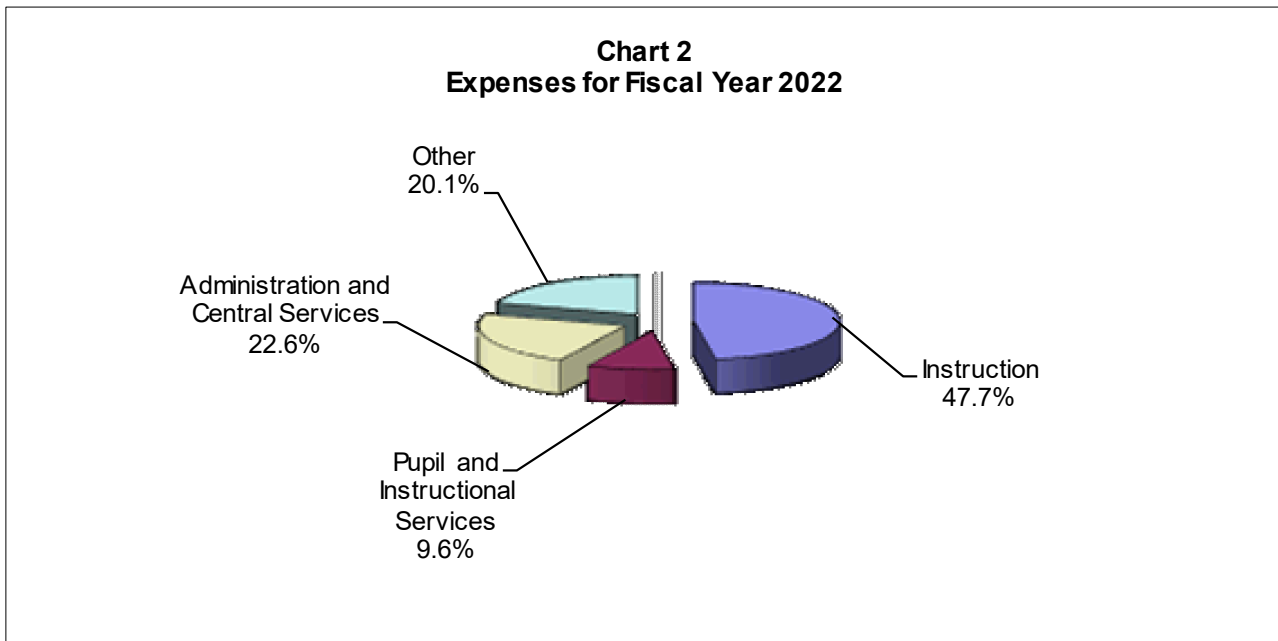


Chart 2 below displays the composition of expense by function:



**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

Governmental Funds

Changes in the District's governmental funds for the year ended June 30, 2022 are reflected below:

	Balance June 30, 2022	Balance June 30, 2021	Current Year Change
General	\$ 42,255,237	\$ 40,703,515	\$ 1,551,722
Donations Fund	994,685	960,194	34,491
Debt Service	3,148,089	3,221,913	(73,824)
Capital Projects	446,430	453,181	(6,751)
Food Service	3,266,793	1,564,773	1,702,020
Community Service	2,168,682	2,214,118	(45,436)
Total	<u>\$ 52,279,916</u>	<u>\$ 49,117,694</u>	<u>\$ 3,162,222</u>

The general fund balance at year end totaled \$42,255,237. Of this amount, \$3,795,126 represents nonspendable funds, \$159,705 is restricted, \$923,208 is assigned, and the remaining \$37,377,198 represents unassigned funds. The nonspendable funds consist of prepaid expenses and inventory.

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

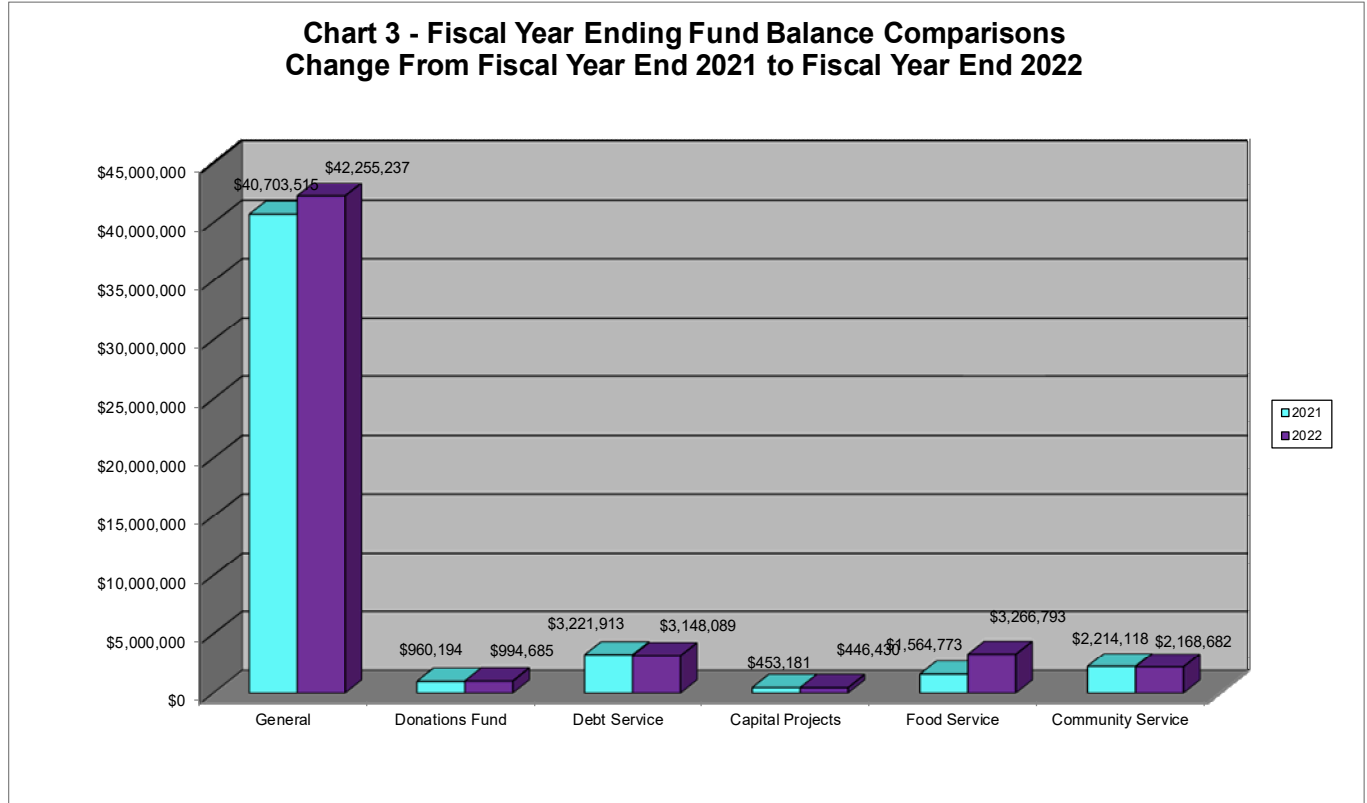
The balance in the debt service fund is to provide for the necessary accumulation of funds for debt retirement needs.

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, 2022**

Chart 3 below depicts the changes in ending fund balances graphically for each fund from fiscal year 2021 to fiscal year 2022.



**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

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 2022 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 vocational instruction 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, 2022**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of the end of fiscal year 2022, the District had invested approximately \$230.9 million in a broad range of capital assets, including buildings, sites, equipment and construction in progress (see Table 4). Accumulated depreciation/amortization on these assets totaled \$110,323,544. Net capital assets decreased by \$4,316,191 from the previous year.

**Table 4
Capital Assets**

	June 30,		Percent
	2022	2021	Change
			2021-2022
Land	\$ 2,262,174	\$ 2,262,174	0.0%
Land Improvements	12,104,575	11,630,711	4.1
Buildings	198,741,341	197,194,070	0.8
Furniture and Equipment	16,279,609	17,749,239	-8.3
Construction in Progress	164,843	768,068	-78.5
Leased Asset (Right of Use)	1,336,018	337,530	295.8
Accumulated Depreciation/Amortization	(110,323,544)	(105,060,585)	5.0
Total	<u>\$ 120,565,016</u>	<u>\$ 124,881,207</u>	-3.5

- Asset acquisitions during the year totaled \$4,473,656.
- The District disposed of \$3,526,888 of capital assets during the year.
- The District recognized depreciation/amortization expense of \$8,715,191 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 \$41.0 million in net general obligation debt outstanding which is a decrease of 10% from the previous year. The District also had other long-term obligations outstanding of approximately \$67.4 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, 2022**

**Table 5
Outstanding Long Term Obligations**

	June 30,		Percent Change 2021-2022
	2022	2021	
General Obligation Debt:			
General Obligation Bonds & Notes Payable	\$ 41,030,000	\$ 45,585,000	-10.0%
Other Long-Term Obligations			
Lease Liability - Right of Use	677,729	208,428	100.0
Lease Liability - Financed Purchase	2,355,438	3,641,175	-35.3
Vested Employee Benefits	364,970	378,251	-3.5
Other Postemployment Benefits Liabilities	57,416,951	75,956,123	-24.4
Pension Plan Liabilities	2,231,376	2,164,255	3.1
Premiums	4,311,525	4,645,260	-7.2
Total	<u>\$ 108,387,989</u>	<u>\$ 132,578,492</u>	-18.2

- The District retired \$4,555,000 of outstanding general obligation debt during the year.
- The District restructured its health plan design so that rates charged to retirees are assessed separately from active members, resulting in a decrease in the other postemployment benefits liability balance.

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 stable enrollment growth for at least the next 3 years. Enrollment projections are updated annually. In the 2021-2022 school year, the District saw a decrease in enrollment that is believed to be related to the COVID-19 pandemic. Enrollment increases have a positive impact on the revenue that a school can 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 88.6% 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 2021-2022 school year marks the beginning of the State's biennial budget. In the 2021-2022 budget, there was no change to the \$742 per-pupil aid amount. 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, 2022

	Governmental Activities
ASSETS:	
Cash and Investments	\$ 36,436,823
Taxes Receivable	17,402,575
Accounts Receivable	383,655
Due from Other Governments	6,667,606
Inventories and Prepaid Items	3,925,338
Wisconsin Retirement System Net Pension Asset	33,582,061
Capital Assets Not Being Depreciated/Amortized:	
Land	2,262,174
Construction in Progress	164,843
Capital Assets Being Depreciated/Amortized:	
Land Improvements	12,104,575
Buildings and Building Improvements	198,741,341
Furniture and Equipment	16,279,609
Leased Asset (Right of Use)	1,336,018
Less - Accumulated Depreciation/Amortization	<u>(110,323,544)</u>
Total Assets	218,963,074
DEFERRED OUTFLOWS OF RESOURCES:	
Pension Related	63,706,332
Other Postemployment Benefits Related	<u>9,203,044</u>
Total Deferred Outflows of Resources	<u>72,909,376</u>
LIABILITIES:	
Accounts Payable	2,236,262
Accrued Payroll and Related Liabilities	9,917,847
Accrued Interest Payable	471,208
Other Deposits Payable	9,500
Unearned Revenues	287,784
Health Benefit Claims Payable	84,688
Current Portion of Long-Term Obligations	6,913,002
Noncurrent Liabilities:	
General Obligation Bonds	40,245,755
Lease Liability	1,580,905
Net Other Postemployment Benefits Liability	50,856,388
State Life Insurance Net Other Postemployment Benefits Liability	6,560,563
Net Supplemental Pension Plan Liability	<u>2,231,376</u>
Total Liabilities	121,395,278
DEFERRED INFLOWS OF RESOURCES:	
Pension Related	79,788,921
Other Postemployment Benefits Related	<u>3,162,095</u>
Total Deferred Inflows of Resources	<u>82,951,016</u>
NET POSITION:	
Net Investment in Capital Assets	71,896,731
Restricted for:	
Donor Specifications	994,685
Debt Service	2,676,881
Food Service	3,266,793
Community Service	2,168,682
Capital Projects	446,430
Wisconsin Retirement System Pension Plan Asset	33,582,061
Other	159,705
Unrestricted (Deficit)	<u>(27,665,812)</u>
Total Net Position	<u><u>\$ 87,526,156</u></u>

See accompanying Notes to Basic Financial Statements.

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022**

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
					Total Governmental Activities
Primary Government					
Governmental Activities:					
Instruction:					
Regular Instruction	\$ 42,596,867	\$ 2,862,645	\$ 5,846,949	\$ -	\$ (33,887,273)
Vocational Instruction	3,507,218	-	445,571	-	(3,061,647)
Special Instruction	18,849,044	236,735	7,450,791	-	(11,161,518)
Other Instruction	3,837,750	672,805	876,516	-	(2,288,429)
Total Instruction	68,790,879	3,772,185	14,619,827	-	(50,398,867)
Support Service:					
Pupil Services	6,415,195	-	5,277,956	-	(1,137,239)
Instructional Staff Services	7,449,314	-	2,068,341	-	(5,380,973)
General Administration	853,775	-	-	-	(853,775)
Building Administration	5,257,611	-	95,414	-	(5,162,197)
Business Services	25,140,512	15,199	1,723,018	363,893	(23,038,402)
Central Services	1,399,598	-	82,639	-	(1,316,959)
Insurance and Judgments	861,348	-	-	-	(861,348)
Interest on Debt	1,553,299	-	-	-	(1,553,299)
Other Supporting Services	7,457,291	-	388,085	-	(7,069,206)
Food Services	5,011,309	690,054	6,210,755	-	1,889,500
Community Services	840,848	91,082	-	-	(749,766)
Total Support Services	62,240,100	796,335	15,846,208	363,893	(45,233,664)
Non-Program:					
Purchased Instructional Services	12,915,851	-	869,515	-	(12,046,336)
Other Non-Program Transactions	427,731	-	-	-	(427,731)
Total Non-Program	13,343,582	-	869,515	-	(12,474,067)
Total Primary Government	\$ 144,374,561	\$ 4,568,520	\$ 31,335,550	\$ 363,893	(108,106,598)
General Revenues					
Property Taxes:					
General Purposes					53,567,098
Debt Services					6,304,888
Community Services					906,097
Payment in Lieu of Taxes					21,580
State and Federal Aids Not Restricted to					
Specific Functions					75,750,845
Interest and Investment Earnings					66,446
Gain on Sale of Capital Assets					2,000
Miscellaneous					3,412,072
Total General Revenues					140,031,026
Change in Net Position					31,924,428
Net Position - Beginning of Year					55,601,728
Net Position - End of Year					\$ 87,526,156

See accompanying Notes to Basic Financial Statements.

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022**

	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and Investments	\$ 26,874,792	\$ 3,148,089	\$ 6,413,942	\$ 36,436,823
Receivables:				
Taxes	17,402,575	-	-	17,402,575
Accounts	300,918	-	82,737	383,655
Due from Other Governments	5,623,941	-	1,043,665	6,667,606
Due from Other Funds	248,723	-	-	248,723
Inventories and Prepaid Items	3,795,126	-	130,212	3,925,338
Total Assets	<u>\$ 54,246,075</u>	<u>\$ 3,148,089</u>	<u>\$ 7,670,556</u>	<u>\$ 65,064,720</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 2,017,091	\$ -	\$ 219,171	\$ 2,236,262
Accrued Liabilities:				
Payroll, Payroll Taxes, Insurance	9,829,789	-	88,058	9,917,847
Due to Other Funds	-	-	248,723	248,723
Other Deposits Payable	7,770	-	1,730	9,500
Unearned Revenue	51,500	-	236,284	287,784
Health Benefit Claims Payable	84,688	-	-	84,688
Total Liabilities	<u>11,990,838</u>	<u>-</u>	<u>793,966</u>	<u>12,784,804</u>
Fund Balances:				
Nonspendable	3,795,126	-	130,212	3,925,338
Restricted	159,705	3,148,089	6,746,747	10,054,541
Assigned	923,208	-	-	923,208
Unassigned	37,377,198	-	(369)	37,376,829
Total Fund Balances	<u>42,255,237</u>	<u>3,148,089</u>	<u>6,876,590</u>	<u>52,279,916</u>
Total Liabilities and Fund Balances	<u>\$ 54,246,075</u>	<u>\$ 3,148,089</u>	<u>\$ 7,670,556</u>	<u>\$ 65,064,720</u>

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, 2022**

Total Fund Balance - Governmental Funds **\$ 52,279,916**

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	\$ 230,888,560	
Accumulated Depreciation	<u>(110,323,544)</u>	120,565,016

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)	33,582,061	
Net Supplemental Pension Plan Liability	(2,231,376)	
Deferred Outflows of Resources - Pension Related	63,706,332	
Deferred Inflows of Resources - Pension Related	<u>(79,788,921)</u>	15,268,096

Unused vacation pay is a liability of the governmental funds only if the employee has resigned or retired. (364,970)

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	45,341,525	
Lease Liability - Right-to-Use	677,729	
Lease Liability - Financed Purchase	2,355,438	
Accrued Interest Payable on General Obligation Debt	<u>471,208</u>	(48,845,900)

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	50,856,388	
State Life Insurance Net Other Postemployment Benefits Liability	6,560,563	
Deferred Outflows of Resources - Other Postemployment Benefits Related	(9,203,044)	
Deferred Inflows of Resources - Other Postemployment Benefits Related	<u>3,162,095</u>	<u>(51,376,002)</u>

Total Net Position - Governmental Activities **\$ 87,526,156**

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022**

	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Local	\$ 54,383,935	\$ 6,322,764	\$ 2,601,304	\$ 63,308,003
Interdistrict	2,883,239	-	-	2,883,239
Intermediate	-	-	856,423	856,423
State	85,539,936	-	-	85,539,936
Federal	14,910,952	-	6,218,137	21,129,089
Other	2,564,664	-	21,201	2,585,865
Total Revenues	160,282,726	6,322,764	9,697,065	176,302,555
EXPENDITURES				
Instruction:				
Regular Instruction	52,554,771	-	645,137	53,199,908
Vocational Instruction	4,177,526	-	4,984	4,182,510
Special Instruction	24,268,273	-	18,200	24,286,473
Other Instruction	4,604,151	-	175,041	4,779,192
Total Instruction	85,604,721	-	843,362	86,448,083
Support Services:				
Pupil Services	8,042,161	-	58,869	8,101,030
Instructional Staff Services	9,261,289	-	129,990	9,391,279
General Administration	961,674	-	28,345	990,019
Building Administration	7,225,338	-	59,528	7,284,866
Business Services	22,333,218	-	874,744	23,207,962
Food Services	-	-	5,052,402	5,052,402
Central Services	1,627,140	-	3,805	1,630,945
Insurance and Judgments	853,698	-	396	854,094
Community Services	-	-	877,950	877,950
Debt Service:				
Principal	1,394,036	4,555,000	-	5,949,036
Interest	127,991	1,841,588	-	1,969,579
Paying Agent Fees	1,425	-	-	1,425
Other Support Services	8,587,349	-	28,332	8,615,681
Total Support Services	60,415,319	6,396,588	7,114,361	73,926,268
Non-Program:				
Purchased Instructional Services	12,914,375	-	1,476	12,915,851
Other Non-Program Transactions	374,189	-	53,542	427,731
Total Non-Program	13,288,564	-	55,018	13,343,582
Total Expenditures	159,308,604	6,396,588	8,012,741	173,717,933
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	974,122	(73,824)	1,684,324	2,584,622
OTHER FINANCING SOURCES (USES)				
Lease Proceeds	577,600	-	-	577,600
NET CHANGE IN FUND BALANCES	1,551,722	(73,824)	1,684,324	3,162,222
Fund Balances - Beginning of Year	40,703,515	3,221,913	5,192,266	49,117,694
FUND BALANCES - END OF YEAR	<u>\$ 42,255,237</u>	<u>\$ 3,148,089</u>	<u>\$ 6,876,590</u>	<u>\$ 52,279,916</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, 2022**

Total Net Change in Fund Balances - Governmental Funds **\$ 3,162,222**

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	\$ 4,473,656	
Net book value of capital assets disposed of during the year	(74,656)	
Depreciation/Amortization expense reported in the statement of activities	<u>(8,715,191)</u>	
Net change in capital assets		(4,316,191)

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.

7,876,466

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.

19,399,509

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	4,555,000	
The amount of right-to-use lease principal payments in the current year	108,299	
The amount of financed purchase lease principal payments in the current year	<u>1,285,737</u>	5,949,036

Proceeds of long-term debt is reported in the governmental funds as an other financing source, but is reported as an increase in long-term debt in the statement of net position.

The amount of right-to-use lease proceeds in the current year	(577,600)
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**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, 2022**

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: \$ 333,735

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	\$	1,841,588
The amount of interest accrued during the current period		<u>(1,757,618)</u>

Amount of interest paid less than interest accrued 83,970

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 resources used (essentially the amounts actually paid).

Amount by which the liability for vacation pay changed in the current period		<u>13,281</u>
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Change in Net Position - Governmental Activities		<u><u>\$ 31,924,428</u></u>
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**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2022**

	Employee Benefit Trust	Custodial Fund
ASSETS		
Cash and Investments	\$ 3,547,911	\$ 67,740
Accounts Receivable	4,958	-
Prepays	2,297,628	-
Total Assets	<u>5,850,497</u>	<u>67,740</u>
LIABILITIES		
Accounts Payable	166	-
Other Deposits Payable	167	-
Health Benefit Claims Payable	<u>12,262</u>	<u>-</u>
Total Liabilities	<u>12,595</u>	<u>-</u>
NET POSITION		
Restricted	<u><u>\$ 5,837,902</u></u>	<u><u>\$ 67,740</u></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, 2022**

	Employee Benefit Trust	Custodial Fund
ADDITIONS		
Resale Income	\$ -	\$ 493
School Activity Income	-	1,000
Invitational Meet Income	-	578
Donations	-	33,073
Investment Income	18,287	65
District Contributions	7,438,635	-
Plan Member Contributions	194,767	-
Miscellaneous	-	100
Total Additions	<u>7,651,689</u>	<u>35,309</u>
DEDUCTIONS		
Other Instruction	-	39,250
Administrative Expenses	18,664	-
Benefit Payments to Plan Members	7,875,488	-
Other Adjustments	107,074	-
Total Deductions	<u>8,001,226</u>	<u>39,250</u>
CHANGE IN NET POSITION	(349,537)	(3,941)
Net Position - Beginning of Year	<u>6,187,439</u>	<u>71,681</u>
NET POSITION - END OF YEAR	<u><u>\$ 5,837,902</u></u>	<u><u>\$ 67,740</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, 2022**

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 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, 2022**

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.

Additionally, the District reports the following fiduciary funds:

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.

Custodial Fund – The Custodial Fund is used to account for assets held on behalf of other organizations.

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting

The government-wide and fiduciary funds 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.

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 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.

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.

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

1. Deposits and Investments (Continued)

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 2021 tax levy is used to finance operations of the District's fiscal year ended June 30, 2022. 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, 2022**

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, 2022**

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.

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

8. Other Postemployment Benefits (Continued)

The District's collective OPEB liabilities for these two plans at June 30, 2022 was \$57,416,951. Total OPEB revenue for the single-employer plan was \$6,795,576 and total OPEB expense for the multiple-employer plan was \$809,412 for 2021-2022.

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 and inflows 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 (revenue), 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 pension liability for the single-employer plan was \$2,231,376 and the District's pension asset for the multiple-employer plan was \$33,582,061 at June 30, 2022. Total pension expense for the single-employer plan was \$142,766 and total pension income for the multiple-employer plan was \$2,950,789 for 2021-2022.

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, 2022**

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 School Board prior to each year end. Based on resolution of the School 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, 2022**

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, 2022**

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, fiduciary 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, 2022 were shown in the financial statements as follows:

Governmental Funds	\$ 36,436,823
Fiduciary Funds:	
Employee Benefit Trust	3,547,911
Custodial Fund	67,740
Total	<u>\$ 40,052,474</u>

The above balances at June 30, 2022 consisted of the following:

Treasurer's Cash and Investments:	
Cash	\$ 7,350
Deposits at Financial Institutions	67,740
Fiscal Money Market	3,831
Insured Cash Sweep	12,922,735
PFM Funds Managed Money Market	446,430
Mutual Funds	36,275
OPEB Trust Money Market Fund	1,376,716
OPEB Mutual Funds	3,168,239
WISC Investment Series	22,022,280
Investments in State Local Government	
Pooled - Investment Fund	878
Total Cash and Investments	<u>\$ 40,052,474</u>

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

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, 2022, 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, 2022**

NOTE 4 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Deposits and Investments (Continued)

Investments (Continued)

The District's investments at June 30, 2022 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, 2022 was approximately 52 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 Investment 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, 2022, the District's investments were rated as follows:

<u>Type</u>	<u>Credit Rating</u>	<u>Amount</u>
Fiscal Money Market	Not Rated	\$ 3,831
PFM Funds Managed Money Market	Not Rated	446,430
Mutual Funds	Not Rated	36,275
OPEB Trust Money Market Fund	Not Rated	1,376,716
OPEB Mutual Funds	Not Rated	3,168,239
WISC Investment Series	Not Rated	22,022,280
Local Government Investment Pool	Not Rated	878
Total		<u>\$ 27,054,649</u>

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

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, 2022, the District's investments maturities were as follows:

Type	Total	< 1 Year	1 to 3 years	> 3 Years
Fiscal Money Market	\$ 3,831	\$ 3,831	\$ -	\$ -
PFM Funds Managed Money Market	446,430	446,430	-	-
Mutual Funds	36,275	36,275	-	-
OPEB Trust Money Market Fund	1,376,716	1,376,716	-	-
OPEB Mutual Funds	3,168,239	3,168,239	-	-
WISC Investment Series	22,022,280	22,022,280	-	-
Local Government Investment Pool	878	878	-	-
Total	<u>\$ 27,054,649</u>	<u>\$ 27,054,649</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.

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.

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 4 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Deposits and Investments (Continued)

Fair Value Measurements (Continued)

The District's assets as of June 30, 2022 were categorized as follows:

	Level 1	Level 2	Level 3	Total
Fiscal Money Market	\$ 3,831	\$ -	\$ -	\$ 3,831
PFM Funds Managed Money Market	446,430	-	-	446,430
Mutual Funds	36,275	-	-	36,275
OPEB Mutual Funds	3,168,239	-	-	3,168,239
Total	<u>\$ 3,654,775</u>	<u>\$ -</u>	<u>\$ -</u>	<u>3,654,775</u>
Investments at Amortized Cost:				
OPEB Trust Money Market Fund				1,376,716
WISC Investment Series				22,022,280
Local Government Investment Pool				878
Total				<u>\$ 27,054,649</u>

B. Capital Assets

Changes in the capital assets for the year ended June 30, 2022 were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets:				
Land	\$ 2,262,174	\$ -	\$ -	\$ 2,262,174
Land Improvements	11,630,711	537,607	(63,743)	12,104,575
Buildings and Improvements	197,194,070	1,572,275	(25,004)	198,741,341
Furniture and Equipment	17,749,239	1,968,511	(3,438,141)	16,279,609
Leased Asset (Right of Use)	337,530	998,488	-	1,336,018
Work in Progress	768,068	164,841	(768,066)	164,843
Total Capital Assets	<u>229,941,792</u>	<u>5,241,722</u>	<u>(4,294,954)</u>	<u>230,888,560</u>
Accumulated Depreciation/Amortization:				
Land Improvements	4,597,793	522,845	(63,743)	5,056,895
Buildings and Improvements	90,401,908	5,771,289	(17,503)	96,155,694
Furniture and Equipment	9,930,965	2,260,129	(3,370,986)	8,820,108
Leased Asset (Right of Use)	129,919	160,928	-	290,847
Total Accumulated Depreciation/Amortization	<u>105,060,585</u>	<u>8,715,191</u>	<u>(3,452,232)</u>	<u>110,323,544</u>
Governmental Activities Capital Assets Net of Accumulated Depreciation/Amortization	<u>\$ 124,881,207</u>	<u>\$ (3,473,469)</u>	<u>\$ (842,722)</u>	<u>\$ 120,565,016</u>

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 4 DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Capital Assets (Continued)

Depreciation/amortization was charged to governmental functions as follows:

Instruction:

Regular Instruction	\$ 1,091,595
Vocational Instruction	19,727
Special Instruction	2,778
Other Instruction	18,223

Support Services:

Pupil Services	2,770
Instructional Staff Services	735
Business Services	6,651,986
Central Services	236,441
Insurance and Judgments	7,254
Food Services	52,323
Community Services	2,514
Other Support Services	628,845
Total Depreciation/Amortization for Governmental Activities	<u>\$ 8,715,191</u>

C. Interfund Receivables, Payables and Transfers

The composition of interfund balances as of June 30, 2022 was as follows:

Due to/from Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Other Special Projects Fund	<u>\$ 248,723</u>

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

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 4 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Long-Term Obligations (Continued)

Changes in Long-Term Obligations

Changes in long-term obligations of the District for the year ended June 30, 2022 were as follows:

	Balances June 30, 2021	Additions	Reductions	Balances June 30, 2022	Amounts Due Within One Year
Long-Term Debt					
General Obligation Bonds and Notes	\$ 45,585,000	\$ -	\$ (4,555,000)	\$ 41,030,000	\$ 4,705,000
Add: Debt Premium	4,645,260	-	(333,735)	4,311,525	390,770
Subtotal	50,230,260	-	(4,888,735)	45,341,525	5,095,770
Other Long-Term Obligations:					
Lease Liability - Right-to-Use	208,428	577,600	(108,299)	677,729	126,557
Lease Liability - Financed Purchase	3,641,175	-	(1,285,737)	2,355,438	1,325,705
Vested Employee Benefits	378,251	65,712	(78,993)	364,970	364,970
Subtotal	4,227,854	643,312	(1,473,029)	3,398,137	1,817,232
Total	\$ 54,458,114	\$ 643,312	\$ (6,361,764)	\$ 48,739,662	\$ 6,913,002

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.

Security and Default

All of the taxable property in the District is subject to the levy of a tax to pay the principal and interest on the debt as it becomes due. The levy, under current tax law, may be levied without limitation to rate or amount. Principal, interest, and fiscal charges paid for the current year was \$6,396,588 and the related tax levy was \$6,322,764.

General Obligation Debt

The individual long-term debt issues of the District outstanding at June 30, 2022 were as follows:

Description	Issue Date	Interest Rate	Maturity Date	Original Indebtedness	Amount Outstanding
2013 G.O. Promissory Notes	4/1/2013	2.0	4/1/2023	\$ 2,850,000	\$ 970,000
2017 G.O. School Improvement Bonds	4/17/2017	2.0-4.0	4/1/2031	25,000,000	17,090,000
2017 G.O. Refunding Bonds	12/28/2017	2.0-5.0	4/1/2028	25,150,000	22,970,000
Total General Obligation Debt					<u>\$ 41,030,000</u>

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 4 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Long-Term Obligations (Continued)

Aggregate cash flow requirements for the retirement of long-term principal and interest as of June 30, 2022 follow:

Fiscal Year	Principal	Interest	Total
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>\$ 41,030,000</u>	<u>\$ 8,513,036</u>	<u>\$ 49,543,036</u>

The 2021 equalized valuation of the District as certified by the Wisconsin Department of Revenue is \$8,802,704,941. The legal debt limit and margin of indebtedness as of June 30, 2022 in accordance with Section 67.03(1)(b) of the Wisconsin Statutes is as follows:

Total Equalized Value (TIDIN)	\$ 8,802,704,941
	10.00%
Calculated Debt Limit	880,270,494
Deduct Long Term Debt Applicable to Debt Margin	41,030,000
Margin of Indebtedness	<u>\$ 839,240,494</u>

Lease Liability: Right-to-Use Asset Agreements

During the current year, the District entered into one new right-to-use lease arrangement with Enterprise FM Trust and one right-to-use lease arrangement extension with Ken Vance Motors Inc. for the purchase of vehicles. A lease liability was recorded in the amount of \$73,699 during the current fiscal year for these leases. The District also entered into a new right-to-use lease arrangement with Eastridge Center LLC for the purchase of building space. A lease liability of \$503,901 was recorded during the current fiscal year for this lease. The District used the incremental borrowing rate for the right-to-use agreements if an interest rate was not provided in the lease agreement.

The District leases are for various terms under long-term, noncancelable lease arrangements. The leases expire at various dates through 2032.

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 4 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Long-Term Obligations (Continued)

Lease Liability: Right-to-Use Asset Agreements (Continued)

The principal and interest costs for such leases for governmental funds was \$126,608 for the year ended June 30, 2022. The future minimum lease payments for these agreements are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>
2023	\$ 151,807
2024	112,280
2025	107,378
2026	79,005
2027	67,076
2028	62,535
2029	63,780
2030	65,055
2031	66,357
2032	16,671
Total Minimum Lease Payments	791,944
Less: Amount Representing Interest	114,215
Present Value Net Minimum Lease Payments	<u>\$ 677,729</u>

These lease agreements qualify as right-to-use assets for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the date of their inception. The assets acquired through right-to-use asset lease agreements are as follows:

	<u>Governmental Activities</u>
Right-to-Use Assets:	
Leased Asset - Buildings and Improvements	\$ 888,996
Leased Asset - Furniture and Equipment	447,021
Less: Accumulated Amortization	290,848
Total	<u>\$ 1,045,169</u>

Lease Liability: Financed Purchased

The District has seven financed purchase lease agreements as lessee for financing the acquisition of machinery and equipment for use by the District. The balance of these lease liabilities on June 30, 2022 was \$2,355,438. The District is required to make various monthly principal and interest payments. These leases have an interest rate of 0.89% to 2.77%. The machinery and equipment has an estimated useful live of 4 years through 2024.

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 4 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Long-Term Obligations (Continued)

Lease Liability: Financed Purchased (Continued)

These lease agreements qualify as a financed purchase for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the date of their inception. The assets acquired through financed purchase leases are as follows:

	<u>Governmental Activities</u>
Assets:	
Furniture and Equipment	\$ 5,355,944
Less: Accumulated Amortization	2,330,940
Total	<u>\$ 3,025,004</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2022 were as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>
2023	\$ 1,395,417
2024	1,057,913
Total Minimum Lease Payments	2,453,330
Less: Amount Representing Interest	97,892
Present Value Net Minimum Lease Payments	<u>\$ 2,355,438</u>

E. Governmental Fund Balances

The governmental fund balances reported on the fund financial statements at June 30, 2022 consisted of the following:

	<u>Total</u>	<u>Nonspendable</u>	<u>Restricted</u>	<u>Assigned</u>	<u>Unassigned</u>
Major Funds:					
General Fund:					
Nonspendable Prepaid Items and Inventory	\$ 3,795,126	\$ 3,795,126	\$ -	\$ -	\$ -
Restricted for Federal Program	159,705	-	159,705	-	-
Assigned for Self Insurance	923,208	-	-	923,208	-
Unassigned	37,377,198	-	-	-	37,377,198
Debt Service Fund	3,148,089	-	3,148,089	-	-
Nonmajor Funds:					
Special Revenue Funds:					
Donor Restricted Purposes	994,685	23,660	971,025	-	-
Other Special Projects	-	369	-	-	(369)
Food Service Program	3,266,793	81,117	3,185,676	-	-
Community Service Programs	2,168,682	25,066	2,143,616	-	-
Capital Projects Fund	446,430	-	446,430	-	-
Subtotal Nonmajor Funds	<u>6,876,590</u>	<u>130,212</u>	<u>6,746,747</u>	<u>-</u>	<u>(369)</u>
Total Governmental Funds Balances at June 30, 2022	<u>\$ 52,279,916</u>	<u>\$ 3,925,338</u>	<u>\$ 10,054,541</u>	<u>\$ 923,208</u>	<u>\$ 37,376,829</u>

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

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 Annual Comprehensive Financial Report (ACFR), which can be found at <http://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

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.

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 5 OTHER INFORMATION (CONTINUED)

A. Wisconsin Retirement System Pension Plan Benefits (Continued)

General Information about the Pension Plan (Continued)

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, 2021 through June 30, 2022, the WRS recognized \$4,826,674 in contributions from the employer.

Contribution rates as of June 30, 2022 are:

	<u>Employee</u>	<u>Employer</u>
General (including teachers)	6.50%	6.50%

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:

<u>Year</u>	<u>Core Fund Adjustment (%)</u>	<u>Variable Fund Adjustment (%)</u>
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
2019	0.0	(10.0)
2020	1.7	21.0
2021	5.1	13.0

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 5 OTHER INFORMATION (CONTINUED)

A. Wisconsin Retirement System Pension Plan Benefits (Continued)

General Information about the Pension Plan (Continued)

At June 30, 2022, the District reported an asset of \$33,582,061 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2021, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2020 rolled forward to December 31, 2021. 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 asset was based on the District's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2021, the District's proportion was 0.41664138 percent, which was a decrease of 0.00855048 percent from its proportion measured as of December 31, 2020.

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

For the year ended June 30, 2022, the District recognized pension income of \$2,950,788. At June 30, 2022, 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	\$ 54,250,123	\$ 3,912,019
Changes of Assumptions	6,265,264	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	75,125,865
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	109,568	171,548
District Contributions Subsequent to the Measurement Date	2,474,250	-
Total	<u>\$ 63,099,205</u>	<u>\$ 79,209,432</u>

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 5 OTHER INFORMATION (CONTINUED)

A. Wisconsin Retirement System Pension Plan Benefits (Continued)

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

\$2,474,250 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as an addition to the net pension asset in the year ended June 30, 2023. Other 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>	<u>Pension Expense Amount</u>
2023	\$ (1,620,271)
2024	(9,136,703)
2025	(4,005,177)
2026	(3,822,326)

Actuarial assumptions. The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2020
Measurement Date of Net Pension Liability (Asset):	December 31, 2021
	January 1, 2018 - December 2020
Experience Study:	Published November 19, 2021
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	6.8%
Discount Rate:	6.8%
Salary Increases:	
Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality:	2020 WRS Experience Mortality Table
Post-retirement Adjustments*:	1.7%

*No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 1.7% 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 2021 that covered a three-year period from January 1, 2018 to December 31, 2020. The Total Pension Liability for December 31, 2021 is based upon a roll-forward of the liability calculated from the December 31, 2020 actuarial valuation.

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 5 OTHER INFORMATION (CONTINUED)

A. Wisconsin Retirement System Pension Plan Benefits (Continued)

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

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 geometric real rates of return for each major asset class are summarized in the following tables:

	Target Allocation	Long-Term Expected Nominal Rate of Return	Long-Term Expected Real Rate of Return
Core Fund Asset Class:			
Global Equities	52 %	6.8%	4.2%
Fixed Income	25	4.3%	1.8%
Inflation Sensitive Assets	19	2.7%	0.2%
Real Estate	7	5.6%	3.0%
Private Equity/Debt	12	9.7%	7.0%
Total Core Fund	<u>115 %</u>	6.6%	4.0%
Variable Fund Asset Class:			
Domestic Equities	70 %	6.3%	3.7%
International Equities	30	7.2%	4.6%
Total Variable Fund	<u>100 %</u>	6.8%	4.2%

Discount rate. A single discount rate of 6.8% was used to measure the Total Pension Liability, as opposed to 7.0% for the prior year. This single discount rate is based on the expected rate of return on pension plan investments of 6.80% and a municipal bond rate of 1.84% (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2021. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.). Because of the unique structure of WRS, the 6.8% expected rate of return implies that a dividend of approximately 1.7% 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.

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 5 OTHER INFORMATION (CONTINUED)

A. Wisconsin Retirement System Pension Plan Benefits (Continued)

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

Discount Rate (continued). 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.

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 6.8 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 (5.8 percent) or 1-percentage-point higher (7.8 percent) than the current rate:

	<u>1% Decrease (5.8%)</u>	<u>Current Discount Rate (6.8%)</u>	<u>1% Increase (7.8%)</u>
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 23,828,853	\$ (33,582,061)	\$ (74,907,238)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

Payable to the pension plan. At June 30, 2022, the District reported a payable of \$1,336,351 for the outstanding amount of contributions to the pension plan for the year ended June 30, 2022.

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, 2022 was estimated at \$364,970.

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 5 OTHER INFORMATION (CONTINUED)

C. Other Postemployment Benefit 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, 2022, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefit payments	258
Inactive plan members entitled to but not yet receiving benefit payments	-
Active plan members	397
	<u>655</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, 2022, the annual money-weighted rate of return, net of investment expense, was 0.31 percent.

The plan does not issue a stand-alone report.

Net OPEB Liability

Total OPEB Liability - Ending (a)	\$ 56,179,857
Plan Fiduciary Net Position - Ending (b)	<u>5,323,469</u>
District's Net OPEB Liability - Ending (a) - (b)	<u>\$ 50,856,388</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	9.48%

The District's total OPEB liability and net OPEB liability for June 30, 2022 is based upon the liability calculated at the June 30, 2022 actuarial valuation.

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 5 OTHER INFORMATION (CONTINUED)

C. Other Postemployment Benefit Plan (Continued)

Net OPEB Liability (Continued)

Actuarial Assumptions

The total OPEB liability for June 30, 2022, was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level \$
Remaining Amortization Period	22 Years
Asset Valuation Method	Market Value
Inflation	2.25 Percent
Salary Increases	3.00 Percent, Average, Including Inflation
Investment Rate of Return	2.25 Percent
Discount Rate	3.54 Percent
Retirement Age	Early Retirement - Age 55 years Regular Retirement - Age 57 years (30 or more years of services)
	Wisconsin 2018 Mortality Table adjusted for future mortality improvements using the MP-2018 fully generated improvement scale (multiplied 60%)
Mortality	7.00% decreasing by 0.50% per year down to 6.00%, then by 0.10% per year down to 5.00%, and thereafter
Healthcare Cost Trend Rates	

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 3.54 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 3.54 percent was used in calculating the District's OPEB liabilities.

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 5 OTHER INFORMATION (CONTINUED)

C. Other Postemployment Benefit Plan (Continued)

Changes in the Net OPEB Liability

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a-b)
Balances at June 30, 2021	\$ 75,469,788	\$ 5,737,385	\$ 69,732,403
Changes for the year:			
Service Cost	3,387,498	-	3,387,498
Interest	1,635,522	-	1,635,522
Changes of Benefit Terms	(19,000,746)	-	(19,000,746)
Differences Between Expected and Actual Experience	5,059,633	-	5,059,633
Changes of Assumptions or Other Input	(2,842,302)	-	(2,842,302)
Contributions - Employer	-	7,215,255	(7,215,255)
Net Investment Income	-	16,957	(16,957)
Benefit Payments	(7,529,536)	(7,529,536)	-
Administrative Expense	-	(116,592)	116,592
Net Changes	<u>(19,289,931)</u>	<u>(413,916)</u>	<u>(18,876,015)</u>
Balances at June 30, 2022	<u>\$ 56,179,857</u>	<u>\$ 5,323,469</u>	<u>\$ 50,856,388</u>

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 (2.54 percent) or 1-percentage-point higher (4.54 percent) than the current discount rate:

	1% Decrease (2.54%)	Current Discount Rate (3.54%)	1% Increase (4.54%)
Net OPEB Liability	<u>\$ 53,257,612</u>	<u>\$ 50,856,388</u>	<u>\$ 48,493,141</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 (6.0% decreasing to 4.0%)	Healthcare Cost Trend Rates (7.0% decreasing to 5.0%)	1% Increase (8.0% decreasing to 6.0%)
Net OPEB Liability	<u>\$ 49,238,511</u>	<u>\$ 50,856,388</u>	<u>\$ 52,628,931</u>

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 5 OTHER INFORMATION (CONTINUED)

C. Other Postemployment Benefit Plan (Continued)

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

For the year ended June 30, 2022, the District recognized OPEB revenue of \$6,985,185 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	\$ 6,188,545	\$ -
Changes of Assumptions or Other Input	653,090	2,379,617
Net Difference Between Projected and Actual Earnings on OPEB Investments	211,254	-
Total	<u>\$ 7,052,889</u>	<u>\$ 2,379,617</u>

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:

Year Ended June 30,	OPEB Expense Amount
2023	\$ 997,311
2024	971,386
2025	954,436
2026	933,861
2027	555,461
Thereafter	260,817

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, 2022, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefit payments	29
Inactive plan members entitled to but not yet receiving benefit payments	-
Active plan members	<u>283</u>
	<u>312</u>

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 5 OTHER INFORMATION (CONTINUED)

D. Supplemental Pension Plan (Continued)

Plan Description (Continued)

Investments

Investment policy. The 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, 2022, the annual money-weighted rate of return, net of investment expense, was 0.31 percent.

The plan does not issue a stand-alone report.

Contributions

The District funds its pension liability through a separate employee trust fund. For fiscal year 2022, the District contributed an estimated \$196,735 to the plan.

Net Pension Liability

Total Pension Liability - Ending (a)	\$ 2,745,809
Plan Fiduciary Net Position - Ending (b)	<u>514,433</u>
District's Net Pension Liability - Ending (a) - (b)	<u><u>\$ 2,231,376</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	18.74%

The District's net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022.

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 5 OTHER INFORMATION (CONTINUED)

D. Supplemental Pension Plan (Continued)

Changes in the Net Pension Liability (Continued)

Actuarial assumptions. The total pension liability for June 30, 2022, was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level \$
Remaining Amortization Period	22 Years
Asset Valuation Method	Market Value
Inflation	2.25 Percent
Salary Increases	3.00 Percent, Average, Including Inflation
Investment Rate of Return	2.25 Percent
Discount Rate	3.54 Percent
Retirement Age	Early Retirement - Age 55 years
	Regular Retirement - Age 57 years (30 or more years of services)
	Wisconsin 2018 Mortality Table adjusted for future mortality improvements using the MP-2018 fully generated improvement scale (multiplied 60%)
Mortality	

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 2.25 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 3.54 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, 2022**

NOTE 5 OTHER INFORMATION (CONTINUED)

D. Supplemental Pension Plan (Continued)

Changes in the Net Pension Liability (Continued)

	Total Pension Liability	Fiduciary Net Position	Net Pension Liability
Balances at Beginning of Year	\$ 2,614,309	\$ 450,054	\$ 2,164,255
Changes for the Year:			
Service Cost	103,878	-	103,878
Interest	57,421	-	57,421
Differences between expected and actual experience	302,554	-	302,554
Changes of assumptions or other input	(181,168)	-	(181,168)
Contributions - Employer	-	223,380	(223,380)
Net Investment Income	-	1,330	(1,330)
Benefit Payments	(151,185)	(151,185)	-
Administrative Expense	-	(9,146)	9,146
Net Changes	<u>131,500</u>	<u>64,379</u>	<u>67,121</u>
Balances at End of Year	<u>\$ 2,745,809</u>	<u>\$ 514,433</u>	<u>\$ 2,231,376</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 3.54%, 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 (2.54%) or one percentage point higher (4.54%) than the current rate):

	1% Decrease 2.54%	Current Discount Rate 3.54%	1% Increase 4.54%
Net Pension Liability	<u>\$ 2,362,807</u>	<u>\$ 2,231,376</u>	<u>\$ 2,102,164</u>

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

For the year ended June 30, 2022, the District recognized pension expense of \$179,804. At June 30, 2022, 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	\$ 373,644	\$ 329,722
Changes of Assumptions	216,742	249,767
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	16,741	-
Total	<u>\$ 607,127</u>	<u>\$ 579,489</u>

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

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 (Continued)

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>	<u>Pension Expense Amount</u>
2023	\$ (19,695)
2024	(21,937)
2025	(23,260)
2026	36,744
2027	22,684
Thereafter	33,102

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.

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 5 OTHER INFORMATION (CONTINUED)

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

Contribution rates as of June 30, 2022 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, 2021 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 \$20,928 in contributions from the District.

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

At June 30, 2022, the District reported a liability of \$6,560,563 its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2021 rolled forward to December 31, 2021. 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, 2021, the District's proportion was 1.110009 percent, which was a decrease of 0.021428 percent from its proportion measured as of December 31, 2020.

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

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)

For the year ended June 30, 2022, the District recognized OPEB expense of \$809,412. At June 30, 2022, 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	\$ -	\$ 333,732
Changes of Assumptions	1,982,172	317,994
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	85,358	-
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	71,857	130,752
District Contributions Subsequent to the Measurement Date	10,768	-
Total	<u>\$ 2,150,155</u>	<u>\$ 782,478</u>

\$10,768 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEBs will be recognized in OPEB expense as follows:

Year Ended June 30,	OPEB Expense Amount
2023	\$ 315,496
2024	305,594
2025	271,926
2026	333,535
2027	141,609
Thereafter	(11,251)

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

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)

Actuarial assumptions. The total OPEB liability in the January 1, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	January 1, 2021
Measurement Date of Net OPEB Liability (Asset)	December 31, 2021
Actuarial Cost Method	Entry Age Normal
20 Year Tax-Exempt Municipal Bond Yield	2.06%
Long-Term Expected Rate of Return	4.25%
Discount Rate	2.17%
Salary Increases:	
Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality	2020 WRS Experience Mortality Table

Actuarial assumptions are based upon an experience study conducted in 2021 that covered a three-year period from January 1, 2018 to December 31, 2020. The Total OPEB Liability for December 31, 2021 is based upon a roll-forward of the liability calculated from the January 1, 2021 actuarial valuation.

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. Intermediate Credit Bonds	Bloomberg U.S. Interm Credit	45%	1.68%
U.S. Long Credit Bonds	Bloomberg U.S. Long Credit	5%	1.82%
U.S. Mortgages	Bloomberg U.S. MBS	50%	1.94%
Inflation			2.30%
Long-Term Expected Rate of Return			4.25%

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

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)

Single Discount rate. A single discount rate of 2.17% was used to measure the Total OPEB Liability for the current year, as opposed to a discount rate of 2.25% for the prior year. The significant change in the discount rate was primarily caused by the decrease in the municipal bond rate from 2.12% as of December 31, 2020 to 2.06% as of December 31, 2021. The Plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive members. 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.

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 2.17 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 (1.17 percent) or 1-percentage-point higher (3.17 percent) than the current rate:

	1% Decrease (1.17%)	Current Discount Rate (2.17%)	1% Increase (3.17%)
District's Proportionate Share of the Net OPEB Liability (Asset)	\$ 8,900,320	\$ 6,560,563	\$ 4,799,994

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/about-etf/reports-and-studies/financial-reports-and-statements>.

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.

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 5 OTHER INFORMATION (CONTINUED)

F. Limitation on School District Revenues (Continued)

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.

H. Self-Funded Dental Insurance

On July 1, 2011, the District established a self-funded dental benefit 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, 2022	\$ 80,131	\$ 1,882,464	\$ (1,865,645)	\$ 96,950
Year Ended June 30, 2021	100,690	1,893,565	(1,914,124)	80,131
Year Ended June 30, 2020	132,772	1,706,291	(1,738,373)	100,690

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.

The District has not received an actuarial certification attesting to the adequacy of the reserves, rates, and the overall financial soundness of the plan.

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 5 OTHER INFORMATION (CONTINUED)

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, 2022 is \$1,799,538.

REQUIRED SUPPLEMENTARY INFORMATION

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Local	\$ 54,235,394	\$ 54,269,613	\$ 54,383,935	\$ 114,322
Interdistrict	3,014,748	3,015,712	2,883,239	(132,473)
State	84,805,444	84,733,882	85,539,936	806,054
Federal	9,949,313	14,846,505	14,910,952	64,447
Other	2,011,069	1,867,069	2,564,664	697,595
Total Revenues	154,015,968	158,732,781	160,282,726	1,549,945
EXPENDITURES:				
Instruction:				
Regular Instruction	52,573,353	53,490,710	52,554,771	935,939
Vocational Instruction	4,013,644	4,144,511	4,177,526	(33,015)
Special Instruction	24,803,763	24,938,770	24,268,273	670,497
Other Instruction	4,628,230	4,636,925	4,604,151	32,774
Total Instruction	86,018,990	87,210,916	85,604,721	1,606,195
Support Services:				
Pupil Services	7,924,919	8,237,815	8,042,161	195,654
Instructional Staff Services	9,021,790	9,370,700	9,261,289	109,411
General Administration	1,019,720	1,020,155	961,674	58,481
Building Administration	6,980,538	7,085,991	7,225,338	(139,347)
Business Services	21,131,674	21,364,370	22,333,218	(968,848)
Central Services	1,654,269	1,727,811	1,627,140	100,671
Insurance and Judgments	898,025	898,025	853,698	44,327
Debt Service:				
Principal	1,327,168	1,369,179	1,394,036	(24,857)
Interest	115,585	118,585	127,991	(9,406)
Paying Agent Fees	-	-	1,425	(1,425)
Other Support Services	6,886,569	7,014,007	8,587,349	(1,573,342)
Total Support Services	56,960,257	58,206,638	60,415,319	(2,208,681)
Non-Program:				
Purchased Instructional Services	11,482,251	11,944,441	12,914,375	(969,934)
Other Non-Program Transactions	20,233	20,233	374,189	(353,956)
Total Non-Program	11,502,484	11,964,674	13,288,564	(1,323,890)
Total Expenditures	154,481,731	157,382,228	159,308,604	(1,926,376)
EXCESS OF REVENUES OVER EXPENDITURES	(465,763)	1,350,553	974,122	(376,431)
OTHER FINANCING SOURCES (USES):				
Capital Lease Proceeds	55,000	100,000	577,600	477,600
NET CHANGE IN FUND BALANCE	(410,763)	1,450,553	1,551,722	101,169
Fund Balance - Beginning of Year	40,703,515	40,703,515	40,703,515	-
FUND BALANCE - End of Year	<u>\$ 40,292,752</u>	<u>\$ 42,154,068</u>	<u>\$ 42,255,237</u>	<u>\$ 101,169</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)**

Plan Measurement Date	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
12/31/2021	0.41664138%	\$ (33,582,061)	\$ 71,456,010	47.00%	106.02%
12/31/2020	0.42519186%	(26,545,317)	68,335,718	38.85%	105.26%
12/31/2019	0.43845971%	(14,137,942)	68,237,011	20.72%	102.96%
12/31/2018	0.44279925%	15,753,409	67,848,614	23.22%	96.45%
12/31/2017	0.43749344%	(12,989,699)	66,354,053	19.58%	102.93%
12/31/2016	0.43478900%	3,583,699	63,072,217	5.68%	99.12%
12/31/2015	0.43140082%	7,010,180	60,363,684	11.61%	98.20%
12/31/2014	0.44613091%	(10,958,196)	61,246,881	17.89%	102.74%

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)**

District Fiscal Year Ended	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
6/30/2022	\$ 4,826,674	\$ (4,826,674)	\$ -	\$ 72,916,116	6.62%
6/30/2021	4,747,153	(4,747,153)	-	70,328,194	6.75%
6/30/2020	4,563,600	(4,563,600)	-	68,616,776	6.65%
6/30/2019	4,497,508	(4,497,508)	-	67,893,647	6.62%
6/30/2018	4,550,844	(4,550,844)	-	67,427,020	6.75%
6/30/2017	4,357,582	(4,357,582)	-	65,021,414	6.70%
6/30/2016	4,066,942	(4,066,942)	-	60,724,212	6.70%
6/30/2015	4,201,233	(4,201,233)	-	60,897,620	6.90%

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

Changes of Assumptions:

Based on a three-year experience study conducted in 2021 covering January 1, 2018 through December 31, 2020, the ETF Board adopted assumption changes that were used to measure the total pension liability beginning with the year-end December 31, 2021, including the following:

- Lowering the long-term expected rate of return from 7.0% to 6.8%
- Lowering the discount rate from 7.0% to 6.8%
- Lowering the price inflation rate from 2.5% to 2.4%
- Lowering the post-retirement adjustments from 1.9% to 1.7%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2018 Mortality Table to the 2020 WRS Experience Mortality Table.

Based on a three-year experience study conducted in 2018 covering January 1, 2015 through December 31, 2017, the ETF Board adopted assumption changes that were used to measure the total pension liability beginning with the year-ended December 31, 2018, including the following:

- Lowering the long-term expected rate of return from 7.2% to 7.0%
- Lowering the discount rate from 7.2% to 7.0%
- Lowering the wage inflation rate from 3.2% to 3.0%
- Lowering the price inflation rate from 2.7% to 2.5%
- Lowering the post-retirement adjustments from 2.1% to 1.9%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2012 Mortality Table to the Wisconsin 2018 Mortality Table.

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	2020	2021	2022
Total Pension Liability								
Service Cost	\$ 507,366	\$ 114,111	\$ 114,111	\$ 121,617	\$ 92,607	\$ 97,045	\$ 101,841	\$ 103,878
Interest	504,170	477,691	95,030	91,451	100,608	93,765	58,435	57,421
Changes in Benefit Terms	-	(9,877,880)	-	-	-	-	-	-
Differences Between Expected and Actual Experience	-	(509,293)	-	242,474	-	(283,093)	-	302,554
Changes in Assumptions	-	(106,912)	117,826	(131,584)	46,180	220,041	-	(181,168)
Benefit Payments	(1,610,706)	(327,952)	(276,078)	(227,845)	(251,114)	(239,834)	(184,294)	(151,185)
Net Change in Total Pension Liability	(599,170)	(10,230,235)	50,889	96,113	(11,719)	(112,076)	(24,018)	131,500
Total Pension Liability - Beginning of the Year	13,444,525	12,845,355	2,615,120	2,666,009	2,762,122	2,750,403	2,638,327	2,614,309
Total Pension Liability - End of Year	<u>\$ 12,845,355</u>	<u>\$ 2,615,120</u>	<u>\$ 2,666,009</u>	<u>\$ 2,762,122</u>	<u>\$ 2,750,403</u>	<u>\$ 2,638,327</u>	<u>\$ 2,614,309</u>	<u>2,745,809</u>
Plan Fiduciary Net Position								
Contributions - Employer	\$ 1,691,241	\$ 344,349	\$ 289,882	\$ 239,237	\$ 251,114	\$ 223,072	\$ 223,380	\$ 223,380
Net Investment Income	103	668	518	4,570	4,404	7,852	1,617	1,330
Benefit Payments	(1,610,706)	(327,952)	(276,078)	(227,845)	(251,114)	(239,834)	(184,294)	(151,185)
Administrative Expense	(2,182)	(2,276)	(1,122)	(649)	(583)	(974)	(1,735)	(9,146)
Net Change in Plan Fiduciary Net Position	78,456	14,789	13,200	15,313	3,821	(9,884)	38,968	64,379
Plan Fiduciary Net Position Beginning of Year	295,391	373,847	388,636	401,836	417,149	420,970	411,086	450,054
Plan Fiduciary Net Position - End of Year	<u>373,847</u>	<u>388,636</u>	<u>401,836</u>	<u>417,149</u>	<u>420,970</u>	<u>411,086</u>	<u>450,054</u>	<u>514,433</u>
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>	<u>\$ 2,227,241</u>	<u>\$ 2,164,255</u>	<u>\$ 2,231,376</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	2.91%	14.86%	15.07%	15.10%	15.31%	15.58%	17.22%	18.74%
District's Covered Payroll	\$ 32,491,403	\$ 27,957,383	\$ 27,957,383	\$ 26,708,974	\$ 26,708,974	\$ 23,197,135	\$ 23,197,135	\$ 20,584,608
Net Pension Liability as a Percentage of Covered Payroll	38.38%	7.96%	8.10%	8.78%	8.72%	9.60%	9.33%	10.84%

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	2020	2021	2022
Schedule of District Contributions								
Actuarially Determined Contribution	\$ 1,262,760	\$ 250,573	\$ 250,573	\$ 223,072	\$ 223,072	\$ 223,380	\$ 223,380	\$ 225,446
Contributions in Relation of the Actuarially Determined Contribution	1,691,241	344,349	289,882	239,237	251,114	223,072	223,380	223,380
Contribution Deficiency (Excess)	<u>\$ (428,481)</u>	<u>\$ (93,776)</u>	<u>\$ (39,309)</u>	<u>\$ (16,165)</u>	<u>\$ (28,042)</u>	<u>\$ 308</u>	<u>\$ -</u>	<u>\$ 2,066</u>
District's Covered Payroll	\$ 32,491,403	\$ 27,957,383	\$ 27,957,383	\$ 26,708,974	\$ 26,708,974	\$ 23,197,135	\$ 23,197,135	\$ 20,584,608
Contributions as a Percentage of Covered Payroll	5.21%	1.23%	1.04%	0.90%	0.94%	0.96%	0.96%	1.09%

Changes of Benefit Terms. None

Changes of Assumptions. No significant change in assumptions were noted from the prior year.

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	2020	2021	2022
Total OPEB Liability						
Service Cost	\$ 3,461,943	\$ 3,461,943	\$ 3,103,092	\$ 3,236,033	\$ 3,247,997	\$ 3,387,498
Interest	2,630,746	2,613,503	2,859,600	2,679,021	1,699,196	1,635,522
Changes of Benefit Terms	-	-	-	(1,359,369)	-	(19,000,746)
Differences Between Expected and Actual Experience	-	2,285,167	-	1,447,473	-	5,059,633
Changes of Assumptions or Other Input	-	(67,878)	1,088,486	(79,717)	-	(2,842,302)
Benefit Payments	(6,613,794)	(6,556,952)	(6,500,664)	(7,159,716)	(6,746,432)	(7,529,536)
Net Change in Total OPEB Liability	(521,105)	1,735,783	550,514	(1,236,275)	(1,799,239)	(19,289,931)
Total OPEB Liability - Beginning	76,740,110	76,219,005	77,954,788	78,505,302	77,269,027	75,469,788
Total OPEB Liability - Ending (a)	\$ 76,219,005	\$ 77,954,788	\$ 78,505,302	\$ 77,269,027	\$ 75,469,788	56,179,857
Plan Fiduciary Net Position						
Contributions - Employer	\$ 7,221,315	\$ 7,254,737	\$ 7,166,333	\$ 7,291,413	\$ 7,215,255	\$ 7,215,255
Net Investment Income	4,023	41,162	45,946	94,306	20,730	16,957
Benefit Payments	(6,613,794)	(6,556,952)	(6,500,664)	(7,159,716)	(6,746,432)	(7,529,536)
Administrative Expense	(8,711)	(5,841)	(6,080)	(11,694)	(22,241)	(116,592)
Adjustment	-	-	(2,000)	-	-	-
Net Change in Plan Fiduciary Net Position	602,833	733,106	703,535	214,309	467,312	(413,916)
Plan Fiduciary Net Position - Beginning	3,016,290	3,619,123	4,352,229	5,055,764	5,270,073	5,737,385
Plan Fiduciary Net Position - Ending (b)	\$ 3,619,123	\$ 4,352,229	\$ 5,055,764	\$ 5,270,073	\$ 5,737,385	\$ 5,323,469
District's Net OPEB Liability - Ending (a) - (b)	\$ 72,599,882	\$ 73,602,559	\$ 73,449,538	\$ 71,998,954	\$ 69,732,403	\$ 50,856,388
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	4.75%	5.58%	6.44%	6.82%	7.60%	9.48%
Covered Payroll	\$ 34,904,806	\$ 64,816,825	\$ 64,816,825	\$ 65,531,992	\$ 65,531,992	24,971,071
District's Net OPEB Liability as a Percentage of Covered Payroll	207.99%	113.55%	113.32%	109.87%	106.41%	203.66%

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>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Actuarially Determined Contribution (ADC)	\$ 7,860,920	\$ 7,291,413	\$ 7,291,413	\$ 7,215,255	\$ 7,215,255	\$ 7,366,376
Contributions in Relation to the Actuarially Determined Contribution	7,221,315	7,254,737	7,166,333	7,291,413	7,215,255	7,215,255
Contribution Deficiency (Excess)	<u>\$ 639,605</u>	<u>\$ 36,676</u>	<u>\$ 125,080</u>	<u>\$ (76,158)</u>	<u>\$ -</u>	<u>\$ 151,121</u>
Covered Payroll	\$ 34,904,806	\$ 64,816,825	\$ 64,816,825	\$ 65,531,992	\$ 65,531,992	24,971,071
Contributions as a Percentage of Covered Payroll	20.69%	11.19%	11.06%	11.13%	11.01%	28.89%

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%
2020	1.83%
2021	0.38%
2022	0.31%

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)

Plan Measurement Date	Proportion of the Net OPEB Liability (Asset)	Proportionate Share of the Net OPEB Liability (Asset)	Covered Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
12/31/2021	1.11000900%	\$ 6,560,563	\$ 59,152,000	11.09%	29.57%
12/31/2020	1.13143700%	6,223,720	59,367,000	10.48%	31.36%
12/31/2019	1.11704100%	4,756,578	56,860,000	8.37%	37.58%
12/31/2018	1.15145200%	2,971,135	58,535,000	5.08%	48.69%
12/31/2017	1.13657400%	3,419,474	47,796,188	7.15%	44.81%

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)**

District Fiscal Year Ended	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
6/30/2022	\$ 20,928	\$ (20,928)	\$ -	\$ 59,152,000	0.04%
6/30/2021	22,597	(22,597)	-	59,367,000	0.04%
6/30/2020	22,338	(22,338)	-	56,860,000	0.04%
6/30/2019	22,279	(22,279)	-	58,535,000	0.04%
6/30/2018	22,017	(22,017)	-	47,796,188	0.05%

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

Changes of Assumptions. The ETF Board adopted economic and demographic assumption changes based on a three year experience study performed for the Wisconsin Retirement System. These assumptions are used in the actuarial valuations of OPEB liabilities (assets) for the retiree life insurance programs and are summarized below.

The assumption changes that were used to measure the December 31, 2021 total OPEB liabilities, including the following:

- Lowering the price inflation rate from 2.5% to 2.4%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2018 Mortality Table to the 2020 WRS Experience Mortality Table

The assumption changes there were used to measure the December 31, 2018 total OPEB liabilities, including the following:

- Lowering the long-term expected rate of return from 5.00% to 4.25%
- Lowering the wage inflation rate from 3.2% to 3.0%
- Lowering the price inflation rate from 2.7% to 2.5%
- Mortality assumptions were changed to reflect updated trends by transitioning from Wisconsin 2012 Mortality Table to the Wisconsin 2018 Morality Table.

See accompanying Notes to Required Supplementary Information.

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2022**

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, 2022**

	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	\$ 54,235,394	\$ -	\$ -	\$ 54,235,394	\$ 54,269,613	\$ -	\$ -	\$ 54,269,613	\$ 54,383,935	\$ -	\$ -	\$ 54,383,935
Interdistrict	2,660,791	353,957	-	3,014,748	2,661,755	353,957	-	3,015,712	2,571,156	312,083	-	2,883,239
State	78,345,559	6,459,885	-	84,805,444	78,209,997	6,523,885	-	84,733,882	78,751,300	6,788,636	-	85,539,936
Federal	6,907,540	3,041,773	-	9,949,313	11,468,244	3,378,261	-	14,846,505	11,541,479	3,369,473	-	14,910,952
Other	2,011,069	-	-	2,011,069	1,867,069	-	-	1,867,069	2,564,616	48	-	2,564,664
Total Revenues	144,160,353	9,855,615	-	154,015,968	148,476,678	10,256,103	-	158,732,781	149,812,486	10,470,240	-	160,282,726
EXPENDITURES:												
Instruction:												
Regular Instruction	52,573,353	-	-	52,573,353	53,490,710	-	-	53,490,710	52,554,771	-	-	52,554,771
Vocational Instruction	3,747,482	266,162	-	4,013,644	3,864,355	280,156	-	4,144,511	3,902,656	274,870	-	4,177,526
Special Instruction	2,763,959	22,039,804	-	24,803,763	2,768,159	22,170,611	-	24,938,770	2,700,489	21,567,784	-	24,268,273
Other Instruction	4,628,230	-	-	4,628,230	4,636,925	-	-	4,636,925	4,604,151	-	-	4,604,151
Total Instruction	63,713,024	22,305,966	-	86,018,990	64,760,149	22,450,767	-	87,210,916	63,762,067	21,842,654	-	85,604,721
Support Services:												
Pupil Services	5,434,292	2,490,627	-	7,924,919	5,738,578	2,499,237	-	8,237,815	5,520,112	2,522,049	-	8,042,161
Instructional Staff Services	8,118,356	903,434	-	9,021,790	8,542,701	827,999	-	9,370,700	8,433,363	827,926	-	9,261,289
General Administration	1,019,720	-	-	1,019,720	1,020,155	-	-	1,020,155	961,674	-	-	961,674
Building Administration	6,980,538	-	-	6,980,538	7,085,991	-	-	7,085,991	7,225,338	-	-	7,225,338
Business Services	19,784,024	1,347,650	-	21,131,674	19,871,860	1,492,510	-	21,364,370	20,337,149	1,996,069	-	22,333,218
Central Services	1,654,269	-	-	1,654,269	1,714,172	13,639	-	1,727,811	1,615,214	11,926	-	1,627,140
Insurance and Judgments	898,025	-	-	898,025	898,025	-	-	898,025	853,698	-	-	853,698
Debt Service:												
Principal	1,327,168	-	-	1,327,168	1,369,179	-	-	1,369,179	1,367,553	26,483	-	1,394,036
Interest	115,585	-	-	115,585	118,585	-	-	118,585	117,274	10,717	-	127,991
Paying Agent Fees	-	-	-	-	-	-	-	-	1,425	-	-	1,425
Other Support Services	6,867,774	18,795	-	6,886,569	7,000,207	13,800	-	7,014,007	8,572,950	14,399	-	8,587,349
Total Support Services	52,199,751	4,760,506	-	56,960,257	53,359,453	4,847,185	-	58,206,638	55,005,750	5,409,569	-	60,415,319
Non-Program:												
Purchased Instructional Services	11,171,723	310,528	-	11,482,251	11,450,394	494,047	-	11,944,441	11,961,992	952,383	-	12,914,375
Other Non-Program Transactions	-	20,233	-	20,233	-	20,233	-	20,233	337,904	36,285	-	374,189
Total Non-Program	11,171,723	330,761	-	11,502,484	11,450,394	514,280	-	11,964,674	12,299,896	988,668	-	13,288,564
Total Expenditures	127,084,498	27,397,233	-	154,481,731	129,569,996	27,812,232	-	157,382,228	131,067,713	28,240,891	-	159,308,604
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	17,075,855	(17,541,618)	-	(465,763)	18,906,682	(17,556,129)	-	1,350,553	18,744,773	(17,770,651)	-	974,122
OTHER FINANCING SOURCES (USES):												
Capital Lease Proceeds	55,000	-	-	55,000	100,000	-	-	100,000	73,699	503,901	-	577,600
Contracts That Transfer Ownership	-	-	-	-	-	-	-	-	-	-	-	-
Transfers In	-	17,541,618	(17,541,618)	-	-	17,556,129	(17,556,129)	-	-	17,266,750	(17,266,750)	-
Transfers Out	(17,541,618)	-	17,541,618	-	(17,556,129)	-	17,556,129	-	(17,266,750)	-	17,266,750	-
Total Other Financing Sources (Uses)	(17,486,618)	17,541,618	-	55,000	(17,456,129)	17,556,129	-	100,000	(17,193,051)	17,770,651	-	577,600
NET CHANGE IN FUND BALANCE	(410,763)	-	-	(410,763)	1,450,553	-	-	1,450,553	1,551,722	-	-	1,551,722
Fund Balance - Beginning of Year	40,703,515	-	-	40,703,515	40,703,515	-	-	40,703,515	40,703,515	-	-	40,703,515
FUND BALANCE - End of Year	<u>\$ 40,292,752</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 40,292,752</u>	<u>\$ 42,154,068</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 42,154,068</u>	<u>\$ 42,255,237</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 42,255,237</u>

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
BUDGETARY COMPARISON SCHEDULE
FUND 10
YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Local	\$ 54,235,394	\$ 54,269,613	\$ 54,383,935	\$ 114,322
Interdistrict	2,660,791	2,661,755	2,571,156	(90,599)
State	78,345,559	78,209,997	78,751,300	541,303
Federal	6,907,540	11,468,244	11,541,479	73,235
Other	2,011,069	1,867,069	2,564,616	697,547
Total Revenues	144,160,353	148,476,678	149,812,486	1,335,808
EXPENDITURES:				
Instruction:				
Regular Instruction	52,573,353	53,490,710	52,554,771	935,939
Vocational Instruction	3,747,482	3,864,355	3,902,656	(38,301)
Special Instruction	2,763,959	2,768,159	2,700,489	67,670
Other Instruction	4,628,230	4,636,925	4,604,151	32,774
Total Instruction	63,713,024	64,760,149	63,762,067	998,082
Support Services:				
Pupil Services	5,434,292	5,738,578	5,520,112	218,466
Instructional Staff Services	8,118,356	8,542,701	8,433,363	109,338
General Administration	1,019,720	1,020,155	961,674	58,481
Building Administration	6,980,538	7,085,991	7,225,338	(139,347)
Business Services	19,784,024	19,871,860	20,337,149	(465,289)
Central Services	1,654,269	1,714,172	1,615,214	98,958
Insurance and Judgments	898,025	898,025	853,698	44,327
Debt Service:				
Principal	1,327,168	1,369,179	1,367,553	1,626
Interest	115,585	118,585	117,274	1,311
Paying Agent Fees	-	-	1,425	(1,425)
Other Support Services	6,867,774	7,000,207	8,572,950	(1,572,743)
Total Support Services	52,199,751	53,359,453	55,005,750	(1,646,297)
Non-Program:				
Purchased Instructional Services	11,171,723	11,450,394	11,961,992	(511,598)
Other Non-Program Transactions	-	-	337,904	(337,904)
Total Non-Program	11,171,723	11,450,394	12,299,896	(849,502)
Total Expenditures	127,084,498	129,569,996	131,067,713	(1,497,717)
EXCESS OF REVENUES OVER EXPENDITURES	17,075,855	18,906,682	18,744,773	(161,909)
OTHER FINANCING SOURCES (USES):				
Capital Lease Proceeds	55,000	100,000	73,699	(26,301)
Contracts That Transfer Ownership	-	-	-	-
Transfer to Special Education Fund	(17,541,618)	(17,556,129)	(17,266,750)	289,379
Total Other Financing Sources (Uses)	(17,486,618)	(17,456,129)	(17,193,051)	263,078
NET CHANGE IN FUND BALANCE	(410,763)	1,450,553	1,551,722	101,169
Fund Balance - Beginning of Year	40,703,515	40,703,515	40,703,515	-
FUND BALANCE - End of Year	<u>\$ 40,292,752</u>	<u>\$ 42,154,068</u>	<u>\$ 42,255,237</u>	<u>\$ 101,169</u>

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
BUDGETARY COMPARISON SCHEDULE
FUND 27
YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Interdistrict Sources	\$ 353,957	\$ 353,957	\$ 312,083	\$ (41,874)
State Sources	6,459,885	6,523,885	6,788,636	264,751
Federal Sources	3,041,773	3,378,261	3,369,473	(8,788)
Other	-	-	48	48
Total Revenues	9,855,615	10,256,103	10,470,240	214,137
EXPENDITURES:				
Instruction:				
Vocational Instruction	266,162	280,156	274,870	5,286
Special Instruction	22,039,804	22,170,611	21,567,784	602,827
Total Instruction	22,305,966	22,450,767	21,842,654	608,113
Support Services:				
Pupil Services	2,490,627	2,499,237	2,522,049	(22,812)
Instructional Staff Services	903,434	827,999	827,926	73
Business Services	1,347,650	1,492,510	1,996,069	(503,559)
Central Services	-	13,639	11,926	1,713
Other Support Services	18,795	13,800	14,399	(599)
Debt Service:				
Principal	-	-	26,483	(26,483)
Interest	-	-	10,717	(10,717)
Total Support Services	4,760,506	4,847,185	5,409,569	(562,384)
Non-Program:				
Purchased Instructional Services	310,528	494,047	952,383	(458,336)
Other Non-Program Transactions	20,233	20,233	36,285	(16,052)
Total Non-Program	330,761	514,280	988,668	(474,388)
Total Expenditures	27,397,233	27,812,232	28,240,891	(428,659)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(17,541,618)	(17,556,129)	(17,770,651)	(214,522)
OTHER FINANCING SOURCES (USES):				
Capital Lease Proceeds	-	-	503,901	503,901
Transfer from General Fund	17,541,618	17,556,129	17,266,750	(289,379)
Total Other Financing Sources (Uses)	17,541,618	17,556,129	17,770,651	214,522
NET CHANGE IN FUND BALANCE	-	-	-	-
Fund Balance - Beginning of Year	-	-	-	-
FUND BALANCE - End of Year	\$ -	\$ -	\$ -	\$ -

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2022**

	Special Revenue Funds					Totals
	Donations Fund	Other Special Projects	Food Service	Community Service	Capital Projects	
ASSETS						
Cash and Investments	\$ 958,105	\$ -	\$ 2,720,433	\$ 2,288,974	\$ 446,430	\$ 6,413,942
Accounts Receivable	54,728	-	9,575	18,434	-	82,737
Due from Other Governments	322	302,768	740,575	-	-	1,043,665
Inventories and Prepaid Items	23,660	369	81,117	25,066	-	130,212
Total Assets	<u>\$ 1,036,815</u>	<u>\$ 303,137</u>	<u>\$ 3,551,700</u>	<u>\$ 2,332,474</u>	<u>\$ 446,430</u>	<u>\$ 7,670,556</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts Payable	\$ 37,715	\$ 25,468	\$ 4,885	\$ 151,103	\$ -	\$ 219,171
Accrued Salaries and Withholding	229	28,938	46,535	12,356	-	88,058
Due to Other Funds	-	248,723	-	-	-	248,723
Other Deposits Payable	1,286	8	103	333	-	1,730
Unearned Revenue	2,900	-	233,384	-	-	236,284
Total Liabilities	42,130	303,137	284,907	163,792	-	793,966
Fund Balances:						
Nonspendable	23,660	369	81,117	25,066	-	130,212
Restricted	971,025	-	3,185,676	2,143,616	446,430	6,746,747
Unassigned	-	(369)	-	-	-	(369)
Total Fund Balances	<u>994,685</u>	<u>-</u>	<u>3,266,793</u>	<u>2,168,682</u>	<u>446,430</u>	<u>6,876,590</u>
Total Liabilities and Fund Balances	<u>\$ 1,036,815</u>	<u>\$ 303,137</u>	<u>\$ 3,551,700</u>	<u>\$ 2,332,474</u>	<u>\$ 446,430</u>	<u>\$ 7,670,556</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, 2022**

	Special Revenue Funds				Capital Projects	Totals
	Donations Fund	Other Special Projects	Food Service	Community Service		
REVENUES						
Local	\$ 906,418	\$ -	\$ 693,501	\$ 1,000,652	\$ 733	\$ 2,601,304
Intermediate	-	856,423	-	-	-	856,423
State	-	-	-	-	-	-
Federal	-	14,632	6,203,505	-	-	6,218,137
Other	9,961	-	10,104	1,136	-	21,201
Total Revenues	916,379	871,055	6,907,110	1,001,788	733	9,697,065
EXPENDITURES:						
Instruction:						
Regular Instruction	275,083	370,054	-	-	-	645,137
Vocational Instruction	4,984	-	-	-	-	4,984
Special instruction	18,200	-	-	-	-	18,200
Other Instruction	175,041	-	-	-	-	175,041
Total Instruction	473,308	370,054	-	-	-	843,362
Support Services:						
Pupil Services	58,137	732	-	-	-	58,869
Instructional Staff Services	11,179	118,811	-	-	-	129,990
General Administration	-	-	-	28,345	-	28,345
Building Administration	15,787	43,741	-	-	-	59,528
Business Services	281,012	332,544	125,308	128,396	7,484	874,744
Food Services	-	-	5,052,402	-	-	5,052,402
Central Services	665	2,420	720	-	-	3,805
Insurance and Judgments	-	369	27	-	-	396
Community Services	-	-	-	877,950	-	877,950
Other Support Services	-	-	15,799	12,533	-	28,332
Total Support Services	366,780	498,617	5,194,256	1,047,224	7,484	7,114,361
Non-Program:						
Purchased Instructional Services	1,476	-	-	-	-	1,476
Other Non-Program Transactions	40,324	2,384	10,834	-	-	53,542
Total Non-Program	41,800	2,384	10,834	-	-	55,018
Total Expenditures	881,888	871,055	5,205,090	1,047,224	7,484	8,012,741
NET CHANGE IN FUND BALANCES	34,491	-	1,702,020	(45,436)	(6,751)	1,684,324
Fund Balances - Beginning of Year	960,194	-	1,564,773	2,214,118	453,181	5,192,266
FUND BALANCES - End of Year	<u>\$ 994,685</u>	<u>\$ -</u>	<u>\$ 3,266,793</u>	<u>\$ 2,168,682</u>	<u>\$ 446,430</u>	<u>\$ 6,876,590</u>

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
CHARTER SCHOOL AUTHORIZER ANNUAL REPORT
YEAR ENDED JUNE 30, 2022**

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 Start Date:	Contract Expiration Date:	Grades Served:
Chippewa Valley Montessori	7/1/2015	6/30/2023	PK-5
McKinley Charter School	7/1/2019	6/30/2026	6-12
Eau Claire Virtual School	7/1/2019	6/30/2024	6-12

SECTION III: ACADEMIC PERFORMANCE OF CHARTER SCHOOLS

Chippewa Valley Montessori Charter School

The Wisconsin Forward Exam provides the following information relevant to the performance of Montessori Charter School 2021-2022:

Forward Exam ELA	Montessori Grades 3-5	ECASD Grades 3-5	State Grades 3-5	Montessori Grade 3	ECASD Grade 3	State Grade 3	Montessori Grade 4	ECASD Grade 4	State Grade 4	Montessori Grade 5	ECASD Grade 5	State Grade 5
Below Basic	14.7%	20.0%	25.7%	17.1%	19.7%	25.8%	13.2%	19.7%	25.0%	13.5%	20.5%	26.2%
Basic	25.9%	32.5%	32.9%	31.7%	39.2%	36.9%	18.4%	27.4%	30.9%	27.0%	30.6%	31.0%
Proficient	47.4%	37.0%	32.8%	41.5%	33.2%	29.9%	52.6%	39.2%	33.9%	48.6%	39.0%	34.5%
Advanced	12.1%	9.4%	6.6%	9.8%	7.2%	5.5%	15.8%	12.2%	8.1%	10.8%	8.8%	6.2%

Forward Exam Math	Montessori Grades 3-5	ECASD Grades 3-5	State Grades 3-5	Montessori Grade 3	ECASD Grade 3	State Grade 3	Montessori Grade 4	ECASD Grade 4	State Grade 4	Montessori Grade 5	ECASD Grade 5	State Grade 5
Below Basic	12.1%	18.3%	22.1%	14.6%	18.5%	21.1%	10.5%	17.1%	20.4%	10.8%	19.3%	24.6%
Basic	22.4%	30.2%	29.7%	24.4%	28.6%	28.9%	21.1%	33.4%	32.8%	21.6%	28.8%	27.6%
Proficient	50.0%	37.4%	33.9%	46.3%	37.0%	35.3%	44.7%	35.0%	31.5%	59.5%	40.1%	34.7%
Advanced	15.5%	13.1%	12.4%	14.6%	15.2%	12.8%	23.7%	13.0%	13.4%	8.1%	10.9%	11.0%

Eau Claire Virtual Charter School

The Wisconsin Forward Exam as well as the ACT provides the following information relevant to the performance of Eau Claire Virtual Charter school:

Forward Exam ELA	Grades 3-8	Grade 3	Grade 4	Grade 5	Grade 6	Grade 7	Grade 8
No Test	35.7%	37.5%	33.3%	33.3%	33.3%	20.0%	54.5%
Below Basic	16.1%	37.5%	0.0%	22.2%	11.1%	30.0%	0.0%
Basic	23.2%	12.5%	44.4%	22.2%	11.1%	20.0%	27.3%
Proficient	23.2%	12.5%	11.1%	22.2%	44.4%	30.0%	18.2%
Advanced	1.8%	0.0%	11.1%	0.0%	0.0%	0.0%	0.0%

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
CHARTER SCHOOL AUTHORIZER ANNUAL REPORT
YEAR ENDED JUNE 30, 2022**

Forward Exam ELA	ECASD Grades 3-8	State Grades 3-8	ECASD Grade 3	State Grade 3	ECASD Grade 4	State Grade 4	ECASD Grade 5	State Grade 5	ECASD Grade 6	State Grade 6	ECASD Grade 7	State Grade 7	ECASD Grade 8	State Grade 8
No Test	1.5%	2.6%	0.7%	1.9%	1.4%	2.1%	1.1%	2.1%	0.9%	2.5%	1.8%	3.1%	3.1%	3.9%
Below Basic	20.8%	25.7%	19.7%	25.8%	19.7%	25.0%	20.5%	26.2%	19.2%	24.4%	18.3%	24.8%	26.5%	27.7%
Basic	34.4%	33.9%	39.2%	36.9%	27.4%	30.9%	30.6%	31.0%	33.9%	35.1%	35.3%	34.0%	38.9%	35.4%
Proficient	34.9%	30.8%	33.2%	29.9%	39.2%	33.9%	39.0%	34.5%	37.3%	30.6%	37.9%	30.5%	24.9%	26.0%
Advanced	8.3%	7.0%	7.2%	5.5%	12.2%	8.1%	8.8%	6.2%	8.7%	7.4%	6.7%	7.6%	6.5%	6.9%

Forward Exam Math	Grades 3-8	Grade 3	Grade 4	Grade 5	Grade 6	Grade 7	Grade 8
No Test	35.7%	37.5%	33.3%	33.3%	33.3%	20.0%	54.5%
Below Basic	38.6%	50.0%	11.1%	11.1%	22.2%	60.0%	18.2%
Basic	19.6%	0.0%	33.3%	33.3%	33.3%	0.0%	18.2%
Proficient	14.3%	12.5%	22.2%	11.1%	11.1%	20.0%	9.1%
Advanced	1.8%	0.0%	0.0%	11.1%	0.0%	0.0%	0.0%

Forward Exam Math	ECASD Grades 3-8	State Grades 3-8	ECASD Grade 3	State Grade 3	ECASD Grade 4	State Grade 4	ECASD Grade 5	State Grade 5	ECASD Grade 6	State Grade 6	ECASD Grade 7	State Grade 7	ECASD Grade 8	State Grade 8
No Test	1.5%	2.6%	0.7%	1.8%	1.4%	2.0%	1.0%	2.0%	0.9%	2.5%	1.8%	3.1%	3.2%	3.9%
Below Basic	24.2%	27.4%	18.5%	21.1%	17.1%	20.4%	19.3%	24.6%	28.5%	28.6%	29.0%	35.5%	32.3%	33.1%
Basic	32.5%	29.8%	28.6%	28.9%	33.4%	32.8%	28.8%	27.6%	32.0%	29.5%	31.9%	27.4%	39.3%	32.7%
Proficient	33.1%	31.4%	37.0%	35.3%	35.0%	31.5%	40.1%	34.7%	35.1%	33.7%	33.7%	29.7%	19.4%	24.0%
Advanced	8.7%	8.8%	15.2%	12.8%	13.0%	13.4%	10.9%	11.0%	3.6%	5.7%	3.6%	4.3%	5.8%	6.4%

ECVS								
Subjects	ELA	English	Reading	Writing	Mathematics	Science	STEM	Composite
2019-2020	23.0	19.0	22.0	10.0	21.0	21.0	21.0	21.0
2020-2021	19.9	18.1	21.3	7.4	17.3	19.1	18.4	19.0
2021-2022	16.3	15.3	18.7	5.9	17.0	18.1	17.8	7.4

Subjects	ECASD	State	ECASD	State	ECASD	State	ECASD	State	ECASD	State	ECASD	State	ECASD	State	ECASD	State
	ELA		English		Reading		Writing		Mathematics		Science		STEM		Composite	
2019-2020	19.2	18.3	19.6	18.8	21.3	20.1	6.4	6.3	21.3	19.9	21.3	20.4	21.6	20.4	21.0	19.9
2020-2021	20.1	18.0	19.3	17.9	21.0	19.4	7.1	6.3	21.2	19.2	21.4	19.7	21.5	19.7	20.9	19.2
2021-2022	19.1	18.0	19.2	18.1	20.3	19.7	6.8	6.3	20.6	19.2	20.8	19.8	21.0	19.7	20.3	19.3

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
CHARTER SCHOOL AUTHORIZER ANNUAL REPORT
YEAR ENDED JUNE 30, 2022**

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. Eighty-three students in the competency component passed the reading, language arts and mathematics exams prior to graduating in June 2022.

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. Eighty-three students graduated from the McKinley competency component in 2021-22.

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.

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. Ten students in the 180 program earned English and/or Math credit toward graduation while in the Detention Center. Two students completed all requirements for graduation and received their high school diploma.

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
CHARTER SCHOOL AUTHORIZER ANNUAL REPORT
YEAR ENDED JUNE 30, 2022**

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.

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 2021-22 the CVMCS budget was \$2,542,136 the actual amount spent was \$2,582,394.47.

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 one 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 2021-22, the MCS budget was \$1,415,976, the actual amount spent was \$1,309,729.61.

Eau Claire Virtual School

The Eau Claire Virtual Charter School (ECVS) was created as an independent institution to provide an innovative educational path that allows for the creative blend of opportunities to continually build the strengths of each learner. ECVS serves grades K through 12.

The cost of all ECASD staff and other program costs shall be paid by ECASD and will be determined annually based on enrollment and meeting student academic goals.

In 2021-22 the ECVS budget was \$829,417, the actual amount spent was \$1,349,396.37.

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
CHARTER SCHOOL AUTHORIZER ANNUAL REPORT
YEAR ENDED JUNE 30, 2022**

SECTION V: OTHER CONTRACT TERMS AND EXPECTATIONS (OPTIONAL)

None.

SECTION VI: AUTHORIZER OPERATING COSTS

None.

SECTION VII: SERVICES PROVIDED TO CHARTER SCHOOLS

SERVICES PROVIDED	FUNCTION CODE	COST
UNDIFFERENTIATED	110000	\$ 1,977,659
REGULAR CURRICULUM	120000	271,502
PHYSICAL EDUCATION	143000	51,135
SPECIAL EDUCATION	150000	904,839
CO-CURRICULAR	160000	2,160
OTHER SPECIAL NEEDS	170000	29,584
SCHOOL COUNSELING	213000	207,879
OTHER PUPIL SERVICES	219000	19,047
CURRICULUM DEVELOPMENT	221200	1,384
INSTRUCTIONAL STAFF TRAINING	221300	11,665
LIBRARY	222200	96,375
OTHER INST. STAFF SUPERVISION/COORDIN	223900	64,471
GENERAL ADMINISTRATION	230000	211
BUILDING ADMINISTRATION	240000	534,782
GENERAL OPERATIONS	253000	235,644
MAINTENANCE	254000	14,414
FACILITIES	255000	120
PUPIL TRANSPORTATION	256000	38,797
INTERNAL SERVICES	258000	4,656
NONINSTRUCTIONAL STAFF TRAINING	260000	3,221
ADMIN TECHNOLOGY SERVICES	295000	5,922
GENERAL CONTRACTED INSTRUCTION	431000	713,891
SPECIAL EDUCATION CONTRACTED INSTRU	436000	50,966
ADJUSTMENTS	492000	1,200
TOTAL		\$ 5,241,524

SINGLE AUDIT SECTION

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022**

Federal Grantor/ Pass-Through Grantor/Program Title	Federal Assistance Listing Number (ALN)	Pass-Through Entity	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Accrued Receivable (Unearned Revenue) July 1, 2021	Federal Expenditures	Receipts Grant Reimburse- ments	Accrued Receivable (Unearned Revenue) June 30, 2022
<u>U.S. Department of Agriculture</u>								
National School Breakfast Program: July 1, 2021 to June 30, 2022	{a} 10.553	WI DPI	2022-181554-DPI-SB-546	\$ -	\$ -	\$ 1,036,603	\$ 887,412	\$ 149,191
Food Distribution - Commodities: July 1, 2021 to June 30, 2022	{a} 10.555	WI DPI	2022-181554-CHC-101	-	-	449,183	449,183	-
National School Lunch Program: July 1, 2021 to June 30, 2022 July 1, 2020 to June 30, 2021	{a} 10.555	WI DPI	2022-181554-DPI-NSL-547, 2022-181554-DPI-NSLAE-566	- -	- 1,185	4,354,480 -	3,763,096 1,185	591,384 -
COVID 19 - Emergency Operational Cost Reimbursement Program July 1, 2021 to June 30, 2022	{a} 10.555	WI DPI	2022-181554-DPI-NSL-547	-	-	119,074	119,074	-
Summer Food Service Program for Children: July 1, 2021 to June 30, 2022 July 1, 2020 to June 30, 2021	{a} 10.559	WI DPI	2022-181554-DPI-SFSP-561	- -	- 434,147	181,586 -	181,586 434,147	- -
Fresh Fruits and Vegetable Program: July 1, 2021 to June 30, 2022 July 1, 2020 to June 30, 2021	{a} 10.582	WI DPI	2022-181554-DPI-FFVP-Oct-376, 2022-181554-DPI-FFVP-July-594	- -	- 1,238	62,579 -	62,579 1,238	- -
Total Department of Agriculture				-	436,570	6,203,505	5,899,500	740,575
<u>Federal Communications Commission</u>								
Emergency Connectivity Fund Program: July 1, 2021 to June 30, 2022	32.009	Direct	N/A	-	-	1,392,920	294,195	1,098,725
{a} Child Nutrition Cluster (\$6,203,505)								
Total ALN 10.555 (\$4,922,737)								

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, 2022**

Federal Grantor/ Pass-Through Grantor/Program Title	Federal Assistance Listing Number (ALN)	Pass-Through Entity	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Accrued Receivable (Unearned Revenue) July 1, 2021	Federal Expenditures	Receipts Grant Reimburse- ments	Accrued Receivable (Unearned Revenue) June 30, 2022
U.S. Department of Education								
Title I Basic Grant:	84.010	WI DPI	2022-181554-TIA-141, 2022-181554-DPI-TID-144					
July 1, 2021 to June 30, 2022				\$ -	\$ -	\$ 3,115,745	\$ 1,537,801	\$ 1,577,944
July 1, 2020 to June 30, 2021				-	216,134	-	216,134	-
PL 94-142 (Flow Through):	{b} 84.027	WI DPI	2022-181554-DPI-FLOW-341					
July 1, 2021 to June 30, 2022				-	-	3,256,352	2,163,537	1,092,815
July 1, 2020 to June 30, 2021				-	846,717	-	846,717	-
PL 94-142 (Universal Design Grant)	{b} 84.027	WI DPI	2022-181554-DPI-UDLSUP-342					
July 1, 2021 to June 30, 2022				-	-	9,253	1,614	7,639
July 1, 2020 to June 30, 2021				-	9,884	-	9,884	-
Vocational Education - Basic Grants to States (Carl Perkins):	84.048	WI DPI	2022-181554-DPI-CTE-400					
July 1, 2021 to June 30, 2022				-	-	84,411	52,352	32,059
July 1, 2020 to June 30, 2021				-	21,758	-	21,758	-
Indian Education - Grants to Local Agencies:	84.060	Direct	S060A190554					
July 1, 2021 to June 30, 2022				-	-	14,632	7,821	6,811
July 1, 2020 to June 30, 2021				-	6,421	-	6,421	-
PL 99-457 Pre School Entitlement:	{b} 84.173	WI DPI	2022-181554-DPI-PRESCH-347					
July 1, 2021 to June 30, 2022				-	-	153,185	107,766	45,419
July 1, 2020 to June 30, 2021				-	14,694	-	14,694	-
School Based Mental Health Professional Grant	84.184	WI DPI	2022-181554-DPI MH for Pro-386					
July 1, 2021 to June 30, 2022				-	-	111	-	111
ESEA Title X-C Homeless Children	84.196	WI DPI	2022-181554-DPI-EHCY-335					
July 1, 2021 to June 30, 2022				-	-	40,883	15,148	25,735
July 1, 2020 to June 30, 2021				-	29,851	-	29,851	-

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, 2022**

Federal Grantor/ Pass-Through Grantor/Program Title	Federal Assistance Listing Number (ALN)	Pass-Through Entity	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Accrued Receivable (Unearned Revenue) July 1, 2021	Federal Expenditures	Receipts Grant Reimburse- ments	Accrued Receivable (Unearned Revenue) June 30, 2022
<u>U.S. Department of Education (Continued)</u>								
ESEA Title III - A English Language Acquisition Grants: July 1, 2021 to June 30, 2022 July 1, 2020 to June 30, 2021	84.365	WI DPI	2022-181554-DPI-TIIIA-391	\$ - -	\$ - 14,559	\$ 59,147 -	\$ 36,615 14,559	\$ 22,532 -
ESEA Title II - A Teacher/Principal Training: July 1, 2021 to June 30, 2022 July 1, 2020 to June 30, 2021	84.367	WI DPI	2022-181554-DPI-TIIA-365	- -	- 18,210	310,192 -	172,731 18,210	137,461 -
ESEA Title IVA - Student Support & Academic Enrichment Grants: July 1, 2021 to June 30, 2022 July 1, 2020 to June 30, 2021	84.424	WI DPI	2022-181554-DPI-TIVA-381	- -	- 43,460	136,280 -	80,682 43,460	55,598 -
COVID 19 - Elementary & Secondary School Emergency Relief Fund I: July 1, 2021 to June 30, 2022 July 1, 2020 to June 30, 2021	84.425D	WI DPI	2022-181554-DPI-ESSERF-160	- -	- 413,592	6,834 -	6,421 413,592	413 -
COVID 19 - Elementary & Secondary School Emergency Relief Fund II: July 1, 2021 to June 30, 2022 July 1, 2020 to June 30, 2021 Total Department of Education	84.425D	WI DPI	2022-181554-DPI-ESSERFII-163	- - -	- 1,222,289 2,857,569	3,291,980 - 10,479,005	2,561,547 1,222,289 9,601,604	730,433 - 3,734,970
<u>U.S. Department of Health and Human Services</u>								
Drug Free Communities Support Program Grant: July 1, 2021 to June 30, 2022 July 1, 2020 to June 30, 2021	93.243	EC HEALTH	5H79SP0158685-05	- -	- 2,095	6,866 -	3,156 2,095	3,710 -
COVID-19 - Child Care Stabilization Funds (CDC Cluster) July 1, 2021 to June 30, 2022	93.575	WI DCF	FY 2022	-	-	133,900	133,900	-
Medicaid Cluster - School Based Services Revenue: July 1, 2021 to June 30, 2022 July 1, 2020 to June 30, 2021	93.778	WI DHS	Provider #44201900	- -	- 37,722	1,247,522 -	1,229,544 37,722	17,978 -
Head Start: May 1, 2022 to April 30, 2023 May 1, 2021 to April 30, 2022 May 1, 2020 to April 30, 2021 COVID - July 1, 2021 to June 30, 2022 COVID - July 1, 2020 to June 30, 2021 Total Department of Health and Human Services Total Expenditures of Federal Awards	93.600	Western Wisconsin Dairyland Agency	FY2022/FY2023 FY2021/FY2022 FY2020/FY2021 0-G050900 0-G050900	- - - - -	- 73,050 108,656 - 499	83,440 720,427 - 52,555 -	- 613,382 108,656 20,133 499	83,440 180,095 - 32,422 -
				-	222,022	2,244,710	2,149,087	317,645
				\$ -	\$ 3,516,161	\$ 20,320,140	\$ 17,944,386	\$ 5,891,915
Total ALN 84.425 (\$3,298,814) Total ALN 93.600 (\$856,422)								

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, 2022**

Award Agency/ Pass-Through Agency/Award Description	State I.D. Number	Pass-Through Entity Identifying Number	Accrued Receivable (Unearned Revenue) July 1, 2021	Expenditures	State Reimburse- ments	Accrued Receivable (Unearned Revenue) June 30, 2022
<u>Wisconsin Department Workforce Development</u>						
Wisconsin Fast Forward Grant July 1, 2020 to June 30, 2021	445.109	FY2021	\$ 6,163	\$ -	\$ 6,163	\$ -
Youth Apprenticeship Grant:	445.107					
July 1, 2021 to June 30, 2022		Eau Claire Chamber of Commerce	-	32,175	-	32,175
July 1, 2020 to June 30, 2021			20,925	-	20,925	-
Total Department of Workforce Development			27,088	32,175	27,088	32,175
<u>Wisconsin Department of Public Instruction</u>						
Special Education and School Age Parents: District Programs	255.101 [1]	181554-100	-	6,566,305	6,566,305	-
Common School Fund Library Aid	255.103	181554-104	-	494,675	494,675	-
Bilingual/Bicultural Aid	255.106	181554-111	-	194,029	194,029	-
Pupil Transportation	255.107	181554-102	-	397,027	397,027	-
General Equalization	255.201	181554-116	1,069,580	66,399,909	67,469,489	-
School Mental Health	255.227	181554-176	-	52,126	-	52,126
Special Education Readiness Grant	255.257	181554-174	-	63,280	-	63,280
School Based Mental Health Services	255.297	181554-177	79,149	75,000	79,149	75,000
Alcohol and Other Drug Abuse	255.306	181554-143	-	23,300	-	23,300
Tuition Payments by State	255.401	181554-157	-	244,538	244,538	-
Early College Credit Program	255.445	181554-178	-	2,683	2,683	-
Achievement Gap Reduction (AGR)	255.504	181554-160	-	1,465,152	1,465,152	-
Educator Effectiveness Grant	255.940	181554-154	-	69,120	69,120	-
Per Pupil Aid	255.945	181554-113	-	8,359,372	8,359,372	-
Career and Technical Education Incentive Grants	255.950	181554-152	-	70,890	-	70,890
Assessments of Reading Readiness	255.956	181554-166	-	21,330	21,330	-
Aid for Special Education Transition Grant BBL	255.960	181554-168	-	50,691	50,691	-
Total Department of Public Instruction			1,148,729	84,549,427	85,413,560	284,596
Total State Financial Assistance			\$ 1,175,817	\$ 84,581,602	\$ 85,440,648	\$ 316,771

[1] District's 2021-2022 Net Aidable Costs Reported to DPI Totaled \$23,949,422.

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, 2022**

NOTE 1 GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance (the Schedules) include the federal and state award activity of the Eau Claire Area School District, Wisconsin (the District) under programs of the federal and state governments for the year ended June 30, 2022. The information in these Schedules is presented in accordance with the requirements of 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and the Wisconsin *State Single Audit Guidelines*. Because the Schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net position, or cash flows of the District.

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 (ALN 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.



**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, 2022, 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 28, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) 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 District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.


Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on 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 results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

CliftonLarsonAllen LLP

Eau Claire, Wisconsin
November 28, 2022



**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

Opinion on Each Major Federal and State Program

We have audited Eau Claire Area School District's (the District) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration that could have a direct and material effect on each of the District's major federal and state programs for the year ended June 30, 2022. The District's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal and State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the *State Single Audit Guidelines*. Our responsibilities under those standards, the Uniform Guidance, and the *State Single Audit Guidelines* are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's federal and state programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and the *State Single Audit Guidelines* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal and state program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and the *State Single Audit Guidelines*, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal 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. We did not identify any deficiencies in internal control over compliance to be material weaknesses. However, material weaknesses may exist that have not been identified. 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 or state 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and the *State Single Audit Guidelines*. Accordingly, this report is not suitable for any other purpose.



CliftonLarsonAllen LLP

Eau Claire, Wisconsin
November 28, 2022

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022**

PART I: SUMMARY OF AUDITORS' RESULTS

Financial Statements

- | | | | |
|--|------------|---------|------------------|
| 1. Type of auditors' report issued | Unmodified | | |
| 2. Internal control over financial reporting: | | | |
| * Material weakness(es) identified? | _____ Yes | _____ X | _____ No |
| * Significant deficiency(es) identified? | _____ Yes | _____ X | _____ None Noted |
| 3. Noncompliance material to financial statements noted? | _____ Yes | _____ X | _____ No |

Federal Awards

- | | | | |
|---|------------|---------|------------------|
| 1. Internal control over major programs: | | | |
| * Material weakness(es) identified? | _____ Yes | _____ X | _____ No |
| * Significant deficiency(es) identified? | _____ Yes | _____ X | _____ None Noted |
| 2. Type of auditors' report issued on compliance for major programs | Unmodified | | |
| 3. 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 Program

Assistance Listing Number(s)

10.553, 10.555, 10.559, 10.582
32.009
84.425
93.600

Name of Federal Program or Cluster

Child Nutrition Cluster
(COVID-19) Emergency Connectivity Fund
(COVID-19) Education Stabilization Fund
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 Financial Assistance

- | | | | |
|--|-----------|---------|---------------------|
| 1. Internal control over major programs: | | | |
| * Material weakness(es) identified? | _____ Yes | _____ X | _____ No |
| * Significant deficiency(es) identified? | _____ Yes | _____ X | _____ None Reported |

Type of auditors' report issued on compliance for major projects:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with state requirements?

_____ Yes _____ X _____ No

Identification of Major State Projects

State ID Number(s)

255.101
255.103
255.201
255.504

Name of State Project

Handicapped Pupils and School Age Parents
Common School Fund Library Aid
General Equalization Aids
Achievement Gap Reduction


Dollar threshold used to distinguish between Type A and Type B state projects:

\$250,000

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2022**

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

OTHER ISSUES

- | | | |
|----|---|--|
| 1. | Does 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 <i>Wisconsin State Single Audit Guidelines</i> : | |
| | Department of Public Instruction | No |
| | Department of Health Services | No |
| | Department of Workforce Development | No |
| | | |
| 3. | Was a management letter or other document conveying audit comments issued as a result of this letter? | No |
| | | |
| 4. | Name and signature of Principal | 
April L. Anderson, CPA |
| 5. | Date of Report | November 28, 2022 |

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2022**

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

