

EAU CLAIRE AREA SCHOOL DISTRICT

FINANCIAL STATEMENTS WITH SUPPLEMENTAL  
FINANCIAL INFORMATION

FOR THE YEAR ENDED  
JUNE 30, 2018

**EAU CLAIRE AREA SCHOOL DISTRICT**  
**EXECUTIVE AUDIT SUMMARY (EAS)**  
**JUNE 30, 2018**

**EAU CLAIRE AREA SCHOOL DISTRICT  
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## **AUDIT FINDINGS AND RESULTS**

### **Audit Report Summary**

We prepared this Executive Audit Summary and Management Report in conjunction with our audit of the District's financial records for the year ended June 30, 2018. The following is a summary of reports we have issued:

### **Audit Opinion**

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

- Restatement of governmental activities beginning net position relating to the District's multiple-employer other postemployment benefits for the participation in the State Local Retiree Life Insurance Fund.

### **Internal Controls Over Financial Reporting**

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

### **Compliance and Internal Control Over Compliance**

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

## APPENDIX A

### FORMAL REQUIRED COMMUNICATIONS

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Eau Claire Area School District (the District) as of and for the year ended June 30, 2018, and have issued our report thereon dated February 8, 2019. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

#### **Significant audit findings**

##### ***Qualitative aspects of accounting practices***

###### *Accounting policies*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year.

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

###### *Accounting estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- **Useful Lives of Depreciable Capital Assets:** Management's estimate of the useful lives for depreciable assets is based on past experience, guidance recommended by DPI and other sources. The useful life of a depreciable asset determines the amount of depreciation that will be recorded in any given reporting period, as well as the amount of accumulated depreciation that is reported at the end of a reporting period.
- **Claims Payable:** The estimates of claims payable accrued for the District's self-funding insurance at June 30, 2018 are based on outside authoritative guidance.
- **Actuarial Assumptions:** The actuarial assumptions used for other postemployment benefits liabilities, supplemental pension plan liabilities, and Wisconsin Retirement System pension plan benefits are outlined in the notes to the basic financial statements.

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

#### *Financial statement disclosures*

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

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

#### ***Difficulties encountered in performing the audit***

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

#### ***Uncorrected misstatements***

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management did not identify and we did not notify them of any uncorrected financial statement misstatements except for that relating to a capital asset impairment loss. The impact to the District's financial statements is an overstatement of the governmental activities assets and net position by \$492,525 which management believes to be immaterial in nature.

#### ***Corrected misstatements***

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

#### ***Disagreements with management***

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

#### ***Management representations***

We have requested certain representations from management that are included in the management representation letter dated February 8, 2019.

***Management consultations with other independent accountants***

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

***Significant issues discussed with management prior to engagement***

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

***Other information in documents containing audited financial statements***

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

With respect to the schedule of expenditures of federal awards (SEFA) and the schedule of state financial assistance (SSFA) accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, we made certain inquiries of management and evaluated the form, content, and methods of preparing the SEFA and SSFA to determine that the SEFA and SSFA comply with the requirements of the *Uniform Guidance* and the *State Single Audit Guidelines*, respectively, the method of preparing it has not changed from the prior period or the reasons for such changes, and the SEFA and SSFA are appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the SEFA and SSFA to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We have issued our report thereon dated February 8, 2019.

With respect to the individual and combining fund statements and charter school authorizer annual report, section VI and VII only (the supplementary information) accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period or the reasons for such changes, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We have issued our report thereon dated February 8, 2019.

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

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

\* \* \*

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

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

**CliftonLarsonAllen LLP**

Eau Claire, Wisconsin  
February 8, 2019





CliftonLarsonAllen LLP  
CLAAconnect.com

## **APPENDIX B**

### **FINANCIAL STATEMENT NOTATIONS**

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

## Financial Statement Notations

**Item**

**#**

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

	6/30/2018	6/30/2017	6/30/2016	6/30/2015
<b>Fund 10 Balance Sheet Summary:</b>				
Cash and Investments	\$ 16,755,284	\$ 17,541,296	\$ 17,134,032	\$ 21,995,677
Receivables				
Taxes	18,904,697	19,454,216	18,182,012	18,311,730
Accounts	341,587	348,503	267,788	367,503
Due from Other Governments	2,592,829	2,396,756	5,756,670	2,299,109
Due from Other Funds	217,520	1,312,874	1,080,812	1,317,132
Inventories and Prepaid Items	3,287,664	2,342,896	2,284,763	2,527,927
Total Assets	<u>\$ 42,099,581</u>	<u>\$ 43,396,541</u>	<u>\$ 44,706,077</u>	<u>\$ 46,819,078</u>
Short-Term Note Payable	\$ 7,000,000	\$ 6,000,000	\$ 7,000,000	\$ 7,000,000
Accounts Payable	1,757,931	2,750,135	2,776,384	3,456,866
Accrued Liabilities				
Payroll, Payroll Taxes, Insurance	7,807,098	7,452,615	7,210,954	6,860,506
Interest	86,250	54,948	42,778	47,870
Unearned Revenues	85,919	160,318	80,834	77,415
Total Liabilities	<u>16,737,198</u>	<u>16,418,016</u>	<u>17,110,950</u>	<u>17,442,657</u>
Fund Balance:				
Non-Spendable	3,287,664	2,342,896	2,284,763	2,527,927
Unassigned	22,074,719	24,635,629	25,310,364	26,848,494
Total Fund Balance	<u>25,362,383</u>	<u>26,978,525</u>	<u>27,595,127</u>	<u>29,376,421</u>
	<u>\$ 42,099,581</u>	<u>\$ 43,396,541</u>	<u>\$ 44,706,077</u>	<u>\$ 46,819,078</u>
Revenues	\$ 128,372,616	\$ 126,976,174	\$ 119,036,940	\$ 118,180,832
<b>Expenditures</b>	<b>(114,429,056)</b>	<b>(113,086,067)</b>	<b>(107,280,753)</b>	<b>(104,671,679)</b>
Excess Revenue (Expenditures)	13,943,560	13,890,107	11,756,187	13,509,153
Transfers Out	(15,559,702)	(14,506,709)	(13,537,481)	(12,801,458)
Net Change in Fund Balance	<u>\$ (1,616,142)</u>	<u>\$ (616,602)</u>	<u>\$ (1,781,294)</u>	<u>\$ 707,695</u>
Unassigned Fund Balance as a % of Expenditures	<b>19.3%</b>	<b>21.8%</b>	<b>23.6%</b>	<b>25.7%</b>

<b>Financial Statement Notations</b>
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Item  
#

2	Fund Balances	6/30/2018	6/30/2017	6/30/2016	6/30/2015
	<b>Major Funds</b>				
	General Fund	\$ 25,362,383	\$ 26,978,525	\$ 27,595,127	\$ 29,376,421
	Debt Service Fund	3,396,216	3,645,248	3,042,368	3,078,993
	Capital Projects Fund	14,690,957	24,245,970	161,535	212,970
	<b>Nonmajor Funds</b>				
	Donations Fund	574,954	546,526	580,044	469,372
	Food Service	2,148,383	1,943,908	1,736,476	1,485,794
	Community Service	2,005,204	2,002,361	1,952,745	1,891,668
		<u>\$ 48,178,097</u>	<u>\$ 59,362,538</u>	<u>\$ 35,068,295</u>	<u>\$ 36,515,218</u>
3	Long-Term Obligations	6/30/2018	6/30/2017	6/30/2016	6/30/2015
	General Obligation Debt:				
	General Obligation Bonds and Notes	\$ 61,270,000	\$ 69,160,000	\$ 47,895,000	\$ 51,530,000
	Plus Deferred Premium	<u>5,026,544</u>	<u>810,817</u>	<u>296,409</u>	<u>350,693</u>
	Total General Obligation Debt	66,296,544	69,970,817	48,191,409	51,880,693
	Other Long-Term Liabilities				
	Vested Employee Benefits	291,800	291,994	213,693	164,320
	Other Postemployment Benefits	73,602,559	72,599,882	82,603,690	83,501,430
	Pension Benefits	2,344,973	2,264,173	2,226,484	12,471,508
	WRS Pension Plan Liability	-	3,583,699	7,010,180	-
	LRLIF OPEB Liability	<u>3,419,474</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Total Other Long-Term Liabilities	79,658,806	78,739,748	92,054,047	96,137,258
	Total Long-Term Liabilities	<u>\$ 145,955,350</u>	<u>\$ 148,710,565</u>	<u>\$ 140,245,456</u>	<u>\$ 148,017,951</u>
	<b>General Obligation Debt as</b>				
	<b>Percent of Debt Limitation</b>	<b>9.7%</b>	<b>10.7%</b>	<b>7.7%</b>	<b>8.7%</b>
	Debt Limit (10% of Equalized Value)	\$ 686,993,676	\$ 650,893,050	\$ 622,032,198	\$ 596,973,242

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

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED JUNE 30, 2018**

**EAU CLAIRE AREA SCHOOL DISTRICT  
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 Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Eau Claire Area School District, Wisconsin (District) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Eau Claire Area School District, Wisconsin as of June 30, 2018, 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.

### **Emphasis of a Matter**

During fiscal year ended June 30, 2018, as disclosed in Note 5.L. in these financial statements, the District restated net position to record a multiple-employer other postemployment benefit offered through the Local Retiree Life Insurance Fund. Our auditors' opinion was not modified with respect to this restatement.

### **Other Matters**

#### ***Required Supplementary Information***

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

#### ***Other Information***

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

The individual and combining schedules, charter school authorizer annual report, section VI and VII only, and the schedule of expenditures of federal awards and schedule of state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements and have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 8, 2019 on our consideration of District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Eau Claire Area School District's internal control over financial reporting and compliance.

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

**CliftonLarsonAllen LLP**

Eau Claire, Wisconsin  
February 8, 2019

## **REQUIRED SUPPLEMENTARY INFORMATION**

**EAU CLAIRE AREA SCHOOL DISTRICT  
EAU CLAIRE, WISCONSIN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2018**

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, 2018. We encourage readers to consider the information presented here in conjunction with the District's financial statements, which begin on page 15 following this narrative.

**FINANCIAL HIGHLIGHTS**

Key financial highlights for the 2017-2018 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 \$33,279,219 (net position). Of this, amount, \$70,641,505 represents the net investment in capital assets, \$20,939,515 is for restricted purposes and the remaining deficit balance of \$58,301,801 is classified as unrestricted net position.
- Net position for the most recent fiscal year decreased \$2,281,690 over the prior year before application of a \$2,699,008 restatement due to a prior period adjustment.
- Net capital assets increased by \$6,059,700 reflecting cost of acquisitions greater than the depreciation expense.
- The District's general obligation debt, including the current portion, decreased by \$7,890,000 during the year. The District's other long-term obligations, including the current portions, increased \$5,134,785 during the year.
- Program revenues, in the form of charges for services and grants and contributions, accounted for \$22,031,062 of total revenues of \$151,710,122. General revenues accounted for \$129,679,060, including \$62,773,313 of property taxes and \$63,980,938 of state and federal aid. General revenues accounted for 85.5% of all revenues.
- The District had a total of \$153,991,812 of expenses, of which \$22,031,062 was financed with program revenues.
- The total fund balance of the District's governmental funds decreased \$11,184,441. The general fund had a decrease of \$1,616,142 with a decrease of \$249,032 in the debt service fund, a decrease of \$9,555,013 in the capital projects fund and an increase of \$235,746 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, 2018**

**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, 2018.

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

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

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

**EAU CLAIRE AREA SCHOOL DISTRICT  
EAU CLAIRE, WISCONSIN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2018**

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

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

**Notes of Financial Statements**

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

**FINANCIAL ANALYSIS**

**The District as a Whole**

**Net Position**, Table 1, below, provides a summary of the District's net position for the fiscal year ended June 30, 2018 compared to the prior fiscal year.

**Table 1  
Condensed Statement of Net Position**

	Governmental Activities		Percent Change 2017-2018
	2018	2017	
Current and Other Assets	\$ 84,798,251	\$ 80,173,831	5.8%
Capital Assets, Net of Depreciation	120,410,386	114,350,686	5.3
Total Assets	205,208,637	194,524,517	5.5
Deferred Outflows of Resources	24,518,899	25,652,752	-4.4
Current Liabilities	30,037,377	27,330,038	9.9
Long-Term Liabilities	140,121,663	142,738,571	-1.8
Total Liabilities	170,159,040	170,068,609	0.1
Deferred Inflows of Resources	26,289,277	11,848,743	121.9
Net Position			
Net Investment in Capital Assets	70,641,505	71,874,789	-1.7
Restricted	20,939,515	7,634,867	174.3
Unrestricted	(58,301,801)	(41,249,739)	-41.3
Total Net Position	\$ 33,279,219	\$ 38,259,917	13.0

**EAU CLAIRE AREA SCHOOL DISTRICT  
EAU CLAIRE, WISCONSIN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2018**

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

The District is required by state statute to have available in the Debt Service Fund an amount sufficient to make debt payments required between the beginning of the fiscal year (July 1) and receipt of the first tax payments (normally January 20). Net position totaling \$2,822,981 is restricted for debt service along with \$574,954 for the donor specific purposes, \$2,148,383 for food service purposes, \$2,005,204 for community service programs and \$398,294 for capital projects.

Total liabilities increased \$90,431 and total assets increased \$10,684,120 during the year. Net position decreased \$4,980,698, including a decrease of \$2,281,690 for current year activity and a decrease of \$2,699,008 due to a prior period adjustment related the District's other postemployment liability due to its participation in the State Local Retiree Life Insurance Fund.

At June 30, 2018, the District reported \$24,518,899 in deferred outflows of resources and \$26,289,277 deferred inflows of resources.

**Change in Net Position.** Table 2 shows the change in net position for the fiscal years 2018 and 2017. As shown in Table 2, general revenues provided 85.5% of the funding required for governmental activities with property taxes providing 41.4% of the funding and general state formula aid providing 42.2% of total revenues. Program revenues, consisting of charges for services and operating grants and contributions, provided 14.5% 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 2017-2018
	2018	2017	
<b>Revenues</b>			
Program Revenues:			
Charges for Services	\$ 5,238,674	\$ 5,068,060	3.4%
Operating Grants and Contributions	16,778,561	16,213,065	3.5
Capital Grants and Contributions	13,827	-	100.0
General Revenues:			
Property Taxes	62,773,313	62,198,404	0.9
State and Federal Aids	63,980,938	61,268,598	4.4
Other	2,924,809	2,775,796	5.4
Total Revenues	151,710,122	147,523,923	2.8
<b>Expenses</b>			
Instruction	81,147,495	79,095,495	2.6
Pupil and Instructional Services	13,228,015	13,358,819	-1.0
Administration and Central Services	39,548,673	40,939,340	-3.4
Other	20,067,629	17,046,311	17.7
Total Expenses	153,991,812	150,439,965	2.4
<b>Change in Net Position</b>	<u>\$ (2,281,690)</u>	<u>\$ (2,916,042)</u>	-21.8

**EAU CLAIRE AREA SCHOOL DISTRICT  
EAU CLAIRE, WISCONSIN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2018**

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:

	2018	2017
Subject to Revenue Limit:		
General Fund	\$ 54,098,053	\$ 55,849,920
Debt Service	7,625,259	5,364,090
Not Subject to Revenue Limit:		
Community Service	868,418	897,736
	<u>\$ 62,591,730</u>	<u>\$ 62,111,746</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 \$2,712,340 in 2018 from \$61,268,598 in 2017 to \$63,980,938 in 2018.

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**

	2018		2017	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction	\$ 81,147,495	\$ 65,194,526	\$ 79,095,495	\$ 64,021,220
Pupil and Instructional Services	13,228,015	12,063,078	13,358,819	12,061,857
Administration and Central Services	39,548,673	39,276,282	40,939,340	40,675,901
Other	20,067,629	15,426,864	17,046,311	12,399,862
Totals	<u>\$ 153,991,812</u>	<u>\$ 131,960,750</u>	<u>\$ 150,439,965</u>	<u>\$ 129,158,840</u>

- The cost of all governmental activities for the year was \$153,991,812, an increase of \$3,551,847 (2.4%) from the prior year. This increase is due to salary and benefit increases in the current year.
- Individuals who directly participated or benefited from a program offering paid for \$5,238,674 of costs.
- Federal and state governments subsidized certain programs with operating and capital grants and contributions of \$16,778,561.
- Net cost of governmental activities (\$131,960,750) was financed by general revenues, which are made up primarily of property taxes (\$62,773,313) and state and federal aid (\$63,980,938).



**EAU CLAIRE AREA SCHOOL DISTRICT  
EAU CLAIRE, WISCONSIN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2018**

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

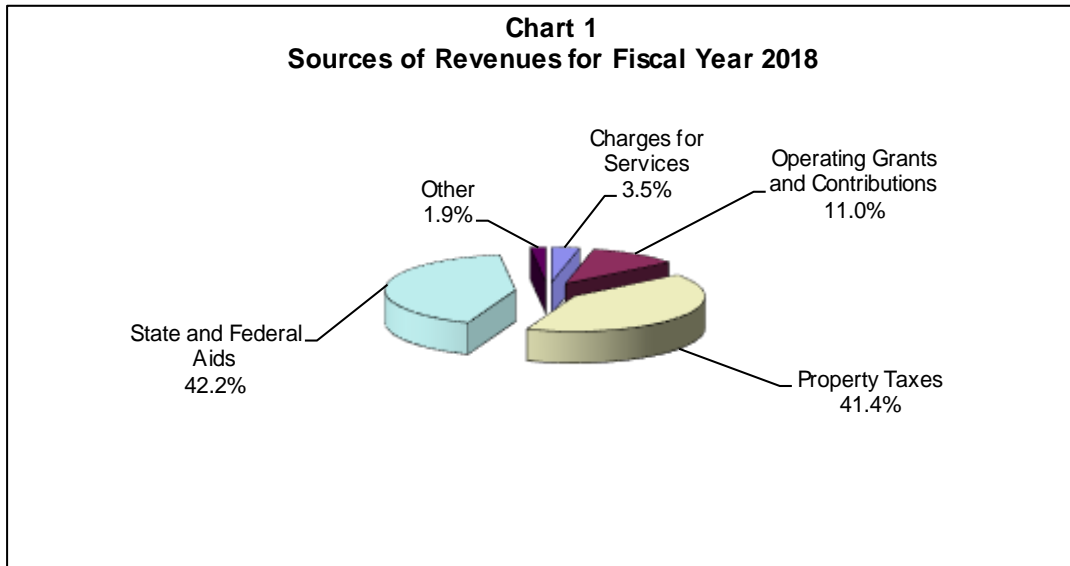
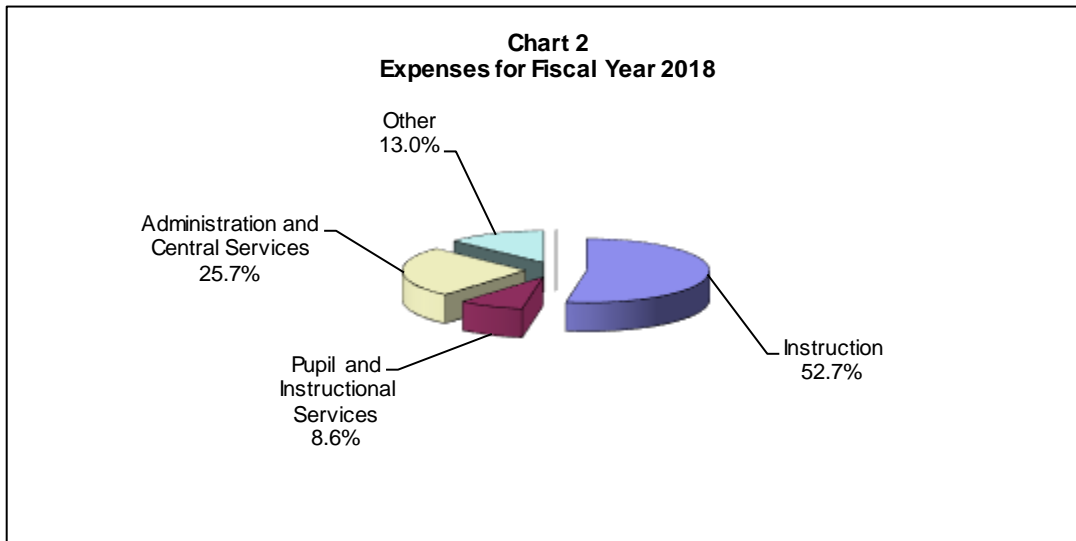


Chart 2 below displays the composition of expense by function:



**EAU CLAIRE AREA SCHOOL DISTRICT  
EAU CLAIRE, WISCONSIN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2018**

**Governmental Funds**

Changes in the District's governmental funds for the year ended June 30, 2018 are reflected below:

	Balance June 30, 2018	Balance June 30, 2017	Current Year Change
General	\$ 25,362,383	\$ 26,978,525	\$ (1,616,142)
Donations Fund	574,954	546,526	28,428
Debt Service	3,396,216	3,645,248	(249,032)
Capital Projects	14,690,957	24,245,970	(9,555,013)
Food Service	2,148,383	1,943,908	204,475
Community Service	2,005,204	2,002,361	2,843
	<u>\$ 48,178,097</u>	<u>\$ 59,362,538</u>	<u>\$ (11,184,441)</u>

The general fund balance at year end totaled \$25,362,383. Of this amount, \$3,291,975 represents nonspendable funds and the remaining \$22,070,408 represents unassigned funds. The nonspendable funds consist of prepaid assets and inventory.

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

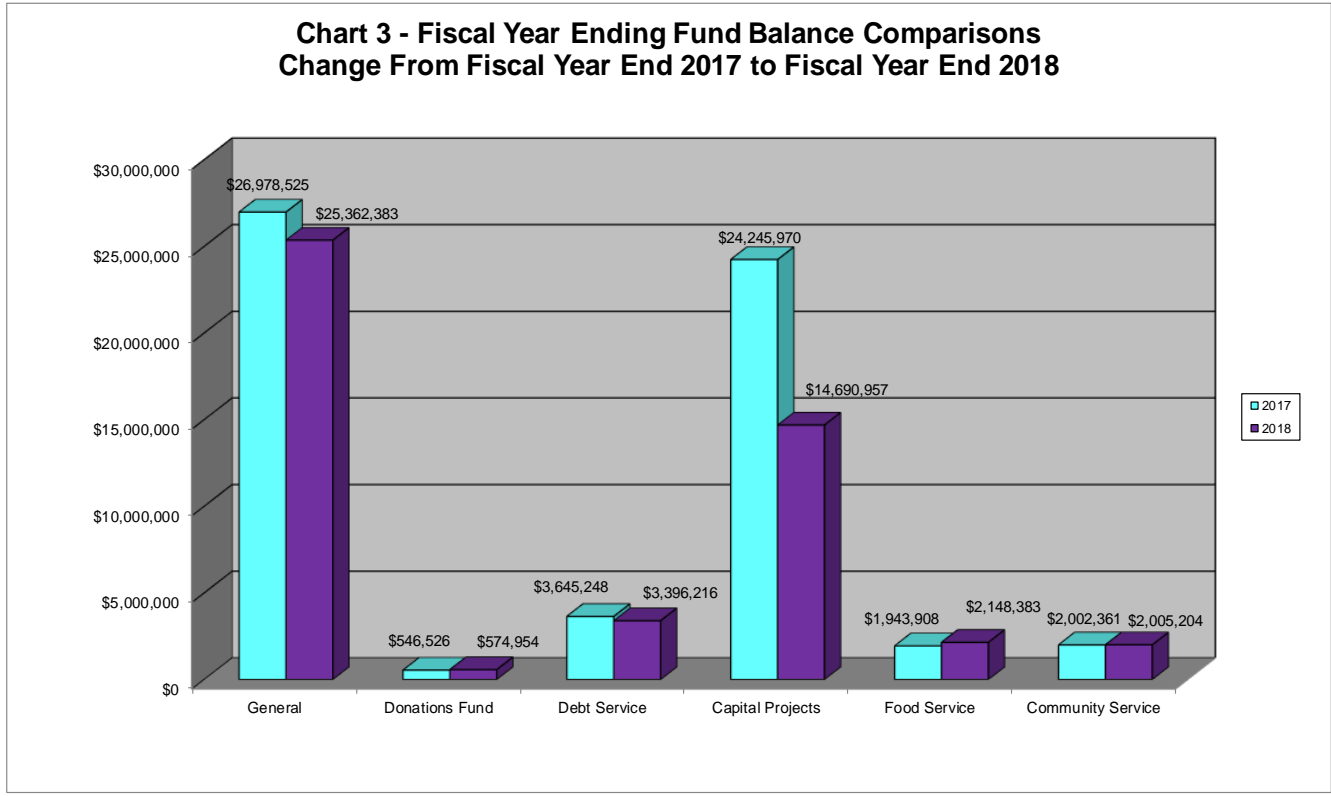
The balance in the debt service fund is to provide for the necessary accumulation of funds for debt retirement needs.

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

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

**EAU CLAIRE AREA SCHOOL DISTRICT  
EAU CLAIRE, WISCONSIN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2018**

Chart 3 below depicts the changes in ending fund balances graphically for each fund from fiscal year 2017 to fiscal year 2018.



**EAU CLAIRE AREA SCHOOL DISTRICT  
EAU CLAIRE, WISCONSIN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2018**

**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 2018 as shown in the budgetary comparison schedule for the general fund under *Required Supplementary Information*. The adjustments made to the original budget were to account for the receipts and related expenditures of grants, gifts, and/or other revenues as listed below:

**Property Taxes**

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

**State and Federal Grants**

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

**Gifts**

Budget adjustments were made to adjust budgets for gifts received.

**Revenues**

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

**Expenditures**

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

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

**EAU CLAIRE AREA SCHOOL DISTRICT  
EAU CLAIRE, WISCONSIN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2018**

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

As of the end of fiscal year 2018, the District had invested approximately \$209.5 million in a broad range of capital assets, including buildings, sites, equipment and construction in progress (see Table 4). Accumulated depreciation on these assets totaled \$89,124,527. Net capital assets increased by \$6,059,700 from the previous year.

**Table 4  
Capital Assets**

	June 30,		Percent
	2018	2017	Change
			2017-2018
Land	\$ 2,262,174	\$ 2,262,174	0.0%
Land Improvements	9,879,712	9,314,952	6.1
Buildings	174,959,371	173,074,075	1.1
Furniture and Equipment	13,668,633	14,842,257	-7.9
Construction in Progress	8,765,023	853,170	927.3
Accumulated Depreciation	(89,124,527)	(85,995,942)	3.6
Total	<u>\$ 120,410,386</u>	<u>\$ 114,350,686</u>	5.3

- Asset acquisitions during the year totaled \$12,455,397.
- The District disposed of \$3,267,112 of capital assets during the year.
- The District recognized depreciation expense of \$6,084,149 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 \$61.3 million in net general obligation debt outstanding which is a decrease of 11.4% from the previous year. The District also had other long-term obligations outstanding of approximately \$84.7 million (see Table 5).

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

**EAU CLAIRE AREA SCHOOL DISTRICT  
EAU CLAIRE, WISCONSIN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2018**

**Table 5  
Outstanding Long Term Obligations**

	June 30,		Percent Change 2017-2018
	2018	2017	
<b>General Obligation Debt:</b>			
General Obligation Bonds Payable	\$ 61,270,000	\$ 69,160,000	-11.4%
<b>Other Long-Term Obligations</b>			
Vested Employee Benefits	291,800	291,994	-0.1
Other Postemployment Benefits Liabilities	77,022,033	72,599,882	6.1
Pension Plan Liabilities	2,344,973	5,847,872	-59.9
Premiums	5,026,544	810,817	519.9
Total	<u>\$ 145,955,350</u>	<u>\$ 148,710,565</u>	-1.9

- The District retired \$33,040,000 of outstanding general obligation debt during the year.
- The District issued \$25,150,000 of general obligation refunding bonds during the year.

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

#### **FACTORS BEARING ON THE DISTRICT'S FUTURE**

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

The District continues to project moderate enrollment growth for at least the next 3 years. Enrollment projections are updated annually. Enrollment increases have a positive impact on the revenue that a school is allowed to raise under the Revenue Limit Formula. Revenue Limits will continue to restrict the amount of revenue the District is allowed to receive from General State Aid, Property Taxes, and a categorical aid referred to as State Computer Aid. When other revenue received from State sources is taken into consideration, about 88.5% 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 2018-2019 school year marks the end of the State's biennial budget. It is anticipated that fiscal difficulties at the State level will impact budget planning for the school district. 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, 2018**

	Governmental Activities
<b>ASSETS:</b>	
Cash and Investments	\$ 44,588,880
Taxes Receivable	18,904,697
Accounts Receivable	533,108
Due from Other Governments	4,354,048
Inventories and Prepaid Items	3,427,819
Wisconsin Retirement System Net Pension Asset	12,989,699
Capital Assets Not Being Depreciated:	
Land	2,262,174
Construction in Progress	8,765,023
Capital Assets Being Depreciated:	
Land Improvements	9,879,712
Buildings and Building Improvements	174,959,371
Furniture and Equipment	13,668,633
Less - Accumulated Depreciation	<u>(89,124,527)</u>
Total Assets	205,208,637
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>	
Pension Related	21,943,067
Other Postemployment Benefits Related	<u>2,575,832</u>
Total Deferred Outflows of Resources	<u>24,518,899</u>
<b>LIABILITIES:</b>	
Short-Term Notes Payable	7,000,000
Accounts Payable	6,119,547
Accrued Payroll and Related Liabilities	9,959,545
Accrued Interest Payable	659,485
Other Deposits Payable	17,301
Unearned Revenues	338,965
Health Benefit Claims Payable	108,847
Current Portion of Long-Term Obligations	5,833,687
Noncurrent Liabilities:	
General Obligation Bonds	60,754,657
Net Other Postemployment Benefits Liability	73,602,559
State Life Insurance Net Other Postemployment Benefits Liability	3,419,474
Net Supplemental Pension Plan Liability	<u>2,344,973</u>
Total Liabilities	170,159,040
<b>DEFERRED INFLOWS OF RESOURCES:</b>	
Pension Related	26,180,007
Other Postemployment Benefits Related	<u>109,270</u>
Total Deferred Inflows of Resources	<u>26,289,277</u>
<b>NET POSITION:</b>	
Net Investment in Capital Assets	70,641,505
Restricted for:	
Donor Specifications	574,954
Debt Service	2,822,981
Food Service	2,148,383
Community Service	2,005,204
Capital Projects	398,294
Pension Plan	12,989,699
Unrestricted (Deficit)	<u>(58,301,801)</u>
Total Net Position	<u>\$ 33,279,219</u>

See accompanying Notes to Basic Financial Statements.



**EAU CLAIRE AREA SCHOOL DISTRICT  
EAU CLAIRE, WISCONSIN  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2018**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
<b>Primary Government</b>					
Governmental Activities:					
Instruction:					
Regular Instruction	\$ 50,881,458	\$ 2,711,859	\$ 4,188,888	\$ -	\$ (43,980,711)
Vocational Instruction	3,202,963	-	-	-	(3,202,963)
Special Instruction	21,844,120	-	7,860,219	-	(13,983,901)
Other Instruction	5,218,954	449,586	742,417	-	(4,026,951)
Total Instruction	81,147,495	3,161,445	12,791,524	-	(65,194,526)
Support Service:					
Pupil Services	6,898,593	-	732,257	13,827	(6,152,509)
Instructional Staff Services	6,329,422	-	418,853	-	(5,910,569)
General Administration	902,761	-	-	-	(902,761)
Building Administration	6,665,023	-	-	-	(6,665,023)
Business Services	24,665,232	13,211	259,180	-	(24,392,841)
Central Services	7,315,657	-	-	-	(7,315,657)
Insurance and Judgments	1,129,106	-	-	-	(1,129,106)
Interest on Debt	4,351,058	-	-	-	(4,351,058)
Other Supporting Services	212,944	-	-	-	(212,944)
Food Services	4,238,913	1,973,090	2,576,747	-	310,924
Community Services	865,693	90,928	-	-	(774,765)
Total Support Services	63,574,402	2,077,229	3,987,037	13,827	(57,496,309)
Non-Program:					
Purchased Instructional Services	9,213,087	-	-	-	(9,213,087)
Other Non-Program Transactions	56,828	-	-	-	(56,828)
Total Non-Program	9,269,915	-	-	-	(9,269,915)
Total Primary Government	\$ 153,991,812	\$ 5,238,674	\$ 16,778,561	\$ 13,827	(131,960,750)
General Revenues					
Property Taxes:					
General Purposes					54,260,573
Debt Services					7,625,259
Community Services					868,418
Payment in Lieu of Taxes					19,063
State and Federal Aids Not Restricted to					
Specific Functions					63,980,938
Interest and Investment Earnings					466,591
Miscellaneous					2,458,218
Total General Revenues					129,679,060
<b>Change in Net Position</b>					
(2,281,690)					
Net Position - Beginning of Year					
38,259,917					
Restatement (See Note 5.L)					
(2,699,008)					
Net Position - Beginning of Year As Restated					
35,560,909					
<b>Net Position - End of Year</b>					
\$ 33,279,219					

See accompanying Notes to Basic Financial Statements.

**EAU CLAIRE AREA SCHOOL DISTRICT  
EAU CLAIRE, WISCONSIN  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2018**

	General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and Investments	\$ 18,004,548	\$ 3,396,216	\$ 18,730,270	\$ 4,457,846	\$ 44,588,880
Receivables:					
Taxes	18,904,697	-	-	-	18,904,697
Accounts	341,587	-	113,365	78,156	533,108
Due from Other Governments	3,523,304	-	-	830,744	4,354,048
Due from Other Funds	217,520	-	-	-	217,520
Inventories and Prepaid Items	3,291,975	-	-	135,844	3,427,819
Total Assets	<u>\$ 44,283,631</u>	<u>\$ 3,396,216</u>	<u>\$ 18,843,635</u>	<u>\$ 5,502,590</u>	<u>\$ 72,026,072</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Short-Term Note Payable	\$ 7,000,000	\$ -	\$ -	\$ -	\$ 7,000,000
Accounts Payable	1,799,162	-	4,152,678	167,707	6,119,547
Accrued Liabilities:					
Payroll, Payroll Taxes, Insurance	9,826,117	-	-	133,428	9,959,545
Interest Payable	86,250	-	-	-	86,250
Due to Other Funds	-	-	-	217,520	217,520
Other Deposits Payable	14,953	-	-	2,348	17,301
Unearned Revenue	85,919	-	-	253,046	338,965
Health Benefit Claims Payable	108,847	-	-	-	108,847
Total Liabilities	<u>18,921,248</u>	<u>-</u>	<u>4,152,678</u>	<u>774,049</u>	<u>23,847,975</u>
<b>Fund Balances:</b>					
Nonspendable	3,291,975	-	-	135,844	3,427,819
Restricted	-	3,396,216	14,690,957	4,592,697	22,679,870
Unassigned	22,070,408	-	-	-	22,070,408
Total Fund Balances	<u>25,362,383</u>	<u>3,396,216</u>	<u>14,690,957</u>	<u>4,728,541</u>	<u>48,178,097</u>
Total Liabilities and Fund Balances	<u>\$ 44,283,631</u>	<u>\$ 3,396,216</u>	<u>\$ 18,843,635</u>	<u>\$ 5,502,590</u>	<u>\$ 72,026,072</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, 2018**

**Total Fund Balance - Governmental Funds** **\$ 48,178,097**

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	\$ 209,534,913	
Accumulated Depreciation	<u>(89,124,527)</u>	120,410,386

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)	12,989,699	
Net Supplemental Pension Plan Liability	(2,344,973)	
Deferred Outflows of Resources - Pension Related	21,943,067	
Deferred Inflows of Resources - Pension Related	<u>(26,180,007)</u>	6,407,786

Unused vacation pay is a liability of the governmental funds only if the employee has resigned or retired. (291,800)

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	66,296,544	
Accrued Interest Payable on General Obligation Debt	<u>573,235</u>	(66,869,779)

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

Net Other Postemployment Benefits Liability	73,602,559	
State Life Insurance Net Other Postemployment Benefits Liability	3,419,474	
Deferred Outflows of Resources - Other Postemployment Benefits Related	(2,575,832)	
Deferred Inflows of Resources - Other Postemployment Benefits Related	<u>109,270</u>	<u>(74,555,471)</u>

**Total Net Position - Governmental Activities** **\$ 33,279,219**

**EAU CLAIRE AREA SCHOOL DISTRICT  
EAU CLAIRE, WISCONSIN  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2018**

	General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Local	\$ 55,193,116	\$ 7,647,388	\$ 283,729	\$ 3,908,015	\$ 67,032,248
Interdistrict	2,555,824	-	-	-	2,555,824
Intermediate	105,806	-	-	728,463	834,269
State	71,655,280	-	-	64,107	71,719,387
Federal	5,698,531	-	-	2,519,538	8,218,069
Other	1,237,432	-	93,515	19,378	1,350,325
Total Revenues	136,445,989	7,647,388	377,244	7,239,501	151,710,122
<b>EXPENDITURES</b>					
<b>Instruction:</b>					
Regular Instruction	49,580,710	-	-	933,756	50,514,466
Vocational Instruction	3,190,411	-	-	-	3,190,411
Special Instruction	21,722,486	-	-	-	21,722,486
Other Instruction	5,136,090	-	-	38,826	5,174,916
Total Instruction	79,629,697	-	-	972,582	80,602,279
<b>Support Services:</b>					
Pupil Services	6,857,924	-	-	4,864	6,862,788
Instructional Staff Services	6,209,115	-	-	76,054	6,285,169
General Administration	893,483	-	-	-	893,483
Building Administration	6,613,019	-	-	-	6,613,019
Business Services	19,881,605	-	9,932,257	863,426	30,677,288
Food Services	-	-	-	4,199,093	4,199,093
Central Services	7,273,556	-	-	25,119	7,298,675
Insurance and Judgments	1,125,595	-	-	1,141	1,126,736
Community Services	-	-	-	855,725	855,725
<b>Debt Service:</b>					
Principal	-	5,840,000	-	-	5,840,000
Interest	100,052	2,056,420	-	-	2,156,472
Paying Agent Fees	2,375	2,307,899	-	-	2,310,274
Other Support Services	211,546	-	-	-	211,546
Total Support Services	49,168,270	10,204,319	9,932,257	6,025,422	75,330,268
<b>Non-Program:</b>					
Purchased Instructional Services	9,209,986	-	-	3,101	9,213,087
Other Non-Program Transactions	54,178	-	-	2,650	56,828
Total Non-Program	9,264,164	-	-	5,751	9,269,915
Total Expenditures	138,062,131	10,204,319	9,932,257	7,003,755	165,202,462
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(1,616,142)	(2,556,931)	(9,555,013)	235,746	(13,492,340)
<b>OTHER FINANCING SOURCES (USES)</b>					
Refunding Bonds Issued	-	25,150,000	-	-	25,150,000
Principal Payment to Refinance Debt	-	(27,200,000)	-	-	(27,200,000)
Premium on Refinanced Debt	-	4,357,899	-	-	4,357,899
Net Other Financing Sources (Uses)	-	2,307,899	-	-	2,307,899
<b>NET CHANGE IN FUND BALANCES</b>	(1,616,142)	(249,032)	(9,555,013)	235,746	(11,184,441)
Fund Balances - Beginning of Year	26,978,525	3,645,248	24,245,970	4,492,795	59,362,538
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 25,362,383</u>	<u>\$ 3,396,216</u>	<u>\$ 14,690,957</u>	<u>\$ 4,728,541</u>	<u>\$ 48,178,097</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, 2018**

**Total Net Change in Fund Balances - Governmental Funds** **\$ (11,184,441)**

Amounts reported for governmental activities in the statement of activities are different because:

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

Capital outlays reported in the governmental fund statements	\$	12,455,397
Net book value of capital assets disposed of during the year		(311,548)
Depreciation expense reported in the statement of activities		<u>(6,084,149)</u>

Net change in capital assets		6,059,700
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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.

(1,548,351)

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.

743,419

Repayment of principal on long-term debt is reported in the governmental funds as an expenditure, but it is reported as a reduction in long-term debt in the statement of net position and does not affect the statement of activities.

The amount of long-term debt principal payments in the current year		33,040,000
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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 long-term debt proceeds in the current year		(25,150,000)
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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, 2018**

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: \$ (4,215,727)

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	2,056,420	
The amount of interest accrued during the current period	<u>(2,082,904)</u>	
Amount of interest paid greater than interest accrued		(26,484)

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

Amount by which the liability for vacation pay changed in the current period	<u>194</u>
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<b>Change in Net Position - Governmental Activities</b>	<u><u>\$ (2,281,690)</u></u>
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**EAU CLAIRE AREA SCHOOL DISTRICT  
EAU CLAIRE, WISCONSIN  
STATEMENT OF NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2018**

	Private-Purpose Trust	Employee Benefit Trust	Agency Funds
<b>ASSETS</b>			
Cash and Investments	\$ 11,025	\$ 2,978,742	\$ 172,165
Accounts Receivable	-	2,850	-
Prepays	-	1,811,333	-
Total Assets	<u>11,025</u>	<u>4,792,925</u>	<u>\$ 172,165</u>
<b>LIABILITIES</b>			
Accounts Payable	-	54	\$ -
Due to Student Organizations	-	-	172,165
Health Benefit Claims Payable	-	25,494	-
Total Liabilities	<u>-</u>	<u>25,548</u>	<u>\$ 172,165</u>
<b>NET POSITION</b>			
Restricted	<u>\$ 11,025</u>	<u>\$ 4,767,377</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, 2018**

	Private Purpose Trust Funds	Employee Benefit Trust Funds
<b>ADDITIONS</b>		
Private Donations	\$ 1,200	\$ -
Investment Income	43	45,732
District Contributions	-	7,493,974
Total Additions	<u>1,243</u>	<u>7,539,706</u>
<b>DEDUCTIONS</b>		
Administrative Expenses	-	6,490
Benefit Payments to Plan Members	-	6,786,797
Scholarships Awarded	<u>2,000</u>	<u>-</u>
Total Deductions	<u>2,000</u>	<u>6,793,287</u>
<b>CHANGE IN NET POSITION</b>	(757)	746,419
Net Position - Beginning of Year	<u>11,782</u>	<u>4,020,958</u>
<b>NET POSITION - END OF YEAR</b>	<u><u>\$ 11,025</u></u>	<u><u>\$ 4,767,377</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, 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Basis of Presentation**

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

**B. Reporting Entity**

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

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

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

**C. Government-Wide and Fund Financial Statements**

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

**Government-Wide Statements**

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

**EAU CLAIRE AREA SCHOOL DISTRICT  
EAU CLAIRE, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**Government-Wide Statements (Continued)**

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

**Fund Financial Statements**

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

The District has the following major governmental funds:

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

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

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

Additionally, the District reports the following fiduciary funds:

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

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

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

**EAU CLAIRE AREA SCHOOL DISTRICT  
EAU CLAIRE, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 1    SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Measurement Focus and Basis of Accounting**

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

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

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

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

**EAU CLAIRE AREA SCHOOL DISTRICT  
EAU CLAIRE, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**1. Deposits and Investments**

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

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

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

**2. Receivables and Payables**

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

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

Property taxes are recognized as revenue in the period for which taxes are levied. The 2017 tax levy is used to finance operations of the District's fiscal year ended June 30, 2018. 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, 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**2. Receivables and Payables (Continued)**

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

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

**3. Inventories and Prepaid Items**

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

**4. Capital Assets**

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

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

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

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

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

**EAU CLAIRE AREA SCHOOL DISTRICT  
EAU CLAIRE, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**5. Deferred Outflows of Resources**

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

**6. Deferred Inflows of Resources**

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

**7. Compensated Absences**

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

**8. Other Postemployment Benefits**

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

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

The District's collective OPEB liabilities for these two plans at June 30, 2018 was \$77,022,033 and total OPEB expense for 2017-18 was \$6,467,246.

**EAU CLAIRE AREA SCHOOL DISTRICT  
EAU CLAIRE, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**9. Pension Plan Benefits**

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

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

The District's collective pension expense for 2017-18 was \$5,886,610.

**10. Long-Term Obligations**

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

**11. Use of Restricted Resources**

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



**EAU CLAIRE AREA SCHOOL DISTRICT  
EAU CLAIRE, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**12. Equity Classifications**

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

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

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

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

**EAU CLAIRE AREA SCHOOL DISTRICT  
EAU CLAIRE, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 2 RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

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

**NOTE 3 STEWARDSHIP AND ACCOUNTABILITY**

**Budgetary Accountability**

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

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

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

**EAU CLAIRE AREA SCHOOL DISTRICT  
EAU CLAIRE, WISCONSIN  
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**NOTE 4    DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

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

The District's cash and investments balances at June 30, 2018 were shown in the financial statements as follows:

Governmental Funds	\$ 44,588,880
Fiduciary Funds	3,161,932
	<u>\$ 47,750,812</u>

The above balances at June 30, 2018 consisted of the following:

Treasurer's Cash and Investments:	
Deposits at Financial Institutions	\$ 5,051,929
Insured Cash Sweep	10,715,845
Government Securities	8,048,107
PFM Funds Managed Money Market	5,831,511
OPEB Trust Money Market Fund	3,018,775
WISC Investment Series	15,083,801
Investments in State Local Government	
Pooled - Investment Fund	844
Total Cash and Investments	<u>\$ 47,750,812</u>

**EAU CLAIRE AREA SCHOOL DISTRICT  
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NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 4     DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Deposits and Investments (Continued)**

**Deposits at Financial Institutions**

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

Custodial credit risk is the risk that, in the event of bank failure, the District's deposits may not be returned. At June 30, 2018, 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, 2018**

**NOTE 4 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Deposits and Investments (Continued)**

**Investments**

The District's investments at June 30, 2018 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, 2018 was approximately 29 days.

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

**Credit Risk**

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

As of June 30, 2018, the District's investments were rated as follows:

<u>Type</u>	<u>Credit Rating</u>	<u>Amount</u>
PFM Funds Managed Money Market	Not Rated	\$ 5,831,511
OPEB Trust Money Market Fund	Not Rated	3,018,775
WISC Investment Series	Not Rated	15,083,801
US Treasury Notes	AA+	2,868,804
Freddie Mac	AA+	5,179,303
Local Government Investment Pool	Not Rated	844
Total		<u>\$ 31,983,038</u>

**EAU CLAIRE AREA SCHOOL DISTRICT  
EAU CLAIRE, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2018**

**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, 2018, the District's investments maturities were as follows:

Type	Total	< 1 Year	1 to 3 years
PFM Funds Managed Money Market	\$ 5,831,511	\$ 5,831,511	\$ -
OPEB Trust Money Market Fund	3,018,775	3,018,775	-
WISC Investment Series	15,083,801	15,083,801	-
US Treasury Notes	2,868,804	2,868,804	-
Freddie Mac	5,179,303	3,530,223	1,649,080
Local Government Investment Pool	844	844	-
Total	<u>\$ 31,983,038</u>	<u>\$ 30,333,958</u>	<u>\$ 1,649,080</u>

**Fair Value Measurements**

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

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

**EAU CLAIRE AREA SCHOOL DISTRICT  
EAU CLAIRE, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 4    DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Deposits and Investments (Continued)**

**Fair Value Measurements (Continued)**

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

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

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

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

The District's assets as of June 30, 2018 were categorized as follows:

	Level 1	Level 2	Level 3	Total
PFM Funds Managed Money Market	\$ 5,831,511	\$ -	\$ -	\$ 5,831,511
Freddie Mac	-	5,179,303	-	5,179,303
Total	<u>\$ 5,831,511</u>	<u>\$5,179,303</u>	<u>\$ -</u>	11,010,814
Investments at Amortized Cost:				
OPEB Trust Money Market Fund				3,018,775
WISC Investment Series				15,083,801
U.S. Treasury Notes				2,868,804
Local Government Investment Pool				844
Total				<u>\$31,983,038</u>

**EAU CLAIRE AREA SCHOOL DISTRICT  
EAU CLAIRE, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 4 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**B. Capital Assets**

Changes in the capital assets for the year ended June 30, 2018 were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets:				
Land	\$ 2,262,174	\$ -	\$ -	\$ 2,262,174
Land Improvements	9,314,952	1,255,606	(690,846)	9,879,712
Buildings and Improvements	173,074,075	2,464,166	(578,870)	174,959,371
Furniture and Equipment	14,842,257	823,772	(1,997,396)	13,668,633
Work in Progress	853,170	8,320,387	(408,534)	8,765,023
Total Capital Assets	200,346,628	12,863,931	(3,675,646)	209,534,913
Accumulated Depreciation:				
Land Improvements	3,971,065	369,073	(684,318)	3,655,820
Buildings and Improvements	71,194,384	4,718,584	(273,850)	75,639,118
Furniture and Equipment	10,830,493	996,492	(1,997,396)	9,829,589
Total Accumulated Depreciation	85,995,942	6,084,149	(2,955,564)	89,124,527
Governmental Activities Capital Assets				
Net of Accumulated Depreciation	<u>\$ 114,350,686</u>	<u>\$ 6,779,782</u>	<u>\$ (720,082)</u>	<u>\$ 120,410,386</u>

Depreciation was charged to governmental functions as follows:

**Instruction:**

Regular Instruction	\$ 21,205
Vocational Instruction	2,241
Other Instruction	16,863

**Support Services:**

Pupil Services	2,224
Instructional Staff Services	735
Building Administrative Services	600
Business Services	5,269,280
Central Services	718,748
Insurance and Judgments	2,370
Food Services	47,025
Community Services	1,622
Other Support Services	1,236
Total Depreciation for Governmental Activities	<u>\$ 6,084,149</u>



**EAU CLAIRE AREA SCHOOL DISTRICT  
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JUNE 30, 2018**

**NOTE 4 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**C. Interfund Receivables, Payables and Transfers**

The composition of interfund balances as of June 30, 2018 was as follows:

**Due to/from Other Funds**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Other Special Projects Funds	<u>\$ 217,520</u>

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

**D. Long-Term Obligations**

**Changes in Long-Term Obligations**

Changes in long-term obligations of the District for the year ended June 30, 2018 were as follows:

	Balances as Presented at June 30, 2017	Additions	Reductions	Balances June 30, 2018	Amounts Due Within One Year
Long-Term Debt					
General Obligation Bonds and Notes	\$ 69,160,000	\$ 25,150,000	\$ (33,040,000)	\$ 61,270,000	\$ 5,400,000
Add: Debt Premium	810,817	4,357,899	(142,172)	5,026,544	141,887
Subtotal	69,970,817	29,507,899	(33,182,172)	66,296,544	5,541,887
Other Long-Term Obligations:					
Vested Employee Benefits	291,994	53,629	(53,823)	291,800	291,800
Total	<u>\$ 70,262,811</u>	<u>\$ 29,561,528</u>	<u>\$ (33,235,995)</u>	<u>\$ 66,588,344</u>	<u>\$ 5,833,687</u>

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

**EAU CLAIRE AREA SCHOOL DISTRICT  
EAU CLAIRE, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 4 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**D. Long-Term Obligations**

**General Obligation Debt**

The individual long-term debt issues of the District outstanding at June 30, 2018 were as follows:

Description	Issue Date	Interest Rate	Final Maturity Date	Original Indebtedness	Amount Outstanding
2009 G.O. Bonds	8/3/2009	1.8-5.05	4/1/2020	\$ 9,360,000	\$ 2,235,000
2011 G.O. Bonds	11/7/2011	3.5-4.125	4/1/2021	31,000,000	3,800,000
2012 G.O. Promissory Notes	3/26/2012	0.05-3.0	4/1/2020	20,850,000	4,235,000
2013 G.O. Promissory Notes	4/1/2013	2.0	4/1/2023	2,850,000	2,850,000
2017 G.O. School Improvement Bonds	4/17/2017	2.0-4.0	4/1/2031	25,000,000	23,160,000
2017 G.O. Refunding Bonds	12/28/2017	2.0-5.0	4/1/2028	25,150,000	24,990,000
Total General Obligation Debt					<u>\$ 61,270,000</u>

Aggregate cash flow requirements for the retirement of long-term principal and interest as of June 30, 2018 follow:

Fiscal Year	Principal	Interest	Total
2019	\$ 5,400,000	\$ 2,305,541	\$ 7,705,541
2020	5,570,000	2,165,385	7,735,385
2021	4,715,000	1,980,787	6,695,787
2022	4,555,000	1,841,588	6,396,588
2023	4,705,000	1,658,187	6,363,187
2024	3,890,000	1,497,000	5,387,000
2025	4,060,000	1,336,299	5,396,299
2026	4,230,000	1,150,800	5,380,800
2027	4,410,000	957,400	5,367,400
2028	4,610,000	774,500	5,384,500
2029	4,825,000	583,200	5,408,200
2030	5,045,000	382,750	5,427,750
2031	5,255,000	172,900	5,427,900
	<u>\$ 61,270,000</u>	<u>\$ 16,806,333</u>	<u>\$ 78,076,333</u>

**EAU CLAIRE AREA SCHOOL DISTRICT  
EAU CLAIRE, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 4 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**D. Long-Term Obligations (Continued)**

**General Obligation Debt (Continued)**

On December 28, 2017, the District issued general obligation refunding bonds in the amount of \$25,150,000 to refinance a portion of the 2011 general obligation bonds. The refunding bonds accrue interest at 2.00 to 5.00 percent and mature April 1, 2031. The refunding transaction resulted in an economic gain of \$983,460 and future cash flow savings of \$1,302,580.

The 2017 equalized valuation of the District as certified by the Wisconsin Department of Revenue is \$6,869,936,762. The legal debt limit and margin of indebtedness as of June 30, 2018 in accordance with Section 67.03(1)(b) of the Wisconsin Statutes is as follows:

Total Equalized Value (TIDIN)	\$ 6,869,936,762
	<u>10.00%</u>
Calculated Debt Limit	686,993,676
Deduct Long Term Debt Applicable to Debt Margin	<u>61,270,000</u>
Margin of Indebtedness	<u><u>\$ 625,723,676</u></u>

**E. Temporary Note Payable**

Changes in temporary notes payable of the District for the year ended June 30, 2018 were as follows:

Description	Balance 7/1/17	Issued	Redeemed	Balance 6/30/18
Anticipation Note	<u>\$ 6,000,000</u>	<u>\$ 7,000,000</u>	<u>\$ 6,000,000</u>	<u>\$ 7,000,000</u>

The temporary note payable is used for cash flow purposes and consists of two tax and revenue anticipation notes that are secured by the levying power of the District. The current tax and revenue anticipation notes are due on August 22, 2018 and accrue interest at 1.50 to 2.25 percent, with a net effective rate of 1.2638 to 2.4330 percent after a premium.

On November 19, 2018, the District issued a Taxable Revolving Line of Credit with a maximum outstanding principal amount of \$7,500,000 for cash flow borrowing purposes. The borrowing accrues interest at prime minus 1.00 percent, adjusted monthly and will not exceed 5.75 percent. The line of credit matures November 1, 2019.

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NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 4 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**F. Operating Leases**

The District entered into lease agreements dated July 28, 2015 for eight vans to be used for student transportation. Lease payments are \$348 per month for each van, totaling \$2,784 per month. The District paid \$33,396 during 2017-18 to pay the lease balance in full.

New lease agreements were entered into on August 16, 2018. Future lease payments under these agreements total \$121,999.

**G. Governmental Fund Balances**

The governmental fund balances reported on the fund financial statements at June 30, 2018 consisted of the following:

	Total	Nonspendable	Restricted	Unassigned
<b>Major Funds:</b>				
General Fund:				
Nonspendable Prepaid Items and Inventory	\$ 3,291,975	\$ 3,291,975	\$ -	\$ -
Unassigned	22,070,408	-	-	22,070,408
Debt Service Fund	3,396,216	-	3,396,216	-
Capital Projects Fund	14,690,957	-	14,690,957	-
<b>Nonmajor Funds:</b>				
Special Revenue Funds:				
Donor Restricted Purposes	574,954	53,543	521,411	-
Food Service Program	2,148,383	73,298	2,075,085	-
Community Service Programs	2,005,204	9,003	1,996,201	-
Subtotal Nonmajor Funds	4,728,541	135,844	4,592,697	-
Total Governmental Funds Balances at June 30, 2017	<u>\$ 48,178,097</u>	<u>\$ 3,427,819</u>	<u>\$ 22,679,870</u>	<u>\$ 22,070,408</u>

**NOTE 5 OTHER INFORMATION**

**A. Wisconsin Retirement System Pension Plan Benefits**

**General Information about the Pension Plan**

*Plan Description.* The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS. The WRS issues an annual financial report which may be obtained by writing to the Department of Employee Trust Funds, P.O. Box 7931, Madison, WI 53707-7931.

**EAU CLAIRE AREA SCHOOL DISTRICT  
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NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 5 OTHER INFORMATION (CONTINUED)**

**A. Wisconsin Retirement System Pension Plan Benefits (Continued)**

**General Information about the Pension Plan (Continued)**

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

*Benefits Provided.* Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and State executive participants) are entitled to receive an unreduced retirement benefit. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor.

Final average earnings is the average of the participant's three highest years' earnings. Creditable service is the creditable current and prior service expressed in years or decimal equivalents of partial years for which a participant receives earnings and makes contributions as required. The formula factor is a standard percentage based on employment category.

Employees may retire at age 55 (50 for protective occupation employees) and receive reduced benefits. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and forfeit all rights to any subsequent benefits.

The WRS also provides death and disability benefits for employees.

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

During the reporting period July 1, 2017 through June 30, 2018, the WRS recognized \$4,550,844 in contributions from the employer.

Contribution rates as of June 30, 2018 are:

	<b><u>Employee</u></b>	<b><u>Employer</u></b>
General (including teachers)	6.7%	6.7%

**EAU CLAIRE AREA SCHOOL DISTRICT  
EAU CLAIRE, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 5 OTHER INFORMATION (CONTINUED)**

**A. Wisconsin Retirement System Pension Plan Benefits (Continued)**

**General Information about the Pension Plan (Continued)**

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

Year	Core Fund Adjustment	Variable Fund Adjustment
2008	6.6%	0.0%
2009	(2.1)	(42.0)
2010	(1.3)	22.0
2011	(1.2)	11.0
2012	(7.0)	(7.0)
2013	(9.6)	9.0
2014	4.7	25.0
2015	2.9	2.0
2016	0.5	(5.0)
2017	2.0	4.0

At June 30, 2018, the District reported an asset of \$12,989,699 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2017, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2016 rolled forward to December 31, 2017. The District's proportion of the net pension asset was based on the District's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2017, the District's proportion was 0.43749344 percent, which was an increase of 0.00270444 from its proportion measured as of December 31, 2016.

**EAU CLAIRE AREA SCHOOL DISTRICT  
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NOTES TO BASIC FINANCIAL STATEMENTS  
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**NOTE 5 OTHER INFORMATION (CONTINUED)**

**A. Wisconsin Retirement System Pension Plan Benefits (Continued)**

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

For the year ended June 30, 2018, the District recognized pension expense of \$5,716,539. At June 30, 2018, 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	\$ 16,503,736	\$ 7,719,901
Changes of Assumptions	2,566,511	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	17,853,134
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	244,862	58,663
District Contributions Subsequent to the Measurement Date	2,290,952	-
Total	<u>\$ 21,606,061</u>	<u>\$ 25,631,698</u>

\$2,290,952 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as an addition to the net pension asset in the year ended June 30, 2019. 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>	Pension Expense Amount
2019	\$ 1,487,392
2020	(23,760)
2021	(4,447,355)
2022	(3,364,086)
2023	31,220

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NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 5 OTHER INFORMATION (CONTINUED)**

**A. Wisconsin Retirement System Pension Plan Benefits (Continued)**

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

*Actuarial assumptions.* The total pension asset in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2016
Measurement Date of Net Pension Liability (Asset):	December 31, 2017
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	5-Year Smoothed Value
Long-Term Expected Rate of Return:	7.2%
Discount Rate:	7.2%
Inflation:	2.0% to 2.7% - approximate
Salary Increases:	3.2% to 8.8% including inflation
Mortality:	WRS experience projected to 2017 with scale BB
Post-retirement Adjustments*:	5.0%

\*No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 2.1% 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 2015 using experience from 2012 – 2014. The total pension asset for December 31, 2017 is based upon a roll-forward of the asset calculated from the December 31, 2016 actuarial valuation.

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



**EAU CLAIRE AREA SCHOOL DISTRICT  
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NOTES TO BASIC FINANCIAL STATEMENTS  
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**NOTE 5 OTHER INFORMATION (CONTINUED)**

**A. Wisconsin Retirement System Pension Plan Benefits (Continued)**

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

Asset Class	Core Asset Allocation	
	Asset Allocation	Long-Term Expected Real Rate of Return
Global Equity	50%	5.3%
Fixed Income	25%	1.4%
Inflation Sensitive Assets	15%	1.0%
Real Estate	8%	3.6%
Private Equity/Debt	8%	6.5%
Multi-Asset	4%	3.6%
Totals	110%	

Asset Class	Variable Asset Allocation	
	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	70%	4.6%
International Equity	30%	4.9%
Totals	100%	

*Discount rate.* A single discount rate of 7.20 percent was used to measure the total pension asset. This single discount rate was based on the expected rate of return on pension plan investments of 7.20 percent and a long term bond rate of 3.57 percent. Because of the unique structure of WRS, the 7.20 percent expected rate of return implies that a dividend of approximately 2.1 percent will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension asset.

**EAU CLAIRE AREA SCHOOL DISTRICT  
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**NOTE 5 OTHER INFORMATION (CONTINUED)**

**A. Wisconsin Retirement System Pension Plan Benefits (Continued)**

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

*Sensitivity of the District's proportionate share of the net pension liability (asset) to changes in the discount rate.* The following presents the District's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.20 percent, as well as what the District's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	1% Decrease (6.20%)	Current Discount Rate (7.20%)	1% Increase (8.20%)
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 33,608,787	\$ (12,989,699)	\$ (48,405,990)

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

**B. Vested Employee Benefits**

The District's policy on allowing accumulated leave benefits to vest is based upon individual contracts. Accumulated benefits are recorded as an expenditure in the fund financial statements in the year used. The District's liability in the government-wide financial statements for vested employee benefits at June 30, 2018 was estimated at \$291,800.

**C. Other Postemployment Benefit Plan**

The District engaged an actuary to determine the District's liability for postemployment healthcare benefits other than pensions in accordance with Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*.

**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, 2018, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefit payments	212
Inactive plan members entitled to but not yet receiving benefit payments	48
Active plan members	1330
	<u>1590</u>

**EAU CLAIRE AREA SCHOOL DISTRICT  
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**NOTE 5 OTHER INFORMATION (CONTINUED)**

**C. Other Postemployment Benefit Plan (Continued)**

**Single-Employer Plan Description (Continued)**

***Investments***

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

*Rate of Return.* For the year ended June 30, 2018, the annual money-weighted rate of return, net of investment expense, was 1.03 percent.

The plan does not issue a stand-alone report.

**Net OPEB Liability**

Total OPEB Liability - Ending (a)	\$ 77,954,788
Plan Fiduciary Net Position - Ending (b)	<u>4,352,229</u>
District's Net OPEB Liability - Ending (a) - (b)	<u>\$ 73,602,559</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	5.58%

The District's total OPEB liability for June 30, 2018 is based upon a roll-forward of the liability calculated from the June 30, 2017 actuarial valuation.

***Actuarial Assumptions***

The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

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

**EAU CLAIRE AREA SCHOOL DISTRICT  
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**NOTE 5 OTHER INFORMATION (CONTINUED)**

**C. Other Postemployment Benefit Plan (Continued)**

**Net OPEB Liability (Continued)**

***Actuarial Assumptions (Continued)***

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

***Discount Rate***

The discount rate used to measure the total OPEB liability was 3.75 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 3.75 percent was used in calculating the District's OPEB liabilities.

**Changes in the Net OPEB Liability**

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a-b)
Balances at June 30, 2017	\$ 76,219,005	\$ 3,619,123	\$ 72,599,882
Changes for the year:			
Service Cost	3,461,943	-	3,461,943
Interest	2,613,503	-	2,613,503
Differences Between Expected and Actual Experience	2,285,167	-	2,285,167
Changes of Assumptions or Other Input	(67,878)	-	(67,878)
Contributions - Employer	-	7,254,737	(7,254,737)
Net Investment Income	-	41,162	(41,162)
Benefit Payments	(6,556,952)	(6,556,952)	-
Administrative Expense	-	(5,841)	5,841
Net Changes	1,735,783	733,106	1,002,677
Balances at June 30, 2018	<u>\$ 77,954,788</u>	<u>\$ 4,352,229</u>	<u>\$ 73,602,559</u>

**EAU CLAIRE AREA SCHOOL DISTRICT  
EAU CLAIRE, WISCONSIN  
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**NOTE 5 OTHER INFORMATION (CONTINUED)**

**C. Other Postemployment Benefit Plan (Continued)**

**Changes in the Net OPEB Liability (Continued)**

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

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.75 percent) or 1-percentage-point higher (4.75 percent) than the current discount rate:

	1% Decrease 2.75%	Current Discount Rate 3.75%	1% Increase 4.75%
Total OPEB Liability	\$ 82,421,275	\$ 77,954,788	\$73,623,753
Fiduciary Net Position	4,352,229	4,352,229	4,352,229
Net OPEB Liability	<u>\$ 78,069,046</u>	<u>\$ 73,602,559</u>	<u>\$69,271,524</u>

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

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

	1% Decrease (3.31% in the first year, then 6.0% in the second year decreasing to 4.00%)	Healthcare Cost Trend Rates (4.31% in the first year, then 7.0% in the second year decreasing to 5.00%)	1% Increase (5.31% in the first year, then 8.0% in the second year decreasing to 6.00%)
Total OPEB Liability	\$ 71,714,830	\$ 77,954,788	\$ 84,987,662
Fiduciary Net Position	4,352,229	4,352,229	4,352,229
Net OPEB Liability	<u>\$ 67,362,601</u>	<u>\$ 73,602,559</u>	<u>\$ 80,635,433</u>

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

For the year ended June 30, 2018, the District recognized OPEB expense of \$6,097,377 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	\$ 2,056,650	\$ -
Changes of Assumptions or Other Input	-	61,090
Net Difference Between Projected and Actual Earnings on OPEB Investments	86,023	-
Total	<u>\$ 2,142,673</u>	<u>\$ 61,090</u>

**EAU CLAIRE AREA SCHOOL DISTRICT  
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NOTES TO BASIC FINANCIAL STATEMENTS  
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**NOTE 5 OTHER INFORMATION (CONTINUED)**

**C. Other Postemployment Benefit Plan (Continued)**

**Changes in the Net OPEB Liability (Continued)**

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

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

<u>Year Ended June 30:</u>	<u>OPEB Expense Amount</u>
2019	\$ 243,235
2020	243,235
2021	243,235
2022	243,234
2023	221,729
Thereafter	886,915

**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, 2018, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefit payments	30
Inactive plan members entitled to but not yet receiving benefit payments	-
Active plan members	<u>398</u>
	<u><u>428</u></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, 2018, the annual money-weighted rate of return, net of investment expense, was 1.03 percent.

The plan does not issue a stand-alone report.

**EAU CLAIRE AREA SCHOOL DISTRICT  
EAU CLAIRE, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
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**NOTE 5 OTHER INFORMATION (CONTINUED)**

**D. Supplemental Pension Plan (Continued)**

**Contributions**

The District funds its pension liability through a separate employee trust fund. For fiscal year 2018, the District contributed an estimated \$239,237 to the plan.

**Net Pension Liability**

Total Pension Liability - Ending (a)	\$ 2,762,122
Plan Fiduciary Net Position - Ending (b)	<u>417,149</u>
District's Net Pension Liability - Ending (a) - (b)	<u>\$ 2,344,973</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	15.10%

The District's net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017, rolled forward to June 30, 2018.

*Actuarial assumptions.* The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

**Discount Rate**

The discount rate used to measure the total pension liability was 3.75 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  
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**NOTE 5 OTHER INFORMATION (CONTINUED)**

**D. Supplemental Pension Plan (Continued)**

**Changes in the Net Pension Liability**

	Total Pension Liability	Fiduciary Net Position	Net Pension Liability
Balances at Beginning of Year	\$ 2,666,009	\$ 401,836	\$ 2,264,173
Changes for the Year:			
Service Cost	121,617	-	121,617
Interest	91,451	-	91,451
Differences between expected and actual experience	242,474	-	242,474
Changes of assumptions or other input	(131,584)	-	(131,584)
Contributions - Employer	-	239,237	(239,237)
Net Investment Income	-	4,570	(4,570)
Benefit Payments	(227,845)	(227,845)	-
Administrative Expense	-	(649)	649
Net Changes	<u>96,113</u>	<u>15,313</u>	<u>80,800</u>
Balances at End of Year	<u>\$ 2,762,122</u>	<u>\$ 417,149</u>	<u>\$ 2,344,973</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 3.75%, 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 (2.75%) or one percentage point higher (4.75% than the current rate):

	1% Decrease 2.75%	Current Discount Rate 3.75%	1% Increase 4.75%
Total Pension Liability	\$ 2,953,224	\$ 2,762,122	\$ 2,582,164
Fiduciary Net Position	<u>417,149</u>	<u>417,149</u>	<u>417,149</u>
Net Pension Liability	<u>\$ 2,536,075</u>	<u>\$ 2,344,973</u>	<u>\$ 2,165,015</u>



**EAU CLAIRE AREA SCHOOL DISTRICT  
EAU CLAIRE, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
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**NOTE 5    OTHER INFORMATION (CONTINUED)**

**D. Supplemental Pension Plan (Continued)**

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

For the year ended June 30, 2018, the District recognized pension expense of \$170,071. At June 30, 2018, 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	\$ 215,532	\$ 356,506
Changes of Assumptions	96,404	191,803
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	25,070	-
Total	<u>\$ 337,006</u>	<u>\$ 548,309</u>

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

<u>Year Ended June 30:</u>	Pension Expense Amount
2019	\$ (28,378)
2020	(30,864)
2021	(33,589)
2022	(36,447)
2023	(38,587)
Thereafter	(43,438)

**EAU CLAIRE AREA SCHOOL DISTRICT  
EAU CLAIRE, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 5 OTHER INFORMATION (CONTINUED)**

**E. Other Postemployment Benefits – Multiple Employer Plan**

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

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

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

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

Contribution rates as of June 30, 2018 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, 2017 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 \$22,017 in contributions from the District.

**EAU CLAIRE AREA SCHOOL DISTRICT  
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NOTES TO BASIC FINANCIAL STATEMENTS  
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**NOTE 5     OTHER INFORMATION (CONTINUED)**

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

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

At June 30, 2018, the District reported a liability of \$3,419,474 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2016 and rolled forward to December 31, 2017. 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, 2017, the District's proportion was 1.136574 percent, which was an increase of 0.024896 from its proportion measured as of December 31, 2016.

For the year ended June 30, 2018, the District recognized OPEB expense of \$369,869. At June 30, 2018, 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	\$ -	\$ 48,180
Changes of Assumptions	330,431	-
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	39,374	-
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	52,418	-
District Contributions Subsequent to the Measurement Date	10,936	-
Total	<u>\$ 433,159</u>	<u>\$ 48,180</u>

**EAU CLAIRE AREA SCHOOL DISTRICT  
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NOTES TO BASIC FINANCIAL STATEMENTS  
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**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)**

\$10,936 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEBs will be recognized in OPEB expense as follows:

<u>Year Ended June 30:</u>	<u>OPEB Expense Amount</u>
2019	\$ 61,094
2020	61,094
2021	61,094
2022	61,094
2023	51,251
Thereafter	78,416

*Actuarial assumptions.* The total OPEB liability in the January 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	January 1, 2017
Measurement Date of Net OPEB Liability (Asset)	December 31, 2017
Actuarial Cost Method	Entry Age Normal
20 Year Tax-Exempt Municipal Bond Yield	3.4%
Long-Term Expected Rate of Return	5.0%
Discount Rate	3.63%
Salary Increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.6%
Mortality	Wisconsin 2012 Mortality Table

The discount rate was based on the Bond Buyer Go 20-year AA municipal bond rate Index published by the Federal Reserve.

The actuarial assumptions used were based on an experience study conducted in 2015 using Wisconsin Retirement System (WRS) experience from 2012-2014.

**EAU CLAIRE AREA SCHOOL DISTRICT  
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NOTES TO BASIC FINANCIAL STATEMENTS  
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**NOTE 5     OTHER INFORMATION (CONTINUED)**

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

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

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

Asset Class	Index	Target Allocation	Long-Term Expected Geometric Real Rate of Return
U.S. Government Bonds	Barclays Government	1%	1.13%
U.S. Credit Bonds	Barclays Credit	65%	2.61%
U.S. Long Credit Bonds	Barclays Long Credit	3%	3.08%
U.S. Mortgages	Barclays MBS	31%	2.19%
Inflation			2.30%
Long-Term Expected Rate of Return			5.00%

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

**EAU CLAIRE AREA SCHOOL DISTRICT  
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**NOTE 5 OTHER INFORMATION (CONTINUED)**

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

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

*Sensitivity of the District's proportionate share of the net OPEB liability (asset) to changes in the discount rate.* The following presents the District's proportionate share of the net OPEB liability (asset) calculated using the discount rate of 3.63 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 (2.63 percent) or 1-percentage-point higher (4.63 percent) than the current rate:

	1% Decrease (2.63%)	Current Discount Rate (3.63%)	1% Increase (4.63%)
District's Proportionate Share of the Net OPEB Liability	\$ 4,833,016	\$ 3,419,474	\$ 2,334,728

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

**F. Limitation on School District Revenues**

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

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

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

**G. Risk Management**

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

**EAU CLAIRE AREA SCHOOL DISTRICT  
EAU CLAIRE, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 5 OTHER INFORMATION (CONTINUED)**

**H. Self-Funded Dental Insurance**

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

Changes in claims liability amount for the years ended June 30, 2018 and 2017, were as follows:

	<u>Payable July 1</u>	<u>Changes in Estimates</u>	<u>Claims Payments</u>	<u>Payable June 30</u>
Year Ended June 30, 2018	\$ 135,750	\$ 1,980,878	\$ (1,982,287)	\$ 134,341
Year Ended June 30, 2017	135,569	1,980,930	(1,980,749)	135,750

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

**I. Contingencies**

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

**J. Contract Commitments**

The District has various contracts outstanding for buildings and grounds maintenance projects. The District's total remaining commitment under these contracts at June 30, 2018 is \$9,750,287.

**EAU CLAIRE AREA SCHOOL DISTRICT  
EAU CLAIRE, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 5    OTHER INFORMATION (CONTINUED)**

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

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

Reconciliation of GAAP Capital Projects Fund Balance to DPI Regulatory Fund Balance:

Fund Balance According to GAAP	\$14,690,957
Addition:	
Net Decrease in Fair Value of Investments	<u>81,162</u>
Fund Balance According to DPI Regulatory Requirements	<u><u>\$14,772,119</u></u>

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

Regulatory Net Change in Fund Balance:

Net Change in Fund Balance According to GAAP	\$ (9,555,013)
Addition:	
Net Decrease in Fair Value of Investments	<u>58,637</u>
Net Change in Fund Balance According to DPI Regulatory Requirements	<u><u>\$ (9,496,376)</u></u>

**L. Restatement of Net Position**

The District restated net position to record a multiple-employer other postemployment benefit offered through the Local Retiree Life Insurance Fund. A summary of the restatement of the June 30, 2017, net position of the governmental activities is as follows:

	<u>Governmental Activities</u>
Net Position, June 30, 2017, as Previously Reported	\$ 38,259,917
Net OPEB Liability related to State Life Insurance Multiple-Employer Plan	<u>(2,699,008)</u>
Net Position, June 30, 2017, as Restated	<u><u>\$ 35,560,909</u></u>



## **REQUIRED SUPPLEMENTARY INFORMATION**

**EAU CLAIRE AREA SCHOOL DISTRICT  
EAU CLAIRE, WISCONSIN  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Local	\$ 55,003,662	\$ 55,000,431	\$ 55,193,116	\$ 192,685
Interdistrict	2,666,057	2,666,977	2,555,824	(111,153)
Intermediate	81,768	100,265	105,806	5,541
State	71,194,222	71,314,054	71,655,280	341,226
Federal	4,454,064	5,990,148	5,698,531	(291,617)
Other	1,271,605	1,271,605	1,237,432	(34,173)
Total Revenues	134,671,378	136,343,480	136,445,989	102,509
<b>EXPENDITURES:</b>				
<b>Instruction:</b>				
Regular Instruction	49,663,167	50,003,834	49,580,710	423,124
Vocational Instruction	3,211,193	3,218,173	3,190,411	27,762
Special Instruction	21,385,122	21,620,032	21,722,486	(102,454)
Other Instruction	5,101,174	5,086,922	5,136,090	(49,168)
Total Instruction	79,360,656	79,928,961	79,629,697	299,264
<b>Support Services:</b>				
Pupil Services	7,166,132	7,117,738	6,857,924	259,814
Instructional Staff Services	6,085,658	6,718,962	6,209,115	509,847
General Administration	817,773	817,773	893,483	(75,710)
Building Administration	6,648,118	6,608,529	6,613,019	(4,490)
Business Services	20,021,572	20,331,738	19,881,605	450,133
Central Services	7,245,821	7,381,799	7,273,556	108,243
Insurance and Judgments	1,071,867	1,071,867	1,125,595	(53,728)
Debt Service:				
Interest	75,000	75,000	100,052	(25,052)
Paying Agent Fees	1,900	1,900	2,375	(475)
Other Support Services	176,834	227,267	211,546	15,721
Total Support Services	49,310,675	50,352,573	49,168,270	1,184,303
<b>Non-Program:</b>				
Purchased Instructional Services	8,428,416	8,491,752	9,209,986	(718,234)
Other Non-Program Transactions	4,972	4,972	54,178	(49,206)
Total Non-Program	8,433,388	8,496,724	9,264,164	(767,440)
Total Expenditures	137,104,719	138,778,258	138,062,131	716,127
<b>NET CHANGE IN FUND BALANCE</b>	(2,433,341)	(2,434,778)	(1,616,142)	818,636
Fund Balance - Beginning of Year	26,978,525	26,978,525	26,978,525	-
<b>FUND BALANCE - End of Year</b>	<u>\$ 24,545,184</u>	<u>\$ 24,543,747</u>	<u>\$ 25,362,383</u>	<u>\$ 818,636</u>

See accompanying Notes to Required Supplementary Information.

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

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

See accompanying Notes to Required Supplementary Information.

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

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

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

*Changes of Assumptions.* There were no changes in the assumptions.

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
<b>Total Pension Liability</b>				
Service Cost	\$ 507,366	\$ 114,111	\$ 114,111	\$ 121,617
Interest	504,170	477,691	95,030	91,451
Changes in Benefit Terms	-	(9,877,880)	-	-
Differences Between Expected and Actual Experience	-	(509,293)	-	242,474
Changes in Assumptions	-	(106,912)	117,826	(131,584)
Benefit Payments	<u>(1,610,706)</u>	<u>(327,952)</u>	<u>(276,078)</u>	<u>(227,845)</u>
Net Change in Total Pension Liability	(599,170)	(10,230,235)	50,889	96,113
Total Pension Liability - Beginning of the Year	<u>13,444,525</u>	<u>12,845,355</u>	<u>2,615,120</u>	<u>2,666,009</u>
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>
 <b>Plan Fiduciary Net Position</b>				
Contributions - Employer	\$ 1,691,241	\$ 344,349	\$ 289,882	\$ 239,237
Net Investment Income	103	668	518	4,570
Benefit Payments	(1,610,706)	(327,952)	(276,078)	(227,845)
Administrative Expense	<u>(2,182)</u>	<u>(2,276)</u>	<u>(1,122)</u>	<u>(649)</u>
Net Change in Plan Fiduciary Net Position	78,456	14,789	13,200	15,313
Plan Fiduciary Net Position Beginning of Year	<u>295,391</u>	<u>373,847</u>	<u>388,636</u>	<u>401,836</u>
Plan Fiduciary Net Position - End of Year	<u>373,847</u>	<u>388,636</u>	<u>401,836</u>	<u>417,149</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>
 Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	2.91%	14.86%	15.07%	15.10%
 District's Covered Payroll	\$ 32,491,403	\$ 34,904,806	\$ 27,957,383	\$ 26,708,974
 Net Pension Liability as a Percentage of Covered Payroll	38.38%	6.38%	8.10%	8.78%

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
<b>Schedule of District Contributions</b>				
Actuarially Determined Contribution	\$ 1,262,760	\$ 250,573	\$ 250,573	\$ 223,072
Contributions in Relation of the Actuarially Determined Contribution	1,691,241	344,349	289,882	239,237
Contribution Deficiency (Excess)	<u>\$ (428,481)</u>	<u>\$ (93,776)</u>	<u>\$ (39,309)</u>	<u>\$ (16,165)</u>
 District's Covered Payroll	 \$ 32,491,403	 \$ 34,904,806	 \$ 27,957,383	 \$ 26,708,974
 Contributions as a Percentage of Covered Payroll	 5.21%	 0.99%	 1.04%	 0.90%

*Changes of Benefit Terms.* The District provides Administrators, Executive Directors, Teachers, and Other Non-Affiliated Staff meeting certain criteria determined by the District, with 50% of an annual benefit in the form of an HRA contribution for a period of 5 years. For fiscal year 2015 and prior, this benefit was included in the Supplemental Pension Plan calculation. For the year ended June 30, 2016 and going forward, this benefit has been included in the Other Postemployment Benefits valuation.

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

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
<b>Total OPEB Liability</b>		
Service Cost	\$ 3,461,943	\$ 3,461,943
Interest	2,630,746	2,613,503
Differences Between Expected and Actual Experience	-	2,285,167
Changes of Assumptions or Other Input	-	(67,878)
Benefit Payments	(6,613,794)	(6,556,952)
<b>Net Change in Total OPEB Liability</b>	(521,105)	1,735,783
<b>Total OPEB Liability - Beginning</b>	76,740,110	76,219,005
<b>Total OPEB Liability - Ending (a)</b>	76,219,005	77,954,788
<b>Plan Fiduciary Net Position</b>		
Contributions - Employer	\$ 7,221,315	\$ 7,254,737
Net Investment Income	4,023	41,162
Benefit Payments	(6,613,794)	(6,556,952)
Administrative Expense	(8,711)	(5,841)
<b>Net Change in Plan Fiduciary Net Position</b>	602,833	733,106
<b>Plan Fiduciary Net Position - Beginning</b>	3,016,290	3,619,123
<b>Plan Fiduciary Net Position - Ending (b)</b>	\$ 3,619,123	\$ 4,352,229
<b>District's Net OPEB Liability - Ending (a) - (b)</b>	\$ 72,599,882	\$ 73,602,559
<b>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability</b>	4.75%	5.58%
<b>Covered Payroll</b>	\$ 34,904,806	\$ 64,816,825
<b>District's Net OPEB Liability as a Percentage of Covered Payroll</b>	207.99%	113.55%

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)**

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

*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%

*See accompanying Notes to Required Supplementary Information.*

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

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

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

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

*Changes of Assumptions.* There were no changes in the assumptions.

**EAU CLAIRE AREA SCHOOL DISTRICT  
EAU CLAIRE, WISCONSIN  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2018**

**BUDGETARY INFORMATION**

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

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

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

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

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

**EXCESS OF EXPENDITURES OVER BUDGET**

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

## **SUPPLEMENTARY INFORMATION**

## **COMBINING AND INDIVIDUAL FUND STATEMENTS**

**EAU CLAIRE AREA SCHOOL DISTRICT  
EAU CLAIRE, WISCONSIN  
COMBINING BUDGETARY COMPARISON SCHEDULE  
FUND 10 AND FUND 27  
YEAR ENDED JUNE 30, 2018**

	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
<b>REVENUES</b>												
Local	\$ 55,003,662	\$ -	\$ -	\$ 55,003,662	\$ 55,000,431	\$ -	\$ -	\$ 55,000,431	\$ 55,193,116	\$ -	\$ -	\$ 55,193,116
Interdistrict	2,470,796	195,261	-	2,666,057	2,471,646	195,331	-	2,666,977	2,331,294	224,530	-	2,555,824
Intermediate	81,768	-	-	81,768	99,692	573	-	100,265	101,337	4,469	-	105,806
State	66,077,630	5,116,592	-	71,194,222	66,197,263	5,116,791	-	71,314,054	66,600,272	5,055,008	-	71,655,280
Federal	1,949,800	2,504,264	-	4,454,064	2,994,173	2,995,975	-	5,990,148	2,910,356	2,788,175	-	5,698,531
Other	1,271,605	-	-	1,271,605	1,271,605	-	-	1,271,605	1,236,241	1,191	-	1,237,432
Total Revenues	126,855,261	7,816,117	-	134,671,378	128,034,810	8,308,670	-	136,343,480	128,372,616	8,073,373	-	136,445,989
<b>EXPENDITURES:</b>												
<b>Instruction:</b>												
Regular Instruction	49,663,167	-	-	49,663,167	50,003,834	-	-	50,003,834	49,580,710	-	-	49,580,710
Vocational Instruction	3,211,193	-	-	3,211,193	3,218,173	-	-	3,218,173	3,190,411	-	-	3,190,411
Special Instruction	2,800,842	18,584,280	-	21,385,122	2,819,427	18,800,605	-	21,620,032	2,919,849	18,802,637	-	21,722,486
Other Instruction	5,101,174	-	-	5,101,174	5,086,922	-	-	5,086,922	5,136,090	-	-	5,136,090
Total Instruction	60,776,376	18,584,280	-	79,360,656	61,128,356	18,800,605	-	79,928,961	60,827,060	18,802,637	-	79,629,697
<b>Support Services:</b>												
Pupil Services	4,778,199	2,387,933	-	7,166,132	4,717,217	2,400,521	-	7,117,738	4,554,773	2,303,151	-	6,857,924
Instructional Staff Services	5,631,849	453,809	-	6,085,658	6,259,382	459,580	-	6,718,962	5,774,317	434,798	-	6,209,115
General Administration	817,773	-	-	817,773	817,773	-	-	817,773	893,483	-	-	893,483
Building Administration	6,648,118	-	-	6,648,118	6,608,529	-	-	6,608,529	6,613,019	-	-	6,613,019
Business Services	19,181,322	840,250	-	20,021,572	19,254,180	1,077,558	-	20,331,738	18,805,997	1,075,608	-	19,881,605
Central Services	7,232,021	13,800	-	7,245,821	7,381,799	-	-	7,381,799	7,273,556	-	-	7,273,556
Insurance and Judgments	1,071,867	-	-	1,071,867	1,071,867	-	-	1,071,867	1,125,595	-	-	1,125,595
Debt Service:												
Interest	75,000	-	-	75,000	75,000	-	-	75,000	100,052	-	-	100,052
Paying Agent Fees	1,900	-	-	1,900	1,900	-	-	1,900	2,375	-	-	2,375
Other Support Services	176,834	-	-	176,834	213,467	13,800	-	227,267	197,746	13,800	-	211,546
Total Support Services	45,614,883	3,695,792	-	49,310,675	46,401,114	3,951,459	-	50,352,573	45,340,913	3,827,357	-	49,168,270
<b>Non-Program:</b>												
Purchased Instructional Services	7,343,231	1,085,185	-	8,428,416	7,386,006	1,105,746	-	8,491,752	8,211,487	998,499	-	9,209,986
Other Non-Program Transactions	-	4,972	-	4,972	-	4,972	-	4,972	49,596	4,582	-	54,178
Total Non-Program	7,343,231	1,090,157	-	8,433,388	7,386,006	1,110,718	-	8,496,724	8,261,083	1,003,081	-	9,264,164
Total Expenditures	113,734,490	23,370,229	-	137,104,719	114,915,476	23,862,782	-	138,778,258	114,429,056	23,633,075	-	138,062,131
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	13,120,771	(15,554,112)	-	(2,433,341)	13,119,334	(15,554,112)	-	(2,434,778)	13,943,560	(15,559,702)	-	(1,616,142)
<b>OTHER FINANCING SOURCES (USES):</b>												
Transfers In	-	15,554,112	(15,554,112)	-	-	15,554,112	(15,554,112)	-	-	15,559,702	(15,559,702)	-
Transfers Out	(15,554,112)	-	15,554,112	-	(15,554,112)	-	15,554,112	-	(15,559,702)	-	15,559,702	-
Total Other Financing Sources (Uses)	(15,554,112)	15,554,112	-	-	(15,554,112)	15,554,112	-	-	(15,559,702)	15,559,702	-	-
<b>NET CHANGE IN FUND BALANCE</b>	(2,433,341)	-	-	(2,433,341)	(2,434,778)	-	-	(2,434,778)	(1,616,142)	-	-	(1,616,142)
Fund Balance - Beginning of Year	26,978,525	-	-	26,978,525	26,978,525	-	-	26,978,525	26,978,525	-	-	26,978,525
<b>FUND BALANCE - End of Year</b>	<u>\$ 24,545,184</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,545,184</u>	<u>\$ 24,543,747</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,543,747</u>	<u>\$ 25,362,383</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,362,383</u>

**EAU CLAIRE AREA SCHOOL DISTRICT  
EAU CLAIRE, WISCONSIN  
BUDGETARY COMPARISON SCHEDULE  
FUND 10  
YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Local	\$ 55,003,662	\$ 55,000,431	\$ 55,193,116	\$ 192,685
Interdistrict	2,470,796	2,471,646	2,331,294	(140,352)
Intermediate	81,768	99,692	101,337	1,645
State	66,077,630	66,197,263	66,600,272	403,009
Federal	1,949,800	2,994,173	2,910,356	(83,817)
Other	1,271,605	1,271,605	1,236,241	(35,364)
Total Revenues	126,855,261	128,034,810	128,372,616	337,806
<b>EXPENDITURES:</b>				
<b>Instruction:</b>				
Regular Instruction	49,663,167	50,003,834	49,580,710	423,124
Vocational Instruction	3,211,193	3,218,173	3,190,411	27,762
Special Instruction	2,800,842	2,819,427	2,919,849	(100,422)
Other Instruction	5,101,174	5,086,922	5,136,090	(49,168)
Total Instruction	60,776,376	61,128,356	60,827,060	301,296
<b>Support Services:</b>				
Pupil Services	4,778,199	4,717,217	4,554,773	162,444
Instructional Staff Services	5,631,849	6,259,382	5,774,317	485,065
General Administration	817,773	817,773	893,483	(75,710)
Building Administration	6,648,118	6,608,529	6,613,019	(4,490)
Business Services	19,181,322	19,254,180	18,805,997	448,183
Central Services	7,232,021	7,381,799	7,273,556	108,243
Insurance and Judgments	1,071,867	1,071,867	1,125,595	(53,728)
Debt Service:				
Interest	75,000	75,000	100,052	(25,052)
Paying Agent Fees	1,900	1,900	2,375	(475)
Other Support Services	176,834	213,467	197,746	15,721
Total Support Services	45,614,883	46,401,114	45,340,913	1,060,201
<b>Non-Program:</b>				
Purchased Instructional Services	7,343,231	7,386,006	8,211,487	(825,481)
Other Non-Program Transactions	-	-	49,596	(49,596)
Total Non-Program	7,343,231	7,386,006	8,261,083	(875,077)
Total Expenditures	113,734,490	114,915,476	114,429,056	486,420
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	13,120,771	13,119,334	13,943,560	824,226
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfer to Special Education Fund	(15,554,112)	(15,554,112)	(15,559,702)	(5,590)
<b>NET CHANGE IN FUND BALANCE</b>	(2,433,341)	(2,434,778)	(1,616,142)	818,636
Fund Balance - Beginning of Year	26,978,525	26,978,525	26,978,525	-
<b>FUND BALANCE - End of Year</b>	<u>\$ 24,545,184</u>	<u>\$ 24,543,747</u>	<u>\$ 25,362,383</u>	<u>\$ 818,636</u>



**EAU CLAIRE AREA SCHOOL DISTRICT  
EAU CLAIRE, WISCONSIN  
BUDGETARY COMPARISON SCHEDULE  
FUND 27  
YEAR ENDING JUNE 30, 2018**

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Interdistrict Sources	\$ 195,261	\$ 195,331	\$ 224,530	\$ 29,199
Intermediate Sources	-	573	4,469	3,896
State Sources	5,116,592	5,116,791	5,055,008	(61,783)
Federal Sources	2,504,264	2,995,975	2,788,175	(207,800)
Other	-	-	1,191	1,191
Total Revenues	7,816,117	8,308,670	8,073,373	(235,297)
<b>EXPENDITURES:</b>				
<b>Instruction:</b>				
Special Instruction	18,584,280	18,800,605	18,802,637	(2,032)
<b>Support Services:</b>				
Pupil Services	2,387,933	2,400,521	2,303,151	97,370
Instructional Staff Services	453,809	459,580	434,798	24,782
Business Services	840,250	1,077,558	1,075,608	1,950
Other Support Services	13,800	13,800	13,800	-
Total Support Services	3,695,792	3,951,459	3,827,357	124,102
<b>Non-Program:</b>				
Purchased Instructional Services	1,085,185	1,105,746	998,499	107,247
Other Non-Program Transactions	4,972	4,972	4,582	390
Total Non-Program	1,090,157	1,110,718	1,003,081	107,637
Total Expenditures	23,370,229	23,862,782	23,633,075	229,707
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(15,554,112)	(15,554,112)	(15,559,702)	(5,590)
Transfer from General Fund	15,554,112	15,554,112	15,559,702	5,590
<b>NET CHANGE IN FUND BALANCE</b>	-	-	-	-
Fund Balance - Beginning of Year	-	-	-	-
<b>FUND BALANCE - End of Year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**EAU CLAIRE AREA SCHOOL DISTRICT  
EAU CLAIRE, WISCONSIN  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2018**

	Special Revenue Funds				Totals
	Donations Fund	Other Special Projects	Food Service	Community Service	
<b>ASSETS</b>					
Cash and Investments	\$ 571,977	\$ -	\$ 1,759,219	\$ 2,126,650	\$ 4,457,846
Accounts Receivable	49,931	-	11,008	17,217	78,156
Due from Other Governments	400	254,674	575,670	-	830,744
Inventories and Prepaid Items	53,543	-	73,298	9,003	135,844
Total Assets	<u>\$ 675,851</u>	<u>\$ 254,674</u>	<u>\$ 2,419,195</u>	<u>\$ 2,152,870</u>	<u>\$ 5,502,590</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts Payable	\$ 19,435	\$ 60	\$ 11,049	\$ 137,163	\$ 167,707
Accrued Salaries and Withholding	702	37,034	85,507	10,185	133,428
Due to Other Funds	-	217,520	-	-	217,520
Other Deposits Payable	859	60	1,111	318	2,348
Unearned Revenue	79,901	-	173,145	-	253,046
Total Liabilities	<u>100,897</u>	<u>254,674</u>	<u>270,812</u>	<u>147,666</u>	<u>774,049</u>
<b>Fund Balances:</b>					
Nonspendable	53,543	-	73,298	9,003	135,844
Restricted	521,411	-	2,075,085	1,996,201	4,592,697
Total Fund Balances	<u>574,954</u>	<u>-</u>	<u>2,148,383</u>	<u>2,005,204</u>	<u>4,728,541</u>
Total Liabilities and Fund Balances	<u>\$ 675,851</u>	<u>\$ 254,674</u>	<u>\$ 2,419,195</u>	<u>\$ 2,152,870</u>	<u>\$ 5,502,590</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, 2018**

	Special Revenue Funds				Totals
	Donations Fund	Other Special Projects	Food Service	Community Service	
<b>REVENUES</b>					
Local	\$ 958,795	\$ -	\$ 1,981,629	\$ 967,591	\$ 3,908,015
Intermediate	-	728,463	-	-	728,463
State	-	-	64,107	-	64,107
Federal	-	13,954	2,505,584	-	2,519,538
Other	11,876	-	7,502	-	19,378
Total Revenues	970,671	742,417	4,558,822	967,591	7,239,501
<b>EXPENDITURES:</b>					
<b>Instruction:</b>					
Regular Instruction	549,187	384,569	-	-	933,756
Other Instruction	38,826	-	-	-	38,826
Total Instruction	588,013	384,569	-	-	972,582
<b>Support Services:</b>					
Pupil Services	-	4,864	-	-	4,864
Instructional Staff Services	-	76,054	-	-	76,054
Business Services	350,986	276,498	137,943	97,999	863,426
Food Services	-	-	4,199,093	-	4,199,093
Central Services	-	-	16,545	8,574	25,119
Insurance and Judgments	-	375	766	-	1,141
Community Services	-	-	-	855,725	855,725
Total Support Services	350,986	357,791	4,354,347	962,298	6,025,422
<b>Non-Program:</b>					
Purchased Instructional Services	3,044	57	-	-	3,101
Other Non-Program Transactions	200	-	-	2,450	2,650
Total Non-Program	3,244	57	-	2,450	5,751
Total Expenditures	942,243	742,417	4,354,347	964,748	7,003,755
<b>NET CHANGE IN FUND BALANCES</b>	28,428	-	204,475	2,843	235,746
Fund Balances - Beginning of Year	546,526	-	1,943,908	2,002,361	4,492,795
<b>FUND BALANCES - End of Year</b>	<u>\$ 574,954</u>	<u>\$ -</u>	<u>\$ 2,148,383</u>	<u>\$ 2,005,204</u>	<u>\$ 4,728,541</u>

**EAU CLAIRE AREA SCHOOL DISTRICT  
EAU CLAIRE, WISCONSIN  
STUDENT ACTIVITY FUNDS  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
YEAR ENDED JUNE 30, 2018**

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018
<b>ASSETS</b>				
Cash and Investments	\$ 175,248	\$ 218,744	\$ 221,827	\$ 172,165
<b>LIABILITIES</b>				
High School	\$ 139,317	\$ 159,418	\$ 174,634	\$ 124,101
Middle School	35,931	59,326	47,193	48,064
Total Liabilities	\$ 175,248	\$ 218,744	\$ 221,827	\$ 172,165

**EAU CLAIRE AREA SCHOOL DISTRICT  
EAU CLAIRE, WISCONSIN  
CHARTER SCHOOL AUTHORIZER ANNUAL REPORT  
YEAR ENDED JUNE 30, 2018**

**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](mailto:ajohnson2@ecasd.us)

**SECTION II: CHARTER SCHOOL INFORMATION**

**Charter Schools Currently Under Contract:**

	<b>Contract Start Date:</b>	<b>Contract Expiration Date:</b>	<b>Grades Served:</b>
<b>School Name:</b>			
Chippewa Valley Montessori	7/1/2015	6/30/2020	PK-5
McKinley Charter School	7/1/2017	6/30/2019	6-12

**SECTION III: ACADEMIC PERFORMANCE OF CHARTER SCHOOLS**

*Chippewa Valley Montessori*

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

Pupil Achievement:

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

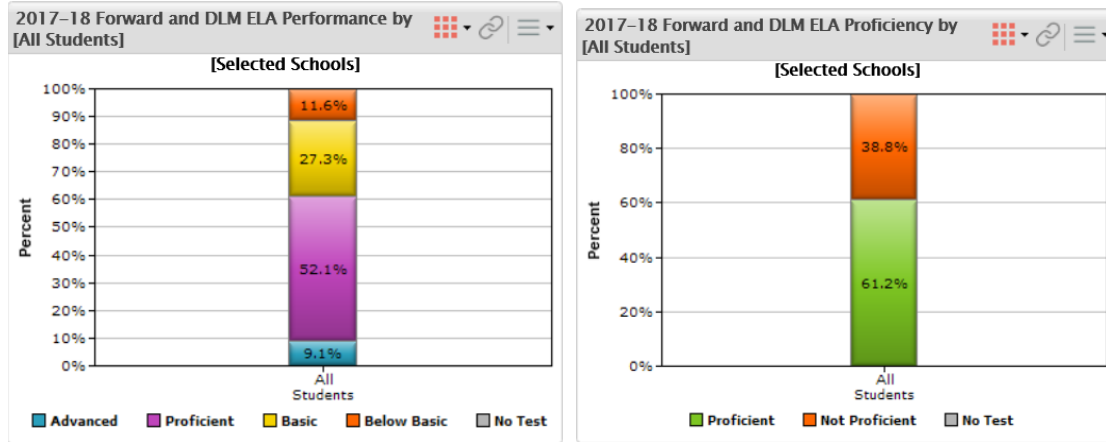
<b>2017-2018 Forward Exam Results</b>									
Subject	Percentage of Students Proficient or Advanced								
	School			District			State		
	15-16	16-17	17-18	15-16	16-17	17-18	15-16	16-17	17-18
ELA	58.0%	58.7%	61.2%	50.1%	52.0%	45.5%	42.9%	44.9%	43.1%
Mathematics	56.0%	55.6%	55.4%	57.3%	54.9%	49.7%	44.8%	45.0%	44.5%
Social Studies	85.0%	75.0%	80.0%	61.9%	59.0%	58.5%	52.2%	51.8%	51.8%
Science	83.0%	70.5%	72.5%	59.2%	56.6%	59.1%	50.8%	50.8%	50.5%

In 2017-2018 CVMCS had a higher percentage of students at proficient and advanced than the state in all 4 subject areas (reading, math, science, social studies).

**EAU CLAIRE AREA SCHOOL DISTRICT  
EAU CLAIRE, WISCONSIN  
CHARTER SCHOOL AUTHORIZER ANNUAL REPORT  
YEAR ENDED JUNE 30, 2018**

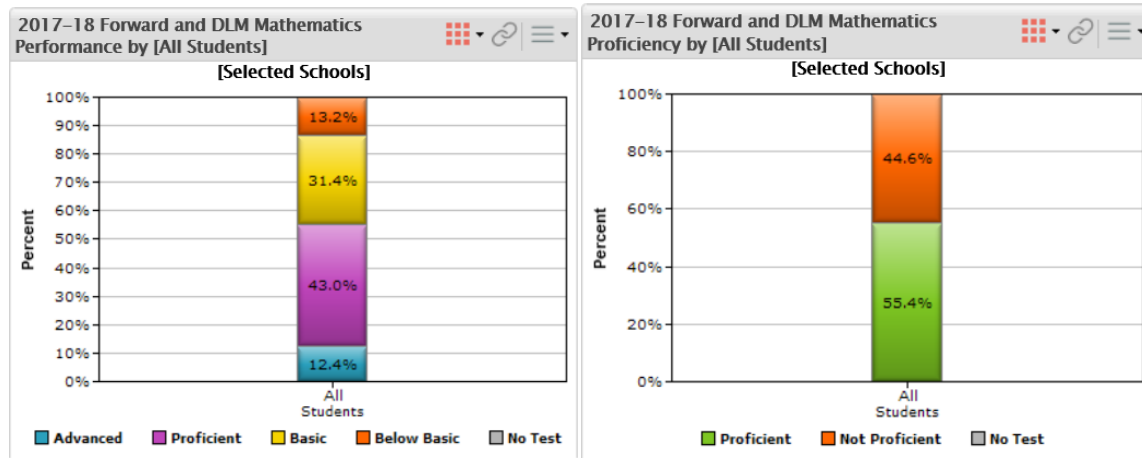
**ELA Forward Exam**

121 students were tested in 2017-18.



**Mathematics Forward Exam**

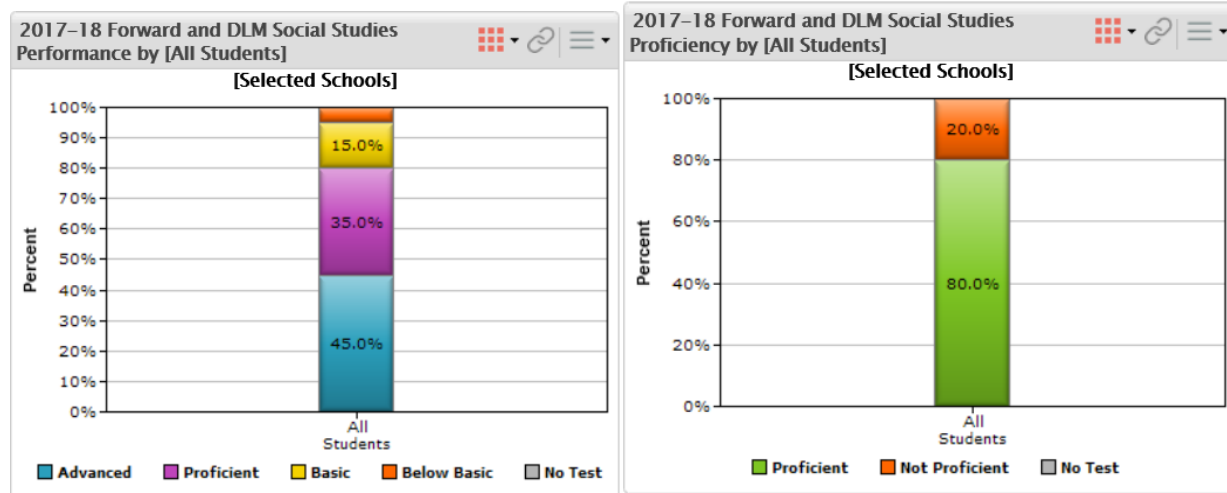
121 students were tested in 2017-18.



**EAU CLAIRE AREA SCHOOL DISTRICT  
EAU CLAIRE, WISCONSIN  
CHARTER SCHOOL AUTHORIZER ANNUAL REPORT  
YEAR ENDED JUNE 30, 2018**

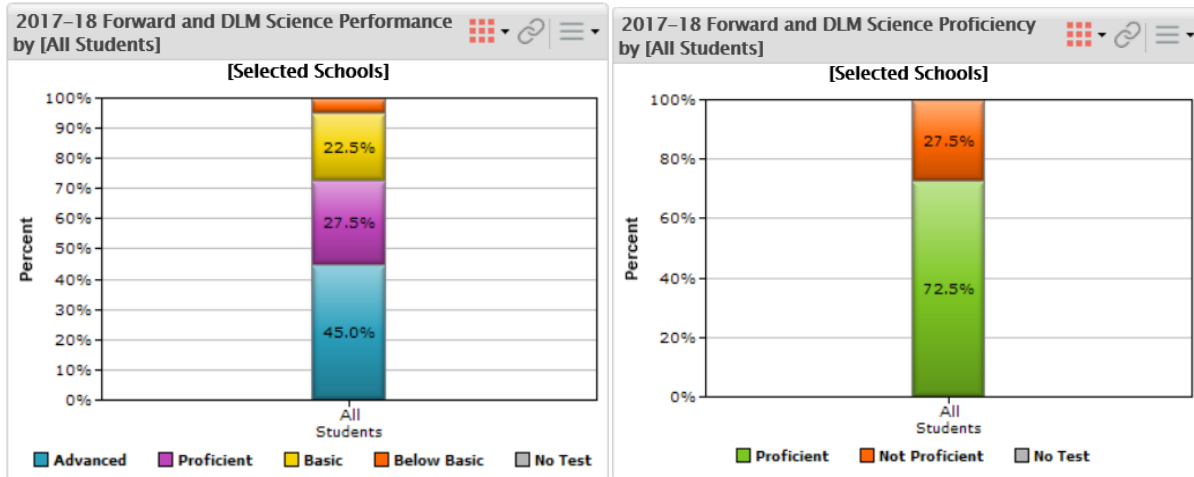
**Social Studies Forward Exam**

40 students were tested in 2017-18.



**Science Forward Exam**

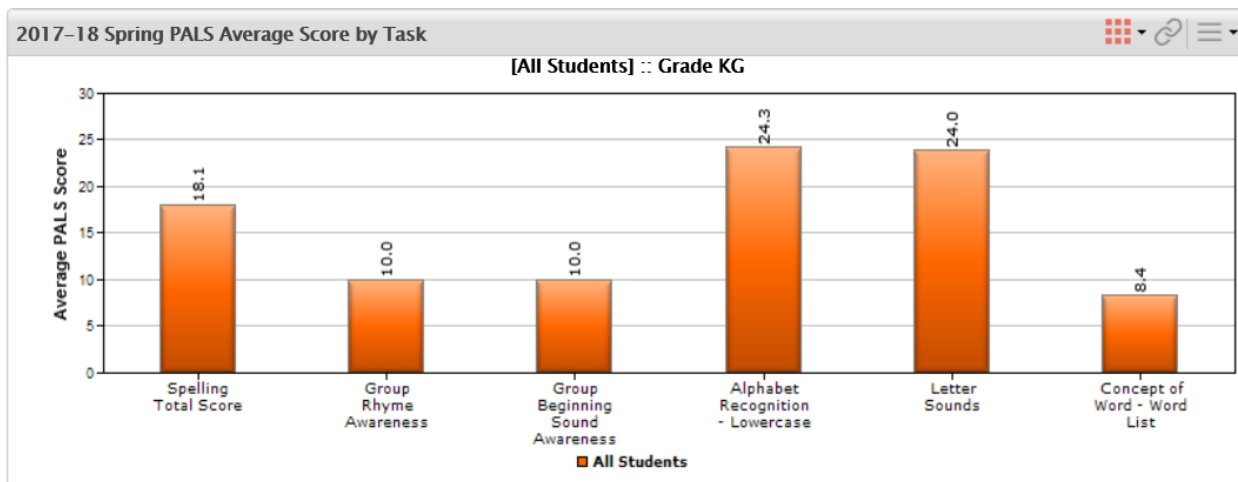
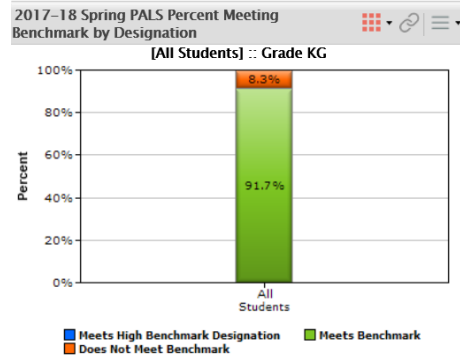
44 Students Tested



**EAU CLAIRE AREA SCHOOL DISTRICT  
EAU CLAIRE, WISCONSIN  
CHARTER SCHOOL AUTHORIZER ANNUAL REPORT  
YEAR ENDED JUNE 30, 2018**

**PALS Kindergarten**

48 students were tested in 2017-18

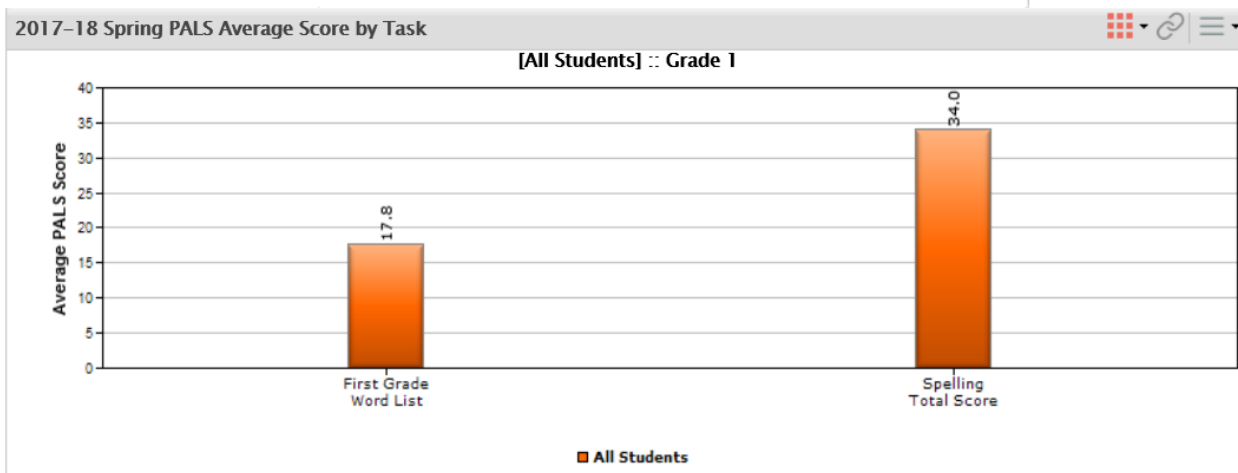
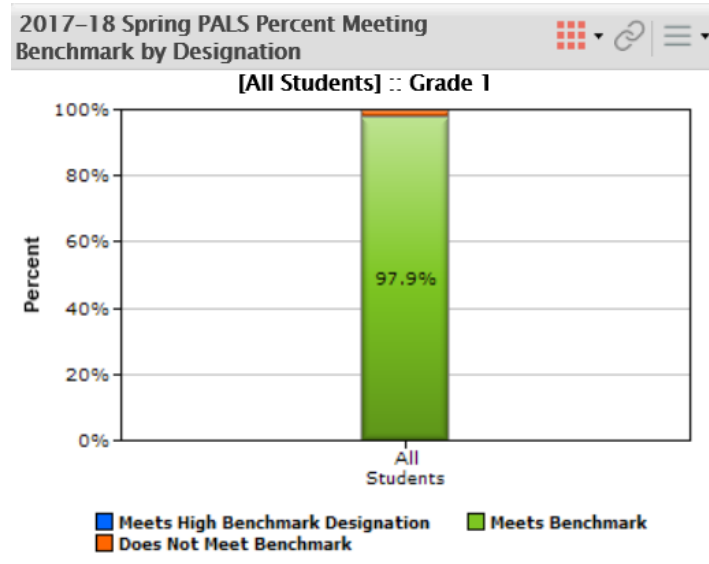




**EAU CLAIRE AREA SCHOOL DISTRICT  
EAU CLAIRE, WISCONSIN  
CHARTER SCHOOL AUTHORIZER ANNUAL REPORT  
YEAR ENDED JUNE 30, 2018**

**PALS Grade 1**

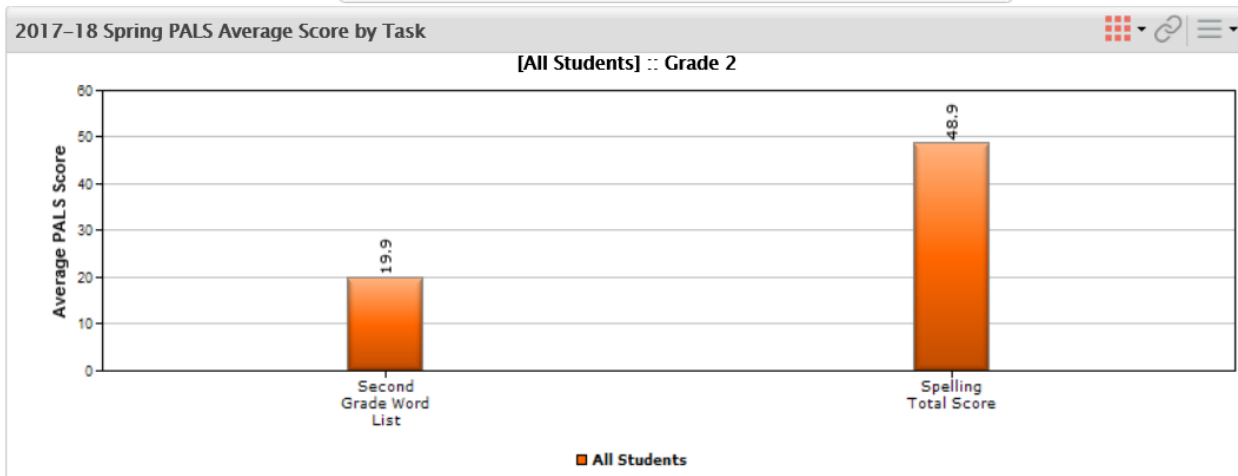
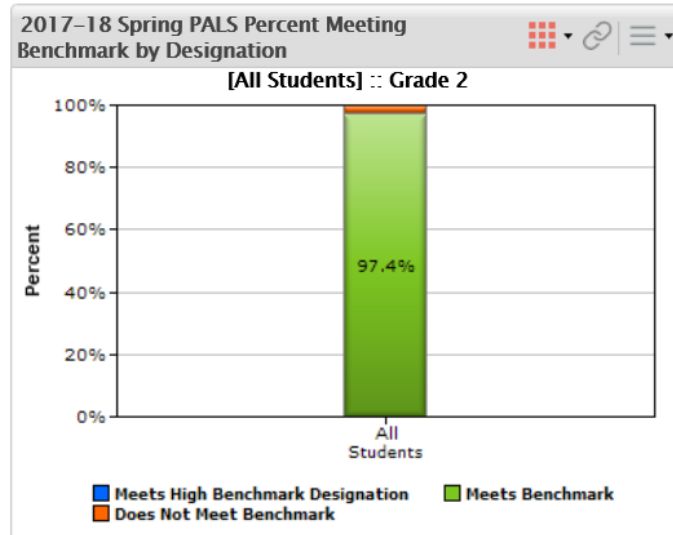
48 students were tested in 2017-18.



**EAU CLAIRE AREA SCHOOL DISTRICT  
EAU CLAIRE, WISCONSIN  
CHARTER SCHOOL AUTHORIZER ANNUAL REPORT  
YEAR ENDED JUNE 30, 2018**

**PALS Grade 2**

38 students were tested

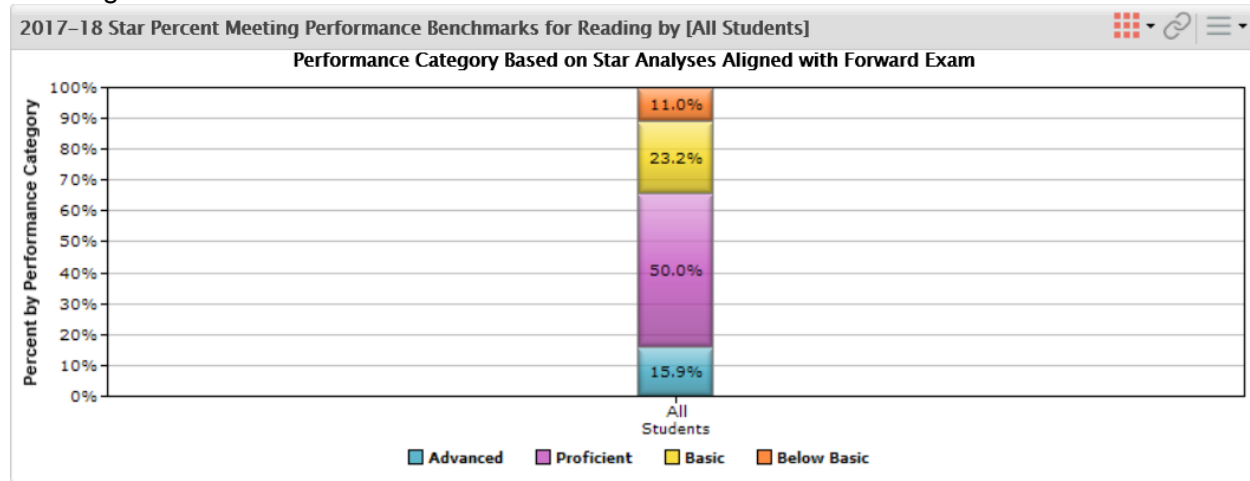


**EAU CLAIRE AREA SCHOOL DISTRICT  
EAU CLAIRE, WISCONSIN  
CHARTER SCHOOL AUTHORIZER ANNUAL REPORT  
YEAR ENDED JUNE 30, 2018**

**STAR**

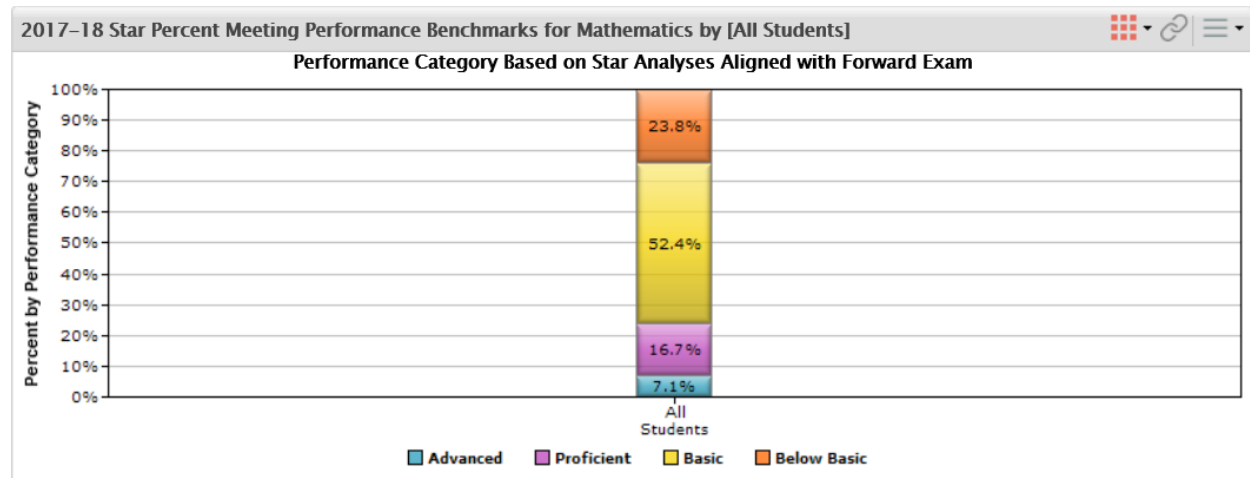
82 students were tested in 2017-18.

Reading



84 students were tested in 2017-18.

Math



**EAU CLAIRE AREA SCHOOL DISTRICT  
EAU CLAIRE, WISCONSIN  
CHARTER SCHOOL AUTHORIZER ANNUAL REPORT  
YEAR ENDED JUNE 30, 2018**

*McKinley Charter School*

**McKinley Component:**

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

All students complete an Individualized Learning Plan at the time of enrollment. Students will identify their preferred learning styles, set goals for graduation and post-secondary, and self-reflect on their current academic abilities. Student plans were reviewed quarterly by staff and then with students when needed. Sixty-eight students graduated from the McKinley competency component in 2017-18.

**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. Eight students completed on-line classes to meet their English/Language Arts credit requirements towards graduation. Eight students completed online classes to meet their Mathematics credit toward graduation.

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

**Forward Exam ELA**

No students were tested in 2017-18.

**Forward Exam Math**

No students were tested in 2017-18.

**ACT WorkKeys**

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

**ACT Statewide**

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

**ACT-Aspire 9<sup>th</sup> Grade**

No students were tested in 2017-18.

**ACT-Aspire 10<sup>th</sup> Grade**

One student tested in 2017-18. Cell size is too small to report results.

**EAU CLAIRE AREA SCHOOL DISTRICT  
EAU CLAIRE, WISCONSIN  
CHARTER SCHOOL AUTHORIZER ANNUAL REPORT  
YEAR ENDED JUNE 30, 2018**

**SECTION IV: FINANCIAL PERFORMANCE OF CHARTER SCHOOLS**

*Chippewa Valley Montessori*

Chippewa Valley Montessori Charter School (CVMCS) was created as an independent institution in order to provide an opportunity for students to learn utilizing the Montessori principles of education. The founders of CVMCS and ECASD Board recognized the ability of a charter school to provide a high-quality educational experience for students. CVMCS will enroll ECASD and non-district open enrolled students, with a targeted 4K and 5K enrollment of 80. Students shall be enrolled in 4K through 5<sup>th</sup> grade. Staffing units shall be determined by ECASD administration annually based on enrollment, alignment with post-secondary readiness criteria, and annual revenue limit increases as provided for by state statute and/or legislative action.

In 2017-18 the CVMCS budget was \$ 1,731,941, the actual amount spent was \$1,740,412.

*McKinley Charter School*

McKinley Charter School (MCS) is a separate institution with its own policy setting Governance Board. It provides a contracted service to the ECASD and Altoona School District. A funding allocation for up to 20 students at a time in the Competency Component and 1 student in the Credit Component from the Altoona School District shall be established through a 66.0301 Agreement between the Altoona School District, McKinley Charter School Governance Board and the ECASD Board of Education. The Governance Board shall develop an annual budget based on programmatic need and submit it to the ECASD through the district's budgeting process. Once approved, the MCS Governance Board has control over the annual budget. The cost of all ECASD staff shall be paid by ECASD. Staffing assignments for MCS shall be set at levels to ensure safety for both the students and the staff and to best meet the academic goals of each student. The library/periodical/common fund allocation shall be determined by the state or district formula utilized for that year and shall be the same percentage as that allocated to other schools in the ECASD.

In 2017-18, the MCS budget was \$ 856,569, the actual amount spent was \$853,784.

**SECTION V: OTHER CONTRACT TERMS AND EXPECTATIONS (OPTIONAL)**

None.

**SECTION VI: AUTHORIZER OPERATING COSTS**

None.

**EAU CLAIRE AREA SCHOOL DISTRICT  
EAU CLAIRE, WISCONSIN  
CHARTER SCHOOL AUTHORIZER ANNUAL REPORT  
YEAR ENDED JUNE 30, 2018**

**SECTION VII: SERVICES PROVIDED TO CHARTER SCHOOLS**

SERVICES PROVIDED	FUNCTION CODE	COST
UNDIFFERENTIATED	110000	\$ 1,589,765
REGULAR CURRICULUM	120000	111,718
PHYSICAL EDUCATION	143000	43,754
SPECIAL EDUCATION	150000	231,840
OTHER SPECIAL NEEDS	170000	42
GUIDANCE	213000	137,747
INSTRUCTIONAL STAFF TRAINING	221300	13,850
LIBRARY	222200	54,355
BUILDING ADMINISTRATION	240000	358,238
GENERAL OPERATIONS	254000	423
PUPIL TRANSPORTATION	256000	49,269
TECHNOLOGY	266000	103
TUITION NON-OPEN ENROLLMENT	431000	3,092
<b>TOTAL</b>		<b>\$ 2,594,196</b>

## **SINGLE AUDIT SECTION**

**EAU CLAIRE AREA SCHOOL DISTRICT  
EAU CLAIRE, WISCONSIN  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2018**

Federal Grantor/ Pass-Through Grantor/Program Title	Federal CFDA #	Pass-Through Entity	Pass-Through Entity Identifying Number	Accrued Receivable (Unearned Revenue) July 1, 2017	Prior Years Adjustments	Federal Expenditures	Receipts Grant Reimburse- ments	Accrued Receivable (Unearned Revenue) June 30, 2018
<u>U.S. Department of Agriculture</u>								
National School Breakfast Program: July 1, 2017 to June 30, 2018	{a} 10.553*	WI DPI	2018-181554-SB-546	\$ -	\$ -	\$ 414,630	\$ 301,787	\$ 112,843
July 1, 2016 to June 30, 2017				8,288	-	-	8,288	-
Food Distribution - Commodities: July 1, 2017 to June 30, 2018	{a} 10.555*	WI DPI	2018-181554-CHC-001	-	-	334,586	334,586	-
National School Lunch Program: July 1, 2017 to June 30, 2018	{a} 10.555*	WI DPI	2018-181554-NSL-547, 2018-181554-NSL-Snacks-566	-	-	1,703,725	1,245,908	457,817
July 1, 2016 to June 30, 2017				34,419	-	-	34,419	-
Summer Food Service Program for Children: July 1, 2017 to June 30, 2018	{a} 10.559*	WI DPI	2018-181554-SFSP-586	-	-	23,230	23,230	-
Fresh Fruits and Vegetable Program: July 1, 2017 to June 30, 2018	10.582	WI DPI	2018-181554-FF&VP-594, 2018-181554-FF&V-376	-	-	29,413	24,404	5,009
July 1, 2016 to June 30, 2017				4,540	-	-	4,540	-
Total Department of Agriculture				47,247	-	2,505,584	1,977,162	575,669

{a} Child Nutrition Cluster (\$2,476,171)

CFDA No. 10.555 (\$2,038,311)

\* Major Federal Program

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, 2018**

Federal Grantor/ Pass-Through Grantor/Program Title	Federal CFDA #	Pass-Through Entity	Pass-Through Entity Identifying Number	Accrued Receivable (Unearned Revenue) July 1, 2017	Prior Years Adjustments	Federal Expenditures	Receipts Grant Reimburse- ments	Accrued Receivable (Unearned Revenue) June 30, 2018
<u>U.S. Department of Education</u>								
Indian Education - Grants to Local Agencies:	84.060	Direct						
July 1, 2017 to June 30, 2018			FY2018	\$ -	\$ -	\$ 13,954	\$ 3,725	\$ 10,229
July 1, 2016 to June 30, 2017			FY2017	2,562	-	-	2,562	-
			2018-181554-Title I-141, 2018-181554-Focus-145, 2018-181554-SPIS-155, 2018-181554-TI-Delinquent-140, 2018-181554-Cohort I-154					
Title I Basic Grant:	84.010	WI DPI						
July 1, 2017 to June 30, 2018				-	-	1,889,754	1,024,178	865,576
July 1, 2016 to June 30, 2017				591,901	-	-	591,901	-
PL 94-142 (Flow Through):	{b} 84.027*	WI DPI	2018-181554-IDEA-341					
July 1, 2017 to June 30, 2018				-	-	2,509,100	1,666,265	842,835
July 1, 2016 to June 30, 2017				785,967	-	-	785,967	-
PL 94-142 (Universal Design Grant)	{b} 84.027*	WI DPI	2018-181554-IDEA-342					
July 1, 2017 to June 30, 2018				-	-	8,000	-	8,000
July 1, 2016 to June 30, 2017				8,000	-	-	8,000	-
PL 94-142 (Transition Improvement Grant)	{b} 84.027*	CESA 11	C11-181554-346					
July 1, 2017 to June 30, 2018				-	(573)	573	-	-
PL 99-457 Pre School Entitlement:	{b} 84.173*	WI DPI	2018-181554-Pre-S-347					
July 1, 2017 to June 30, 2018				-	-	79,846	56,962	22,884
July 1, 2016 to June 30, 2017				2,074	-	-	2,074	-
Vocational Education - Basic Grants to States (Carl Perkins):	84.048	CESA 10	2018-181554-CP-CTE-400					
July 1, 2017 to June 30, 2018				-	-	74,037	-	74,037
July 1, 2016 to June 30, 2017				71,981	-	-	71,981	-
ESEA Title X-C Homeless Children	84.196	WI DPI	2018-181554-Homeless-335					
July 1, 2017 to June 30, 2018				-	-	23,964	4,368	19,596
{b} Special Education Cluster (\$2,597,519)								
CFDA No. 84.027 (\$2,517,673)								
* Major Federal Program								

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, 2018**

Federal Grantor/ Pass-Through Grantor/Program Title	Federal CFDA #	Pass-Through Entity	Pass-Through Entity Identifying Number	Accrued Receivable (Unearned Revenue) July 1, 2017	Prior Years Adjustments	Federal Expenditures	Receipts Grant Reimburse- ments	Accrued Receivable (Unearned Revenue) June 30, 2018
<u>U.S. Department of Education (Continued)</u>								
Title IVB - 21st Century Community Learning Center: July 1, 2017 to June 30, 2018	84.287	WI DPI	2018-181554-CLC-367	\$ -	\$ -	\$ 49,988	\$ 28,157	\$ 21,831
July 1, 2016 to June 30, 2017				49,999	-	-	49,999	-
ESEA Title III - A English Language Acquisition Grants: July 1, 2017 to June 30, 2018	84.365	WI DPI	2018-181554-Title III A-391	-	-	46,235	23,277	22,958
July 1, 2016 to June 30, 2017				20,156	-	-	20,156	-
ESEA Title II - A Teacher/Principal Training: July 1, 2017 to June 30, 2018	84.367	WI DPI	2018-181554-Title II-365	-	-	355,809	207,899	147,910
July 1, 2016 to June 30, 2017				211,276	-	-	211,276	-
Total Department of Education				1,743,916	(573)	5,051,260	4,758,747	2,035,856
<u>U.S. Department of Health and Human Services</u>								
Drug Free Communities Support Program Grant: July 1, 2017 to June 30, 2018	93.276	Direct	5H79SP0158685-05	-	-	10,485	7,131	3,354
July 1, 2016 to June 30, 2017				3,187	-	-	3,187	-
Medical Assistance School Based Services Revenue: July 1, 2017 to June 30, 2018	93.778*	WI DHS	Provider #44201900	-	-	725,350	668,591	56,759
July 1, 2016 to June 30, 2017				47,365	-	-	47,365	-
Head Start:	93.600	Western Wisconsin Dairyland Agency						
May 1, 2018 to April 30, 2019			FY2018/FY2019	-	-	114,668	-	114,668
May 1, 2017 to April 30, 2018			FY2017/FY2018	104,408	-	613,795	588,426	129,777
May 1, 2016 to April 30, 2017			FY2016/FY2017	109,347	-	-	109,347	-
Total Department of Health and Human Services				264,307	-	1,464,298	1,424,047	304,558
Total Federal Program Awards				\$ 2,055,470	\$ (573)	\$ 9,021,142	\$ 8,159,956	\$ 2,916,083

CFDA No. 93.600 (\$728,463)

\* Major Federal Program

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, 2018**

Award Agency/ Pass-Through Agency/Award Description	State I.D. Number	Pass-Through Entity	Pass-Through Entity Identifying Number	Accrued Receivable (Unearned Revenue) July 1, 2017	Prior Years Adjustments	Expenditures	State Reimburse- ments	Accrued Receivable (Unearned Revenue) June 30, 2018
<u>Wisconsin Department Workforce Development</u>								
Youth Apprenticeship Grant:	445.107	CESA 10	FY 2018	\$ -	\$ 6,752	\$ 8,400	\$ 6,752	\$ 8,400
<u>Wisconsin Department of Public Instruction</u>								
Major State Programs:								
General Equalization	255.201	WI DPI	181554-116	991,505	-	58,528,210	58,527,154	992,561
Nonmajor State Programs:								
Special Education and School Age Parents:	255.101	[1]	181554-100					
District Programs		WI DPI		-	-	5,022,008	5,022,008	-
Participant in Co-op Program at CESA No. 10		CESA 10		-	-	3,896	3,896	-
State Lunch	255.102	WI DPI	181554-107	-	-	43,412	43,412	-
Common School Fund Library Aid	255.103	WI DPI	181554-104	-	-	418,853	418,853	-
Bilingual/Bicultural Aid	255.106	WI DPI	181554-111	-	-	142,876	142,876	-
Pupil Transportation	255.107	WI DPI	181554-102	-	-	259,180	259,180	-
Alcohol & Other Drug Abuse:	255.306	WI DPI	181554-143	24,636	-	-	24,636	-
School Breakfast Program	255.344	WI DPI	181554-108	-	-	20,694	20,694	-
Tuition Payments by State	255.401	WI DPI	181554-157	-	-	192,021	192,021	-
SAGE	255.504	WI DPI	181554-160	-	-	1,474,002	1,474,002	-
Educator Effectiveness Grant	255.940	WI DPI	181554-154	-	-	72,480	72,480	-
Per Pupil Aid	255.945	WI DPI	181554-113	-	-	5,031,450	5,031,450	-
Career and Technical Education Incentive Grants	255.950	WI DPI	181554-152	-	-	17,738	17,738	-
Assessments of Reading Readiness	255.956	WI DPI	181554-166	-	-	23,120	23,120	-
Aid for Special Education Transition Grant BBL	255.960	WI DPI	181554-168	(1,151)	1,151	33,000	33,000	-
Total Nonmajor Programs				23,485	1,151	12,754,730	12,779,366	-
Total Department of Public Instruction				1,014,990	1,151	71,282,940	71,306,520	992,561
Total State Financial Assistance				\$ 1,014,990	\$ 7,903	\$ 71,291,340	\$ 71,313,272	\$ 1,000,961

[1] District's 2017-2018 Net Aidable Costs Reported to DPI Totaled \$20,574,396.

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, 2018**

**NOTE 1 GENERAL**

The accompanying schedules of expenditures of federal awards and state financial assistance present the expenditures of all federal financial assistance programs and state financial assistance of the District subject to inclusion under the federal and state single audit requirements. The reporting entity is defined in Note 1 to the financial statements.

**NOTE 2 BASIS OF ACCOUNTING**

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

**NOTE 3 FOOD DISTRIBUTION**

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

**NOTE 4 INDIRECT COSTS AND PASSED-THROUGH AMOUNTS**

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

**NOTE 5 MEDICAL ASSISTANCE**

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

**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, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 8, 2019.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our test disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

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

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

**CliftonLarsonAllen LLP**

Eau Claire, Wisconsin  
February 8, 2019

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

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

**Report on Compliance for Each Major Federal and State Program**

We have audited the Eau Claire Area School District, Wisconsin's (District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2018. We have also audited the District's compliance with types of compliance requirements described in the *State Single Audit Guidelines*, issued by the Wisconsin Department of Administration that are applicable to each of its major state programs (including federal programs required to be tested as major state programs) for the same period. The District's major federal programs and major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

***Opinion on Each Major Federal and State Programs***

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on to each of its major federal and state programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2018.

**Report on Internal Control Over Compliance**

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit, we considered the District's internal control over compliance with the requirements that could have a direct and material effect on a major federal or state program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the *Uniform Guidance* and *State Single Audit Guidelines*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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



**CliftonLarsonAllen LLP**

Eau Claire, Wisconsin  
February 8, 2019



**EAU CLAIRE AREA SCHOOL DISTRICT  
EAU CLAIRE, WISCONSIN  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2018**

**PART I: SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

Type of auditors' report issued:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified ☐ yes ☒ no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? ☐ yes ☒ none reported

Noncompliance material to financial statements noted? ☐ yes ☒ no

**Federal Awards**

Internal control over major programs:

- Material weakness(es) identified? ☐ yes ☒ no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? ☐ yes ☒ none reported

Type of auditors' report issued on compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? ☐ yes ☒ no

Identification of major Federal programs:

**CFDA Number(s)**

**Name of Federal Program or Cluster**

10.553, 10.555, 10.559  
84.027, 84.173  
93.778

Child Nutrition Cluster  
Special Education Cluster (IDEA)  
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? ☐ yes ☒ no

**State Awards**

Internal control over major programs:

- Material weakness(es) identified? ☐ yes ☒ no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? ☐ yes ☒ none reported

Type of auditors' report issued on compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with the *State Single Audit Guidelines*? ☐ yes ☒ no

EAU CLAIRE AREA SCHOOL DISTRICT  
EAU CLAIRE, WISCONSIN  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2018

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

**State Awards (Continued)**

Identification of major State programs:

<u>State ID Number(s)</u>	<u>Name of State Program or Cluster</u>
255.201	General Equalization Aids

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

Auditee qualified as low-risk auditee?            yes   X   no

**OTHER ISSUES**

1. Do the auditors' report or the notes to the financial statements include disclosure with regard to substantial doubt as to the auditee's ability to continue as a going concern? No
2. Does the auditors' report show audit issues (i.e., material noncompliance, nonmaterial noncompliance, questioned costs, material weaknesses, significant deficiencies, management letter comments, excess revenue or excess reserve) related to grants or contracts with funding agencies that require audits to be in accordance with the *State Single Audit Guidelines*:  

Department of Public Instruction	No
Department of Health Services	No
3. Was a management letter or other document conveying audit comments issued as a result of this audit? No

4. Name and signature of Principal

  
April L. Anderson, CPA

5. Date of Report

February 8, 2019

**EAU CLAIRE AREA SCHOOL DISTRICT  
EAU CLAIRE, WISCONSIN  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2018**

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

None

**PART III: FINDINGS RELATED TO MAJOR FEDERAL AWARD PROGRAMS:**

None

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

None

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

None