



City of Eau Claire

Eau Claire, Wisconsin

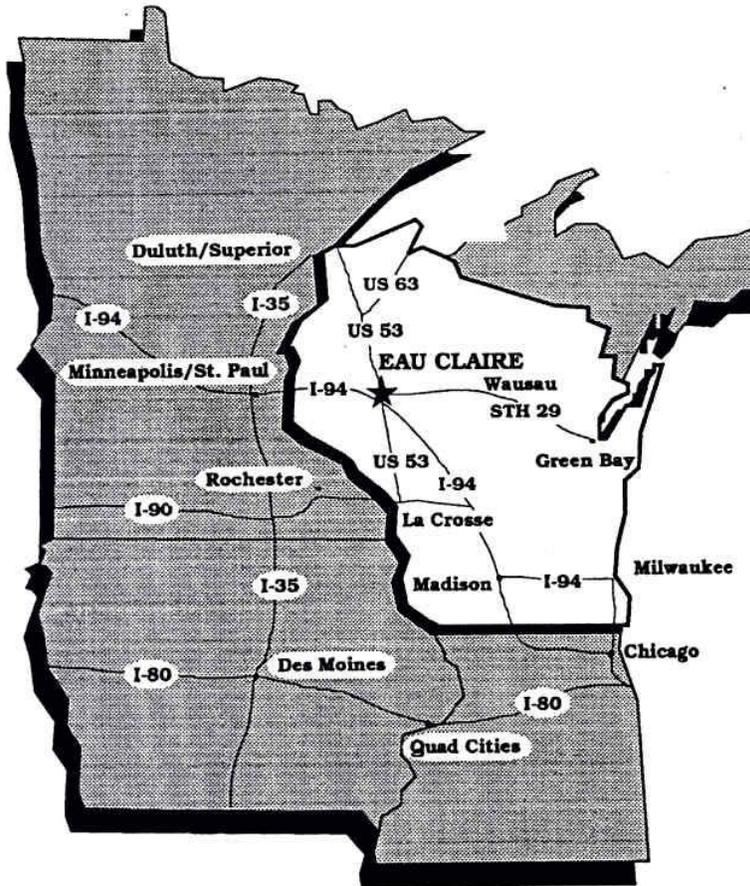
COMPREHENSIVE ANNUAL FINANCIAL REPORT
INCLUDING INDEPENDENT AUDITORS' REPORT
AS OF AND FOR THE YEAR ENDED

DECEMBER 31, 2011

Finance Department
Rebecca K. Noland, CPA, Director of Finance
Tom Hoff, Financial Services Manager

EAU CLAIRE, WISCONSIN

The City of Eau Claire is located in west central Wisconsin at the confluence of the Eau Claire and Chippewa Rivers. The City was established as a lumbering settlement in the 1840's. Today it serves as the major center for health and professional services, education, retail trade and industry in the Chippewa Valley.



Eau Claire is conveniently linked by air, fiber optics, railroad and the interstate system to all of the major markets in the upper Midwest. The City is less than 2 hours away from Minneapolis / St. Paul via I-94 and just 4.5 hours from Milwaukee, also via I-94. Scheduled daily air service links Eau Claire with the Chicago O'Hare International Airport.

Eau Claire's quality of life is no secret. Several national surveys have ranked Eau Claire toward the top of all U.S. metropolitan areas. Eau Claire's picturesque setting on the banks of the Eau Claire and Chippewa Rivers is one of its greatest assets. The City has made excellent use of its natural features with many

beautiful urban and rural parks and parkways. Well-preserved historic neighborhoods add to the City's charm. The City's residents enjoy a wide variety of year-round sporting events, thanks to the four distinct seasons. Swimming, biking, boating, golfing, hunting, fishing, skating, and cross-country skiing are just a few of the activities which attract visitors to the area. Eau Claire is also a cultural center with a strongly supported arts and entertainment calendar. Eau Claire is committed to incorporating green and sustainable energy, technology, and products into its operations.

Low costs of living and housing, full governmental services, a cooperative business environment and a growing economy all contribute to make Eau Claire an attractive place to live and work.

CITY OF EAU CLAIRE

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INTRODUCTORY SECTION

This section contains the following information:

- > Elected and Appointed Officials
- > Organizational Chart
- > Letter of Transmittal
- > Awards

CITY OF EAU CLAIRE, WISCONSIN
ELECTED AND APPOINTED OFFICIALS

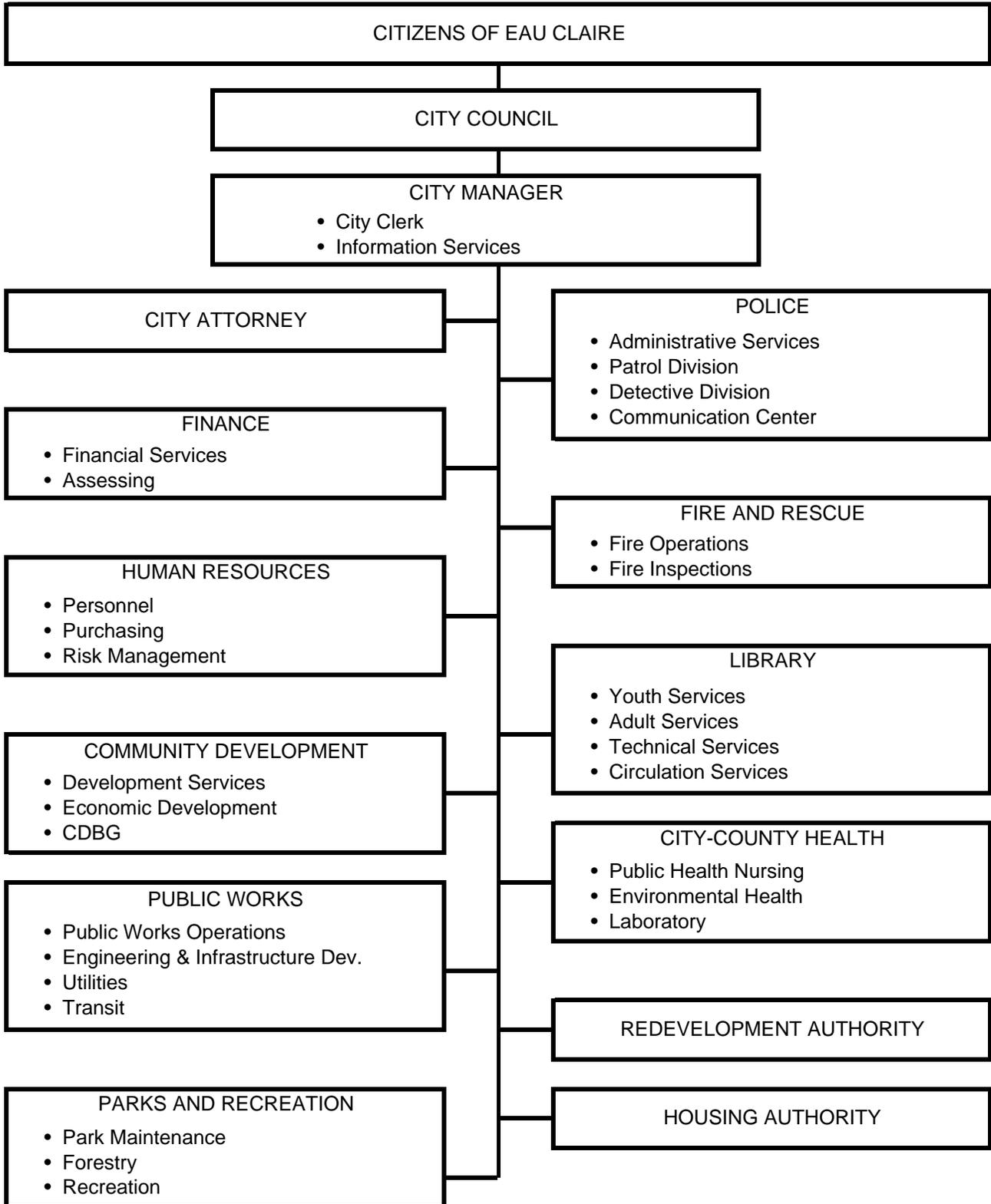
Elected Officials

	<u>Term Commenced</u>	<u>Term Expires</u>
Kerry J. S. Kincaid Council President	April 2009	April 2012
David L. Duax District One	April 2009	April 2012
David Klinkhammer District Two	April 2009	April 2012
Thomas Kemp District Three	April 2009	May 2011
Kathleen Mitchell District Three	May 2011	April 2012
Bob Von Haden District Four	April 2009	April 2012
Andrew Werthmann District Five	April 2009	April 2012
Larry Balow Council at Large	April 2010	April 2013
Mark Olson..... Council at Large	April 2010	April 2013
Jackie Pavelski Council at Large	April 2010	April 2013
Thomas T. Vue Council at Large	April 2010	April 2013
Dana Wachs Council at Large	April 2010	April 2013

Appointed Officials

Brian G. Amundson.....	Interim City Manager
Rebecca K. Noland, CPA.....	Director of Finance - Comptroller/Treasurer
J. Dale Peters	Director of Human Resources/Assistant City Manager
John LeBrun.....	Information Services
Darryl Tufte.....	Director of Community Development
Phillip C. Fieber	Director of Parks and Recreation
Brian G. Amundson, P.E.....	Director of Public Works
Lyle N. Koerner, Jr.	Fire Chief
Jerome S. Matysik.....	Police Chief
Stephen C. Nick.....	City Attorney
John Stoneberg.....	Public Library Director
Richard J. Thoune	City-County Health Director
Donna A. Austad	City Clerk
Mike Schatz, EDFP.....	Economic Development Administrator

Organizational Chart City of Eau Claire, Wisconsin





June 28, 2012

City Council
Citizens of Eau Claire
Eau Claire, Wisconsin

The *Comprehensive Annual Financial Report* of the City of Eau Claire, Wisconsin as of and for the year ended December 31, 2011 is prepared to provide the Council, our citizens, and other interested persons, detailed information concerning the financial condition of the City government. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City government. We believe the information as presented is accurate in all material aspects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds and component units, and that all disclosures necessary to enable the reader to gain reasonable understanding of the City's financial affairs have been included.

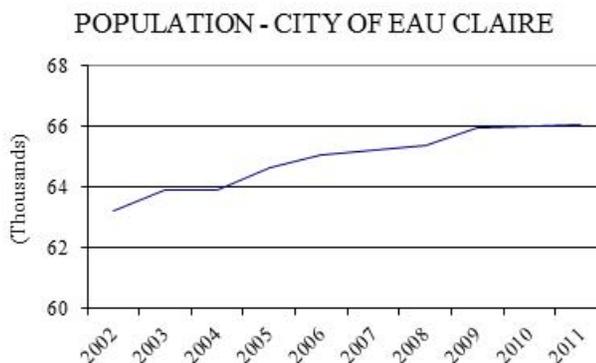
Reporting Entity

This report includes all of the funds and component units of the City of Eau Claire. The criteria used in determining the reporting entity are consistent with criteria established by the Governmental Accounting Standards Board (GASB) as outlined in the Codification of Governmental Accounting and Financial Reporting Standards. This report includes the General Fund, which accounts for the general administration of the City, and the Special Revenue funds relating to Economic Development, Community Enhancement, Downtown Partners, Cemetery Maintenance, the Hazardous Materials Response, the Public Library, the City-County Health Department, Community Development, Home Grant, and the Former Landfill Escrow. The report also includes the City's Enterprise funds that account for the Water, Sewer, Storm Water, and Parking Utilities, Public Transit, the Hobbs Ice Center, and the Outdoor Pool. Internal service funds provide information on the operations of the Risk Management and the Central Equipment functions.

Since the Housing Authority, the Redevelopment Authority and four business improvement districts are component units of the City, this report includes a discrete presentation of their financial data. The Housing Authority was formed to engage in the development and operation of low-income housing. Such projects are regulated by the United States Department of Housing and Urban Development (HUD) and the Wisconsin Housing and Economic Development Authority (WHEDA). The Redevelopment Authority was created by the City Council in 1991 for the purpose of eliminating and preventing substandard, deteriorated, slum and blighted areas or properties and encouraging urban renewal. The South Barstow, West Grand, Water Street, and North Barstow/Medical Business Improvement Districts account for the collection of special assessments from their members for business promotion within each district.

General Information

The City of Eau Claire is located in west central Wisconsin, in Eau Claire and Chippewa counties. The City was established as a lumbering settlement in the 1840's. Today it serves as the major center for health and professional services, education, retail trade, technology, and industry in west central Wisconsin. The City was incorporated in 1872, and covers an area of approximately 34 square miles. The City's current population is 66,060 and the population of the Greater Eau Claire Metropolitan Area is approximately 161,100.



The City of Eau Claire has a council/manager form of government. There are eleven members on the Eau Claire City Council. Five of the members are elected from aldermanic districts. Five members and the Council President are elected at large. District Council members were elected to three-year terms in April 2012. The City Council President was elected to a two year term in April 2012. At-Large Council members were elected to three-year terms in April 2010.

ECONOMIC CONDITIONS AND OUTLOOK

Strong retail outlets, regional medical facilities, manufacturing operations, tourism, and educational institutions anchor Eau Claire's economy and establish the City as the regional economic center in western Wisconsin. Eau Claire's diverse employment base has been cited by bond rating agencies as a significant factor in the City's solid Aa1 and AA+ ratings. The City has continued to experience growth through new construction, even though the national recession. The 2009 construction season had a record total building valuation of \$193.6 million, capping twelve consecutive years of new building valuation in excess of \$100 million. In 2010 the building permit valuations only reached \$78.4 million, in part due to the number of 2009 projects still underway. In 2011, Eau Claire reached its third best year with its building valuation

reaching \$176.3 million. For 2011, the top industrial and commercial building valuations based on new permits included \$43.7 million for the new Eau Claire County Jail addition and courthouse remodeling, \$35.3 million for a new UWEC student union building, and \$27.1 million for the Eau Claire Area School District's additions to three elementary schools. Residential development totaled \$20.5 million.

Two regional medical facilities are located in the City. The Mayo Health System employs over 3,100 and has had a pivotal effect on development in the downtown area. In 2010 Mayo Health System opened a five-story, 385,000 square foot extension to the existing hospital. The new building features a cancer center, a family birthing center, and an outpatient surgery center. At a cost of \$118 million, the two-year project has been described as perhaps the most expensive building in the City's history.

Sacred Heart Hospital is the other major medical facility in the City and it employs over 1,400. The local medical industry also includes the United Health Care Group with over 1,300 employees and the Marshfield Clinic with over 700 employees.

Retail trade provides nearly one-fourth of Eau Claire's jobs, with many more in wholesale. Eau Claire's trade area encompasses seven counties with a population of more than 300,000 people. Eau Claire is served by many national retailers, including Kohl's, Walmart, Sam's Club, Target, Best Buy, Office Max, T.J. Maxx, Macy's, Younkers, Eddie Bauer, Sears, JC Penney, Charlotte Russe and Christopher and Banks. Eau Claire is the headquarters of Menards, the nation's third-largest home improvement chain.

The City's downtown has also experienced retail and commercial growth. A redevelopment Tax Incremental Financing District (TIF) has fostered interest in an urban lifestyle. Through infrastructure and park amenities, the City has created a downtown vibe that is attracting stores and restaurants to mixed-use buildings. Valuations in the TIF boundaries have increased over 250%, from \$10.4 million to \$26.8 million.

Tourism is another vital component of Eau Claire's economy. People from all over the country enjoy Eau Claire's natural and cultural resources. A new \$7 million Metropolis Resort with a 30,000 square foot water park was completed in 2009. Area tourism generates over \$300 million in revenue and creates approximately 6,131 jobs in the Chippewa Valley. Room tax revenues exceeded \$1.4 million in 2011.

Eau Claire's economy is strengthened by several noteworthy manufacturers. National Presto Industries is home-based here. Hutchinson Technology. (HTI) designs and manufactures suspension assemblies for hard disk drives. Nestle USA has two infant cereal plants in Eau Claire and is engaged in both renovation and expansion of its facilities.

In addition to the trade, manufacturing, and services industries, Eau Claire's employment base is enhanced by the area's post secondary education institutions including the University of Wisconsin-Eau Claire, Chippewa Valley Technical College, Immanuel Lutheran College and Globe University, a division of the Minnesota School of Business. Besides providing a

significant number of jobs, these institutions ensure that the area's workforce is well educated for the technical and professional jobs that the Eau Claire area attracts.

Eau Claire and the Eau Claire Metropolitan Statistical Area (MSA) received national recognition from a variety of nationally recognized publications.

- The *Milken Institute* found Eau Claire to be in the top 100 nationally and in the top five in the state as one of the **“Best Performing Small Cities 2011”**.
- *Forbes* magazine declared the Eau Claire metropolitan area to be 38th out of 184 **“The Best Small Places for Business 2011”**.
- *CQ Press*' **“Lowest Crime Ranking”** puts Eau Claire MSA as number 50 nationwide.
- UW Institute for Population Health ranked Eau Claire County sixth in **“Quality of Physical Environment,”** and sixth in **“Health Factors,”** when compared to all other Wisconsin Counties.
- *Farmers Insurance* named Eau Claire 15th in **“Secure Places to Live 2011,”** among small towns.

MAJOR INITIATIVES

The following were among the many diverse activities to which both elected officials and staff devoted their energies in 2011 and into 2012.

Social Media

The City continues to engage in Social Media as an effective tool to communicate and connect to citizens. In addition to the City's Website, the City offers information and connections on Facebook, BlogSpot, YouTube and Twitter. Each outlet offers residents a slightly different way to stay informed about City services and events, helping to promote a stronger and more vibrant community.

iPad Lending Program

The L.E. Phillips Memorial Public Library made national news in 2011 when an iPad lending program was launched in September, 2011. The program was made possible through a \$50,000 grant received from the Presto Foundation in Eau Claire. Forty-four iPads loaded with 1,000 public domain eBooks, 10 audiobooks, 227 free apps and more are available for checkout by library customers.

Joint Commission on Shared Services Initiatives

A group composed of City, County and School District representatives completed another year of review of shared services opportunities. A list of six priority projects was identified in 2011 for detailed follow-up. Priorities identified include combined IT and communications technology functions, shared administrative functions, joint purchasing programs, joint health insurance programs, combined land record systems including GIS, and shared administrative space and facilities.

Waterways Plan Update

The Plan Commission and Waterways and parks Commission initiated an update of the 1988 Waterways Plan. The Plan will state policy on development along the waterways and will include a list of projects to consider that will enhance the recreation and economic potential of the waterways while protecting the City's valuable resource. City Council consideration of the final Plan is scheduled for summer 2012.

Fairfax Pool Renovation

The design work for repair and renovation of the City's 20-year old pool began in 2011 with construction scheduled to begin in September, 2012 following the summer swim season. The project, with a total cost estimate of \$1.028 million, involves filter replacement and an addition to the mechanical room. Additional upgrades are under consideration, including improvements to the bath house and concession stand.

Transit

Eau Claire Transit served 1,087,066 passengers in 2011, an increase of 11.9% over 2010. Eau Claire Transit initiated the transition from a "flag" stop to a designated bus stop system in 2010. New "Bus Stop" signs with route number designations have been installed in roughly half of the designated stop locations. The remaining bus stop locations are in the process of being planned and implemented.

Hastings Way (Hwy 53) Reconstruction

In April of 2010 the City began the design and construction process for Hastings Way, from Clairemont Avenue to the Eau Claire River Bridge. Construction began in April 2011 and included eliminating a lane of travel in each direction, allowing for the construction of sidewalk and/or pedestrian trails on both sides of the street. Signalized intersections were improved with monotube structures for signal indications, reducing the number of poles and improving visibility. In addition, state of the art video detection software is now in use to sense all users, improving traffic flow. An underpass was installed at Fenwick Avenue to ensure the safety of pedestrians crossing the busy thoroughfare. Final landscaping for the project will be completed in 2012.

TIF #8 North Barstow Redevelopment

The City's TIF investment in streets, utilities, and park amenities over the past years resulted in significant private investment in commercial spaces and residential housing, increasing valuations by \$26.8 million. In 2011, vacant land in Block 6 was sold for the development of two multi-family residential buildings for a total of 53 units with underground parking. The developer has agreed to a minimum \$3 million valuation beginning in 2016. Negotiations for the sale of property owned by the Redevelopment Authority continued in 2011.

FOR THE FUTURE

The City continues to face budgetary challenges such as levy limits and reductions in state funding that significantly impact the City's ability to deal with rising costs. The same factors also limit the City's capacity to continue to invest in future development activities. By fostering public/private partnerships and working to join forces on development initiatives, the City hopes to generate increases in tax valuation while creating new jobs.

The recently announced "Confluence Project" represents a major step toward downtown Eau Claire's continued redevelopment. On May 15, 2012, Commonweal Development, a private development company, and UW-Eau Claire officials announced a partnership to build a \$33 million university housing project that would include commercial/retail space on the first floor along with an adjacent \$55 million performing arts center along Graham Avenue.

Combined with an estimated \$9 million in public improvements that could include a public plaza between the arts center and housing/commercial development, the nearly \$100 million project would be one of the largest in the City's history and would transform the South Barstow Street area into a major destination.

While monetary hurdles remain, the combination of support and commitment already demonstrated from all sectors is expected to pave the way for receiving state funding, a major factor in the project's ability to move forward.

FINANCIAL INFORMATION

Accounting System and Budgetary Control

The diverse nature of government operations and the necessity of assuring legal compliance preclude recording and summarizing all governmental financial transactions and balances in a single accounting entity. From an accounting and financial management viewpoint, a governmental unit is a combination of several different fiscal and accounting entities, each having a separate set of accounts and functioning independently of each other. Each accounting entity is accounted for in a separate fund. A fund is defined as a fiscal accounting entity with a self-balancing set of accounts recording cash and other financial resources together with all related liabilities and residual equities or balances, and changes therein, which are segregated for

the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

Budgetary control is maintained through an annual budget ordinance passed by the City Council. Formal budgetary integration is employed as a management control device during the year for the General fund, Debt Service fund, and certain special revenue funds, and is adopted on a basis consistent with generally accepted accounting principles. Fixed, long-term budgets on a project basis are used for capital project funds. Flexible annual budgets are approved for proprietary funds to provide for financial management. The City Manager and Director of Finance may authorize transfers of budgeted amounts within departments; however, transfers between departments and additional appropriations to the original budget must be made by Council resolution. The level at which expenditures may not exceed budget is by department.

Internal Control

In developing and evaluating the City's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of internal control should not exceed the benefits likely to be derived and that the evaluation of cost and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Fiscal Policies

The City's fiscal policies are detailed in the City's annual budget document, The Program of Services. The policies provide directives for the City's financial operations including budgeting, investing, revenues, reserves, special assessments, purchasing, pension, special events and risk management. In 2009, the City Council established a Fiscal Policy Advisory Committee to facilitate a review of fiscal matters. In 2011, the committee studied the effect of the State's budget on city services. The committee also hosted community forums to gather public input on potential revenues or service reductions. These efforts to raise public awareness of the difficult budget issues helped develop a process of "informed consent."

INDEPENDENT AUDIT

Included in the financial section is the independent auditor's report which is a significant part of the Comprehensive Annual Financial Report (CAFR). In this report, Baker Tilly Virchow Krause, LLP, Certified Public Accountants, express their opinion that the financial statements are presented fairly in conformity with generally accepted accounting principles and comment on

the scope of the examination. The opinion is unqualified and signifies a substantial level of achievement. Compliance audits of the City's federal and state financial assistance programs for the year ending December 31, 2011 were also completed by the independent auditors. These reports are available under separate cover.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Immediately following the independent auditor's report is *Management's Discussion and Analysis* which provides a narrative introduction, overview, and analysis of the basic financial statements.

REPORTING ACHIEVEMENT

GFOA Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Eau Claire for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2010. The City has received this award each year since 1984. In order to receive a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGMENTS

We would like to thank the City Council for their support in planning and conducting the financial operations of the City in a responsible manner. In addition, we would also like to express our appreciation to Tom Hoff, Financial Services Manager, Kathy Ludack, Accounting Supervisor, Rose Adams, Accountant, Carole Arthur, Accountant, Vicki Franson, Accountant, Justin Kennedy, Accountant, and the remainder of the Finance Department Staff for their dedication in preparing this report.

Respectfully Submitted,



Rebecca K. Noland, CPA
Finance Director



Brian Amundson
Interim City Manager

The Government Finance Officers Association of United States and Canada (GFOA) awarded a *Certificate of Achievement for Excellence in Financial Reporting* to the City of Eau Claire, Wisconsin for its comprehensive annual financial report for the fiscal year ended December 31, 2010. This was the twenty-fifth consecutive year that the government has achieved this prestigious award.

In order to be awarded a *Certificate of Achievement*, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both the generally accepted accounting principles and applicable legal requirements.

A *Certificate of Achievement* is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Eau Claire Wisconsin

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Linda C. Davison

President

Jeffrey R. Egan

Executive Director

FINANCIAL SECTION

This section contains the following subsections:

- > Auditors' Report
- > Management's Discussion and Analysis
- > Basic Financial Statements
- > Notes to Financial Statements
- > Combining and Individual Fund Statements and Schedules

Auditors' Report

Independent audits of local government financial statements are essential elements of financial control and accountability.

The local government is responsible for the contents of its financial statements, including the notes to the financial statements. The independent auditors' responsibility is to report on the financial statements.

INDEPENDENT AUDITORS' REPORT

To the City Council
City of Eau Claire
Eau Claire, Wisconsin

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Eau Claire (City), Wisconsin, as of and for the year ended December 31, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. The prior year summarized comparative information has been derived from the City's 2010 financial statements and, in our report dated June 29, 2011, we expressed unqualified opinions on the respective financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information. These financial statements are the responsibility of the City's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2011, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note I.B, the City adopted the provisions of Governmental Accounting Standard Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, effective January 1, 2011.

As discussed in Note III.I to the financial statements, the financial statements include a restatement to correct an error related to the reporting of the City's duty disability liability.

To the City Council
City of Eau Claire

In accordance with *Government Auditing Standards*, we will also issue a report on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, General Fund budgetary comparison information, and other post-employment benefit information as listed 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, economical, 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and schedules as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 taken as a whole. We have also previously audited, in accordance with auditing standards generally accepted in the United States of America, the City's basic financial statements for the year ended December 31, 2010, which are not presented with the accompanying financial statements. In our report dated June 29, 2011, we expressed an opinion that the 2010 combining and individual fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements for the year ended December 31, 2010, taken as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The "Introductory Section" and "Statistical Section" listed in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information 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.

A handwritten signature in black ink that reads "Baker Tilly Vinchow Krume, LLP". The signature is written in a cursive, flowing style.

June 28, 2012

Management's Discussion and Analysis

Management's discussion and analysis provides a narrative introduction and overview the readers need to interpret the basic financial statements. It also provides analysis of some key data presented in the financial statements.

CITY OF EAU CLAIRE, WISCONSIN

MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis of the financial performance of the City of Eau Claire is intended to provide an overview of the City's financial activities for the fiscal year ended December 31, 2011. Readers are encouraged to consider the information presented here in conjunction with additional information as furnished in the letter of transmittal and the financial statements, which begin on page 27.

FINANCIAL HIGHLIGHTS

- The City of Eau Claire has total assets of \$485.4 million and liabilities of \$158.7 million, resulting in net assets of \$326.7 million at the end of 2011. Of the net assets, \$244.8 million represents the City's investment in capital assets, net of related debt, \$28.1 million is held for restricted purposes and \$53.8 million is available to meet the City's ongoing obligations to its citizens and creditors.
- During 2011, the City of Eau Claire's total net assets increased by \$5.7 million from 2010, or approximately 1.8%. The net asset increase was primarily attributable to the increase in capital grants and contributions.
- At the close of 2011, the City of Eau Claire's governmental funds reported ending fund balances of \$54 million, a net decrease of \$6.8 million from 2010. The General Fund increased by \$1.4 million, primarily due to variances in service charges and assessment revenues and wage, health insurance and utility costs, however, the other governmental fund balances decreased by \$8.2 million. The Streets Capital Projects fund balance reduction of \$7.4 million comprised the largest portion of the decrease.
- During 2011, the City of Eau Claire continued a proactive plan for the replacement of aging infrastructure, the upgrade of technology used in operations and the improvement of utility services. The City's additions to capital assets totaled \$31 million, net of construction in progress, as shown in Note III, D of this report.
- Wisconsin statute restricts municipality general obligation debt to less than 5% of equalized property value. The City of Eau Claire maintained a level of remaining debt capacity of approximately 61%. In 2011, \$8.5 million in new general obligation debt was issued.

OVERVIEW OF THE FINANCIAL STATEMENTS

This section serves as an introduction to the City of Eau Claire's basic financial statements. The basic financial statements for the City are comprised of three components:

- Government-Wide Financial Statements
- Fund Financial Statements
- Notes to the Financial Statements

This report also contains other supplementary information in addition to the basic financial statements.

Government-wide Financial Statements

The two government-wide financial statements are designed to provide readers with a broad overview of the City's finances in a manner similar to private-sector business entities. The *Statement of Net Assets* presents information on all of the City of Eau Claire's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. The *Statement of Activities* presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave). The City's overall financial position improved from 2010 to 2011, as the City's net assets increased by \$5.7 million, reflecting the City's investment in capital assets. The government-wide financial statements can be found on pages 27 through 29 of this report.

Both of the government-wide financial statements distinguish those functions of the municipality that are principally supported by taxes and intergovernmental revenues, known as governmental activities, from other functions that are intended to recover all, or a significant portion, of their costs through user fees and services charges, called business-type activities. The governmental activities of the City include general government, public safety, public works, health services, culture and recreation, development and other miscellaneous activities. The business-type activities of the City include the Water, Sewer, Storm Water and Parking Utilities, Public Transit, the Hobbs Ice Center and the Outdoor Pool.

In addition to these various direct operations of the City, or primary government, the government-wide financial statements also include financial information related to legally distinct entities for which the City has financial responsibility and accountability, known as component units. These component units are the Housing Authority, Redevelopment Authority, the South Barstow Business Improvement District, the West Grand Business Improvement District, the Water Street Business Improvement District, the North Barstow/Medical Business Improvement District. These entities are described in Note III-J following the financial statements. Separately issued financial statements of the Housing Authority and the Redevelopment Authority may be obtained from the Finance Director's office, which is located at 203 South Farwell Street, P.O. Box 5148, Eau Claire, WI 54702-5148.

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 or objectives. The City of Eau Claire, like other governmental entities, uses fund accounting to ensure and demonstrate compliance with various finance-related legal requirements. Some funds are required by law, while others are established internally to maintain control over a particular activity. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide statements, governmental fund financial statements focus on near-term inflows and outflows of current spendable resources, as well as balances of spendable resources that can be converted to cash and balances available at the end of the fiscal year for future spending. Such information may be useful in evaluating a government's near-term financing requirements.

Governmental funds include the General Fund, special revenue, debt service and capital project funds. Of these, the General Fund, the Debt Service-General and the Streets Capital Projects Fund are shown as major funds and are presented in separate columns. Data from the other governmental funds are combined into a single column for aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report. Reconciliations follow the *Balance Sheet-Governmental Funds* and *Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds*. The reconciliations show the adjustments that are needed to convert the governmental funds financial statements to the government-wide *Statement of Net Assets and Statement of Activities*.

Proprietary Funds

Proprietary funds maintained by the City of Eau Claire are of two different types: enterprise funds and internal service funds. Enterprise funds are used to report those functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for activities that provide supplies and services to the general public. Proprietary fund statements provide the same type of information as the government-wide financial statements, but in more detail. The City's fund financial statements present separate enterprise fund information for the Water, Sewer and Storm Water Utilities and Public Transit; data from the other proprietary funds are combined into a single column for aggregated presentation. Individual fund data for each of these non-major funds is provided in the form of combining statements elsewhere in this report. The proprietary fund financial statements begin on page 35 of this report.

Internal service funds are used to account for enterprise-like operations that provide services, on a user fee basis, primarily or exclusively to departmental customers within the governmental entity itself, rather than to external customers. The City uses internal service funds to account for its risk management and central equipment functions. Because these services predominately benefit governmental rather than business-type functions, they have been allocated primarily to the governmental activities in the government-wide financial statements. Detail about each fund may be found in the supplementary information section beginning on page 148.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The City of Eau Claire uses a fiduciary fund to account for taxes

collected for the benefit of overlapping tax jurisdictions. The Tax Collection fiduciary fund is not reflected in the government-wide financial statements because the resources of the fund are not available to support the programs of the City. The accounting for the Tax Collection fund is similar to that used for proprietary funds. The fiduciary fund financial statement can be found on page 45 of this report.

Notes to the Financial Statements

The notes to the financial statements provide additional detail that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found beginning on page 48 of this report.

Additional Supplementary Information

Following the basic government-wide and fund financial statements and accompanying notes, combining statements are included for the non-major governmental, enterprise and internal service funds, along with component units. The last section of *The City of Eau Claire Comprehensive Annual Financial Report* presents statistical and historical reference data.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The *Statement of Net Assets* for the City of Eau Claire is summarized in the table below. As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The City's assets exceeded liabilities by \$327 million at the close of 2011. The majority of these net assets, \$245 million, reflect the City's investment in capital assets, including land, land improvements, buildings, machinery and equipment, infrastructure and construction in progress, net of related debt. These capital assets are used to provide services to citizens and are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**City of Eau Claire, Wisconsin
Summary of Net Assets**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	2011	2010	2011	2010	2011	2010
Current and Other Assets	\$ 126,678,013	\$ 136,324,822	\$ 23,882,320	\$ 22,272,699	\$150,560,333	\$158,597,521
Capital Assets (Net)	159,449,461	148,521,369	175,441,401	169,981,830	334,890,862	318,503,199
Total Assets	\$ 286,127,474	\$ 284,846,191	\$ 199,323,721	\$ 192,254,529	\$485,451,195	\$477,100,720
Current Liabilities	\$ 42,776,915	\$ 43,453,268	\$ 2,753,459	\$ 3,384,296	\$ 45,530,374	\$ 46,837,564
Noncurrent Liabilities	84,319,331 *	81,515,548	28,879,157	27,762,393	113,198,488	109,277,941
Total Liabilities	\$ 127,096,246	\$ 124,968,816	\$ 31,632,616	\$ 31,146,689	\$158,728,862	\$156,115,505
Invested in Capital Assets, Net of Related Debt Reclassification	\$ 98,427,662	\$ 90,572,719	\$ 149,683,001	\$ 144,754,595	\$248,110,663	\$235,327,314
Debt Reclassification	-	-	-	-	(3,336,642)	(3,612,686)
Total Invested in Capital	98,427,662	90,572,719	149,683,001	144,754,595	244,774,021	231,714,628
Restricted	26,402,223	26,987,560	1,738,780	1,756,280	28,141,003	28,743,840
Unrestricted	34,201,343	42,317,096	16,269,324	14,596,965	50,470,667	56,914,061
Debt Reclassification	-	-	-	-	3,336,642	3,612,686
Total Unrestricted	34,201,343	42,317,096	16,269,324	14,596,965	53,807,309	60,526,747
Total Net Assets	\$ 159,031,228	\$ 159,877,375	\$ 167,691,105	\$ 161,107,840	\$326,722,333	\$320,985,215
Total Net Assets as a % of Total Liabilities	125%	128%	530%	517%	206%	206%
Unrestricted Net Assets as a % of Total Liabilities	27%	34%	51%	47%	34%	39%

*Note the 2010 Governmental Activities have been restated. See Note III-I for further information.

A relatively small portion of the City's net assets, \$28.1 million or 9%, represents resources that are subject to other restrictions as to how they may be used. The remaining \$53.8 million of total net assets may be used to meet the City's ongoing obligations to its citizens and creditors. It is important to note that \$16.3 million, or about 30%, of these unrestricted net assets are related to the City's business-type activities. Consequently, they generally may not be used to fund governmental activities. At the end of 2011, the City is able to report positive balances in net assets for the governmental activities as well as business-type activities.

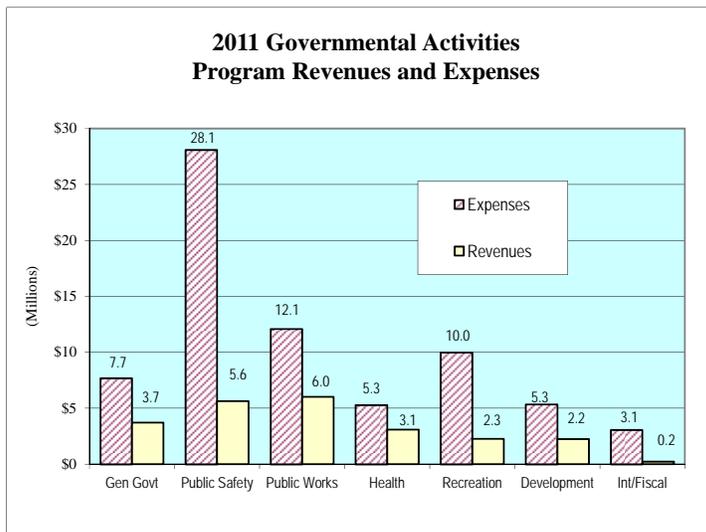
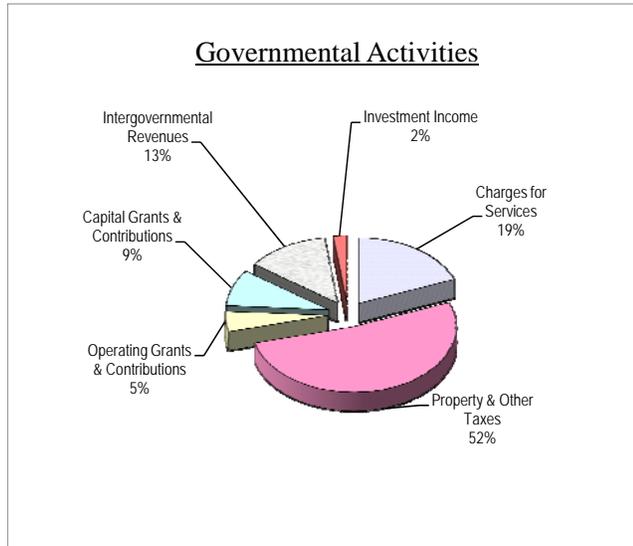
An examination of the *Statement of Activities* provides a concise picture of how the various activities of the City are funded. The following table summarizes the City's governmental and business-type activities.

**City of Eau Claire, Wisconsin
Summary of Activities**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	2011	2010	2011	2010	2011	2010
Revenues						
Program revenues:						
Charges for services	\$ 13,420,499	\$ 12,984,272	\$ 21,823,010	\$ 20,514,920	\$ 35,243,509	\$ 33,499,192
Operating grants & contributions	3,492,451	2,552,852	3,331,926	3,139,414	6,824,377	5,692,266
Capital grants & contributions	6,273,459	4,714,742	3,702,993	1,558,471	9,976,452	6,273,213
General revenues:						
Property taxes	35,168,318	33,848,000	-	-	35,168,318	33,848,000
Other taxes	1,805,164	1,718,702	-	-	1,805,164	1,718,702
Intergovernmental revenues	9,457,785	9,695,627	-	-	9,457,785	9,695,627
Investment income	1,381,465	1,429,077	160,168	136,594	1,541,633	1,565,671
Miscellaneous	29,585	274,145	482,053	674,971	511,638	949,116
Total revenues	71,028,726	67,217,417	29,500,150	26,024,370	100,528,876	93,241,787
Expenses						
Program expenses:						
General government	7,688,891	7,413,879	-	-	7,688,891	7,413,879
Public safety	28,078,889	27,269,747	-	-	28,078,889	27,269,747
Public works	12,092,862	14,006,148	-	-	12,092,862	14,006,148
Health services	5,296,571	5,128,740	-	-	5,296,571	5,128,740
Culture and recreation	9,990,949	8,993,462	-	-	9,990,949	8,993,462
Development	5,347,354	3,329,286	-	-	5,347,354	3,329,286
Interest & fiscal charges	3,070,331	2,985,972	-	-	3,070,331	2,985,972
Water Utility	-	-	6,336,311	6,561,935	6,336,311	6,561,935
Sewer Utility	-	-	6,328,716	6,451,288	6,328,716	6,451,288
Storm Water Utility	-	-	2,944,824	2,153,306	2,944,824	2,153,306
Public Transit	-	-	5,745,719	5,194,260	5,745,719	5,194,260
Parking Utility	-	-	408,272	496,319	408,272	496,319
Hobbs Ice Center	-	-	1,116,011	991,013	1,116,011	991,013
Outdoor Pool	-	-	346,058	350,890	346,058	350,890
Total expenses	71,565,847	69,127,234	23,225,911	22,199,011	94,791,758	91,326,245
Increase in net assets before transfers	(537,121)	(1,909,817)	6,274,239	3,825,359	5,737,118	1,915,542
Transfers	(309,026)	1,337,790	309,026	(1,337,790)	-	-
Change in net assets	(846,147)	(572,027)	6,583,265	2,487,569	5,737,118	1,915,542
Net assets at January 1	159,877,375	160,449,402	161,107,840	158,620,271	320,985,215	319,069,673
Net assets at December 31	\$159,031,228	\$159,877,375	\$167,691,105	\$161,107,840	\$326,722,333	\$320,985,215

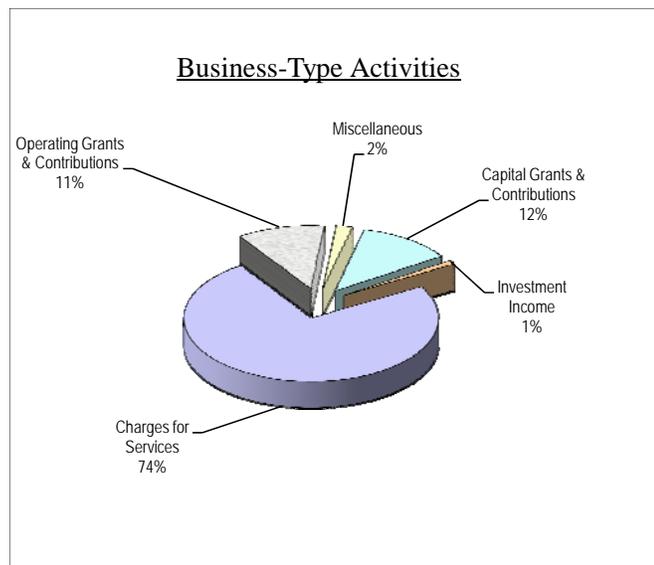
*Note the 2010 Governmental Activities have been restated. See Note III-I for further information.

The chart on the right illustrates how governmental activities are funded. Taxes, primarily real and personal property, but also room taxes and payments-in-lieu of taxes, provide about 52% of the revenue for governmental activities. State aids and other grants comprise another 27% while charges for services and all other sources are equal to 21% of revenues.



Another way to analyze the data in the *Statement of Activities* is to compare expenses of a particular program with revenues generated. The graph on the left reflects this comparison for 2011 governmental activities.

Business-type activities depend on charges for services as their primary revenue sources. As indicated in the graph on the right, 74% of revenues are generated from user charges.



FINANCIAL ANALYSIS OF THE CITY'S MAJOR FUNDS

Governmental Funds

The focus of the City's governmental funds is to provide information regarding near-term inflows, outflows and spendable resources. Such information can be useful in assessing the City's financing requirements.

As of December 31, 2011, the City of Eau Claire's *Balance Sheet - Governmental Funds* on page 30 reported combined ending fund balances of \$54 million, a decrease of \$6.8 million over the previous year's ending balances. The decrease is primarily related to the expenditures in the Streets Capital Projects Fund resulting in a fund balance decrease of \$7.4 million, net of bond issues and other revenues and financing sources. The Debt Service Fund decreased \$.5 million and the nonmajor governmental funds decreased \$.3 million. The General Fund's fund balance increased by \$1.4 million.

The General Fund is the primary operating fund used to account for the governmental operations of the City. The largest revenue sources for the General Fund taxes and intergovernmental aids, together accounting for 78.6% of revenues. Public safety, public works and culture and recreation were the primary operations of the General Fund. Of the \$54.1 million General Fund expenditures and other financing uses, 47.6% or \$25.7 million was allocated to the public safety sector. Another 23.1% or \$12.5 million was expended by the operations of public works and culture and recreation.

The General Fund has a fund balance of \$26.8 million, an increase of \$1.4 million from 2010. Of the fund balance, \$6.8 million is nonspendable, reflecting loans made to other funds and inventories. Assigned amounts include \$3.3 million for capital projects, \$2.6 million for maintenance on a major arterial and \$1 million for economic development, carryovers and a potential reimbursement. The unassigned total is \$13.1 million.

The Debt Service Fund had a total fund balance of \$7 million, a decrease of \$0.5 million from 2010. This balance primarily reflects the amounts reserved to pay debt service on special assessment bond issues and has accumulated from the prepayment of special assessments by property owners.

In 2011, the \$13.6 million level of expenditures in the Streets Capital Projects Fund elevated this fund to a major fund status. The expenditures reflect the work on a major City arterial. Normally this fund is reported with other nonmajor capital funds.

The Nonmajor Governmental Funds column in the balance sheet includes various special revenue, debt service and capital projects funds used to account for proceeds of specific revenue sources that are restricted to expenditures for specific purposes. The fund balance of the Nonmajor Governmental Funds decreased from 2010 by \$.3 million reflecting planned draws on fund balance reserves for capital purchases.

Proprietary Funds

The City's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in greater detail. The detail of the City's proprietary funds can be found from pages 35 to 44. The net assets of the enterprise-type proprietary funds at the end of 2011 totaled \$167.6 million, an increase of \$6.6 million from the previous year.

Some highlights:

- The Water, Sewer and Storm Water funds transferred \$1.5 million to the General Fund and the General Fund and other funds transferred \$1.7 million to the Parking Utility, Public Transit, Hobbs Ice Center and Outdoor Pool funds. After transfers, the enterprise funds had collective net income of \$2.7 million, primarily generated by the Water, Sewer and Storm Water funds.
- Additionally, in 2011, developer infrastructure and other contributions resulted in \$3.9 million of the \$6.6 million net asset increase.

GENERAL FUND BUDGETARY HIGHLIGHTS

As shown in the *Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual for the General Fund* on page 109, the original 2011 General Fund budget authorized expenditures and other financing uses of \$56.7 million, funded by anticipated revenues and other financing sources of \$54.7 million and the application of \$2 million in available reserves. From time to time during the year, the City Council approved adjustments to the budget, primarily for grants and donations. These changes are reflected in the Final Budgeted Amounts column.

The City ended the year with net favorable variances. Revenues and other financing sources were over budget by \$.6 million and expenditures and other financing uses were under spent by \$2.8 million. Since the budget anticipated a drawdown of \$2 million, the net increase in the General Fund's fund balance is \$1.4 million as discussed on page 15. The more significant variances in the revenue lines were the receipts of \$.6 million over budget in charges for services and special assessments. The only significant revenue shortfall was \$.2 million for interest.

Several factors contributed to the favorable expenditure variances. As mentioned earlier the major variances were wages and benefits at \$1.1 million, General Fund subsidies at \$.3 million and utility costs at \$.4 million. The favorable variances for benefits reflect mid-year state legislative requirements that some employees pay for 50% of their retirement costs. The General Fund support for Public Transit and the Outdoor Pool was less than anticipated due to under spent wages, benefits and fuel costs. General Fund utility costs were under budget due to lower consumption and rates. Making up the balance of the \$2.8 million expenditures variance are the unspent contingency amount of \$.2 million, the materials and supply amount of \$.2 million and multiple other budget amounts in many programs, totaling \$.6 million.

CAPITAL ASSETS AND DEBT

Capital Assets

In accordance with the implementation requirements of GASB No. 34, the City has recorded historical costs and depreciation expense associated with all of its capital assets, including infrastructure. As summarized in the table below, the City's reported investment in capital assets for governmental and business-type activities as of December 31, 2011 totaled \$509 million. These assets include the street network in the governmental activities and the water, sewer and storm systems in the business-type activities.

Total accumulated depreciation was calculated to be over \$173 million, or approximately 34% of the historical asset cost. Net of accumulated depreciation, the City's investment in capital assets is more than \$334 million. The net increase over 2010 is approximately \$16.4 million. The largest increases were in streets infrastructure, water, sewer and storm water assets, reflecting the City's share of construction on major arterial streets.

City of Eau Claire, Wisconsin						
Capital Assets, Net of Accumulated Depreciation						
December 31, 2011						
	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land	\$ 15,625,790	\$ 15,208,001	\$ 16,801,555	\$ 16,801,555	\$ 32,427,345	\$ 32,009,556
Land Improvements	9,699,636	9,445,019	-	-	9,699,636	9,445,019
Building and Improvements	22,153,603	20,113,657	12,708,812	12,406,533	34,862,415	32,520,190
Infrastructure	168,865,550	157,671,800	3,743,214	3,743,214	172,608,764	161,415,014
Machinery and Equipment	31,576,883	30,752,239	6,981,143	5,945,313	38,558,026	36,697,552
Intangibles	291,377	87,745	-	-	291,377	87,745
Water Utility	-	-	81,840,987	77,619,474	81,840,987	77,619,474
Sewer Utility	-	-	74,210,181	72,092,728	74,210,181	72,092,728
Storm Water Utility	-	-	46,203,071	42,974,140	46,203,071	42,974,140
Work in Progress	8,997,341	8,031,775	9,184,433	11,127,660	18,181,774	19,159,435
Subtotal	257,210,180	241,310,236	251,673,396	242,710,617	508,883,576	484,020,853
Less Accumulated Dep.	(97,760,719)	(92,788,867)	(76,231,995)	(72,728,787)	(173,992,714)	(165,517,654)
Total	\$ 159,449,461	\$ 148,521,369	\$ 175,441,401	\$ 169,981,830	\$ 334,890,862	\$ 318,503,199

Additional information about the City's capital assets can be found in Note III-D of this report. As shown in Note III-D, some of the most significant additions to the City's capital assets during 2011 included the following:

<u>Significant Additions to Capital Assets in 2011</u>		
	<u>Governmental</u>	<u>Business-Type</u>
	<u>Activities</u>	<u>Activities</u>
Land and Buildings	\$2.7 M	\$.3 M
Machinery and Equipment	2.6 M	2.2 M
Intangible	.2 M	-
Infrastructure	13.2 M	-
Distribution and Collection Systems	-	9.8 M

Long-Term Debt

At December 31, 2011, the City of Eau Claire had approximately \$100 million of bond and long-term note principal outstanding, as summarized in the following table:

City of Eau Claire, Wisconsin Notes and Bonds Outstanding General Obligation and Revenue Bonds

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	2011	2010	2011	2010	2011	2010
Obligation Bonds & Notes	\$ 72,434,895	\$ 72,114,500	\$ 18,757,295	\$ 17,377,392	\$ 91,192,190	\$ 89,491,892
Revenue Bonds	-	-	8,700,000	9,445,000	8,700,000	9,445,000
Total	<u>\$ 72,434,895</u>	<u>\$ 72,114,500</u>	<u>\$ 27,457,295</u>	<u>\$ 26,822,392</u>	<u>\$ 99,892,190</u>	<u>\$ 98,936,892</u>

Under Wisconsin State Statute Section 67.03(1), the outstanding general obligation long-term debt of a municipality may not exceed 5% of the equalized property value of all taxable property within the jurisdiction. Applicable general obligation debt of the City at the close of 2011 totaled \$91.2 million, which, with amounts available for payment of principal, is less than 40% of the maximum legal limit. During 2011, the City issued new debt for the following amounts and purposes:

**City of Eau Claire, Wisconsin
Long-term Debt Issued**

<u>Date</u>	<u>Type of Debt</u>	<u>Amount</u>
08/01/11	General Obligation Corporate Purpose Bonds for streets storm water improvements	\$6,350,000
08/01/11	General Obligation Promissory Notes for streets and building improvements	\$2,160,000

The General Obligation Corporate Purpose and Refunding Bonds were rated AA+ by Standard & Poor's Ratings Services and Aa1 by Moody's Investors Service. The Water Revenue Bonds issued in prior years are rated AA+ by Standard & Poor's Rating Services and Aa3 by Moody's Investors Service.

Additional information about the City's long-term debt can be found in Note III-F of this report.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. As in the past, the City provides the Comprehensive Annual Financial Report on our web page (www.eauclairewi.gov). If anyone has any questions about this report or needs additional financial information about the City of Eau Claire, please contact the Finance Department at 203 South Farwell Street, Eau Claire, Wisconsin, 54701. Finance Department staff can also be reached at (715) 839-6044.

Basic Financial Statements

The basic financial statements include all fund types, including discrete presentation of two enterprise fund type component units and three governmental type component units, in order to provide an overview of the financial position and results of operations for the City as a whole.

CITY OF EAU CLAIRE

STATEMENT OF NET ASSETS

December 31, 2011

(With Comparative Reporting Entity Totals for December 31, 2010)

	Primary Government				Totals Reporting Entity		
	Governmental Activities	Business-type Activities	Debt Reclassifications	Totals	Component Units	2011	2010 (As Restated)
ASSETS							
Cash and investments	\$ 66,235,750	\$ 19,167,712	\$ -	\$ 85,403,462	\$ 6,158,095	\$ 91,561,557	\$ 96,617,705
Taxes receivable, net	38,023,471	913,338	-	38,936,809	-	38,936,809	38,167,980
Special assessments receivable	5,665,162	1,358,267	-	7,023,429	146,500	7,169,929	6,893,755
Notes receivable, net	2,993,710	-	-	2,993,710	587,736	3,581,446	5,892,926
Accounts receivable, net	2,041,675	5,050,763	-	7,092,438	17,573	7,110,011	6,827,139
Interest receivable	102,421	-	-	102,421	-	102,421	120,744
Due from other governments	913,596	142,634	-	1,056,230	-	1,056,230	634,928
Due from component unit	61,500	-	-	61,500	-	61,500	30,929
Internal balances	6,691,243	(6,691,243)	-	-	-	-	-
Prepaid items and inventories	1,317,548	222,569	-	1,540,117	75,505	1,615,622	1,537,824
Restricted cash and investments	1,350,625	3,478,163	-	4,828,788	183,085	5,011,873	7,050,802
Deposit in insurance pools	766,496	-	-	766,496	-	766,496	766,496
Debt issuance costs	514,816	240,117	-	754,933	-	754,933	760,243
Property held for resale	-	-	-	-	567,353	567,353	711,144
Capital assets							
Construction in progress	8,997,341	9,184,433	-	18,181,774	-	18,181,774	19,159,435
Land	15,625,790	16,801,555	-	32,427,345	1,442,032	33,869,377	33,450,588
Other capital assets, net of depreciation/amortization	134,826,330	149,455,413	-	284,281,743	10,139,813	294,421,556	277,778,964
Total Assets	286,127,474	199,323,721	-	485,451,195	19,317,692	504,768,887	496,401,602
LIABILITIES							
Accounts payable and accrued expenses	2,915,239	1,848,797	-	4,764,036	143,180	4,907,216	7,631,635
Accrued liabilities	2,955,802	629,849	-	3,585,651	23,738	3,609,389	3,399,020
Customer deposits	359,607	40,578	-	400,185	-	400,185	354,533
Due to other governments	61,692	234,235	-	295,927	-	295,927	180,545
Due to primary government	-	-	-	-	61,500	61,500	30,929
Unearned revenues	36,484,575	-	-	36,484,575	146,963	36,631,538	35,578,986
Noncurrent liabilities							
Due within one year	8,526,479	2,450,753	-	10,977,232	106,216	11,083,448	10,549,343
Due in more than one year	75,792,852	26,428,404	-	102,221,256	69,177	102,290,433	99,050,319
Total Liabilities	127,096,246	31,632,616	-	158,728,862	550,774	159,279,636	156,775,310
NET ASSETS							
Invested in capital assets, net of related debt	98,427,662	149,683,001	(3,336,642)	244,774,021	11,518,845	256,292,866	243,341,954
Restricted for:							
Debt service payments	10,206,445	1,356,780	-	11,563,225	-	11,563,225	13,087,952
Cemetery maintenance	61,031	-	-	61,031	-	61,031	63,196
Hazmat	105,690	-	-	105,690	-	105,690	200,280
Community development	1,983,546	-	-	1,983,546	-	1,983,546	2,718,241
Home grant	2,641	-	-	2,641	-	2,641	-
Economic development	4,842,239	-	-	4,842,239	-	4,842,239	5,176,212
Community enhancement	134,193	-	-	134,193	-	134,193	78,671
Library	1,571,706	-	-	1,571,706	-	1,571,706	1,688,274
Health	871,487	-	-	871,487	-	871,487	929,658
Downtown partners	68,654	-	-	68,654	-	68,654	49,427
TIF projects	2,723,330	-	-	2,723,330	-	2,723,330	2,445,316
Capital contracts	2,447,155	-	-	2,447,155	-	2,447,155	528,190
RCU agreement	381,413	-	-	381,413	-	381,413	368,159
Insurance deposits	1,002,693	-	-	1,002,693	-	1,002,693	1,003,264
Equipment replacement	-	382,000	-	382,000	-	382,000	407,000
Grant requirements	-	-	-	-	183,085	183,085	219,438
Business improvement	-	-	-	-	285,457	285,457	359,641
Unrestricted	34,201,343	16,269,324	3,336,642	53,807,309	6,779,531	60,586,840	66,961,419
TOTAL NET ASSETS	\$ 159,031,228	\$ 167,691,105	\$ -	\$ 326,722,333	\$ 18,766,918	\$345,489,251	\$ 339,626,292

See accompanying notes to financial statements.

CITY OF EAU CLAIRE

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2011

(With Comparative Reporting Entity Totals for the Year Ended December 31, 2010)

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
General government	\$ 7,688,891	\$ 3,665,540	\$ 43,279	\$ -
Public safety	28,078,889	4,945,608	585,005	102,038
Public works	12,092,862	368,467	6,658	5,633,183
Health services	5,296,571	2,073,356	1,028,604	-
Culture and recreation	9,990,949	1,641,235	100,489	521,094
Development	5,347,354	726,293	1,497,532	17,144
Interest and fiscal charges	3,070,331	-	230,884	-
Total Governmental Activities	<u>71,565,847</u>	<u>13,420,499</u>	<u>3,492,451</u>	<u>6,273,459</u>
Business-type Activities				
Water Utility	6,336,311	8,649,397	-	927,308
Sewer Utility	6,328,716	7,659,365	-	409,621
Storm Water Utility	2,944,824	3,739,357	62,447	379,626
Public Transit	5,745,719	705,102	3,269,479	1,928,001
Parking Utility	408,272	217,547	-	50,000
Hobbs Ice Center	1,116,011	620,916	-	8,437
Outdoor Pool	346,058	231,326	-	-
Total Business-type Activities	<u>23,225,911</u>	<u>21,823,010</u>	<u>3,331,926</u>	<u>3,702,993</u>
Total Primary Government	<u>\$ 94,791,758</u>	<u>\$ 35,243,509</u>	<u>\$ 6,824,377</u>	<u>\$ 9,976,452</u>
Component Units				
Housing Authority	\$ 3,948,104	\$ 914,601	\$ 3,043,811	\$ -
Redevelopment Authority	164,533	-	-	-
South Barstow Business Improvement District	90,296	-	-	-
West Grand Business Improvement District	14,783	-	-	-
Water Street Business Improvement District	9,831	-	-	-
North Barstow/Medical Business Improvement District	109,099	-	-	-
Total Component Units	<u>\$ 4,336,646</u>	<u>\$ 914,601</u>	<u>\$ 3,043,811</u>	<u>\$ -</u>

General Revenues

Taxes

Property taxes, levied for general purposes

Property taxes, levied for debt service

Property taxes, levied for TIF districts

Other taxes

Special assessments

Intergovernmental revenues not restricted to specific programs

Investment income

Contributions from city

Miscellaneous

Total General Revenues

Transfers

Change in Net Assets

NET ASSETS - Beginning of Year (As Restated)

NET ASSETS - END OF YEAR

Net (Expenses) Revenues and Changes in Net Assets				Totals Reporting Entity	
Governmental Activities	Business-type Activities	Totals		2011	2010 (As Restated)
		Primary Government	Component Units		
\$ (3,980,072)	\$ -	\$ (3,980,072)	\$ -	\$ (3,980,072)	\$ (3,628,910)
(22,446,238)	-	(22,446,238)	-	(22,446,238)	(21,868,224)
(6,084,554)	-	(6,084,554)	-	(6,084,554)	(9,554,068)
(2,194,611)	-	(2,194,611)	-	(2,194,611)	(1,809,298)
(7,728,131)	-	(7,728,131)	-	(7,728,131)	(6,840,461)
(3,106,385)	-	(3,106,385)	-	(3,106,385)	(2,188,435)
(2,839,447)	-	(2,839,447)	-	(2,839,447)	(2,985,972)
<u>(48,379,438)</u>	<u>-</u>	<u>(48,379,438)</u>	<u>-</u>	<u>(48,379,438)</u>	<u>(48,875,368)</u>
-	3,240,394	3,240,394	-	3,240,394	2,697,646
-	1,740,270	1,740,270	-	1,740,270	751,586
-	1,236,606	1,236,606	-	1,236,606	1,465,505
-	156,863	156,863	-	156,863	(1,399,790)
-	(140,725)	(140,725)	-	(140,725)	(295,086)
-	(486,658)	(486,658)	-	(486,658)	(72,435)
-	(114,732)	(114,732)	-	(114,732)	(133,632)
-	<u>5,632,018</u>	<u>5,632,018</u>	-	<u>5,632,018</u>	<u>3,013,794</u>
<u>(48,379,438)</u>	<u>5,632,018</u>	<u>(42,747,420)</u>	-	<u>(42,747,420)</u>	<u>(45,861,574)</u>
-	-	-	10,308	10,308	1,722,248
-	-	-	(164,533)	(164,533)	(1,815,464)
-	-	-	(90,296)	(90,296)	(67,989)
-	-	-	(14,783)	(14,783)	(12,273)
-	-	-	(9,831)	(9,831)	(9,951)
-	-	-	(109,099)	(109,099)	(8,355)
-	-	-	<u>(378,234)</u>	<u>(378,234)</u>	<u>(191,784)</u>
28,012,603	-	28,012,603	-	28,012,603	27,353,174
5,602,486	-	5,602,486	-	5,602,486	5,035,172
1,553,229	-	1,553,229	-	1,553,229	1,459,654
1,805,164	-	1,805,164	-	1,805,164	1,718,702
-	-	-	145,000	145,000	145,000
9,457,785	-	9,457,785	-	9,457,785	9,695,627
1,381,465	160,168	1,541,633	21,236	1,562,869	1,580,367
-	-	-	333,214	333,214	200,000
29,585	482,053	511,638	4,625	516,263	950,656
<u>47,842,317</u>	<u>642,221</u>	<u>48,484,538</u>	<u>504,075</u>	<u>48,988,613</u>	<u>48,138,352</u>
<u>(309,026)</u>	<u>309,026</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(846,147)	6,583,265	5,737,118	125,841	5,862,959	2,084,994
<u>159,877,375</u>	<u>161,107,840</u>	<u>320,985,215</u>	<u>18,641,077</u>	<u>339,626,292</u>	<u>337,541,298</u>
<u>\$ 159,031,228</u>	<u>\$ 167,691,105</u>	<u>\$ 326,722,333</u>	<u>\$ 18,766,918</u>	<u>\$ 345,489,251</u>	<u>\$ 339,626,292</u>

See accompanying notes to financial statements.

CITY OF EAU CLAIRE

BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2011

	General Fund	Debt Service - General	Streets Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments	\$ 21,113,273	\$ 6,982,036	\$ 3,797,774	\$ 19,350,168	\$ 51,243,251
Receivables					
Taxes	31,168,363	711,382	-	6,129,712	38,009,457
Delinquent personal property taxes	14,014	-	-	-	14,014
Accounts, net	1,688,110	34,279	-	444,812	2,167,201
Notes, net	25,000	-	-	2,968,710	2,993,710
Special assessments	2,995,374	2,669,788	-	-	5,665,162
Interest	102,421	-	-	-	102,421
Prepaid items and inventories	772,524	-	-	112,743	885,267
Due from other funds	150,982	-	-	-	150,982
Due from component unit	62,821	-	-	-	62,821
Due from other governments	103,455	-	157,177	640,658	901,290
Advances to other funds	6,722,087	-	1,000,000	400,000	8,122,087
Restricted assets - cash and investments	-	-	-	1,114,428	1,114,428
TOTAL ASSETS	\$ 64,918,424	\$ 10,397,485	\$ 4,954,951	\$ 31,161,231	\$ 111,432,091
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 216,694	\$ -	\$ 1,649,477	\$ 781,453	\$ 2,647,624
Accrued liabilities	1,939,147	-	-	244,276	2,183,423
Deposits	233,703	-	-	125,904	359,607
Due to other governments	37,414	-	-	24,278	61,692
Due to other funds	-	-	-	26,064	26,064
Due to component unit	-	-	-	18,164	18,164
Deferred revenues	35,684,552	3,407,449	157,177	9,654,287	48,903,465
Advances from other funds	-	-	-	3,264,845	3,264,845
Total Liabilities	<u>38,111,510</u>	<u>3,407,449</u>	<u>1,806,654</u>	<u>14,139,271</u>	<u>57,464,884</u>
Fund Balances					
Nonspendable	6,833,801	-	-	112,743	6,946,544
Restricted	-	6,990,036	1,054,809	12,680,792	20,725,637
Assigned	6,873,403	-	2,093,488	6,640,437	15,607,328
Unassigned (deficit)	13,099,710	-	-	(2,412,012)	10,687,698
Total Fund Balances	<u>26,806,914</u>	<u>6,990,036</u>	<u>3,148,297</u>	<u>17,021,960</u>	<u>53,967,207</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ 64,918,424	\$ 10,397,485	\$ 4,954,951	\$ 31,161,231	\$ 111,432,091

See accompanying notes to financial statements.

CITY OF EAU CLAIRE

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO NET ASSETS OF GOVERNMENTAL ACTIVITIES As of December 31, 2011

Total fund balance - governmental funds		\$ 53,967,207
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in government activities are not financial resources and therefore are not reported in the fund statements. Capital assets at year end (excluding internal service funds) consist of:

Construction in progress	\$ 8,997,341	
Land	15,625,790	
Other capital assets, net of depreciation/amortization	134,826,330	
Less: Internal service fund included below	<u>(10,494,953)</u>	148,954,508

Governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. These amounts are the net effect of these differences:

Premium/(discount) on debt		(366,719)
Debt issuance costs on debt		514,816
Deferred loss on refunding of debt		229,193

Receivables that may be uncollectible are recorded in deferred revenue on the fund statements and do not require an allowance. On the government-wide statements an allowance for uncollectible accounts is necessary to offset the revenue that was recognized when earned on the government-wide statements.

(341,747)

Special assessments, loans receivable, and various other receivables are reported as deferred revenue in the fund financial statements and are recognized as revenue when earned in the government-wide financial statements.

These types of deferred revenues at year end consist of:

Delinquent personal property taxes receivable	239,968	
Accounts receivable	1,566,890	
Loan receivable	2,968,711	
Interest receivable	246,573	
Special assessments receivable	7,006,916	
Grants receivable	<u>389,832</u>	12,418,890

Internal service funds are used by management to charge the costs of risk management and central equipment to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.

26,870,346

Long-term liabilities, including bonds and notes payable, are not due in the current period and therefore are not reported in the fund statements.

Long-term liabilities at year end (excluding internal service funds) consist of:

General obligation debt	(72,434,895)	
Vested compensated absences	(2,196,034)	
Police and fire pension liability	(247,566)	
Permanent disability liability	(294,653)	
Other post-employment benefits	(7,300,518)	
Accrued interest on general obligation debt	<u>(741,600)</u>	(83,215,266)

TOTAL NET ASSETS - GOVERNMENTAL ACTIVITIES

\$ 159,031,228

See accompanying notes to financial statements.

CITY OF EAU CLAIRE

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS

For the Year Ended December 31, 2011

	General Fund	Debt Service - General	Streets Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 29,723,201	\$ -	\$ -	\$ 7,595,516	\$ 37,318,717
Special assessments	955,078	932,928	-	25	1,888,031
Intergovernmental	12,533,570	-	-	2,753,884	15,287,454
Licenses and permits	1,475,789	-	-	345,013	1,820,802
Fines, forfeitures and penalties	746,611	-	-	117,922	864,533
Charges for services - public	3,382,953	42,500	-	367,237	3,792,690
Charges for services - intergovernmental	3,528,975	-	-	1,994,332	5,523,307
Investment income	1,019,233	9,997	77,800	142,408	1,249,438
Miscellaneous	397,895	-	1,040	1,882,614	2,281,549
Total Revenues	<u>53,763,305</u>	<u>985,425</u>	<u>78,840</u>	<u>15,198,951</u>	<u>70,026,521</u>
EXPENDITURES					
Current					
General government	6,131,999	3,283	-	99	6,135,381
Public safety	25,730,053	-	-	179,355	25,909,408
Public works	7,932,486	-	36,576	136,664	8,105,726
Health services	-	-	-	5,025,942	5,025,942
Culture and recreation	4,548,739	-	-	3,670,905	8,219,644
Development	-	-	-	2,701,262	2,701,262
Miscellaneous	473,894	-	-	-	473,894
Capital Outlay	-	-	13,600,403	3,992,166	17,592,569
Debt Service					
Principal retirement	-	4,659,605	-	1,080,000	5,739,605
Interest and fiscal charges	-	2,433,797	-	599,981	3,033,778
Total Expenditures	<u>44,817,171</u>	<u>7,096,685</u>	<u>13,636,979</u>	<u>17,386,374</u>	<u>82,937,209</u>
Excess (deficiency) of revenues over expenditures	<u>8,946,134</u>	<u>(6,111,260)</u>	<u>(13,558,139)</u>	<u>(2,187,423)</u>	<u>(12,910,688)</u>
OTHER FINANCING SOURCES (USES)					
Long-term debt issued	-	-	5,500,000	560,000	6,060,000
Premium on long-term debt issued	-	-	27,470	2,790	30,260
Transfers from other funds	1,671,583	5,602,486	587,300	2,456,278	10,317,647
Transfers to other funds	(9,248,301)	-	-	(1,150,036)	(10,398,337)
Sale of capital assets	71,533	-	-	-	71,533
Total Other Financing Sources (Uses)	<u>(7,505,185)</u>	<u>5,602,486</u>	<u>6,114,770</u>	<u>1,869,032</u>	<u>6,081,103</u>
Net change in fund balances	1,440,949	(508,774)	(7,443,369)	(318,391)	(6,829,585)
FUND BALANCES - Beginning of Year	<u>25,365,965</u>	<u>7,498,810</u>	<u>10,591,666</u>	<u>17,340,351</u>	<u>60,796,792</u>
FUND BALANCES - END OF YEAR	<u>\$ 26,806,914</u>	<u>\$ 6,990,036</u>	<u>\$ 3,148,297</u>	<u>\$ 17,021,960</u>	<u>\$ 53,967,207</u>

See accompanying notes to financial statements.

CITY OF EAU CLAIRE

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES For the Year Ended December 31, 2011

Net change in fund balances - total governmental funds	\$ (6,829,585)
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlay is capitalized in the government-wide statements	17,592,569
Some functional expenditures are capitalized	3,493,947
Some capital outlay is not capitalized in the government-wide statements	(3,149,394)
Depreciation is reported in the government-wide statements	(6,954,858)
Capital assets transferred to business-type activities	(159,736)

Contributed assets are reported in the government-wide statements.	231,686
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In the statement of activities, only the gain or loss (\$342,071) on the disposal of capital assets is reported. In the fund financial statements, proceeds from the sale of capital assets (\$71,533) are reported because the proceeds increase financial resources.	(413,604)
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Receivables not currently available are reported as deferred revenue in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements. This amount is the change in the following deferred revenue categories.

Delinquent personal property taxes receivable	(33,373)
Accounts receivable	(174,152)
Loan receivable	(2,412,752)
Interest receivable	(123,926)
Special assessments receivable	386,293
Grants receivable	262,468

Receivables that may be uncollectible are recorded in deferred revenue on the fund statements and do not require an allowance. On the government-wide statements an allowance for uncollectible accounts is necessary to offset the revenue that was recognized when earned on the government-wide statements.	28,561
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Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount of principal payments paid.	5,739,605
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Issuing debt provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. This is the amount of debt issued during the year.	(6,060,000)
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Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. This amount is the change in the following liabilities.

Compensated absences	49,122
Police and fire pension liability	102,827
Permanent disability liability	(58,370)
Other post-employment benefits	(2,402,390)

Interest on long-term debt in the statement of activities differs from the amount reported in the fund financial statements because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities interest expense is recognized as the interest accrues regardless of when it is due.	\$ (43,861)
Governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. These amounts are the net effect of these differences:	
Premium on new debt	(30,260)
Debt issuance costs on new debt	42,181
Amortization of premium/(discount)	29,390
Amortization of debt issuance costs	(39,148)
Amortization of deferred loss on refunding	(24,992)
Internal service funds are used by management to charge the costs of risk management and central equipment to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities	<u>105,605</u>
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ (846,147)</u>

See accompanying notes to financial statements.

CITY OF EAU CLAIRE

STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS
 As of December 31, 2011

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Storm Water Utility</u>
ASSETS			
Current Assets			
Cash and investments	\$ 5,059,640	\$ 9,771,428	\$ 2,551,381
Taxes receivable	435,301	354,506	123,531
Accounts receivable, net	1,776,413	2,096,032	952,505
Due from other governments	78,887	29,165	11,959
Due from component unit	-	-	-
Inventories	194,507	-	-
Prepaid items	9,633	-	-
Restricted cash and investments	288,976	-	-
Total Current Assets	<u>7,843,357</u>	<u>12,251,131</u>	<u>3,639,376</u>
Noncurrent Assets			
Restricted cash and investments	1,545,030	-	1,644,157
Deposit in insurance pools	-	-	-
Unamortized issuance costs	130,798	-	109,319
Special assessment receivable	696,095	659,834	2,338
Advances to other funds	-	-	-
Capital assets:			
Construction in progress	954,540	6,648,713	1,509,463
Land	317,174	169,171	15,665,014
Capital assets	81,840,987	74,210,181	46,203,071
Less: Accumulated depreciation	<u>(25,600,054)</u>	<u>(27,999,161)</u>	<u>(11,583,325)</u>
Total Capital Assets (Net of Accumulated Depreciation)	<u>57,512,647</u>	<u>53,028,904</u>	<u>51,794,223</u>
Total Noncurrent Assets	<u>59,884,570</u>	<u>53,688,738</u>	<u>53,550,037</u>
Total Assets	<u>67,727,927</u>	<u>65,939,869</u>	<u>57,189,413</u>

<u>Business-type Activities - Enterprise Funds</u>			Governmental Activities - Internal Service Funds
<u>Public Transit</u>	<u>Nonmajor Enterprise Funds</u>	<u>Totals</u>	
\$ 736,819	\$ 1,048,444	\$ 19,167,712	\$ 14,992,499
-	-	913,338	-
73,737	152,076	5,050,763	216,221
14,186	8,437	142,634	12,306
-	-	-	16,843
18,429	-	212,936	432,281
-	-	9,633	-
-	-	288,976	-
<u>843,171</u>	<u>1,208,957</u>	<u>25,785,992</u>	<u>15,670,150</u>
-	-	3,189,187	236,197
-	-	-	766,496
-	-	240,117	-
-	-	1,358,267	-
-	-	-	1,838,700
-	71,717	9,184,433	300,926
-	650,196	16,801,555	235,899
6,668,830	16,764,339	225,687,408	21,558,035
<u>(4,442,087)</u>	<u>(6,607,368)</u>	<u>(76,231,995)</u>	<u>(11,599,907)</u>
<u>2,226,743</u>	<u>10,878,884</u>	<u>175,441,401</u>	<u>10,494,953</u>
<u>2,226,743</u>	<u>10,878,884</u>	<u>180,228,972</u>	<u>13,336,346</u>
<u>3,069,914</u>	<u>12,087,841</u>	<u>206,014,964</u>	<u>29,006,496</u>

See accompanying notes to financial statements.

CITY OF EAU CLAIRE

STATEMENT OF NET ASSETS (cont.)
 PROPRIETARY FUNDS
 As of December 31, 2011

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Storm Water Utility</u>
LIABILITIES			
Current Liabilities			
Accounts payable	\$ 382,121	\$ 1,033,121	\$ 323,558
Accrued payroll and payroll taxes	89,047	89,676	14,261
Accrued compensated absences	144,534	109,120	18,601
Accrued interest	-	-	191,971
Deposits	2,688	-	-
Due to other governments	-	-	-
Due to other funds	-	-	-
Current portion of advances	443,003	52,807	-
Current portion of general obligation debt	-	-	1,221,350
Current portion of revenue bonds	581,250	-	-
Current portion of unpaid claims	-	-	-
Liabilities payable from restricted assets:			
Current portion revenue bonds	193,750	-	-
Accrued interest	95,226	-	-
Total Current Liabilities	<u>1,931,619</u>	<u>1,284,724</u>	<u>1,769,741</u>
Noncurrent Liabilities			
Advances from other funds	1,763,809	586,323	-
Revenue bonds payable	7,925,000	-	-
General obligation debt	-	-	17,451,550
Other post-employment benefits	467,483	247,690	-
Unpaid claims	-	-	-
Deferred amount on refunding	(16,006)	-	(169,409)
Unamortized premium on debt	40,590	-	90,087
Total Noncurrent Liabilities	<u>10,180,876</u>	<u>834,013</u>	<u>17,372,228</u>
Total Liabilities	<u>12,112,495</u>	<u>2,118,737</u>	<u>19,141,969</u>
NET ASSETS			
Invested in capital assets, net of related debt	48,788,063	53,028,904	34,844,802
Restricted for:			
Restricted deposits	-	-	-
Debt service	1,356,780	-	-
Equipment replacement	382,000	-	-
Unrestricted (deficit)	<u>5,088,589</u>	<u>10,792,228</u>	<u>3,202,642</u>
TOTAL NET ASSETS	<u>\$ 55,615,432</u>	<u>\$ 63,821,132</u>	<u>\$ 38,047,444</u>

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.

NET ASSETS OF BUSINESS-TYPE ACTIVITIES

<u>Business-type Activities - Enterprise Funds</u>			
<u>Public Transit</u>	<u>Nonmajor Enterprise Funds</u>	<u>Totals</u>	<u>Governmental Activities - Internal Service Funds</u>
\$ 62,461	\$ 47,536	\$ 1,848,797	\$ 267,615
133,702	13,110	339,796	30,779
131,457	9,427	413,139	34,654
2,856	-	194,827	-
36,780	1,110	40,578	-
230,883	3,352	234,235	-
-	124,918	124,918	-
-	190,000	685,810	-
41,264	-	1,262,614	-
-	-	581,250	-
-	-	-	220,000
-	-	193,750	-
-	-	95,226	-
<u>639,403</u>	<u>389,453</u>	<u>6,014,940</u>	<u>553,048</u>
-	3,660,000	6,010,132	-
-	-	7,925,000	-
43,131	-	17,494,681	-
339,834	8,454	1,063,461	83,690
-	-	-	1,369,795
-	-	(185,415)	-
-	-	130,677	-
<u>382,965</u>	<u>3,668,454</u>	<u>32,438,536</u>	<u>1,453,485</u>
<u>1,022,368</u>	<u>4,057,907</u>	<u>38,453,476</u>	<u>2,006,533</u>
2,142,348	10,878,884	149,683,001	10,494,953
-	-	-	1,002,693
-	-	1,356,780	-
-	-	382,000	-
<u>(94,802)</u>	<u>(2,848,950)</u>	<u>16,139,707</u>	<u>15,502,317</u>
<u>\$ 2,047,546</u>	<u>\$ 8,029,934</u>	167,561,488	<u>\$ 26,999,963</u>
		<u>129,617</u>	
		<u>\$ 167,691,105</u>	

See accompanying notes to financial statements.

CITY OF EAU CLAIRE

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
 PROPRIETARY FUNDS
 For the Year Ended December 31, 2011

	Business-type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Storm Water Utility
OPERATING REVENUES			
Charges for services	\$ 8,649,397	\$ 7,659,365	\$ 3,739,357
Rental of equipment	-	-	-
Other	-	32,852	5
Total Operating Revenues	<u>8,649,397</u>	<u>7,692,217</u>	<u>3,739,362</u>
OPERATING EXPENSES			
Personal services	2,205,116	2,467,535	564,851
Contractual services	625,786	969,363	574,260
Supplies and materials	379,940	623,567	25,297
Utilities	505,733	442,764	100,892
Depreciation	1,619,023	1,306,245	699,413
Administrative	403,493	471,528	332,326
Claims	-	-	-
Total Operating Expenses	<u>5,739,091</u>	<u>6,281,002</u>	<u>2,297,039</u>
Operating income (loss)	<u>2,910,306</u>	<u>1,411,215</u>	<u>1,442,323</u>
NONOPERATING REVENUES (EXPENSES)			
Operating grants	-	-	-
Investment income	63,763	79,916	16,489
Net loss on disposal of capital assets	-	(5,431)	(8,269)
Interest expense	(600,932)	(49,907)	(694,000)
IRS Build America Bond interest subsidy	-	-	62,447
Interest charged to construction	33,900	-	32,898
Amortization	(13,510)	-	(7,753)
Total Nonoperating Revenues (Expenses)	<u>(516,779)</u>	<u>24,578</u>	<u>(598,188)</u>
Income (loss) before transfers and contributions	2,393,527	1,435,793	844,135
Transfers from other funds	-	-	-
Transfers to other funds	(1,497,328)	(76,400)	-
Total Transfers	<u>(1,497,328)</u>	<u>(76,400)</u>	<u>-</u>
Income (loss) before contributions	896,199	1,359,393	844,135
Capital contributions	<u>995,131</u>	<u>501,534</u>	<u>379,626</u>
Change in net assets	1,891,330	1,860,927	1,223,761
NET ASSETS - Beginning of Year	<u>53,724,102</u>	<u>61,960,205</u>	<u>36,823,683</u>
NET ASSETS - END OF YEAR	<u>\$ 55,615,432</u>	<u>\$ 63,821,132</u>	<u>\$ 38,047,444</u>

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.

CHANGE IN NET ASSETS OF BUSINESS-TYPE ACTIVITIES

See accompanying notes to financial statements.

<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental Activities - Internal Service Funds</u>
<u>Public Transit</u>	<u>Nonmajor Enterprise Funds</u>	<u>Totals</u>	
\$ 705,102	\$ 1,069,789	\$ 21,823,010	\$ 2,943,030
-	-	-	2,936,324
<u>291,835</u>	<u>157,361</u>	<u>482,053</u>	<u>277,835</u>
<u>996,937</u>	<u>1,227,150</u>	<u>22,305,063</u>	<u>6,157,189</u>
2,746,631	538,447	8,522,580	871,405
1,660,190	134,536	3,964,135	386,398
652,669	106,495	1,787,968	1,458,690
6,530	306,527	1,362,446	126,925
444,307	633,063	4,702,051	1,179,096
162,017	25,018	1,394,382	120,672
-	-	-	1,904,754
<u>5,672,344</u>	<u>1,744,086</u>	<u>21,733,562</u>	<u>6,047,940</u>
<u>(4,675,407)</u>	<u>(516,936)</u>	<u>571,501</u>	<u>109,249</u>
3,269,479	-	3,269,479	-
-	-	160,168	64,534
(43,717)	-	(57,417)	(7,295)
(4,250)	(123,661)	(1,472,750)	-
-	-	62,447	-
-	-	66,798	-
-	-	(21,263)	-
<u>3,221,512</u>	<u>(123,661)</u>	<u>2,007,462</u>	<u>57,239</u>
(1,453,895)	(640,597)	2,578,963	166,488
1,014,407	708,611	1,723,018	26,400
-	-	(1,573,728)	(95,000)
<u>1,014,407</u>	<u>708,611</u>	<u>149,290</u>	<u>(68,600)</u>
(439,488)	68,014	2,728,253	97,888
<u>1,928,001</u>	<u>58,437</u>	<u>3,862,729</u>	<u>-</u>
1,488,513	126,451	6,590,982	97,888
<u>559,033</u>	<u>7,903,483</u>		<u>26,902,075</u>
<u>\$ 2,047,546</u>	<u>\$ 8,029,934</u>		<u>\$ 26,999,963</u>
		<u>(7,717)</u>	
		<u>\$ 6,583,265</u>	

See accompanying notes to financial statements.

CITY OF EAU CLAIRE

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 For the Year Ended December 31, 2011

	Business-type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Storm Water Utility
CASH FLOWS FROM (USED BY) OPERATING ACTIVITIES			
Cash received from customers	\$ 8,716,461	\$ 7,514,095	\$ 3,624,869
Cash paid to suppliers for goods and services	(1,632,837)	(2,150,289)	(717,352)
Cash paid to employees for services	(1,981,904)	(2,397,143)	(561,121)
Claims paid	-	-	-
Repayment of insurance claims	-	-	-
Administrative charges	(316,728)	(393,828)	(322,848)
Net Cash Flows From (Used By) Operating Activities	<u>4,784,992</u>	<u>2,572,835</u>	<u>2,023,548</u>
CASH FLOWS FROM (USED BY) NONCAPITAL FINANCING ACTIVITIES			
Operating grants received	-	-	-
Transfers from other funds	-	-	-
Transfers to other funds	(1,497,328)	(76,400)	-
Net Cash Flows From (Used By) Noncapital Financing Activities	<u>(1,497,328)</u>	<u>(76,400)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income	<u>63,763</u>	<u>79,916</u>	<u>16,489</u>
CASH FLOWS FROM (USED BY) CAPITAL AND RELATED FINANCING ACTIVITIES			
Debt issued	-	-	2,450,000
Debt issuance costs	-	-	(670)
Debt retired	(745,000)	-	(1,030,600)
Principal paid on advances from other funds	(412,781)	(49,237)	-
Interest paid on advances from other funds	(193,020)	(49,907)	-
Special assessments received	66,802	72,658	566
Interest paid	(410,767)	-	(678,313)
Interest subsidy received	-	-	50,488
Capital contributions	-	-	-
Acquisition and construction of capital assets	(2,594,150)	(1,955,751)	(2,500,887)
Principal paid on capital advances from other funds	-	-	-
Interest paid on capital advances from other funds	-	-	-
Proceeds from sale of capital assets	-	-	-
Net Cash Flows From (Used By) Capital and Related Financing Activities	<u>(4,288,916)</u>	<u>(1,982,237)</u>	<u>(1,709,416)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(937,489)	594,114	330,621
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>7,831,135</u>	<u>9,177,314</u>	<u>3,864,917</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 6,893,646	\$ 9,771,428	\$ 4,195,538
RECONCILIATION OF CASH AND CASH EQUIVALENTS			
Cash and Cash Equivalents per Statement of Net Assets	\$ 5,059,640	\$ 9,771,428	\$ 2,551,381
Restricted Cash and Investments			
Current	288,976	-	-
Noncurrent	<u>1,545,030</u>	<u>-</u>	<u>1,644,157</u>
CASH AND CASH EQUIVALENTS PER STATEMENT OF CASH FLOWS	\$ 6,893,646	\$ 9,771,428	\$ 4,195,538

<u>Business-type Activities - Enterprise Funds</u>			
<u>Public Transit</u>	<u>Nonmajor Enterprise Funds</u>	<u>Totals</u>	<u>Governmental Activities - Internal Service Funds</u>
\$ 959,883	\$ 1,240,057	\$ 22,055,365	\$ 6,069,681
(2,573,468)	(594,356)	(7,668,302)	(2,158,539)
(2,581,837)	(555,090)	(8,077,095)	(843,638)
-	-	-	(1,783,001)
-	-	-	73,719
(51,227)	-	(1,084,631)	-
<u>(4,246,649)</u>	<u>90,611</u>	<u>5,225,337</u>	<u>1,358,222</u>
3,492,204	-	3,492,204	-
1,014,407	708,611	1,723,018	26,400
-	-	(1,573,728)	(95,000)
<u>4,506,611</u>	<u>708,611</u>	<u>3,641,494</u>	<u>(68,600)</u>
-	-	160,168	64,534
-	-	2,450,000	-
-	-	(670)	-
(39,497)	-	(1,815,097)	-
-	-	(462,018)	-
-	-	(242,927)	-
-	-	140,026	-
(5,575)	-	(1,094,655)	-
-	-	50,488	-
1,928,001	58,437	1,986,438	-
(1,937,468)	(198,085)	(9,186,341)	(1,923,911)
-	(190,000)	(190,000)	-
-	(123,661)	(123,661)	-
<u>14,076</u>	<u>-</u>	<u>14,076</u>	<u>154,475</u>
<u>(40,463)</u>	<u>(453,309)</u>	<u>(8,474,341)</u>	<u>(1,769,436)</u>
219,499	345,913	552,658	(415,280)
<u>517,320</u>	<u>702,531</u>	<u>\$ 22,093,217</u>	<u>15,643,976</u>
<u>\$ 736,819</u>	<u>\$ 1,048,444</u>	<u>\$ 22,645,875</u>	<u>\$ 15,228,696</u>
\$ 736,819	\$ 1,048,444	\$ 19,167,712	\$ 14,992,499
-	-	288,976	-
-	-	<u>3,189,187</u>	<u>236,197</u>
<u>\$ 736,819</u>	<u>\$ 1,048,444</u>	<u>\$ 22,645,875</u>	<u>\$ 15,228,696</u>

See accompanying notes to financial statements.

CITY OF EAU CLAIRE

STATEMENT OF CASH FLOWS (cont.)
 PROPRIETARY FUNDS
 For the Year Ended December 31, 2011

	Business-type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Storm Water Utility
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES			
Operating income (loss)	\$ 2,910,306	\$ 1,411,215	\$ 1,442,323
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows From Operating Activities			
Non-operating income (expense)	-	-	-
Noncash items included in income			
Depreciation	1,619,023	1,306,245	699,413
Depreciation charged to other accounts	117,948	1,557	-
Change in assets and liabilities			
Taxes receivable	20,879	(10,456)	(907)
Accounts receivable	(74,451)	(169,223)	(113,586)
Inventories	(3,880)	-	-
Prepaid items	(1,054)	-	-
Accounts payable	(29,681)	(36,895)	(7,425)
Due to other funds	-	-	-
Accrued liabilities	5,584	(16,878)	3,730
Other post-employment benefits	217,630	87,270	-
Unpaid claims	-	-	-
Customer deposits	2,688	-	-
 NET CASH FLOWS FROM (USED BY) OPERATING ACTIVITIES	 <u>\$ 4,784,992</u>	 <u>\$ 2,572,835</u>	 <u>\$ 2,023,548</u>

NONCASH CAPITAL, INVESTING AND FINANCING ACTIVITIES

Developers and customers contributed capital assets of \$995,131 to the Water Utility, \$501,534 to the Sewer Utility, and \$379,626 to the Storm Water Utility. The following funds had accrued accounts payable for capital assets acquired prior to December 31, 2011:

Water Utility	\$ 315,285
Sewer Utility	986,037
Storm Water Utility	316,055
Nonmajor Enterprise Funds	37,591
Internal Service Funds	86,885

Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
Public Transit	Nonmajor Enterprise Funds	Totals	
\$ (4,675,407)	\$ (516,936)	\$ 571,501	\$ 109,249
-	-	-	-
444,307	633,063	4,702,051	1,179,096
-	-	119,505	-
-	-	9,516	-
(34,074)	15,933	(375,401)	(13,789)
(18,429)	-	(22,309)	(14,269)
-	-	(1,054)	-
(23,831)	(32,989)	(130,821)	(51,585)
-	11,012	11,012	-
(83,229)	(12,044)	(102,837)	6,121
146,994	(4,402)	447,492	21,646
-	-	-	121,753
(2,980)	(3,026)	(3,318)	-
<u>\$ (4,246,649)</u>	<u>\$ 90,611</u>	<u>\$ 5,225,337</u>	<u>\$ 1,358,222</u>

See accompanying notes to financial statements.

CITY OF EAU CLAIRE

**STATEMENT OF ASSETS AND LIABILITIES
FIDUCIARY FUNDS
As of December 31, 2011**

	Tax Collection Agency Fund
ASSETS	
Cash and investments	\$ 9,784,657
Taxes receivable	<u>55,700,435</u>
TOTAL ASSETS	<u>\$ 65,485,092</u>
LIABILITIES	
Due to other taxing units	<u>\$ 65,485,092</u>
TOTAL LIABILITIES	<u>\$ 65,485,092</u>

See accompanying notes to financial statements.

CITY OF EAU CLAIRE

**STATEMENT OF NET ASSETS
COMPONENT UNITS
As of December 31, 2011**

	Housing Authority	Redevelopment Authority	South Barstow Business Improvement District	Nonmajor Component Units	Totals
ASSETS					
CURRENT ASSETS					
Cash and investments	\$ 4,616,731	\$ 1,254,959	\$ 74,824	\$ 211,581	\$ 6,158,095
Restricted assets - cash and investments	183,085	-	-	-	183,085
Receivables					
Special assessments	-	-	80,000	66,500	146,500
Notes	-	-	-	4,164	4,164
Accounts, net	17,573	-	-	-	17,573
Due from primary government	15,716	-	-	-	15,716
Prepaid items	75,505	-	-	-	75,505
Total Current Assets	<u>4,908,610</u>	<u>1,254,959</u>	<u>154,824</u>	<u>282,245</u>	<u>6,600,638</u>
NONCURRENT ASSETS					
Notes receivable	60,000	523,572	-	-	583,572
Property held for resale	-	567,353	-	-	567,353
Land	1,442,032	-	-	-	1,442,032
Capital assets	18,414,965	-	-	-	18,414,965
Less: accumulated depreciation	<u>(8,275,152)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(8,275,152)</u>
Total Noncurrent Assets	<u>11,641,845</u>	<u>1,090,925</u>	<u>-</u>	<u>-</u>	<u>12,732,770</u>
Total Assets	<u>16,550,455</u>	<u>2,345,884</u>	<u>154,824</u>	<u>282,245</u>	<u>19,333,408</u>
LIABILITIES					
CURRENT LIABILITIES					
Accounts payable	36,343	17,326	1,212	3,900	58,781
Accrued liabilities	23,738	-	-	-	23,738
Due to primary government	77,216	-	-	-	77,216
Short-term note payable	-	51,700	-	-	51,700
Accrued compensated absences	54,516	-	-	-	54,516
Other liabilities	84,399	-	-	-	84,399
Unearned revenue	463	-	80,000	66,500	146,963
Total Current Liabilities	<u>276,675</u>	<u>69,026</u>	<u>81,212</u>	<u>70,400</u>	<u>497,313</u>
NONCURRENT LIABILITIES					
Housing projects notes and bonds	63,000	-	-	-	63,000
Other post-employment benefits	6,177	-	-	-	6,177
Total Noncurrent Liabilities	<u>69,177</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>69,177</u>
Total Liabilities	<u>345,852</u>	<u>69,026</u>	<u>81,212</u>	<u>70,400</u>	<u>566,490</u>
NET ASSETS					
Invested in capital assets, net of related debt	11,518,845	-	-	-	11,518,845
Restricted for:					
Housing grant requirements	183,085	-	-	-	183,085
Business improvement	-	-	73,612	211,845	285,457
Unrestricted	<u>4,502,673</u>	<u>2,276,858</u>	<u>-</u>	<u>-</u>	<u>6,779,531</u>
TOTAL NET ASSETS	<u>\$ 16,204,603</u>	<u>\$ 2,276,858</u>	<u>\$ 73,612</u>	<u>\$ 211,845</u>	<u>\$ 18,766,918</u>

See accompanying notes to financial statements.

CITY OF EAU CLAIRE

STATEMENT OF ACTIVITIES
COMPONENT UNITS

For the Year Ended December 31, 2011

	Net (Expenses) Revenues and Changes in Net Assets								
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Housing Authority	Redevelopment Authority	South Barstow Business Improvement District	Nonmajor Component Units	Totals
Housing Authority									
Housing projects	\$ 3,872,327	\$ 914,601	\$ 3,043,811	\$ -	\$ 86,085	\$ -	\$ -	\$ -	\$ 86,085
Loss on sale of capital assets	<u>75,777</u>	-	-	-	(75,777)	-	-	-	(75,777)
Total Housing Authority	3,948,104	914,601	3,043,811	-	-	-	-	-	-
Redevelopment Authority									
Contractual services	8,416	-	-	-	-	(8,416)	-	-	(8,416)
Developer incentives	60,000	-	-	-	-	(60,000)	-	-	(60,000)
Loss on sale of property held for resale	78,791	-	-	-	-	(78,791)	-	-	(78,791)
Miscellaneous	<u>17,326</u>	-	-	-	-	(17,326)	-	-	(17,326)
Total Redevelopment Authority	164,533	-	-	-	-	-	-	-	-
South Barstow Business Improvement District									
Contractual services	75,641	-	-	-	-	-	(75,641)	-	(75,641)
Supplies and materials	<u>14,655</u>	-	-	-	-	-	(14,655)	-	(14,655)
Total South Barstow Business Improvement District	90,296	-	-	-	-	-	-	-	-
Nonmajor Component Units	133,713	-	-	-	-	-	-	(133,713)	(133,713)
Total Component Units	<u>\$ 4,336,646</u>	<u>\$ 914,601</u>	<u>\$ 3,043,811</u>	<u>\$ -</u>	<u>10,308</u>	<u>(164,533)</u>	<u>(90,296)</u>	<u>(133,713)</u>	<u>(378,234)</u>
General revenues:									
Special assessments					-	-	80,000	65,000	145,000
Investment income					16,664	1,872	800	1,900	21,236
Contributions from City					128,714	204,500	-	-	333,214
Miscellaneous					-	2,500	150	1,975	4,625
Total General Revenues					<u>145,378</u>	<u>208,872</u>	<u>80,950</u>	<u>68,875</u>	<u>504,075</u>
Change in net assets					155,686	44,339	(9,346)	(64,838)	125,841
NET ASSETS - Beginning of Year					<u>16,048,917</u>	<u>2,232,519</u>	<u>82,958</u>	<u>276,683</u>	<u>18,641,077</u>
NET ASSETS - END OF YEAR					<u>\$ 16,204,603</u>	<u>\$ 2,276,858</u>	<u>\$ 73,612</u>	<u>\$ 211,845</u>	<u>\$ 18,766,918</u>

See accompanying notes to financial statements.

Notes to Financial Statements

The notes to the basic financial statements contain a summary of significant accounting policies and other notes considered necessary for a clear understanding of the financial statements.

CITY OF EAU CLAIRE

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CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of Eau Claire (City), Wisconsin conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The accepted standard-setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board (GASB).

A. REPORTING ENTITY

This report includes all of the funds of the City. The reporting entity for the City consists 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 their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. A legally separate organization should be reported as a component unit if the elected official of the primary government is financially accountable to the organization. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government.

A legally separate, tax exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; (2) the primary government is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization; (3) the economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. All discretely presented component units have been combined and reported in a separate column in the government-wide financial statements (see note below for descriptions) to emphasize that they are legally separate from the government.

Discretely Presented Component Units

Housing Authority of the City of Eau Claire

The government-wide financial statements include the Housing Authority of the City of Eau Claire (Housing Authority) as a component unit. The Housing Authority is a legally separate organization. The board of the Housing Authority is appointed by the Eau Claire City Council. Wisconsin Statutes provide for circumstances whereby the City can impose its will on the Housing Authority, and also create a potential financial benefit to or burden on the City. See Note III.J. As a major component unit, the Housing Authority's financial statements have been presented as a discrete column in the financial statements. The information presented is for the fiscal year ended December 31, 2011. Separately issued financial statements of the Housing Authority of the City of Eau Claire may be obtained from the Housing Authority's office, which is located at 203 South Farwell Street, P.O. Box 1186, Eau Claire, WI 54702-1186.

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

A. REPORTING ENTITY (cont.)

Discretely Presented Component Units (cont.)

Redevelopment Authority of the City of Eau Claire

The government-wide financial statements include the Redevelopment Authority of the City of Eau Claire (RDA) as a component unit. The RDA is a legally separate organization. The board of the RDA is appointed by the Eau Claire City Council. Wisconsin Statutes provide for circumstances whereby the City can impose its will on the RDA, and also create a potential financial benefit to or burden on the City. See Note III.J. As a major component unit, the RDA's financial statements have been presented as a discrete column in the financial statements. The information presented is for the fiscal year ended December 31, 2011. Separately issued financial statements of the RDA of the City of Eau Claire may be obtained from the Finance Director's office, which is located at 203 South Farwell Street, P.O. Box 5148, Eau Claire, WI 54702-5148.

Business Improvement Districts (BIDs)

The government-wide financial statements include the South Barstow Business Improvement District, West Grand Business Improvement District, Water Street Business Improvement District, and the North Barstow/Medical Business Improvement District as component units. The BIDs are legally separate organizations. The BID boards are appointed by the Eau Claire City Council. Wisconsin Statutes provide for circumstances whereby the City can impose its will on the BIDs, and also create a potential financial benefit to or burden on the City. See Note III.J. As a major component unit, the South Barstow Business Improvement District's financial statements have been presented as a discrete column in the financial statements. As nonmajor component units, the remaining BIDs financial statements have been combined and presented as a separate column in the financial statements. The information presented is for the fiscal year ended December 31, 2011. Separate financial statements are not issued by the BIDs.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

In February 2009, the GASB issued statement No. 54 - Fund Balance Reporting and Governmental Fund Type Definitions. This statement establishes fund balance classifications based primarily on the extent to which the government is bound to honor constraints on the use of the resources reported in each governmental fund as well as establishes additional note disclosures regarding fund balance classification policies and procedures.

The City made the decision to implement this standard effective January 1, 2011.

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)

Government-Wide Financial Statements

The statement of net assets and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The City does not allocate indirect expenses to functions in the statement of activities. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

Fund Financial Statements

Financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, liabilities, net assets/fund equity, revenues, and expenditure/expenses.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Funds are organized as major funds or nonmajor funds within the governmental and proprietary statements. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10% of the corresponding total for all funds of that category or type, and
- b. The same element of the individual governmental fund or enterprise fund that met the 10% test is at least 5% of the corresponding total for all governmental and enterprise funds combined.
- c. In addition, any other governmental or enterprise fund that the City believes is particularly important to financial statement users may be reported as a major fund.

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)

Fund Financial Statements (cont.)

The City reports the following major governmental funds:

- General Fund – accounts for the City’s primary operating activities. It is used to account for and report all financial resources except those required to be accounted for in another fund.
- General Debt Service Fund – accounts for and reports resources that are restricted, committed, or assigned to expenditures for the payment of general long-term debt principal, interest, and related costs, other than TIF or enterprise debt.
- Streets Capital Projects Fund – accounts for and reports financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including construction and rebuilding of City streets and purchase of land for future street right-of-way.

The City reports the following major enterprise funds:

- Water Utility – accounts for the construction, operations, and maintenance of the municipal water pumping, treatment, and distribution systems.
- Sewer Utility – accounts for the construction, operations, and maintenance of the municipal sewage collection and treatment system.
- Storm Water Utility – accounts for the construction and operation of the City’s storm sewer system. It also accounts for the acquisition and maintenance of storm water detention areas.
- Public Transit – accounts for the operations and maintenance of the municipal mass transit facility and fleet equipment.

The City reports the following nonmajor governmental and enterprise funds:

Special Revenue Funds – used to account for and report the proceeds of specific revenue sources (other than major capital projects) that are restricted or committed to expenditures for specified purposes.

- Cemetery Maintenance
- Hazardous Materials Response
- Community Development
- Home Grant
- Economic Development
- Community Enhancement
- Public Library
- City-County Health Department
- Downtown Partners
- Former Landfill Escrow

Debt Service Funds – used to account for and report financial resources that are restricted, committed, or assigned to expenditures for the payment of general long-term debt principal, interest, and related costs.

- Debt Service – TIF No. 6
- Debt Service – TIF No. 7

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2011

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)

Fund Financial Statements (cont.)

Capital Projects Funds – used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of equipment and/or major capital facilities.

- TIF No. 5 Gateway Northwest Business Park
- TIF No. 8 Downtown Development
- TIF No. 9 Gateway Northwest Business Park Overlay
- Bridge Projects
- Buildings and Equipment
- Parks and Recreation Projects
- Environmental Improvements – Landfill
- Library Buildings and Equipment

Enterprise Funds – may be used to report any activity for which a fee is charged to external users for goods or services, and must be used for activities which meet certain debt or cost recovery criteria.

- Parking Utility
- Hobbs Ice Center
- Outdoor Pool

In addition, the City reports the following fund types:

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, or to other governmental units, on a cost-reimbursement basis.

- Risk Management
- Central Equipment

Agency funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental units.

- Tax Collection Fund

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

Government-Wide Financial Statements

The government-wide statement of net assets and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recorded as receivables and deferred revenue. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Special assessments are recorded as revenue when earned. Unbilled receivables are recorded as revenues when services are provided.

The business-type activities follow all pronouncements of the Governmental Accounting Standards Board, and have elected not to follow Financial Accounting Standards Board guidance issued after November 30, 1989.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's Water and Sewer Utilities and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

Property taxes are recorded in the year levied as receivables and deferred revenues. They are recognized as revenues in the succeeding year when services financed by the levy are being provided.

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (cont.)

Fund Financial Statements (cont.)

Intergovernmental aids and grants are recognized as revenues in the period the City is entitled to the resources and the amounts are available. Amounts owed to the City which are not available are recorded as receivables and deferred revenues. Amounts received prior to the entitlement period are also recorded as deferred revenues.

Special assessments are recorded as revenues when they become measurable and available as current assets. Annual installments due in future years are reflected as receivables and deferred revenues.

Revenues susceptible to accrual include property taxes, miscellaneous taxes, public charges for services, special assessments and interest. Other general revenues such as fines and forfeitures, inspection fees, recreation fees, and miscellaneous revenues are recognized when received in cash or when measurable and available under the criteria described above.

The City reports deferred revenues on its governmental funds balance sheet. Deferred revenues arise from taxes levied in the current year which are for subsequent year's operations. For governmental fund financial statements, deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received before the City has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and revenue is recognized.

Proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note. Agency funds follow the accrual basis of accounting and do not have a measurement focus.

The enterprise funds follow all pronouncements of the Governmental Accounting Standards Board, and have elected not to follow Financial Accounting Standards Board guidance issued after November 30, 1989. The proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water Utility, Sewer Utility, Storm Water Utility, and Public Transit are charges to customers for sales and services. Special assessments are recorded as receivables and contribution revenue when levied. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Current rates in the Water Utility were approved by the Public Service Commission of Wisconsin and effective on October 1, 2011. Current Sewer Utility and Storm Water Utility rates were approved by the City council on November 5, 2010.

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (cont.)

All Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY

1. Deposits and Investments

For purposes of the statement of cash flows, the City considers all highly liquid investments with an initial maturity of three months or less when acquired to be cash equivalents.

Investment of City funds is restricted by state statutes. Available investments are limited to:

1. Time deposits in any credit union, bank, savings bank or trust company maturing in three years or less.
2. Bonds or securities of any county, city, drainage district, technical college district, village, town, or school district of the state. Also, bonds issued by a local exposition district, a local professional baseball park district, a local professional football stadium district, a local cultural arts district, the University of Wisconsin Hospitals and Clinics Authority, or the Wisconsin Aerospace Authority.
3. Bonds or securities issued or guaranteed by the federal government.
4. The local government investment pool.
5. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
6. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
7. Repurchase agreements with public depositories, with certain conditions.

Investment of most trust funds are regulated by Chapter 881 of the Wisconsin Statutes. Investment of library trust funds is regulated by Chapter 112. Those sections give broad authority to use such funds to acquire various kinds of investments including stocks, bonds and debentures.

The City has adopted an investment policy. That policy contains the following guidelines for allowable investments:

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (cont.)

1. Deposits and Investments (cont.)

Custodial Credit Risk

Collateralization shall be required on all demand deposit accounts, non-negotiable certificates of deposit, and repurchase agreements. In order to anticipate market changes and provide a level of security for all funds, the collateralization level will be a minimum of 106% of the market value of principal and accrued interest. The level of collateralization is negotiated and a part of the City's Bank Services contract. Collateral shall be pledged in the name of the City of Eau Claire, subject to release by the City's finance director.

Credit Risk

The City will only invest in the type of investments allowable by state statutes as listed above. In addition, any securities the City invests in must have a rating which is the highest or second highest rating category assigned by Standard & Poor's Corporation, Moody's Investors' Service or other similar nationally recognized ranking agency, or if that security is senior to, or on a parity with, a security of the same issuer which has such a rating.

Concentration of Credit Risk

The City will diversify investments by security type, institution and terms of maturity to reduce portfolio risk. With the exception of U.S. agency securities and authorized pools, no more than 50% of the City's total investment portfolio will be invested in a single security type or with a single financial institution. Investments shall be diversified by:

1. Limiting investments to avoid concentration in securities from a specific issuer or business sector (excluding U.S. agency securities and authorized pools).
2. Limiting investment in securities that have higher credit risks.
3. Investing in securities with varying maturities.
4. Continuously investing a portion of the portfolio in readily available funds such as local government investment pools or overnight repurchase agreements to ensure that appropriate liquidity is maintained in order to meet ongoing obligations.

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (cont.)

1. Deposits and Investments (cont.)

Interest Rate Risk

To the extent possible, the City will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the City will not directly invest in securities maturing more than five years from the date of purchase. However, the City may collateralize its investments using longer-dated securities. The City will maintain at least 10% of its total investment portfolio in instruments maturing in 30 days or less.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on quoted market prices. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments of municipal accounting funds is allocated based on average balances. The difference between the bank balance and carrying value is due to outstanding checks and/or deposits in transit.

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2011, the fair value of the City's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

See Note III.A. for further information.

2. Receivables

Property taxes are levied in December on the assessed value as of the prior January 1. They are recognized as revenues in the succeeding year when services financed by the levy are being provided. In addition to property taxes for the City, taxes are collected for and remitted to the state and county governments as well as local school districts and technical college district. Taxes for all state and local governmental units billed in the current year for the succeeding year are reflected as receivables and due to other taxing units on the accompanying agency fund balance sheet.

Property tax calendar – 2011 tax roll:

Lien date and levy date	December 2011
Tax bills mailed	December 2011
Payment in full, or	January 31, 2012
First installment due	January 31, 2012
Second installment due	July 31, 2012
Personal property taxes in full	January 31, 2012
Tax sale – 2011 delinquent real estate taxes	October 2014

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (cont.)

2. Receivables (cont.)

Accounts receivable have been shown net of an allowance for uncollectible accounts. Delinquent real estate taxes as of July 31 are paid in full by the county, which assumes the collection thereof. No provision for uncollectible accounts receivable has been made for the Water and Sewer Utilities because they have the right by law to place delinquent bills on the tax roll, and other delinquent bills are generally not significant. The General Fund and Community Enhancement Fund have recorded allowances of \$1,893,912 and \$21,147, respectively.

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as “due to and from other funds.” Long-term interfund loans (noncurrent portion) are reported as “advances from and to other funds.” Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net assets. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”.

In the governmental fund financial statements, advances to other funds are offset equally by a fund balance reserve account which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation.

The City has received federal and state grant funds for economic development and housing rehabilitation loan programs to various businesses and individuals. The City records a loan receivable when the loan has been made and funds have been disbursed. The amount recorded as economic development loans receivable has been reduced by an allowance for uncollectible accounts of \$48,000.

It is the City’s policy to record deferred revenue for the net amount of the receivable balance. As loans are repaid, revenue is recognized. When new loans are made from the repayments, expenditures are recorded. Interest received from loan repayments is recognized as revenue when received in cash. Any unspent loan repayments at year end are presented as designated fund balance in the fund financial statements.

3. Inventories and Prepaid Items

Proprietary fund inventories, if material, are recorded at cost based on the first-in, first-out (FIFO) method using the consumption method of accounting. Proprietary fund inventories are generally used for construction and for operation and maintenance work. They are not for resale. They are valued at cost based on weighted average, and charged to construction or operation and maintenance expense when used.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements using the consumption method.

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (cont.)

4. Restricted Assets

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties. Current liabilities payable from these restricted assets are so classified. The excess of restricted assets over current liabilities payable from restricted assets will be used first for retirement of related long-term debt. The remainder, if generated from earnings, is shown as restricted net assets.

Funds on deposit with Wisconsin Municipal Insurance Company for payment of insurance claims are combined with twelve other participating governments. The City's deposit at year end was \$236,197. This amount is recorded as Restricted Assets in the Internal Service funds. See Note III.C. for additional information on restricted assets.

5. Capital Assets

Government-Wide Statements

Capital assets are defined by the government as assets with an initial cost of more than \$5,000 for general capital assets and for infrastructure assets, and an estimated useful life in excess of one year. All capital assets are valued at historical cost, or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated fair value at the date of donation.

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, overhead, and an allowance for the cost of funds used during construction when significant. For tax-exempt debt, the amount of interest capitalized equals the interest expense incurred during construction netted against any interest revenue from temporary investment of borrowed fund proceeds. During the current year, \$66,798 of net interest was capitalized. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

Depreciation and amortization of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation and amortization reflected in the statement of net assets. Depreciation and amortization is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	40-50 Years
Land Improvements	30-55 Years
Machinery and Equipment	3-25 Years
Utility System	40-100 Years
Intangibles	3-7 Years
Infrastructure	10-30 Years

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (cont.)

5. Capital Assets (cont.)

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same way as in the government-wide statements.

6. Other Assets

In governmental funds, debt issuance costs are recognized as expenditures in the current period, and premiums on debt are recognized as revenues in the current period. For the government-wide and the proprietary fund type financial statements, debt issuance costs are deferred and amortized over the life of the issue using the straight-line method. Gains or losses on prior refundings are amortized over the remaining life of the old debt, or the life of the new debt, whichever is shorter. The balance at year end for both premiums/discounts and gains/losses, as applicable, is shown as an increase or decrease in the liability section of the balance sheet.

7. Compensated Absences

Under terms of employment, employees accumulate vacation, compensatory time, sick leave and other benefits at various rates depending on bargaining group and length of service. Payments for vacation, compensatory time, and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and compensatory time liabilities at December 31, 2011 are determined on the basis of current salary rates and include salary related payments.

All vested vacation is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements, and are payable with expendable available resources.

8. Long-Term Obligations/Conduit Debt

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term obligations consist primarily of notes and bonds payable, and accrued compensated absences.

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. The face value of debt (plus any premiums) are reported as other financing sources and payments of principal and interest are reported as expenditures. The accounting in proprietary funds is the same as it is in the government-wide statements.

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (cont.)

8. Long-Term Obligations/Conduit Debt (cont.)

The City has approved the issuance of industrial revenue bonds (IRB) for the benefit of private business enterprises. IRB's are secured by mortgages or revenue agreements on the associated projects, and do not constitute indebtedness of the City. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. The total amount of IRB's outstanding at the end of the year is \$3,434,971, made up of one issue.

9. Claims and Judgments

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability and expenditures for claims and judgments are only reported in governmental fund types if it has matured. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred. There were no significant claims or judgments at year end.

10. Equity Classifications

Government-Wide Statements

Equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets less any unspent debt proceeds.
- b. Restricted net assets – Consists of net assets with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

The net asset section includes an adjustment for capital assets owned by the business-type activities column, but financed by debt of the governmental activities column.

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

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (cont.)

10. Equity Classifications (cont.)

Fund Statements

Governmental fund equity is classified as fund balance. In accordance with Governmental Accounting Standards Board Statement No. 54 - Fund Balance Reporting and Governmental Fund Type Definitions, the City classifies governmental fund balance as follows:

- a. **Nonspendable** - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.
- b. **Restricted** - Consists of fund balances with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- c. **Committed** - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (ordinance, resolution, motion) of the City. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the City that originally created the commitment.
- d. **Assigned** - Includes spendable fund balance amounts that are intended to be used for specific purposes that are not considered restricted or committed. Fund balance may be assigned through the following; 1) The City has adopted a financial policy authorizing the City Manager and Finance Director to assign amounts for a specific purpose. 2) All remaining positive spendable amounts in governmental funds, other than the general fund, that are neither restricted nor committed. Assignments may take place after the end of the reporting period.
- e. **Unassigned** - Includes residual positive fund balance within the General Fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those purposes.

Generally, the City spends down fund balance by using unassigned fund balance, and then assigned, committed, restricted and nonspendable fund balances.

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (cont.)

11. Prior Period Information

The basic financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended December 31, 2010, from which the summarized information was derived.

In addition, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

NOTE II – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

Budgeting is an essential element of the financial planning, control, and evaluation process of the City. Formal budgets are prepared for governmental and proprietary funds. Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in Note I.C. The City adopts the budget at the department level.

An annual budget has been adopted for the General Fund, Debt Service, and Special Revenue funds, except for the Community Development Block Grant and Home Grant funds, which have nonlapsing budgets. Flexible, annual budgets are approved for proprietary funds to provide for financial management. Project length budgets are adopted for capital project funds. Although these appropriations are specific for each project, they are reviewed and may be adjusted annually by the City Council. Wisconsin Statute 65.90 requires that an annual budget be adopted for all funds. All annual appropriations lapse at year end.

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

NOTE II – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (cont.)

A. BUDGETARY INFORMATION (cont.)

Purchase orders which are not completed by year end are recorded in the following year.

The following procedures, which comply with legal requirements, are used in establishing the budgetary data reflected in the financial statements:

1. Before October 25, the City Manager must submit to the City Council budget proposals for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the resources to finance them.
2. City Council work sessions are held to review the submitted budget.
3. Public hearings are conducted to obtain taxpayer comments.
4. The budget is adopted through passage of a resolution in November; public notification is given, showing adopted budgets and the resulting tax levy.
5. During the fiscal year, the director of finance may authorize transfers of budgeted amounts within departments; however, transfers between departments must be approved by City Council resolutions.
6. Formal budgetary integration is employed as a management control device during the year for the general, special revenue and debt service funds. Budgetary control for capital project funds is accomplished through the use of project controls.

The City Council approved proposed 2011 budgets for governmental and proprietary funds on November 5, 2010.

During 2010 and 2011, additional appropriations were approved in the General, Community Enhancement, Hazardous Materials Response, Public Library, and City-County Health Department Funds. A summary of these council actions follows:

Fund	Original Appropriation	Carryover of Appropriations	Grants and Donations	Other	Final Appropriation
General Fund	\$ 56,694,500	\$ 152,100	\$ 83,900	\$ (81,100)	\$ 56,849,400
Community Enhancement	1,256,400	-	-	104,800	1,361,200
Hazardous Materials Response	298,100	-	-	(50,500)	247,600
Public Library	4,170,400	-	24,600	-	4,195,000
City-County Health	4,880,800	(195,400)	117,000	2,300	4,804,700

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

NOTE II – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (cont.)

B. LIMITATIONS ON THE CITY TAX LEVY

As part of Wisconsin's Act 32 (2011), legislation was passed that limits the City's future tax levies. Generally, the City is limited to its prior tax levy dollar amount (excluding TIF districts), increased by the greater of the percentage change in the City's equalized value due to new construction, or zero percent for the 2011 levy collected in 2012 and thereafter. Changes in debt service from one year to the next are generally exempt from this limit with certain exceptions.

C. DEFICIT BALANCES

Generally accepted accounting principles require disclosure of individual funds that have deficit balances at year end.

As of December 31, 2011, the following individual funds held a deficit balance:

<u>Fund</u>	<u>Amount</u>	<u>Reason</u>
TIF No. 8 Downtown Development	\$ 2,354,213	Expenditures in excess of revenues
Debt Service – TIF No. 7	26,145	Expenditures in excess of revenues

TIF district deficits are anticipated to be funded with future incremental taxes levied over the life of the district, which is 27 years for the districts created before October 1, 1995, and 23 years for districts created thereafter through September 30, 2004. Beginning October 1, 2004, the life of new districts varies by type of district (20-27 years) and may be extended in some cases.

NOTE III – DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

The City maintains a cash and investment pool for all funds and component units (except the Housing Authority) which is recorded on the statement of net assets as follows:

Per statement of net assets	
Cash and investments	\$ 91,561,557
Restricted cash and investments	5,011,873
Per statement of net assets – fiduciary funds	9,784,657
Sub-total	106,358,087
Less: Housing Authority cash and investments	(4,616,731)
Housing Authority restricted assets – cash and investments	(183,085)
Total	<u>\$ 101,558,271</u>

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

A. DEPOSITS AND INVESTMENTS (cont.)

Total cash and investments consist of the following:

Petty cash and cash on hand	\$ 6,263
Deposits with financial institutions	35,424,560
Investments	<u>66,127,448</u>
Total Cash and Investments	<u>\$ 101,558,271</u>

See Note III.J. for component unit information.

Deposits

The City's deposits at year end were comprised of the following:

	Carrying Value	Bank Balance	Associated Risks
Demand deposits	\$ 35,424,560	\$ 37,038,125	Custodial credit risk

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts (including NOW accounts), \$250,000 for interest-bearing demand deposit accounts, and unlimited amounts for noninterest bearing transaction accounts.

Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the relatively small size of the Guarantee Fund in relationship to the total deposits covered and other legal implications, recovery of material principal losses may not be significant to individual municipalities. This coverage has been considered in determining custodial credit risk.

The City maintains collateral agreements with its bank. At December 31, 2011, the bank had pledged various government securities in the amount of \$35,529,193 to secure the City's deposits.

Investments

The City's investments at year end were comprised of the following:

	Carrying Value	Associated Risks
U.S. agencies	\$ 40,883,666	Concentration of credit risk, credit risk, interest rate risk
Escrow account	236,197	Credit risk, interest rate risk
LGIP	<u>25,007,585</u>	Credit risk, interest rate risk
Total Cash and Investments	<u>\$ 66,127,448</u>	

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

A. DEPOSITS AND INVESTMENTS (cont.)

Custodial Credit Risk

Deposits – Custodial credit risk is the risk that in the event of a financial institution failure, the City's deposits may not be returned to the City.

The City does not have any deposits exposed to custodial credit risk.

Investments – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The City does not have any investments exposed to custodial credit risk.

Credit Risk

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

As of December 31, 2011, the City's investments were rated as follows:

<u>Investment Type</u>	<u>Standard & Poor's</u>	<u>Moody's Investor Service</u>
U.S. agencies – implicitly guaranteed	AAA	Aaa

The City also had investments in the following external pools which are not rated:

Local Government Investment Pool
WMMIC Escrow Pool

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer.

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2011

NOTE III – DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS (cont.)

Concentration of Credit Risk (cont.)

At December 31, 2011, the investment portfolio was concentrated as follows:

Issuer	Investment Type	Percentage of Portfolio
FHLB	U.S. agencies – implicitly guaranteed	19%
FFCB	U.S. agencies – implicitly guaranteed	6%

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

As of December 31, 2011, the City’s investments were as follows:

Investment	Maturity Date	Call Date	Fair Value
FFCB Callable	07/11/14	01/11/12	\$ 1,998,540
FFCB Callable	09/26/13	09/26/12	1,996,940
FHLB Callable	11/22/13	02/22/12	2,002,180
FHLB Callable	03/14/14	03/14/12	2,004,620
FHLB Callable	10/20/14	04/20/12	2,008,580
FHLB Series 1	02/25/15	05/25/12	2,008,680
FHLB Series 1	09/29/16	12/29/11	2,803,136
FHLB Series 2	10/27/16	01/27/12	2,000,900
FHLMC Medium Term Note	03/13/15	06/13/12	2,009,440
FHLMC Medium Term Note	10/19/16	10/19/12	2,009,300
FHLMC Medium Term Note	06/16/15	12/16/13	2,000,720
FNMA	09/20/13	01/13/12	2,000,680
FNMA	01/13/16	01/13/12	3,000,570
FNMA	03/28/14	03/28/12	2,005,580
FNMA	03/27/15	03/27/12	1,995,380
FNMA	10/19/16	10/19/12	3,010,980
FNMA	10/26/16	10/26/12	2,013,080
FNMA	11/16/16	11/16/12	2,012,200
FNMA	11/28/16	11/28/12	2,002,160
Total			\$ 40,883,666

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2011

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

A. DEPOSITS AND INVESTMENTS (cont.)

Interest Rate Risk (cont.)

Investment	Fair Value	Weighted Average Maturity (Days)
Local Government Investment Pool	\$ 25,007,585	97
WMMIC Escrow Pool	236,197	N/A

See Note I.D.1. for further information on deposit and investment policies.

B. RECEIVABLES

Receivables (including due from component units and other governments) as of year end for the government's individual major funds and nonmajor funds, internal service, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

Governmental Activities

Fund	Gross Receivables	Allowance For Uncollectibles	Net Receivables	Amounts Not Expected to Be Collected Within One Year
General	\$ 38,053,470	\$ 1,893,912	\$ 36,159,558	\$ 3,007,891
Debt Service - General	3,415,449	-	3,415,449	2,446,067
Streets Capital Projects	157,177	-	157,177	-
Nonmajor Funds	10,253,039	69,147	10,183,892	2,655,916
Internal Service Funds	245,370	-	245,370	69,718

Business-type Activities

Fund	Gross Receivables	Allowance For Uncollectibles	Net Receivables	Amounts Not Expected to Be Collected Within One Year
Water Utility	\$ 2,986,696	\$ -	\$ 2,986,696	\$ 675,361
Sewer Utility	3,139,537	-	3,139,537	642,834
Storm Water Utility	1,090,333	-	1,090,333	2,088
Public Transit	87,923	-	87,923	2,028
Nonmajor Funds	160,513	-	160,513	455

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2011

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

B. RECEIVABLES (cont.)

Governmental funds report *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Property taxes levied for the subsequent year are not earned and cannot be used to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *deferred revenue* and *unearned revenue* reported in the governmental funds were as follows:

	Unavailable	Unearned	Totals
Property taxes receivable	\$ -	\$ 36,484,575	\$ 36,484,575
Delinquent property taxes receivable	239,968	-	239,968
Investment interest receivable	67,532	-	67,532
Accounts receivable	1,566,890	-	1,566,890
Loans receivable	2,968,711	-	2,968,711
Interest on special assessments	179,041	-	179,041
Special assessments not yet due	7,006,916	-	7,006,916
Grants receivable	389,832	-	389,832
 Total Deferred/Unearned Revenue for Governmental Funds	 \$ 12,418,890	 \$ 36,484,575	 \$ 48,903,465

Notes Receivable

At December 31, 2011, the General Fund has one note receivable for \$25,000. The note will be paid by the Chippewa Valley Innovation Center which used the proceeds to partially fund a loan pool that is designed to provide beginning businesses with loans to purchase machinery and equipment.

The Community Development Special Revenue Fund has notes receivable of \$1,865,395 at December 31, 2011, with maturities to the year 2020. These loans include \$1,813,695 for loans to residential and light commercial property owners for rehabilitation projects and \$51,700 for a loan to the Redevelopment Authority for the reimbursement of prior year property purchases. The rehabilitation loan balance includes 162 loans which are all required to be secured by a lien on the property. Some loans can be deferred until the property is sold. Interest on these loans is either lower than market or zero. The City discontinued the small industry loan program in 1989.

The Economic Development Special Revenue Fund has notes receivable of \$1,088,732 at December 31, 2011. This balance is comprised of 10 different loans to a variety of businesses and not-for-profits.

The Community Enhancement Special Revenue Fund also has one note receivable at the end of the year. The total outstanding on the loan is \$14,583 and will be paid by the Eau Claire Regional Arts Center.

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2011

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

C. RESTRICTED ASSETS

The following represent the balances of the restricted assets:

Long Term Debt Accounts

- Redemption – Used to segregate resources accumulated for debt service payments over the next twelve months.
- Construction – Used to report proceeds of bond issuances that are restricted for use in construction.

Equipment Replacement Account

The Water Utility established an equipment replacement account to be used for significant mechanical equipment replacement as required by the Wisconsin Department of Natural Resources.

Following is a list of restricted assets at December 31, 2011:

	Governmental Activities	Business-type Activities
Restricted Assets		
Redemption account	\$ -	\$ 1,452,006
Replacement account	-	382,000
Revolving loan sequestered funds	410,447	-
Buildings and Equipment construction account	703,981	-
Storm Water construction account	-	1,644,157
Insurance claims account	236,197	-
Total Restricted Assets	\$ 1,350,625	\$ 3,478,163

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2011 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital Assets Not Being Depreciated/ Amortized				
Construction in progress	\$ 8,031,775	\$ 5,313,410	\$ 4,347,844	\$ 8,997,341
Land	15,208,001	442,700	24,911	15,625,790
Total Capital Assets Not Being Depreciated/Amortized	<u>\$ 23,239,776</u>	<u>\$ 5,756,110</u>	<u>\$ 4,372,755</u>	<u>\$ 24,623,131</u>
Capital Assets Being Depreciated/ Amortized				
Land improvements	\$ 9,445,019	\$ 254,617	\$ -	\$ 9,699,636
Buildings	20,113,657	2,039,946	-	22,153,603
Machinery and equipment	30,752,239	2,595,220	1,770,576	31,576,883
Intangibles	87,745	203,632	-	291,377
Infrastructure	157,671,800	13,160,650	1,966,900	168,865,550
Total Capital Assets Being Depreciated/Amortized	<u>218,070,460</u>	<u>18,254,065</u>	<u>3,737,476</u>	<u>232,587,049</u>
Less: Accumulated Depreciation/ Amortization for				
Land improvements	(2,839,613)	(456,544)	-	(3,296,157)
Buildings	(11,419,254)	(462,756)	-	(11,882,010)
Machinery and equipment	(15,873,175)	(2,382,159)	1,607,925	(16,647,409)
Intangibles	(4,593)	(32,039)	-	(36,632)
Infrastructure	(62,652,232)	(4,800,456)	1,554,177	(65,898,511)
Total Accumulated Depreciation/Amortization	<u>(92,788,867)</u>	<u>(8,133,954)</u>	<u>3,162,102</u>	<u>(97,760,719)</u>
Capital Assets, Being Depreciated/Amortized, Net	<u>\$ 125,281,593</u>	<u>\$ 10,120,111</u>	<u>\$ 575,374</u>	<u>\$ 134,826,330</u>

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2011

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

D. CAPITAL ASSETS (cont.)

Depreciation expense was charged to functions as follows:

Governmental Activities

General government	\$ 443,369
Public safety	1,010,238
Public works, which includes the depreciation of infrastructure	5,074,662
Health services	11,196
Culture and recreation	1,589,982
Development	<u>4,507</u>
 Total Governmental Activities Depreciation Expense	 <u><u>\$ 8,133,954</u></u>

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Business-type Activities				
Capital Assets Not Being Depreciated				
Construction in progress	\$ 11,127,660	\$ 1,042,080	\$ 2,985,307	\$ 9,184,433
Land	<u>16,801,555</u>	<u>-</u>	<u>-</u>	<u>16,801,555</u>
 Total Capital Assets Not Being Depreciated	 <u><u>\$ 27,929,215</u></u>	 <u><u>\$ 1,042,080</u></u>	 <u><u>\$ 2,985,307</u></u>	 <u><u>\$ 25,985,988</u></u>
 Other Capital Assets				
Improvements	\$ 3,743,213	\$ -	\$ -	\$ 3,743,213
Buildings	36,638,361	315,885	-	36,954,246
Distribution and collection systems	159,168,484	9,768,023	248,688	168,687,819
Source of supply system	893,255	-	-	893,255
Machinery and equipment	<u>14,338,089</u>	<u>2,226,651</u>	<u>1,155,865</u>	<u>15,408,875</u>
Total Capital Assets Being Depreciated	 <u>214,781,402</u>	 <u>12,310,559</u>	 <u>1,404,553</u>	 <u>225,687,408</u>
 Less: Accumulated Depreciation for				
Improvements	(1,964,508)	(151,407)	-	(2,115,915)
Buildings	(17,506,563)	(1,005,760)	-	(18,512,323)
Distribution and collection systems	(40,771,545)	(2,899,668)	220,273	(43,450,940)
Source of supply system	(712,083)	(20,741)	-	(732,824)
Machinery and equipment	<u>(11,774,088)</u>	<u>(743,976)</u>	<u>1,098,071</u>	<u>(11,419,993)</u>
Total Accumulated Depreciation	 <u>(72,728,787)</u>	 <u>(4,821,552)</u>	 <u>1,318,344</u>	 <u>(76,231,995)</u>
 Total Capital Assets, Being Depreciated, Net	 <u><u>\$ 142,052,615</u></u>	 <u><u>\$ 7,489,007</u></u>	 <u><u>\$ 86,209</u></u>	 <u><u>\$ 149,455,413</u></u>

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2011

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

D. CAPITAL ASSETS (cont.)

Depreciation expense was charged to functions as follows:

Business-type Activities

Water	\$ 1,619,023
Sewer	1,306,245
Storm Water	699,413
Public Transit	444,307
Parking Utility	225,541
Hobbs Ice Center	351,359
Outdoor Pool	56,163
Other	<u>119,501</u>
 Total Business-type Activities Depreciation Expense	 <u><u>\$ 4,821,552</u></u>

Depreciation expense per the Statement of Revenues, Expenses, and Changes in Fund Net Assets – Proprietary Funds does not agree to the increase in accumulated depreciation due to joint metering, salvage and cost of removal, which are identified as “other” above.

E. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS

Interfund Receivables/Payables

The following is a schedule of interfund receivables and payables including any overdrafts on pooled cash and investment accounts:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue – HOME Grant	\$ 26,064
General Fund	Enterprise – Hobbs Ice Center	<u>124,918</u>
Sub-total – Fund Financial Statements		150,982
Less: Fund eliminations		<u>(26,064)</u>
Total interfunds		124,918
Government-wide net interfund advances		6,695,942
Adjustment to reflect internal service fund activities related to enterprise funds		<u>(129,617)</u>
Total Internal Balances – Government-Wide Statement of Net Assets		<u><u>\$ 6,691,243</u></u>

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

E. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS (cont.)

Interfund Receivables/Payables (cont.)

The principal purpose of these interfunds is to cover an overdraft of pooled cash. Remaining balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. All amounts are expected to be repaid within one year.

For the statement of net assets, interfund balances which are owed within the governmental activities or business-type activities are netted and eliminated.

Advances

The General Fund is advancing funds to the Water Utility, Sewer Utility, Hobbs Ice Center and TIF No. 7. The General Fund is charging the other funds interest on the advances based on the balance outstanding before the principal payment for the current year. The interest rate on the Water Utility advances is 5.80% – 7.70%. The rate being charged on the Sewer Utility advance is 7.25%. The rate being charged on the Hobbs advances is 1.60% – 5.10%. The rate being charged on the TIF No. 7 advance is 5.10%.

The Economic Development, Streets Capital Projects, and Risk Management Funds are advancing funds to TIF No. 8. Principal and interest payments on these advances have not yet started. These funds will be charging TIF No. 8 interest on the advances based on the balance outstanding before the principal payment, retroactive to the year 2004. The rate to be charged is 3.72% – 4.41%.

The following is a schedule of interfund advances:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Amount Not Due Within One Year</u>
General Fund	Water Utility	\$ 2,206,812	\$ 1,763,809
General Fund	Sewer Utility	639,130	586,323
General Fund	Enterprise – Hobbs Ice Center	3,850,000	3,660,000
General Fund	Debt Service – TIF No. 7	26,145	26,145
Streets Capital Projects	Capital Projects – TIF No. 8	1,000,000	1,000,000
Special Revenue – Economic Development	Capital Projects – TIF No. 8	400,000	400,000
Internal Service – Risk Management	Capital Projects – TIF No. 8	1,838,700	1,838,700
		<hr/>	
Sub-total – Fund Financial Statements		9,960,787	
Less: Fund eliminations		<u>(3,264,845)</u>	
Total Net Government-Wide Advances		<u><u>\$ 6,695,942</u></u>	

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

E. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS (cont.)

Advances (cont.)

The principal purpose of the advances is to advance funds for capital construction projects, collateral on a letter of credit, and repayment of transfers from prior years.

No repayment schedule has been established for the advances to TIF No. 7 and TIF No. 8. Annual repayment of principal and interest on the other advances are made according to the following schedule:

Years	Advances		
	Principal	Interest	Totals
2012	\$ 685,810	\$ 328,798	\$ 1,014,608
2013	635,277	287,962	923,239
2014	672,534	250,501	923,035
2015	553,808	210,044	763,852
2016	584,497	178,008	762,505
2017 – 2020	<u>3,564,016</u>	<u>320,747</u>	<u>3,884,763</u>
Totals	<u>\$ 6,695,942</u>	<u>\$ 1,576,060</u>	<u>\$ 8,272,002</u>

Transfers

Following is a schedule of interfund transfers:

Fund Transferred To	Fund Transferred From	Amount	Principal Purpose
General Fund	Community Development	\$ 24,255	To fund coalition for youth
	Community Enhancement	100,000	To fund general fund special events
	Water Utility	1,497,328	Payment in lieu of tax
	Sewer Utility	50,000	To pay back contributed capital
Special Revenue	General Fund	209,359	Operating subsidy
	General Fund	100,000	General support
	Community Development	59,879	Fund code enforcement project
	Economic Development	80,000	Operating subsidy
Debt Service	General Fund	5,533,800	Debt service payments
	Public Library	40,048	Debt service payments
	City-County Health Department	28,638	Debt service payments

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2011

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

E. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS (cont.)

Transfers (cont.)

Fund Transferred To	Fund Transferred From	Amount	Principal Purpose
Capital Projects			
Streets Capital Projects	General Fund	\$ 487,300	Fund various projects
Streets Capital Projects	Community Development	100,000	Fund street construction
Buildings and Equipment	General Fund	1,043,800	Fund various projects
Buildings and Equipment	Community Development	122,240	Fund comprehensive plan/home ownership program
Bridges	General Fund	100,000	Fund bridge renovations
Parks and Recreation	General Fund	150,000	Fund park development projects
Parks and Recreation	Community Enhancement	170,000	Fund park development projects
Environmental Improvement	Risk Management	95,000	Fund environmental projects
Library Buildings and Equipment	Public Library	326,000	Fund facility improvements
Enterprise			
Public Transit	General Fund	857,007	Operating subsidy
Public Transit	General Fund	157,400	Fund various projects
Parking Utility	General Fund	85,000	Fund parking area
Hobbs Ice Center	General Fund	189,054	Operating subsidy
Hobbs Ice Center	Community Development	10,976	Handicapped doors
Hobbs Ice Center	Community Enhancement	48,000	Facility improvements
Hobbs Ice Center	Community Enhancement	40,000	Subsidize facility improvements
Outdoor Pool	General Fund	40,581	Operating subsidy
Outdoor Pool	General Fund	295,000	Subsidize facility improvements
Internal Service			
Central Equipment	Sewer Utility	<u>26,400</u>	Jet/Vacuum Truck Replacement
Sub-total – Fund Financial Statements		12,067,065	
Less: Fund eliminations		(12,216,355)	
Less: Capital assets transferred to business-type activities		<u>(159,736)</u>	
Total – Government-Wide Statement of Activities		<u>\$ (309,026)</u>	

Generally, transfers are used to (1) move revenues from the fund that collects them to the fund that the budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the Debt Service Fund, and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2011 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
GOVERNMENTAL ACTIVITIES					
Bonds and Notes Payable					
General obligation bonds	\$ 71,646,500	\$ 6,060,000	\$ 5,704,400	\$ 72,002,100	\$ 6,223,650
State trust fund notes	468,000	-	35,205	432,795	46,514
Add/(Subtract) Deferred Amounts For:					
Refundings – gains/(losses)	(254,185)	-	(24,992)	(229,193)	-
Premiums/(discounts)	365,849	30,260	29,390	366,719	-
Sub-totals	72,226,164	6,090,260	5,744,003	72,572,421	6,270,164
Other Liabilities					
Vested compensated absences	2,274,494	2,320,650	2,364,456	2,230,688	1,961,983
Police and fire pensions	350,393	-	102,827	247,566	46,352
Permanent disability	236,283	58,370	-	294,653	27,980
Other post-employment benefits	4,960,172	2,424,036	-	7,384,208	-
Unpaid self-insurance claims	1,468,042	1,291,782	1,170,029	1,589,795	220,000
Total Other Liabilities	9,289,384	6,094,838	3,637,312	11,746,910	2,256,315
Total Governmental Activities Long-Term Liabilities	\$ 81,515,548	\$ 12,185,098	\$ 9,381,315	\$ 84,319,331	\$ 8,526,479
	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
BUSINESS-TYPE ACTIVITIES					
Bonds and Notes Payable					
General obligation bonds	\$ 17,253,500	\$ 2,450,000	\$ 1,030,600	\$ 18,672,900	\$ 1,221,350
State trust fund notes	123,892	-	39,497	84,395	41,264
Revenue bonds	9,445,000	-	745,000	8,700,000	775,000
Add/(Subtract) Deferred Amounts For:					
Refundings – gains/(losses)	(212,717)	-	(27,302)	(185,415)	-
Premiums/(discounts)	130,340	12,250	11,913	130,677	-
Sub-totals	26,740,015	2,462,250	1,799,708	27,402,557	2,037,614
Other Liabilities					
Vested compensated absences	406,409	522,431	515,701	413,139	413,139
Other post-employment benefits	615,969	447,492	-	1,063,461	-
Total Other Liabilities	1,022,378	969,923	515,701	1,476,600	413,139
Total Business-type Activities Long-Term Liabilities	\$ 27,762,393	\$ 3,432,173	\$ 2,315,409	\$ 28,879,157	\$ 2,450,753

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2011

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt

All general obligation notes and bonds payable are backed by the full faith and credit of the City. Tax incremental bonds are paid by segregated property taxes, but are ultimately backed by the full faith and credit of the City if incremental taxes are inadequate to meet payments. Business-type activities debt is payable by revenues from user fees of those funds, or, if the revenues are not sufficient, by future tax levies.

In accordance with Wisconsin Statutes, total general obligation indebtedness of the City may not exceed 5% of the equalized value of taxable property within the City's jurisdiction. The debt limit as of December 31, 2011, was \$212,373,385. Total general obligation debt outstanding at year end was \$91,192,190 and resources on hand for payment of debt were \$8,225,835.

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebted- ness</u>	<u>Balance 12-31-11</u>
Governmental Activities					
General Obligation Bonds					
Corporate purpose	08/15/02	04/01/15	3.5-3.875%	\$ 4,120,000	\$ 510,000
Corporate purpose	08/15/02	04/01/22	4.0-4.7%	3,700,000	1,380,000
Corporate purpose	09/15/03	04/01/23	4.0-4.8%	9,870,000	6,595,000
Corporate purpose	09/15/03	04/01/23	3.5-4.6%	4,405,000	2,425,000
Corporate purpose	09/01/04	04/01/24	3.5-4.5%	6,270,000	3,540,000
Tax incremental bonds	09/01/04	04/01/14	6.28%	570,000	470,000
Corporate purpose	06/01/05	04/01/25	3.5-4.25%	5,850,000	4,010,000
Tax incremental bonds	06/01/05	04/01/22	3.7-4.1%	200,000	200,000
Tax incremental bonds	12/01/05	04/01/19	3.7-4.125%	3,000,000	3,000,000
Corporate purpose	08/01/06	04/01/26	4.125-5.0%	5,125,000	3,710,000
Corporate purpose	05/01/07	04/01/27	4.0-5.0%	9,500,000	7,175,000
Tax incremental bonds	05/01/07	04/01/25	4.0-5.0%	1,440,000	1,355,000
Corporate purpose	05/01/07	04/01/20	4.0-4.125%	12,210,000	10,070,000
Corporate purpose	07/01/08	04/01/28	3.5-4.2%	6,240,000	5,290,000
Corporate purpose	07/01/08	04/01/18	3.625-3.875%	2,015,000	1,485,000
Corporate purpose	07/01/08	04/01/28	5.0-6.125%	8,145,000	7,510,000
Corporate purpose	07/15/09	04/01/29	1.85-6.15%	8,560,000	8,070,000
Corporate purpose	07/15/09	04/01/19	1.6-5.1%	4,350,000	4,000,000
Corporate purpose	08/17/10	04/01/30	4.25-5.5%	3,210,000	3,210,000
Corporate purpose	08/17/10	04/01/20	1.0-2.85%	3,975,000	3,615,000
Corporate purpose	08/17/10	04/01/21	1.5-3.0%	4,585,000	4,545,000
Corporate purpose	08/01/11	04/01/31	2.0-4.0%	6,350,000	6,350,000
Corporate purpose	08/01/11	04/01/21	2.0-2.75%	2,160,000	2,160,000
Sub-total					90,675,000
Less: Enterprise portion of G.O. Bonds					(18,672,900)
Total – Governmental Activities – G.O. Bonds					72,002,100

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2011

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebted- ness</u>	<u>Balance 12-31-11</u>
Governmental Activities					
General Obligation Debt					
State trust fund note	09/15/09	03/15/19	4.25%	\$ 468,000	\$ <u>432,795</u>
Total Governmental Activities – General Obligation Debt					<u>72,434,895</u>
Business-type Activities					
General Obligation Debt					
State trust fund note	08/27/03	03/15/13	4.5%	320,000	84,395
Plus: Enterprise portion of G.O. Bonds					<u>18,672,900</u>
Total Business-type Activities General Obligation Debt					<u>18,757,295</u>
Total General Obligation Debt					<u>\$ 91,192,190</u>

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Governmental Activities General Obligation Debt</u>		<u>Business-type Activities General Obligation Debt</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 6,270,164	\$ 2,943,835	\$ 1,262,614	\$ 716,006
2013	6,012,031	2,697,756	1,259,641	663,913
2014	6,411,554	2,467,930	1,259,050	622,035
2015	5,888,555	2,233,806	1,294,200	579,148
2016	5,725,569	2,010,854	1,339,400	533,291
2017 – 2021	23,722,022	6,823,929	6,482,390	1,923,675
2022 – 2026	12,610,000	2,990,698	3,985,000	852,057
2027 – 2031	5,795,000	485,910	1,875,000	172,853
Totals	<u>\$ 72,434,895</u>	<u>\$ 22,654,718</u>	<u>\$ 18,757,295</u>	<u>\$ 6,062,978</u>

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2011

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

Revenue Debt

Business-type activities revenue bonds are payable only from revenues derived from the operation of the Water Utility.

The Water Utility has pledged future water revenues, net of specified operating expenses to repay \$12,750,000 in water revenue bonds issued from 2001 to 2009. Proceeds from the bonds provided financing for utility system improvements and for refinancing previous revenue bonds. The bonds are payable solely from water revenues and are payable through 2028. The bonds require net revenues of 1.25 times annual principal and interest payments on outstanding bonds. The total principal and interest remaining to be paid on the bonds are \$11,501,083. Principal and interest paid for the current year and total customer net revenues were \$1,155,767 and \$4,593,092, respectively. Annual principal and interest payments are expected to require 8% of Water Utility revenues through 2028.

Revenue debt payable at December 31, 2011 consists of the following:

Business-type Activities Revenue Debt

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12-31-11
<u>Water Utility</u>					
Revenue bonds	08/15/01	10/01/16	4.0-4.8%	\$ 4,615,000	\$ 2,740,000
Revenue bonds	09/15/03	10/01/17	2.5-4.3%	2,310,000	650,000
Revenue bonds	05/01/07	10/01/23	4.0-4.5%	2,000,000	1,635,000
Revenue bonds	07/15/09	10/01/28	3.0-4.8%	3,825,000	<u>3,675,000</u>
Total Water Utility					<u>\$ 8,700,000</u>

Debt service requirements to maturity are as follows:

Years	Business-type Activities Revenue Debt		
	Principal	Interest	Totals
2012	\$ 775,000	\$ 380,905	\$ 1,155,905
2013	805,000	349,136	1,154,136
2014	845,000	314,736	1,159,736
2015	885,000	277,993	1,162,993
2016	925,000	238,030	1,163,030
2017 – 2021	2,020,000	805,658	2,825,658
2022 – 2026	1,765,000	385,350	2,150,350
2027 – 2028	<u>680,000</u>	<u>49,275</u>	<u>729,275</u>
Totals	<u>\$ 8,700,000</u>	<u>\$ 2,801,083</u>	<u>\$ 11,501,083</u>

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

Other Debt Information

Estimated payments of compensated absences and other post-employment benefits are not included in the debt service requirement schedules. The compensated absences and post-employment benefits liabilities attributable to governmental activities will be liquidated primarily by the General Fund.

A statutory mortgage lien upon the City's water system and any additions, improvements and extensions thereto is created by Section 66.0621 of the Wisconsin Statutes as provided for in the ordinances creating the revenue bond issues. The City's water system and the earnings of the system remain subject to the lien until payment in full of the principal and interest on the bonds.

There are a number of limitations and restrictions contained in the various bond indentures and loan agreements. The City believes it is in compliance with all significant limitations and restrictions, including federal arbitrage regulations.

The City issues debt to fund its capital projects. In 2008, a portion of the debt issued was used to retire the City's state retirement unfunded liability. The City has never defaulted on any of its prior outstanding indebtedness. Short-term debt is not issued for operational purposes.

Deferred Amount on Refunding

Deferred amounts on refunding arise from advance refunding of debt. The difference between the cost of the securities placed in trust for future payment of refunded debt and the net carrying value of that debt is deferred and amortized as a component of interest expense over the shorter of the term of the refunding issue or the original term of the refunded debt. Amortization for 2011 was \$24,992 for the governmental activities, \$9,146 for the Water Utility, and \$18,156 for the Storm Water Utility.

G. LEASE DISCLOSURES

The City has no material leases as lessee or lessor.

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

H. NET ASSETS/FUND BALANCES

Net assets reported on the government wide statement of net assets at December 31, 2011 includes the following:

Governmental Activities

Invested in capital assets, net of related debt	
Construction in progress	\$ 8,997,341
Land	15,625,790
Other capital assets, net of accumulated depreciation/amortization	134,826,330
Less: related long-term debt outstanding (excluding unspent capital related debt proceeds)	<u>(61,021,799)</u>
Total Invested in Capital Assets	<u>98,427,662</u>
Restricted	
Debt service payments	10,206,445
Cemetery maintenance	61,031
Hazmat	105,690
Community development	1,983,546
Home grant	2,641
Economic development	4,842,239
Community enhancement	134,193
Library	1,571,706
Health	871,487
Downtown partners	68,654
TIF projects	2,723,330
Capital contracts	2,447,155
RCU agreement	381,413
Insurance deposits	<u>1,002,693</u>
Total Restricted	<u>26,402,223</u>
Unrestricted	<u>34,201,343</u>
Total Governmental Activities Net Assets	<u>\$ 159,031,228</u>

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

H. NET ASSETS/FUND BALANCES (cont.)

Governmental Activities (cont.)

Governmental fund balances reported on the fund financial statements at December 31, 2011 include the following:

Fund Balances	General Fund	Debt Service - General	Streets Capital Projects	Nonmajor Funds	Totals
Nonspendable:					
Long-term notes receivable	\$ 25,000	\$ -	\$ -	\$ -	\$ 25,000
Long-term advances to other funds	6,036,277	-	-	-	6,036,277
Prepaid items and inventories	772,524	-	-	112,743	885,267
Restricted for:					
Debt service	-	6,990,036	-	1,261,944	8,251,980
Capital contracts	-	-	1,054,809	1,392,346	2,447,155
Cemetery maintenance	-	-	-	54,142	54,142
Hazardous materials	-	-	-	94,143	94,143
Community development	-	-	-	118,151	118,151
Home grant	-	-	-	2,641	2,641
Economic development	-	-	-	3,753,507	3,753,507
Community enhancement	-	-	-	119,610	119,610
Public library	-	-	-	681,941	681,941
City-county health	-	-	-	678,439	678,439
Downtown partners	-	-	-	68,654	68,654
TIF #5 projects	-	-	-	2,554,428	2,554,428
TIF #9 projects	-	-	-	168,902	168,902
Bond construction	-	-	-	703,981	703,981
RCU agreement	-	-	-	381,413	381,413
Library capital projects	-	-	-	646,550	646,550
Assigned for:					
Capital projects	3,328,400	-	2,093,488	6,640,437	12,062,325
Economic development	500,000	-	-	-	500,000
Carryover - legal services	9,000	-	-	-	9,000
Carryover - neighborhood matching grant	24,700	-	-	-	24,700
Carryover - police dept	22,000	-	-	-	22,000

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2011

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

H. NET ASSETS/FUND BALANCES (cont.)

Governmental Activities (cont.)

	General Fund	Debt Service – General	Streets Capital Projects	Nonmajor Funds	Totals
Fund Balances (cont.)					
Assigned for (cont.):					
Highway 53 maintenance	\$ 2,559,962	\$ -	\$ -	\$ -	\$ 2,559,962
YMCA land sale	429,341	-	-	-	429,341
Unassigned (deficit):	13,099,710	-	-	(2,412,012)	11,810,522
Total Fund Balances	\$ 26,806,914	\$ 6,990,036	\$ 3,148,297	\$ 17,021,960	\$ 53,967,207

Business-type Activities

Invested in capital assets, net of related debt	
Construction in progress	\$ 9,184,433
Land	16,801,555
Other capital assets, net of accumulated depreciation	149,455,413
Less: related long-term debt outstanding (excluding unspent capital related debt proceeds)	(25,758,400)
Total Invested in Capital Assets	149,683,001
Restricted	
Debt service payments	1,356,780
Equipment replacement	382,000
Total Restricted	1,738,780
Unrestricted	16,269,324
Total Business-type Activities Net Assets	\$ 167,691,105

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

I. RESTATEMENT OF NET ASSETS

Net assets have been restated to correct an error related to the reporting of the City's duty disability liability. During 2011, the City discovered that the liability on the City's books for the duty disability payments made via contributions to the Wisconsin Department of Employee Trust Funds (ETF) was not the City's liability. Under section 40.65 of Wisconsin Statutes, the City is only responsible for making contributions to the ETF's duty disability program. Contributions are based on standard percentages applied to current payroll; rates vary depending on the historical participation of former employees. As such, the liability for the state's duty disability program is reported in the ETF's Comprehensive Annual Financial Report. A summary of the correction made by the City is as follows:

Governmental Activities Net Assets – December 31, 2010 (as reported)	\$ 156,194,271
Add: Eliminated ETF portion of duty disability liability	<u>3,683,104</u>
Net Assets – December 31, 2010 (as restated)	<u>\$ 159,877,375</u>

Net income of the prior year would have increased by \$50,693.

J. COMPONENT UNITS

Housing Authority

This report contains the Housing Authority of the City of Eau Claire (Housing Authority), which is included as a component unit. Financial information is combined with the City's other component units and presented as a separate column in the statement of net assets and statement of activities.

In addition to the basic financial statements and the preceding notes to financial statements which apply, the following additional disclosures are considered necessary for a fair presentation.

a. Basis of Accounting/Measurement Focus

The Housing Authority follows the full accrual basis of accounting and the flow of economic resources measurement focus.

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2011

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

J. COMPONENT UNITS (cont.)

***Housing Authority* (cont.)**

b. Deposits and Investments

Total cash and investments at year end consist of the following:

Petty cash and cash on hand	\$ 1,330
Deposits with financial institutions	1,193,675
Investments	<u>3,604,811</u>
 Total Cash and Investments	 <u><u>\$ 4,799,816</u></u>

Reconciliation to financial statements:

Per statement of net assets	
Unrestricted cash and investments	\$ 4,616,731
Restricted cash and investments	<u>183,085</u>
 Total	 <u><u>\$ 4,799,816</u></u>

The Housing Authority has adopted an investment policy. That policy states that the Housing Authority must invest its funds in securities that are approved by the U.S. Department of Housing and Urban Development. As of December 31, 2011, the Housing Authority is in compliance with this policy. The policy does not address the interest rate risk and custodial credit risk that the Housing Authority has with its deposits and investments.

Deposits

The Housing Authority's deposits at year end were comprised of the following:

	Carrying Value	Bank Balance	Associated Risks
Demand deposits	\$ 1,193,675	\$ 1,264,577	Custodial credit risk

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts (including NOW accounts), \$250,000 for interest-bearing demand deposit accounts, and unlimited amounts for noninterest bearing transaction accounts.

Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the relatively small size of the Guarantee Fund in relationship to the total deposits covered and other legal implications, recovery of material principal losses may not be significant to individual municipalities. This coverage has been considered in determining custodial credit risk.

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

J. COMPONENT UNITS (cont.)

Housing Authority (cont.)

b. Deposits and Investments (cont.)

Investments

The Housing Authority's investments at year end were comprised of the following:

	Carrying Value	Associated Risks
Negotiable certificates of deposit	\$ 3,604,811	Interest rate risk, custodial credit risk, credit risk

The Securities Investor Protection Corporation (SIPC), created by the Securities Investor Protection Act of 1970, is an independent government-sponsored corporation (not an agency of the U.S. government). US Bancorp's SIPC membership provides account protection up to a maximum of \$500,000 per customer, of which \$100,000 may be in cash. US Bancorp has purchased SIPC-like protection for supplemental protection of up to \$150,000,000.

Custodial Credit Risk

Deposits – Custodial credit risk is the risk that in the event of a financial institution failure, the Housing Authority's deposits may not be returned to the Housing Authority.

The Housing Authority has \$25,054 of deposits exposed to custodial credit risk.

Investments – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Housing Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The Housing Authority does not have any investments exposed to custodial credit risk.

Credit Risk

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

As of December 31, 2011, the Housing Authority had negotiable certificates of deposit which were not rated.

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2011

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

J. COMPONENT UNITS (cont.)

Housing Authority (cont.)

b. Deposits and Investments (cont.)

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the value of an investment.

As of December 31, 2011, the Housing Authority's investments were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
Negotiable certificates of deposit	\$ 3,604,811	1.65

c. Receivables

Accounts Receivable - tenants	\$ 15,880
Other receivables	<u>1,693</u>
Net Total Receivables	<u>\$ 17,573</u>

No allowance for uncollectible accounts is deemed necessary. All receivables are expected to be collected within one year.

d. Restricted Assets

Voucher Program – Grant Requirements

The Housing Authority maintains restricted cash in the amount of housing assistance payments equity as required by the grantor.

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2011

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

J. COMPONENT UNITS (cont.)

Housing Authority (cont.)

e. Capital Assets

Capital asset activity for the year ended December 31, 2011 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital assets not being depreciated				
Land	\$ 1,441,032	\$ 48,700	\$ 47,700	\$ 1,442,032
Other Capital Assets				
Land improvements	882,691	131,802	10,990	1,003,503
Buildings	16,194,465	616,707	457,383	16,353,789
Machinery and equipment	<u>1,053,068</u>	<u>25,423</u>	<u>20,818</u>	<u>1,057,673</u>
Total Capital Assets Being Depreciated	<u>18,130,224</u>	<u>773,932</u>	<u>489,191</u>	<u>18,414,965</u>
Less: Accumulated depreciation for				
Land improvements	(427,719)	(33,791)	-	(461,510)
Buildings	(6,790,983)	(528,622)	23,592	(7,296,013)
Machinery and equipment	<u>(466,766)</u>	<u>(55,092)</u>	<u>4,229</u>	<u>(517,629)</u>
Total Accumulated Depreciation	<u>(7,685,468)</u>	<u>(617,505)</u>	<u>27,821</u>	<u>(8,275,152)</u>
Net Other Capital Assets	\$ <u>10,444,756</u>			\$ <u>10,139,813</u>

f. Long-Term Obligations

Long-term obligations activity for the year ended December 31, 2011 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Bonds and Notes Payable					
Other loans/notes	\$ 258,462	\$ -	\$ 195,462	\$ 63,000	\$ -
Other Liabilities					
Vested compensated absences	57,082	54,516	57,082	54,516	54,516
Other post-employment benefits	<u>6,177</u>	<u>-</u>	<u>-</u>	<u>6,177</u>	<u>-</u>
Sub-totals	<u>63,259</u>	<u>54,516</u>	<u>57,082</u>	<u>60,693</u>	<u>54,516</u>
Total Long-Term Liabilities	\$ <u>321,721</u>	\$ <u>54,516</u>	\$ <u>252,544</u>	\$ <u>123,693</u>	\$ <u>54,516</u>

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

J. COMPONENT UNITS (cont.)

Housing Authority (cont.)

f. Long-Term Obligations (cont.)

Other Loans/Notes Payable

Other loans and notes payable at December 31, 2011 consist of the following:

Park Towers Apartments

1991 note payable to the City of Eau Claire Community Development Block Grant Program. The unsecured note is non-interest bearing and is due March 20, 2021. If the Housing Authority transfers ownership to another party or no longer occupies the property, The note shall become immediately payable.

\$ 63,000

Debt service payments to maturity are as follows: 2021 – principal of \$63,000.

Other Debt Information

There are a number of limitations and restrictions contained in the loan agreements. The Housing Authority believes it is in compliance with all significant limitations and restrictions.

g. Net Assets

Net assets reported on the statement of net assets at December 31, 2011 include the following:

Invested in capital assets, net of related debt	
Land	\$ 1,442,032
Other capital assets, net of accumulated depreciation	10,139,813
Less: related long-term debt outstanding (excluding unspent capital related debt proceeds)	<u>(63,000)</u>
Total Invested in Capital Assets	<u>11,518,845</u>
Restricted	
Grant requirements	<u>183,085</u>
Unrestricted	<u>4,502,673</u>
Total Net Assets	<u>\$ 16,204,603</u>

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

J. COMPONENT UNITS (cont.)

Housing Authority (cont.)

h. Employee Retirement System

The Housing Authority is staffed by City of Eau Claire employees and Housing Authority employees.

All eligible City and Housing Authority employees participate in the Wisconsin Retirement System (WRS), a cost-sharing multiple-employer defined benefit public employee retirement system (PERS). All permanent employees expected to work over 600 hours a year (1,200 hours for employees hired on or after July 1, 2011) are eligible to participate in the System. Covered employees in the General category are required by statute to contribute 6.5% of their salary (3.9% for Executives and Elected Officials, 5.8% for Protective Occupations with Social Security, and 4.8% for Protective Occupations without Social Security) to the plan through June 28, 2011. Beginning June 29, 2011, and thereafter, covered employees in the General category are required by statute to contribute 5.8% of their salary (6.65% for Executives and Elected Officials, 5.8% for Protective Occupations with Social Security, and 5.8% for Protective Occupations without Social Security). Employers generally make these contributions to the plan on behalf of employees through June 28, 2011. Thereafter, employees are required to fund their contribution, subject to terms of employment contracts and which employee group they are a member of. Employers are required to contribute an actuarially determined amount necessary to fund the remaining projected cost of future benefits.

The payroll for Housing Authority employees covered by the WRS for the year ended December 31, 2011 was \$554,751; the employer's total payroll was \$568,398. The total required contribution for the year ended December 31, 2011 was \$64,353 or 11.6% of covered payroll. Of this amount, 9.5% and 2.1% were contributed by the Housing Authority and employees, respectively. Total contributions for the years ending December 31, 2010 and 2009 were \$57,702 and \$53,136, respectively, equal to the required contributions for each year. The City of Eau Claire employees who work for Housing Authority are covered under the City's plan. Detailed information can be found in Note IV.A.

Employees who retire at or after age 65 (62 for elected officials and 54 for protective occupation employees with less than 25 years of service, 53 for protective occupation employees with more than 25 years of service) are entitled to receive a retirement benefit. Employees may retire at age 55 (50 for protective occupation employees) and receive actuarially reduced benefits. 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 employee's three highest years' earnings. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and, by doing so, forfeit all rights to any subsequent benefit. For employees beginning participation on or after January 1, 1990 and no longer actively employed on or after April 24, 1998, or beginning participation on or after July 1, 2011, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and between April 24, 1998 and June 30, 2011 are immediately vested.

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

J. COMPONENT UNITS (cont.)

Housing Authority (cont.)

h. Employee Retirement System (cont.)

The WRS also provides death and disability benefits for employees. Eligibility and the amount of all benefits are determined under Chapter 40 of Wisconsin Statutes. 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.

i. Risk Management

The Housing Authority is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; workers compensation; and health care of its employees. All of these risks, except for workers compensation, are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded the commercial coverage in any of the past three years. There were no significant reductions in coverage compared to the prior year.

Self-Insurance

The Housing Authority is insured for workers' compensation through the City of Eau Claire. The City of Eau Claire self-insures its workers' compensation exposure for the first \$400,000 of each occurrence. The City has purchased excess insurance from WMMIC for claims in excess of those amounts. Settled claims have not exceeded the commercial coverage in any of the past three years. Payments to the City's self-insurance program are based on historical cost estimates of amounts needed to pay prior and current year claims. See note IV.B. for further details.

j. Commitments and Contingencies

The Housing Authority provides housing for the Park Tower Apartments pursuant to Section 8 of the United States Housing Act of 1974. Rentals are subsidized by the federal government through a housing assistance payments contract between WHEDA and the Housing Authority. Total assistance payments received from WHEDA were \$737,685 during 2011.

The Housing Authority is the City of Eau Claire's component unit responsible for administering the federal program accounted for in the Low Rent Fund. This fund accounts for public housing projects which were financed primarily through U.S. Department of Housing and Urban Development (HUD) project notes. Federal legislation was passed which allowed the Secretary of HUD to forgive the outstanding indebtedness related to public housing projects.

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

J. COMPONENT UNITS (cont.)

Housing Authority (cont.)

j. Commitments and Contingencies (cont.)

There is no project debt outstanding at year-end.

The Housing Authority has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grants. Management believes such disallowances, if any, would be immaterial.

k. Related Parties

The City of Eau Claire, Wisconsin provides various administrative services and facilities to the Housing Authority. No estimate of cost for these services is included in the financial statements. The City also pays for the Housing Authority's pension plan and other employee benefits for which the Housing Authority reimburses the City on a monthly basis. No liability has been provided in these financial statements for any unfunded actuarial liability that may exist.

l. Economic Dependency

The Housing Authority is economically dependent on annual contributions and grants from the U.S. Department of Housing and Urban Development (HUD). The Housing Authority operates at a loss prior to receiving contributions and grants from HUD.

m. Other Post-Employment Benefits

While there are no post-employment benefits provided to Housing Authority employees, the City of Eau Claire provides some staffing for the Housing Authority operations. Upon retirement, these City employees receive benefits according to the City of Eau Claire's policies. See the other post-employment benefits note and required supplementary information in these financial statements for further details.

Redevelopment Authority

This report contains the Redevelopment Authority of the City of Eau Claire (RDA), which is included as a component unit. Financial information is combined with the City's other component units and presented as a separate column in the statement of net assets and statement of activities.

In addition to the basic financial statements and the preceding notes to financial statements which apply, the following additional disclosures are considered necessary for a fair presentation.

a. Basis of Accounting

The RDA prepares its financial statements in accordance with the accrual basis of accounting and the flow of economic resources measurement focus.

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

J. COMPONENT UNITS (cont.)

Redevelopment Authority (cont.)

b. Deposits and Investments

The RDA is part of the City of Eau Claire's cash and investment pool. The custodial credit risk pertaining specifically to the RDA's resources at these institutions cannot be determined individually for those accounts. At year end, the RDA's deposits were \$1,254,959. The City's investment policy is applied to the custody of the RDA's deposits (see Note III.A.).

Interest income is not allocated to the RDA because the City provides services to the RDA at no cost.

c. Notes Receivable

The RDA sold property in exchange for a note receivable of \$600,000 in 2007. On December 31, 2011 the remaining balance on the note was \$360,000. The note is subject to an annual land credit calculation.

In 2011, the RDA sold property in exchange for a note receivable of \$161,700. Principal and interest on the note are due in one lump sum payment in 2016. On December 31, 2011 the outstanding balance including accrued interest was \$163,572.

No allowance for uncollectible notes is considered necessary. The amount of notes receivable not expected to be collected within one year was \$523,572 as of December 31, 2011.

d. Property Held for Resale

To further its objectives, the RDA purchases and holds property for resale. As such, this property is presented as an asset at the lower of cost or market.

Property held for resale activity for the year ended December 31, 2011 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Property held for resale	<u>\$ 711,144</u>	<u>\$ 9,000</u>	<u>\$ (152,791)</u>	<u>\$ 567,353</u>

e. Risk Management

The RDA participates in the same risk pools as the reporting entity. Information related specifically to the RDA is unavailable. See note IV.B. for further details.

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

J. COMPONENT UNITS (cont.)

Redevelopment Authority (cont.)

f. Commitments and Contingencies

The RDA has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grants. Management believes such disallowances, if any, would be immaterial.

g. Related Parties

The City of Eau Claire, Wisconsin provides various administrative services and facilities to the RDA. No estimate of cost for these services is included in the financial statements. The salaries and fringe benefits of the City's staff that work on RDA projects are paid for by the City. The RDA does not reimburse the City for any of these costs.

h. Development and Purchase Agreement

The RDA has entered into a development and purchase agreement with Phoenix Parkside, LLC (PPL). The agreement sets the purchase price for Phase I property at \$600,000, payable by PPL to the RDA in ten equal annual payments of \$60,000 beginning in 2009. The RDA shall grant PPL a Redevelopment Land Credit of up to \$600,000 towards the purchase price of the land subject to an increase in the assessed valuation of the property. The credits awarded in 2011 and 2010 were in the amount of \$60,000 and \$60,000, respectively. As of January 1, 2010, PPL had met the property valuation required for the full annual land credit on the note receivable. No further installments are expected to be collected.

In addition, PPL shall receive from the City an annual payment equal to 50% of the property taxes received by the City each year on the incremental increased assessed value of the Phase I property and improvements. In calculating the amount due to PPL, the incremental increased fair market value of the Phase I property shall be reduced by the \$600,000 purchase price discussed above. Also, the 50% of the tax increments due to PPL shall be reduced each year by the amount corresponding to the Redevelopment Land Credit discussed above. PPL shall receive 50% of the tax increments on the Phase I property until they have received a maximum \$900,000 payment, or until the termination of the District, whichever occurs first.

The development agreement also calls for the RDA to pay PPL \$200,000 to subsidize the cost of design and construction of a grocery store located within the Phase I property if certain conditions are met. On May 24, 2012, a grocery store meeting the initial conditions was officially opened and a payment totaling \$50,000 was made to PPL. The next \$100,000 of the subsidy is due after the store has been open for thirty days, and the final \$50,000 is due after the store has been open for three continuous years.

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

J. COMPONENT UNITS (cont.)

Business Improvement Districts

a. Basis of Accounting and Measurement Focus

The business improvement districts prepare their financial statements in accordance with the modified accrual basis of accounting. The measurement focus of the BIDs is the flow of current financial resources concept. Under this concept, sources and uses of financial resources, including capital outlays, debt proceeds and debt retirements are reflected in operations. Resources not available to finance expenditures and commitments of the current period are recognized as deferred revenue or a reservation of fund equity.

b. Deposits and Investments

The BIDs are part of the City of Eau Claire's cash and investment pool. The custodial credit risk pertaining specifically to the BIDs' resources at these institutions cannot be determined individually for those accounts. The City's investment policy is applied to the custody of the BIDs' deposits (see Note III.A.).

At year end, the deposit balances for the BIDs were as follows:

South Barstow	<u>\$ 74,824</u>
West Grand	<u>\$ 12,067</u>
Water Street	<u>\$ 46,608</u>
North Barstow/Medical	<u>\$ 152,906</u>

K. TAX INCREMENTAL FINANCING DISTRICTS

The City currently maintains separate debt service and capital projects funds which account for five Tax Incremental Financing Districts (TIF) created in prior years in accordance with Section 66.1105 of the Wisconsin Statutes. The purpose of that section is to allow a municipality to recover development and improvements costs in a designated area from the property taxes generated on the increased value of the property after the creation date of the District. The tax on the increased value is called a tax increment. The statutes allow the municipality to collect tax increments until the net project cost has been fully recovered, or until 23 years after the creation date, whichever occurs first. Project costs uncollected at the dissolution date are absorbed by the City of Eau Claire.

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

K. TAX INCREMENTAL FINANCING DISTRICTS (cont.)

Debt service and capital project funds are maintained to account for tax increment and other revenues used to finance principal and interest payments on outstanding debt applicable to the districts.

	Effective Date	Amended Date	Expenditure Deadline	Termination Year
TIF No. 5	1997	09/23/2003	09/23/2015	10/08/2020
TIF No. 6	1997	N/A	01/28/2015	01/28/2020
TIF No. 7	1997	02/24/2004	02/24/2015	03/17/2020
TIF No. 8	2003	04/10/2007	09/24/2020	09/24/2025
TIF No. 9	2008	N/A	09/09/2023	09/09/2028

Upon termination, the incremental tax base created by each TIF will become part of the City's regular tax base. Any surplus remaining in the TIF fund at the time of termination will be allocated among all affected taxing jurisdictions.

The following table summarizes the project and expenditures from creation of the districts through December 31, 2011.

Project Costs	TIF No. 5	TIF No. 6	TIF No. 7	TIF No. 8	TIF No. 9
Capital expenditures	\$ 6,087,765	\$ 1,130,256	\$ 1,557,146	\$ 8,924,564	\$ -
Interest and fiscal charges	2,573,541	665,556	1,073,700	2,684,299	300
Development, Marketing, Bond issuance costs	-	-	-	6,850	1,000
Total Project Costs	8,661,306	1,795,812	2,630,846	11,615,713	1,300
Project Revenues					
Tax increments	5,053,788	1,966,693	1,172,857	2,562,786	169,774
Interest income and misc. revenue	1,031,944	239,683	366,845	1,090,644	427
Grants and donations	-	-	-	433,070	-
Special assessments revenue	-	227,679	-	-	-
Total Project Revenues	6,085,732	2,434,055	1,539,702	4,086,500	170,201
Net Recoverable Costs (Refundable)	\$ 2,575,574	\$ (638,243)	\$ 1,091,144	\$ 7,529,214	\$ (168,901)

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

NOTE IV – OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

All eligible City employees participate in the Wisconsin Retirement System (WRS), a cost-sharing multiple-employer defined benefit public employee retirement system (PERS). All permanent employees expected to work over 600 hours a year (1,200 hours for employees hired on or after July 1, 2011) are eligible to participate in the System. Covered employees in the General category are required by statute to contribute 6.5% of their salary (3.9% for Executives and Elected Officials, 5.8% for Protective Occupations with Social Security, and 4.8% for Protective Occupations without Social Security) to the plan through June 28, 2011. Beginning June 29, 2011, and thereafter, covered employees in the General category are required by statute to contribute 5.8% of their salary (6.65% for Executives and Elected Officials, 5.8% for Protective Occupations with Social Security, and 5.8% for Protective Occupations without Social Security). Employers generally make these contributions to the plan on behalf of employees through June 28, 2011. Thereafter, employees are required to fund their contribution, subject to terms of employment contracts and which employee group they are a member of. Employers are required to contribute an actuarially determined amount necessary to fund the remaining projected cost of future benefits.

The payroll for City employees covered by the WRS for the year ended December 31, 2011 was \$32,920,027; the employer's total payroll was \$34,217,468. The total required contribution for the year ended December 31, 2011 was \$5,126,888 or 15.6% of covered payroll. Of this amount, 91.2% was contributed by the employer and 8.8% was contributed by the employee for the current year. Total contributions for the years ending December 31, 2010 and 2009 were \$4,697,855 and \$4,414,455, respectively, equal to the required contributions for each year.

Employees who retire at or after age 65 (62 for elected officials and 54 for protective occupation employees with less than 25 years of service, 53 for protective occupation employees with more than 25 years of service) are entitled to receive a retirement benefit. Employees may retire at age 55 (50 for protective occupation employees) and receive actuarially reduced benefits. 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 employee's three highest years' earnings. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and, by doing so, forfeit all rights to any subsequent benefit. For employees beginning participation on or after January 1, 1990 and no longer actively employed on or after April 24, 1998, or beginning participation on or after July 1, 2011, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and between April 24, 1998 and June 30, 2011 are immediately vested.

The WRS also provides death and disability benefits for employees. Eligibility and the amount of all benefits is determined under Chapter 40 of Wisconsin Statutes. 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.

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

NOTE IV – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

In addition to the above mentioned retirement system, the State of Wisconsin administers an agent multiple-employer plan which covers 11 retired employees of the City police and fire departments. These individuals were covered by a private pension plan prior to the City joining the system. No new employees are added to the plan. The City's policy is to fund retirement contributions to meet current benefit payments of these retired employees (i.e. "pay as you go"). Contributions are not actuarially determined. The total cost for 2011 was approximately \$65,471. Total estimated unfunded pension-related debt of this plan is approximately \$247,566 as of December 31, 2011, all of which relates to retirees and beneficiaries currently receiving benefits. Total cost for the year ended December 31, 2010 and 2009 was \$69,335 and \$69,176, respectively, equal to required contributions for each year. The rate of investment return is presently assumed to be 4%. The estimated remaining period of amortization is 15 years. This information is included in the above pension plan. The report can be obtained from the same address above.

Under an earlier provision of the law, employers were directly responsible for the administration of permanent disability payments. During 2011, three former employees were paid a total of \$27,980. The estimated present value of future costs of these benefits is \$294,653.

B. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; workers compensation; health care of its employees, and natural disaster. The City purchases commercial insurance to provide coverage for employee health, property damage, and boiler insurance. However, workers compensation risks are accounted for and financed by an internal service fund – the Risk Management Fund.

Self Insurance

For workers' compensation claims, the uninsured risk of loss is \$400,000 per incident. The City has purchased excess insurance from Safety National Insurance Company for claims in excess of those amounts. Settled claims have not exceeded the excess coverage in any of the past three years.

All funds of the City participate in the insurance program and make payments to the Risk Management Fund. Amounts payable to the Risk Management Fund are based on historical cost estimates of the amounts necessary to pay prior and current year claims.

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

NOTE IV – OTHER INFORMATION (cont.)

B. RISK MANAGEMENT (cont.)

Self Insurance (cont.)

The unpaid claims liability of \$1,589,795 at December 31, 2011 is based on GASB Statement No. 10 which requires that a liability for claims be established if information indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss is reasonably estimable. The liability is based on actuarial estimates of the present value of unpaid losses and includes both current claims payable and an amount for claims that have been incurred but not reported. The City does not allocate overhead costs or other nonincremental costs to the claims liability. The liability at year end includes \$966,090 of potential workers compensation claims and \$623,705 for potential liability claims. Changes in unpaid claims liabilities in the current and prior year were:

Claims Liability

	<u>Prior Year</u>	<u>Current Year</u>
Unpaid claims – Beginning of Year	\$ 1,873,591	\$ 1,468,042
Current year claims and changes in estimates	688,990	1,291,782
Claim payments	<u>(1,094,539)</u>	<u>(1,170,029)</u>
Unpaid Claims – End of Year	<u>\$ 1,468,042</u>	<u>\$ 1,589,795</u>

Public Entity Risk Pool

Transit Mutual Insurance Corporation of Wisconsin (TMICOW)

The Transit Mutual Insurance Corporation of Wisconsin is an organization of Wisconsin municipalities which have joined together for the managing and funding of the first party property losses, vehicle physical damage and third party liability claims of its member municipalities' mass transit funds.

In 2011, TMICOW issued a Motor Vehicle Insurance Policy to its members with the following available coverages:

- > Liability - \$250,000 per person, \$7,000,000 per accident, no deductible
- > Uninsured and Underinsured Motorists - \$100,000 per person, \$300,000 per accident, no deductible
- > Physical Damage – Collision and Comprehensive - Agreed value, or Cost of Repairs, whichever is less; minus \$500 flat deductible per accident for all private passenger and service units, \$1,000 flat deductible per accident for all bus units

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2011

NOTE IV – OTHER INFORMATION (cont.)

B. RISK MANAGEMENT (cont.)

Public Entity Risk Pool (cont.)

Transit Mutual Insurance Corporation of Wisconsin (TMICOW) (cont.)

TMICOW retains \$2,000,000 per occurrence (accident) of the liability limit and cedes \$5,000,000 to General Reinsurance Corporation. TMICOW retains \$500,000 per occurrence (accident) of the physical damage limits and cedes the balance up to \$9,500,000 to General Reinsurance Corporation.

Management consists of a board of directors comprised of one representative for each member. The City does not exercise any control over the activities of the agency beyond its representation on the board of directors.

Initial contributions are determined in advance of each membership year. The board of directors may require that supplemental contributions be made by members to ensure adequate funds are available to meet the obligations applicable to the membership year. Members have a contractual obligation to fund any deficit attributable to a membership year during which they were a member. The City's share of the insurance pool is 2.84% for auto liability and 4.0% for physical damage. A list of the other members is available in the TMICOW report.

Wisconsin Municipal Mutual Insurance Company (WMMIC)

The Wisconsin Municipal Mutual Insurance Company (WMMIC) is an intergovernmental cooperation commission created by contract under Section 66.30 of the Wisconsin Statutes, which has provided risk management and liability insurance services since January 1, 1988. Each member municipality appoints one policy holder to serve as a representative. The policy holders elect a seven member board of directors who are responsible for financing and budget control. The City does not exercise any control over the activities of the agencies beyond the election of officers and board. The City's initial capitalization of \$766,496 is recorded as an asset in the Risk Management internal service fund.

Insurance coverage provided through WMMIC includes auto and public liability for claims over \$100,000 per occurrence or \$300,000 aggregate for years 1988-94 and \$200,000 per occurrence or \$500,000 aggregate for years 1995-97, and \$200,000 per occurrence or \$400,000 aggregate in 1999 through 2011, with an annual cap of \$10 million. The policy is nonassessable, thereby limiting the City's commitment to a proportional share of a \$13,935,000 revenue bond issue sold by WMMIC to provide for the initial capitalization. The share of participation is determined on a basis of prior claim history and can be affected by acceptance of new members. The City's current share of participation is 3.42%.

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

NOTE IV – OTHER INFORMATION (cont.)

C. COMMITMENTS AND CONTINGENCIES

Funding for the operating budget of the City comes from many sources, including property taxes, grants and aids from other units of government, user fees, fines and permits, and other miscellaneous revenues. The State of Wisconsin provides a variety of aid and grant programs which benefit the City. Those aid and grant programs are dependent on continued approval and funding by the Wisconsin governor and legislature, through their budget processes. The State of Wisconsin is currently experiencing budget problems, and is considering numerous alternatives including reducing aid to local governments. Any changes made by the State to funding or eligibility of local aid programs could have a significant impact on the future operating results of the City.

From time to time, the City 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 City Attorney that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the City's financial position or results of operations.

The City has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grants. Management believes such disallowances, if any, would be immaterial.

At December 31, 2011, the City had contracts for construction projects on which work had not been completed or billed. These commitments are normal ongoing construction including maintenance of streets, storm sewers, and utility mains. They also include major equipment ordered but not delivered. No reservations of retained earnings have been made for the proprietary fund amounts.

<u>Capital Projects</u>	
Street Projects	\$ 1,054,809
Bridge Projects	57,651
Buildings and Equipment	997,356
Parks and Recreation Projects	80,703
Environmental Improvements – Landfill	72,119
Library Buildings and Equipment	<u>184,517</u>
Total Committed Construction	<u>\$ 2,447,155</u>
<u>Proprietary Funds</u>	
Water Utility	\$ 155,556
Sewer Utility	1,581,747
Storm Water Utility	77,643
Outdoor Pool	41,551
Central Equipment	<u>369,921</u>
Total Committed Construction and Equipment	<u>\$ 2,226,418</u>

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

NOTE IV – OTHER INFORMATION (cont.)

D. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

The City administers a single-employer defined benefit healthcare plan. The plan provides medical benefits for eligible retirees and their spouses through the City's health insurance plan which covers both active and retired members. Benefit provisions are established through collective bargaining agreements; generally, the City will pay 100% of the lowest-priced single health policy between the age established by the Wisconsin Retirement System as normal retirement age and age 65. The plan does not issue a publicly available financial report.

Contribution requirements are established through collective bargaining agreements and may be amended only through negotiations between the City and the union. The City makes the same monthly health insurance contribution on behalf of the retiree as it makes on behalf of all other active employees during that year. For fiscal year 2011, the City contributed approximately \$2,104,000 to the plan for eligible retirees and their spouses. Administrative costs of the plan are financed through investment earnings.

The City's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation to the Retiree Health Plan:

Annual required contribution		\$	5,055,261
Interest on net OPEB obligation			223,582
Adjustment to annual required contribution			<u>(310,812)</u>
Annual OPEB cost			4,968,031
Contributions made			<u>(2,104,000)</u>
Increase in Net OPEB Obligation			2,864,031
Net OPEB Obligation – Beginning of Year			<u>5,589,556</u>
Net OPEB Obligation – End of Year		\$	<u><u>8,453,587</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2011 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/09	\$ 2,926,845	82.00%	\$ 3,193,968
12/31/10	4,773,588	49.80%	5,589,556
12/31/11	4,968,031	42.35%	8,453,587

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

NOTE IV – OTHER INFORMATION (cont.)

D. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (cont.)

The funded status of the plans as of January 1, 2012, the most recent actuarial valuation date, was as follows:

Actuarial accrued liability (AAL)	\$ 48,826,648
Actuarial value of plan assets	<u>-</u>
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 48,826,648</u>
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	\$ 32,920,027
UAAL as a percentage of covered payroll	148.3%

Actuarial valuations of an ongoing plan involve estimates for the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan is 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 benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and actuarial value of assets, consistent with the long-term perspective of the calculations.

In the actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4% investment rate of return, a 3% inflation rate and an annual healthcare cost trend rate of 8.9% initially, reduced by decrements to an ultimate rate of 4.7% after 71 years. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period is 30 years.

E. CONTINGENT RECEIVABLES

The City has unrecorded loans which are not recorded as receivables because collection is subject to certain events occurring in the future. Each loan is fully forgivable if none of these triggering events have occurred by the end of the loan's term. At December 31, 2011, the Community Development Special Revenue Fund has \$567,300 and the Home Grant Special Revenue Fund has \$1,973,877 of unrecorded contingent loans receivable.

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

NOTE IV – OTHER INFORMATION (cont.)

F. CONTINGENT LIABILITIES

The City owned and operated a landfill in the Town of Union which closed in 1978. Tests have detected volatile organic compounds in the vicinity. The City is currently working with other potentially responsible parties (PRP's) and the Wisconsin Department of Natural Resources to determine the extent of contamination and the appropriate remedial action. Ultimate cleanup cost estimates are not available; however, it is expected to exceed several million dollars. The City's share of these costs has not been determined but it is likely that it will share in these costs.

G. RELATED PARTIES

Gateway Industrial Park Corporation (Gateway), a Wisconsin nonstock, nonprofit corporation was organized in 1984 for the purpose of acquiring, owning, and developing industrial and commercial property in Eau Claire County. The Board of Directors of Gateway is comprised of three members who serve indefinite terms and exercise equal control over the management of the company. The City, Xcel Energy, and the Eau Claire Area Industrial Development Corporation each appoint one director.

In April 1991, the City, Xcel Energy, the Industrial Development Corporation, and Gateway signed an agreement to provide Gateway with loans up to \$960,000 (increased to \$3,000,000 in 1995) for the acquisition and development of industrial property. As of December 31, 2011, the outstanding loans under the agreement were \$1,100,000, of which \$550,000 was due the City. Total interest earned by the City was \$17,875 for the year ended December 31, 2011.

Downtown Eau Claire, Incorporated (DECI), a Wisconsin nonstock, nonprofit corporation was organized in 2002 for the purpose of promoting the development of business, housing and cultural resources and activities with downtown Eau Claire. The Board of Directors of the corporation consists of eighteen individuals, of which ten are elected directors and eight are perpetual directors. Four of the elected directors represent downtown and the adjacent neighborhoods and six of the elected directors reflect the diverse balance of downtown's major employers, financial institutions, property owners, business, and nonbusiness activities.

The eight perpetual directors consist of representatives or appointees of the following: Eau Claire City Manager, Eau Claire City Council President, Redevelopment Authority, Eau Claire County Board, South Barstow Business Improvement District, West Grand Business Improvement District, Regional Arts Council and Eau Claire City Council. Downtown Eau Claire, Incorporated is funded primarily by memberships and festival revenue.

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

NOTE IV – OTHER INFORMATION (cont.)

H. SUBSEQUENT EVENT

The City Council has approved various bonds for issuance in 2012. As of the date of these financial statements, none of these have been issued; however, the City has the following bonds in process and scheduled to close on August 14, 2012:

- > \$5,740,000 of General Obligation Bonds for street improvement purposes
- > \$1,500,000 of General Obligation Bonds for storm water purposes
- > \$1,000,000 of General Obligation Notes for narrowbanding purposes

I. EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT-PERIOD FINANCIAL STATEMENTS

The Governmental Accounting Standards Board (GASB) has approved GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*; Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*; Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*; and Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions - an amendment of GASB Statement No. 53*. Application of these standards may restate portions of these financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF EAU CLAIRE

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL
GENERAL FUND (UNAUDITED)
For the Year Ended December 31, 2011

	2011			
	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 29,709,000	\$ 29,709,000	\$ 29,723,201	\$ 14,201
Special assessments	611,800	611,800	955,078	343,278
Intergovernmental	12,436,200	12,588,600	12,533,570	(55,030)
Licenses and permits	1,418,800	1,431,800	1,475,789	43,989
Fines, forfeitures and penalties	793,000	793,000	746,611	(46,389)
Charges for services - public	3,125,400	3,125,400	3,382,953	257,553
Charges for services - intergovernmental	3,520,500	3,520,500	3,528,975	8,475
Investment income	1,182,100	1,182,100	1,019,233	(162,867)
Miscellaneous	294,800	304,300	397,895	93,595
Total Revenues	<u>53,091,600</u>	<u>53,266,500</u>	<u>53,763,305</u>	<u>496,805</u>
EXPENDITURES				
Current				
City council	128,500	128,500	112,851	15,649
Administrative services	1,528,400	1,528,400	1,505,684	22,716
Legal	484,200	473,100	471,229	1,871
Finance	2,290,400	2,260,100	2,099,830	160,270
Human resources	869,300	859,900	781,990	77,910
Planning and development	1,216,200	1,199,000	1,160,415	38,585
Police	15,633,200	15,686,800	15,122,309	564,491
Fire	10,662,400	10,652,200	10,607,744	44,456
Public works	8,694,800	8,718,500	7,932,486	786,014
Parks and recreation	4,784,500	4,745,900	4,548,739	197,161
Miscellaneous	1,008,200	993,200	473,894	519,306
Total Expenditures	<u>47,300,100</u>	<u>47,245,600</u>	<u>44,817,171</u>	<u>2,428,429</u>
Excess of revenues over expenditures	<u>5,791,500</u>	<u>6,020,900</u>	<u>8,946,134</u>	<u>2,925,234</u>
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	1,580,000	1,604,300	1,671,583	67,283
Transfers to other funds	(9,394,400)	(9,603,800)	(9,248,301)	355,499
Sale of capital assets	10,000	10,000	71,533	61,533
Total Other Financing Sources (Uses)	<u>(7,804,400)</u>	<u>(7,989,500)</u>	<u>(7,505,185)</u>	<u>484,315</u>
Net change in fund balances	(2,012,900)	(1,968,600)	1,440,949	3,409,549
FUND BALANCE - Beginning of Year	<u>25,365,965</u>	<u>25,365,965</u>	<u>25,365,965</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 23,353,065</u>	<u>\$ 23,397,365</u>	<u>\$ 26,806,914</u>	<u>\$ 3,409,549</u>

See independent auditors' report and accompanying notes to required supplementary information.

CITY OF EAU CLAIRE

OTHER POST-EMPLOYMENT BENEFITS PLAN
 SCHEDULE OF FUNDING PROGRESS AND SCHEDULE
 OF EMPLOYER CONTRIBUTIONS (UNAUDITED)
 For the Year Ended December 31, 2011

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age Normal Cost	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
1/1/2009	\$ -	\$ 43,973,049	\$ 43,973,049	0%	\$ 31,746,919	138.5%
1/1/2010	-	48,935,923	48,935,923	0%	32,584,361	150.2%
1/1/2011	-	48,826,648	48,826,648	0%	32,920,027	148.3%

The City of Eau Claire provides some staffing for the Housing Authority component unit operations, therefore, the Housing Authority amounts are included above. The Housing Authority's approximate share of the AAL and UAAL is as follows:

Actuarial Valuation Date	Share of AAL and UAAL
1/1/2009	\$ 114,000
1/1/2010	116,000
1/1/2011	34,000

See independent auditors' report and accompanying notes to required supplementary information.

CITY OF EAU CLAIRE

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended December 31, 2011

BUDGETARY INFORMATION

Budgetary information is derived from the annual operating budget and is presented using generally accepted accounting principles and the modified accrual basis of accounting.

FUNDING PROGRESS DATA

Data in the schedule of funding progress was taken from the reports issued by the actuary.

See independent auditors' report.

SUPPLEMENTARY INFORMATION

Major Funds - Governmental

The **General Fund** is the general operating fund of the City used to account for all transactions except those required to be accounted for in other funds.

The **Debt Service – General** fund accounts for all general obligation debt service except the debt paid primarily from taxes generated by tax increment districts. This debt is backed by the full faith and credit of the City.

The **Streets Capital Projects** fund accounts for construction and rebuilding of city streets and purchase of land for future street right-of-way.

CITY OF EAU CLAIRE
GENERAL FUND
COMPARATIVE BALANCE SHEET
December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
ASSETS		
Cash and investments	\$ 21,113,273	\$ 18,947,386
Receivables		
Taxes		
Current	31,168,363	29,686,670
Delinquent personal property	<u>14,014</u>	<u>273,341</u>
Total Taxes	<u>31,182,377</u>	<u>29,960,011</u>
Accounts receivable	1,688,110	1,694,645
Notes receivable	25,000	25,000
Special assessments:		
Installment	2,995,374	1,910,362
Interest	<u>102,421</u>	<u>120,744</u>
Total Receivables	35,993,282	33,710,762
Inventories and prepaid items	772,524	780,338
Due from other funds	150,982	172,966
Due from component unit	62,821	42,826
Due from other governments	103,455	63,555
Advance to other funds	<u>6,722,087</u>	<u>7,357,960</u>
TOTAL ASSETS	<u>\$ 64,918,424</u>	<u>\$ 61,075,793</u>

	<u>2011</u>	<u>2010</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 216,694	\$ 359,433
Accrued liabilities	1,939,147	1,792,931
Deposits	233,703	282,002
Due to other governments	37,414	64,666
Deferred revenue	<u>35,684,552</u>	<u>33,210,796</u>
Total Liabilities	<u>38,111,510</u>	<u>35,709,828</u>
Fund Balance		
Nonspendable	6,833,801	7,511,280
Assigned	6,873,403	3,767,065
Unassigned	<u>13,099,710</u>	<u>14,087,620</u>
Total Fund Balance	<u>26,806,914</u>	<u>25,365,965</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 64,918,424</u>	<u>\$ 61,075,793</u>

CITY OF EAU CLAIRE

DETAILED SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES - BUDGET AND ACTUAL GENERAL FUND

For the Year Ended December 31, 2011
With Comparative Actual Totals for the Year Ended December 31, 2010

	2011			2010	
	Budgeted Amounts		Actual	Variance with	
	Original	Final		Final Budget	Actual
REVENUES					
TAXES					
Real and personal property	\$ 29,328,200	\$ 29,328,200	\$ 29,313,135	\$ (15,065)	\$ 27,828,067
Mobile home fees	67,800	67,800	73,879	6,079	73,638
Payment in lieu of taxes:					
Other	310,000	310,000	329,569	19,569	300,090
Interest on delinquent taxes	3,000	3,000	6,618	3,618	5,340
Total Taxes	29,709,000	29,709,000	29,723,201	14,201	28,207,135
SPECIAL ASSESSMENTS					
Current	451,800	451,800	776,446	324,646	509,795
Installment	160,000	160,000	178,632	18,632	155,669
Total Special Assessments	611,800	611,800	955,078	343,278	665,464
INTERGOVERNMENTAL					
Federal aid	28,300	151,000	88,602	(62,398)	151,471
State aid					
Shared taxes	7,154,300	7,154,300	7,154,278	(22)	7,154,278
Municipal services	650,000	650,000	579,408	(70,592)	803,818
Utility tax	375,000	375,000	351,062	(23,938)	351,981
Local streets	2,700,000	2,700,000	2,762,579	62,579	2,746,638
Expenditure restraint program	1,100,000	1,100,000	1,112,585	12,585	1,109,801
Fire insurance	125,000	125,000	132,482	7,482	126,437
Underground tank inspections	11,000	11,000	6,976	(4,024)	7,990
Police training	12,600	12,600	16,920	4,320	16,740
Conservation and development	-	-	-	-	6,646
Other	280,000	309,700	328,678	18,978	292,882
Total Intergovernmental	12,436,200	12,588,600	12,533,570	(55,030)	12,768,682
LICENSES AND PERMITS					
Television franchise	600,000	613,000	653,535	40,535	823,370
Licenses	305,800	305,800	339,445	33,645	333,702
Permits	513,000	513,000	482,809	(30,191)	444,434
Total Licenses and Permits	1,418,800	1,431,800	1,475,789	43,989	1,601,506
FINES, FORFEITURES AND PENALTIES					
Parking violation fines	410,000	410,000	442,336	32,336	403,458
County court fines	375,000	375,000	302,704	(72,296)	335,753
Other fines or forfeitures	8,000	8,000	1,571	(6,429)	3,976
Total Fines, Forfeitures and Penalties	793,000	793,000	746,611	(46,389)	743,187

CITY OF EAU CLAIRE

DETAILED SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES - BUDGET AND ACTUAL GENERAL FUND

For the Year Ended December 31, 2011

With Comparative Actual Totals for the Year Ended December 31, 2010

	2011			2010	
	Budgeted Amounts		Actual	Variance with	
	Original	Final		Final Budget	Actual
PUBLIC CHARGES FOR SERVICES					
General government	\$ 59,200	\$ 59,200	\$ 54,496	\$ (4,704)	\$ 58,891
Police and fire	2,393,700	2,393,700	2,517,794	124,094	2,342,050
Public works	149,000	149,000	168,421	19,421	153,513
Parks and recreation	521,500	521,500	630,849	109,349	527,366
Conservation and development	2,000	2,000	2,912	912	-
Other public charges for services	-	-	8,481	8,481	-
Total Charges for Services	3,125,400	3,125,400	3,382,953	257,553	3,081,820
CHARGES FOR SERVICES - INTERGOVERNMENTAL					
Communication center reimbursement	1,285,700	1,285,700	1,253,864	(31,836)	1,224,020
Police liaison	190,800	190,800	191,970	1,170	189,170
Departmental unfunded pension charge	680,300	680,300	678,813	(1,487)	680,926
Storm water management charge	323,300	323,300	322,848	(452)	324,000
Sewer utility charge	394,500	394,500	393,828	(672)	393,984
Water utility service charge	505,700	505,700	504,636	(1,064)	532,092
Other service charges	140,200	140,200	183,016	42,816	186,987
Total Charges for Services - Intergovernmental	3,520,500	3,520,500	3,528,975	8,475	3,531,179
INVESTMENT INCOME					
Investment interest	500,000	500,000	341,590	(158,410)	243,950
Interest on advance to other funds	366,500	366,500	366,588	88	424,083
Interest on special assessments	315,000	315,000	311,055	(3,945)	201
Other interest	600	600	-	(600)	-
Total Investment Income	1,182,100	1,182,100	1,019,233	(162,867)	668,234
MISCELLANEOUS					
Rental					
Rental of land and buildings	52,000	52,000	55,503	3,503	52,837
Total Rental	52,000	52,000	55,503	3,503	52,837
Other					
Donations	-	5,400	22,279	16,879	21,893
Other miscellaneous	242,800	246,900	320,113	73,213	288,774
Total Other	242,800	252,300	342,392	90,092	310,667
Total Miscellaneous	294,800	304,300	397,895	93,595	363,504
Total Revenues	53,091,600	53,266,500	53,763,305	496,805	51,630,711

CITY OF EAU CLAIRE

DETAILED SCHEDULE OF REVENUES AND OTHER FINANCING
SOURCES - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended December 31, 2011

With Comparative Actual Totals for the Year Ended December 31, 2010

	2011			2010	
	Budgeted Amounts		Actual	Variance with Final Budget	Actual
	Original	Final			
OTHER FINANCING SOURCES					
Transfers from other funds	\$ 180,000	\$ 204,300	\$ 174,255	\$ (30,045)	\$ 936,573
Transfer from water utility - PILOT	1,400,000	1,400,000	1,497,328	97,328	1,431,499
Sale of capital assets	10,000	10,000	71,533	61,533	65,592
Total Other Financing Sources	<u>1,590,000</u>	<u>1,614,300</u>	<u>1,743,116</u>	<u>128,816</u>	<u>2,433,664</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>\$ 54,681,600</u>	<u>\$ 54,880,800</u>	<u>\$ 55,506,421</u>	<u>\$ 625,621</u>	<u>\$ 54,064,375</u>

CITY OF EAU CLAIRE

DETAILED SCHEDULE OF EXPENDITURES AND OTHER
FINANCING USES - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended December 31, 2011
With Comparative Actual Totals for the Year Ended December 31, 2010

	2011				2010
	Budgeted Amounts		Actual	Variance with Final Budget	Actual
	Original	Final			
EXPENDITURES					
General government					
City council	\$ 128,500	\$ 128,500	\$ 112,851	\$ 15,649	\$ 112,684
City manager	401,100	401,100	427,947	(26,847)	384,822
City clerk/elections	320,900	320,900	289,508	31,392	358,752
Information services	806,400	806,400	788,229	18,171	779,024
Legal	484,200	473,100	471,229	1,871	468,866
Finance					
Administration	400,000	400,400	383,885	16,515	378,335
Accounting	642,000	633,300	580,779	52,521	549,885
Assessing	512,400	505,000	478,775	26,225	497,004
Customer services	736,000	721,400	656,391	65,009	640,471
Total Finance	<u>2,290,400</u>	<u>2,260,100</u>	<u>2,099,830</u>	<u>160,270</u>	<u>2,065,695</u>
Human resources					
Purchasing	241,100	238,300	228,016	10,284	226,929
Personnel administration	628,200	621,600	553,974	67,626	540,784
Total Human Resources	<u>869,300</u>	<u>859,900</u>	<u>781,990</u>	<u>77,910</u>	<u>767,713</u>
Planning and development					
Community planning	607,400	598,900	595,048	3,852	613,793
Inspection and zoning	608,800	600,100	565,367	34,733	574,537
Total Planning and Development	<u>1,216,200</u>	<u>1,199,000</u>	<u>1,160,415</u>	<u>38,585</u>	<u>1,188,330</u>
Total General Government	<u>6,517,000</u>	<u>6,449,000</u>	<u>6,131,999</u>	<u>317,001</u>	<u>6,125,886</u>

CITY OF EAU CLAIRE

DETAILED SCHEDULE OF EXPENDITURES AND OTHER
FINANCING USES - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended December 31, 2011
With Comparative Actual Totals for the Year Ended December 31, 2010

	2011			2010	
	Budgeted Amounts		Actual	Variance with Final Budget	Actual
	Original	Final			
PUBLIC SAFETY					
Police					
Administration	\$ 1,244,800	\$ 1,231,200	\$ 1,208,597	\$ 22,603	\$ 1,166,962
Administrative services	1,496,300	1,514,400	1,428,927	85,473	1,415,177
Patrol services	8,625,100	8,710,800	8,393,787	317,013	8,317,515
Investigative services	2,433,500	2,424,900	2,302,996	121,904	2,187,757
Central communications	1,833,500	1,805,500	1,788,002	17,498	1,740,771
Total Police	<u>15,633,200</u>	<u>15,686,800</u>	<u>15,122,309</u>	<u>564,491</u>	<u>14,828,182</u>
Fire					
Administration	871,600	870,000	834,993	35,007	841,729
Suppression and rescue	9,323,500	9,316,600	9,269,394	47,206	8,999,068
Prevention and inspection	467,300	465,600	503,357	(37,757)	488,738
Total Fire	<u>10,662,400</u>	<u>10,652,200</u>	<u>10,607,744</u>	<u>44,456</u>	<u>10,329,535</u>
Total Public Safety	<u>26,295,600</u>	<u>26,339,000</u>	<u>25,730,053</u>	<u>608,947</u>	<u>25,157,717</u>
PUBLIC WORKS					
Administration	411,200	406,200	382,434	23,766	396,328
Operations	6,783,900	6,832,500	6,186,747	645,753	6,724,202
Engineering	1,499,700	1,479,800	1,363,305	116,495	1,411,228
Total Public Works	<u>8,694,800</u>	<u>8,718,500</u>	<u>7,932,486</u>	<u>786,014</u>	<u>8,531,758</u>
CULTURE AND RECREATION					
Administration	536,200	530,500	498,744	31,756	500,020
Park maintenance	2,809,600	2,785,500	2,812,401	(26,901)	2,711,466
Forestry	565,100	558,900	514,268	44,632	497,628
Recreation and playgrounds	873,600	871,000	723,326	147,674	666,394
Total Culture and Recreation	<u>4,784,500</u>	<u>4,745,900</u>	<u>4,548,739</u>	<u>197,161</u>	<u>4,375,508</u>

CITY OF EAU CLAIRE

DETAILED SCHEDULE OF EXPENDITURES AND OTHER
FINANCING USES - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended December 31, 2011
With Comparative Actual Totals for the Year Ended December 31, 2010

	2011			2010	
	Budgeted Amounts		Actual	Variance with Final Budget	Actual
	Original	Final			
MISCELLANEOUS					
Payments to other organizations	\$ 177,400	\$ 190,400	\$ 187,890	\$ 2,510	\$ 297,333
Contractual services	142,200	150,700	94,994	55,706	73,080
Insurance and retirement	290,200	262,200	80,418	181,782	110,285
Special assessments	125,000	125,000	80,351	44,649	103,617
Illegal taxes and refunds	-	-	4,730	(4,730)	1,806
Annexation rebates	25,500	25,500	25,511	(11)	25,944
Contingency	247,900	239,400	-	239,400	-
Total Miscellaneous	<u>1,008,200</u>	<u>993,200</u>	<u>473,894</u>	<u>519,306</u>	<u>612,065</u>
Total Expenditures	<u>47,300,100</u>	<u>47,245,600</u>	<u>44,817,171</u>	<u>2,428,429</u>	<u>44,802,934</u>
OTHER FINANCING USES					
Transfers to other funds:					
Special revenue fund	364,700	364,700	309,359	55,341	282,995
Debt service fund	5,538,200	5,538,200	5,533,800	4,400	4,965,849
Capital project funds	1,760,800	1,781,100	1,781,100	-	1,626,800
Proprietary funds	1,730,700	1,919,800	1,624,042	295,758	944,717
Total Other Financing Uses	<u>9,394,400</u>	<u>9,603,800</u>	<u>9,248,301</u>	<u>355,499</u>	<u>7,820,361</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 56,694,500</u>	<u>\$ 56,849,400</u>	<u>\$ 54,065,472</u>	<u>\$ 2,783,928</u>	<u>\$ 52,623,295</u>

CITY OF EAU CLAIRE

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL
DEBT SERVICE - GENERAL
For the Year Ended December 31, 2011
With Comparative Actual Totals for the Year Ended December 31, 2010

	2011			2010	
	Budgeted Amounts		Actual	Variance with Final Budget	Actual
	Original	Final			
REVENUES					
Special assessments	\$ 1,081,200	\$ 1,081,200	\$ 932,928	\$ (148,272)	\$ 1,187,286
Charges for services - public	39,500	39,500	42,500	3,000	42,500
Investment income	18,000	18,000	9,997	(8,003)	337,932
Other	-	-	-	-	5
Total Revenues	<u>1,138,700</u>	<u>1,138,700</u>	<u>985,425</u>	<u>(153,275)</u>	<u>1,567,723</u>
EXPENDITURES					
Current					
General government	6,000	6,000	3,283	2,717	3,113
Debt Service					
Principal retirement	4,659,600	4,659,600	4,659,605	(5)	4,155,000
Interest and fiscal charges	<u>2,526,800</u>	<u>2,526,800</u>	<u>2,433,797</u>	<u>93,003</u>	<u>2,501,573</u>
Total Expenditures	<u>7,192,400</u>	<u>7,192,400</u>	<u>7,096,685</u>	<u>95,715</u>	<u>6,659,686</u>
Deficiency of revenues over expenditures	<u>(6,053,700)</u>	<u>(6,053,700)</u>	<u>(6,111,260)</u>	<u>(57,560)</u>	<u>(5,091,963)</u>
OTHER FINANCING SOURCES (USES)					
Refunding long term debt issued	-	-	-	-	2,221,500
Premium on long term debt issued	-	-	-	-	29,956
Payment to escrow agent	-	-	-	-	(2,292,985)
Transfers from other funds	<u>5,597,000</u>	<u>5,597,000</u>	<u>5,602,486</u>	<u>5,486</u>	<u>5,035,172</u>
Total Other Financing Sources	<u>5,597,000</u>	<u>5,597,000</u>	<u>5,602,486</u>	<u>5,486</u>	<u>4,993,643</u>
Net change in fund balances	<u>(456,700)</u>	<u>(456,700)</u>	<u>(508,774)</u>	<u>(52,074)</u>	<u>(98,320)</u>
FUND BALANCE - Beginning of Year	<u>7,498,810</u>	<u>7,498,810</u>	<u>7,498,810</u>	<u>-</u>	<u>7,597,130</u>
FUND BALANCE - END OF YEAR	<u>\$ 7,042,110</u>	<u>\$ 7,042,110</u>	<u>\$ 6,990,036</u>	<u>\$ (52,074)</u>	<u>\$ 7,498,810</u>

CITY OF EAU CLAIRE

COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES STREETS CAPITAL PROJECTS FUND For the Year Ended December 31, 2011

	2011	2010
REVENUES		
Investment income	\$ 77,800	\$ 81,330
Miscellaneous		
Gifts and donations	-	74,500
Other	1,040	-
Total Revenues	78,840	155,830
EXPENDITURES		
Current		
Public works	36,576	38,563
Capital Outlay	13,600,403	5,422,478
Total Expenditures	13,636,979	5,461,041
Deficiency of revenues over expenditures	(13,558,139)	(5,305,211)
OTHER FINANCING SOURCES (USES)		
Long-term debt issued	5,500,000	5,485,000
Premium/(discount) on long-term debt issued	27,470	(3,014)
Transfers from other funds	587,300	509,795
Total Other Financing Sources	6,114,770	5,991,781
Net change in fund balances	(7,443,369)	686,570
FUND BALANCE - Beginning of Year	10,591,666	9,905,096
FUND BALANCE - END OF YEAR	\$ 3,148,297	\$ 10,591,666

Nonmajor Funds - Governmental

Special Revenue Funds

The **Cemetery Maintenance** fund was created to account for the complete operation of two City-owned cemeteries, Lakeview and Forest Hill.

The **Hazardous Materials Response** fund accounts for a 5-year grant from the State of Wisconsin to provide emergency response to incidents involving hazardous materials within a 16 county area of Northwestern Wisconsin.

The **Community Development** fund accounts for activities attributed to the federal Community Development Block Grant program.

The **Home Grant** fund accounts for grants designated for affordable housing development, including weatherization, new construction, rental assistance, and down payment assistance.

The **Economic Development** fund accounts for the financial activities of a loan pool established to provide low interest loans for business expansion. It also accounts for promotional activity to encourage area economic growth.

The **Community Enhancement** fund accounts for collection and disbursement of hotel/motel room taxes, which are used for projects to encourage tourism and increase convention business.

The **Public Library** fund accounts for the collection of revenues, primarily a general tax levy set by the city council and the library board, and the operations of the L.E. Phillips Public Library.

The **City-County Health Department** fund accounts for the collection of revenues, primarily a general tax levy set by the city council and the county board, and for the operations of the City-County Health Department for county-wide health services.

The **Downtown Partners** Fund was created in 2002 as the day-to-day operating fund for Downtown Eau Claire, Inc. (DECI). DECI is the lead organization for issues relating to downtown and is governed by an eighteen member board.

The **Former Landfill Escrow** fund accounts for funds contributed by potential responsible parties (PRP) for an investigation, feasibility study, and possible cleanup operation of the former Blue Valley Landfill site and surrounding area.

Nonmajor Funds – Governmental (cont.)

Debt Service Funds

The **Debt Service – TIF #6** fund accounts for debt funded by taxes resulting from the incremental property values in a defined area on the City's northeast side. This district was created in 1997.

The **Debt Service – TIF #7** fund accounts for debt funded by taxes resulting from the incremental property values in the downtown area on the site of the former Soo Line depot, as well as City-owned property on Railroad Street, part of Doty Street, and the L.E. Philips Memorial Public Library. This district was created in 1997.

Capital Projects Funds

The **TIF #5 Gateway Northwest Business Park** fund accounts for improvements to the industrial development area north and west of the Gateway West Business Park.

The **TIF #8 Downtown Development Area** fund accounts for acquisition and infrastructure improvements in the North Barstow Redevelopment District.

The **TIF #9 Gateway Northwest Business Park Overlay** fund accounts for improvements to the industrial development area on the city's west side, including undeveloped sections of TIF #5.

The **Bridge Projects** fund accounts for construction and major upgrades of City-owned bridges.

The **Buildings and Equipment** fund accounts for acquisition of land for public projects, construction or renovation of City-owned buildings, and major equipment purchases.

The **Parks and Recreation Projects** fund accounts for improvements to parks, stadiums, recreational fields, playgrounds, waterways, and trails.

The **Environmental Improvements – Landfill** fund accounts for development and implementation of a plan to limit environmental damage from two former landfill sites.

The **Library Buildings and Equipment** fund accounts for library building improvements and equipment purchases.

CITY OF EAU CLAIRE

COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2011

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Totals
ASSETS				
Cash and investments	\$ 5,158,256	\$ 1,261,944	\$ 12,929,968	\$ 19,350,168
Receivables				
Taxes	4,591,433	125,573	1,412,706	6,129,712
Accounts	444,782	-	30	444,812
Notes	2,968,710	-	-	2,968,710
Prepaid items and inventories	81,089	-	31,654	112,743
Due from other governments	295,151	-	345,507	640,658
Advances to other funds	400,000	-	-	400,000
Restricted assets				
Revolving loan sequestered funds	410,447	-	-	410,447
Construction account	-	-	703,981	703,981
TOTAL ASSETS	\$ 14,349,868	\$ 1,387,517	\$ 15,423,846	\$ 31,161,231
LIABILITIES				
Accounts payable	\$ 254,456	\$ -	\$ 526,997	\$ 781,453
Accrued liabilities	244,276	-	-	244,276
Deposits	120,904	-	5,000	125,904
Due to other governments	24,278	-	-	24,278
Due to other funds	26,064	-	-	26,064
Due to component unit	18,164	-	-	18,164
Deferred revenues	8,009,409	125,573	1,519,305	9,654,287
Advances from other funds	-	26,145	3,238,700	3,264,845
Total Liabilities	8,697,551	151,718	5,290,002	14,139,271
FUND BALANCES				
Nonspendable	81,089	-	31,654	112,743
Restricted	5,571,228	1,261,944	5,847,620	12,680,792
Assigned	-	-	6,640,437	6,640,437
Unassigned (deficit)	-	(26,145)	(2,385,867)	(2,412,012)
Total Fund Balances	5,652,317	1,235,799	10,133,844	17,021,960
TOTAL LIABILITIES AND FUND BALANCES	\$ 14,349,868	\$ 1,387,517	\$ 15,423,846	\$ 31,161,231

CITY OF EAU CLAIRE

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2011

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Totals
REVENUES				
Taxes	\$ 5,978,283	\$ 141,109	\$ 1,476,124	\$ 7,595,516
Special assessments	25	-	-	25
Intergovernmental	1,963,570	4,581	785,733	2,753,884
Licenses and permits	345,013	-	-	345,013
Fines and forfeitures	117,922	-	-	117,922
Charges for services - public	367,237	-	-	367,237
Charges for services - intergovernmental	1,994,332	-	-	1,994,332
Investment income	48,281	1,436	92,691	142,408
Miscellaneous				
Loan repayments	1,006,038	-	-	1,006,038
Building rental	58,363	-	-	58,363
Gifts and donations	142,037	-	188,148	330,185
Other	288,037	-	199,991	488,028
Total Revenues	<u>12,309,138</u>	<u>147,126</u>	<u>2,742,687</u>	<u>15,198,951</u>
EXPENDITURES				
Current				
General government	-	99	-	99
Public safety	179,355	-	-	179,355
Public works	68,310	-	68,354	136,664
Health services	5,025,942	-	-	5,025,942
Culture and recreation	3,670,268	-	637	3,670,905
Development	2,668,812	150	32,300	2,701,262
Capital Outlay	54,247	-	3,937,919	3,992,166
Debt Service				
Principal retirement	-	250,000	830,000	1,080,000
Interest and fiscal charges	-	71,479	528,502	599,981
Total Expenditures	<u>11,666,934</u>	<u>321,728</u>	<u>5,397,712</u>	<u>17,386,374</u>

CITY OF EAU CLAIRE

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2011

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Totals
Excess (deficiency) of revenues over expenditures	\$ 642,204	\$ (174,602)	\$ (2,655,025)	\$ (2,187,423)
OTHER FINANCING SOURCES (USES)				
Long-term debt issued	-	-	560,000	560,000
Premium on long-term debt issued	-	-	2,790	2,790
Transfers from other funds	449,238	-	2,007,040	2,456,278
Transfers to other funds	(1,150,036)	-	-	(1,150,036)
Total Other Financing Sources (Uses)	(700,798)	-	2,569,830	1,869,032
Net changes in fund balances	(58,594)	(174,602)	(85,195)	(318,391)
FUND BALANCES - Beginning of Year	5,710,911	1,410,401	10,219,039	17,340,351
FUND BALANCES - END OF YEAR	\$ 5,652,317	\$ 1,235,799	\$ 10,133,844	\$ 17,021,960

CITY OF EAU CLAIRE

COMBINING BALANCE SHEET -
NONMAJOR SPECIAL REVENUE FUNDS
December 31, 2011

	Cemetery Maintenance	Hazardous Materials Response	Community Development	Home Grant
ASSETS				
Cash and investments	\$ 60,798	\$ 95,175	\$ 139,003	\$ 125
Receivables				
Taxes	-	-	-	-
Accounts	6,889	11,547	-	-
Notes	-	-	1,865,395	-
Prepaid items and inventories	-	-	206	19
Due from other governments	-	-	144	31,670
Advances to other funds	-	-	-	-
Restricted Assets				
Revolving loan sequestered funds	-	-	-	-
TOTAL ASSETS	\$ 67,687	\$ 106,722	\$ 2,004,748	\$ 31,814
LIABILITIES				
Accounts payable	\$ 2,485	\$ 1,032	\$ 3,948	\$ 72
Accrued liabilities	4,171	-	859	183
Deposits	-	-	-	-
Due to other governments	-	-	860	-
Due to other funds	-	-	-	26,064
Due to component unit	-	-	15,329	2,835
Deferred revenues	6,889	11,547	1,865,395	-
Total Liabilities	13,545	12,579	1,886,391	29,154
FUND BALANCES				
Nonspendable	-	-	206	19
Restricted	54,142	94,143	118,151	2,641
Total Fund Balances	54,142	94,143	118,357	2,660
TOTAL LIABILITIES AND FUND BALANCES	\$ 67,687	\$ 106,722	\$ 2,004,748	\$ 31,814

<u>Economic Development</u>	<u>Community Enhancement</u>	<u>Public Library</u>	<u>City-County Health Department</u>	<u>Downtown Partners</u>	<u>Former Landfill Escrow</u>	<u>Totals</u>
\$ 2,950,563	\$ 99,956	\$ 819,501	\$ 918,922	\$ 60,784	\$ 13,429	\$ 5,158,256
-	-	2,891,300	1,700,133	-	-	4,591,433
-	124,516	260,053	30,177	11,600	-	444,782
1,088,732	14,583	-	-	-	-	2,968,710
-	-	8,400	72,464	-	-	81,089
-	-	-	263,337	-	-	295,151
400,000	-	-	-	-	-	400,000
<u>410,447</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>410,447</u>
<u>\$ 4,849,742</u>	<u>\$ 239,055</u>	<u>\$ 3,979,254</u>	<u>\$ 2,985,033</u>	<u>\$ 72,384</u>	<u>\$ 13,429</u>	<u>\$ 14,349,868</u>
\$ -	\$ 104,862	\$ 65,225	\$ 69,304	\$ 616	\$ 6,912	\$ 254,456
7,503	-	89,147	139,299	3,114	-	244,276
-	-	-	114,387	-	6,517	120,904
-	-	26	23,392	-	-	24,278
-	-	-	-	-	-	26,064
-	-	-	-	-	-	18,164
<u>1,088,732</u>	<u>14,583</u>	<u>3,134,515</u>	<u>1,887,748</u>	<u>-</u>	<u>-</u>	<u>8,009,409</u>
<u>1,096,235</u>	<u>119,445</u>	<u>3,288,913</u>	<u>2,234,130</u>	<u>3,730</u>	<u>13,429</u>	<u>8,697,551</u>
-	-	8,400	72,464	-	-	81,089
<u>3,753,507</u>	<u>119,610</u>	<u>681,941</u>	<u>678,439</u>	<u>68,654</u>	<u>-</u>	<u>5,571,228</u>
<u>3,753,507</u>	<u>119,610</u>	<u>690,341</u>	<u>750,903</u>	<u>68,654</u>	<u>-</u>	<u>5,652,317</u>
<u>\$ 4,849,742</u>	<u>\$ 239,055</u>	<u>\$ 3,979,254</u>	<u>\$ 2,985,033</u>	<u>\$ 72,384</u>	<u>\$ 13,429</u>	<u>\$ 14,349,868</u>

CITY OF EAU CLAIRE

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR SPECIAL REVENUE FUNDS For the Year Ended December 31, 2011

	<u>Cemetery Maintenance</u>	<u>Hazardous Materials Response</u>	<u>Community Development</u>	<u>Home Grant</u>	<u>Economic Development</u>
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-
Intergovernmental	-	79,015	458,827	406,679	-
Licenses and permits	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Charges for services - public	165,782	5,238	-	-	-
Charges for services - intergovernmental	-	-	-	-	-
Investment income	-	1,060	-	-	45,761
Miscellaneous					
Loan repayments	-	-	545,929	2,800	457,309
Building rental	-	-	-	-	58,363
Gifts and donations	10	-	-	-	-
Other	-	-	-	-	10,118
Total Revenues	<u>165,792</u>	<u>85,313</u>	<u>1,004,756</u>	<u>409,479</u>	<u>571,551</u>
EXPENDITURES					
Current					
Public safety	-	179,355	-	-	-
Public works	-	-	-	-	-
Health services	375,151	-	-	-	-
Culture and recreation	-	-	-	-	-
Development	-	-	653,563	405,110	492,215
Capital Outlay	-	-	5,900	-	-
Total Expenditures	<u>375,151</u>	<u>179,355</u>	<u>659,463</u>	<u>405,110</u>	<u>492,215</u>
Excess (deficiency) of revenues over expenditures	<u>(209,359)</u>	<u>(94,042)</u>	<u>345,293</u>	<u>4,369</u>	<u>79,336</u>
OTHER FINANCING SOURCES (USES)					
Transfers from other funds	209,359	-	-	-	100,000
Transfers to other funds	-	-	(317,350)	-	(80,000)
Total Other Financing Sources (Uses)	<u>209,359</u>	<u>-</u>	<u>(317,350)</u>	<u>-</u>	<u>20,000</u>
Net change in fund balances	-	(94,042)	27,943	4,369	99,336
FUND BALANCES (DEFICIT) -					
Beginning of Year	<u>54,142</u>	<u>188,185</u>	<u>90,414</u>	<u>(1,709)</u>	<u>3,654,171</u>
FUND BALANCES - END OF YEAR	<u>\$ 54,142</u>	<u>\$ 94,143</u>	<u>\$ 118,357</u>	<u>\$ 2,660</u>	<u>\$ 3,753,507</u>

Community Enhancement	Public Library	City-County Health Department	Downtown Partners	Former Landfill Escrow	Totals
\$ 1,416,083	\$ 2,866,700	\$ 1,695,500	\$ -	\$ -	\$ 5,978,283
-	-	25	-	-	25
-	1,027	1,018,022	-	-	1,963,570
-	-	345,013	-	-	345,013
-	117,922	-	-	-	117,922
-	5,248	122,659	-	68,310	367,237
-	610,724	1,383,608	-	-	1,994,332
590	870	-	-	-	48,281
-	-	-	-	-	1,006,038
-	-	-	-	-	58,363
-	87,932	95	54,000	-	142,037
-	267,457	10,462	-	-	288,037
<u>1,416,673</u>	<u>3,957,880</u>	<u>4,575,384</u>	<u>54,000</u>	<u>68,310</u>	<u>12,309,138</u>
-	-	-	-	-	179,355
-	-	-	-	68,310	68,310
-	-	4,650,791	-	-	5,025,942
-	3,670,268	-	-	-	3,670,268
1,003,151	-	-	114,773	-	2,668,812
-	48,347	-	-	-	54,247
<u>1,003,151</u>	<u>3,718,615</u>	<u>4,650,791</u>	<u>114,773</u>	<u>68,310</u>	<u>11,666,934</u>
<u>413,522</u>	<u>239,265</u>	<u>(75,407)</u>	<u>(60,773)</u>	<u>-</u>	<u>642,204</u>
-	-	59,879	80,000	-	449,238
<u>(358,000)</u>	<u>(366,048)</u>	<u>(28,638)</u>	<u>-</u>	<u>-</u>	<u>(1,150,036)</u>
<u>(358,000)</u>	<u>(366,048)</u>	<u>31,241</u>	<u>80,000</u>	<u>-</u>	<u>(700,798)</u>
55,522	(126,783)	(44,166)	19,227	-	(58,594)
<u>64,088</u>	<u>817,124</u>	<u>795,069</u>	<u>49,427</u>	<u>-</u>	<u>5,710,911</u>
<u>\$ 119,610</u>	<u>\$ 690,341</u>	<u>\$ 750,903</u>	<u>\$ 68,654</u>	<u>\$ -</u>	<u>\$ 5,652,317</u>

CITY OF EAU CLAIRE

COMBINING BALANCE SHEET -
NONMAJOR DEBT SERVICE FUNDS
December 31, 2011

	Debt Service - <u>TIF No. 6</u>	Debt Service - <u>TIF No. 7</u>	<u>Totals</u>
ASSETS			
Cash and investments	\$ 1,261,944	\$ -	\$ 1,261,944
Receivables			
Taxes	<u>-</u>	<u>125,573</u>	<u>125,573</u>
 TOTAL ASSETS	 <u>\$ 1,261,944</u>	 <u>\$ 125,573</u>	 <u>\$ 1,387,517</u>
LIABILITIES			
Deferred revenues	\$ -	\$ 125,573	\$ 125,573
Advances from other funds	<u>-</u>	<u>26,145</u>	<u>26,145</u>
Total Liabilities	<u>-</u>	<u>151,718</u>	<u>151,718</u>
FUND BALANCES (DEFICIT)			
Restricted	1,261,944	-	1,261,944
Unassigned (deficit)	<u>-</u>	<u>(26,145)</u>	<u>(26,145)</u>
Total Fund Balances (Deficit)	<u>1,261,944</u>	<u>(26,145)</u>	<u>1,235,799</u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u>\$ 1,261,944</u>	 <u>\$ 125,573</u>	 <u>\$ 1,387,517</u>

CITY OF EAU CLAIRE

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES

NONMAJOR DEBT SERVICE FUNDS
For the Year Ended December 31, 2011

	Debt Service - TIF No. 6	Debt Service - TIF No. 7	Totals
REVENUES			
Taxes	\$ -	\$ 141,109	\$ 141,109
Intergovernmental	-	4,581	4,581
Investment income	1,402	34	1,436
Total Revenues	<u>1,402</u>	<u>145,724</u>	<u>147,126</u>
EXPENDITURES			
Current			
General government	-	99	99
Development	-	150	150
Debt Service			
Principal retirement	105,000	145,000	250,000
Interest and fiscal charges	26,900	44,579	71,479
Total Expenditures	<u>131,900</u>	<u>189,828</u>	<u>321,728</u>
Net change in fund balances	(130,498)	(44,104)	(174,602)
FUND BALANCES - Beginning of Year	<u>1,392,442</u>	<u>17,959</u>	<u>1,410,401</u>
FUND BALANCES - (DEFICIT) END OF YEAR	<u>\$ 1,261,944</u>	<u>\$ (26,145)</u>	<u>\$ 1,235,799</u>

CITY OF EAU CLAIRE

COMBINING BALANCE SHEET -
NONMAJOR CAPITAL PROJECTS FUNDS
December 31, 2011

	TIF No. 5 Gateway NW Business Park	TIF No. 8 Downtown Development	TIF No. 9 Gateway NW Business Park Overlay
ASSETS			
Cash and investments	\$ 2,554,428	\$ 852,833	\$ 168,902
Receivables			
Taxes	718,365	639,257	55,084
Accounts	-	-	-
Prepaid items	-	31,654	-
Due from other governments	-	-	-
Restricted assets			
Construction account	-	-	-
TOTAL ASSETS	<u>\$ 3,272,793</u>	<u>\$ 1,523,744</u>	<u>\$ 223,986</u>
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ -
Deposits	-	-	-
Deferred revenues	718,365	639,257	55,084
Advances from other funds	-	3,238,700	-
Total Liabilities	<u>718,365</u>	<u>3,877,957</u>	<u>55,084</u>
FUND BALANCES (DEFICIT)			
Nonspendable	-	31,654	-
Restricted	2,554,428	-	168,902
Assigned	-	-	-
Unassigned (deficit)	-	(2,385,867)	-
Total Fund Balances (Deficit)	<u>2,554,428</u>	<u>(2,354,213)</u>	<u>168,902</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 3,272,793</u>	<u>\$ 1,523,744</u>	<u>\$ 223,986</u>

<u>Bridge Projects</u>	<u>Buildings and Equipment</u>	<u>Parks and Recreation Projects</u>	<u>Environmental Improvements- Landfill</u>	<u>Library Buildings & Equipment</u>	<u>Totals</u>
\$ 1,054,986	\$ 3,567,636	\$ 1,552,863	\$ 2,304,419	\$ 873,901	\$ 12,929,968
-	-	-	-	-	1,412,706
-	-	30	-	-	30
-	-	-	-	-	31,654
-	330,418	15,089	-	-	345,507
-	<u>703,981</u>	-	-	-	<u>703,981</u>
<u>\$ 1,054,986</u>	<u>\$ 4,602,035</u>	<u>\$ 1,567,982</u>	<u>\$ 2,304,419</u>	<u>\$ 873,901</u>	<u>\$ 15,423,846</u>
\$ 53,417	\$ 418,298	\$ 8,844	\$ 3,604	\$ 42,834	\$ 526,997
-	-	5,000	-	-	5,000
-	91,480	15,119	-	-	1,519,305
-	-	-	-	-	3,238,700
<u>53,417</u>	<u>509,778</u>	<u>28,963</u>	<u>3,604</u>	<u>42,834</u>	<u>5,290,002</u>
-	-	-	-	-	31,654
57,651	1,701,337	80,703	453,532	831,067	5,847,620
943,918	2,390,920	1,458,316	1,847,283	-	6,640,437
-	-	-	-	-	(2,385,867)
<u>1,001,569</u>	<u>4,092,257</u>	<u>1,539,019</u>	<u>2,300,815</u>	<u>831,067</u>	<u>10,133,844</u>
<u>\$ 1,054,986</u>	<u>\$ 4,602,035</u>	<u>\$ 1,567,982</u>	<u>\$ 2,304,419</u>	<u>\$ 873,901</u>	<u>\$ 15,423,846</u>

CITY OF EAU CLAIRE

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
For the Year Ended December 31, 2011

	TIF No. 5 Gateway NW Business Park	TIF No. 8 Downtown Development	TIF No. 9 Gateway NW Business Park Overlay
REVENUES			
Taxes	\$ 685,583	\$ 670,345	\$ 120,196
Intergovernmental	5,906	60,504	289
Investment income	17,650	8,649	-
Miscellaneous			
Gifts and donations	-	-	-
Other	-	-	-
Total Revenues	<u>709,139</u>	<u>739,498</u>	<u>120,485</u>
EXPENDITURES			
Current			
Public works	-	-	-
Culture and recreation	-	-	-
Development	150	32,000	150
Capital Outlay	-	25,000	-
Debt Service			
Principal retirement	345,000	485,000	-
Interest and fiscal charges	<u>206,310</u>	<u>316,588</u>	<u>-</u>
Total Expenditures	<u>551,460</u>	<u>858,588</u>	<u>150</u>
Excess (deficiency) of revenues over expenditures	<u>157,679</u>	<u>(119,090)</u>	<u>120,335</u>
OTHER FINANCING SOURCES			
Long-term debt issued	-	-	-
Premium on long-term debt issued	-	-	-
Transfers from other funds	-	-	-
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	157,679	(119,090)	120,335
FUND BALANCES (DEFICIT) - Beginning of Year	<u>2,396,749</u>	<u>(2,235,123)</u>	<u>48,567</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ 2,554,428</u>	<u>\$ (2,354,213)</u>	<u>\$ 168,902</u>

Bridge Projects	Buildings and Equipment	Parks and Recreation Projects	Environmental Improvements- Landfill	Library Buildings & Equipment	Totals
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,476,124
-	453,876	265,158	-	-	785,733
6,860	27,242	9,260	15,960	7,070	92,691
-	19,550	130,000	-	38,598	188,148
-	157,229	15,641	-	27,121	199,991
<u>6,860</u>	<u>657,897</u>	<u>420,059</u>	<u>15,960</u>	<u>72,789</u>	<u>2,742,687</u>
-	42,854	-	25,500	-	68,354
-	-	-	-	637	637
-	-	-	-	-	32,300
60,417	2,700,150	609,831	52,866	489,655	3,937,919
-	-	-	-	-	830,000
-	5,604	-	-	-	528,502
<u>60,417</u>	<u>2,748,608</u>	<u>609,831</u>	<u>78,366</u>	<u>490,292</u>	<u>5,397,712</u>
<u>(53,557)</u>	<u>(2,090,711)</u>	<u>(189,772)</u>	<u>(62,406)</u>	<u>(417,503)</u>	<u>(2,655,025)</u>
-	560,000	-	-	-	560,000
-	2,790	-	-	-	2,790
100,000	1,166,040	320,000	95,000	326,000	2,007,040
<u>100,000</u>	<u>1,728,830</u>	<u>320,000</u>	<u>95,000</u>	<u>326,000</u>	<u>2,569,830</u>
46,443	(361,881)	130,228	32,594	(91,503)	(85,195)
<u>955,126</u>	<u>4,454,138</u>	<u>1,408,791</u>	<u>2,268,221</u>	<u>922,570</u>	<u>10,219,039</u>
<u>\$ 1,001,569</u>	<u>\$ 4,092,257</u>	<u>\$ 1,539,019</u>	<u>\$ 2,300,815</u>	<u>\$ 831,067</u>	<u>\$ 10,133,844</u>

CITY OF EAU CLAIRE

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL
NONMAJOR GOVERNMENTAL FUNDS (WITH ANNUAL BUDGETS)
For the Year Ended December 31, 2011
With Comparative Actual Totals for the Year Ended December 31, 2010

	Cemetery Maintenance				
	2011				(As Restated)
	Budgeted Amounts		Actual	Variance with Final Budget	Actual
Original	Final				
REVENUES					
Charges for services - public	\$ 179,800	\$ 179,800	\$ 165,782	\$ (14,018)	\$ 174,049
Miscellaneous					
Gifts and donations	-	-	10	10	1,200
Total Revenues	<u>179,800</u>	<u>179,800</u>	<u>165,792</u>	<u>(14,008)</u>	<u>175,249</u>
EXPENDITURES					
Current					
Health services	<u>444,500</u>	<u>444,500</u>	<u>375,151</u>	<u>69,349</u>	<u>358,244</u>
Excess (deficiency) of revenues over expenditures	<u>(264,700)</u>	<u>(264,700)</u>	<u>(209,359)</u>	<u>55,341</u>	<u>(182,995)</u>
OTHER FINANCING SOURCES (USES)					
Transfers from other funds	264,700	264,700	209,359	(55,341)	182,995
Transfers to other funds	-	-	-	-	(33,000)
Total Other Financing Sources (Uses)	<u>264,700</u>	<u>264,700</u>	<u>209,359</u>	<u>(55,341)</u>	<u>149,995</u>
Net change in fund balances	-	-	-	-	(33,000)
FUND BALANCES - Beginning of Year	<u>54,142</u>	<u>54,142</u>	<u>54,142</u>	<u>-</u>	<u>87,142</u>
FUND BALANCES - END OF YEAR	<u>\$ 54,142</u>	<u>\$ 54,142</u>	<u>\$ 54,142</u>	<u>\$ -</u>	<u>\$ 54,142</u>

CITY OF EAU CLAIRE

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL
NONMAJOR GOVERNMENTAL FUNDS (WITH ANNUAL BUDGETS)
For the Year Ended December 31, 2011
With Comparative Actual Totals for the Year Ended December 31, 2010

	Hazardous Materials Response				
	2011				(As Restated)
	Budgeted Amounts		Actual	Variance with Final Budget	Actual
Original	Final				
REVENUES					
Intergovernmental	\$ 178,200	\$ 79,000	\$ 79,015	\$ 15	\$ 178,263
Charges for services - public	3,000	3,000	5,238	2,238	1,967
Investment income	1,000	1,000	1,060	60	1,060
Total Revenues	182,200	83,000	85,313	2,313	181,290
EXPENDITURES					
Current					
Public safety	298,100	247,600	179,355	68,245	204,067
Excess (deficiency) of revenues over expenditures	(115,900)	(164,600)	(94,042)	70,558	(22,777)
OTHER FINANCING SOURCES					
Transfers from other funds	-	-	-	-	3,779
Net change in fund balances	(115,900)	(164,600)	(94,042)	70,558	(18,998)
FUND BALANCES - Beginning of Year	188,185	188,185	188,185	-	207,183
FUND BALANCES - END OF YEAR	\$ 72,285	\$ 23,585	\$ 94,143	\$ 70,558	\$ 188,185

CITY OF EAU CLAIRE

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL
NONMAJOR GOVERNMENTAL FUNDS (WITH ANNUAL BUDGETS)
For the Year Ended December 31, 2011
With Comparative Actual Totals for the Year Ended December 31, 2010

	Economic Development				
	2011				(As Restated)
	Budgeted Amounts		Actual	Variance with Final Budget	Actual
Original	Final				
REVENUES					
Investment income	\$ 58,900	\$ 58,900	\$ 45,761	\$ (13,139)	\$ 73,303
Miscellaneous					
Loan repayments	67,700	67,700	457,309	389,609	458,751
Building rental	68,200	68,200	58,363	(9,837)	69,671
Other	200	200	10,118	9,918	191
Total Revenues	195,000	195,000	571,551	376,551	601,916
EXPENDITURES					
Current					
Development	569,500	569,500	492,215	77,285	563,163
Excess (deficiency) of revenues over expenditures	(374,500)	(374,500)	79,336	453,836	38,753
OTHER FINANCING SOURCES (USES)					
Transfers from other funds	100,000	100,000	100,000	-	100,000
Transfers to other funds	(80,000)	(80,000)	(80,000)	-	(80,000)
Other Financing Sources (Uses)	20,000	20,000	20,000	-	20,000
Net change in fund balances	(354,500)	(354,500)	99,336	453,836	58,753
FUND BALANCES - Beginning of Year	3,654,171	3,654,171	3,654,171	-	3,595,418
FUND BALANCES - END OF YEAR	\$ 3,299,671	\$ 3,299,671	\$ 3,753,507	\$ 453,836	\$ 3,654,171

CITY OF EAU CLAIRE

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL
NONMAJOR GOVERNMENTAL FUNDS (WITH ANNUAL BUDGETS)
For the Year Ended December 31, 2011
With Comparative Actual Totals for the Year Ended December 31, 2010

	Community Enhancement				
	2011			(As Restated)	
	Budgeted Amounts		Actual	Variance with Final Budget	Actual
Original	Final				
REVENUES					
Taxes	\$ 1,230,000	\$ 1,334,800	\$ 1,416,083	\$ 81,283	\$ 1,306,049
Investment income	-	-	590	590	-
Total Revenues	1,230,000	1,334,800	1,416,673	81,873	1,306,049
EXPENDITURES					
Current					
Development	898,400	1,003,200	1,003,151	49	936,672
Excess of revenues over expenditures	331,600	331,600	413,522	81,922	369,377
OTHER FINANCING USES					
Transfers to other funds	(358,000)	(358,000)	(358,000)	-	(305,500)
Net change in fund balances	(26,400)	(26,400)	55,522	81,922	63,877
FUND BALANCES - Beginning of Year	64,088	64,088	64,088	-	211
FUND BALANCES - END OF YEAR	\$ 37,688	\$ 37,688	\$ 119,610	\$ 81,922	\$ 64,088

CITY OF EAU CLAIRE

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL
NONMAJOR GOVERNMENTAL FUNDS (WITH ANNUAL BUDGETS)
For the Year Ended December 31, 2011
With Comparative Actual Totals for the Year Ended December 31, 2010

	Public Library				
	2011				(As Restated)
	Budgeted Amounts		Actual	Variance with Final Budget	Actual
Original	Final				
REVENUES					
Taxes	\$ 2,866,700	\$ 2,866,700	\$ 2,866,700	\$ -	\$ 2,833,500
Intergovernmental	-	-	1,027	1,027	-
Fines and forfeitures	120,700	120,700	117,922	(2,778)	123,459
Charges for services - public	6,300	6,300	5,248	(1,052)	5,673
Charges for services - intergovernmental	597,000	597,000	610,724	13,724	652,625
Investment income	-	-	870	870	530
Miscellaneous					
Gifts and donations	20,000	44,600	87,932	43,332	36,038
Other	275,000	275,000	267,457	(7,543)	272,436
Total Revenues	<u>3,885,700</u>	<u>3,910,300</u>	<u>3,957,880</u>	<u>47,580</u>	<u>3,924,261</u>
EXPENDITURES					
Current					
Culture and recreation	3,794,300	3,778,600	3,670,268	108,332	3,685,424
Capital Outlay	10,000	50,300	48,347	1,953	4,736
Total expenditures	<u>3,804,300</u>	<u>3,828,900</u>	<u>3,718,615</u>	<u>110,285</u>	<u>3,690,160</u>
Excess of revenues over expenditures	<u>81,400</u>	<u>81,400</u>	<u>239,265</u>	<u>157,865</u>	<u>234,101</u>
OTHER FINANCING SOURCES (USES)					
Transfers to other funds	(366,100)	(366,100)	(366,048)	52	(146,185)
Sale of capital assets	200	200	-	(200)	-
Total Other Financing Sources (Uses)	<u>(365,900)</u>	<u>(365,900)</u>	<u>(366,048)</u>	<u>(148)</u>	<u>(146,185)</u>
Net change in fund balances	(284,500)	(284,500)	(126,783)	157,717	87,916
FUND BALANCES - Beginning of Year	<u>817,124</u>	<u>817,124</u>	<u>817,124</u>	<u>-</u>	<u>729,208</u>
FUND BALANCES - END OF YEAR	<u>\$ 532,624</u>	<u>\$ 532,624</u>	<u>\$ 690,341</u>	<u>\$ 157,717</u>	<u>\$ 817,124</u>

CITY OF EAU CLAIRE

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL
NONMAJOR GOVERNMENTAL FUNDS (WITH ANNUAL BUDGETS)
For the Year Ended December 31, 2011
With Comparative Actual Totals for the Year Ended December 31, 2010

	City-County Health Department				
	2011				(As Restated)
	Budgeted Amounts		Actual	Variance with	
Original	Final	Final Budget		Actual	
REVENUES					
Taxes	\$ 1,695,500	\$ 1,695,500	\$ 1,695,500	\$ -	\$ 1,670,500
Special assessments	59,500	59,500	25	(59,475)	-
Intergovernmental	1,032,600	958,700	1,018,022	59,322	1,231,045
Licenses and permits	332,700	332,700	345,013	12,313	334,585
Charges for services - public	170,800	173,100	122,659	(50,441)	192,417
Charges for services - intergovernmental	1,284,000	1,289,800	1,383,608	93,808	1,269,397
Miscellaneous					
Gifts and donations	-	-	95	95	-
Other	-	-	10,462	10,462	1,092
Total Revenues	4,575,100	4,509,300	4,575,384	66,084	4,699,036
EXPENDITURES					
Current					
Health services	4,852,100	4,776,000	4,650,791	125,209	4,667,431
Excess (deficiency) of revenues over expenditures	(277,000)	(266,700)	(75,407)	191,293	31,605
OTHER FINANCING SOURCES (USES)					
Transfers from other funds	66,600	56,300	59,879	3,579	73,026
Transfers to other funds	(28,700)	(28,700)	(28,638)	62	(29,138)
Total Other Financing Sources	37,900	27,600	31,241	3,641	43,888
Net change in fund balances	(239,100)	(239,100)	(44,166)	194,934	75,493
FUND BALANCES - Beginning of Year	795,069	795,069	795,069	-	719,576
FUND BALANCES - END OF YEAR	\$ 555,969	\$ 555,969	\$ 750,903	\$ 194,934	\$ 795,069

CITY OF EAU CLAIRE

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL
NONMAJOR GOVERNMENTAL FUNDS (WITH ANNUAL BUDGETS)
For the Year Ended December 31, 2011
With Comparative Actual Totals for the Year Ended December 31, 2010

	Downtown Partners				
	2011				(As Restated)
	Budgeted Amounts		Actual	Variance with Final Budget	Actual
Original	Final				
REVENUES					
Miscellaneous					
Gifts and donations	\$ 54,000	\$ 54,000	\$ 54,000	\$ -	\$ 42,400
EXPENDITURES					
Current					
Development	139,900	139,900	114,773	25,127	114,679
Deficiency of revenues over expenditures	(85,900)	(85,900)	(60,773)	25,127	(72,279)
OTHER FINANCING SOURCES					
Transfers from other funds	80,000	80,000	80,000	-	80,000
Net change in fund balances	(5,900)	(5,900)	19,227	25,127	7,721
FUND BALANCES - Beginning of Year	49,427	49,427	49,427	-	41,706
FUND BALANCES - END OF YEAR	\$ 43,527	\$ 43,527	\$ 68,654	\$ 25,127	\$ 49,427

CITY OF EAU CLAIRE

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL
NONMAJOR GOVERNMENTAL FUNDS (WITH ANNUAL BUDGETS)
For the Year Ended December 31, 2011
With Comparative Actual Totals for the Year Ended December 31, 2010

	Former Landfill Escrow				
	2011				(As Restated)
	Budgeted Amounts		Actual	Variance with Final Budget	Actual
Original	Final				
REVENUES					
Charges for services - public	\$ 150,000	\$ 150,000	\$ 68,310	\$ (81,690)	\$ 97,376
EXPENDITURES					
Current					
Public works	150,000	150,000	68,310	81,690	97,376
Net change in fund balances	-	-	-	-	-
FUND BALANCES - Beginning of Year	-	-	-	-	-
FUND BALANCES - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF EAU CLAIRE

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL
NONMAJOR GOVERNMENTAL FUNDS (WITH ANNUAL BUDGETS)
For the Year Ended December 31, 2011
With Comparative Actual Totals for the Year Ended December 31, 2010

	Debt Service - TIF No. 6				
	2011				(As Restated)
	Budgeted Amounts		Actual	Variance with Final Budget	Actual
Original	Final				
REVENUES					
Taxes					
Real and personal property	\$ -	\$ -	\$ -	\$ -	\$ 248,081
Intergovernmental	-	-	-	-	1,221
Investment income	-	-	1,402	1,402	2,297
Total Revenues	-	-	1,402	1,402	251,599
EXPENDITURES					
Current					
General government	200	200	-	200	3,704
Debt Service					
Principal retirement	105,000	105,000	105,000	-	65,000
Interest and fiscal charges	26,900	26,900	26,900	-	30,508
Total Expenditures	132,100	132,100	131,900	200	99,212
Net change in fund balances	(132,100)	(132,100)	(130,498)	1,602	152,387
FUND BALANCES - Beginning of Year	1,392,442	1,392,442	1,392,442	-	1,240,055
FUND BALANCES - END OF YEAR	\$ 1,260,342	\$ 1,260,342	\$ 1,261,944	\$ 1,602	\$ 1,392,442

CITY OF EAU CLAIRE

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL
NONMAJOR GOVERNMENTAL FUNDS (WITH ANNUAL BUDGETS)
For the Year Ended December 31, 2011
With Comparative Actual Totals for the Year Ended December 31, 2010

	Debt Service - TIF No. 7				
	2011			(As Restated)	
	Budgeted Amounts		Actual	Variance with	Actual
Original	Final	Final Budget			
REVENUES					
Taxes					
Real and personal property	\$ 147,100	\$ 147,100	\$ 141,109	\$ (5,991)	\$ 144,263
Intergovernmental	5,300	5,300	4,581	(719)	6,627
Investment income	200	200	34	(166)	69
Total Revenues	<u>152,600</u>	<u>152,600</u>	<u>145,724</u>	<u>(6,876)</u>	<u>150,959</u>
EXPENDITURES					
Current					
General government	100	100	99	1	3,704
Development	200	200	150	50	150
Debt Service					
Principal retirement	145,000	145,000	145,000	-	130,000
Interest and fiscal charges	44,600	44,600	44,579	21	49,973
Total Expenditures	<u>189,900</u>	<u>189,900</u>	<u>189,828</u>	<u>72</u>	<u>183,827</u>
Deficiency of revenues over expenditures	(37,300)	(37,300)	(44,104)	(6,804)	(32,868)
OTHER FINANCING SOURCES					
Transfers from other funds	<u>10,000</u>	<u>10,000</u>	<u>-</u>	<u>(10,000)</u>	<u>-</u>
Net change in fund balances	(27,300)	(27,300)	(44,104)	(16,804)	(32,868)
FUND BALANCES - Beginning of Year	<u>17,959</u>	<u>17,959</u>	<u>17,959</u>	<u>-</u>	<u>50,827</u>
FUND BALANCES - END OF YEAR	<u>\$ (9,341)</u>	<u>\$ (9,341)</u>	<u>\$ (26,145)</u>	<u>\$ (16,804)</u>	<u>\$ 17,959</u>

Nonmajor Enterprise Funds

The **Parking Utility** fund accounts for the construction, operations, and maintenance of the municipal parking facilities, including two ramps and various surface lots.

The **Hobbs Ice Center** fund accounts for the construction, operations, and maintenance of the municipal hockey and ice skating facility.

The **Outdoor Pool** fund accounts for the construction, operations, and maintenance of the outdoor swimming pool.

CITY OF EAU CLAIRE

COMBINING STATEMENT OF NET ASSETS -
NONMAJOR ENTERPRISE FUNDS

December 31, 2011

	Parking Utility	Hobbs Ice Center	Outdoor Pool	Total Nonmajor Enterprise Funds
ASSETS				
Current Assets				
Cash and investments	\$ 473,543	\$ 151,637	\$ 423,264	\$ 1,048,444
Accounts receivable, net	333	151,350	393	152,076
Due from other governments	-	8,437	-	8,437
Total Current Assets	<u>473,876</u>	<u>311,424</u>	<u>423,657</u>	<u>1,208,957</u>
Noncurrent Assets				
Capital assets				
Construction in progress	26,788	24,000	20,929	71,717
Land	645,196	5,000	-	650,196
Capital assets	6,401,840	8,298,533	2,063,966	16,764,339
Less accumulated depreciation	<u>(3,952,439)</u>	<u>(1,704,690)</u>	<u>(950,239)</u>	<u>(6,607,368)</u>
Total Capital Assets (Net of Accumulated depreciation)	<u>3,121,385</u>	<u>6,622,843</u>	<u>1,134,656</u>	<u>10,878,884</u>
Total Noncurrent Assets	<u>3,121,385</u>	<u>6,622,843</u>	<u>1,134,656</u>	<u>10,878,884</u>
Total Assets	<u>3,595,261</u>	<u>6,934,267</u>	<u>1,558,313</u>	<u>12,087,841</u>
LIABILITIES				
Current Liabilities				
Accounts payable	1,417	45,854	265	47,536
Accrued payroll and payroll taxes	1,744	10,718	648	13,110
Accrued compensated absences	2,390	6,079	958	9,427
Deposits	8	405	697	1,110
Due to other governments	1,966	1,351	35	3,352
Due to other funds	-	124,918	-	124,918
Current portion of advances	-	190,000	-	190,000
Total Current Liabilities	<u>7,525</u>	<u>379,325</u>	<u>2,603</u>	<u>389,453</u>
Noncurrent Liabilities				
Advances from other funds	-	3,660,000	-	3,660,000
Other post-employment benefits	-	8,454	-	8,454
Total Noncurrent Liabilities	<u>-</u>	<u>3,668,454</u>	<u>-</u>	<u>3,668,454</u>
Total Liabilities	<u>7,525</u>	<u>4,047,779</u>	<u>2,603</u>	<u>4,057,907</u>
NET ASSETS				
Invested in capital assets	3,121,385	6,622,843	1,134,656	10,878,884
Unrestricted (deficit)	<u>466,351</u>	<u>(3,736,355)</u>	<u>421,054</u>	<u>(2,848,950)</u>
TOTAL NET ASSETS	<u>\$ 3,587,736</u>	<u>\$ 2,886,488</u>	<u>\$ 1,555,710</u>	<u>\$ 8,029,934</u>

CITY OF EAU CLAIRE

COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS
NONMAJOR ENTERPRISE FUNDS
For the Year Ended December 31, 2011

	Parking Utility	Hobbs Ice Center	Outdoor Pool	Total Nonmajor Enterprise Funds
OPERATING REVENUES				
Charges for services	\$ 217,547	\$ 620,916	\$ 231,326	\$ 1,069,789
Other	-	140,298	17,063	157,361
Total Operating Revenues	<u>217,547</u>	<u>761,214</u>	<u>248,389</u>	<u>1,227,150</u>
OPERATING EXPENSES				
Personal services	73,956	287,650	176,841	538,447
Contractual services	39,894	71,953	22,689	134,536
Supplies and materials	3,879	54,356	48,260	106,495
Utilities	53,946	217,494	35,087	306,527
Depreciation	225,541	351,359	56,163	633,063
Administrative	9,652	9,273	6,093	25,018
Total Operating Expenses	<u>406,868</u>	<u>992,085</u>	<u>345,133</u>	<u>1,744,086</u>
Operating income (loss)	(189,321)	(230,871)	(96,744)	(516,936)
NON-OPERATING EXPENSES				
Interest expense	-	(123,661)	-	(123,661)
Loss before operating transfers and contributions	(189,321)	(354,532)	(96,744)	(640,597)
Transfers from other funds	<u>85,000</u>	<u>288,030</u>	<u>335,581</u>	<u>708,611</u>
Income (loss) before contributions	(104,321)	(66,502)	238,837	68,014
Capital Contributions	<u>50,000</u>	<u>8,437</u>	<u>-</u>	<u>58,437</u>
Change in net assets	(54,321)	(58,065)	238,837	126,451
NET ASSETS - Beginning of Year	<u>3,642,057</u>	<u>2,944,553</u>	<u>1,316,873</u>	<u>7,903,483</u>
NET ASSETS - END OF YEAR	<u>\$ 3,587,736</u>	<u>\$ 2,886,488</u>	<u>\$ 1,555,710</u>	<u>\$ 8,029,934</u>

CITY OF EAU CLAIRE

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
For the Year Ended December 31, 2011

	Parking Utility	Hobbs Ice Center	Outdoor Pool	Total Nonmajor Enterprise Funds
CASH FLOWS FROM (USED BY) OPERATING ACTIVITIES				
Cash received from customers	\$ 222,770	\$ 770,409	\$ 246,878	\$ 1,240,057
Cash paid to suppliers for goods and services	(115,910)	(366,013)	(112,433)	(594,356)
Cash paid to employees for services	(87,188)	(291,716)	(176,186)	(555,090)
Net Cash Flows From (Used By) Operating Activities	<u>19,672</u>	<u>112,680</u>	<u>(41,741)</u>	<u>90,611</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from other funds	<u>85,000</u>	<u>288,030</u>	<u>335,581</u>	<u>708,611</u>
CASH FLOWS FROM (USED BY) CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital contributions	50,000	8,437	-	58,437
Acquisition and construction of capital assets	(119,437)	(57,719)	(20,929)	(198,085)
Principal paid on capital advances from other funds	-	(190,000)	-	(190,000)
Interest paid on capital advances from other funds	-	(123,661)	-	(123,661)
Net Cash Flows From (Used By) Capital and Related Financing Activities	<u>(69,437)</u>	<u>(362,943)</u>	<u>(20,929)</u>	<u>(453,309)</u>
Net Increase in Cash and Cash Equivalents	35,235	37,767	272,911	345,913
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>438,308</u>	<u>113,870</u>	<u>150,353</u>	<u>702,531</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 473,543</u>	<u>\$ 151,637</u>	<u>\$ 423,264</u>	<u>\$ 1,048,444</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES				
Operating income (loss)	\$ (189,321)	\$ (230,871)	\$ (96,744)	\$ (516,936)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows From Operating Activities				
Noncash items included in income				
Depreciation	225,541	351,359	56,163	633,063
Change in assets and liabilities				
Accounts receivable	6,423	8,790	720	15,933
Accounts payable	(9,071)	(23,740)	(178)	(32,989)
Due to other funds	-	11,012	-	11,012
Other liabilities	(7,669)	(4,904)	529	(12,044)
Other post-employment benefits	(5,031)	629	-	(4,402)
Customer deposits	(1,200)	405	(2,231)	(3,026)
NET CASH FLOWS FROM (USED BY) OPERATING ACTIVITIES	<u>\$ 19,672</u>	<u>\$ 112,680</u>	<u>\$ (41,741)</u>	<u>\$ 90,611</u>

NONCASH CAPITAL, INVESTING AND FINANCING ACTIVITIES

The following funds had accrued accounts payable for capital assets acquired prior to December 31, 2011:

Parking Utility	\$ 791
Hobbs Ice Center	36,800

Internal Service Funds

The **Risk Management** fund accounts for operations of a self-insurance program, including liability, property, and workers compensation insurance coverage for all City funds, payment of claims, cost of reinsurance, and safety and citizen awareness programs.

The **Central Equipment** fund accounts for construction, operations, and maintenance of the central garage facility including the funding for and replacement of all fleet and radio equipment.

CITY OF EAU CLAIRE

COMBINING STATEMENT OF NET ASSETS - INTERNAL SERVICE FUNDS December 31, 2011

	Risk Management	Central Equipment	Totals
ASSETS			
Current Assets			
Cash and investments	\$ 8,256,836	\$ 6,735,663	\$ 14,992,499
Accounts receivable, net	216,221	-	216,221
Due from other governments	-	12,306	12,306
Due from component unit	12,684	4,159	16,843
Inventories	-	432,281	432,281
Total Current Assets	8,485,741	7,184,409	15,670,150
Noncurrent Assets			
Escrow account	236,197	-	236,197
Deposit in insurance pools	766,496	-	766,496
Advances to other funds	1,838,700	-	1,838,700
Capital assets			
Construction in progress	-	300,926	300,926
Land	-	235,899	235,899
Land improvements	-	16,677	16,677
Buildings	-	5,710,107	5,710,107
Equipment	-	281,633	281,633
Rental equipment	-	15,549,618	15,549,618
Less: Accumulated depreciation	-	(11,599,907)	(11,599,907)
Total Capital Assets (Net of Accumulated Depreciation)	-	10,494,953	10,494,953
Total Noncurrent Assets	2,841,393	10,494,953	13,336,346
Total Assets	11,327,134	17,679,362	29,006,496
LIABILITIES			
Current Liabilities			
Accounts payable	97,770	169,845	267,615
Accrued payroll and payroll taxes	6,043	24,736	30,779
Accrued compensated absences	7,136	27,518	34,654
Current portion of unpaid claims	220,000	-	220,000
Total Current Liabilities	330,949	222,099	553,048
Noncurrent Liabilities			
Other post-employment benefits	3,381	80,309	83,690
Unpaid claims	1,369,795	-	1,369,795
Total Noncurrent Liabilities	1,373,176	80,309	1,453,485
Total Liabilities	1,704,125	302,408	2,006,533
NET ASSETS			
Invested in capital assets	-	10,494,953	10,494,953
Restricted for deposits	1,002,693	-	1,002,693
Unrestricted	8,620,316	6,882,001	15,502,317
TOTAL NET ASSETS	\$ 9,623,009	\$ 17,376,954	\$ 26,999,963

CITY OF EAU CLAIRE

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS INTERNAL SERVICE FUNDS For the Year Ended December 31, 2011

	<u>Risk Management</u>	<u>Central Equipment</u>	<u>Totals</u>
OPERATING REVENUES			
Charges for services	\$ 1,734,380	\$ 1,208,650	\$ 2,943,030
Rental of equipment	-	2,936,324	2,936,324
Total Charges for Services	<u>1,734,380</u>	<u>4,144,974</u>	<u>5,879,354</u>
Other			
Repayment of insurance claims	73,719	-	73,719
Building rental	-	195,805	195,805
Miscellaneous	-	8,311	8,311
Total Operating Revenues	<u>1,808,099</u>	<u>4,349,090</u>	<u>6,157,189</u>
OPERATING EXPENSES			
Personal services	144,300	727,105	871,405
Contractual services	23,993	362,405	386,398
Supplies and materials	4,042	1,454,648	1,458,690
Utilities	408	126,517	126,925
Depreciation	-	1,179,096	1,179,096
Administrative	-	120,672	120,672
Claims	1,904,754	-	1,904,754
Total Operating Expenses	<u>2,077,497</u>	<u>3,970,443</u>	<u>6,047,940</u>
Operating income (loss)	<u>(269,398)</u>	<u>378,647</u>	<u>109,249</u>
NON-OPERATING REVENUES (EXPENSES)			
Investment income	64,534	-	64,534
Net gain (loss) on disposal of capital assets	-	(7,295)	(7,295)
Total Non-Operating Revenues (Expenses)	<u>64,534</u>	<u>(7,295)</u>	<u>57,239</u>
Income (loss) before transfers	<u>(204,864)</u>	<u>371,352</u>	<u>166,488</u>
TRANSFERS			
Transfers from other funds	-	26,400	26,400
Transfers to other funds	(95,000)	-	(95,000)
Total Transfers	<u>(95,000)</u>	<u>26,400</u>	<u>(68,600)</u>
Change in net assets	<u>(299,864)</u>	<u>397,752</u>	<u>97,888</u>
NET ASSETS - Beginning of Year	<u>9,922,873</u>	<u>16,979,202</u>	<u>26,902,075</u>
NET ASSETS - END OF YEAR	<u>\$ 9,623,009</u>	<u>\$ 17,376,954</u>	<u>\$ 26,999,963</u>

CITY OF EAU CLAIRE

COMBINING STATEMENT OF CASH FLOWS INTERNAL SERVICE FUNDS For the Year Ended December 31, 2011

	Risk Management	Central Equipment	Totals
CASH FLOWS FROM (USED BY) OPERATING ACTIVITIES			
Cash received from customers	\$ 1,715,896	\$ 4,353,785	\$ 6,069,681
Cash payments to suppliers for goods and services	(37,961)	(2,120,578)	(2,158,539)
Cash payments to employees for services	(156,130)	(687,508)	(843,638)
Claims paid	(1,783,001)	-	(1,783,001)
Repayment of insurance claims	73,719	-	73,719
Net Cash Flows from (Used By) Operating Activities	<u>(187,477)</u>	<u>1,545,699</u>	<u>1,358,222</u>
CASH FLOWS FROM (USED BY) NONCAPITAL FINANCING ACTIVITIES			
Transfers from other funds	-	26,400	26,400
Transfers to other funds	<u>(95,000)</u>	<u>-</u>	<u>(95,000)</u>
Net Cash Flows from (Used By) Noncapital Financing Activities	<u>(95,000)</u>	<u>26,400</u>	<u>(68,600)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income	<u>64,534</u>	<u>-</u>	<u>64,534</u>
CASH FLOWS FROM (USED BY) CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	-	(1,923,911)	(1,923,911)
Proceeds from sale of capital assets	<u>-</u>	<u>154,475</u>	<u>154,475</u>
Net Cash Flows From (Used By) Capital and Related Financing Activities	<u>-</u>	<u>(1,769,436)</u>	<u>(1,769,436)</u>
Net increase (decrease) in cash and cash equivalents	(217,943)	(197,337)	(415,280)
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>8,710,976</u>	<u>6,933,000</u>	<u>15,643,976</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 8,493,033</u>	<u>\$ 6,735,663</u>	<u>\$ 15,228,696</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS			
Cash and Cash Equivalents per Statement of Net Assets	\$ 8,256,836	\$ 6,735,663	\$ 14,992,499
Restricted Cash and Investments	<u>236,197</u>	<u>-</u>	<u>236,197</u>
CASH AND CASH EQUIVALENTS PER STATEMENT OF CASH FLOWS	<u>\$ 8,493,033</u>	<u>\$ 6,735,663</u>	<u>\$ 15,228,696</u>

	<u>Risk Management</u>	<u>Central Equipment</u>	<u>Totals</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO CASH FLOWS FROM OPERATING ACTIVITIES			
Operating income (loss)	\$ (269,398)	\$ 378,647	\$ 109,249
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:			
Depreciation	-	1,179,096	1,179,096
Change in assets and liabilities:			
Accounts receivable	(18,484)	4,695	(13,789)
Inventories	-	(14,269)	(14,269)
Accounts payable	(9,518)	(42,067)	(51,585)
Accrued liabilities	999	5,122	6,121
Other post-employment benefits	(12,829)	34,475	21,646
Unpaid claims	<u>121,753</u>	<u>-</u>	<u>121,753</u>
 NET CASH FLOWS FROM (USED BY) OPERATING ACTIVITIES	 <u>\$ (187,477)</u>	 <u>\$ 1,545,699</u>	 <u>\$ 1,358,222</u>

NON-CASH CAPITAL, INVESTING AND FINANCING ACTIVITIES:

Central Equipment had accrued \$86,885 of accounts payable for capital assets acquired prior to December 31, 2011.

Agency Funds

The **Tax Collection** fund accounts for collection of the general tax levy and distribution to appropriate taxing units and funds.

CITY OF EAU CLAIRE
STATEMENT OF CHANGES IN
ASSETS AND LIABILITIES
AGENCY FUND
For the Year Ended December 31, 2011

<u>Tax Collection Fund</u>	<u>Balance Jan. 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance Dec. 31, 2011</u>
ASSETS				
Cash and investments	\$ 8,601,570	\$ 89,459,733	\$ 88,276,646	\$ 9,784,657
Taxes receivable	<u>55,876,971</u>	<u>74,094,207</u>	<u>74,270,743</u>	<u>55,700,435</u>
TOTAL ASSETS	<u>\$ 64,478,541</u>	<u>\$ 163,553,940</u>	<u>\$ 162,547,389</u>	<u>\$ 65,485,092</u>
LIABILITIES				
Due to other taxing units	<u>\$ 64,478,541</u>	<u>\$ 65,485,092</u>	<u>\$ 64,478,541</u>	<u>\$ 65,485,092</u>

Major Governmental Component Unit

The **South Barstow Business Improvement District** fund accounts for funds collected and disbursed on behalf of the South Barstow Business Improvement District. This district, which includes all commercial properties in a defined area, collects special assessments from its members for promotion within the district.

CITY OF EAU CLAIRE

BALANCE SHEET
MAJOR GOVERNMENTAL COMPONENT UNIT
December 31, 2011

	South Barstow Business Improvement District
ASSETS	
Cash and investments	\$ 74,824
Receivables	
Special assessments	<u>80,000</u>
TOTAL ASSETS	<u>\$ 154,824</u>
LIABILITIES AND FUND BALANCES	
Accounts payable	\$ 1,212
Deferred revenue	<u>80,000</u>
Total Liabilities	<u>81,212</u>
Fund Balances	
Restricted	<u>73,612</u>
Total Fund Balances	<u>73,612</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 154,824</u>

CITY OF EAU CLAIRE

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE MAJOR GOVERNMENTAL COMPONENT UNIT For the Year Ended December 31, 2011

	South Barstow Business Improvement District
REVENUES	
Special assessments	\$ 80,000
Investment income	800
Miscellaneous	
Other	150
Total Revenues	<u>80,950</u>
EXPENDITURES	
Current	
Contractual services	75,641
Supplies and materials	<u>14,655</u>
Total Expenditures	<u>90,296</u>
Net change in fund balances	(9,346)
FUND BALANCES - Beginning of Year	<u>82,958</u>
FUND BALANCES - END OF YEAR	<u>\$ 73,612</u>

Nonmajor Component Units

The **West Grand Business Improvement District** fund accounts for funds collected and disbursed on behalf of the West Grand Business Improvement District. This district, which includes all commercial properties in a defined area, collects special assessments from its members for promotion within the district.

The **Water Street Business Improvement District** fund accounts for funds collected and disbursed on behalf of the Water Street Business Improvement District. This district, which includes all commercial properties in a defined area, collects special assessments from its members for economic promotion of the district.

The **North Barstow/Medical Business Improvement District** fund accounts for funds collected and disbursed on behalf of the North Barstow/Medical Business Improvement District. This district, which includes all commercial and medical properties in a defined area, collects special assessments from its members for promotion of the district.

CITY OF EAU CLAIRE

COMBINING STATEMENT OF NET ASSETS
NONMAJOR COMPONENT UNITS
December 31, 2011

	West Grand Business Improvement District	Water Street Business Improvement District	North Barstow/ Medical Business Improvement District	Totals
ASSETS				
Cash and investments	\$ 12,067	\$ 46,608	\$ 152,906	\$ 211,581
Receivables				
Special assessments	13,000	9,500	44,000	66,500
Notes	3,055	-	1,109	4,164
Total Assets	<u>28,122</u>	<u>56,108</u>	<u>198,015</u>	<u>282,245</u>
LIABILITIES				
Accounts payable	3,900	-	-	3,900
Unearned revenue	13,000	9,500	44,000	66,500
Total Liabilities	<u>16,900</u>	<u>9,500</u>	<u>44,000</u>	<u>70,400</u>
NET ASSETS				
Restricted	<u>11,222</u>	<u>46,608</u>	<u>154,015</u>	<u>211,845</u>
TOTAL NET ASSETS	<u>\$ 11,222</u>	<u>\$ 46,608</u>	<u>\$ 154,015</u>	<u>\$ 211,845</u>

CITY OF EAU CLAIRE

COMBINING STATEMENT OF ACTIVITIES
NONMAJOR COMPONENT UNITS
For the Year Ended December 31, 2011

	Net (Expense) Revenue and Changes in Net Assets							Totals
	Expenses	Charges for Services	Program Revenues		West Grand Business Improvement District	Water Street Business Improvement District	North Barstow/ Medical Business Improvement District	
			Operating Grants and Contributions	Capital Grants and Contributions				
West Grand Business Improvement District								
Contractual services	\$ 14,783	\$ -	\$ -	\$ -	\$ (14,783)	\$ -	\$ -	\$ (14,783)
Water Street Business Improvement District								
Contractual services	9,831	-	-	-	-	(9,831)	-	(9,831)
North Barstow/Medical Business Improvement District								
Contractual services	109,099	-	-	-	-	-	(109,099)	(109,099)
Total Nonmajor Component Units	<u>\$ 133,713</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(14,783)</u>	<u>(9,831)</u>	<u>(109,099)</u>	<u>(133,713)</u>
			General Revenues					
			Special assessments		11,500	9,500	44,000	65,000
			Investment income		120	340	1,440	1,900
			Miscellaneous		-	1,975	-	1,975
			Total General Revenues		11,620	11,815	45,440	68,875
			Change in net assets		(3,163)	1,984	(63,659)	(64,838)
			NET ASSETS - Beginning of Year		14,385	44,624	217,674	276,683
			NET ASSETS - END OF YEAR		<u>\$ 11,222</u>	<u>\$ 46,608</u>	<u>\$ 154,015</u>	<u>\$ 211,845</u>

CITY OF EAU CLAIRE

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL COMPONENT UNITS
December 31, 2011

	<u>West Grand Business Improvement District</u>	<u>Water Street Business Improvement District</u>	<u>North Barstow/ Medical Business Improvement District</u>	<u>Totals</u>
ASSETS				
Cash and investments	\$ 12,067	\$ 46,608	\$ 152,906	\$ 211,581
Receivables				
Special assessments	13,000	9,500	44,000	66,500
Notes	<u>3,055</u>	<u>-</u>	<u>1,109</u>	<u>4,164</u>
TOTAL ASSETS	<u>\$ 28,122</u>	<u>\$ 56,108</u>	<u>\$ 198,015</u>	<u>\$ 282,245</u>
LIABILITIES AND FUND BALANCES				
Accounts payable	\$ 3,900	\$ -	\$ -	\$ 3,900
Deferred revenue	<u>16,055</u>	<u>9,500</u>	<u>45,109</u>	<u>70,664</u>
Total Liabilities	<u>19,955</u>	<u>9,500</u>	<u>45,109</u>	<u>74,564</u>
Fund Balances				
Restricted	<u>8,167</u>	<u>46,608</u>	<u>152,906</u>	<u>207,681</u>
Total Fund Balances	<u>8,167</u>	<u>46,608</u>	<u>152,906</u>	<u>207,681</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 28,122</u>	<u>\$ 56,108</u>	<u>\$ 198,015</u>	<u>\$ 282,245</u>
AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET ASSETS ARE DIFFERENT BECAUSE				
Fund balance at year end	\$ 8,167	\$ 46,608	\$ 152,906	\$ 207,681
Notes receivable are long-term assets that are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	<u>3,055</u>	<u>-</u>	<u>1,109</u>	<u>4,164</u>
NET ASSETS AT YEAR END	<u>\$ 11,222</u>	<u>\$ 46,608</u>	<u>\$ 154,015</u>	<u>\$ 211,845</u>

CITY OF EAU CLAIRE

COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL COMPONENT UNITS
For the Year Ended December 31, 2011

	West Grand Business Improvement District	Water Street Business Improvement District	North Barstow/ Medical Business Improvement District	Totals
REVENUES				
Special assessments	\$ 11,500	\$ 9,500	\$ 44,000	\$ 65,000
Investment income	120	340	1,440	1,900
Miscellaneous				
Gifts and donations	-	1,975	-	1,975
Other	1,667	-	633	2,300
Total Revenues	<u>13,287</u>	<u>11,815</u>	<u>46,073</u>	<u>71,175</u>
EXPENDITURES				
Current				
Contractual services	14,783	9,831	109,099	133,713
Total Expenditures	<u>14,783</u>	<u>9,831</u>	<u>109,099</u>	<u>133,713</u>
Net change in fund balances	(1,496)	1,984	(63,026)	(62,538)
FUND BALANCES - Beginning of Year	<u>9,663</u>	<u>44,624</u>	<u>215,932</u>	<u>270,219</u>
FUND BALANCES - END OF YEAR	<u>\$ 8,167</u>	<u>\$ 46,608</u>	<u>\$ 152,906</u>	<u>\$ 207,681</u>

**RECONCILIATION OF NET CHANGE IN FUND BALANCES
TO CHANGE IN NET ASSETS**

Net change in fund balances	\$ (1,496)	\$ 1,984	\$ (63,026)	\$ (62,538)
Governmental funds report repayments of loans receivable as revenue and issuing of new loans as expenditures. However, in the statement of activities, these amounts are not reported as revenues and expenses.				
Repayment of principal on loans recognized as revenue on fund statements	<u>(1,667)</u>	<u>-</u>	<u>(633)</u>	<u>(2,300)</u>
CHANGE IN NET ASSETS	<u>\$ (3,163)</u>	<u>\$ 1,984</u>	<u>\$ (63,659)</u>	<u>\$ (64,838)</u>

STATISTICAL SECTION (Unaudited)

This part of the City of Eau Claire's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

FINANCIAL TRENDS - TABLES 1-4

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

REVENUE CAPACITY - TABLES 5-21

These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax, as well as other significant revenue sources which include the Water and Sewer Utility charges for services.

DEBT CAPACITY - TABLES 22-28

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

DEMOGRAPHIC AND ECONOMIC INFORMATION - TABLES 29-30

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

OPERATING INFORMATION - TABLES 31-37

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.

CITY OF EAU CLAIRE

TABLE 1
NET ASSETS BY COMPONENT
Last Nine Fiscal Years
(Accrual Basis of Accounting)

	2003	2004	2005	2006	2007	2008	2009	2010	2011
Governmental activities									
Invested in capital assets, net of related debt	\$ 77,072,420	\$ 80,885,102	\$ 84,287,120	\$ 92,019,758	\$ 91,774,543	\$ 94,701,258	\$ 88,485,022	\$ 90,572,719	\$ 98,427,662
Restricted	14,619,800	16,788,904	18,133,306	19,613,325	19,993,642	18,725,047	17,257,799	14,905,845	26,402,223
Unrestricted	38,307,037	34,715,716	30,056,232	32,529,957	33,619,637	41,631,592	51,074,170	50,715,707	34,201,343
Total governmental activities net assets	<u>129,999,257</u>	<u>132,389,722</u>	<u>132,476,658</u>	<u>144,163,040</u>	<u>145,387,822</u>	<u>155,057,897</u>	<u>156,816,991</u>	<u>156,194,271</u>	<u>159,031,228</u>
Business-type activities									
Invested in capital assets, net of related debt	105,722,026	118,330,734	123,247,987	127,757,415	131,320,732	136,900,275	142,147,587	144,754,595	149,683,001
Restricted	3,332,207	1,496,244	2,366,744	2,379,744	2,683,138	2,337,580	1,720,280	1,756,280	1,738,780
Unrestricted	13,332,743	14,853,887	14,878,421	14,066,385	18,485,636	16,261,525	14,752,404	14,596,965	16,269,324
Total business-type activities net assets	<u>122,386,976</u>	<u>134,680,865</u>	<u>140,493,152</u>	<u>144,203,544</u>	<u>152,489,506</u>	<u>155,499,380</u>	<u>158,620,271</u>	<u>161,107,840</u>	<u>167,691,105</u>
Primary government									
Invested in capital assets, net of related debt (1)	182,794,446	199,215,836	206,184,638	218,562,857	218,170,512	227,571,273	226,794,574	231,714,628	244,774,021
Restricted	17,952,007	18,285,148	20,500,050	21,993,069	22,676,780	21,062,627	18,978,079	16,662,125	28,141,003
Unrestricted (1)	51,639,780	49,569,603	46,285,122	47,810,658	57,030,036	61,923,377	69,664,609	68,925,358	53,807,309
Total primary government net assets	<u>\$252,386,233</u>	<u>\$267,070,587</u>	<u>\$272,969,810</u>	<u>\$288,366,584</u>	<u>\$297,877,328</u>	<u>\$310,557,277</u>	<u>\$315,437,262</u>	<u>\$317,302,111</u>	<u>\$326,722,333</u>

(1) Primary government totals may not match the combined totals for governmental and business-type activities due to a reclassification of debt.

Source: City of Eau Claire Comprehensive Annual Financial Reports

Note: The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003.

CITY OF EAU CLAIRE

TABLE 2
CHANGES IN NET ASSETS
Last Nine Fiscal Years
(Accrual Basis of Accounting)

Expenses	2003	2004	2005	2006	2007	2008	2009	2010	2011
Governmental activities:									
General government	\$ 8,520,660	\$ 7,643,250	\$ 7,857,938	\$ 6,493,902	\$ 6,464,010	\$ 8,357,900	\$ 6,914,248	\$ 7,413,879	\$ 7,688,891
Public safety	20,070,417	20,202,687	21,546,332	23,034,101	23,743,952	25,983,790	25,574,799	27,320,440	28,078,889
Public works	10,183,902	11,236,713	12,411,408	11,533,035	12,080,012	13,574,402	14,203,614	14,006,148	12,092,862
Health services	4,023,159	4,175,651	4,409,322	4,436,211	4,677,429	4,836,338	5,079,081	5,128,740	5,296,571
Culture and recreation	9,283,774	7,522,475	7,406,964	8,105,219	8,646,899	8,701,253	8,745,604	8,993,462	9,990,949
Development	2,931,989	2,267,591	3,653,040	2,359,672	3,281,340	3,426,710	3,111,437	3,329,286	5,347,354
Interest and fiscal charges	1,791,084	2,054,281	2,053,323	2,106,598	2,046,007	2,664,817	2,814,770	2,985,972	3,070,331
Total governmental activities expense	56,804,985	55,102,648	59,338,327	58,068,738	60,939,649	67,545,210	66,443,553	69,177,927	71,565,847
Business-type activities									
Water Utility	5,010,412	5,143,065	5,424,169	5,439,753	5,787,761	6,313,831	6,403,962	6,561,935	6,336,311
Sewer Utility	5,089,211	5,158,959	5,349,773	5,558,045	5,476,435	6,018,079	5,987,480	6,451,288	6,328,716
Storm Water Utility	1,628,456	1,482,635	1,823,011	2,064,283	2,066,896	2,289,679	2,117,002	2,153,306	2,944,824
Public Transit	3,982,644	4,103,773	4,427,330	4,770,055	4,864,830	5,130,887	4,795,731	5,194,260	5,745,719
Parking Utility	408,357	391,267	419,801	445,732	454,931	473,048	484,008	496,319	408,272
Hobbs Ice Center	503,345	519,838	564,079	621,290	589,633	622,235	703,386	991,013	1,116,011
Outdoor Pool	367,367	319,825	343,552	354,369	373,385	402,603	369,257	350,890	346,058
Total business-type activities expenses	16,989,792	17,119,362	18,351,715	19,253,527	19,613,871	21,250,362	20,860,826	22,199,011	23,225,911
Total primary government expens	\$ 73,794,777	\$ 72,222,010	\$ 77,690,042	\$ 77,322,265	\$ 80,553,520	\$ 88,795,572	\$ 87,304,379	\$ 91,376,938	\$ 94,791,758

CITY OF EAU CLAIRE

TABLE 2 (cont.)
CHANGES IN NET ASSETS
Last Nine Fiscal Years
(Accrual Basis of Accounting)

Program Revenues	2003	2004	2005	2006	2007	2008	2009	2010	2011
Governmental activities:									
Charges for services									
General government	\$ 2,944,928	\$ 2,799,799	\$ 2,971,400	\$ 3,131,097	\$ 3,014,682	\$ 3,112,881	\$ 3,873,184	\$ 3,750,638	\$ 3,665,540
Public safety	3,582,224	3,083,516	2,813,376	3,460,345	3,777,133	4,151,824	4,807,007	4,779,379	4,945,608
Public works	85,827	118,378	177,977	396,987	258,474	250,219	299,656	391,199	368,467
Health services	1,388,975	1,602,248	1,748,238	1,769,891	1,817,621	1,849,982	1,887,058	2,088,397	2,073,356
Culture and recreation	1,564,306	1,449,973	1,325,314	1,360,404	1,595,776	1,619,949	1,603,176	1,599,091	1,641,235
Development	153,510	157,355	89,976	746,569	1,232,950	468,614	99,137	375,568	726,293
Operating grants and contributions									
General government	45,361	41,955	6,392	22,444	12,416	12,877	13,723	34,331	43,279
Public safety	928,224	750,303	579,467	670,279	1,091,291	344,610	475,948	525,055	585,005
Public works	-	-	-	-	-	6,371,107	1,011,157	-	6,658
Health services	820,384	966,021	965,115	895,312	984,965	1,049,388	1,209,737	1,231,045	1,028,604
Culture and recreation	34,994	24,091	33,060	12,205	31,370	14,235	32,337	50,888	100,489
Development	1,578,390	1,556,887	1,366,682	802,334	1,241,461	1,103,856	1,741,828	711,533	1,497,532
Interest and fiscal charges	-	-	-	-	-	-	-	-	230,884
Capital grants and contributions									
General government	2,251,173	1,750,962	1,534,745	2,122,452	1,619,901	2,678,484	301,393	-	-
Public safety	68,470	57,458	-	-	131,896	329,736	110,099	97,089	102,038
Public works	4,331,168	3,948,101	6,309,250	10,799,856	5,365,276	7,097,399	4,744,942	4,060,881	5,633,183
Health services	-	-	-	-	-	9,109	-	-	-
Culture and recreation	309,737	749,940	731,287	1,005,338	216,384	94,390	804,943	503,022	521,094
Development	-	-	-	-	-	-	-	53,750	17,144
Total governmental activities									
program revenues	<u>20,087,671</u>	<u>19,056,987</u>	<u>20,652,279</u>	<u>27,195,513</u>	<u>22,391,596</u>	<u>30,558,660</u>	<u>23,015,325</u>	<u>20,251,866</u>	<u>23,186,409</u>
Business-type activities									
Charges for services									
Water Utility	6,984,333	6,831,621	7,150,409	7,600,310	8,100,296	7,822,825	8,379,381	8,388,766	8,649,397
Sewer Utility	5,999,089	5,811,267	6,123,231	6,267,035	6,266,314	6,492,660	6,617,211	6,955,547	7,659,365
Storm Water Utility	1,725,264	1,935,282	2,098,370	2,460,532	2,677,207	2,944,799	3,245,820	3,522,074	3,739,357
Public Transit	471,698	470,600	503,024	527,466	552,510	645,823	689,595	655,056	705,102
Parking Utility	229,664	218,569	215,356	227,065	214,184	240,605	219,392	201,233	217,547
Hobbs Ice Center	340,292	379,206	423,376	443,141	452,511	503,710	485,956	574,986	620,916
Outdoor Pool	200,252	173,359	214,616	210,756	213,503	217,613	205,898	217,258	231,326
Operating grants and contributions									
Storm Water Utility	-	-	-	-	-	-	-	-	62,447
Public Transit	2,360,794	2,400,631	2,466,457	2,711,846	2,839,769	2,948,598	2,907,050	3,139,414	3,269,479
Capital grants and contributions									
Water Utility	143,673	2,921,683	1,051,304	542,390	492,431	937,844	378,597	870,815	927,308
Sewer Utility	204,277	2,370,025	609,332	540,063	357,700	690,951	58,364	247,327	409,621
Storm Water Utility	27,381	5,187,007	1,975,066	505,753	90,973	147,010	19,470	96,737	379,626
Public Transit	-	-	-	-	-	-	-	-	1,928,001
Parking Utility	-	-	-	-	-	-	-	-	50,000
Hobbs Ice Center	-	-	-	-	-	50,000	-	343,592	8,437
Total business-type activities									
program revenues	<u>18,686,717</u>	<u>28,699,250</u>	<u>22,830,541</u>	<u>22,036,357</u>	<u>22,257,398</u>	<u>23,642,438</u>	<u>23,206,734</u>	<u>25,212,805</u>	<u>28,857,929</u>
Total primary government									
program revenues	<u>38,774,388</u>	<u>47,756,237</u>	<u>43,482,820</u>	<u>49,231,870</u>	<u>44,648,994</u>	<u>54,201,098</u>	<u>46,222,059</u>	<u>45,464,671</u>	<u>52,044,338</u>
Net (Expense) Revenue									
Governmental activities	(36,717,314)	(36,045,661)	(38,686,048)	(30,873,225)	(38,548,053)	(36,986,550)	(43,428,228)	(48,926,061)	(48,379,438)
Business-type activities	1,696,925	11,579,888	4,478,826	2,782,830	2,643,527	2,392,076	2,345,908	3,013,794	5,632,018
Total primary government net expense	<u>\$(35,020,389)</u>	<u>\$(24,465,773)</u>	<u>\$(34,207,222)</u>	<u>\$(28,090,395)</u>	<u>\$(35,904,526)</u>	<u>\$(34,594,474)</u>	<u>\$(41,082,320)</u>	<u>\$(45,912,267)</u>	<u>\$(42,747,420)</u>

CITY OF EAU CLAIRE

TABLE 2 (cont.)
 CHANGES IN NET ASSETS
 Last Nine Fiscal Years
 (Accrual Basis of Accounting)

	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Revenues and Other									
Changes in Net Assets									
Governmental activities									
Property taxes	\$ 25,854,470	\$ 26,155,386	\$ 27,478,504	\$ 28,709,747	\$ 29,927,378	\$ 32,904,778	\$ 33,555,043	\$ 35,566,702	\$ 36,973,482
Intergovernmental revenues	10,392,649	9,388,956	9,378,496	9,390,895	9,463,185	9,603,015	10,069,736	9,695,627	9,457,785
Investment income	1,697,609	2,057,061	2,703,261	4,167,233	4,639,329	3,692,849	1,045,243	1,429,077	1,381,465
Gain on sale of capital assets	-	-	-	38,033	65,420	33,868	34,589	-	-
Miscellaneous	-	-	45,493	107,281	14,373	16,075	184,711	274,145	29,585
Transfers	132,732	454,863	20,295	146,418	(4,336,850)	406,040	298,000	1,337,790	(309,026)
Total governmental activities	<u>38,077,460</u>	<u>38,056,266</u>	<u>39,626,049</u>	<u>42,559,607</u>	<u>39,772,835</u>	<u>46,656,625</u>	<u>45,187,322</u>	<u>48,303,341</u>	<u>47,533,291</u>
Business-type activities									
Investment income	365,909	308,078	616,911	806,542	1,046,523	737,649	208,680	136,594	160,168
Miscellaneous	93,558	292,347	236,053	267,438	259,062	286,189	864,303	674,971	482,053
Transfers	(132,732)	(454,863)	(20,295)	(146,418)	4,336,850	(406,040)	(298,000)	(1,337,790)	309,026
Total business-type activities	<u>326,735</u>	<u>145,562</u>	<u>832,669</u>	<u>927,562</u>	<u>5,642,435</u>	<u>617,798</u>	<u>774,983</u>	<u>(526,225)</u>	<u>951,247</u>
Total primary government	<u>38,404,195</u>	<u>38,201,828</u>	<u>40,458,718</u>	<u>43,487,169</u>	<u>45,415,270</u>	<u>47,274,423</u>	<u>45,962,305</u>	<u>47,777,116</u>	<u>48,484,538</u>
Change in Net Assets									
Governmental activities	1,360,146	2,010,605	940,001	11,686,382	1,224,782	9,670,075	1,759,094	(622,720)	(846,147)
Business-type activities	<u>2,023,660</u>	<u>11,725,450</u>	<u>5,311,495</u>	<u>3,710,392</u>	<u>8,285,962</u>	<u>3,009,874</u>	<u>3,120,891</u>	<u>2,487,569</u>	<u>6,583,265</u>
Total primary government	<u>\$ 3,383,806</u>	<u>\$ 13,736,055</u>	<u>\$ 6,251,496</u>	<u>\$ 15,396,774</u>	<u>\$ 9,510,744</u>	<u>\$ 12,679,949</u>	<u>\$ 4,879,985</u>	<u>\$ 1,864,849</u>	<u>\$ 5,737,118</u>

Source: City of Eau Claire Comprehensive Annual Financial Reports

Note: The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003.

CITY OF EAU CLAIRE

TABLE 3
FUND BALANCES
GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Fund										
Nonspendable	\$ 7,012,649	\$ 6,367,325	\$ 6,384,041	\$ 5,848,920	\$ 4,881,267	\$ 4,412,107	\$ 4,203,971	\$ 8,124,878	\$ 7,511,280	\$ 6,833,801
Assigned	1,014,450	3,009,720	2,623,236	2,359,964	3,023,752	2,021,632	3,285,838	3,250,173	3,767,065	6,873,403
Unassigned	6,178,426	6,596,215	6,678,369	6,521,438	7,368,023	8,338,803	9,954,326	12,549,834	14,087,620	13,099,710
Total General Fund	14,205,525	15,973,260	15,685,646	14,730,322	15,273,042	14,772,542	17,444,135	23,924,885	25,365,965	26,806,914
All Other Governmental Funds										
Nonspendable										
Special revenue funds	-	-	-	-	-	-	64,821	65,766	65,071	81,089
Capital projects funds	-	-	-	-	-	-	-	-	-	31,654
Restricted										
Special revenue funds	7,593,138	7,687,793	7,767,590	7,605,330	6,878,678	5,983,423	5,807,695	5,479,406	5,647,550	5,571,228
Debt service funds	7,590,245	8,560,261	9,565,976	8,039,107	8,862,125	9,503,745	8,734,738	8,888,011	8,909,211	8,251,980
Capital projects funds	8,065,301	10,248,710	9,374,706	10,354,757	6,738,191	10,423,566	8,062,537	6,003,611	6,868,734	6,902,429
Assigned										
Capital projects funds	9,546,280	7,697,071	5,545,698	5,963,544	5,635,465	8,006,460	13,667,533	17,267,084	16,177,093	8,733,925
Unassigned										
Special revenue funds	(127,068)	(55,479)	-	-	-	-	-	-	(1,709)	-
Debt service funds	-	-	-	-	-	-	-	-	-	(26,145)
Capital projects funds	(6,003)	-	(102,574)	-	-	(138,222)	(1,000)	(2,134,426)	(2,235,123)	(2,385,867)
Total All Other Governmental Funds	32,661,893	34,138,356	32,151,396	31,962,737	28,114,459	33,778,972	36,336,324	35,569,452	35,430,827	27,160,293
Total All Governmental Funds	\$46,867,418	\$50,111,616	\$47,837,042	\$46,693,059	\$43,387,501	\$48,551,514	\$53,780,459	\$59,494,337	\$60,796,792	\$53,967,207

Source: City of Eau Claire Comprehensive Annual Financial Reports

CITY OF EAU CLAIRE

TABLE 4
 CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 Last Ten Fiscal Years
 (Modified Accrual Basis of Accounting)
 (Dollars in Thousands)

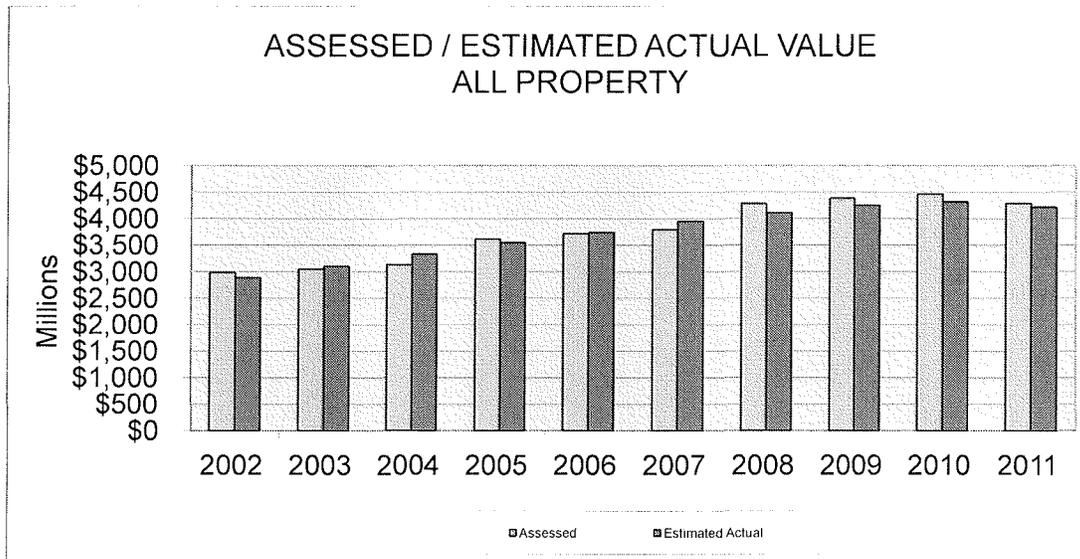
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Revenues										
Property taxes	\$ 25,920	\$ 25,841	\$ 26,164	\$ 27,600	\$ 28,667	\$ 29,462	\$ 31,296	\$ 33,526	\$ 35,477	\$ 37,319
Special assessments	2,249	2,339	2,341	2,164	1,988	1,898	2,053	1,989	1,853	1,888
Intergovernmental	16,474	17,163	15,903	16,303	15,546	15,957	22,109	15,958	16,033	15,287
Licenses and permits	1,712	1,788	1,827	1,829	1,938	1,922	1,969	1,993	1,936	1,821
Fines and forfeitures	787	850	980	917	900	1,018	941	897	866	865
Charges for services	6,787	6,007	6,136	6,607	7,169	7,005	9,576	9,878	9,049	9,316
Investment income	385	1,573	1,578	2,548	3,682	4,328	3,355	1,430	1,296	1,249
Miscellaneous	3,192	1,230	1,960	1,465	1,509	1,726	1,281	2,218	1,879	2,282
Total revenues	57,506	56,791	56,889	59,433	61,399	63,316	72,580	67,889	68,389	70,027
Expenditures										
General government	5,559	5,760	5,877	6,263	5,696	5,700	6,169	5,888	6,136	6,135
Public safety	18,724	19,536	19,933	20,912	22,412	23,563	24,252	24,739	25,362	25,909
Public works	7,684	7,003	7,210	7,350	7,137	7,693	8,109	8,545	8,723	8,106
Health services	3,668	3,918	4,172	4,388	4,402	4,666	4,814	4,959	5,026	5,026
Culture and recreation	6,841	7,211	7,117	7,164	7,493	7,830	7,908	7,935	8,062	8,220
Development	2,773	2,374	3,022	4,162	2,772	3,614	2,839	3,096	2,738	2,701
Miscellaneous	418	421	428	497	462	630	465	451	612	474
Capital outlay	9,127	8,293	12,622	9,458	13,408	8,119	11,899	9,685	9,179	17,593
Debt service										
Principal	8,724	5,070	3,509	5,882	3,789	4,311	5,057	4,983	4,930	5,740
Interest	2,387	1,752	1,992	1,991	2,073	1,957	2,634	2,907	3,134	3,034
Total expenditures	65,905	61,338	65,882	68,067	69,644	68,083	74,146	73,188	73,902	82,938
Other financing sources (uses)										
Debt issued	9,861	13,585	5,460	7,290	4,365	17,785	15,400	11,618	7,707	6,060
Premium on debt issued	-	-	-	-	55	166	-	-	27	30
Discount on debt issued	-	-	-	-	-	-	(60)	(79)	-	-
Payment to refunding agent	-	(2,469)	-	-	-	(8,812)	-	-	(2,293)	-
Pay-off of unfunded retirement liability	-	-	-	-	-	-	(9,392)	-	-	-
Transfers in	6,814	7,176	8,111	7,761	7,931	7,841	7,910	10,390	10,141	10,318
Transfers out	(7,548)	(6,818)	(7,261)	(7,630)	(7,450)	(7,135)	(7,099)	(11,494)	(8,832)	(10,398)
Transfers from Component Unit	25	-	-	-	-	-	-	-	-	-
Transfers to Component Unit	(1,735)	-	-	-	-	-	-	-	-	-
Sale of capital assets	147	1,239	408	69	38	86	36	578	65	72
Total other financing sources (uses)	7,564	12,713	6,718	7,490	4,939	9,931	6,795	11,013	6,815	6,082
Net change in fund balances	\$ (835)	\$ 8,166	\$ (2,275)	\$ (1,144)	\$ (3,306)	\$ 5,164	\$ 5,229	\$ 5,714	\$ 1,302	\$ (6,829)
Debt service as a percentage of noncapital expenditures	19.6%	12.9%	10.3%	13.4%	10.4%	10.6%	12.2%	12.4%	12.4%	13.5%

Source: City of Eau Claire Comprehensive Annual Financial Reports

CITY OF EAU CLAIRE

TABLE 5
 ASSESSED AND ESTIMATED ACTUAL VALUE
 OF ALL TAXABLE PROPERTY
 Last Ten Fiscal Years
 (Dollars in Thousands)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
ALL PROPERTY										
Real property:										
Assessed value	\$2,841,850	\$2,913,967	\$2,997,305	\$3,480,302	\$3,589,140	\$3,663,397	\$4,132,625	\$4,229,806	\$4,298,042	\$4,129,685
Estimated actual value (1)	2,750,365	2,966,933	3,192,523	3,405,414	3,614,093	3,812,428	3,960,377	4,100,813	4,154,706	4,062,866
Personal property:										
Assessed value	\$139,844	\$134,989	\$131,225	\$135,230	\$129,985	\$132,425	\$150,560	\$152,927	\$167,057	\$160,043
Estimated actual value	138,930	138,430	138,038	140,683	126,950	139,214	149,802	154,122	161,241	161,758
Total:										
Assessed value	\$2,981,694	\$3,048,956	\$3,128,530	\$3,615,532	\$3,719,125	\$3,795,822	\$4,283,185	\$4,382,733	\$4,465,099	\$4,289,728
Estimated actual value	2,889,295	3,105,363	3,330,561	3,546,277	3,741,043	3,951,642	4,110,179	4,254,935	4,315,947	4,224,624
Ratio of total assessed to total estimated actual value	103.20%	98.18%	93.93%	101.95%	99.41%	96.06%	104.21%	103.00%	103.46%	101.54%
Direct tax rate:										
Eau Claire County	\$7.37	\$7.77	\$7.74	\$7.07	\$7.15	\$7.22	\$6.80	\$7.12	\$7.34	\$8.22
Chippewa County	\$7.37	\$7.77	\$7.74	\$7.07	\$7.15	\$7.12	\$6.86	\$7.18	\$7.51	\$8.30



NOTE: Property values shown are established at January 1 of the year preceding the fiscal years listed. They are the basis of the taxes collected and applied to the fiscal year. Values are for both Eau Claire and Chippewa counties. Tax incremental districts have been included. Tax rates are per \$1,000 of assessed value.

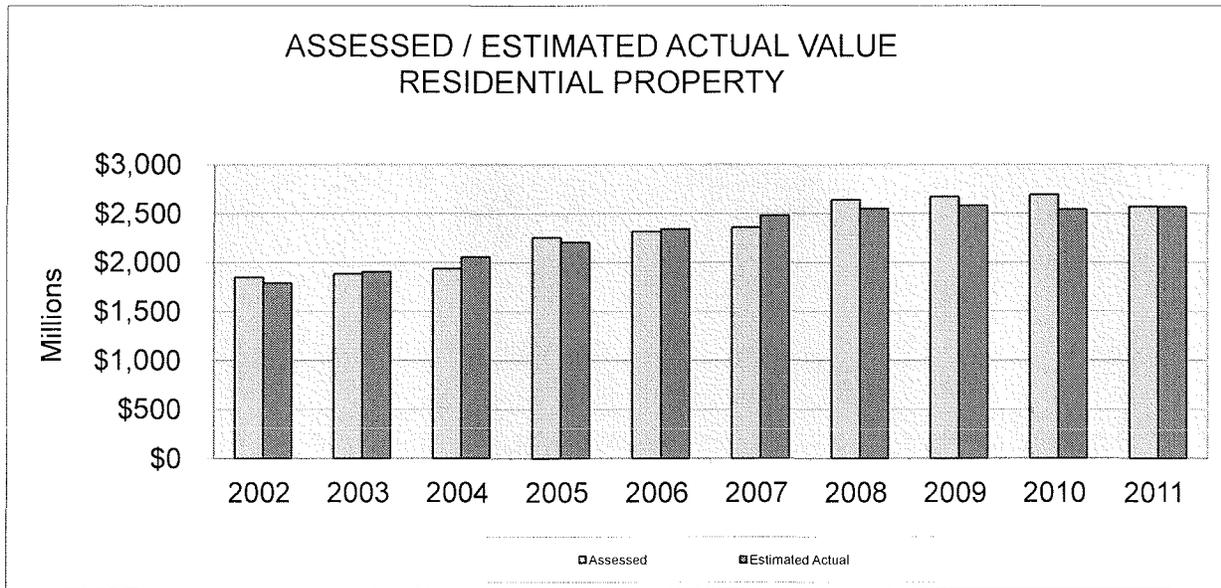
(1) NOTE: Equalized valuation (est. market value) is set by the Wisconsin Department of Revenue.

Source: City of Eau Claire Assessor's Office, Statement of Changes in Equalized Values by Class & Item, as compiled by the Wisconsin Department of Revenue

CITY OF EAU CLAIRE

TABLE 6
 ASSESSED AND ESTIMATED ACTUAL VALUE
 OF RESIDENTIAL PROPERTY
 Last Ten Fiscal Years
 (Dollars in Thousands)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
RESIDENTIAL										
Real property:										
Assessed value	\$1,848,411	\$1,884,731	\$1,936,665	\$2,253,489	\$2,318,380	\$2,359,932	\$2,640,009	\$2,670,924	\$2,692,408	\$2,569,325
Estimated actual value	1,790,786	1,902,182	2,051,612	2,205,284	2,344,449	2,478,098	2,546,296	2,579,753	2,542,048	2,567,621
Personal property: (1)										
Assessed value	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Estimated actual value	0	0	0	0	0	0	0	0	0	0
Total residential:										
Assessed value	\$1,848,411	\$1,884,731	\$1,936,665	\$2,253,489	\$2,318,380	\$2,359,932	\$2,640,009	\$2,670,924	\$2,692,408	\$2,569,325
Estimated actual value	1,790,786	1,902,182	2,051,612	2,205,284	2,344,449	2,478,098	2,546,296	2,579,753	2,542,048	2,567,621
Total all classes:										
Assessed value	\$2,981,695	\$3,048,956	\$3,128,530	\$3,615,532	\$3,719,125	\$3,795,822	\$4,283,185	\$4,382,733	\$4,465,099	\$4,289,728
Estimated actual value	2,889,295	3,105,363	3,330,561	3,546,277	3,741,043	3,951,642	4,110,179	4,254,935	4,315,947	4,224,624
Residential property as a percentage of total:										
Assessed value	61.99%	61.81%	61.90%	62.33%	62.34%	62.17%	61.64%	60.94%	60.30%	59.89%
Estimated actual value	61.98%	61.25%	61.60%	62.19%	62.67%	62.71%	61.95%	60.63%	58.90%	60.78%
Number of parcels	19,004	19,087	19,313	19,678	19,838	20,072	19,766	19,829	19,922	19,941
Number of parcels with improvements	17,034	17,219	17,513	17,745	17,993	18,114	18,358	18,445	18,590	18,668



NOTE: Property values shown are established at January 1 of the year preceding the fiscal years listed. They are the basis of the taxes collected and applied to the fiscal years listed. Values are for both Eau Claire and Chippewa counties. Tax incremental districts have been included.

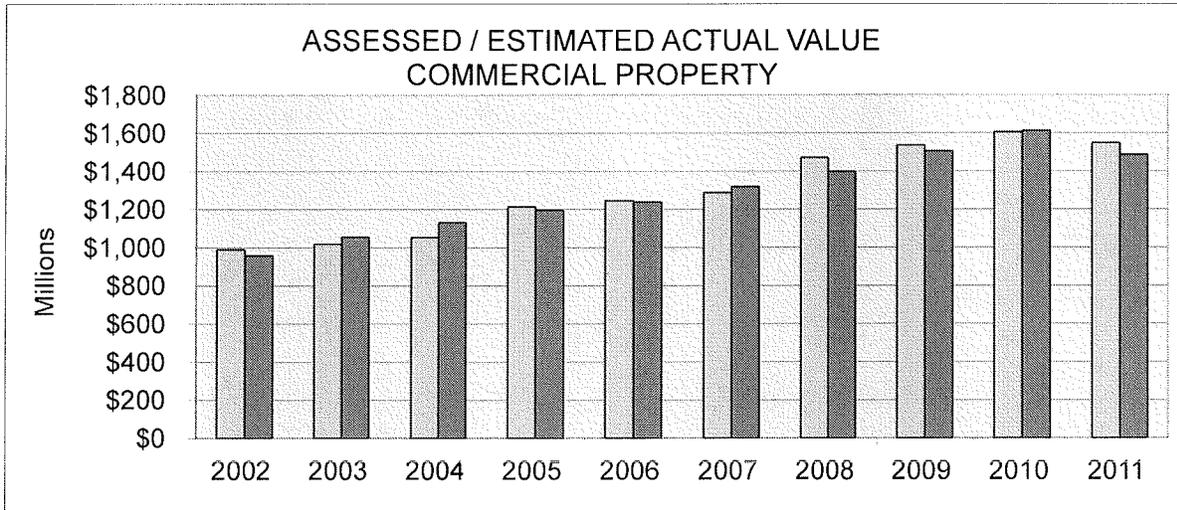
(1) NOTE: Chapter 70 of the Wisconsin State Statutes exempts residential personal property from taxation.

Source: City of Eau Claire Assessor's Office, Statement of Changes in Equalized Values by Class & Item, as compiled by the Wisconsin Department of Revenue

CITY OF EAU CLAIRE

TABLE 7
 ASSESSED AND ESTIMATED ACTUAL VALUE
 OF COMMERCIAL PROPERTY
 Last Ten Fiscal Years
 (Dollars in Thousands)

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
COMMERCIAL										
Real property:										
Assessed value	\$872,022	\$903,427	\$939,329	\$1,095,829	\$1,132,143	\$1,170,613	\$1,344,227	\$1,406,379	\$1,459,862	\$1,409,526
Estimated actual value	841,406	936,814	1,011,523	1,071,374	1,128,558	1,197,480	1,271,451	1,372,777	1,471,159	1,346,057
Personal property:										
Assessed value	\$117,363	\$115,716	\$113,637	\$117,645	\$113,661	\$116,173	\$126,739	\$130,769	\$145,125	\$138,680
Estimated actual value	117,100	118,345	119,796	123,600	110,476	122,319	126,823	132,663	139,976	140,642
Total commercial:										
Assessed value	\$989,385	\$1,019,143	\$1,052,966	\$1,213,474	\$1,245,804	\$1,286,786	\$1,470,966	\$1,537,148	\$1,604,987	\$1,548,206
Estimated actual value	958,506	1,055,159	1,131,319	1,194,974	1,239,034	1,319,799	1,398,274	1,505,440	1,611,135	1,486,699
Total all classes:										
Assessed value	\$2,981,694	\$3,048,956	\$3,128,530	\$3,615,532	\$3,719,125	\$3,795,822	\$4,283,185	\$4,382,733	\$4,465,099	\$4,289,728
Estimated actual value	2,889,294	3,105,363	3,330,561	3,546,277	3,741,043	3,951,642	4,110,179	4,254,935	4,315,947	4,224,624
Commercial property as a percentage of total:										
Assessed value	33.18%	33.43%	33.66%	33.56%	33.50%	33.90%	34.34%	35.07%	35.95%	36.09%
Estimated actual value	33.17%	33.98%	33.97%	33.70%	33.12%	33.40%	34.02%	35.38%	37.33%	35.19%
Number of parcels	2,634	2,669	2,692	2,719	2,739	2,755	3,253	3,200	3,224	3,236
Number of parcels with improvements	1,652	1,683	1,721	1,737	1,751	1,786	1,847	1,881	1,904	1,913



NOTE: Property values shown are established at January 1 of the year preceding the fiscal years listed. They are the basis of the taxes collected and applied to the fiscal year. Values are for both Eau Claire and Chippewa Counties. Tax incremental districts have been included.

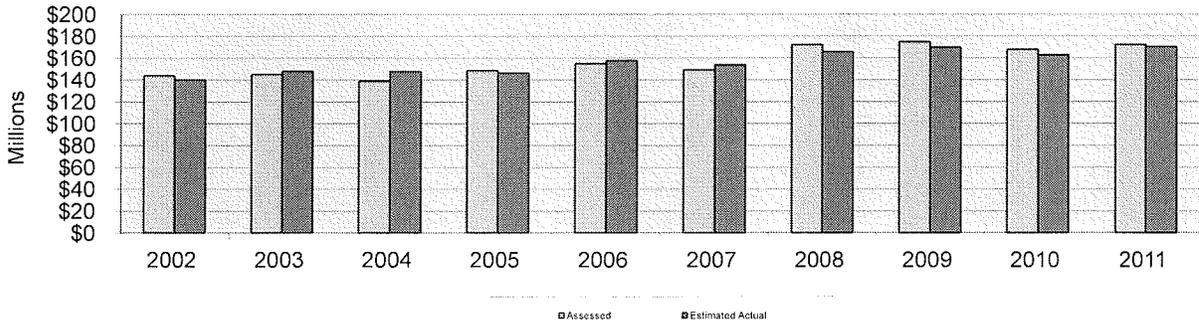
Source: City of Eau Claire Assessor's Office, Statement of Changes in Equalized Values by Class & Item, as compiled by the Wisconsin Department of Revenue.

CITY OF EAU CLAIRE

TABLE 8
 ASSESSED AND ESTIMATED ACTUAL VALUE
 OF INDUSTRIAL PROPERTY
 Last Ten Fiscal Years
 (Dollars in Thousands)

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
INDUSTRIAL										
Real property:										
Assessed value	\$121,417	\$125,809	\$121,311	\$130,984	\$138,617	\$132,852	\$148,389	\$152,504	\$145,773	\$150,835
Estimated actual value	118,173	127,937	129,389	128,756	141,086	136,850	142,630	148,282	141,499	149,188
Personal property:										
Assessed value	\$22,481	\$19,272	\$17,588	\$17,585	\$16,324	\$16,252	\$23,821	\$22,159	\$21,932	\$21,363
Estimated actual value	21,830	20,085	18,242	17,263	16,474	16,894	22,979	21,459	21,264	21,116
Total industrial:										
Assessed value	\$143,898	\$145,081	\$138,899	\$148,569	\$154,941	\$149,104	\$172,210	\$174,663	\$167,705	\$172,198
Estimated actual value	140,003	148,022	147,631	146,019	157,560	153,744	165,609	169,741	162,763	170,304
Total all classes:										
Assessed value	\$2,981,694	\$3,048,956	\$3,128,530	\$3,615,532	\$3,719,125	\$4,283,185	\$4,382,733	\$4,382,733	\$4,465,099	\$4,289,728
Estimated actual value	2,889,295	3,105,363	3,330,561	3,546,277	3,741,043	4,110,179	4,254,935	4,254,935	4,315,947	4,224,624
Industrial property as a percentage of total:										
Assessed value	4.83%	4.76%	4.44%	4.11%	4.17%	3.48%	3.93%	3.99%	3.76%	4.01%
Estimated actual value	4.85%	4.77%	4.43%	4.12%	4.21%	3.74%	3.89%	3.99%	3.77%	4.03%
Number of parcels	107	103	96	95	97	93	95	97	95	94
Number of parcels with improvements	92	92	89	88	89	85	84	82	80	79

**ASSESSED / ESTIMATED ACTUAL VALUE
 INDUSTRIAL PROPERTY**



NOTE: Property values shown are established at January 1 of the year preceding the fiscal years listed. They are the basis of the taxes collected and applied to the fiscal year. Values are for both Eau Claire and Chippewa Counties. Tax incremental districts have been included.

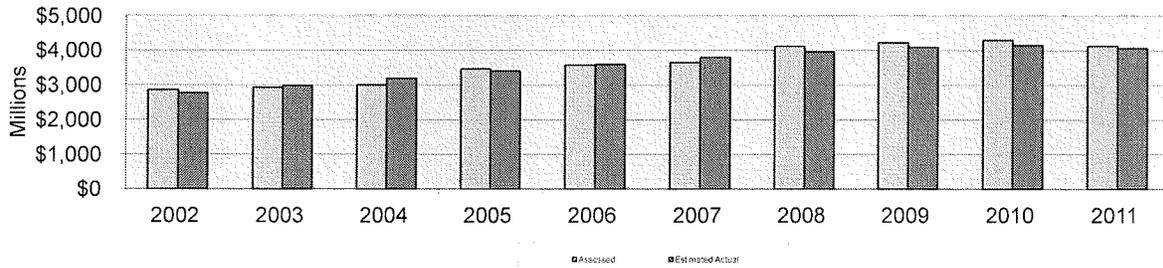
Source: City of Eau Claire Assessor's Office, Statement of Changes in Equalized Values by Class & Item, as compiled by the Wisconsin Department of Revenue.

CITY OF EAU CLAIRE

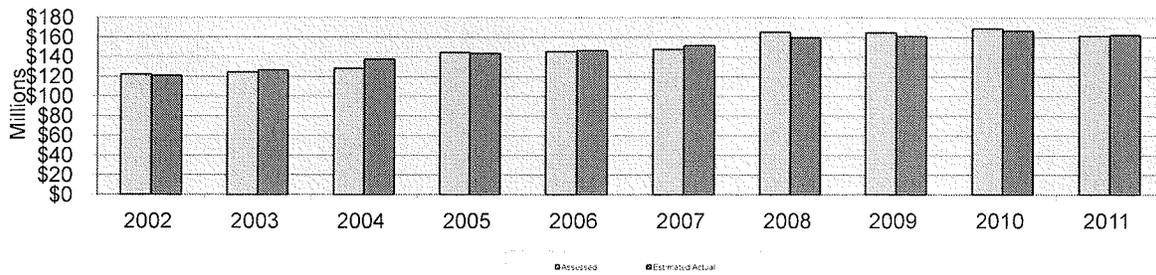
**TABLE 9
ASSESSED AND ESTIMATED ACTUAL VALUE
OF TAXABLE PROPERTY BY COUNTY
Last Ten Fiscal Years
(Dollars in Thousands)**

PORTION OF CITY IN:	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
EAU CLAIRE COUNTY										
Assessed value	\$2,859,598	\$2,924,407	\$3,000,387	\$3,471,029	\$3,573,733	\$3,648,184	\$4,118,082	\$4,218,200	\$4,296,383	\$4,128,456
Estimated actual value	2,768,468	2,978,826	3,192,926	3,402,896	3,594,685	3,799,993	3,950,363	4,093,908	4,149,314	4,062,445
Ratio of assessment	103.29%	98.17%	93.97%	102.00%	99.42%	96.01%	104.25%	103.04%	103.54%	101.62%
CHIPPEWA COUNTY										
Assessed value	\$122,097	\$124,549	\$128,143	\$144,504	\$145,392	\$147,637	\$165,102	\$164,533	\$168,716	\$161,273
Estimated actual value	120,827	126,537	137,635	143,381	146,358	151,649	159,815	161,027	166,633	162,179
Ratio of assessment	101.05%	98.43%	93.10%	100.78%	99.34%	97.35%	103.31%	102.18%	101.25%	99.44%

**ASSESSED / ESTIMATED ACTUAL VALUE
EAU CLAIRE COUNTY**



**ASSESSED / ESTIMATED ACTUAL VALUE
CHIPPEWA COUNTY**



NOTE: Property values shown are established at January 1 of the year preceding the fiscal years listed. They are the basis of the taxes collected and applied to the fiscal year. Values are for both Eau Claire and Chippewa Counties. Tax incremental districts have been included.

CITY OF EAU CLAIRE

TABLE 10
EQUALIZED VALUE OF
TAX INCREMENT DISTRICTS
Last Ten Fiscal Years
(Dollars in Thousands)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
TID #4 equalized valuation:										
Base	\$256	\$256	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Increment	69,529	74,346	0	0	0	0	0	0	0	0
Total TID #4	\$69,785	\$74,602	\$0							
TID #5 equalized valuation:										
Base	\$130	\$130	\$130	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
Increment	15,589	21,755	21,395	22,058	20,703	21,661	21,074	22,901	23,258	28,541
Total TID #5	\$15,719	\$21,885	\$21,525	\$23,058	\$21,703	\$22,661	\$22,074	\$23,901	\$24,258	\$29,541
TID #6 equalized valuation:										
Base	\$986	\$986	\$986	\$986	\$986	\$986	\$986	\$986	\$986	\$0
Increment	5,301	6,932	8,503	9,072	9,254	9,907	10,663	11,404	11,383	0
Total TID #6	\$6,287	\$7,918	\$9,489	\$10,058	\$10,240	\$10,893	\$11,649	\$12,390	\$12,369	\$0
TID #7 equalized valuation:										
Base	\$115	\$115	\$115	\$115	\$329	\$329	\$329	\$329	\$329	\$329
Increment	3,333	3,508	3,634	3,713	3,894	5,675	5,859	6,193	6,467	5,847
Total TID #7	\$3,448	\$3,623	\$3,749	\$3,828	\$4,223	\$6,004	\$6,188	\$6,522	\$6,796	\$6,176
TID #8 equalized valuation:										
Base	\$10,441	\$10,441	\$10,441	\$10,441	\$10,441	\$10,441	\$10,441	\$10,441	\$10,441	\$10,441
Increment	0	0	236	3,683	12,661	16,288	16,805	18,523	22,362	25,584
Total TID #8	\$10,441	\$10,441	\$10,677	\$14,124	\$23,102	\$26,729	\$27,246	\$28,964	\$32,803	\$36,025
TID #9 equalized valuation:										
Base	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$11,239	\$11,239
Increment	0	0	0	0	0	0	0	0	2,222	5,249
Total TID #9	\$0	\$13,461	\$16,488							
ALL PROPERTY										
All property - w/o TIDs	\$2,783,614	\$2,986,894	\$3,285,121	\$3,495,209	\$3,681,775	\$3,885,355	\$4,043,022	\$4,183,157	\$4,226,260	\$4,135,491
Base valuation - TIDs	11,928	11,928	11,672	12,542	12,756	12,756	12,756	12,756	23,995	23,009
All property - w/o TID increment	2,795,542	2,998,822	3,296,793	3,507,751	3,694,531	3,898,111	4,055,778	4,195,913	4,250,255	4,158,500
Increment valuation - TIDs	93,752	106,541	33,768	38,526	46,512	53,530	54,401	59,022	65,692	66,124
Equalized valuation - all property	\$2,889,294	\$3,105,363	\$3,330,561	\$3,546,277	\$3,741,043	\$3,951,641	\$4,110,179	\$4,254,935	\$4,315,947	\$4,224,624

NOTE: Property values shown are established at January 1 of the year preceding the fiscal years listed. They are the basis of the taxes collected and applied to the fiscal year. Values are for both Eau Claire and Chippewa counties.

NOTE: The base equalized value for TIF #5 was redetermined by the Department of Revenue for 2005.

Source: City of Eau Claire Assessor's Office, Statement of Changes in Equalized Values by Class & Item, as compiled by the Wisconsin Department of Revenue.

CITY OF EAU CLAIRE

TABLE 11
PROPERTY TAX RATES -
DIRECT AND OVERLAPPING GOVERNMENTS
Last Ten Fiscal Years
(Per \$1,000 Assessed Valuation)

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
City Property Located in Eau Claire County (Eau Claire Area School District)										
City	\$6.070	\$6.424	\$6.422	\$5.895	\$6.006	\$6.075	\$5.767	\$6.084	\$6.321	\$6.934
Library	0.854	0.880	0.851	0.753	0.724	0.725	0.652	0.653	0.644	0.679
Health	0.448	0.469	0.469	0.422	0.418	0.416	0.380	0.383	0.379	0.401
Total Direct Rate	7.372	7.773	7.742	7.070	7.148	7.216	6.799	7.120	7.344	8.014
Eau Claire School Dist.	11.111	11.311	10.694	11.391	9.954	9.624	8.774	8.714	9.219	9.876
Vocational District	1.762	1.838	1.817	1.593	1.620	1.634	1.511	1.535	1.606	1.728
Eau Claire County	3.095	3.154	3.298	3.078	3.095	3.159	3.338	3.316	3.379	3.499
State Forestry	0.194	0.204	0.213	0.196	0.189	0.183	0.163	0.165	0.164	0.167
Gross Tax Rate	23.534	24.280	23.764	23.328	22.006	21.816	20.585	20.850	21.712	23.284
Less State Credit	(1.600)	(1.616)	(1.577)	(1.323)	(1.325)	(1.627)	(1.615)	(1.630)	(1.527)	(1.558)
Net Tax Rate	\$ 21.934	\$ 22.664	\$ 22.187	\$ 22.005	\$ 20.681	\$ 20.189	\$ 18.970	\$ 19.220	\$ 20.185	\$ 21.726
City Property Located in Eau Claire County (Altoona School District)										
City	\$6.070	\$6.424	\$6.422	\$5.895	\$6.006	\$6.075	\$5.767	\$6.084	\$6.321	\$6.934
Library	0.854	0.880	0.851	0.753	0.724	0.725	0.652	0.653	0.644	0.679
Health	0.448	0.469	0.469	0.422	0.418	0.416	0.380	0.383	0.379	0.401
Total Direct Rate	7.372	7.773	7.742	7.070	7.148	7.216	6.799	7.120	7.344	8.014
Altoona School Dist.	10.184	11.190	11.650	9.791	9.718	10.034	10.025	8.533	8.931	8.859
Vocational District	1.762	1.838	1.817	1.593	1.620	1.634	1.511	1.535	1.605	1.728
Eau Claire County	3.095	3.154	3.298	3.078	3.095	3.159	3.338	3.316	3.379	3.499
State Forestry	0.194	0.204	0.213	0.196	0.189	0.183	0.163	0.165	0.164	0.167
Gross Tax Rate	22.607	24.159	24.720	21.728	21.770	22.226	21.836	20.669	21.423	22.267
Less State Credit	(1.600)	(1.616)	(1.577)	(1.323)	(1.325)	(1.627)	(1.615)	(1.630)	(1.527)	(1.558)
Net Tax Rate	\$ 21.007	\$ 22.543	\$ 23.143	\$ 20.405	\$ 20.445	\$ 20.599	\$ 20.221	\$ 19.039	\$ 19.896	\$ 20.709

Source: City of Eau Claire Annual Program of Services

CITY OF EAU CLAIRE

TABLE 11 (cont.)
PROPERTY TAX RATES -
DIRECT AND OVERLAPPING GOVERNMENTS
Last Ten Fiscal Years
(Per \$1,000 Assessed Valuation)

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
City Property Located in Chippewa County (Eau Claire Area School District)										
City	\$6.070	\$6.424	\$6.422	\$5.895	\$6.006	\$5.991	\$5.819	\$6.135	\$6.464	\$7.086
Library	0.854	0.880	0.851	0.753	0.724	0.714	0.658	0.659	0.658	0.693
Health	0.448	0.469	0.469	0.422	0.418	0.410	0.384	0.386	0.388	0.410
Total Direct Rate	<u>7.372</u>	<u>7.773</u>	<u>7.742</u>	<u>7.070</u>	<u>7.148</u>	<u>7.115</u>	<u>6.861</u>	<u>7.180</u>	<u>7.510</u>	<u>8.189</u>
Eau Claire School Dist.	11.258	11.282	10.793	11.528	9.961	9.491	8.870	8.787	9.428	10.081
Vocational District	1.801	1.833	1.834	1.612	1.621	1.611	1.524	1.549	1.642	1.765
Chippewa County	3.673	3.652	3.840	3.438	3.408	3.270	3.080	3.044	3.166	3.307
State Forestry	0.198	0.203	0.215	0.198	0.189	0.181	0.164	0.166	0.168	0.171
Gross Tax Rate	<u>24.302</u>	<u>24.743</u>	<u>24.424</u>	<u>23.846</u>	<u>22.327</u>	<u>21.668</u>	<u>20.499</u>	<u>20.726</u>	<u>21.914</u>	<u>23.513</u>
Less State Credit	<u>(1.606)</u>	<u>(1.631)</u>	<u>(1.578)</u>	<u>(1.318)</u>	<u>(1.313)</u>	<u>(1.583)</u>	<u>(1.547)</u>	<u>(1.586)</u>	<u>(1.455)</u>	<u>(1.496)</u>
Net Tax Rate	<u>\$ 22.696</u>	<u>\$ 23.112</u>	<u>\$ 22.846</u>	<u>\$ 22.528</u>	<u>\$ 21.014</u>	<u>\$ 20.085</u>	<u>\$ 18.952</u>	<u>\$ 19.140</u>	<u>\$ 20.459</u>	<u>\$ 22.017</u>
City Property Located in Chippewa County (Chippewa Falls Area School District)										
City	\$6.070	\$6.424	\$6.422	\$5.895	\$6.006	\$5.991	\$5.819	\$6.135	\$6.464	\$7.086
Library	0.854	0.880	0.851	0.753	0.724	0.714	0.658	0.659	0.658	0.693
Health	0.448	0.469	0.469	0.422	0.418	0.410	0.384	0.386	0.388	0.410
Total Direct Rate	<u>7.372</u>	<u>7.773</u>	<u>7.742</u>	<u>7.070</u>	<u>7.148</u>	<u>7.115</u>	<u>6.861</u>	<u>7.180</u>	<u>7.510</u>	<u>8.189</u>
Chippewa Falls School Dist.	9.849	9.445	9.693	8.463	8.240	8.085	6.914	7.403	8.335	8.957
Vocational District	1.801	1.833	1.834	1.612	1.621	1.611	1.524	1.548	1.642	1.765
Chippewa County	3.673	3.652	3.840	3.438	3.408	3.270	3.080	3.044	3.166	3.307
State Forestry	0.198	0.203	0.215	0.198	0.189	0.181	0.164	0.166	0.168	0.171
Gross Tax Rate	<u>22.893</u>	<u>22.906</u>	<u>23.324</u>	<u>20.781</u>	<u>20.606</u>	<u>20.262</u>	<u>18.543</u>	<u>19.341</u>	<u>20.821</u>	<u>22.389</u>
Less State Credit	<u>(1.606)</u>	<u>(1.631)</u>	<u>(1.578)</u>	<u>(1.318)</u>	<u>(1.313)</u>	<u>(1.583)</u>	<u>(1.547)</u>	<u>(1.586)</u>	<u>(1.455)</u>	<u>(1.496)</u>
Net Tax Rate	<u>\$ 21.287</u>	<u>\$ 21.275</u>	<u>\$ 21.746</u>	<u>\$ 19.463</u>	<u>\$ 19.293</u>	<u>\$ 18.679</u>	<u>\$ 16.996</u>	<u>\$ 17.755</u>	<u>\$ 19.366</u>	<u>\$ 20.893</u>

Source: City of Eau Claire Annual Program of Services

CITY OF EAU CLAIRE

TABLE 12
 PRINCIPAL TAXPAYERS
 CURRENT YEAR AND NINE YEARS AGO
 (Dollars in Thousands)

Taxpayer	2011 Equalized Value	2011 Rank	2011 Percentage of Total Equalized Value	2002 Equalized Value	2002 Rank	2002 Percentage of Total Equalized Value
Oakwood Hills Mall	\$ 73,294	1	1.73%	\$ 57,078	1	1.71%
Mayo Clinic Health Systems	63,619	2	1.50%	-		
Keystone Corporation	39,095	3	0.92%	29,878	3	0.90%
Hutchinson Technology, Inc.	37,025	4	0.87%	25,549	4	0.77%
Nestle Foods	35,016	5	0.82%	31,003	2	0.93%
Marshfield Clinic	33,290	6	0.78%	18,094	7	0.54%
Royal Credit Union	22,210	7	0.52%	-		
Menard Inc.	20,079	8	0.47%	-		
Phillips Properties (1)	16,891	9	0.40%	14,443	9	0.43%
Sam's Club - Walmart	12,830	10	0.30%	12,951	10	0.39%
Dayton Hudson Corporation	-			18,779	5	0.56%
Luther Hospital	-			18,487	6	0.56%
Midelfort Clinic	-			15,610	8	0.47%
Principal Taxpayers total	<u>\$ 353,349</u>			<u>\$ 241,872</u>		
TOTAL CITY EQUALIZED VALUE	<u>\$ 4,247,468</u>			<u>\$ 3,330,561</u>		

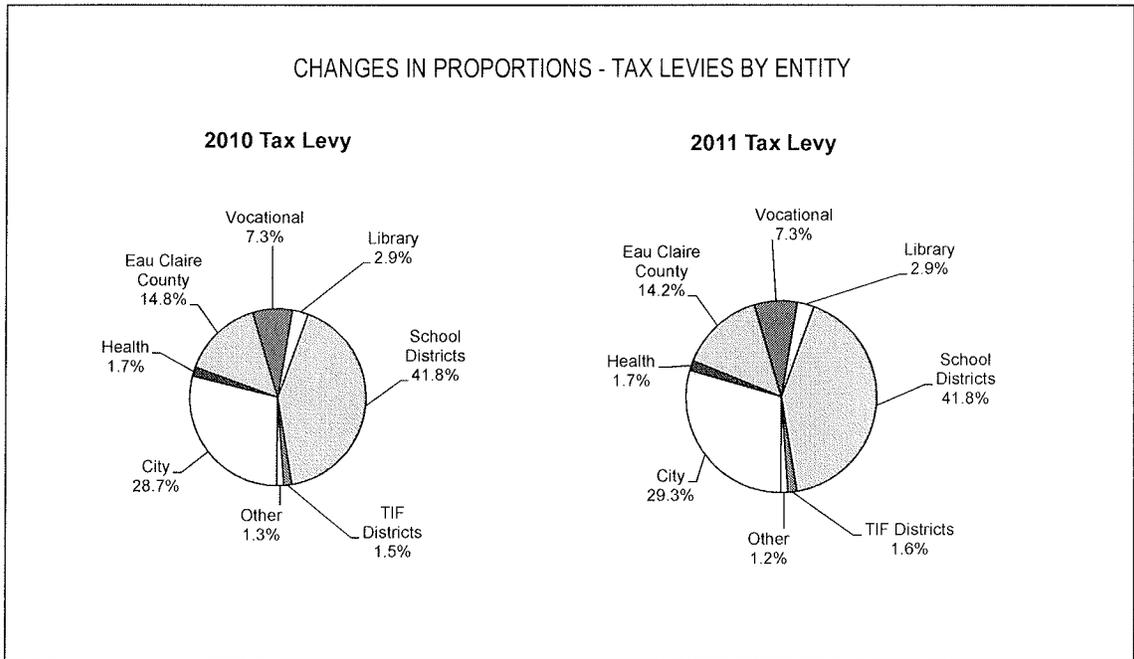
(1) NOTE: Equalization is based on both Eau Claire and Chippewa Counties as of January 1 of the fiscal year listed.

Sources: City of Eau Claire Assessor's Office, Clerk's Statement of Assessments, Statistical Report:
 Eau Claire and Chippewa Counties

CITY OF EAU CLAIRE

TABLE 13
GROSS TAX LEVY BY TAXING ENTITY
Last Ten Fiscal Years
(Dollars in Thousands)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
City	\$17,512	\$18,915	\$19,887	\$21,081	\$22,058	\$22,734	\$24,380	\$26,301	\$27,815	\$29,303
TIF Districts	2,259	2,518	749	905	1,008	1,110	1,151	1,251	1,460	1,553
Library	2,464	2,592	2,637	2,694	2,658	2,712	2,758	2,825	2,834	2,867
Health	1,291	1,379	1,453	1,508	1,537	1,557	1,609	1,656	1,671	1,696
Eau Claire School District	31,828	33,130	32,959	40,550	36,385	35,847	36,934	37,511	40,408	41,545
Chippewa Falls School District	115	34	34	32	31	31	30	33	31	49
Altoona School District	113	129	145	139	137	140	142	121	126	121
Vocational District	5,088	5,410	5,629	5,699	5,951	6,113	6,387	6,639	7,065	7,300
Eau Claire County	8,569	8,917	9,818	10,595	10,947	11,395	13,596	13,824	14,330	14,213
Chippewa County	429	430	462	462	464	451	474	465	498	533
State Forestry- Eau Claire County	554	596	638	681	674	667	670	695	704	689
State Forestry- Chippewa County	24	25	28	29	27	27	27	27	28	28
Total tax levy	\$70,246	\$74,075	\$74,439	\$84,375	\$81,877	\$82,784	\$88,158	\$91,348	\$96,970	\$99,897
City percent of total levy	24.93%	25.53%	26.72%	24.98%	26.94%	27.46%	27.65%	28.79%	28.68%	29.33%



Sources: City of Eau Claire Annual Program of Services, Annual Tax Levy Certification Forms from the Board of Education, Vocational School and Counties.

CITY OF EAU CLAIRE

TABLE 14
REAL AND PERSONAL PROPERTY TAX
LEVIES AND COLLECTIONS
Last Ten Fiscal Years
(Dollars in Thousands)

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Total tax levy	\$17,512	\$18,915	\$19,888	\$21,081	\$22,058	\$22,734	\$24,380	\$26,301	\$27,815	\$29,303
Current tax collections	17,329	18,741	19,565	20,781	21,917	22,623	24,314	26,170	27,704	29,083
Collection of delinquent personal property taxes from prior years	134	158	295	265	116	78	46	75	63	181
Total tax collections (1)	<u>\$17,463</u>	<u>\$18,899</u>	<u>\$19,860</u>	<u>\$21,046</u>	<u>\$22,033</u>	<u>\$22,701</u>	<u>\$24,360</u>	<u>\$26,245</u>	<u>\$27,767</u>	<u>\$29,264</u>
Percent of current collections to tax levy	99.0%	99.1%	98.4%	98.6%	99.4%	99.5%	99.7%	99.5%	99.6%	99.2%
Percent of total tax collections to tax levy	99.7%	99.9%	99.9%	99.8%	99.9%	99.9%	99.9%	99.8%	99.8%	99.9%
Total delinquent taxes outstanding	\$95	\$114	\$83	\$101	\$113	\$133	\$144	\$200	\$273	\$240

(1) NOTE: Does not include mobile home fees or payment in lieu of taxes.

Source: City of Eau Claire Comprehensive Annual Financial Reports

CITY OF EAU CLAIRE

TABLE 15
SPECIAL ASSESSMENT COLLECTIONS
Last Ten Fiscal Years
(Dollars in Thousands)

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Total assessments levied each fiscal period: (1)										
General fund	\$130	\$137	\$157	\$75	\$89	\$100	\$109	\$120	\$271	\$383
Business Improvement										
Districts	74	75	91	92	141	151	152	152	145	145
Debt Service	1,525	1,566	1,663	1,657	1,516	1,547	1,721	1,546	1,373	1,126
Water Utility	142	193	191	105	90	99	90	87	83	82
Sewer Utility	183	242	238	122	104	105	91	90	82	77
Health	0	0	0	0	0	0	0	8	8	6
Delinquent utility bills	587	526	581	521	561	548	617	656	809	774
 Total assessments levied	 \$2,641	 \$2,739	 \$2,921	 \$2,572	 \$2,501	 \$2,550	 \$2,780	 \$2,659	 \$2,771	 \$2,593
 Current collections	 \$2,641	 \$2,739	 \$2,921	 \$2,572	 \$2,501	 \$2,550	 \$2,780	 \$2,659	 \$2,771	 \$2,593
 Total collections	 \$2,641	 \$2,739	 \$2,921	 \$2,572	 \$2,501	 \$2,550	 \$2,780	 \$2,659	 \$2,771	 \$2,593

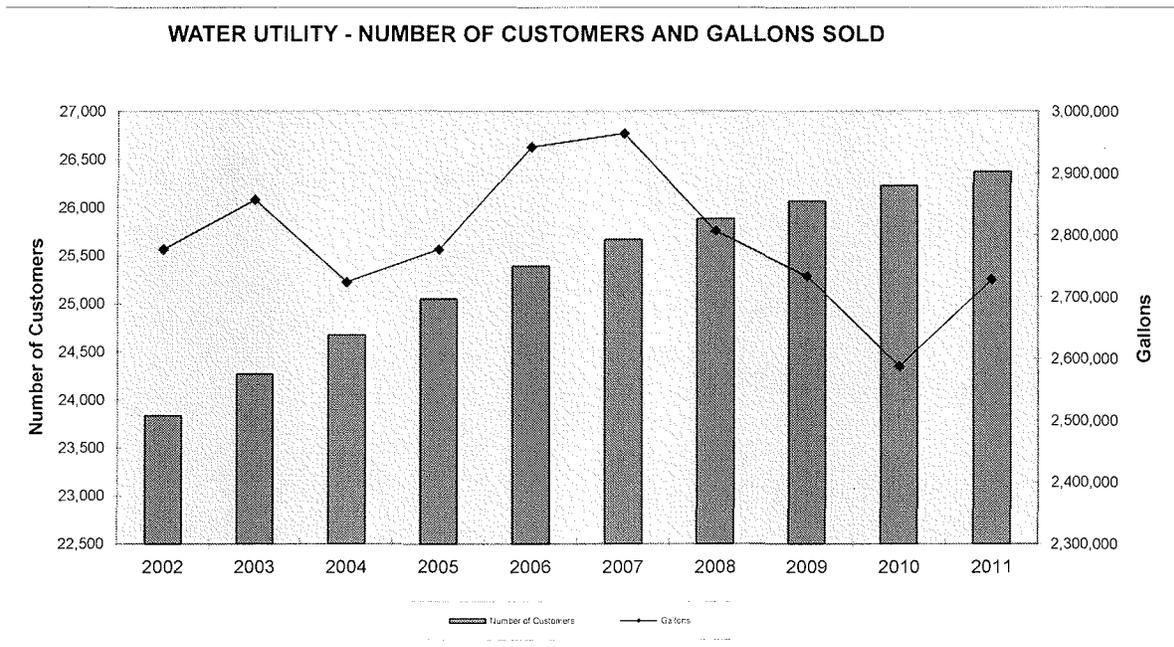
(1) NOTE: Includes current interest due on installment special assessments.

Sources: City of Eau Claire Comprehensive Annual Financial Report; Statement of Taxes

CITY OF EAU CLAIRE

TABLE 16
WATER UTILITY CUSTOMER SUMMARY
LAST TEN FISCAL YEARS

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Number of customers										
Residential	21,115	21,535	21,921	22,264	22,560	22,805	22,992	23,152	23,293	23,417
Commercial	2,424	2,436	2,453	2,484	2,519	2,551	2,574	2,593	2,612	2,628
Industrial	110	110	110	110	111	111	110	109	109	109
Public	187	189	191	194	199	202	208	212	216	217
Total	23,836	24,270	24,675	25,052	25,389	25,669	25,884	26,066	26,230	26,371
Gallons (thousands)										
Residential	1,149,851	1,342,086	1,213,839	1,257,567	1,371,987	1,385,600	1,244,970	1,288,528	1,182,343	1,210,111
Commercial	710,863	703,999	688,356	706,237	694,466	715,582	694,815	667,586	656,846	673,138
Industrial	693,336	581,087	594,416	555,940	616,834	606,778	612,579	517,711	505,853	604,273
Public	222,951	230,292	227,438	256,643	259,278	256,705	254,553	259,869	242,820	241,090
Total	2,777,001	2,857,464	2,724,049	2,776,387	2,942,565	2,964,665	2,806,917	2,733,694	2,587,862	2,728,612



Sources: Wisconsin Public Service Commission Annual Reports
Customer Services - City of Eau Claire

CITY OF EAU CLAIRE

TABLE 17
WATER UTILITY CUSTOMER RATES
LAST TEN FISCAL YEARS

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
General Metered Service										
Quarterly Service Charge										
5/8 inch meter	\$ 13.95	\$ 14.37	\$ 14.37	\$ 14.37	\$ 15.60	\$ 15.60	\$ 15.60	\$ 17.10	\$ 17.10	\$ 17.61
3/4 inch meter	13.95	14.37	14.37	14.37	15.60	15.60	15.60	17.10	17.10	17.61
1 inch meter	21.00	21.63	21.63	21.63	22.80	22.80	22.80	26.70	26.70	27.50
1 1/4 inch meter	27.00	27.81	27.81	27.81	30.00	30.00	30.00	35.40	35.40	36.46
1 1/2 inch meter	33.00	33.99	33.99	33.99	36.60	36.60	36.60	43.80	43.80	45.11
2 inch meter	54.00	55.62	55.62	55.62	55.80	55.80	55.80	65.40	65.40	67.36
3 inch meter	96.00	98.88	98.88	98.88	99.00	99.00	99.00	105.00	105.00	108.15
4 inch meter	120.00	123.60	123.60	123.60	129.00	129.00	129.00	156.00	156.00	160.68
6 inch meter	207.00	213.21	213.21	213.21	225.00	225.00	225.00	273.00	273.00	281.19
8 inch meter	309.00	318.27	318.27	318.27	339.00	339.00	339.00	411.00	411.00	423.33
10 inch meter	450.00	463.50	463.50	463.50	489.00	489.00	489.00	591.00	591.00	608.73
12 inch meter	582.00	599.46	599.46	599.46	639.00	639.00	639.00	771.00	771.00	794.13
Volume rate (per 100 cubic feet)										
First 7,500 cubic feet	\$ 1.17	\$ 1.21	\$ 1.21	\$ 1.21	\$ 1.31	\$ 1.31	\$ 1.31	\$ 1.49	\$ 1.49	\$ 1.53
Next 742,500 cubic feet	1.01	1.04	1.04	1.04	1.13	1.13	1.13	1.28	1.28	1.32
Over 750,000 cubic feet	0.67	0.69	0.69	0.69	0.79	0.79	0.79	0.89	0.89	0.92
Public Fire Protection										
Quarterly Service Charge										
5/8 inch meter	\$ 9.18	\$ 9.46	\$ 9.46	\$ 9.46	\$ 9.46	\$ 9.46	\$ 9.46	\$ 9.60	\$ 9.60	\$ 9.89
3/4 inch meter	9.18	9.46	9.46	9.46	9.46	9.46	9.46	9.60	9.60	9.89
1 inch meter	22.80	23.48	23.48	23.48	23.48	23.48	23.48	24.00	24.00	24.72
1 1/4 inch meter	33.90	34.92	34.92	34.92	34.92	34.92	34.92	35.40	35.40	36.46
1 1/2 inch meter	45.90	47.28	47.28	47.28	47.28	47.28	47.28	48.00	48.00	49.44
2 inch meter	73.50	75.71	75.71	75.71	75.71	75.71	75.71	76.80	76.80	79.10
3 inch meter	138.00	142.14	142.14	142.14	142.14	142.14	142.14	144.00	144.00	148.32
4 inch meter	228.00	234.84	234.84	234.84	234.84	234.84	234.84	240.00	240.00	247.20
6 inch meter	459.00	472.77	472.77	472.77	472.77	472.77	472.77	480.00	480.00	494.40
8 inch meter	732.00	753.96	753.96	753.96	753.96	753.96	753.96	768.00	768.00	791.04
10 inch meter	1,101.00	1,134.03	1,134.03	1,134.03	1,134.03	1,134.03	1,134.03	1,152.00	1,152.00	1,186.56
12 inch meter	1,467.00	1,511.01	1,511.01	1,511.01	1,511.01	1,511.01	1,511.01	1,536.00	1,536.00	1,582.08

Source: Customer Services - City of Eau Claire

Note: Increases in water rates must be approved by the Public Service Commission of Wisconsin.

CITY OF EAU CLAIRE

TABLE 18
WATER UTILITY - TEN LARGEST CUSTOMERS
CURRENT YEAR AND NINE YEARS AGO

2011			
<u>Customer</u>	<u>Gallons Billed</u>	<u>Amount Billed</u>	<u>% of Total</u>
Hutchinson Technology	208,249,932	\$ 284,609	7.6%
Nestles Foods	168,374,052	254,490	6.2%
Cascade Tissue	123,408,780	169,545	4.5%
University of Wisconsin-Eau Claire	65,986,316	129,956	2.4%
American Phoenix	71,132,556	97,367	2.6%
Sacred Heart Hospital	50,121,236	64,768	1.8%
Eau Claire Area School District	34,219,504	72,191	1.3%
Mayo Clinic Health Systems	32,597,840	61,841	1.2%
Oak Ridge Village	13,492,424	24,364	0.5%
Silver Spring Gardens	13,138,620	23,097	0.5%
Subtotal (ten largest)	780,721,260	1,182,228	28.6%
All other customers	1,947,890,740	5,761,297	71.4%
Grand Totals	2,728,612,000	\$ 6,943,525	100.0%
2002			
<u>Customer</u>	<u>Gallons Billed</u>	<u>Amount Billed</u>	<u>% of Total</u>
Nestles Foods	258,873,076	\$ 282,795	9.3%
Cascade Tissue	169,834,896	179,845	6.1%
University of Wisconsin-Eau Claire	84,640,688	116,528	3.0%
Luther Midelfort-Mayo Health	53,099,024	76,285	1.9%
Hutchinson Technology	51,806,480	64,986	1.9%
Sacred Heart Hospital	36,329,612	50,220	1.3%
American Phoenix	33,897,864	39,899	1.2%
Eau Claire School District	29,670,168	50,482	1.1%
3M	27,025,988	35,429	1.0%
Huebsch Laundry Co.	15,004,132	21,220	0.5%
Oakwood Village	11,812,416	16,831	0.4%
Subtotal (ten largest)	771,994,344	934,520	27.7%
All other customers	2,005,006,656	4,229,896	72.3%
Grand Totals	2,777,001,000	\$ 5,164,416	100.0%

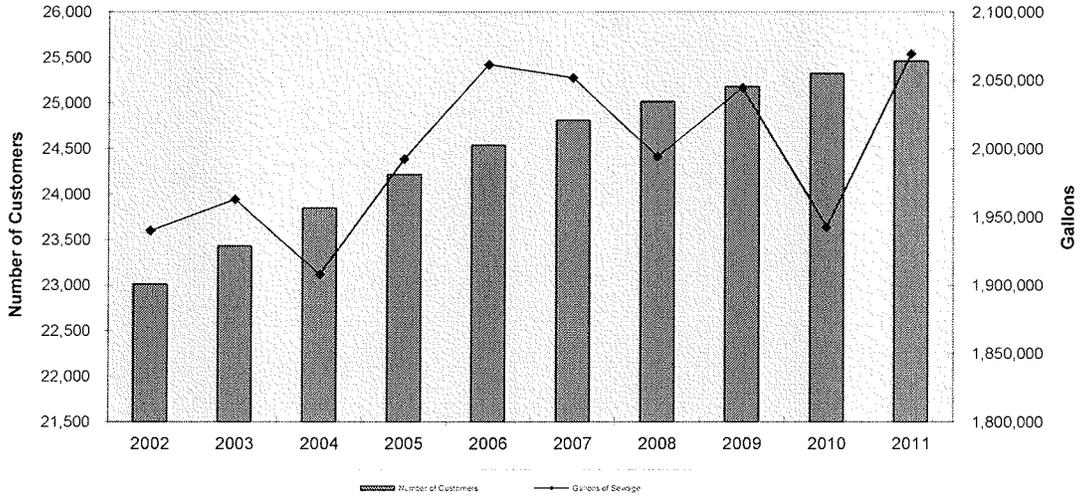
Source: Customer Services - City of Eau Claire

CITY OF EAU CLAIRE

TABLE 19
SEWER UTILITY CUSTOMER SUMMARY
LAST TEN FISCAL YEARS

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Number of customers										
Residential	20,479	20,891	21,279	21,616	21,911	22,157	22,345	22,495	22,626	22,753
Commercial	2,282	2,289	2,315	2,341	2,365	2,391	2,411	2,424	2,435	2,445
Industrial	93	92	92	93	94	95	94	93	94	95
Public	158	159	161	164	166	167	167	168	168	167
Total	23,012	23,431	23,847	24,214	24,536	24,810	25,017	25,180	25,323	25,460
Gallons (thousands)										
Residential	954,338	985,693	983,564	982,929	989,805	1,005,253	990,279	1,082,255	1,035,729	1,080,152
Commercial	620,180	642,469	590,527	613,281	609,161	602,989	600,342	599,731	566,088	600,681
Industrial	244,237	209,427	221,503	275,062	348,936	334,562	303,806	252,218	235,880	285,293
Public	121,267	125,447	112,455	121,395	113,783	109,208	99,735	110,403	105,089	103,340
Total	1,940,022	1,963,036	1,908,049	1,992,667	2,061,685	2,052,012	1,994,162	2,044,607	1,942,786	2,069,466

SEWER UTILITY - NUMBER OF CUSTOMERS AND
GALLONS OF SEWAGE



Sources: Customer Services - City of Eau Claire

CITY OF EAU CLAIRE

TABLE 20
SEWER UTILITY CUSTOMER RATES
LAST TEN FISCAL YEARS

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
General Metered Service										
Quarterly Minimum Charge	\$ 16.32	\$ 16.32	\$ 16.32	\$ 16.32	\$ 16.32	\$ 16.32	\$ 17.28	\$ 18.48	\$ 19.76	\$ 21.12
Volume rate (per 100 cubic feet)	\$ 2.04	\$ 2.04	\$ 2.04	\$ 2.04	\$ 2.04	\$ 2.04	\$ 2.16	\$ 2.31	\$ 2.47	\$ 2.64

Sources: Customer Services - City of Eau Claire

CITY OF EAU CLAIRE

TABLE 21
SEWER UTILITY - TEN LARGEST CUSTOMERS
CURRENT YEAR AND NINE YEARS AGO

<u>Customer</u>	2011		
	<u>Gallons Billed</u>	<u>Amount Billed</u>	<u>% of Total</u>
Hutchinson Technology	129,374,723	\$ 456,617	6.3%
Nestle Foods	113,503,775	400,602	5.5%
University of Wisconsin - Eau Claire	54,136,421	191,070	2.6%
Sacred Heart Hospital	32,422,100	114,431	1.6%
Mayo Clinic Health System	31,006,719	109,435	1.5%
Eau Claire Area School District	13,492,169	47,619	0.7%
Oak Ridget Village	13,405,376	47,313	0.6%
Huebsch Laundry Co	12,947,132	45,696	0.6%
Silver Springs	9,748,375	34,406	0.5%
YMCA	7,935,954	28,009	0.4%
Subtotal (ten largest)	417,972,744	1,475,198	20.3%
All other customers	1,651,493,256	5,285,888	79.7%
Grand Totals	2,069,466,000	\$ 6,761,086	100.0%

<u>Customer</u>	2002		
	<u>Gallons Billed</u>	<u>Amount Billed</u>	<u>% of Total</u>
Nestle Foods	152,449,286	\$ 415,771	7.9%
University of Wisconsin-Eau Claire	65,876,844	179,664	3.4%
Luther Midelfort-Mayo Health	48,994,000	133,620	2.5%
Sacred Heart Hospital	36,019,192	98,234	1.9%
3M	32,997,272	89,993	1.7%
Hutchinson Technology	22,023,217	60,063	1.1%
Eau Claire School District	21,037,500	57,375	1.1%
Oakwood Mall	15,004,132	40,920	0.8%
Huebsch Laundry Co.	14,193,608	38,710	0.7%
Oakwood Village Mobile Home Park	9,063,516	24,719	0.5%
Subtotal (ten largest)	417,658,567	1,139,069	21.6%
All other customers	1,522,363,433	4,151,898	78.4%
Grand Totals	1,940,022,000	\$ 5,290,967	100.0%

Source: Customer Services - City of Eau Claire

CITY OF EAU CLAIRE

TABLE 22
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(Dollars in Thousands, except per capita)

Fiscal Year	Governmental Activities			Business-Type Activities			Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Promissory Notes	State Trust Fund Loans	General Obligation Bonds	State Trust Fund Loans	Revenue Bonds			
2002	37,600	2,000	95	9,750	-	12,655	62,100	3.57%	982
2003	45,670	-	71	10,990	320	12,740	69,791	3.89%	1,092
2004	47,465	-	227	12,140	320	11,685	71,837	3.93%	1,124
2005	48,955	-	146	13,415	297	10,595	73,408	3.82%	1,136
2006	49,565	-	111	13,635	266	9,460	73,037	3.57%	1,123
2007	54,475	-	76	15,155	232	10,285	80,223	3.76%	1,230
2008	64,855	-	39	15,445	198	9,015	89,552	4.06%	1,370
2009	71,060	-	468	16,405	162	10,070	98,165	4.42%	1,488
2010	71,647	-	468	17,253	124	9,445	98,937	4.46%	1,502
2011	72,002	-	433	18,673	84	8,700	99,892	4.28%	1,512

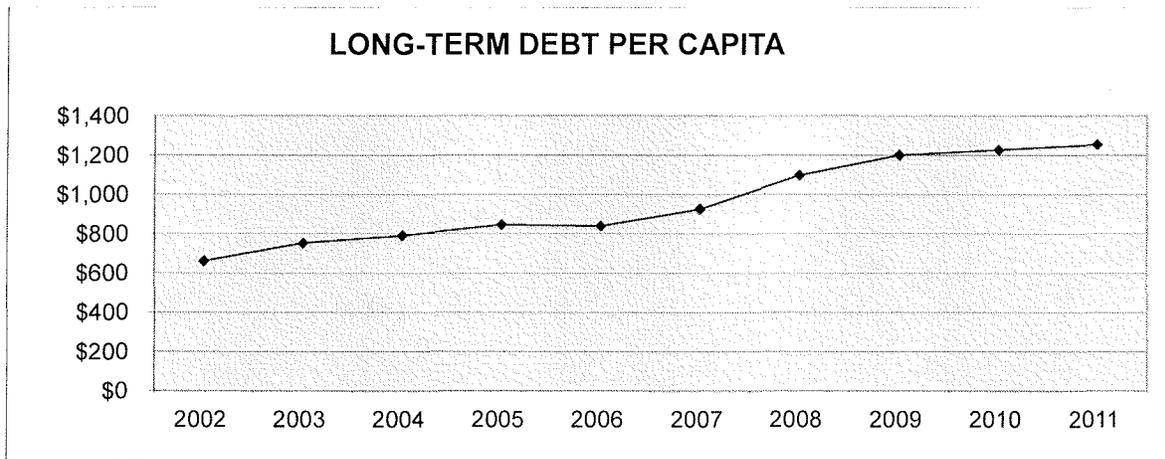
Source: City of Eau Claire Comprehensive Annual Financial Reports

Note: Personal income data and population data can be found on Table 29.

CITY OF EAU CLAIRE

TABLE 23
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
Last Ten Fiscal Years
(Dollars in Thousands)

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Population	63,214	63,882	63,897	64,632	65,056	65,202	65,362	65,950	65,883	66,060
Equalized valuation	\$3,105,363	\$3,330,561	\$3,546,277	\$3,741,043	\$3,951,641	\$4,110,179	\$4,254,935	\$4,315,947	\$4,224,624	\$4,247,468
General obligation bonds	47,350	56,660	59,605	62,370	63,200	69,630	80,300	87,465	88,900	90,675
Promissory Notes	2,000	-	-	-	-	-	-	-	-	-
State trust fund loans	95	71	547	443	377	308	236	630	592	517
Total long-term debt (1)	49,445	56,731	60,152	62,813	63,577	69,938	80,536	88,095	89,492	91,192
Resources on hand for payment of debt	(7,590)	(8,560)	(9,566)	(8,039)	(8,862)	(9,504)	(8,735)	(8,888)	(8,609)	(8,226)
Net long-term debt	<u>\$ 41,855</u>	<u>\$ 48,171</u>	<u>\$ 50,586</u>	<u>\$ 54,774</u>	<u>\$ 54,715</u>	<u>\$ 60,434</u>	<u>\$ 71,801</u>	<u>\$ 79,207</u>	<u>\$ 80,883</u>	<u>\$ 82,966</u>
Percent of net long-term debt to equalized value	1.35%	1.45%	1.43%	1.46%	1.38%	1.47%	1.69%	1.84%	1.91%	1.95%
Net long-term debt per capita (not in thousands)	\$662	\$754	\$792	\$847	\$841	\$927	\$1,099	\$1,201	\$1,228	\$1,256



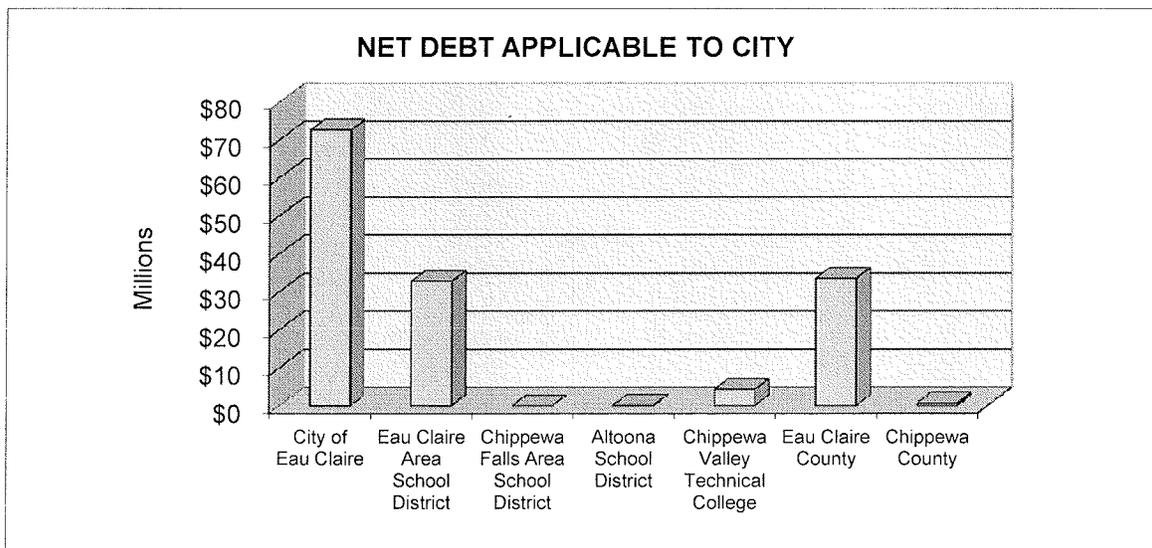
(1) NOTE: Includes General Long-Term Debt and Enterprise General Obligation Debt. Other enterprise debt and accrued employee absences are not included.

Sources: State of Wisconsin, Department of Administration, Demographic Services Center (population)
City of Eau Claire Assessor's Office, Statement of Changes in Equalized Values by Class & Item, as compiled by the Wisconsin Department of Revenue.

CITY OF EAU CLAIRE

TABLE 24
SCHEDULE OF DIRECT AND INDIRECT
GOVERNMENTAL ACTIVITIES GENERAL OBLIGATION DEBT
December 31, 2011

Governmental Unit	<u>Total Debt</u>	<u>Estimated Percentage Applicable To City (1)</u>	<u>Net Debt Applicable To City</u>
Direct debt:			
City of Eau Claire	\$ 72,434,895	100.00%	\$ 72,434,895
Indirect debt:			
Eau Claire Area School District	44,135,000	74.27%	32,777,210
Chippewa Falls Area School District	-	0.24%	-
Altoona School District	5,306,931	2.68%	142,341
Chippewa Valley Technical College	20,755,000	20.58%	4,271,523
Eau Claire County	55,045,629	60.89%	33,516,493
Chippewa County	17,155,000	3.64%	624,190
Total indirect debt	<u>142,397,560</u>		<u>71,331,757</u>
Total direct and indirect debt	<u>\$ 214,832,455</u>		<u>\$ 143,766,652</u>
Indirect debt per capita			\$ 1,080
Indirect debt as a % of equalized value			1.68%
Total direct and indirect debt per capita			\$ 2,176
Total direct and indirect debt as a % of equalized value			3.38%



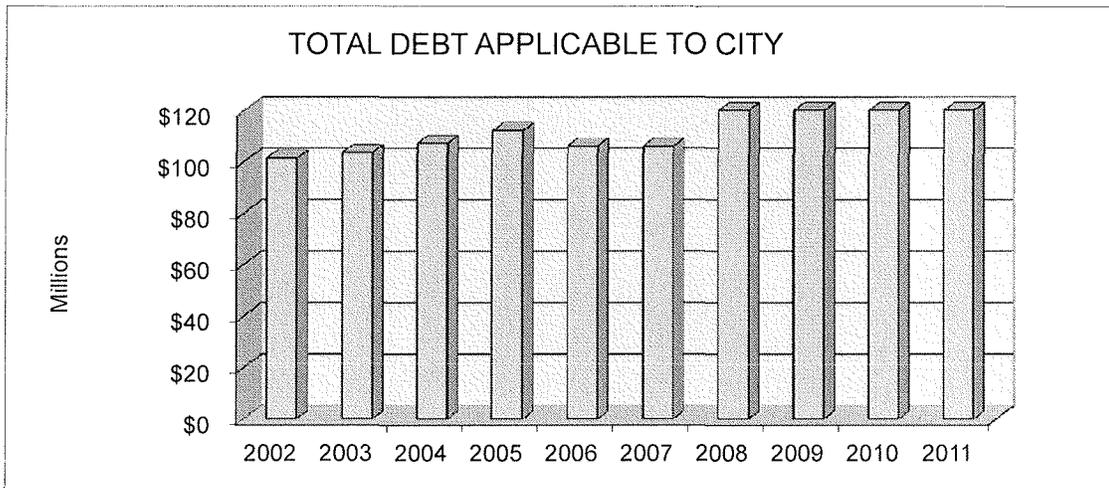
(1) NOTE: The percentage of debt applicable to the City is based on the most recent equalized value of the taxing districts within the City as compared to the entire district.

Sources: City of Eau Claire Comprehensive Annual Financial Report
Financial Officers of the overlapping School Districts and Counties

CITY OF EAU CLAIRE

TABLE 25
SCHEDULE OF DIRECT AND INDIRECT
GENERAL OBLIGATION DEBT
Last Ten Fiscal Years
(Dollars in Thousands)

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Total debt applicable to City	\$101,371	\$103,629	\$107,321	\$112,127	\$106,253	\$106,074	\$124,713	\$129,213	\$129,133	\$162,524
Direct debt:										
General City	\$49,445	\$57,051	\$60,152	\$62,813	\$63,577	\$69,938	\$80,536	\$88,095	\$89,492	\$91,192
Percent	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Indirect debt:										
Eau Claire Area										
School District	\$41,859	\$35,544	\$36,605	\$39,569	\$34,154	\$28,451	\$22,440	\$20,512	\$13,703	\$32,777
Percent	74.93%	75.74%	75.01%	74.69%	74.77%	74.66%	74.60%	75.12%	74.09%	74.27%
Chippewa Falls Area										
School District	\$31	\$23	\$15	\$10	\$6	\$3	\$2	\$0	\$0	\$0
Percent	0.22%	0.22%	0.20%	0.19%	0.18%	18.00%	0.18%	0.16%	0.24%	0.24%
Altoona School District	\$269	\$271	\$256	\$248	\$221	\$221	\$183	\$176	\$156	\$142
Percent	3.02%	3.19%	3.10%	3.02%	2.93%	2.95%	2.64%	2.65%	2.65%	2.68%
C.V. Technical College	\$4,438	\$5,834	\$5,939	\$5,901	\$5,606	\$5,208	\$4,764	\$4,643	\$4,116	\$4,272
Percent	20.95%	21.07%	20.57%	20.48%	20.04%	19.94%	19.83%	20.33%	20.22%	20.58%
Eau Claire County	\$4,752	\$4,355	\$3,848	\$3,083	\$2,242	\$1,837	\$16,425	\$15,444	\$21,345	\$33,517
Percent	61.13%	61.64%	61.42%	61.27%	61.39%	61.16%	61.10%	61.62%	60.72%	60.89%
Chippewa County	\$577	\$551	\$506	\$503	\$447	\$416	\$364	\$343	\$320	\$624
Percent	4.03%	4.04%	3.90%	3.74%	3.54%	3.55%	3.37%	3.50%	3.64%	3.64%



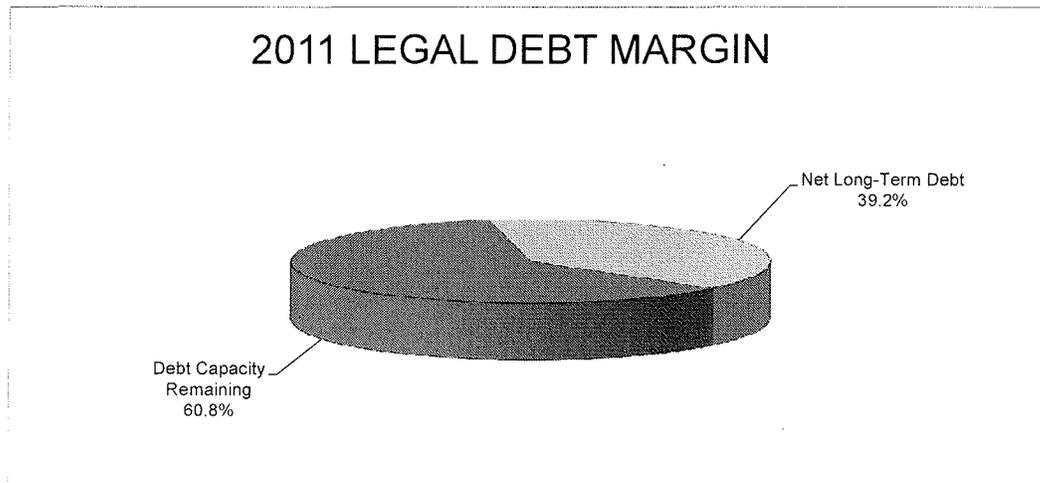
Source: City of Eau Claire Schedule of Long-Term Debt

Note: The information on this table differs from Table 24 as all general obligation debt is reported, including debt from business-type activities.

CITY OF EAU CLAIRE

TABLE 26
COMPUTATION OF LEGAL DEBT MARGIN
Last Ten Fiscal Years
(Dollars in Thousands)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Equalized valuation	\$3,105,363	\$3,330,561	\$3,546,277	\$3,741,043	\$3,951,641	\$4,110,179	\$4,254,935	\$4,315,947	\$4,224,624	\$4,247,468
Legal debt percentage	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%
Legal debt limit	\$155,268	\$166,528	\$177,314	\$187,052	\$197,582	\$205,509	\$212,747	\$215,797	\$211,231	\$212,373
Resources on hand for payment of debt	(\$7,590)	(\$8,560)	(\$9,566)	(\$8,039)	(\$8,862)	(\$9,504)	(\$8,735)	(\$8,888)	(\$8,609)	(\$8,226)
Net long-term debt	\$41,855	\$48,171	\$50,586	\$54,774	\$54,715	\$60,434	\$71,801	\$79,207	\$80,883	\$82,966
Legal debt margin	\$113,413	\$118,357	\$126,728	\$132,278	\$142,867	\$145,075	\$140,946	\$136,590	\$130,348	\$129,407
Legal debt margin as a percentage of the debt limit	73%	71%	71%	71%	72%	71%	66%	63%	62%	61%



Sources: City of Eau Claire Comprehensive Annual Financial Report
City of Eau Claire Annual Program of Services

CITY OF EAU CLAIRE

TABLE 27
PLEGDED REVENUE COVERAGE
Last Ten Fiscal Years
(Dollars in Thousands)

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<u>WATER UTILITY</u>										
Operating revenue	\$6,519	\$6,986	\$6,846	\$7,150	\$7,600	\$8,100	\$7,822	\$8,379	\$8,390	\$8,649
Operating expense (1)	\$2,743	\$2,984	\$3,012	\$3,337	\$3,295	\$3,609	\$4,110	\$4,230	\$4,280	\$4,120
Income available for debt service	\$3,776	\$4,002	\$3,834	\$3,813	\$4,305	\$4,491	\$3,712	\$4,149	\$4,110	\$4,529
Debt service current year (2)	\$1,003	\$978	\$1,065	\$1,058	\$1,063	\$1,062	\$1,244	\$3,176	\$1,094	\$1,156
Coverage	3.76	4.09	3.60	3.60	4.05	4.23	2.98	1.31	3.76	3.92
Debt service for highest principal and interest year in retirement schedule	\$1,034	\$1,077	\$1,078	\$1,078	\$1,078	\$1,244	\$1,243	\$1,163	\$1,163	\$1,163
Coverage on highest year	3.65	3.72	3.56	3.54	3.99	3.61	2.99	3.57	3.53	3.89
<u>SEWER UTILITY</u>										
Operating revenue	\$5,814	\$6,025	\$5,833	\$6,156	\$6,295	\$6,291	\$6,514	\$6,653	\$6,979	\$7,692
Operating expense (1)	\$3,628	\$3,804	\$3,817	\$3,887	\$4,184	\$4,100	\$4,485	\$4,639	\$5,069	\$4,975
Income available for debt service	\$2,186	\$2,221	\$2,016	\$2,269	\$2,111	\$2,191	\$2,029	\$2,014	\$1,910	\$2,717
Debt service current year (2)	\$533	\$513	\$518	\$522	\$525	\$528	\$520	\$0	\$0	\$0
Coverage	4.10	4.33	3.89	4.35	4.02	4.15	3.90	N/A	N/A	N/A
Debt service for highest principal and interest year in retirement schedule	\$528	\$528	\$528	\$528	\$528	\$520	\$0	\$0	\$0	\$0
Coverage on highest year	4.14	4.21	3.82	4.30	4.00	4.21	N/A	N/A	N/A	N/A

(1) NOTE: Operating expense does not include depreciation or property tax equivalent.

(2) NOTE: Includes only revenue bond principal and interest.

Sources: City of Eau Claire Comprehensive Annual Financial Report
City of Eau Claire Schedule of Long Term Debt annual report

CITY OF EAU CLAIRE

TABLE 28
 RATIO OF ANNUAL GENERAL FUND DEBT PAYMENTS
 TO TOTAL GENERAL FUND EXPENDITURES AND
 OTHER FINANCING USES
 Last Ten Fiscal Years
 (Dollars in Thousands)

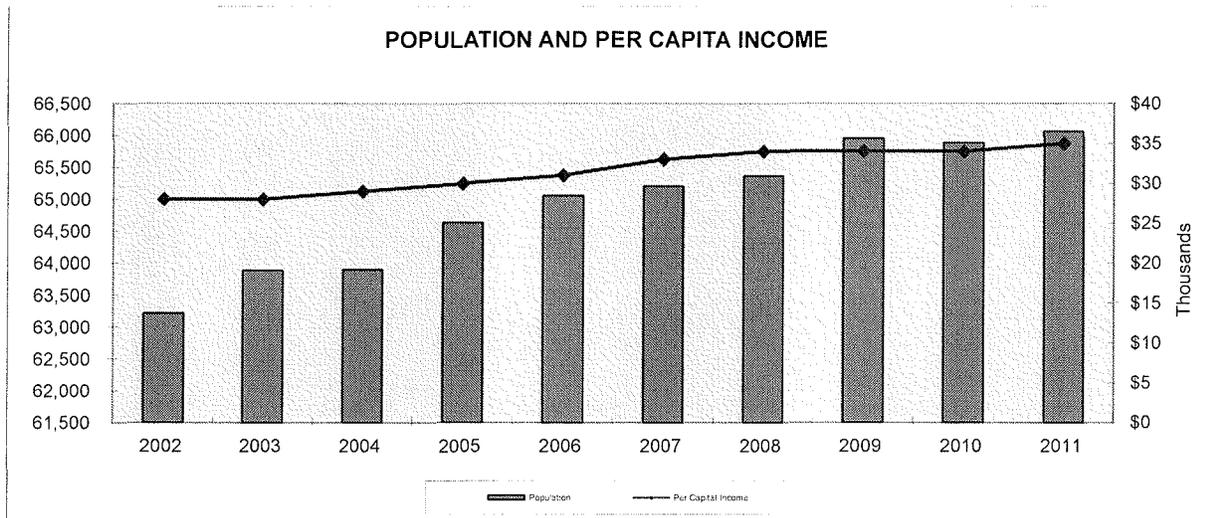
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Transfers to Debt Service fund	\$1,985	\$2,147	\$2,334	\$2,735	\$2,731	\$2,853	\$4,418	\$4,187	\$4,966	\$5,534
Total expenditures and other financing uses	\$40,592	\$41,359	\$42,666	\$44,721	\$45,839	\$47,775	\$48,966	\$51,108	\$52,623	\$54,065
Percent of debt transfers to expenditures and other financing uses	4.9%	5.2%	5.5%	6.1%	6.0%	6.0%	9.0%	8.2%	9.4%	10.2%

Source: City of Eau Claire Annual Program of Services

CITY OF EAU CLAIRE

TABLE 29
DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Fiscal Years
(Dollars in Thousands)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Population	63,214	63,882	63,897	64,632	65,056	65,202	65,362	65,950	65,883	66,060
Consumer price index (1)	179.9	184.0	188.9	195.3	201.6	207.3	215.3	214.5	218.1	224.9
Per capita income (2)	\$28	\$28	\$29	\$30	\$31	\$33	\$34	\$34	\$34	\$35
Personal income	\$1,739,460	\$1,795,723	\$1,830,074	\$1,919,441	\$2,047,377	\$2,133,083	\$2,206,490	\$2,219,811	\$2,249,066	\$2,331,918
Area in square miles	33.00	33.29	33.32	33.59	33.85	33.47	33.77	33.88	33.90	33.91
Number of business properties	1,460	1,480	1,495	1,494	1,507	1,520	1,525	1,524	1,527	1,527
Acres devoted to business	3,139	3,180	3,190	3,192	3,209	3,271	3,281	3,282	3,287	3,287
Miles of street	352.2	355.0	358.5	361.5	366.0	341.4	341.7	341.9	343.4	343.3



(1) U.S. All Cities Consumer Price Index for all urban consumers (CPU-U), annual average.

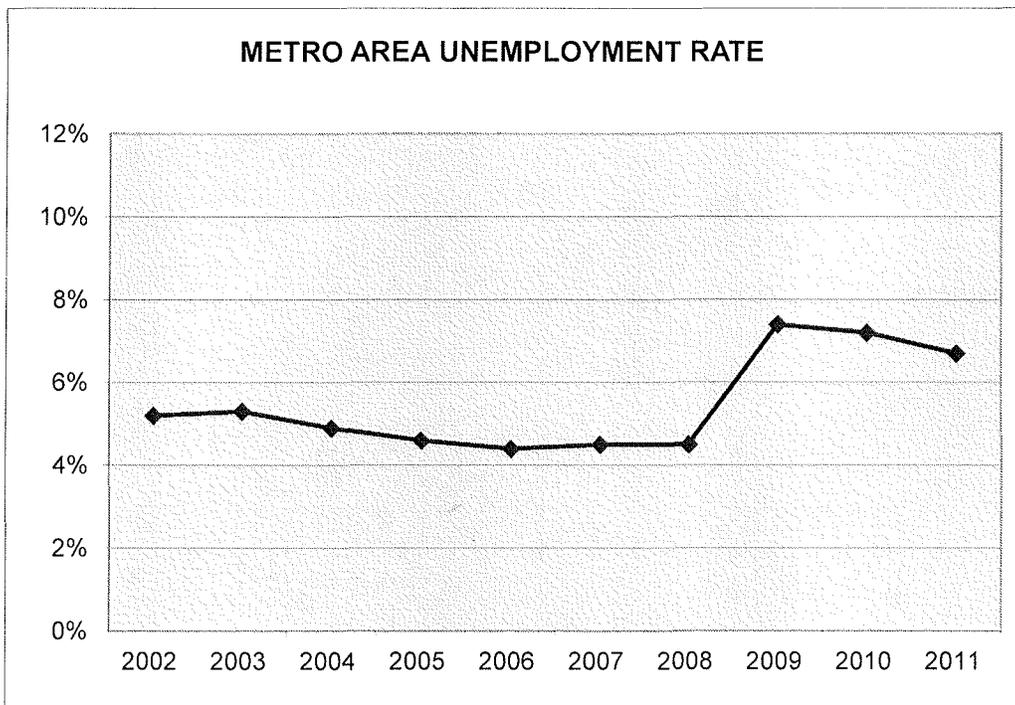
(2) Through 2009, U.S. Bureau of Economic Analysis; 2010 is estimated.

Sources: City of Eau Claire Department of Community Development
City of Eau Claire Public Works Department

CITY OF EAU CLAIRE

TABLE 29 (cont.)
DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Fiscal Years
(Dollars in Thousands)

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Number of residential parcels	19,004	19,087	19,313	19,678	19,838	20,072	19,766	19,829	19,922	19,941
Vacancy rates (percent):										
Residential	3.75	3.75	4.25	4.75	4.80	4.70	5.00	3.50	4.25	4.25
Commercial	8.00	7.75	9.60	5.60	5.50	4.75	5.90	7.09	8.18	7.60
Industrial	8.50	8.00	13.80	20.80	17.70	7.50	7.50	7.50	8.78	8.70
Unemployment rate E.C. Metro Area	5.2%	5.3%	4.9%	4.6%	4.4%	4.5%	4.5%	7.4%	7.2%	6.7%



Sources: Department of Community Development
WI Dept. of Labor, Bureau of Workforce Information
Statistical Report of Property Values - Eau Claire and Chippewa Counties

CITY OF EAU CLAIRE

TABLE 30
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

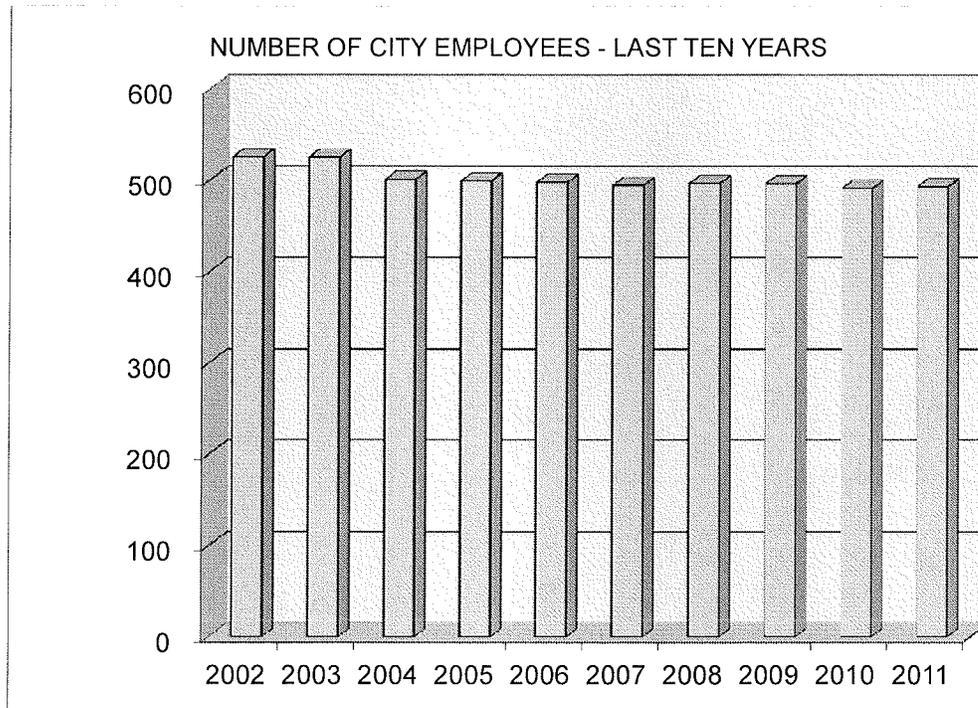
Employer	2011			2002		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Menard's Inc.	4,500	1	12%	2,800	2	8%
Mayo Clinic Health System	3,158	2	8%	2,700	3	7%
Sacred Heart Hospital	1,450	3	4%	-		
United Health Group	1,350	4	4%	-		
Eau Claire Area School District	1,339	5	3%	1,500	4	4%
University of Wisconsin - Eau Claire	1,300	6	3%	1,500	5	4%
Hutchinson Technology	790	7	2%	905	6	2%
Marshfield Clinic - Eau Claire	717	8	2%			
Nestle Foods	576	9	2%			
City of Eau Claire	566	10	1%			
Oakwood Mall	-			3,200	1	9%
CVTC	-			894	7	2%
State of Wisconsin	-			686	8	2%
Northern States Power	-			680	9	2%
Uniprise	-			630	10	2%
Total Principal Employers	15,746		41%	15,495		42%
TOTAL EMPLOYEES	38,382			36,709		

Sources : Wisconsin Department of Workforce Development, Office of Economic Advisors
Community Development - City of Eau Claire
Phone Survey

CITY OF EAU CLAIRE

TABLE 31
EMPLOYEE SUMMARY -
NUMBER OF MUNICIPAL EMPLOYEES
Last Ten Fiscal Years

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
General Government	71.9	71.4	66.9	66.3	66.0	64.5	64.8	64.3	62.8	59.8
Public Works	74.0	71.0	64.0	62.0	62.0	61.0	61.0	61.0	59.0	60.0
Parks & Recreation	40.8	40.8	37.8	38.8	37.8	37.8	37.0	36.0	35.0	35.0
Public Safety	228.0	228.0	222.0	222.0	222.0	223.0	226.0	227.0	228.0	229.0
Enterprise Funds	102.8	105.8	102.0	101.8	101.7	100.0	99.5	99.5	98.0	101.0
Internal Service Funds	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0
Total Employees	525.4	524.9	500.7	498.9	497.5	494.3	496.3	495.8	490.8	492.8



NOTES: Public Library and City-County Health employees are not included.
A full-time employee is scheduled to work 2,080 hours per year (including vacation and sick leave).
Full-time equivalent employment is calculated by dividing total labor hours by 2,080.

Source: City of Eau Claire Program of Services

CITY OF EAU CLAIRE

TABLE 32
EMPLOYEE SUMMARY
SCHEDULE OF COMPENSATED ABSENCES
Last Ten Fiscal Years
(Total Unused Time In Days)

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Compensatory leave	543	456	541	688	561	411	501	461	479	543
Vacation leave	5,729	12,534	12,607	5,448	7,180	5,303	5,316	5,547	5,305	5,475
	<u>6,272</u>	<u>12,990</u>	<u>13,148</u>	<u>6,136</u>	<u>7,741</u>	<u>5,714</u>	<u>5,817</u>	<u>6,008</u>	<u>5,784</u>	<u>6,018</u>
Sick leave	<u>37,227</u>	<u>36,240</u>	<u>38,024</u>	<u>35,764</u>	<u>43,214</u>	<u>33,295</u>	<u>34,094</u>	<u>33,112</u>	<u>32,704</u>	<u>33,130</u>
Total compensatory, vacation, and sick leave	<u>43,499</u>	<u>49,230</u>	<u>51,172</u>	<u>41,900</u>	<u>50,955</u>	<u>39,009</u>	<u>39,911</u>	<u>39,120</u>	<u>38,488</u>	<u>39,148</u>

NOTE: Unused compensatory and vacation leave are paid upon retirement and the value of accrued time is included as a liability on the Statement of Net Assets.

Sick leave is paid only as used during employment.

CITY OF EAU CLAIRE

TABLE 33
OPERATING INDICATORS BY FUNCTION/PROGRAM
Last Ten Fiscal Years

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General government										
Size of the City in square miles	33.00	33.29	33.32	33.59	33.85	33.47	33.77	33.88	33.90	33.90
Population	63,214	63,882	63,897	64,632	65,056	65,202	65,362	65,950	66,149	66,060
Number of City employees	525.4	524.9	500.7	498.9	497.5	494.3	496.3	495.8	490.8	492.8
Community Development										
Building permits issued	1,340	1,452	1,375	1,175	1,255	1,159	1,064	1,102	1,179	1,197
Police										
Calls for service	32,490	31,545	31,717	31,048	30,750	30,006	29,628	27,309	27,591	26,173
Adult arrests	5,039	4,589	5,309	5,697	6,171	5,891	6,465	5,604	5,388	4,202
Fire										
EMS responses	3,774	3,908	4,191	4,559	4,741	4,622	6,060	5,819	6,056	6,294
Fire responses	144	211	182	204	201	166	157	183	157	183
Fire inspections	5,840	5,910	5,950	6,071	6,148	5,893	6,005	3,962	3,925	3,865
Public Works										
Miles of street plowed/maintained	319	319	323	326	333	335	337	349	343	343
Vehicles and equipment in fleet	258	262	282	284	284	284	291	293	299	298
Parks & Recreation										
Neighborhood playground program attendance	13,141	11,904	12,774	13,063	11,625	10,368	9,148	6,549	4,741	4,450
Hobbs Ice Arena - rented hours	4,631	3,794	3,952	3,425	3,554	3,321	3,683	3,199	4,336	4,539
Outdoor Pool attendance	62,101	60,141	45,961	62,151	58,025	51,560	57,151	47,027	60,070	64,189
Library										
Volumes in collection	292,957	297,877	292,957	294,077	297,799	304,261	298,458	291,003	279,260	282,018
Circulation	1,084,708	1,314,267	1,354,595	1,387,388	1,367,066	1,345,609	1,371,203	1,324,094	1,389,733	1,386,018
Health Department										
Environmental Health Inspections	5,700	5,383	5,120	5,145	5,387	5,470	4,647	5,117	5,301	5,740
Number of lab analyses	21,415	21,151	24,002	23,351	24,507	21,858	19,308	18,817	17,152	21,223
Public Health Nurse visits	6,129	4,719	5,396	5,507	5,022	4,751	3,741	4,928	3,893	4,635
Water										
Meters in service	24,110	24,467	24,783	25,176	25,424	25,660	25,982	26,146	26,291	26,136
Average daily consumption (1,000 gallons)	7,608	7,828	7,463	7,606	8,067	8,122	7,690	7,490	7,096	7,476
Sewer										
Sewer customers	23,012	23,431	23,847	24,214	24,536	24,810	25,017	25,180	25,323	25,460
Stormwater										
ERU rate	\$ 36.00	\$ 41.00	\$ 43.00	\$ 47.00	\$ 53.00	\$ 59.00	\$ 62.00	\$ 68.00	\$ 73.00	\$ 77.00
Transit										
Total route miles	1,023,548	1,113,066	1,010,582	1,045,132	1,066,727	900,099	960,910	1,008,425	1,040,069	996,349
Passengers	927,129	971,414	956,610	1,010,644	1,030,374	1,067,303	1,090,203	1,001,790	971,491	1,091,958

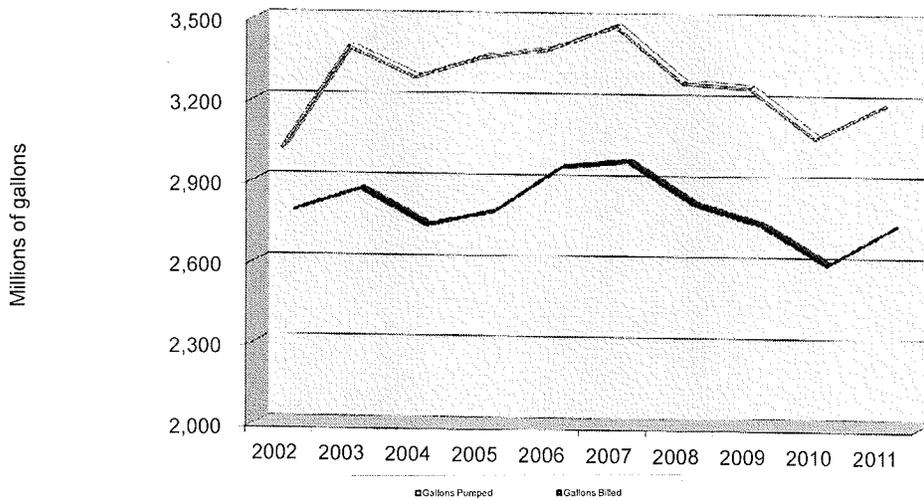
Source: Various City Department records and Program of Services

CITY OF EAU CLAIRE

TABLE 34
WATER UTILITY - PRODUCTION STATISTICS
Last Ten Fiscal Years

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Average number of water customers	23,836	24,270	24,675	25,052	25,389	25,664	25,884	26,066	26,230	26,371
Total gallons pumped (in thousands)	3,028,641	3,404,126	3,292,365	3,367,293	3,399,614	3,487,015	3,279,529	3,262,360	3,077,606	3,195,910
Total gallons billed (in thousands)	2,777,001	2,857,464	2,724,099	2,776,387	2,942,565	2,964,665	2,806,917	2,733,694	2,587,862	2,728,612
Percent of water billed	91.69%	83.94%	82.74%	82.45%	86.56%	85.02%	85.59%	83.79%	84.09%	85.38%
Miles of main	340	341	350	351	357	366	368	368	369	375
Number of fire hydrants	3,277	3,337	3,395	3,445	3,530	3,671	3,703	3,696	3,747	3,831
Residential customer's average quarterly water bill	\$40.86	\$40.86	\$41.50	\$42.20	\$42.20	\$45.73	\$45.73	\$51.37	\$51.37	\$52.80

WATER - PUMPED AND BILLED



Source: Public Service Commission Reports

CITY OF EAU CLAIRE

TABLE 35
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
Last Ten Fiscal Years

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Police										
Patrol units	21	21	21	21	21	21	21	21	23	23
Unmarked vehicles	14	14	14	14	14	14	18	18	16	16
Fire										
Number of fire stations	6	6	6	6	6	6	6	6	6	6
Firefighting vehicles	10	10	10	10	10	10	10	10	10	10
Ambulances	5	5	5	5	5	6	6	6	6	6
Public Works										
Miles of streets	352.2	355.0	358.5	361.5	366.0	341.4	341.7	341.9	343.4	343.3
Number of traffic signs installed/straightened	1426	1089	915	746	673	459	671	601	1249	684
Vehicles and equipment in fleet	258	262	282	284	284	284	291	293	299	298
Parks & Recreation										
Number of parks	31	32	33	36	36	32	32	32	35	35
Number of playgrounds	19	17	17	18	20	18	18	18	18	18
Outdoor pool	1	1	1	1	1	1	1	1	1	1
Indoor ice skating facilities	2	2	2	2	2	2	2	2	3	3
Water										
Water hydrants	3277	3337	3395	3445	3530	3671	3703	3696	3747	3831
Storage capacity (1)	15	15.5	15.5	15.5	15.5	15.5	16.1	16.1	16.1	16.1
Sewer										
Miles of sewers	290	290	297	306	316	319	320	321	322	356
Treatment capacity (1)	12	12	12	12	12	12	12	12	12	12
Parking Utility										
Parking structures	2	2	2	2	2	2	2	2	2	2
Surface lots	12	12	12	11	11	11	11	11	11	11
Transit										
Number of buses	22	22	22	22	22	22	22	22	22	22

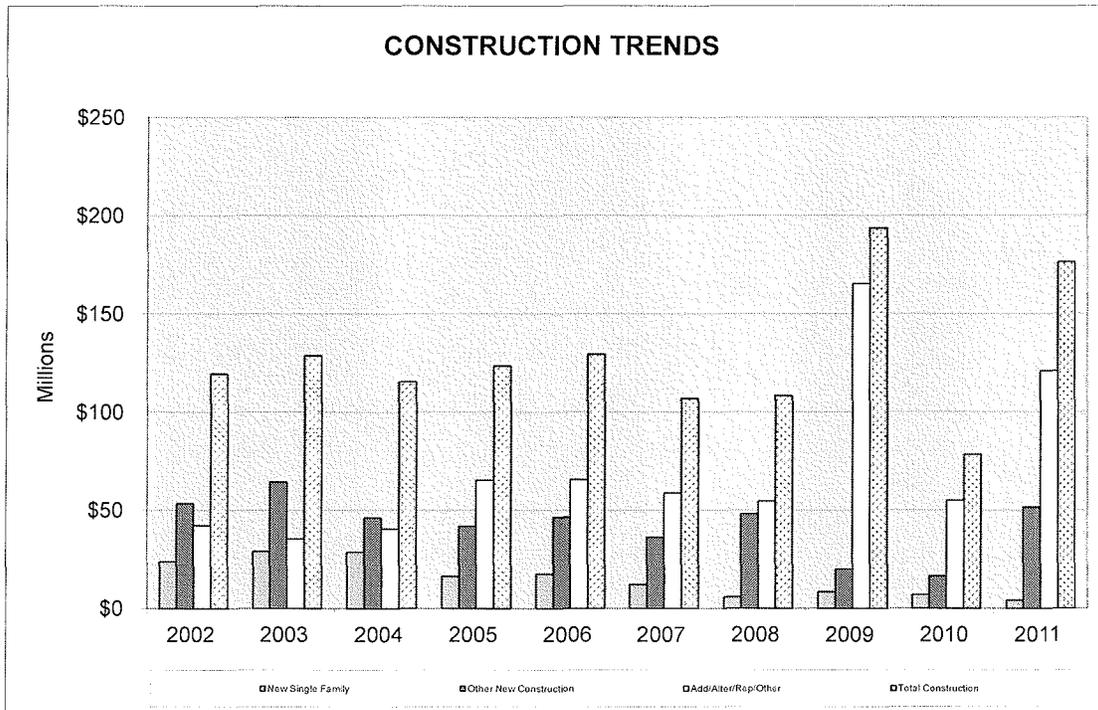
NOTES (1) - Numbers are in millions of gallons.

Sources: City department records
City of Eau Claire Program of Services
City of Eau Claire Comprehensive Annual Financial Report

CITY OF EAU CLAIRE

TABLE 36
PROPERTY VALUE AND CONSTRUCTION
Last Ten Fiscal Years
(Dollars in Thousands)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
New single family dwellings: # of units	156	192	188	102	104	66	37	47	41	25
Value	\$23,757	\$29,076	\$28,697	\$16,396	\$17,451	\$12,203	\$5,780	\$8,407	\$6,971	\$4,002
Other new construction	\$53,440	\$64,368	\$46,270	\$41,809	\$46,399	\$36,100	\$47,992	\$20,002	\$16,417	\$51,448
Additions/alterations/repairs & all other types of const.	\$42,237	\$35,292	\$40,488	\$65,363	\$65,484	\$58,675	\$54,531	\$165,200	\$55,054	\$120,830
Total construction valuation	\$119,434	\$128,736	\$115,455	\$123,568	\$129,334	\$106,978	\$108,303	\$193,609	\$78,442	\$176,280
Number of permits	1,340	1,452	1,375	1,175	1,255	1,159	1,064	1,102	1,151	1,197



Source: City of Eau Claire Inspections Division, "Fee Summary Report".

CITY OF EAU CLAIRE

TABLE 37
INSURANCE COVERAGES
December 31, 2011

	<u>Coverage Limits</u>	<u>Deductible or Self-Insured Retention (SIR)</u>
Worker's Compensation	Statutory	\$400,000 per occurrence
Commercial general liability:		
Bodily injury and property damage liability	\$10,000,000	\$200,000 (SIR) per occurrence \$400,000 (SIR) annual aggregate
Boiler and machinery	\$50,000,000	\$5,000
Fire and extended coverage	\$205,476,605	\$25,000
Inland marine - all risks (contractor's equipment)	\$3,825,269	\$500
Money and securities - broad form coverage	\$10,000	\$1,000
Public official liability insurance (includes police)	\$10,000,000	\$200,000 (SIR) per occurrence \$400,000 (SIR) annual aggregate
Automobile and truck insurance (excluding Transit):		
Bodily injury and property damage liability	\$10,000,000	\$200,000 (SIR) per occurrence \$400,000 (SIR) annual aggregate
Uninsured motorists	\$50,000	\$200,000 (SIR) per occurrence \$400,000 (SIR) annual aggregate
Comprehensive	\$12,604,300	\$5,000
Collision	\$12,604,300	\$5,000
Transit		
Bodily injury and property damage liability	\$7,000,000	\$0
Public official surety bond		
Chief of Police	\$10,000	N/A
Director of Finance	\$10,000	N/A

Source: City of Eau Claire Risk Manager