

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

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2023



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EAU CLAIRE, WISCONSIN
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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, 2023, 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, 2023, 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 schedules 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 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 schedule of state financial assistance required by 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 combining and individual fund statements and schedules, the charter school authorizer annual report (sections VI and VII only), the schedule of expenditures of federal awards and the schedule of state financial assistance are 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 January 8, 2024, 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
January 8, 2024

REQUIRED SUPPLEMENTARY INFORMATION

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023**

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, 2023. We encourage readers to consider the information presented here in conjunction with the District's financial statements.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2022-2023 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 \$84,334,621 (net position). Of this, amount, \$75,230,809 represents the net investment in capital assets, \$12,229,358 is for restricted purposes and the remaining deficit balance of \$3,125,546 is classified as unrestricted net position.
- Net capital assets decreased by \$2,989,490 reflecting cost of acquisitions less than the depreciation/amortization expense.
- The District's general obligation debt, including the current portion, increased by \$86,890,000 during the year. The District's other long-term obligations, including the current portions, increased \$21,667,761 during the year.
- Program revenues, in the form of charges for services and grants and contributions, accounted for \$37,313,506 of total revenues of \$183,754,400. General revenues accounted for \$146,440,894, including \$60,936,958 of property taxes and \$79,854,926 of state and federal aid. General revenues accounted for 79.7% of all revenues.
- The District had a total of \$186,945,935 of expenses, of which \$37,313,506 was financed with program revenues.
- The total fund balance of the District's governmental funds increased \$97,245,693. The general fund had a decrease of \$1,180,990, an increase of \$189,329 in the debt service fund, an increase of \$97,841,977 in capital projects fund and an increase of \$395,377 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, 2023**

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, 2023.

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

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

Financial information is presented separately on both the *balance sheet* and the *statement of revenues, expenditures and changes in fund balance* for the general fund, the capital projects 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, 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, 2023**

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, 2023 compared to the prior fiscal year.

**Table 1
Condensed Statement of Net Position**

	Governmental Activities		Percent Change 2022-2023
	2023	2022	
Current and Other Assets	\$ 164,262,498	\$ 98,398,058	66.9%
Capital Assets, Net of Depreciation/Amortization	117,575,526	120,565,016	-2.5
Total Assets	281,838,024	218,963,074	28.7
Deferred Outflows of Resources	87,891,248	72,909,376	20.5
Current Liabilities	26,495,391	19,920,291	33.0
Long-Term Liabilities	206,802,541	101,474,987	103.8
Total Liabilities	233,297,932	121,395,278	92.2
Deferred Inflows of Resources	52,096,719	82,951,016	-37.2
Net Position			
Net Investment in Capital Assets	75,230,809	71,896,731	4.6
Restricted	12,229,358	43,295,237	-71.8
Unrestricted	(3,125,546)	(27,665,812)	88.7
Total Net Position	\$ 84,334,621	\$ 87,526,156	-3.6

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023**

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 \$3,337,418 is restricted for debt service along with \$981,399 for the donor specific purposes, \$3,799,315 for food service purposes, \$2,044,823 for community service programs, \$1,821,993 for capital projects, and \$244,410 for other purposes.

Total liabilities increased \$111,902,654 and total assets increased \$62,874,950 during the year. Net position decreased \$3,191,535.

At June 30, 2023, the District reported \$87,891,248 of deferred outflows of resources and \$52,096,719 of deferred inflows of resources.

Change in Net Position. Table 2 shows the change in net position for the fiscal years 2023 and 2022. As shown in Table 2, general revenues provided 79.7% of the funding required for governmental activities with property taxes providing 33.2% of the funding and general state formula aid providing 43.5% of total revenues. Program revenues, consisting of charges for services and operating grants and contributions, provided 20.3% 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 2022-2023
	2023	2022	
Revenues			
Program Revenues:			
Charges for Services	\$ 6,606,141	\$ 4,568,520	44.6%
Operating Grants and Contributions	30,134,300	31,335,550	-3.8
Capital Grants and Contributions	573,065	363,893	57.5
General Revenues:			
Property Taxes	60,936,958	60,799,663	0.2
State and Federal Aids	79,854,926	75,750,845	5.4
Other	5,649,010	3,480,518	62.3
Total Revenues	183,754,400	176,298,989	4.2
Expenses			
Instruction	92,015,817	68,790,879	33.8
Pupil and Instructional Services	22,037,179	13,864,509	58.9
Administration and Central Services	42,165,172	32,651,496	29.1
Other	30,727,767	29,067,677	5.7
Total Expenses	186,945,935	144,374,561	29.5
Change in Net Position	(3,191,535)	31,924,428	-110.0
Net Position - Beginning of Year	87,526,156	55,601,728	57.4
Net Position - End of Year	\$ 84,334,621	\$ 87,526,156	-3.6

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023**

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:

	<u>2023</u>	<u>2022</u>
Subject to Revenue Limit:		
General Fund	\$ 49,561,905	\$ 53,508,581
Debt Service	10,282,594	6,304,888
Not Subject to Revenue Limit:		
Community Service	1,000,000	906,097
	<u>\$ 60,844,499</u>	<u>\$ 60,719,566</u>

General state aid is paid according to a formula taking into consideration District spending and property values on a per student basis compared to spending and property values for the state as a whole. The District's state and federal aids increased \$4,104,081 in 2023 from \$75,750,845 in 2022 to \$79,854,926 in 2023.

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**

	<u>2023</u>		<u>2022</u>	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction	\$ 92,015,817	\$ 70,745,975	\$ 68,790,879	\$ 50,398,867
Pupil and Instructional Services	22,037,179	16,275,025	13,864,509	6,518,212
Administration and Central Services	42,165,172	34,676,453	32,651,496	30,371,333
Other	30,727,767	27,934,976	29,067,677	20,818,186
Totals	<u>\$ 186,945,935</u>	<u>\$ 149,632,429</u>	<u>\$ 144,374,561</u>	<u>\$ 108,106,598</u>

- The cost of all governmental activities for the year was \$186,945,935, an increase of \$42,571,374 (29.5%) from the prior year.
- Individuals who directly participated or benefited from a program offering paid for \$6,606,141 of costs.
- Federal and state governments subsidized certain programs with operating and capital grants and contributions of \$30,707,365.
- Net cost of governmental activities (\$149,632,429) was financed by general revenues, which are made up primarily of property taxes (\$60,936,958) and state and federal aid (\$79,854,926).

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023**

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

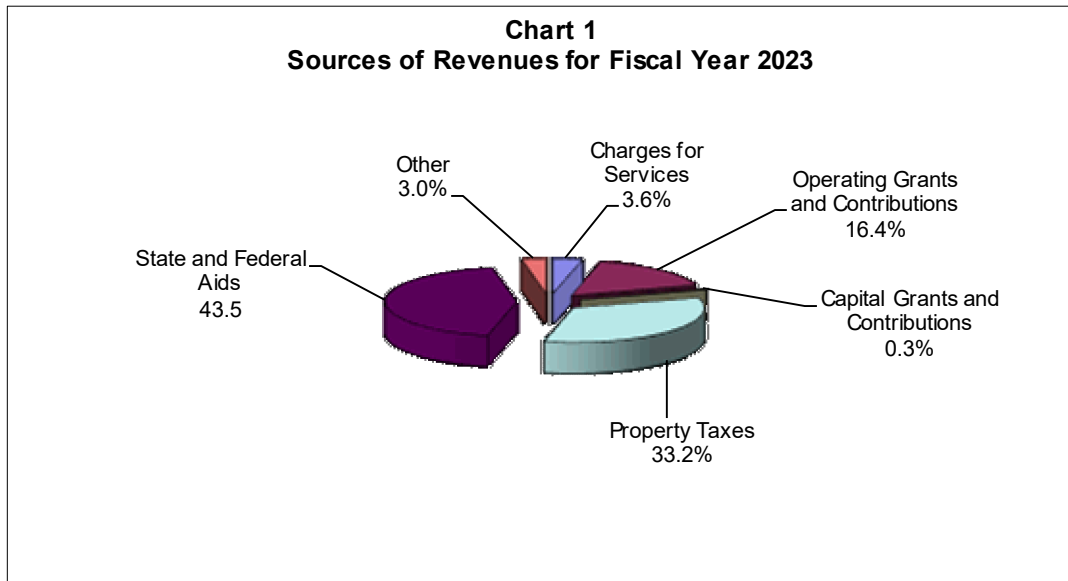
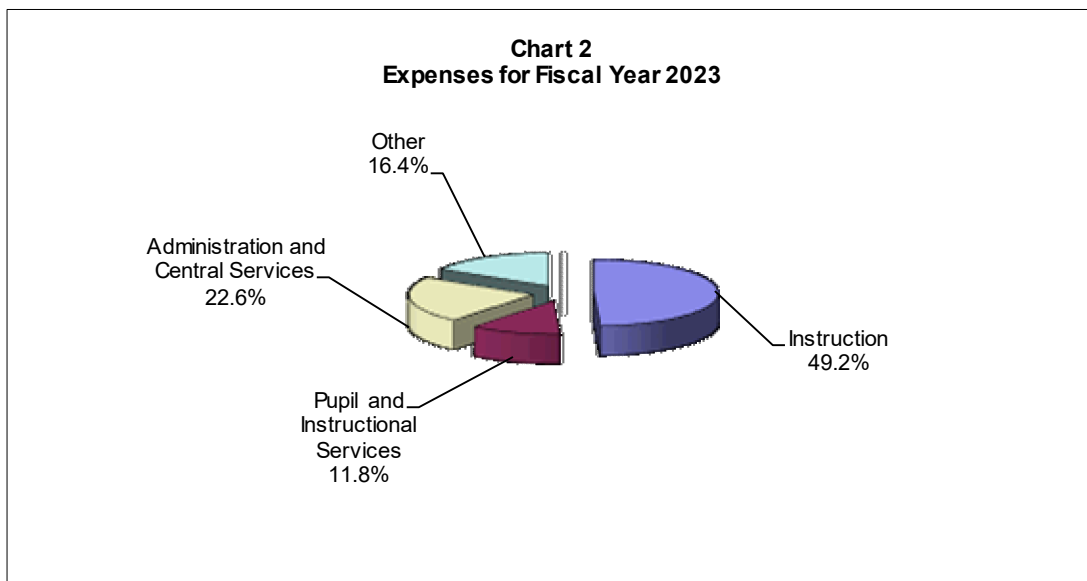


Chart 2 below displays the composition of expense by function:



**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023**

Governmental Funds

Changes in the District's governmental funds for the year ended June 30, 2023 are reflected below:

	Balance June 30, 2023	Balance June 30, 2022	Current Year Change
General	\$ 41,074,247	\$ 42,255,237	\$ (1,180,990)
Donations Fund	981,399	994,685	(13,286)
Debt Service	3,337,418	3,148,089	189,329
Capital Projects	98,288,407	446,430	97,841,977
Food Service	3,799,315	3,266,793	532,522
Community Service	2,044,823	2,168,682	(123,859)
Total	<u>\$ 149,525,609</u>	<u>\$ 52,279,916</u>	<u>\$ 97,245,693</u>

The general fund balance at year end totaled \$41,074,247. Of this amount, \$3,178,983 represents nonspendable funds, \$244,410 is restricted, \$1,032,910 is assigned, and the remaining \$36,617,944 represents unassigned funds. The nonspendable funds consist of prepaid items and inventory.

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

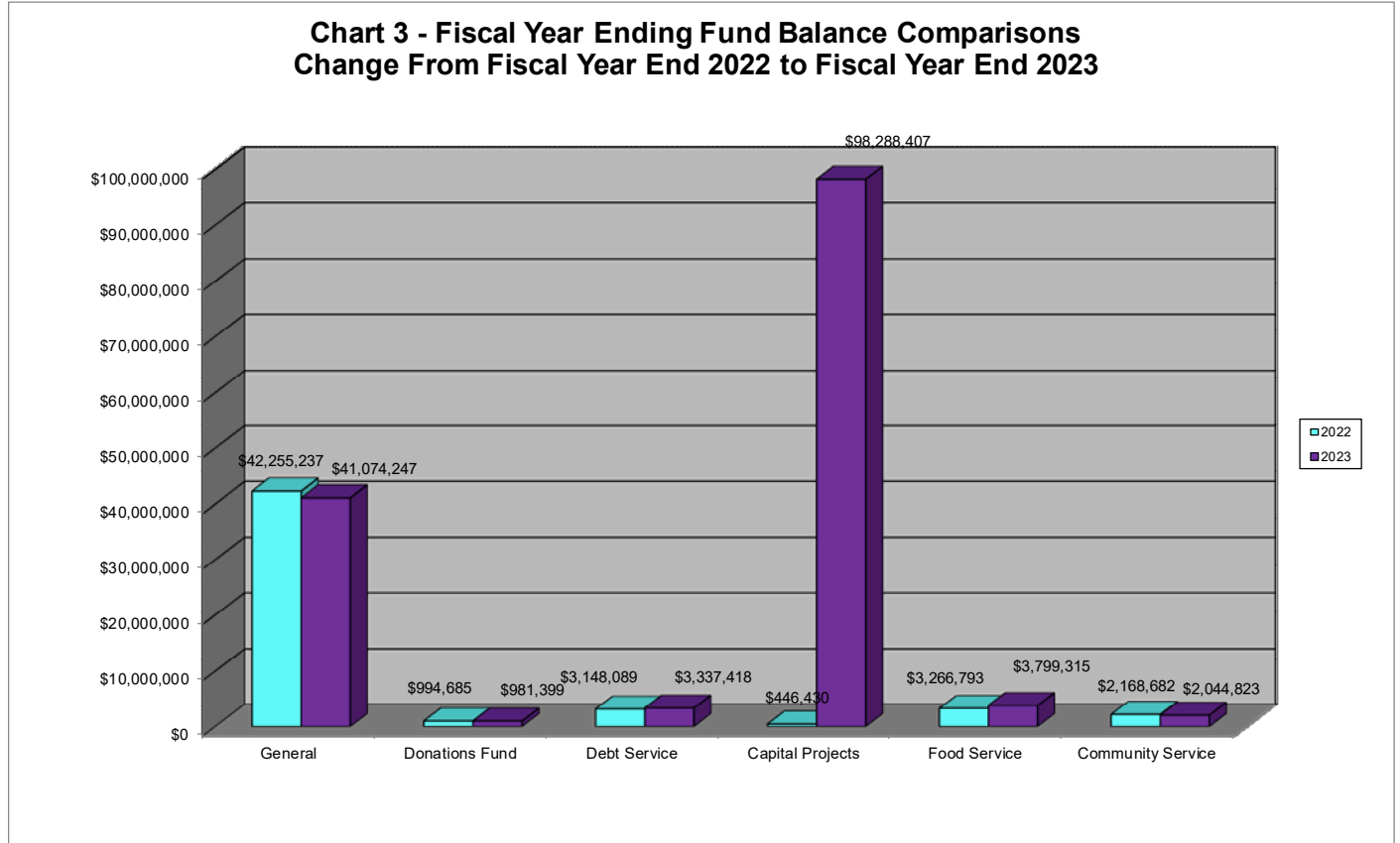
The balance in the debt service fund is to provide for the necessary accumulation of funds for debt retirement needs.

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, 2023**

Chart 3 below depicts the changes in ending fund balances graphically for each fund from fiscal year 2022 to fiscal year 2023.



**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023**

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 2023 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, 2023**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of the end of fiscal year 2023, the District had invested approximately \$236.7 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 \$119,129,073. Net capital assets decreased by \$2,989,490 from the previous year.

**Table 4
Capital Assets**

	June 30,		Percent
	2023	2022	Change
			2022-2023
Land	\$ 2,262,174	\$ 2,262,174	0.0%
Land Improvements	13,402,696	12,104,575	10.7
Buildings	199,214,140	198,741,341	0.2
Furniture and Equipment	17,808,543	16,279,609	9.4
Construction in Progress	2,681,028	164,843	1,526.4
Leased Asset (Right of Use)	1,336,018	1,336,018	0.0
Accumulated Depreciation/Amortization	(119,129,073)	(110,323,544)	8.0
Total	<u>\$ 117,575,526</u>	<u>\$ 120,565,016</u>	-2.5

- Asset acquisitions during the year totaled \$5,912,583.
- The District disposed of \$96,544 of capital assets during the year.
- The District recognized depreciation/amortization expense of \$8,865,526 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 \$127.9 million in net general obligation debt outstanding which is an increase of 211.8% from the previous year. The District also had other long-term obligations outstanding of approximately \$89.0 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, 2023**

**Table 5
Outstanding Long Term Obligations**

	June 30,		Percent Change 2022-2023
	2023	2022	
General Obligation Debt:			
General Obligation Bonds & Notes Payable	\$ 127,920,000	\$ 41,030,000	211.8%
Other Long-Term Obligations			
Lease Liability - Right of Use	551,172	677,729	100.0
Lease Liability - Financed Purchase	1,029,732	2,355,438	-56.3
Vested Employee Benefits	515,273	364,970	41.2
Other Postemployment Benefits Liabilities	53,286,086	57,416,951	-7.2
Pension Plan Liabilities	24,333,260	2,231,376	990.5
Premiums	9,310,227	4,311,525	115.9
Total	<u>\$ 216,945,750</u>	<u>\$ 108,387,989</u>	100.2

- The District issued \$190,195,000 general obligation debt during the year.
- The District retired \$103,305,000 of outstanding general obligation debt during the year.

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

FACTORS BEARING ON THE DISTRICT'S FUTURE

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

The District continues to project stable enrollment growth for at least the next 3 years. Enrollment projections are updated annually. Enrollment increases have a positive impact on the revenue that a school 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 87.1% of the District's revenue stream is controlled by the State Legislature and Governor. Controlling expenditure increases to fit within available revenue continues to be an annual challenge. The 2022-2023 school year marks the second year of the State's biennial budget. In the 2022-2023 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, 2023**

	Governmental Activities
ASSETS:	
Cash and Investments	\$ 136,369,109
Taxes Receivable	17,404,909
Accounts Receivable	982,769
Due from Other Governments	6,183,207
Inventories and Prepaid Items	3,322,504
Capital Assets Not Being Depreciated/Amortized:	
Land	2,262,174
Construction in Progress	2,681,028
Capital Assets Being Depreciated/Amortized:	
Land Improvements	13,402,696
Buildings and Building Improvements	199,214,140
Furniture and Equipment	17,808,543
Leased Asset (Right of Use)	1,336,018
Less - Accumulated Depreciation/Amortization	<u>(119,129,073)</u>
Total Assets	281,838,024
DEFERRED OUTFLOWS OF RESOURCES:	
Pension Related	80,760,654
Other Postemployment Benefits Related	7,130,594
Total Deferred Outflows of Resources	<u>87,891,248</u>
LIABILITIES:	
Accounts Payable	2,948,350
Accrued Payroll and Related Liabilities	11,343,794
Accrued Interest Payable	1,615,293
Other Deposits Payable	12,097
Unearned Revenues	342,086
Health Benefit Claims Payable	90,562
Current Portion of Long-Term Obligations	10,143,209
Noncurrent Liabilities:	
General Obligation Bonds	128,721,816
Lease Liability	461,379
Net Other Postemployment Benefits Liability	49,104,953
State Life Insurance Net Other Postemployment Benefits Liability	4,181,133
Wisconsin Retirement System Net Pension Liability	22,120,667
Net Supplemental Pension Plan Liability	<u>2,212,593</u>
Total Liabilities	233,297,932
DEFERRED INFLOWS OF RESOURCES:	
Pension Related	46,820,477
Other Postemployment Benefits Related	5,276,242
Total Deferred Inflows of Resources	<u>52,096,719</u>
NET POSITION:	
Net Investment in Capital Assets	75,230,809
Restricted for:	
Donor Specifications	981,399
Debt Service	3,337,418
Food Service	3,799,315
Community Service	2,044,823
Capital Projects	1,821,993
Other	244,410
Unrestricted (Deficit)	<u>(3,125,546)</u>
Total Net Position	<u>\$ 84,334,621</u>

See accompanying Notes to Basic Financial Statements.

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023**

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	\$ 56,318,249	\$ 2,079,619	\$ 6,193,318	\$ -	\$ (48,045,312)
Vocational Instruction	3,916,639	123,382	185,963	-	(3,607,294)
Physical Curriculum	150,754	-	-	-	(150,754)
Special Instruction	26,601,923	1,196,278	10,439,608	-	(14,966,037)
Co-curricular Activities	358,201	425,468	-	-	67,267
Other Instruction	4,670,051	608,875	17,331	-	(4,043,845)
Total Instruction	92,015,817	4,433,622	16,836,220	-	(70,745,975)
Support Service:					
Pupil Services	9,847,238	-	2,732,043	-	(7,115,195)
Instructional Staff Services	12,189,941	-	3,030,111	-	(9,159,830)
General Administration	1,119,621	-	24,338	-	(1,095,283)
Building Administration	7,504,675	-	54,914	-	(7,449,761)
Direction of Business	352,924	-	-	-	(352,924)
Fiscal	853,183	-	-	-	(853,183)
Operations and Maintenance	19,135,693	-	21,733	573,065	(18,540,895)
Facilities Acquisition & Remodeling	177,463	-	9,215	-	(168,248)
Pupil Transportation	7,425,632	27,416	1,043,556	-	(6,354,660)
Food Services	5,226,783	2,075,833	3,658,649	-	507,699
Internal Services	369,198	-	-	-	(369,198)
Central Services	1,812,195	-	66,860	-	(1,745,335)
Insurance and Judgments	1,126,843	-	369	-	(1,126,474)
Debt Services	4,753,988	-	1,057,921	-	(3,696,067)
Community Services	1,171,291	69,270	-	-	(1,102,021)
Other Supporting Services	7,863,625	-	1,598,371	-	(6,265,254)
Total Support Services	80,930,293	2,172,519	13,298,080	573,065	(64,886,629)
Non-Program:					
Purchased Instructional Services	13,581,843	-	-	-	(13,581,843)
Other Non-Program Transactions	417,982	-	-	-	(417,982)
Total Non-Program	13,999,825	-	-	-	(13,999,825)
	<u>\$ 186,945,935</u>	<u>\$ 6,606,141</u>	<u>\$ 30,134,300</u>	<u>\$ 573,065</u>	<u>(149,632,429)</u>
Total Primary Government					
General Revenues					
Property Taxes:					
General Purposes					49,561,905
Debt Services					10,282,594
Community Services					1,000,000
Other Taxes					92,459
State and Federal Aids Not Restricted to					
Specific Functions					79,854,926
Interest and Investment Earnings					2,025,958
Gain on Sale of Capital Assets					7,269
Miscellaneous					3,615,783
Total General Revenues					<u>146,440,894</u>
Change in Net Position					(3,191,535)
Net Position - Beginning of Year					<u>87,526,156</u>
Net Position - End of Year					<u>\$ 84,334,621</u>

See accompanying Notes to Basic Financial Statements.

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023**

	General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and Investments	\$ 26,893,873	3,337,418	\$ 99,434,837	\$ 6,702,981	\$ 136,369,109
Receivables:					
Taxes	17,404,909	-	-	-	17,404,909
Accounts	890,312	-	-	92,457	982,769
Due from Other Governments	5,412,325	-	-	770,882	6,183,207
Due from Other Funds	317,400	-	-	-	317,400
Inventories and Prepaid Items	3,178,983	-	-	143,521	3,322,504
Total Assets	<u>\$ 54,097,802</u>	<u>\$ 3,337,418</u>	<u>\$ 99,434,837</u>	<u>\$ 7,709,841</u>	<u>\$ 164,579,898</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 1,586,448	\$ -	\$ 1,146,430	\$ 215,472	\$ 2,948,350
Accrued Liabilities:					
Payroll, Payroll Taxes, Insurance	11,243,737	-	-	100,057	11,343,794
Due to Other Funds	-	-	-	317,400	317,400
Other Deposits Payable	10,850	-	-	1,247	12,097
Unearned Revenue	91,958	-	-	250,128	342,086
Health Benefit Claims Payable	90,562	-	-	-	90,562
Total Liabilities	13,023,555	-	1,146,430	884,304	15,054,289
Fund Balances:					
Nonspendable	3,178,983	-	-	143,521	3,322,504
Restricted	244,410	3,337,418	98,288,407	6,682,451	108,552,686
Assigned	1,032,910	-	-	-	1,032,910
Unassigned	36,617,944	-	-	(435)	36,617,509
Total Fund Balances	<u>41,074,247</u>	<u>3,337,418</u>	<u>98,288,407</u>	<u>6,825,537</u>	<u>149,525,609</u>
Total Liabilities and Fund Balances	<u>\$ 54,097,802</u>	<u>\$ 3,337,418</u>	<u>\$ 99,434,837</u>	<u>\$ 7,709,841</u>	<u>\$ 164,579,898</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, 2023**

Total Fund Balance - Governmental Funds	\$ 149,525,609
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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	\$ 236,704,599	
Accumulated Depreciation/Amortization	<u>(119,129,073)</u>	117,575,526

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)	(22,120,667)	
Net Supplemental Pension Plan Liability	(2,212,593)	
Deferred Outflows of Resources - Pension Related	80,760,654	
Deferred Inflows of Resources - Pension Related	<u>(46,820,477)</u>	9,606,917

Unused vacation pay is a liability of the governmental funds only if the employee has resigned or retired.	(515,273)
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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	137,230,227	
Lease Liability	551,172	
Financed Purchase Liability	1,029,732	
Accrued Interest Payable on General Obligation Debt	<u>1,615,293</u>	(140,426,424)

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	49,104,953	
State Life Insurance Net Other Postemployment Benefits Liability	4,181,133	
Deferred Outflows of Resources - Other Postemployment Benefits Related	(7,130,594)	
Deferred Inflows of Resources - Other Postemployment Benefits Related	<u>5,276,242</u>	<u>(51,431,734)</u>

Total Net Position - Governmental Activities	<u>\$ 84,334,621</u>
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**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2023**

	General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Local	\$ 50,831,596	\$ 10,413,497	\$ 1,375,563	\$ 4,863,810	\$ 67,484,466
Interdistrict	3,178,145	-	-	-	3,178,145
Intermediate	36,679	-	-	908,723	945,402
State	90,671,215	-	-	67,807	90,739,022
Federal	15,491,244	-	-	3,605,179	19,096,423
Other	2,295,306	-	-	15,636	2,310,942
Total Revenues	162,504,185	10,413,497	1,375,563	9,461,155	183,754,400
EXPENDITURES					
Instruction:					
Regular Instruction	52,001,003	-	-	765,442	52,766,445
Vocational Instruction	3,736,251	-	-	-	3,736,251
Special Instruction	25,645,239	-	-	-	25,645,239
Co-curricular Activities	-	-	-	360,954	360,954
Other Instruction	4,554,517	-	-	-	4,554,517
Total Instruction	85,937,010	-	-	1,126,396	87,063,406
Support Services:					
Pupil Services	9,352,259	-	-	88,663	9,440,922
Instructional Staff Services	11,666,511	-	-	120,788	11,787,299
General Administration	1,029,900	-	-	31,574	1,061,474
Building Administration	7,081,533	-	-	73,077	7,154,610
Direction of Business	291,599	-	-	-	291,599
Fiscal	844,055	-	-	-	844,055
Operations and Maintenance	11,948,179	-	-	278,199	12,226,378
Facilities Acquisition and Remodeling	2,063,677	-	2,007,537	332,149	4,403,363
Pupil Transportation	6,713,232	-	-	784,949	7,498,181
Food Services	-	-	-	5,107,879	5,107,879
Internal Services	356,933	-	-	-	356,933
Central Services	1,648,273	-	-	2,835	1,651,108
Insurance and Judgements	1,102,249	-	-	369	1,102,618
Debt Services:					
Principal	1,452,262	4,705,000	-	-	6,157,262
Interest	95,609	2,644,187	-	-	2,739,796
Paying Agent Fees	1,425	1,259,453	-	-	1,260,878
Community Services	-	-	-	1,054,090	1,054,090
Other Support Services	8,257,691	-	-	33,812	8,291,503
Total Support Services	63,905,387	8,608,640	2,007,537	7,908,384	82,429,948
Non-Program:					
Purchased Instructional Services	13,563,282	-	-	18,561	13,581,843
Other Non-Program Transactions	279,496	-	126,049	12,437	417,982
Total Non-Program	13,842,778	-	126,049	30,998	13,999,825
Total Expenditures	163,685,175	8,608,640	2,133,586	9,065,778	183,493,179
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,180,990)	1,804,857	(758,023)	395,377	261,221
OTHER FINANCING SOURCES (USES)					
Long-Term Debt Issued	-	91,595,000	-	-	91,595,000
Principal Payment to Refinance Debt	-	(98,600,000)	-	-	(98,600,000)
Premium on Debt	-	5,389,472	-	-	5,389,472
Proceeds from Long-Term Bond Anticipation Note	-	-	98,600,000	-	98,600,000
Net Other Financing Sources (Uses)	-	(1,615,528)	98,600,000	-	96,984,472
NET CHANGE IN FUND BALANCES	(1,180,990)	189,329	97,841,977	395,377	97,245,693
Fund Balances - Beginning of Year	42,255,237	3,148,089	446,430	6,430,160	52,279,916
FUND BALANCES - END OF YEAR	<u>\$ 41,074,247</u>	<u>\$ 3,337,418</u>	<u>\$ 98,288,407</u>	<u>\$ 6,825,537</u>	<u>\$ 149,525,609</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, 2023**

Total Net Change in Fund Balances - Governmental Funds **\$ 97,245,693**

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/amortization expense in the statement of activities.

Capital outlays reported in the governmental fund statements	\$ 5,912,583	
Net book value of capital assets disposed of during the year	(36,547)	
Depreciation/Amortization expense reported in the statement of activities	<u>(8,865,526)</u>	
Net change in capital assets		(2,989,490)

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.

(5,661,179)

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.

(55,732)

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	103,305,000	
The amount of lease liability principal payments	126,557	
The amount of financed purchase agreement principal payments	<u>1,325,706</u>	104,757,263

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 General Obligation Bonds and Notes proceeds	(190,195,000)
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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, 2023**

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: \$ (4,998,702)

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

The amount of interest paid during the current period	\$	2,739,796
The amount of interest accrued during the current period		<u>(3,883,881)</u>

Amount of interest paid less than interest accrued (1,144,085)

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>(150,303)</u>
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Change in Net Position - Governmental Activities		<u><u>\$ (3,191,535)</u></u>
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**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2023**

	Employee Benefit Trust	Custodial Fund
ASSETS		
Cash and Investments	\$ 2,499,314	\$ 64,037
Accounts Receivable	16,261	-
Prepays	2,147,387	-
Total Assets	<u>4,662,962</u>	<u>64,037</u>
LIABILITIES		
Accounts Payable	166	-
Health Benefit Claims Payable	<u>23,937</u>	<u>-</u>
Total Liabilities	<u>24,103</u>	<u>-</u>
NET POSITION		
Restricted	<u><u>\$ 4,638,859</u></u>	<u><u>\$ 64,037</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, 2023**

	Employee Benefit Trust	Custodial Fund
ADDITIONS		
Resale Income	\$ -	\$ 1,670
School Activity Income	-	1,395
Donations	-	37,504
Investment Income	135,413	124
District Contributions	4,720,660	-
Plan Member Contributions	183,298	-
Total Additions	<u>5,039,371</u>	<u>40,693</u>
DEDUCTIONS		
Other Instruction	-	44,396
Administrative Expenses	26,731	-
Benefit Payments to Plan Members	6,196,382	-
Other Adjustments	15,301	-
Total Deductions	<u>6,238,414</u>	<u>44,396</u>
CHANGE IN NET POSITION	(1,199,043)	(3,703)
Net Position - Beginning of Year	<u>5,837,902</u>	<u>67,740</u>
NET POSITION - END OF YEAR	<u><u>\$ 4,638,859</u></u>	<u><u>\$ 64,037</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, 2023**

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, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Government-Wide Statements (Continued)

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

Fund Financial Statements

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

The District has the following major governmental funds:

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

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

Capital Projects Fund – The Capital Projects Fund is used to account for the acquisition and construction of major capital projects.

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, 2023**

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, 2023**

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 2022 tax levy is used to finance operations of the District's fiscal year ended June 30, 2023. 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, 2023**

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 and Right to Use Assets

Capital assets and right to use 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 and right to use assets are recorded in the government-wide financial statements but are not reported in the fund financial statements. Capital assets and right to use assets are depreciated/amortized 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/amortization 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, 2023**

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. 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. 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. 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, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

9. Pension Plan Benefits

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

Multiple-Employer Cost-Sharing Plan (Wisconsin Retirement System). The fiduciary net position of the Wisconsin Retirement System (WRS) has been determined using the flow of economic resources measurement focus and accrual basis of accounting. This includes for purposes of measuring the following: Net Pension Liability (Asset), Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, and Pension Expense (Revenue).

Information about the fiduciary net position of the WRS and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by the 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.

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.

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

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, 2023**

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 the governmental fund activities to the government-wide financial statements are included.

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, 2023

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, 2023 were shown in the financial statements as follows:

Governmental Funds	\$ 136,369,109
Fiduciary Funds:	
Employee Benefit Trust	2,499,314
Custodial Fund	64,037
Total	<u>\$ 138,932,460</u>

The above balances at June 30, 2023 consisted of the following:

Treasurer's Cash and Investments:	
Cash	\$ 7,400
Deposits at Financial Institutions	4,228,936
ADM Certificates of Deposit	79,160,000
Fiscal Money Market	5,726
Insured Cash Sweep	5,909,934
Managed Money Market Funds	21,130,288
Mutual Funds	42,170
OPEB Trust Money Market Fund	1,369,985
OPEB Mutual Funds	3,186,956
WISC Investment Series	23,890,153
Investments in State Local Government	
Pooled - Investment Fund	912
Total Cash and Investments	<u>\$ 138,932,460</u>

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

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.

American Deposit Management Company. The District issued a General Obligation Bond during 2022-23 for the purpose of several capital projects related to school building renovations. The proceeds of these bonds were placed in an investment account with American Deposit Management Company (ADM). The investment accounts at June 30, 2023 consist of individual certificates of deposits with various financial institutions totaling \$79,160,000 and managed money market funds of \$20,805,109.

Custodial credit risk is the risk that, in the event of bank failure, the District's deposits may not be returned. At June 30, 2023, 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, 2023**

NOTE 4 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Deposits and Investments (Continued)

Investments (Continued)

The District's investments at June 30, 2023 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, 2023 was approximately 17 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, 2023, the District's investments were rated as follows:

<u>Type</u>	<u>Credit Rating</u>	<u>Amount</u>
Fiscal Money Market	Not Rated	\$ 5,726
ADM Certificates of Deposit	Not Rated	79,160,000
Managed Money Market Funds	Not Rated	21,130,288
Mutual Funds	Not Rated	42,170
OPEB Trust Money Market Fund	Not Rated	1,369,985
OPEB Mutual Funds	Not Rated	3,186,956
WISC Investment Series	Not Rated	23,890,153
Local Government Investment Pool	Not Rated	912
Total		<u><u>\$ 128,786,190</u></u>

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

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, 2023, the District's investments maturities were as follows:

Type	Total	< 1 Year	1 to 3 years	> 3 Years
Fiscal Money Market	\$ 5,726	\$ 5,726	\$ -	\$ -
ADM Certificates of Deposit	79,160,000	34,655,000	44,505,000	-
Managed Money Market Funds	21,130,288	21,130,288	-	-
Mutual Funds	42,170	42,170	-	-
OPEB Trust Money Market Fund	1,369,985	1,369,985	-	-
OPEB Mutual Funds	3,186,956	3,186,956	-	-
WISC Investment Series	23,890,153	23,890,153	-	-
Local Government Investment Pool	912	912	-	-
Total	<u>\$ 128,786,190</u>	<u>\$ 84,281,190</u>	<u>\$ 44,505,000</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, 2023**

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, 2023 were categorized as follows:

	Level 1	Level 2	Level 3	Total
Fiscal Money Market	\$ 5,726	\$ -	\$ -	\$ 5,726
Managed Money Market Funds	21,130,288	-	-	21,130,288
Mutual Funds	42,170	-	-	42,170
OPEB Mutual Funds	3,186,956	-	-	3,186,956
Total	<u>\$ 24,365,140</u>	<u>\$ -</u>	<u>\$ -</u>	<u>24,365,140</u>
Investments at Amortized Cost:				
OPEB Trust Money Market Fund				1,369,985
WISC Investment Series				23,890,153
ADM Certificates of Deposit				79,160,000
Local Government Investment Pool				912
Total				<u>\$ 128,786,190</u>

B. Capital Assets

Changes in the capital assets for the year ended June 30, 2023 were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets:				
Land	\$ 2,262,174	\$ -	\$ -	\$ 2,262,174
Land Improvements	12,104,575	1,298,121	-	13,402,696
Buildings and Improvements	198,741,341	472,799	-	199,214,140
Furniture and Equipment	16,279,609	1,625,478	(96,544)	17,808,543
Leased Asset (Right of Use)	1,336,018	-	-	1,336,018
Work in Progress	164,843	4,051,819	(1,535,634)	2,681,028
Total Capital Assets	<u>230,888,560</u>	<u>7,448,217</u>	<u>(1,632,178)</u>	<u>236,704,599</u>
Accumulated Depreciation/Amortization:				
Land Improvements	5,056,895	561,721	-	5,618,616
Buildings and Improvements	96,155,694	5,728,872	-	101,884,566
Furniture and Equipment	8,820,108	2,404,601	(59,997)	11,164,712
Leased Asset (Right of Use)	290,847	170,332	-	461,179
Total Accumulated Depreciation/Amortization	<u>110,323,544</u>	<u>8,865,526</u>	<u>(59,997)</u>	<u>119,129,073</u>
Governmental Activities Capital Assets				
Net of Accumulated Depreciation/Amortization	<u>\$ 120,565,016</u>	<u>\$ (1,417,309)</u>	<u>\$ (1,572,181)</u>	<u>\$ 117,575,526</u>

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 4 DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Capital Assets (Continued)

Depreciation/amortization was charged to governmental functions as follows:

Instruction:	
Regular Instruction	\$ 1,093,027
Vocational Instruction	22,594
Physical Instruction	1,124
Special Instruction	2,422
Co-curricular	19,742
Support Services:	
Pupil Services	2,770
Instructional Staff Services	735
Operation & Maintenance	678,470
Facilities Acquisition & Remodeling	5,997,836
Pupil Transportation	7,364
Food Services	51,731
Internal Services	843
Central Services	95,508
Other Support Services	891,360
Total Depreciation/Amortization for Governmental Activities	<u><u>\$ 8,865,526</u></u>

C. Interfund Receivables, Payables and Transfers

The composition of interfund balances as of June 30, 2023 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><u>\$ 317,400</u></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, 2023**

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, 2023 were as follows:

	Balances July 01, 2022	Additions	Reductions	Balances June 30, 2023	Amounts Due Within One Year
Long-Term Debt					
General Obligation Bonds and Notes	\$ 41,030,000	\$ 190,195,000	\$ (103,305,000)	\$ 127,920,000	\$ 7,600,000
Add: Debt Premium	4,311,525	5,389,472	(390,770)	9,310,227	908,411
Subtotal	45,341,525	195,584,472	(103,695,770)	137,230,227	8,508,411
Other Long-Term Obligations:					
Lease Liability	677,729	-	(126,557)	551,172	89,793
Financed Purchase Liability	2,355,438	-	(1,325,706)	1,029,732	1,029,732
Vested Employee Benefits	364,970	150,303	-	515,273	515,273
Subtotal	3,398,137	150,303	(1,452,263)	2,096,177	1,634,798
Total	\$ 48,739,662	\$ 195,734,775	\$ (105,148,033)	\$ 139,326,404	\$ 10,143,209

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.

On December 21, 2022, the District issued \$98,600,000 of Bond Anticipation Notes to finance various capital projects. The anticipation notes accrued interest at 4.00% and were due June 21, 2023. The District issued the final financing of \$91,595,000 General Obligation Refunding Bonds on March 9, 2023. These bonds accrue interest at 3.625-5.000% and mature April 1, 2042.

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.

General Obligation Debt

The individual long-term debt issues of the District outstanding at June 30, 2023 were as follows:

Description	Issue Date	Interest Rate	Maturity Date	Original Indebtedness	Amount Outstanding
2017 G.O. School Improvement Bonds	4/17/2017	2.0-4.0	4/1/2031	\$ 25,000,000	\$ 15,455,000
2017 G.O. Refunding Bonds	12/28/2017	2.0-5.0	4/1/2028	25,150,000	20,870,000
2023 G.O. Refunding Bonds	3/9/2023	3.625-5.0	4/1/2042	91,595,000	91,595,000
Total General Obligation Debt					<u>\$ 127,920,000</u>

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

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, 2023 follow:

Fiscal Year	Principal	Interest	Total
2024	\$ 7,600,000	\$ 5,674,986	\$ 13,274,986
2025	5,615,000	5,088,168	10,703,168
2026	6,025,000	4,824,919	10,849,919
2027	6,455,000	4,541,768	10,996,768
2028	6,920,000	4,256,618	11,176,618
2029	7,405,000	3,949,819	11,354,819
2030	5,045,000	3,620,369	8,665,369
2031	5,255,000	3,410,519	8,665,519
2032	6,980,000	3,237,619	10,217,619
2033	7,440,000	2,888,619	10,328,619
2034	7,925,000	2,516,619	10,441,619
2035	6,010,000	2,120,369	8,130,369
2036	6,255,000	1,879,969	8,134,969
2037	6,510,000	1,629,769	8,139,769
2038	6,760,000	1,369,369	8,129,369
2039	7,015,000	1,124,319	8,139,319
2040	7,285,000	861,256	8,146,256
2041	7,565,000	588,069	8,153,069
2042	7,855,000	304,381	8,159,381
	<u>\$ 127,920,000</u>	<u>\$ 53,887,521</u>	<u>\$ 181,807,521</u>

The 2022 equalized valuation of the District as certified by the Wisconsin Department of Revenue is \$9,821,766,768. The legal debt limit and margin of indebtedness as of June 30, 2023 in accordance with Section 67.03(1)(b) of the Wisconsin Statutes is as follows:

Total Equalized Value (TIDIN)	\$ 9,821,766,768
	10.00%
Calculated Debt Limit	<u>982,176,677</u>
Deduct Long Term Debt Applicable to Debt Margin	<u>127,920,000</u>
Margin of Indebtedness	<u>\$ 854,256,677</u>

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 4 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Long-Term Obligations (Continued)

Lease Liability

The District entered into right-to-use lease arrangements with Enterprise FM Trust and with Ken Vance Motors Inc. for the purchase of vehicles. The District also entered into a right-to-use lease arrangement with Eastridge Center LLC for the purchase of building space. 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.

The principal and interest costs for such leases for governmental funds was \$152,452 for the year ended June 30, 2023. The future lease payments for these agreements are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 89,793	\$ 22,485	\$ 112,278
2025	87,390	19,988	107,378
2026	64,866	14,139	79,005
2027	56,116	10,960	67,076
2028	53,964	8,571	62,535
2029	57,289	6,491	63,780
2030	60,772	4,283	65,055
2031	64,415	1,942	66,357
2032	16,567	104	16,671
Total	<u>\$ 551,172</u>	<u>\$ 88,963</u>	<u>\$ 640,135</u>

Financed Purchase Agreements

The District has seven financed purchase agreements for financing the acquisition of machinery and equipment for use by the District. The balance of these liabilities on June 30, 2023 was \$1,029,732. The District is required to make various monthly principal and interest payments. These agreements have an interest rate of 0.89% to 2.77%. The machinery and equipment has an estimated useful live of 4 years through 2024. The future payments for these agreements are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	<u>\$ 1,029,732</u>	<u>\$ 28,178</u>	<u>\$ 1,057,910</u>

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 4 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Governmental Fund Balances

The governmental fund balances reported on the fund financial statements at June 30, 2023 consisted of the following:

	Total	Nondisposable	Restricted	Assigned	Unassigned
Major Funds:					
General Fund:					
Nondisposable Prepaid Items and Inventory	\$ 3,178,983	\$ 3,178,983	\$ -	\$ -	\$ -
Restricted for Federal Program	244,410	-	244,410	-	-
Assigned for Self Insurance	1,032,910	-	-	1,032,910	-
Unassigned	36,617,944	-	-	-	36,617,944
Debt Service Fund	3,337,418	-	3,337,418	-	-
Capital Projects Fund	98,288,407	-	98,288,407	-	-
Nonmajor Funds:					
Special Revenue Funds:					
Donor Restricted Purposes	981,399	25,495	955,904	-	-
Other Special Projects	-	435	-	-	(435)
Food Service Program	3,799,315	105,058	3,694,257	-	-
Community Service Programs	2,044,823	12,533	2,032,290	-	-
Subtotal Nonmajor Funds	<u>6,825,537</u>	<u>143,521</u>	<u>6,682,451</u>	<u>-</u>	<u>(435)</u>
Total Governmental Funds Balances at June 30, 2023	<u>\$ 149,525,609</u>	<u>\$ 3,322,504</u>	<u>\$ 108,552,686</u>	<u>\$ 1,032,910</u>	<u>\$ 36,617,509</u>

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

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, 2023**

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, 2022 through June 30, 2023, the WRS recognized \$5,467,677 in contributions from the employer.

Contribution rates as of June 30, 2023 are:

	<u>Employee</u>	<u>Employer</u>
General (including teachers)	6.80%	6.80%

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>
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
2022	7.4	15.0

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 5 OTHER INFORMATION (CONTINUED)

A. Wisconsin Retirement System Pension Plan Benefits (Continued)

General Information about the Pension Plan (Continued)

At June 30, 2023, the District reported a liability of \$22,120,667 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021 rolled forward to December 31, 2022. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2022, the District's proportion was 0.41755199 percent, which was an increase of 0.00091061 percent from its proportion measured as of December 31, 2021.

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, 2023, the District recognized pension expense of \$11,219,973. At June 30, 2023, 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	\$ 35,231,369	\$ 46,286,108
Changes of Assumptions	4,349,838	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	37,577,906	-
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	160,213	88,467
District Contributions Subsequent to the Measurement Date	2,927,859	-
Total	<u>\$ 80,247,185</u>	<u>\$ 46,374,575</u>

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

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)

\$2,927,859 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended June 30, 2024. 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>
2024	\$ 1,272,214
2025	6,414,892
2026	6,598,102
2027	16,659,543
2028	-

Actuarial assumptions. The total pension liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2021
Measurement Date of Net Pension Liability (Asset):	December 31, 2022
	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:	
Wage 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, 2022 is based upon a roll-forward of the liability calculated from the December 31, 2021 actuarial valuation.

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

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:			
Public Equity	48 %	7.6%	5.0%
Public Fixed Income	25	5.3%	2.7%
Inflation Sensitive Assets	19	3.6%	1.1%
Real Estate	8	5.2%	2.6%
Private Equity/Debt	15	9.6%	6.9%
Cash	(15)	N/A	N/A
Total Core Fund	<u>100 %</u>	7.4%	4.8%
Variable Fund Asset Class:			
Domestic Equities	70 %	7.2%	4.6%
International Equities	30	8.1%	5.5%
Total Variable Fund	<u>100 %</u>	7.7%	5.1%

Discount rate. A single discount rate of 6.8% was used to measure the Total Pension Liability, for the current and 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 4.05% (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, 2022. 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. Therefore, the municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

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)

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:

	1% Decrease (5.8%)	Current Discount Rate (6.8%)	1% Increase (7.8%)
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 73,417,774	\$ 22,120,667	\$ (13,167,341)

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, 2023, the District reported a payable of \$1,525,987 for the outstanding amount of contributions to the pension plan for the year ended June 30, 2023.

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, 2023 was estimated at \$515,273.

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

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, 2023, 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, 2023, the annual money-weighted rate of return, net of investment expense, was 2.60 percent.

The plan does not issue a stand-alone report.

Net OPEB Liability

Total OPEB Liability - Ending (a)	\$ 53,283,810
Plan Fiduciary Net Position - Ending (b)	<u>4,178,857</u>
District's Net OPEB Liability - Ending (a) - (b)	<u>\$ 49,104,953</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	7.84%

The District's total OPEB liability and net OPEB liability for June 30, 2023 is based upon the liability calculated at the June 30, 2022 actuarial valuation rolled forward to the measurement date of June 30, 2023.

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

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	21 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	3.65 Percent
Retirement Age	Early Retirement - Age 55 years Regular Retirement - Age 57 years (30 or more years of services)
Mortality	Wisconsin Retirement System Experience Study Report for Public Schools dated November 19, 2021 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 3.65 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 3.65 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, 2023**

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, 2022	\$ 56,179,857	\$ 5,323,469	\$ 50,856,388
Changes for the year:			
Service Cost	1,500,464	-	1,500,464
Interest	1,881,882	-	1,881,882
Changes of Assumptions or Other Input	(534,060)	-	(534,060)
Contributions - Employer	-	4,514,570	(4,514,570)
Net Investment Income	-	123,479	(123,479)
Benefit Payments	(5,744,333)	(5,744,333)	-
Administrative Expense	-	(38,328)	38,328
Net Changes	<u>(2,896,047)</u>	<u>(1,144,612)</u>	<u>(1,751,435)</u>
Balances at June 30, 2023	<u>\$ 53,283,810</u>	<u>\$ 4,178,857</u>	<u>\$ 49,104,953</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 (2.65 percent) or 1-percentage-point higher (4.65 percent) than the current discount rate:

	1% Decrease (2.65%)	Current Discount Rate (3.65%)	1% Increase (4.65%)
Net OPEB Liability	<u>\$ 51,291,884</u>	<u>\$ 49,104,953</u>	<u>\$ 46,943,139</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>\$ 47,371,853</u>	<u>\$ 49,104,953</u>	<u>\$ 51,004,507</u>

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

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, 2023, the District recognized OPEB revenue of \$4,194,184 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	\$ 4,820,545	\$ -
Changes of Assumptions or Other Input	544,241	2,244,963
Net Difference Between Projected and Actual Earnings on OPEB Investments	122,471	-
Total	<u>\$ 5,487,257</u>	<u>\$ 2,244,963</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:

<u>Year Ended June 30.</u>	OPEB Expense Amount
2024	\$ 867,363
2025	850,413
2026	829,837
2027	451,424
2028	243,257
Thereafter	-

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, 2023, 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, 2023**

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, 2023, the annual money-weighted rate of return, net of investment expense, was 2.60 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 2023, the District contributed an estimated \$206,090 to the plan.

Net Pension Liability

Total Pension Liability - Ending (a)	\$ 2,672,595
Plan Fiduciary Net Position - Ending (b)	<u>460,002</u>
District's Net Pension Liability - Ending (a) - (b)	<u><u>\$ 2,212,593</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	17.21%

The District's net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022, rolled forward to June 30, 2023.

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

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, 2023, 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	21 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	3.65 Percent
Retirement Age	Early Retirement - Age 55 years Regular Retirement - Age 57 years (30 or more years of services)
Mortality	Wisconsin Retirement System Experience Study Report for Public Schools dated November 19, 2021

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 3.65 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, 2023**

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	\$ 2,745,809	\$ 514,433	\$ 2,231,376
Changes for the Year:			
Service Cost	79,088	-	79,088
Interest	93,097	-	93,097
Changes of assumptions or other input	23,350	-	23,350
Contributions - Employer	-	206,090	(206,090)
Net Investment Income	-	11,932	(11,932)
Benefit Payments	(268,749)	(268,749)	-
Administrative Expense	-	(3,704)	3,704
Net Changes	<u>(73,214)</u>	<u>(54,431)</u>	<u>(18,783)</u>
Balances at End of Year	<u>\$ 2,672,595</u>	<u>\$ 460,002</u>	<u>\$ 2,212,593</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 3.65%, 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 (2.65%) or one percentage point higher (4.65% than the current rate):

	1% Decrease 2.65%	Current Discount Rate 3.65%	1% Increase 4.65%
Net Pension Liability	<u>\$ 2,335,577</u>	<u>\$ 2,212,593</u>	<u>\$ 2,091,305</u>

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

For the year ended June 30, 2023, the District recognized pension expense of \$147,378. At June 30, 2023, 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	\$ 310,028	\$ 243,406
Changes of Assumptions	193,914	202,496
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	9,527	-
Total	<u>\$ 513,469</u>	<u>\$ 445,902</u>

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

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>
2024	\$ (19,180)
2025	(20,494)
2026	39,502
2027	25,435
2028	17,552
Thereafter	24,752

The District's collective pension liability for the single-employer plan and multiple-employer plan was \$24,333,260 at June 30, 2023. Total collective pension expense for both plans was \$11,367,353 for 2022-2023.

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, 2023**

NOTE 5 OTHER INFORMATION (CONTINUED)

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

Contribution rates as of June 30, 2023 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, 2022 are:

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

During the reporting period, the LRLIF recognized \$22,358 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, 2023, the District reported a liability of \$4,181,133 its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2022 rolled forward to December 31, 2022. 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, 2022, the District's proportion was 1.09746000 percent, which was a decrease of 0.01254900 percent from its proportion measured as of December 31, 2021.

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

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, 2023, the District recognized OPEB expense of \$398,642. At June 30, 2023, 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	\$ -	\$ 409,193
Changes of Assumptions	1,502,190	2,468,014
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	78,456	-
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	51,489	154,072
District Contributions Subsequent to the Measurement Date	11,202	-
Total	<u>\$ 1,643,337</u>	<u>\$ 3,031,279</u>

\$11,202 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEBs will be recognized in OPEB expense as follows:

<u>Year Ended June 30.</u>	OPEB Expense Amount
2024	\$ (105,022)
2025	(138,352)
2026	(77,542)
2027	(267,160)
2028	(425,665)
Thereafter	(385,403)

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

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, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	January 1, 2022
Measurement Date of Net OPEB Liability (Asset)	December 31, 2022
Actuarial Cost Method	Entry Age Normal
20 Year Tax-Exempt Municipal Bond Yield*	3.72%
Long-Term Expected Rate of Return	4.25%
Discount Rate	3.76%
Salary Increases:	
Wage Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality	2020 WRS Experience Mortality Table

*Based on the Bond Buyers GO Index

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, 2022 is based upon a roll-forward of the liability calculated from the January 1, 2022 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	50%	2.45%
U.S. Mortgages	Bloomberg U.S. MBS	50%	2.83%
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, 2023**

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)

The long-term expected rate of return remained unchanged from the prior year at 4.25%. 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. The expected inflation rate remained unchanged from the prior year at 2.30%.

Single Discount rate. A single discount rate of 3.76% was used to measure the Total OPEB Liability for the current year, as opposed to a discount rate of 2.17% for the prior year. The significant change in the discount rate was primarily caused by the increase in the municipal bond rate from 2.06% as of December 31, 2021 to 3.72% as of December 31, 2022. 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 3.76 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 (2.76 percent) or 1-percentage-point higher (4.76 percent) than the current rate:

	1% Decrease (2.76%)	Current Discount Rate (3.76%)	1% Increase (4.76%)
District's Proportionate Share of the Net OPEB Liability (Asset)	\$ 5,700,532	\$ 4,181,133	\$ 3,016,690

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>.

The District's collective OPEB liabilities for these two plans at June 30, 2023 was \$53,286,086. Total OPEB revenue for the single-employer plan was \$4,194,184 and total OPEB expense for the multiple-employer plan was \$398,642 for 2022-2023.

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 5 OTHER INFORMATION (CONTINUED)

F. Limitation on School District Revenues

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

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

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

G. Risk Management

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

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, 2023	\$ 96,950	\$ 1,883,209	\$ (1,865,660)	\$ 114,499
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

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 5 OTHER INFORMATION (CONTINUED)

H .Self-Funded Dental Insurance (Continued)

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.

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, management is unaware of any such claims or proceedings that 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, 2023 is \$2,106,000.

REQUIRED SUPPLEMENTARY INFORMATION

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Local	\$ 50,454,837	\$ 50,441,492	\$ 50,831,596	\$ 390,104
Interdistrict	3,093,775	3,093,775	3,178,145	84,370
Intermediate	-	36,079	36,679	600
State	89,842,968	90,171,796	90,671,215	499,419
Federal	16,597,015	15,567,014	15,491,244	(75,770)
Other	2,257,045	2,257,045	2,295,306	38,261
Total Revenues	162,245,640	161,567,201	162,504,185	936,984
EXPENDITURES:				
Instruction:				
Regular Instruction	53,602,088	51,635,455	52,001,003	(365,548)
Vocational Instruction	3,962,308	4,127,939	3,736,251	391,688
Special Instruction	25,500,758	25,479,303	25,645,239	(165,936)
Other Instruction	4,729,845	4,715,841	4,554,517	161,324
Total Instruction	87,794,999	85,958,538	85,937,010	21,528
Support Services:				
Pupil Services	9,223,291	9,540,276	9,352,259	188,017
Instructional Staff Services	11,134,770	11,797,495	11,666,511	130,984
General Administration	994,950	996,434	1,029,900	(33,466)
Building Administration	7,280,029	7,292,289	7,081,533	210,756
Direction of Business	297,702	297,702	291,599	6,103
Fiscal	884,827	884,827	844,055	40,772
Operations and Maintenance	11,524,865	11,528,794	11,948,179	(419,385)
Facilities Acquisition and Remodeling	2,099,005	2,314,655	2,063,677	250,978
Pupil Transportation	6,752,239	7,048,407	6,713,232	335,175
Internal Services	379,506	379,506	356,933	22,573
Central Services	1,581,188	1,663,381	1,648,273	15,108
Insurance and Judgements	1,072,942	1,072,942	1,102,249	(29,307)
Debt Services:				
Principal	1,412,955	1,452,255	1,452,262	(7)
Interest	78,372	95,597	95,609	(12)
Paying Agent Fees	-	-	1,425	(1,425)
Other Support Services	8,273,642	8,303,381	8,257,691	45,690
Total Support Services	62,990,283	64,667,941	63,905,387	762,554
Non-Program:				
Purchased Instructional Services	11,991,048	11,924,102	13,563,282	(1,639,180)
Other Non-Program Transactions	21,972	21,972	279,496	(257,524)
Total Non-Program	12,013,020	11,946,074	13,842,778	(1,896,704)
Total Expenditures	162,798,302	162,572,553	163,685,175	(1,112,622)
NET CHANGE IN FUND BALANCE	(552,662)	(1,005,352)	(1,180,990)	(175,638)
Fund Balance - Beginning of Year	40,703,515	40,703,515	42,255,237	1,551,722
FUND BALANCE - End of Year	<u>\$ 40,150,853</u>	<u>\$ 39,698,163</u>	<u>\$ 41,074,247</u>	<u>\$ 1,376,084</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
12/31/2022	0.41755199%	\$ 22,120,667	\$ 77,123,436	28.68%	95.72%
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
6/30/2023	\$ 5,467,677	\$ (5,467,677)	\$ -	\$ 82,130,869	6.66%
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	2023
Total Pension Liability									
Service Cost	\$ 507,366	\$ 114,111	\$ 114,111	\$ 121,617	\$ 92,607	\$ 97,045	\$ 101,841	\$ 103,878	\$ 79,088
Interest	504,170	477,691	95,030	91,451	100,608	93,765	58,435	57,421	93,097
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)	23,350
Benefit Payments	(1,610,706)	(327,952)	(276,078)	(227,845)	(251,114)	(239,834)	(184,294)	(151,185)	(268,749)
Net Change in Total Pension Liability	(599,170)	(10,230,235)	50,889	96,113	(11,719)	(112,076)	(24,018)	131,500	(73,214)
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	2,745,809
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>	<u>2,672,595</u>
Plan Fiduciary Net Position									
Contributions - Employer	\$ 1,691,241	\$ 344,349	\$ 289,882	\$ 239,237	\$ 251,114	\$ 223,072	\$ 223,380	\$ 223,380	\$ 206,090
Net Investment Income	103	668	518	4,570	4,404	7,852	1,617	1,330	11,932
Benefit Payments	(1,610,706)	(327,952)	(276,078)	(227,845)	(251,114)	(239,834)	(184,294)	(151,185)	(268,749)
Administrative Expense	(2,182)	(2,276)	(1,122)	(649)	(583)	(974)	(1,735)	(9,146)	(3,704)
Net Change in Plan Fiduciary Net Position	78,456	14,789	13,200	15,313	3,821	(9,884)	38,968	64,379	(54,431)
Plan Fiduciary Net Position Beginning of Year	295,391	373,847	388,636	401,836	417,149	420,970	411,086	450,054	514,433
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>	<u>460,002</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>	<u>\$ 2,212,593</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%	17.21%
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	\$ 21,202,146
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%	10.44%

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	2023
Schedule of District Contributions									
Actuarially Determined Contribution	\$ 1,262,760	\$ 250,573	\$ 250,573	\$ 223,072	\$ 223,072	\$ 223,380	\$ 223,380	\$ 225,446	\$ 235,749
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	206,090
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>	<u>\$ 29,659</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	\$ 21,202,146
Contributions as a Percentage of Covered Payroll	5.21%	1.23%	1.04%	0.90%	0.94%	0.96%	0.96%	1.09%	0.97%

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	2023
Total OPEB Liability							
Service Cost	\$ 3,461,943	\$ 3,461,943	\$ 3,103,092	\$ 3,236,033	\$ 3,247,997	\$ 3,387,498	\$ 1,500,464
Interest	2,630,746	2,613,503	2,859,600	2,679,021	1,699,196	1,635,522	1,881,882
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)	(534,060)
Benefit Payments	(6,613,794)	(6,556,952)	(6,500,664)	(7,159,716)	(6,746,432)	(7,529,536)	(5,744,333)
Net Change in Total OPEB Liability	(521,105)	1,735,783	550,514	(1,236,275)	(1,799,239)	(19,289,931)	(2,896,047)
Total OPEB Liability - Beginning	76,740,110	76,219,005	77,954,788	78,505,302	77,269,027	75,469,788	56,179,857
Total OPEB Liability - Ending (a)	<u>\$ 76,219,005</u>	<u>\$ 77,954,788</u>	<u>\$ 78,505,302</u>	<u>\$ 77,269,027</u>	<u>\$ 75,469,788</u>	<u>\$ 56,179,857</u>	<u>\$ 53,283,810</u>
Plan Fiduciary Net Position							
Contributions - Employer	\$ 7,221,315	\$ 7,254,737	\$ 7,166,333	\$ 7,291,413	\$ 7,215,255	\$ 7,215,255	\$ 4,514,570
Net Investment Income	4,023	41,162	45,946	94,306	20,730	16,957	123,479
Benefit Payments	(6,613,794)	(6,556,952)	(6,500,664)	(7,159,716)	(6,746,432)	(7,529,536)	(5,744,333)
Administrative Expense	(8,711)	(5,841)	(6,080)	(11,694)	(22,241)	(116,592)	(38,328)
Adjustment	-	-	(2,000)	-	-	-	-
Net Change in Plan Fiduciary Net Position	602,833	733,106	703,535	214,309	467,312	(413,916)	(1,144,612)
Plan Fiduciary Net Position - Beginning	3,016,290	3,619,123	4,352,229	5,055,764	5,270,073	5,737,385	5,323,469
Plan Fiduciary Net Position - Ending (b)	<u>\$ 3,619,123</u>	<u>\$ 4,352,229</u>	<u>\$ 5,055,764</u>	<u>\$ 5,270,073</u>	<u>\$ 5,737,385</u>	<u>\$ 5,323,469</u>	<u>\$ 4,178,857</u>
District's Net OPEB Liability - Ending (a) - (b)	<u>\$ 72,599,882</u>	<u>\$ 73,602,559</u>	<u>\$ 73,449,538</u>	<u>\$ 71,998,954</u>	<u>\$ 69,732,403</u>	<u>\$ 50,856,388</u>	<u>\$ 49,104,953</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	4.75%	5.58%	6.44%	6.82%	7.60%	9.48%	7.84%
Covered Payroll	\$ 34,904,806	\$ 64,816,825	\$ 64,816,825	\$ 65,531,992	\$ 65,531,992	24,971,071	25,720,203
District's Net OPEB Liability as a Percentage of Covered Payroll	207.99%	113.55%	113.32%	109.87%	106.41%	203.66%	190.92%

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>	<u>2023</u>
Actuarially Determined Contribution (ADC)	\$ 7,860,920	\$ 7,291,413	\$ 7,291,413	\$ 7,215,255	\$ 7,215,255	\$ 7,366,376	\$ 4,935,189
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	4,514,570
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>	<u>\$ 420,619</u>
Covered Payroll	\$ 34,904,806	\$ 64,816,825	\$ 64,816,825	\$ 65,531,992	\$ 65,531,992	24,971,071	25,720,203
Contributions as a Percentage of Covered Payroll	20.69%	11.19%	11.06%	11.13%	11.01%	28.89%	17.55%

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%
2023	2.60%

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
12/31/2022	1.09746000%	\$ 4,181,133	\$ 61,713,000	6.78%	38.81%
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
6/30/2023	\$ 22,358	\$ (22,358)	\$ -	\$ 61,713,000	0.04%
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, 2023**

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 AND SCHEDULES

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
COMBINING BUDGETARY COMPARISON SCHEDULE
FUND 10 AND FUND 27
YEAR ENDED JUNE 30, 2023**

	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	\$ 50,454,837	\$ -	\$ -	\$ 50,454,837	\$ 50,441,492	\$ -	\$ -	\$ 50,441,492	\$ 50,831,596	\$ -	\$ -	\$ 50,831,596
Interdistrict	2,817,302	276,473	-	3,093,775	2,817,302	276,473	-	3,093,775	2,901,430	276,715	-	3,178,145
Intermediate	-	-	-	-	36,079	-	-	36,079	36,679	-	-	36,679
State	82,459,205	7,383,763	-	89,842,968	82,775,508	7,396,288	-	90,171,796	82,888,917	7,782,298	-	90,671,215
Federal	13,586,320	3,010,695	-	16,597,015	13,122,008	2,445,006	-	15,567,014	13,017,644	2,473,600	-	15,491,244
Other	2,257,045	-	-	2,257,045	2,257,045	-	-	2,257,045	2,295,129	177	-	2,295,306
Total Revenues	151,574,709	10,670,931	-	162,245,640	151,449,434	10,117,767	-	161,567,201	151,971,395	10,532,790	-	162,504,185
EXPENDITURES:												
Instruction:												
Regular Instruction	53,602,088	-	-	53,602,088	51,635,455	-	-	51,635,455	52,001,003	-	-	52,001,003
Vocational Instruction	3,683,271	279,037	-	3,962,308	3,854,373	273,566	-	4,127,939	3,717,692	18,559	-	3,736,251
Special Instruction	2,937,066	22,563,692	-	25,500,758	2,879,137	22,600,166	-	25,479,303	2,931,623	22,713,616	-	25,645,239
Other Instruction	4,729,845	-	-	4,729,845	4,715,841	-	-	4,715,841	4,537,479	17,038	-	4,554,517
Total Instruction	64,952,270	22,842,729	-	87,794,999	63,084,806	22,873,732	-	85,958,538	63,187,797	22,749,213	-	85,937,010
Support Services:												
Pupil Services	6,747,805	2,475,486	-	9,223,291	7,053,972	2,486,304	-	9,540,276	6,865,622	2,486,637	-	9,352,259
Instructional Staff Services	10,031,450	1,103,320	-	11,134,770	10,656,376	1,141,119	-	11,797,495	10,544,557	1,121,954	-	11,666,511
General Administration	994,950	-	-	994,950	996,434	-	-	996,434	1,029,900	-	-	1,029,900
Building Administration	7,280,029	-	-	7,280,029	7,292,289	-	-	7,292,289	7,081,533	-	-	7,081,533
Direction of Business	297,702	-	-	297,702	297,702	-	-	297,702	291,599	-	-	291,599
Fiscal	884,827	-	-	884,827	884,827	-	-	884,827	844,055	-	-	844,055
Operations and Maintenance	11,524,365	500	-	11,524,865	11,527,928	866	-	11,528,794	11,947,313	866	-	11,948,179
Facilities Acquisition and Remodeling	2,055,005	44,000	-	2,099,005	2,314,655	-	-	2,314,655	2,063,627	50	-	2,063,677
Pupil Transportation	5,718,264	1,033,975	-	6,752,239	5,866,673	1,181,734	-	7,048,407	5,532,516	1,180,716	-	6,713,232
Internal Services	379,506	-	-	379,506	379,506	-	-	379,506	356,933	-	-	356,933
Central Services	1,560,028	21,160	-	1,581,188	1,652,196	11,185	-	1,663,381	1,637,176	11,097	-	1,648,273
Insurance and Judgements	1,072,942	-	-	1,072,942	1,072,942	-	-	1,072,942	1,102,249	-	-	1,102,249
Debt Services:												
Principal	1,412,955	-	-	1,412,955	1,412,955	39,300	-	1,452,255	1,412,955	39,307	-	1,452,262
Interest	78,372	-	-	78,372	78,372	17,225	-	95,597	78,372	17,237	-	95,609
Paying Agent Fees	-	-	-	-	-	-	-	-	1,425	-	-	1,425
Other Support Services	8,259,842	13,800	-	8,273,642	8,289,581	13,800	-	8,303,381	8,243,891	13,800	-	8,257,691
Total Support Services	58,298,042	4,692,241	-	62,990,283	59,776,408	4,891,533	-	64,667,941	59,033,723	4,871,664	-	63,905,387
Non-Program:												
Purchased Instructional Services	11,516,984	474,064	-	11,991,048	11,614,408	309,694	-	11,924,102	12,746,996	816,286	-	13,563,282
Other Non-Program Transactions	-	21,972	-	21,972	-	21,972	-	21,972	249,878	29,618	-	279,496
Total Non-Program	11,516,984	496,036	-	12,013,020	11,614,408	331,666	-	11,946,074	12,996,874	845,904	-	13,842,778
Total Expenditures	134,767,296	28,031,006	-	162,798,302	134,475,622	28,096,931	-	162,572,553	135,218,394	28,466,781	-	163,685,175
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	16,807,413	(17,360,075)	-	(552,662)	16,973,812	(17,979,164)	-	(1,005,352)	16,753,001	(17,933,991)	-	(1,180,990)
OTHER FINANCING SOURCES (USES):												
Transfers In	-	17,360,075	(17,360,075)	-	-	17,979,164	(17,979,164)	-	-	17,933,991	(17,933,991)	-
Transfers Out	(17,360,075)	-	17,360,075	-	(17,979,164)	-	17,979,164	-	(17,933,991)	-	17,933,991	-
Total Other Financing Sources (Uses)	(17,360,075)	17,360,075	-	-	(17,979,164)	17,979,164	-	-	(17,933,991)	17,933,991	-	-
NET CHANGE IN FUND BALANCE	(552,662)	-	-	(552,662)	(1,005,352)	-	-	(1,005,352)	(1,180,990)	-	-	(1,180,990)
Fund Balance - Beginning of Year	40,703,515	-	-	40,703,515	40,703,515	-	-	40,703,515	42,255,237	-	-	42,255,237
FUND BALANCE - End of Year	<u>\$ 40,150,853</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 40,150,853</u>	<u>\$ 39,698,163</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 39,698,163</u>	<u>\$ 41,074,247</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 41,074,247</u>

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
BUDGETARY COMPARISON SCHEDULE
FUND 10
YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Local	\$ 50,454,837	\$ 50,441,492	\$ 50,831,596	\$ 390,104
Interdistrict	2,817,302	2,817,302	2,901,430	84,128
Intermediate	-	36,079	36,679	600
State	82,459,205	82,775,508	82,888,917	113,409
Federal	13,586,320	13,122,008	13,017,644	(104,364)
Other	2,257,045	2,257,045	2,295,129	38,084
Total Revenues	151,574,709	151,449,434	151,971,395	521,961
EXPENDITURES:				
Instruction:				
Regular Instruction	53,602,088	51,635,455	52,001,003	(365,548)
Vocational Instruction	3,683,271	3,854,373	3,717,692	136,681
Special Instruction	2,937,066	2,879,137	2,931,623	(52,486)
Other Instruction	4,729,845	4,715,841	4,537,479	178,362
Total Instruction	64,952,270	63,084,806	63,187,797	(102,991)
Support Services:				
Pupil Services	6,747,805	7,053,972	6,865,622	188,350
Instructional Staff Services	10,031,450	10,656,376	10,544,557	111,819
General Administration	994,950	996,434	1,029,900	(33,466)
Building Administration	7,280,029	7,292,289	7,081,533	210,756
Direction of Business	297,702	297,702	291,599	6,103
Fiscal	884,827	884,827	844,055	40,772
Operations and Maintenance	11,524,365	11,527,928	11,947,313	(419,385)
Facilities Acquisition and Remodeling	2,055,005	2,314,655	2,063,627	251,028
Pupil Transportation	5,718,264	5,866,673	5,532,516	334,157
Internal Services	379,506	379,506	356,933	22,573
Central Services	1,560,028	1,652,196	1,637,176	15,020
Insurance and Judgements	1,072,942	1,072,942	1,102,249	(29,307)
Debt Services:				
Principal	1,412,955	1,412,955	1,412,955	-
Interest	78,372	78,372	78,372	-
Paying Agent Fees	-	-	1,425	(1,425)
Other Support Services	8,259,842	8,289,581	8,243,891	45,690
Total Support Services	58,298,042	59,776,408	59,033,723	742,685
Non-Program:				
Purchased Instructional Services	11,516,984	11,614,408	12,746,996	(1,132,588)
Other Non-Program Transactions	-	-	249,878	(249,878)
Total Non-Program	11,516,984	11,614,408	12,996,874	(1,382,466)
Total Expenditures	134,767,296	134,475,622	135,218,394	(742,772)
EXCESS OF REVENUES OVER EXPENDITURES	16,807,413	16,973,812	16,753,001	(220,811)
OTHER FINANCING SOURCES (USES):				
Transfer to Special Education Fund	(17,360,075)	(17,979,164)	(17,933,991)	45,173
NET CHANGE IN FUND BALANCE	(552,662)	(1,005,352)	(1,180,990)	(175,638)
Fund Balance - Beginning of Year	40,703,515	40,703,515	42,255,237	1,551,722
FUND BALANCE - End of Year	<u>\$ 40,150,853</u>	<u>\$ 39,698,163</u>	<u>\$ 41,074,247</u>	<u>\$ 1,376,084</u>

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
BUDGETARY COMPARISON SCHEDULE
FUND 27
YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Interdistrict Sources	\$ 276,473	\$ 276,473	\$ 276,715	\$ 242
State Sources	7,383,763	7,396,288	7,782,298	386,010
Federal Sources	3,010,695	2,445,006	2,473,600	28,594
Other	-	-	177	177
Total Revenues	10,670,931	10,117,767	10,532,790	415,023
EXPENDITURES:				
Instruction:				
Vocational Instruction	279,037	273,566	18,559	255,007
Special Instruction	22,563,692	22,600,166	22,713,616	(113,450)
Other Instruction	-	-	17,038	(17,038)
Total Instruction	22,842,729	22,873,732	22,749,213	124,519
Support Services:				
Pupil Services	2,475,486	2,486,304	2,486,637	(333)
Instructional Staff Services	1,103,320	1,141,119	1,121,954	19,165
Operations and Maintenance	500	866	866	-
Facilities Acquisition and Remodeling	44,000	-	50	(50)
Pupil Transportation	1,033,975	1,181,734	1,180,716	1,018
Central Services	21,160	11,185	11,097	88
Debt Services:				
Principal	-	39,300	39,307	(7)
Interest	-	17,225	17,237	(12)
Other Support Services	13,800	13,800	13,800	-
Total Support Services	4,692,241	4,891,533	4,871,664	19,869
Non-Program:				
Purchased Instructional Services	474,064	309,694	816,286	(506,592)
Other Non-Program Transactions	21,972	21,972	29,618	(7,646)
Total Non-Program	496,036	331,666	845,904	(514,238)
Total Expenditures	28,031,006	28,096,931	28,466,781	(369,850)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(17,360,075)	(17,979,164)	(17,933,991)	45,173
OTHER FINANCING SOURCES (USES):				
Transfer from General Fund	17,360,075	17,979,164	17,933,991	(45,173)
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, 2023**

	Special Revenue Funds				Totals
	Donations Fund	Other Special Projects	Food Service	Community Service	
ASSETS					
Cash and Investments	\$ 931,344	\$ -	\$ 3,554,686	\$ 2,216,951	\$ 6,702,981
Accounts Receivable	71,704	-	9,217	11,536	92,457
Due from Other Governments	-	344,789	426,093	-	770,882
Inventories and Prepaid Items	25,495	435	105,058	12,533	143,521
Total Assets	<u>\$ 1,028,543</u>	<u>\$ 345,224</u>	<u>\$ 4,095,054</u>	<u>\$ 2,241,020</u>	<u>\$ 7,709,841</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 45,414	\$ 147	\$ 756	\$ 169,155	\$ 215,472
Accrued Salaries and Withholding	750	27,677	49,748	21,882	100,057
Due to Other Funds	-	317,400	-	-	317,400
Other Deposits Payable	980	-	125	142	1,247
Unearned Revenue	-	-	245,110	5,018	250,128
Total Liabilities	<u>47,144</u>	<u>345,224</u>	<u>295,739</u>	<u>196,197</u>	<u>884,304</u>
Fund Balances:					
Nonspendable	25,495	435	105,058	12,533	143,521
Restricted	955,904	-	3,694,257	2,032,290	6,682,451
Unassigned	-	(435)	-	-	(435)
Total Fund Balances	<u>981,399</u>	<u>-</u>	<u>3,799,315</u>	<u>2,044,823</u>	<u>6,825,537</u>
Total Liabilities and Fund Balances	<u>\$ 1,028,543</u>	<u>\$ 345,224</u>	<u>\$ 4,095,054</u>	<u>\$ 2,241,020</u>	<u>\$ 7,709,841</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, 2023**

	Special Revenue Funds				
	Donations Fund	Other Special Projects	Food Service	Community Service	Totals
REVENUES					
Local	\$ 1,607,081	\$ -	\$ 2,146,461	\$ 1,110,268	\$ 4,863,810
Intermediate	-	908,723	-	-	908,723
State	-	-	67,807	-	67,807
Federal	-	14,337	3,590,842	-	3,605,179
Other	15,111	-	525	-	15,636
Total Revenues	1,622,192	923,060	5,805,635	1,110,268	9,461,155
EXPENDITURES:					
Instruction:					
Regular Instruction	339,202	426,240	-	-	765,442
Co-curricular Activities	360,954	-	-	-	360,954
Total Instruction	700,156	426,240	-	-	1,126,396
Support Services:					
Pupil Services	84,166	4,497	-	-	88,663
Instructional Staff Services	9,121	111,667	-	-	120,788
General Administration	-	-	-	31,574	31,574
Building Administration	18,163	54,914	-	-	73,077
Operation and Maintenance of Plant	21,208	18,100	142,065	96,826	278,199
Pupil Transportation	464,670	282,399	-	37,880	784,949
Facilities Acquisition / Remodeling	322,784	9,215	-	150	332,149
Food Services	-	-	5,107,879	-	5,107,879
Central Services	170	775	1,890	-	2,835
Insurance and Judgments	-	369	-	-	369
Community Services	-	-	-	1,054,090	1,054,090
Other Support Services	-	-	21,279	12,533	33,812
Total Support Services	920,282	481,936	5,273,113	1,233,053	7,908,384
Non-Program:					
Purchased Instructional Services	3,677	14,884	-	-	18,561
Other Non-Program Transactions	11,363	-	-	1,074	12,437
Total Non-Program	15,040	14,884	-	1,074	30,998
Total Expenditures	1,635,478	923,060	5,273,113	1,234,127	9,065,778
NET CHANGE IN FUND BALANCES	(13,286)	-	532,522	(123,859)	395,377
Fund Balances - Beginning of Year	994,685	-	3,266,793	2,168,682	6,430,160
FUND BALANCES - End of Year	<u>\$ 981,399</u>	<u>\$ -</u>	<u>\$ 3,799,315</u>	<u>\$ 2,044,823</u>	<u>\$ 6,825,537</u>

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
CHARTER SCHOOL AUTHORIZER ANNUAL REPORT
YEAR ENDED JUNE 30, 2023**

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	7/1/2023	6/30/2026	PK-5
McKinley Charter School	7/1/2021	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 2022-2023:

Forward Exam ELA 2022-23	CV Montessori Grades 3-5	ECASD Grades 3-5	State Grades 3-5	CV Montessori Grade 3	ECASD Grade 3	State Grade 3	CV Montessori Grade 4	ECASD Grade 4	State Grade 4	CV Montessori Grade 5	ECASD Grade 5	State Grade 5
Below Basic	8.9%	20.3%	24.2%	8.9%	23.0%	24.4%	9.8%	15.6%	21.9%	8.1%	22.5%	26.2%
Basic	23.6%	34.3%	33.4%	28.9%	36.8%	36.2%	17.1%	33.2%	31.0%	24.3%	32.9%	33.1%
Proficient	57.7%	34.9%	33.0%	55.6%	33.0%	31.3%	61.0%	36.7%	34.9%	56.8%	34.9%	32.8%
Advanced	8.9%	9.6%	7.8%	6.7%	6.7%	6.5%	9.8%	13.5%	10.5%	10.8%	8.4%	6.3%
No Test	0.8%	0.9%	1.6%	0.0%	0.5%	1.7%	2.4%	0.9%	1.6%	0.0%	1.3%	1.6%

Forward Exam MATH 2022-23	CV Montessori Grades 3-5	ECASD Grades 3-5	State Grades 3-5	CV Montessori Grade 3	ECASD Grade 3	State Grade 3	CV Montessori Grade 4	ECASD Grade 4	State Grade 4	CV Montessori Grade 5	ECASD Grade 5	State Grade 5
Below Basic	8.9%	18.2%	21.6%	11.1%	20.9%	21.5%	4.9%	16.8%	19.5%	10.8%	16.7%	23.6%
Basic	26.8%	31.6%	29.0%	40.0%	31.1%	28.1%	24.4%	36.3%	32.4%	13.5%	27.0%	26.6%
Proficient	39.8%	37.0%	34.3%	35.6%	36.3%	35.2%	36.6%	31.4%	31.5%	48.6%	43.9%	36.1%
Advanced	23.6%	12.5%	13.6%	13.3%	11.4%	13.6%	31.7%	14.7%	15.1%	27.0%	11.2%	12.2%
No Test	0.8%	0.7%	1.5%	0.0%	0.3%	1.5%	2.4%	0.7%	1.5%	0.0%	1.3%	1.5%

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
CHARTER SCHOOL AUTHORIZER ANNUAL REPORT
YEAR ENDED JUNE 30, 2023**

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	ECVS Grades 3-8	ECVS Grade 3	ECVS Grade 4	ECVS Grade 5	ECVS Grade 6	ECVS Grade 7	ECVS Grade 8
Below Basic	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Basic	41.7%	100.0%	25.0%	0.0%	0.0%	66.7%	60.0%
Proficient	33.3%	0.0%	25.0%	33.3%	75.0%	33.3%	20.0%
Advanced	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
No Test	25.0%	0.0%	50.0%	66.7%	25.0%	0.0%	20.0%

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
Below Basic	19.3%	24.0%	23.0%	24.4%	15.6%	21.9%	22.5%	26.2%	17.4%	23.9%	18.8%	22.7%	18.8%	25.0%
Basic	36.0%	33.7%	36.8%	36.2%	33.2%	31.0%	32.9%	33.1%	37.3%	33.7%	37.5%	33.9%	38.5%	34.4%
Proficient	34.3%	31.8%	33.0%	31.3%	36.7%	34.9%	34.9%	32.8%	34.5%	31.4%	35.7%	32.6%	31.0%	28.0%
Advanced	9.2%	8.4%	6.7%	6.5%	13.3%	10.5%	8.4%	6.3%	9.4%	9.1%	7.1%	8.3%	10.0%	9.4%
No Test	1.1%	2.1%	0.5%	1.7%	0.9%	1.6%	1.3%	1.6%	1.4%	2.0%	1.0%	2.5%	1.7%	3.3%

Forward Exam MATH	ECVS Grades 3-8	ECVS Grade 3	ECVS Grade 4	ECVS Grade 5	ECVS Grade 6	ECVS Grade 7	ECVS Grade 8
Below Basic	45.8%	50.0%	25.0%	0.0%	25.0%	66.7%	80.0%
Basic	16.7%	50.0%	25.0%	0.0%	50.0%	0.0%	0.0%
Proficient	12.5%	0.0%	0.0%	33.3%	0.0%	33.3%	0.0%
Advanced	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
No Test	25.0%	0.0%	50.0%	66.7%	25.0%	0.0%	20.0%

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
Below Basic	21.8%	26.0%	20.9%	21.5%	16.8%	19.5%	16.7%	23.6%	19.5%	25.6%	30.9%	33.2%	26.6%	32.1%
Basic	32.6%	29.8%	31.1%	28.1%	36.3%	32.4%	27.0%	26.6%	32.2%	29.8%	31.6%	28.8%	37.0%	33.1%
Proficient	35.0%	32.3%	36.3%	35.2%	31.4%	31.5%	43.9%	36.1%	39.1%	35.3%	32.6%	30.9%	27.1%	25.0%
Advanced	9.6%	9.8%	11.4%	13.6%	14.7%	15.1%	11.2%	12.2%	8.3%	7.3%	3.9%	4.7%	7.4%	6.5%
No Test	1.0%	2.0%	0.3%	1.5%	0.7%	1.5%	1.3%	1.5%	1.0%	1.9%	1.0%	2.4%	1.9%	3.2%

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	17.4
2022-2023	19.7	19.7	21.5	6.7	17.8	18.9	18.6	19.8

Subjects	ECASD	State	ECASD	State	ECASD	State	ECASD	State	ECASD	State	ECASD	State	ECASD	State
	ELA		English		Reading		Writing		Mathematics		Science		STEM	
2019-20	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
2020-21	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
2021-22	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
2022-23	19.6	18.4	19.3	18.4	20.4	19.6	6.9	6.3	20.3	19.1	20.7	19.9	20.7	19.8

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
CHARTER SCHOOL AUTHORIZER ANNUAL REPORT
YEAR ENDED JUNE 30, 2023**

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. Seventy-five students in the competency component passed the reading, language arts and mathematics exams prior to graduating in June 2023.

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. Seventy-five students graduated from the McKinley competency component in 2022-23.

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, 2023**

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 2022-23 the CVMCS budget was \$2,827,342 the actual amount spent was \$2,827,826.

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 2022-23, the MCS budget was \$1,445,088, the actual amount spent was \$1,289,727.

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 2022-23 the ECVS budget was \$954,510, the actual amount spent was \$1,257,961.

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
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YEAR ENDED JUNE 30, 2023**

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	\$ 1,942,266
REGULAR CURRICULUM	120000	263,959
PHYSICAL EDUCATION	143000	53,265
SPECIAL EDUCATION	150000	1,032,198
CO-CURRICULAR	160000	1,397
OTHER SPECIAL NEEDS	170000	102,452
SCHOOL COUNSELING	213000	248,420
OTHER PUPIL SERVICES	219000	18,171
CURRICULUM DEVELOPMENT	221200	3,213
INSTRUCTIONAL STAFF TRAINING	221300	14,011
LIBRARY	222200	118,601
OTHER INST. STAFF SUPERVISION/COORDIN	223900	49,578
GENERAL ADMINISTRATION	230000	448
BUILDING ADMINISTRATION	240000	586,364
GENERAL OPERATIONS	253000	232,709
MAINTENANCE	254000	13,236
FACILITIES	255000	2,620
PUPIL TRANSPORTATION	256000	64,533
INTERNAL SERVICES	258000	3,932
NONINSTRUCTIONAL STAFF TRAINING	260000	2,562
ADMIN TECHNOLOGY SERVICES	295000	25,825
GENERAL CONTRACTED INSTRUCTION	431000	565,725
SPECIAL EDUCATION CONTRACTED INSTRU	436000	28,197
ADJUSTMENTS	492000	1,831
TOTAL		<u>\$ 5,375,513</u>

SINGLE AUDIT SECTION

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2023**

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, 2022	Federal Expenditures	Receipts Grant Reimburse- ments	Accrued Receivable (Unearned Revenue) June 30, 2023
<u>U.S. Department of Agriculture</u>								
National School Breakfast Program: July 1, 2022 to June 30, 2023	{a} 10.553	WI DPI	2023-181554-DPI-SB-546	\$ -	\$ 149,191	\$ 486,470	\$ 558,952	\$ 76,709
Food Distribution - Commodities: July 1, 2022 to June 30, 2023	{a} 10.555	WI DPI	2023-181554-CHC-101	-	-	459,807	459,807	-
National School Lunch Program: July 1, 2022 to June 30, 2023 July 1, 2021 to June 30, 2022	{a} 10.555	WI DPI	2023-181554-DPI-NSL-547, 2023-181554-DPI_NSLAE-566	- -	- 591,384	2,483,644 -	2,134,260 591,384	349,384 -
Summer Food Service Program for Children: July 1, 2022 to June 30, 2023	{a} 10.559	WI DPI	2023-181554-DPI-SFSP-561	-	-	92,402	92,402	-
Fresh Fruits and Vegetable Program: July 1, 2022 to June 30, 2023 Total Department of Agriculture	{a} 10.582	WI DPI	2023-181554-DPI-FFVPOCTPUB-376, 2023-181554-DPI-FFVP-July-594	- -	- 740,575	68,519 3,590,842	68,519 3,905,324	- 426,093
<u>Federal Communications Commission</u>								
Emergency Connectivity Fund Program: July 1, 2022 to June 30, 2023	32.009	Direct	N/A	-	1,098,725	1,045,803	1,780,725	363,803
{a} Child Nutrition Cluster (\$3,590,842) Total ALN 10.555 (\$2,943,451)								

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, 2023**

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, 2022	Federal Expenditures	Receipts Grant Reimburse- ments	Accrued Receivable (Unearned Revenue) June 30, 2023
<u>U.S. Department of Education</u>								
Title I Basic Grant: July 1, 2022 to June 30, 2023 July 1, 2021 to June 30, 2022	84.010	WI DPI	2023-181554-DPI-TI-A-141, 2023-181554-DPI-TID-144	\$ - -	\$ - 1,577,944	\$ 1,508,122 -	\$ 858,647 1,577,944	\$ 649,475 -
PL 94-142 (Flow Through): July 1, 2022 to June 30, 2023 July 1, 2021 to June 30, 2022	{b} 84.027	WI DPI	2023-181554-DPI-FLOW-341	- -	- 1,092,815	2,423,491 -	1,877,049 1,092,815	546,442 -
PL 94-142 (Universal Design Grant) July 1, 2022 to June 30, 2023 July 1, 2021 to June 30, 2022	{b} 84.027	WI DPI	2023-181554-DPI-UDLSUP-342	- -	- 7,639	14,980 -	8,164 7,639	6,816 -
Vocational Education - Basic Grants to States (Carl Perkins): July 1, 2022 to June 30, 2023 July 1, 2021 to June 30, 2022	84.048	WI DPI	2023-181554-DPI-CTE-400	- -	- 32,059	99,201 -	12,673 32,059	86,528 -
Vocational Education - Basic Grants to States (Carl Perkins): July 1, 2022 to June 30, 2023	84.048	CVTC	2023-181554-DPI-CTE-400	-	-	600	600	-
Indian Education - Grants to Local Agencies: July 1, 2022 to June 30, 2023 July 1, 2021 to June 30, 2022	84.060	Direct	S060A190554	- -	- 6,811	14,337 -	10,597 6,811	3,740 -
PL 99-457 Pre School Entitlement: July 1, 2022 to June 30, 2023 July 1, 2021 to June 30, 2022	{b} 84.173	WI DPI	2023-181554-DPI-PRESCH-347	- -	- 45,419	92,187 -	65,845 45,419	26,342 -
School Based Mental Health Professional Grant July 1, 2022 to June 30, 2023 July 1, 2021 to June 30, 2022	84.184	WI DPI	2023-181554-DPI-SBMHP-386	- -	- 111	114,490 -	89,156 111	25,334 -
ESEA Title X-C Homeless Children July 1, 2022 to June 30, 2023 July 1, 2021 to June 30, 2022	84.196	WI DPI	2023-181554-DPI-EHCY-335	- -	- 25,735	101,661 -	73,829 25,735	27,832 -
{b} Special Education Cluster (\$2,530,657) Total ALN 84.027 (\$2,438,471)								

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, 2023**

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, 2022	Federal Expenditures	Receipts Grant Reimburse- ments	Accrued Receivable (Unearned Revenue) June 30, 2023
<u>U.S. Department of Education (Continued)</u>								
ESEA Title III - A English Language Acquisition Grants: July 1, 2022 to June 30, 2023	84.365	WI DPI	2023-181554-DPI-TIIIA-391	\$ -	\$ -	\$ 54,448	\$ 33,329	\$ 21,119
July 1, 2021 to June 30, 2022				-	22,532	-	22,532	-
ESEA Title II - A Teacher/Principal Training: July 1, 2022 to June 30, 2023	84.367	WI DPI	2023-181554-DPI-TIIA-365	-	-	380,582	239,206	141,376
July 1, 2021 to June 30, 2022				-	137,461	-	137,461	-
ESEA Title IVA - Student Support & Academic Enrichment Grants: July 1, 2022 to June 30, 2023	84.424	WI DPI	2023-181554-DPI-TIVA-381	-	-	121,828	83,398	38,430
July 1, 2021 to June 30, 2022				-	55,598	-	55,598	-
COVID-19 - ARPA - Homeless Children and Youth: July 1, 2022 to June 30, 2023	84.425A	WI DPI	2022-181554-DPI-EHCY-335	-	-	45,051	44,994	57
COVID 19 - Elementary & Secondary School Emergency Relief Fund: July 1, 2022 to June 30, 2023	84.425D	WI DPI	2022-181554-DPI-ESSERFII-160	-	-	14,901	14,901	-
July 1, 2021 to June 30, 2022				-	413	-	413	-
COVID 19 - Elementary & Secondary School Emergency Relief Fund II: July 1, 2022 to June 30, 2023	84.425D	WI DPI	2022-181554-DPI-ESSERFII-163	-	-	1,150,652	1,150,652	-
July 1, 2021 to June 30, 2022				-	730,433	-	730,433	-
COVID 19 - Elementary & Secondary School Emergency Relief Fund III: July 1, 2022 to June 30, 2023	84.425U	WI DPI	2022-181554-DPI-ESSERFII-165	-	-	5,718,035	2,901,712	2,816,323
Total Department of Education				-	3,734,970	11,854,566	11,199,722	4,389,814
<u>U.S. Department of Health and Human Services</u>								
Drug Free Communities Support Program Grant: July 1, 2022 to June 30, 2023	93.243	EC HEALTH	5H79SP0158685-05	-	-	9,996	7,660	2,336
July 1, 2021 to June 30, 2022				-	3,710	-	3,710	-
COVID-19 - Child Care Stabilization Funds (CDC Cluster) July 1, 2022 to June 30, 2023	93.575	WI DCF	FY 2023	-	-	97,427	133,719	(36,292)
Medicaid Cluster - School Based Services Revenue: July 1, 2022 to June 30, 2023	93.778	WI DHS	Provider #44201900	-	-	1,309,498	1,288,575	20,923
July 1, 2021 to June 30, 2022				-	17,978	-	17,978	-
School Health Services - Nursing Grant: July 1, 2022 to June 30, 2023	93.354	CESA #10	FY 2023	-	-	36,079	-	36,079
		Western Wisconsin Dairyland Agency						
Head Start: May 1, 2023 to April 30, 2024	93.600		FY2023/FY2024	-	-	82,436	-	82,436
May 1, 2022 to April 30, 2023			FY2022/FY2023	-	83,440	728,976	553,803	258,613
May 1, 2021 to April 30, 2022			FY2021/FY2022	-	180,095	-	180,095	-
COVID - July 1, 2022 to June 30, 2023			0-G050900	-	-	97,311	97,311	-
COVID - July 1, 2021 to June 30, 2022			0-G050900	-	32,422	-	32,422	-
Total Department of Health and Human Services				-	317,645	2,361,723	2,315,273	364,095
Total Expenditures of Federal Awards				\$ -	\$ 5,891,915	\$ 18,852,934	\$ 19,201,044	\$ 5,543,805

Total ALN 84.425 (\$6,928,639)

Total ALN 93.600 (\$908,723)

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, 2023**

Award Agency/ Pass-Through Agency/Award Description	State I.D. Number	Pass-Through Entity Identifying Number	Accrued Receivable (Unearned Revenue) July 1, 2022	Expenditures	State Reimburse- ments	Accrued Receivable (Unearned Revenue) June 30, 2023
<u>Wisconsin Department Workforce Development</u>						
Youth Apprenticeship Grant:	445.107					
July 1, 2022 to June 30, 2023		Eau Claire Chamber	\$ -	\$ 36,300	\$ 36,300	\$ -
July 1, 2021 to June 30, 2022		of Commerce	32,175	-	32,175	-
Total Department of Workforce Development			32,175	36,300	68,475	-
<u>Wisconsin Department of Public Instruction</u>						
Special Education and School Age Parents: District Programs	255.101 [1]	181554-100	-	7,567,303	7,567,303	-
State Lunch	255.102	181554-107	-	44,681	44,681	-
Common School Fund Library Aid	255.103	181554-104	-	647,870	647,870	-
Bilingual/Bicultural Aid	255.106	181554-111	-	199,695	199,695	-
Pupil Transportation	255.107	181554-102	-	348,925	348,925	-
General Equalization Aid	255.201	181554-116	-	70,676,487	70,676,487	-
School Mental Health	255.227	181554-176	52,126	-	52,126	-
Special Education Readiness Grant	255.257	181554-174	63,280	86,903	63,280	86,903
School Based Mental Health Services	255.297	181554-177	75,000	74,938	104,162	45,776
Alcohol and Other Drug Abuse	255.306	181554-143	23,300	23,605	23,300	23,605
School Breakfast Program	255.344	181554-108	-	23,126	23,126	-
Tuition Payments by State	255.401	181554-157	-	202,242	202,242	-
Early College Credit Program	255.445	181554-178	-	932	932	-
Achievement Gap Reduction (AGR)	255.504	181554-160	-	1,465,117	1,465,117	-
Educator Effectiveness Grant	255.940	181554-154	-	70,560	70,560	-
Per Pupil Aid	255.945	181554-113	-	8,245,846	8,245,846	-
Career and Technical Education Incentive Grants	255.950	181554-152	70,890	35,978	106,868	-
Assessments of Reading Readiness	255.956	181554-166	-	21,424	21,424	-
Aid for Special Education Transition Grant BBL	255.960	181554-168	-	55,414	55,414	-
Total Department of Public Instruction			284,596	89,791,046	89,919,358	156,284
Total State Financial Assistance			\$ 316,771	\$ 89,827,346	\$ 89,987,833	\$ 156,284

[1] District's 2022-2023 Net Aidable Costs Reported to DPI Totaled \$25,874,801.

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, 2023**

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, 2023. 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.



**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, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 8, 2024.

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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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.

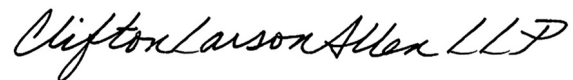
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our 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 black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Eau Claire, Wisconsin
January 8, 2024



**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, 2023. 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, 2023.

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. 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
January 8, 2024

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2023**

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 <u> X </u> No |
| * Significant deficiency(es) identified? | _____ Yes <u> X </u> None Noted |
| 3. Noncompliance material to financial statements noted? | _____ Yes <u> X </u> No |

Federal Awards

- | | |
|---|---------------------------------------|
| 1. Internal control over major programs: | |
| * Material weakness(es) identified? | _____ Yes <u> X </u> No |
| * Significant deficiency(es) identified? | _____ Yes <u> X </u> 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 <u> X </u> No |

Identification of Major Federal Program

Assistance Listing Number(s)

84.010
84.425D, 84.425U
93.778

Name of Federal Program or Cluster

Title I
COVID-19 Education Stabilization Fund
Medicaid Cluster - School Based Services

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 <u> X </u> No |
| * Significant deficiency(es) identified? | _____ Yes <u> X </u> 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)

255.107
255.201
255.945

Name of State Project


Pupil Transportation
General Equalization Aid
Per Pupil Aid

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, 2023**

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 | January 8, 2024 |

**EAU CLAIRE AREA SCHOOL DISTRICT
EAU CLAIRE, WISCONSIN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

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

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

PART III: FINDINGS RELATED TO MAJOR FEDERAL AWARD PROGRAMS:

Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).

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

None

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

None

