

City of Eau Claire

Eau Claire, Wisconsin

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED

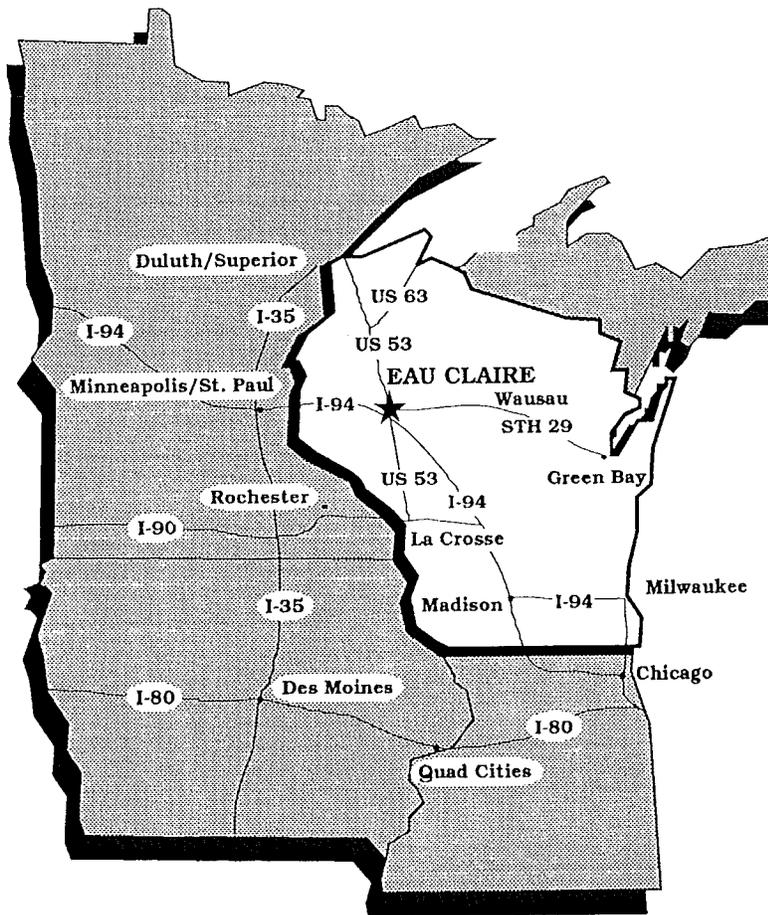
DECEMBER 31, 2005

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

**FINANCE DEPARTMENT*
PERMANENT FILE

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 Minneapolis / St. Paul 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.

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

COMPREHENSIVE ANNUAL FINANCIAL REPORT December 31, 2005

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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

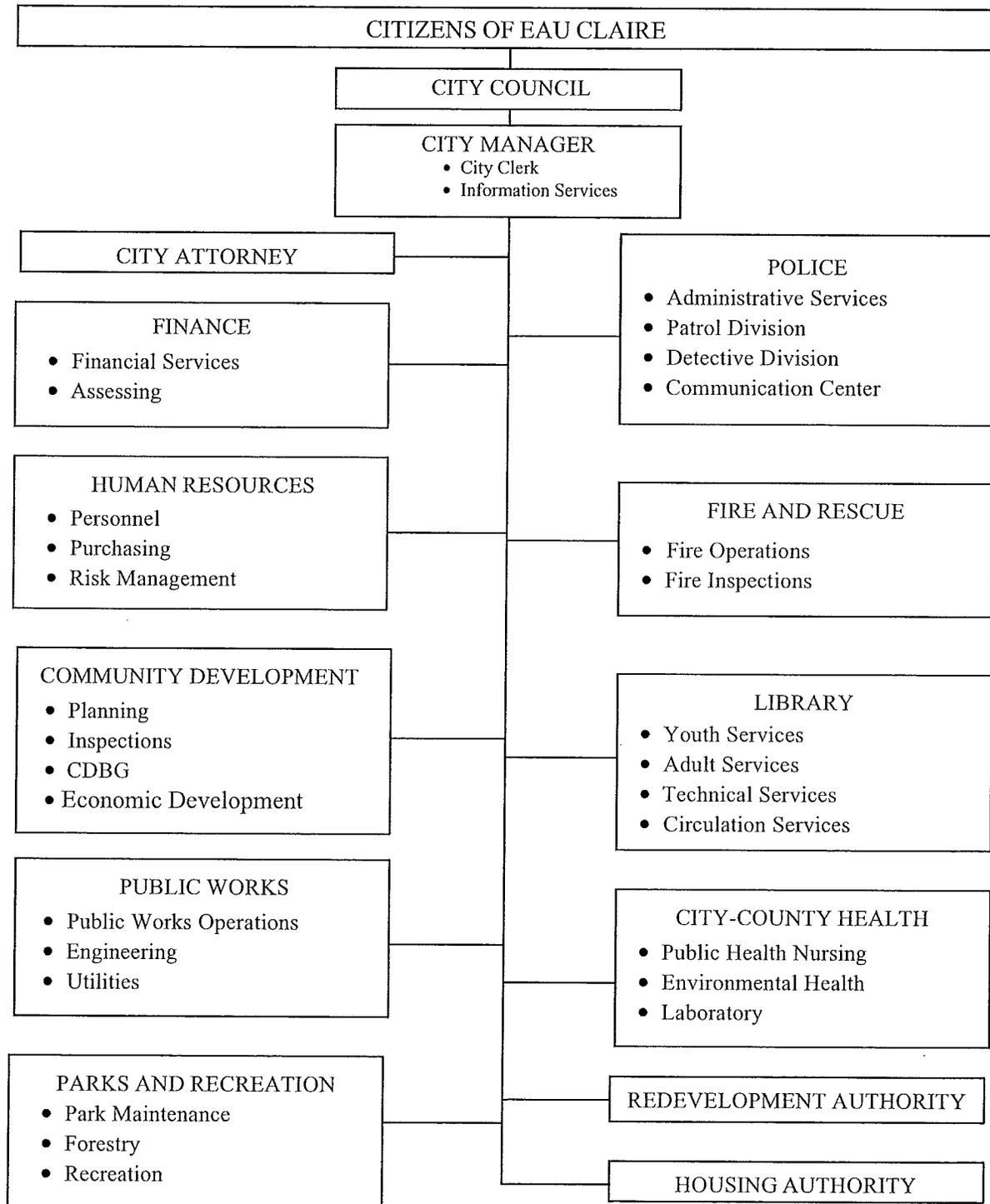
	<u>Term Commenced</u>	<u>Term Expires</u>
David J. Adler Council President	April 2005	April 2007
David L. Duax District One	April 2005	April 2007
Dallas S. Neville District Two	April 2005	April 2007
Toby R. Biegel District Three	April 2005	April 2007
Bob Von Haden District Four	April 2005	April 2007
Berlye S. Middleton District Five	April 2005	April 2007
Hal Davis Council at Large	April 2004	April 2006
Ray Hughes Council at Large	April 2004	April 2006
Kerry Kincaid Council at Large	April 2004	April 2006
Terri Stanley Council at Large	April 2004	April 2006
Thomas T. Vue Council at Large	April 2004	April 2006

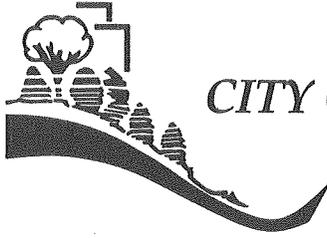
Appointed Officials

Brian Amundson, P.E.	Interim City Manager/Director of Public Works
Rebecca K. Noland, CPA	Director of Finance - Comptroller/Treasurer
Michael W. Huggins	Director of Planning and Development
J. D. Peters	Director of Human Resources
Phillip C. Fieber	Director of Parks and Recreation
Bruce A. Fuerbringer	Fire Chief
Jerome S. Matysik	Police Chief
Stephen C. Nick	City Attorney
Mark P. Morse	Public Library Director
James M. Ryder	City-County Health Director
John R. Genskow, P.E.	City Engineer
Donna A. Austad	City Clerk

ORGANIZATIONAL CHART

City of Eau Claire, Wisconsin





CITY OF EAU CLAIRE

FINANCE DEPARTMENT
Finance Administration
(715) 839-6044

June 30, 2006

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, 2005 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.

Report Format

This *Comprehensive Annual Financial Report* is presented in three main sections: introductory, financial, and statistical. The introductory section includes a list of the City's principal officials, the general government organizational chart, and this transmittal letter. The financial section includes the independent auditors' report, management's discussion and analysis, government-wide financial statements, notes to financial statements and more detailed fund financial statements. A third section provides selected statistical and general information presented on a multi-year comparative basis.

Reporting Entity

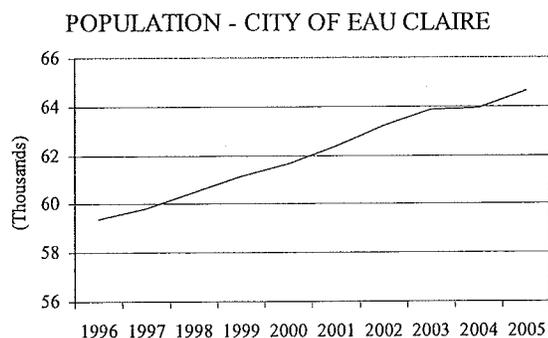
This report includes all of the funds and component units of the City of Eau Claire. The criteria used in determining the reporting entity are consistent with criteria established by the Governmental Accounting Standards Board (GASB) as outlined in the Codification of Governmental Accounting and Financial 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, Cemetery Maintenance, the Hazardous Materials "A" Grant, 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 Management, Parking, and Transit utilities, 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.

Financial data for the Housing Authority, the Redevelopment Authority and four Business Improvement Districts is included in the reporting entity by discrete presentation because they are component units of the City. 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 Downtown, 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

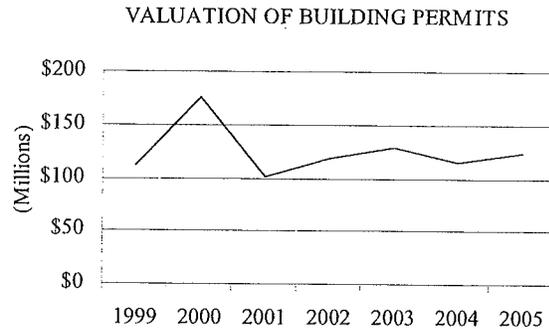
The City of Eau Claire is located in west central Wisconsin, in Eau Claire and Chippewa counties. The City was established as a lumbering settlement in the 1840's. Today it serves as the major center for health and professional services, education, retail trade, technology, and industry in west central Wisconsin. The City was incorporated in 1872, and covers an area of approximately 33 square miles. The City's current population is 64,652 and the population of the Greater Eau Claire Metropolitan Area is approximately 150,000.

The City of Eau Claire has a council/manager form of government with the City Council president and the ten Council members elected to serve two-year terms. Five of the Council members are elected at large in the even numbered years, while the other five members are elected by district in the odd numbered years. The Council president is also elected at large in the odd numbered years.



ECONOMIC CONDITIONS AND OUTLOOK

Strong retail outlets, regional medical facilities, high technology companies, and educational institutions anchor Eau Claire's economy and establish the City as the regional economic center in western Wisconsin. For eight consecutive years, Eau Claire has had new building valuation exceeding \$100 million. The 2005 construction season had a total building valuation increase of \$124 million. The industrial and commercial sectors realized a combined increase of over \$30 million from 2004. Notable prospects included a \$25 million, 76,000 sq. ft. addition to a manufacturing plant, and hospital expansions totaling over \$17 million.



The City has been consistently recognized by national surveys as a highly rated area for overall quality of life. Eau Claire received high marks for job growth and wage increases in the past year. For 2005, *Expansion Management* ranked Eau Claire as a "5-Star Quality of Life City" and Eau Claire public schools as 7th in the nation. For the 11th consecutive year, *U. S. News & World Report* magazine ranked the University of Wisconsin-Eau Claire (UWEC) as one of the best regional public universities in the Midwest. The 2005 rankings put UWEC at #5. Eau Claire was ranked as the 11th Safest Metro Area by Morgan Quitno's *Safest American Cities* survey. The factors that go into rankings like these are the same factors that continue to attract businesses and workers to the Eau Claire area.

Economic development is a focal point of the City Council. The City actively seeks new businesses and supports the expansion of existing firms. Through partnerships with the County, the State and development organizations, the City has established a cooperative framework to access loans, grants, tax credits and job-training programs.

The City is contributing \$166,667 towards construction of a \$5.5 million nanotechnology incubator by the Chippewa Valley Technical College. The project is expected to create 650 jobs and generate \$30 million in private investment.

The City's downtown revitalization has been jump-started by tax incremental financing districts that have provided new streets, utilities, parking, and other infrastructural improvements. A new community park and Farmers' Market are sure to spur interest in the area on evenings and weekends.

The expansion of a tax incremental district on the City's northwest side will provide utilities to 300 acres suitable for industrial development. In 2005, the City obtained easements and borrowed \$3 million to initiate the development project.

The State imposed budget constraint, in the form of a levy limit, is a significant challenge to future economic development. Expenditures to support development will be weighed against other operational needs. However, new growth and new jobs are necessary to maintain Eau Claire's status as a regional economic center.

MAJOR INITIATIVES

The following were among the many diverse activities to which both elected officials and staff devoted their energies in 2005 and into 2006:

Shared Services Study

The City Shared Services Committee was established to assess opportunities for expanded intergovernmental shared services. The committee developed a taxonomy of shared services, met with City Departments to identify existing and potential shared services, held initial meetings with County representatives and provided an interim report to Council. A final report for Council consideration is scheduled for early 2006.

Phoenix Park – Phases I & II

The Grand Opening of Phoenix Park, a regional tourism destination point, was held in September, welcoming community members and visitors to this nationally-recognized development. Phase II of the Park will include a farmer's market pavilion, along with a clock tower and landscaping. "Public Art in the Park" will be a component of the new park, focusing on the work of select area artists.

US Highway 53 Jurisdictional Transfer

Construction of the Highway 53 Freeway continued through 2005 and is projected to be completed in the fall of 2006. Preliminary concept plans for the reconstruction of Business 53 were developed and submitted to the Wisconsin Department of Transportation (Wis/DOT). Negotiations led to an agreement with Wis/DOT that will transfer jurisdiction of Business 53 in 2006. Wis/DOT will compensate the city for additional maintenance costs anticipated to be incurred over the next 20 years as a result of the jurisdictional transfer.

Additional Business Improvement District

At the request of property owners, a new Business Improvement District (BID) was established for the North Barstow and Medical areas of downtown. The BID provides an assessment methodology that allows business properties within that geographic area to contribute to programs aimed at promotion, management, maintenance and development of that district.

Safe Routes to Schools

The Health, Parks and Recreation, Police, and Public Works departments worked cooperatively to initiate a program to ensure children get to and from school safely. The Safe STEPS (Safe Student Transportation – Every Possible Solution) workgroup's program will eventually be implemented district and county wide, first concentrating on Eau Claire's elementary schools.

FOR THE FUTURE

In 2006 and 2007 the City will be faced with multiple challenges. Economic development, downtown redevelopment, infrastructure expansions, public safety issues, debt service, utility costs, health insurance increases, and labor settlements will tend to drive up the cost of local government. In addition, the State has imposed levy limits for 2006 and 2007. The levy increases each year will be in the range of 2-2.5%. Since state aids are not expected to increase, the levy limits will significantly impact the City's ability to deal with rising costs.

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.

Cash Management

The cash management program consists of two phases. The first phase is a contractual agreement with U.S. Bank for services. This contract specifies that the bank will pay interest on account balances based on the London Inter-Bank Offer Rate.

The second phase is a long-term investment program. Funds that are available for 30 days or longer are diversified by security type, institution, and terms of maturity to reduce portfolio risk. With the exception of US Treasury securities and authorized pools, no more than 50 percent of the City's total investment portfolio will be invested in a single security type or with a single financial institution. The City will maintain at least 10 percent of its total investment portfolio in instruments maturing in 30 days or less.

Collateralization is required on all savings and demand deposits, non-negotiable Certificates of Deposits, and repurchase agreements. The following summary shows investment earnings and the average interest rate for the past five years.

<u>Year</u>	<u>Amount</u>	<u>Net Return</u>
2001	2,989,323	4.65%
2002	1,657,268	2.33%
2003	873,822	1.26%
2004	709,289	.99%
2005	1,856,756	2.57%

Risk Management

The City has joined other Wisconsin municipalities for liability insurance services. The City is one of 14 local governments that are members of Wisconsin Municipal Mutual Insurance Company (WMMIC) which has provided risk management and liability insurance services since January 1, 1988. Under this program, the City's self-insured retention is \$200,000 per occurrence to a maximum of \$400,000 per year. Transit Mutual Insurance Company of Wisconsin (TMICOW) consists of 18 municipalities, including the City, and provides auto liability coverage for property damage and bodily injury for Public Transit vehicles.

The objective of these programs is to protect the City against accidental losses, destruction, or depletion of its assets. The Risk Manager will review and award recommendations prior to payment by the insurance company. Judgment or award recommendations covered by WMMIC in excess of \$10,000 will be reviewed with the City Council prior to payment.

On January 1, 1992, the City of Eau Claire began self-insuring its primary exposure for workers' compensation. The City retains the first \$300,000 per accident and excess coverage is purchased from WMMIC.

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, Virchow, Krause & Company, 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, 2005 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, 2004. 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.

GRATE Certificate of Commendation

Governmental Reporting Awards Through Evaluation (GRATE) awarded a Certificate of Commendation to the City of Eau Claire for "achieving a level of quality in their financial statements for the year ended December 31, 2004 that merits commendation, and for accepting their responsibility for accountability through the utilization of Generally Accepted Accounting Principles (GAAP)". The purpose of the GRATE program is to promote the highest level of financial reporting in local governments in Wisconsin. The City has achieved the GRATE certificate each year since 1986.

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 Breault, Accounting Supervisor, Victor Drost, Accountant Analyst; Rose Adams, Accountant, Pat Hoepner, Accounting Technician; 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, 2004. This was the twenty-first 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, 2004

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.



Carla E. Fudge

President

Jeffrey R. Emery

Executive Director



GOVERNMENTAL
REPORTING
AWARDS
THROUGH
EVALUATION

The Key to Better Local Government Financial Reporting

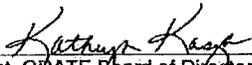
CERTIFICATE OF PARTICIPATION

GRATE
hereby awards this
Certificate of Participation to

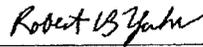
City of Eau Claire

for its efforts to improve financial reporting
to the public through the utilization of
Generally Accepted Accounting Principles (GAAP),
and accepting its responsibility for
credibility in its financial statements.

For the year ended **December 31, 2004**



President, GRATE Board of Directors



Marquette University
(Technical Services)

Governmental Reporting Awards Through Evaluation (GRATE) awarded a Certificate of Commendation to the City of Eau Claire in recognition of the City's special efforts to assure adherence to generally accepted accounting principles (GAAP) in financial reporting. The GRATE program's purpose is to recognize performance in local government financial reporting as well as to assist jurisdictions in adhering to GAAP.

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, Wisconsin, as of and for the year ended December 31, 2005, 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 2004 financial statements and, in our report dated April 6, 2005, 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 above 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 of Eau Claire, Wisconsin, as of December 31, 2005, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 7, 2006 on our consideration of the City of Eau Claire'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.

City Council
Eau Claire, Wisconsin

The management's discussion and analysis and budgetary comparison information on pages 15 through 26 and pages 111 and 112 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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. The 2005 combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements for the year ended December 31, 2005 taken as a whole. We have also previously audited, in accordance with auditing standards generally accepted in the United States of America, the City of Eau Claire's basic financial statements for the year ended December 31, 2004, which are not presented with the accompanying financial statements. In our report dated April 6, 2005, 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. In our opinion, the 2004 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, 2004, taken as a whole.

The "Letter of Transmittal" 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 of the City of Eau Claire, Wisconsin. The information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on such information.

Eau Claire, Wisconsin
April 7, 2006

Vichow Kumar & Company LLP

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, 2005. 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 \$392 million and liabilities of \$124 million, resulting in net assets of \$268 million at the end of 2005. Of the net assets, \$201 million represents the City's investment in capital assets, net of related debt, \$21 million is held for restricted purposes, and \$46 million is available to meet the City's ongoing obligations to its citizens and creditors.
- During 2005, the City of Eau Claire's total net assets increased by \$3.8 million, or approximately 1.4%. The increase was attributable to the business-type activities of the City, specifically the water, sewer and storm water utilities.
- At the close of 2005, the City of Eau Claire's governmental funds reported combined ending fund balances of \$47 million, a decrease of \$1.1 million from 2004. The overall fund balance reduction is the result of a \$955,000 decrease in the General fund, a \$2.5 million decrease in the TIF #4 debt service fund relating to early payment of debt, and a \$2.3 million increase in the General Debt Service and Capital Projects Funds due to tax increments and debt issued.
- During 2005, 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 invested more than \$18 million in upgrading infrastructure systems and other capital assets.
- 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 greater than 70%. In 2005, \$9.05 million in new 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 of Eau Claire are comprised of three components:

- government-wide financial statements,
- fund financial statements, and
- 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 2004 to 2005; the City's net assets increased by \$3.8 million with the majority of the increase generated by the City's business-type activities, and in particular, by the Water, Sewer and Storm Water utilities. 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 of Eau Claire 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 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 Downtown Business Improvement District, the West Grand Business Improvement District, the Water Street Business Improvement District, and 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 of Eau Claire 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, special revenue, capital projects, and debt service funds. Of these, the General fund and the Debt Service 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 the Transit fund; 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 of Eau Claire 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 included within 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 Collections 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 of Eau Claire. 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 \$268 million at the close of 2005. The majority of these net assets reflect the City's investment in capital assets, including land, land improvements, buildings, machinery and equipment, infrastructure, and construction in progress, net of depreciation. 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.

	Governmental Activities		Business-Type Activities		Total	Total
	2005	2004	2005	2004	2005	2004
Current and Other Assets	\$ 108,171,039	\$ 109,389,207	\$ 21,321,179	\$ 20,576,396	\$ 129,492,218	\$ 129,965,603
Capital Assets (net)	117,257,274	115,305,446	145,051,228	140,695,643	262,308,502	256,001,089
Total Assets	\$ 225,428,313	\$ 224,694,653	\$ 166,372,407	\$ 161,272,039	\$ 391,800,720	\$ 385,966,692
Current Liabilities	\$ 32,148,688	\$ 31,841,436	\$ 1,182,547	\$ 1,608,005	\$ 33,331,235	\$ 33,449,441
Noncurrent Liabilities	65,951,632	64,003,772	24,696,708	24,482,377	90,648,340	88,486,149
Total Liabilities	\$ 98,100,320	\$ 95,845,208	\$ 25,879,255	\$ 26,090,382	\$ 123,979,575	\$ 121,935,590
Invested in capital assets, net of related debt	\$ 79,138,455	\$ 77,344,825	\$ 123,247,987	\$ 121,112,409	\$ 202,386,442	\$ 198,457,234
Debt reclassification	-	-	-	-	(1,350,469)	-
Total invested in capital	79,138,455	77,344,825	123,247,987	121,112,409	201,035,973	198,457,234
Restricted	18,133,306	18,370,850	2,366,744	1,496,244	20,500,050	19,867,094
Unrestricted	30,056,232	33,133,770	14,878,421	12,573,004	44,934,653	45,706,774
Debt reclassification	-	-	-	-	1,350,469	-
Total unrestricted	30,056,232	33,133,770	14,878,421	12,573,004	46,285,122	45,706,774
Total Net Assets	\$ 127,327,993	\$ 128,849,445	\$ 140,493,152	\$ 135,181,657	\$ 267,821,145	\$ 264,031,102
Total Net Assets as a % of Total Liabilities	130%	134%	543%	518%	216%	217%
Unrestricted Net Assets as a % of Total Liabilities	31%	35%	57%	48%	37%	37%

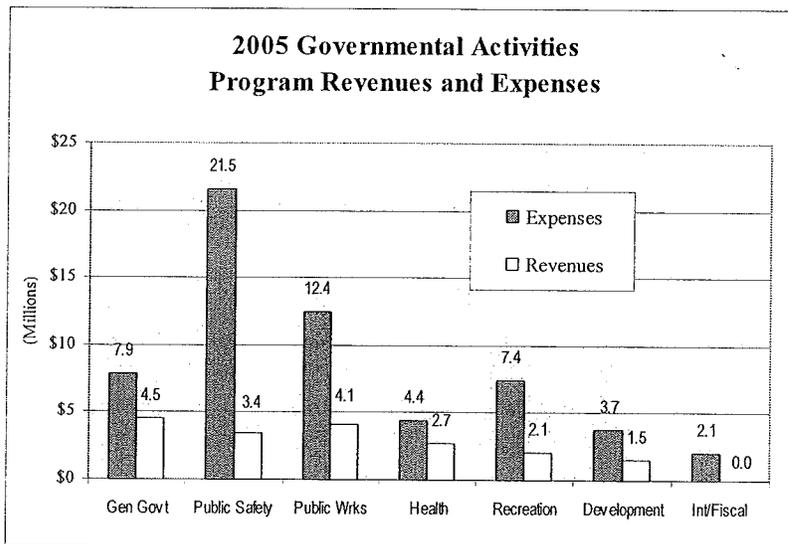
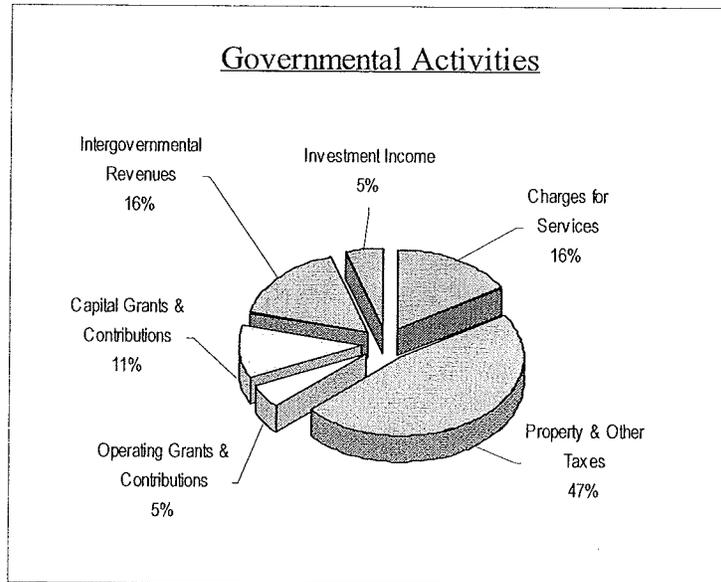
A relatively small portion of the City's net assets (8%) represents resources that are subject to other restrictions as to how they may be used. The remaining \$46 million of total net assets may be used to meet the City's ongoing obligations to its citizens and creditors. It is important to note that \$15 million, or about 33%, 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 2005, 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.

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	<u>Total</u>
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Revenues						
Program revenues:						
Charges for services	\$ 9,126,281	\$ 9,211,269	\$ 16,728,382	\$ 15,819,904	\$ 25,854,663	\$ 25,031,173
Operating grants & contributions	2,950,716	3,339,257	2,466,457	2,400,631	5,417,173	5,739,888
Capital grants & contributions	6,194,082	6,286,703	3,635,702	10,478,715	9,829,784	16,765,418
General revenues:						
Property taxes	26,173,252	24,805,415	-	-	26,173,252	24,805,415
Other taxes	1,305,252	1,349,971	-	-	1,305,252	1,349,971
Intergovernmental revenues	9,378,496	9,388,956	-	-	9,378,496	9,388,956
Investment income	2,703,261	2,057,061	616,911	308,078	3,320,172	2,365,139
Miscellaneous	45,493	-	236,053	292,347	281,546	292,347
Total revenues	57,876,833	56,438,632	23,683,505	29,299,675	81,560,338	85,738,307
Expenses						
Program expenses:						
General government	7,857,938	7,567,631	-	-	7,857,938	7,567,631
Public safety	21,546,332	20,202,687	-	-	21,546,332	20,202,687
Public works	12,396,508	11,221,813	-	-	12,396,508	11,221,813
Health services	4,409,322	4,175,651	-	-	4,409,322	4,175,651
Culture and recreation	7,406,964	7,522,475	-	-	7,406,964	7,522,475
Development	3,748,193	2,267,591	-	-	3,748,193	2,267,591
Miscellaneous	-	427,892	-	-	-	427,892
Interest & fiscal charges	2,053,323	2,054,281	-	-	2,053,323	2,054,281
Water utility	-	-	5,424,169	5,143,065	5,424,169	5,143,065
Sewer utility	-	-	5,349,773	5,158,959	5,349,773	5,158,959
Storm water utility	-	-	1,823,011	1,482,635	1,823,011	1,482,635
Public transit	-	-	4,427,330	4,103,773	4,427,330	4,103,773
Parking utility	-	-	419,801	391,267	419,801	391,267
Hobbs ice center	-	-	564,079	519,838	564,079	519,838
Outdoor pool	-	-	343,552	319,825	343,552	319,825
Total expenses	59,418,580	55,440,021	18,351,715	17,119,362	77,770,295	72,559,383
Increase in net assets before transfers	(1,541,747)	998,611	5,331,790	12,180,313	3,790,043	13,178,924
Transfers	20,295	454,863	(20,295)	(454,863)	-	-
Change in net assets	(1,521,452)	1,453,474	5,311,495	11,725,450	3,790,043	13,178,924
Net assets at January 1 (as restated)	128,849,445	127,896,763	135,181,657	122,955,415	264,031,102	250,852,178
Net assets at December 31	\$127,327,993	\$129,350,237	\$140,493,152	\$134,680,865	267,821,145	\$264,031,102

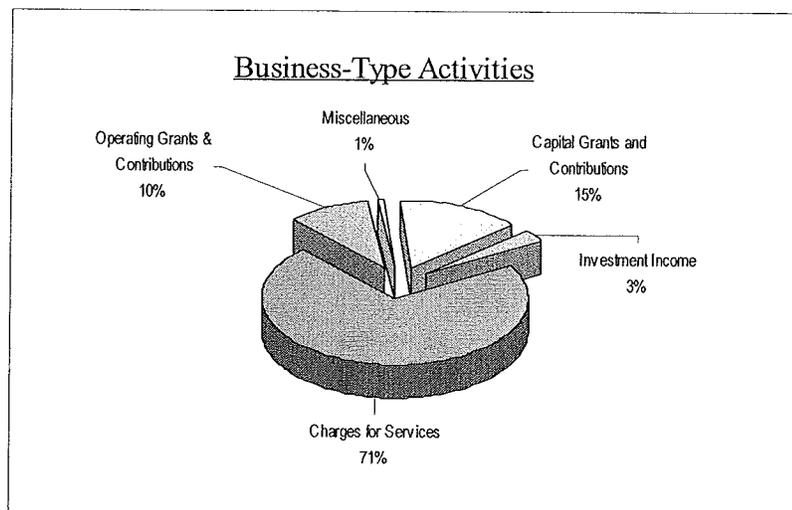
Note: The difference between the 2004 ending net assets and the 2005 beginning net assets for both the Governmental and Business-type Activities is a transfer of property from General Government to the Parking Utility.

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 47% of the revenue for governmental activities. State aids and other grants comprise another 32% 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 2005 governmental activities.

Business-type activities depend on charges for services as their primary revenue sources. As indicated in the graph on the right, over 71% 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, 2005, the City of Eau Claire's *Balance Sheet - Governmental Funds* reported combined ending fund balances of \$46.7 million, a decrease of \$1.1 million over the previous year's ending balances. Of the ending fund balances total, \$21.1 million is reserved for specific legal requirements and other commitments, leaving total unreserved governmental fund balances of \$25.6 million available for meeting future budget requirements. Of these unreserved balances, \$22.8 million has been segregated or otherwise designated for specific uses, leaving an unreserved, undesignated fund balance of \$2.8 million which is in the General fund.

The General fund is the primary operating fund used to account for the governmental operations of the City of Eau Claire. The largest revenue sources for the General fund are taxes and intergovernmental aids, together accounting for 80% of revenues. Public safety, public works, and culture and recreation are the primary operations of the General fund. Over 53% of the General fund expenditures of \$38.5 million are allocated to the public safety sector. Another 29% of the General fund costs are derived from the operations of public works and culture and recreation.

The General fund has a fund balance of \$14.7 million. Of this amount, \$5.8 million is reserved for loans made to the utilities, prepayments and notes receivable. Another \$6.1 million is designated for subsequent year expenditures and working capital. The undesignated General fund balance is \$2.8 million. The undesignated fund balance is available to be applied in a future year's budget to one-time capital projects or to reduce outstanding debt.

The Debt Service fund had a total fund balance of \$6.0 million, an increase of \$.8 million from 2004. 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.

The Other 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 legally restricted to expenditures for specific purposes. The total accumulated fund balances of these funds decreased by \$1.0 million during 2005, primarily due to debt repayment.

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 page 35 to page 44. The net assets of the enterprise-type proprietary funds at the end of 2005 totaled \$140 million, an increase of \$5.3 million from the previous year.

Some highlights:

- The Water, Sewer, and Storm Water funds transferred \$1,418,478 to the General fund and the General fund transferred \$1,150,683 to the Transit, Parks, Hobbs, and Pool funds. The enterprise funds had collective income after transfers of \$1.7 million, primarily generated by the Water, Sewer, and Storm Water funds.
- Community Enhancement transferred \$47,500 to Hobbs and Economic Development, \$200,000 to Parking.
- In 2005, \$3.6 million of the increase in the enterprise funds net assets resulted from developer infrastructure contributions to the Water, Sewer, and Storm Water Utilities.
- The Public Transit fund is subsidized by federal and state operating assistance at approximately 59%. The balance is covered by local fares and General fund transfers to the service. The Public Transit fund shows a loss of \$.5 million since depreciation expenses are not covered by General Fund subsidies.

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 111, the original 2005 General fund budget authorized expenditures and other financing uses of \$46,417,900, funded by anticipated revenues and other financing sources of \$42,951,900 and the application of \$3,466,000 of 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 Budget column.

The City ended the year with net favorable variances. Revenues and other financing sources exceeded the final budget by \$668,123, while expenditures and other financing uses were under budget by \$1,714,453. The major component of the positive revenue variance was investment income, which exceeded budget by \$425,037.

Almost all revenue sources experienced minor variances. Permits and Licenses were \$41,104 over budget and Fines and Forfeitures exceeded the budget estimates by \$31,150. Miscellaneous revenue exceeded budget estimates by \$62,818, reflecting a donation and reimbursement for the ISC World Fastpitch Championships. The City also realized \$57,276 more than budgeted from the sale of assets.

A major component of the favorable expenditure variance can be attributed to positions held open during 2005. Payroll costs were \$551,398 under budget. A mild winter resulted in less expenditures for snow and ice control. Improved operations in Public Transit, the Ice Center and the Pool resulted in General Fund subsidy savings of \$180,000. The contingency account had a remaining balance of \$349,600, which includes a reserve for the maintenance of Hastings Way.

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, 2005 totaled over \$381 million. Nearly one-third of this total cost was related to governmental infrastructure, with the City's street network comprising the most significant component.

Total accumulated depreciation was calculated to be just over \$119 million, or approximately 31% of the historical asset cost. Net of accumulated depreciation, the City's investment in capital assets is more than \$262 million, a net increase of \$6 million over 2004.

City of Eau Claire, Wisconsin						
Capital Assets, Net of Accumulated Depreciation						
December 31, 2005						
	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
Land	\$ 14,629,313	\$ 13,970,303	\$ 15,599,320	\$ 14,631,579	\$ 30,228,633	\$ 28,601,882
Land Improvements	4,239,076	2,812,660	-	-	4,239,076	2,812,660
Building and Improvements	18,656,884	18,455,996	6,661,444	6,652,244	25,318,328	25,108,240
Infrastructure	111,899,828	106,842,413	2,961,897	2,948,683	114,861,725	109,791,096
Machinery and Equipment	23,839,978	23,302,614	5,755,920	5,746,260	29,595,898	29,048,874
Water Utility	-	-	64,136,140	61,433,527	64,136,140	61,433,527
Sewer Utility	-	-	61,968,341	59,998,637	61,968,341	59,998,637
Stormwater Utility	-	-	32,122,722	26,933,033	32,122,722	26,933,033
Work in Progress	10,592,997	11,666,151	8,338,583	11,424,308	18,931,580	23,090,459
Subtotal	183,858,076	177,050,137	197,544,367	189,768,271	381,402,443	366,818,408
Less Accumulated Dep.	(66,600,802)	(61,594,421)	(52,493,139)	(49,107,973)	(119,093,941)	(110,702,394)
Total	\$ 117,257,274	\$ 115,455,716	\$ 145,051,228	\$ 140,660,298	\$ 262,308,502	\$ 256,116,014

Some of the most significant additions to the City's capital assets during 2005 included the following:

<u>Significant Additions to Capital Assets in 2005</u>	
Stormwater Mains	\$3,000,000
Infrastructure	6,600,000
Water Mains and Services	2,000,000
Sewer Mains	1,900,000
Total	<u>\$ 13,500,000</u>

Additional information about the City's capital assets can be found in Note III-D of this report.

Long-Term Debt

On December 31, 2005, the City of Eau Claire had \$73,408,096 of bond and long-term note principal outstanding, as summarized in the following table:

City of Eau Claire, Wisconsin Notes and Bonds Outstanding

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
General Obligation						
Bonds & Notes	\$ 49,100,838	\$ 47,692,340	\$ 13,712,258	\$ 12,460,000	\$ 62,813,096	\$ 60,152,340
Revenue Bonds	-	-	10,595,000	11,685,000	10,595,000	11,685,000
Total	<u>\$ 49,100,838</u>	<u>\$ 47,692,340</u>	<u>\$ 24,307,258</u>	<u>\$ 24,145,000</u>	<u>\$ 73,408,096</u>	<u>\$ 71,837,340</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 debt of the City at the close of 2005 totaled \$62,813,096, which, with amounts available for payment of principal, is less than twenty-nine percent of the maximum legal limit.

During 2005, 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>
06/01/2005	General Obligation Corporate Purpose Bonds for streets, stormwater, parks and improvements in Tax Increment Districts	\$6,050,000
12/01/2005	General Obligation Corporate Purpose Bonds for improvements in TID #5	3,000,000
	Total	<u>\$9,050,000</u>

The General Obligation Corporate Purpose Bonds were rated Aa2 by Moody's Investors Service and AA by Standard & Poor's Ratings Services.

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

CURRENTLY KNOWN FACTS

For the 2006 and 2007 budget years, the City is subject to state-imposed levy limits that restrict levy increases to the percentage of new growth or two percent, whichever is greater. For the 2006 budget, the permitted increase was 3.309%. For 2007, the permitted increase is not expected to exceed 2.5%. Negligible changes are expected in state aids in either 2006 or 2007. On the other hand, labor settlements, health insurance premiums, utility costs, and public safety issues are projected to exceed the levy limits. To balance the City budget for the two years of levy limits, the City Council approved a two-year Budget Plan that incorporates a combination of 40 revenue increases and expenditure reductions. The plan is in place for the 2006 budget and will be updated for 2007.

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 of Eau Claire provides the Comprehensive Annual Financial Report on our web page (ci.eau-claire.wi.us). 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, 54703. 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, 2005

(With Comparative Reporting Entity Totals for December 31, 2004)

	Primary Government				Component Units	Totals Reporting Entity	
	Governmental Activities	Business- Type Activities	Debt Reclassifications	Totals		2005	2004
	ASSETS						
Cash and investments	\$ 51,056,268	\$ 14,131,638	\$ -	\$ 65,187,906	\$ 3,873,419	\$ 69,061,325	\$ 70,458,432
Taxes receivable	28,953,881	767,395	-	29,721,276	140,700	29,861,976	28,854,656
Special assessments receivable	5,729,667	1,634,139	-	7,363,806	-	7,363,806	7,855,334
Notes receivable, net	6,028,653	-	-	6,028,653	4,443	6,033,096	5,933,807
Accounts receivable, net	1,352,443	3,246,364	-	4,598,807	34,202	4,633,009	5,589,773
Interest receivable	337,268	-	-	337,268	-	337,268	372,647
Due from other governments	1,427,672	2,546,641	-	3,974,313	-	3,974,313	3,154,393
Due from primary government	-	-	-	-	44,305	44,305	54,830
Internal balances	6,563,932	(6,563,932)	-	-	-	-	-
Prepaid items and inventories	964,957	138,441	-	1,103,398	52,812	1,156,210	1,134,533
Restricted cash	4,814,823	5,267,653	-	10,082,476	1,552,016	11,634,492	10,344,893
Advances to component unit	-	-	-	-	-	-	1,680,000
Deposit in insurance pools	766,496	-	-	766,496	-	766,496	766,496
Debt issuance costs	174,979	152,840	-	327,819	-	327,819	301,417
Capital assets							
Construction in progress	10,592,997	8,338,583	-	18,931,580	69,663	19,001,243	16,546,563
Land	14,629,313	15,599,320	-	30,228,633	4,712,895	34,941,528	32,195,192
Other capital assets, net of depreciation	92,034,964	121,113,325	-	213,148,289	10,547,471	223,695,760	221,925,360
Total Assets	225,428,313	166,372,407	-	391,800,720	21,031,926	412,832,646	407,168,326
LIABILITIES							
Accounts payable and accrued expenses	1,868,070	623,544	-	2,491,614	141,859	2,633,473	4,741,125
Accrued liabilities	2,351,272	526,825	-	2,878,097	25,374	2,903,471	2,186,269
Customer deposits	373,210	33,380	-	406,590	-	406,590	263,474
Due to other governments	66,926	-	-	66,926	-	66,926	93,583
Due to component unit	44,305	-	-	44,305	-	44,305	54,830
Advances from primary government	-	-	-	-	-	-	1,680,000
Unearned revenues	27,260,416	-	-	27,260,416	140,700	27,401,116	26,279,542
Deferred amount on refunding	-	(70,885)	-	(70,885)	-	(70,885)	(80,031)
Unamortized premium	184,489	69,683	-	254,172	-	254,172	209,086
Noncurrent liabilities							
Due within one year	7,230,476	2,096,145	-	9,326,621	351,273	9,677,894	9,451,846
Due in more than one year	58,721,156	22,600,563	-	81,321,719	2,526,391	83,848,110	82,175,487
Total Liabilities	98,100,320	25,879,255	-	123,979,575	3,185,597	127,165,172	127,055,211
NET ASSETS							
Invested in capital assets, net of related debt	79,138,455	123,247,987	(1,350,469)	201,035,973	12,503,725	213,539,698	206,931,869
Restricted for:							
Deposits	925,828	-	-	925,828	-	925,828	943,106
Unspent grant proceeds	389,198	-	-	389,198	-	389,198	381,208
New loans	1,779,168	-	-	1,779,168	-	1,779,168	1,606,160
RCU agreement	323,690	-	-	323,690	-	323,690	315,795
Debt service payments	14,715,422	1,606,744	-	16,322,166	-	16,322,166	15,913,825
Equipment replacement	-	760,000	-	760,000	1,432,685	2,192,685	2,412,231
Development costs	-	-	-	-	112,882	112,882	113,000
Residual receipts	-	-	-	-	6,035	6,035	119,342
Taxes	-	-	-	-	414	414	-
Unrestricted	30,056,232	14,878,421	1,350,469	46,285,122	3,790,588	50,075,710	51,376,579
Total Net Assets	\$ 127,327,993	\$ 140,493,152	\$ -	\$ 267,821,145	\$ 17,846,329	\$285,667,474	\$ 280,113,115

See accompanying notes to financial statements.

CITY OF EAU CLAIRE

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2005

(With Comparative Reporting Entity Totals for the Year Ended December 31, 2004)

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental Activities				
General government	\$ 7,857,938	\$ 2,971,400	\$ 6,392	\$ 1,534,745
Public safety	21,546,332	2,813,376	579,467	-
Public works	12,396,508	177,977	-	3,928,050
Health services	4,409,322	1,748,238	965,115	-
Culture and recreation	7,406,964	1,325,314	33,060	731,287
Development	3,748,193	89,976	1,366,682	-
Interest and fiscal charges	2,053,323	-	-	-
Total Governmental Activities	59,418,580	9,126,281	2,950,716	6,194,082
Business Type Activities				
Water Utility	5,424,169	7,150,409	-	1,051,304
Sewer Utility	5,349,773	6,123,231	-	609,332
Storm Water Utility	1,823,011	2,098,370	-	1,975,066
Public Transit	4,427,330	503,024	2,466,457	-
Parking Utility	419,801	215,356	-	-
Hobbs Ice Center	564,079	423,376	-	-
Outdoor Pool	343,552	214,616	-	-
Total Business Type Activities	18,351,715	16,728,382	2,466,457	3,635,702
Total Primary Government	\$ 77,770,295	\$ 25,854,663	\$ 5,417,173	\$ 9,829,784
Component Units				
Housing Authority	\$ 3,439,491	\$ 835,519	\$ 2,430,366	\$ 299,576
Redevelopment Authority	258,671	-	-	1,746,830
Downtown Business Improvement District	72,572	-	-	-
West Grand Business Improvement District	12,083	-	-	-
Water Street Business Improvement District	5,854	-	-	-
North Barstow Business Improvement District	-	-	-	-
Total Component Units	\$ 3,788,671	\$ 835,519	\$ 2,430,366	\$ 2,046,406

General Revenues

Taxes

Property taxes, levied for general purposes

Property taxes, levied for debt service

Other taxes

Intergovernmental revenues not restricted to specific programs

Investment income

Gain on sale of capital assets

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					
Governmental Activities	Business Type Activities	Totals		Totals	
		Primary Government	Component Units	Reporting Entity	
				2005	2004
\$ (3,345,401)	\$ -	\$ (3,345,401)	\$ -	\$ (3,345,401)	\$ (3,050,534)
(18,153,489)	-	(18,153,489)	-	(18,153,489)	(16,311,410)
(8,290,481)	-	(8,290,481)	-	(8,290,481)	(7,727,365)
(1,695,969)	-	(1,695,969)	-	(1,695,969)	(1,607,382)
(5,317,303)	-	(5,317,303)	-	(5,317,303)	(5,298,471)
(2,291,535)	-	(2,291,535)	-	(2,291,535)	(553,349)
(2,053,323)	-	(2,053,323)	-	(2,053,323)	(2,054,281)
<u>(41,147,501)</u>	<u>-</u>	<u>(41,147,501)</u>	<u>-</u>	<u>(41,147,501)</u>	<u>(36,602,792)</u>
-	2,777,544	2,777,544	-	2,777,544	4,610,239
-	1,382,790	1,382,790	-	1,382,790	3,022,333
-	2,250,425	2,250,425	-	2,250,425	5,639,654
-	(1,457,849)	(1,457,849)	-	(1,457,849)	(1,232,542)
-	(204,445)	(204,445)	-	(204,445)	(172,698)
-	(140,703)	(140,703)	-	(140,703)	(140,632)
-	(128,936)	(128,936)	-	(128,936)	(146,466)
-	<u>4,478,826</u>	<u>4,478,826</u>	-	<u>4,478,826</u>	<u>11,579,888</u>
<u>(41,147,501)</u>	<u>4,478,826</u>	<u>(36,668,675)</u>	-	<u>(36,668,675)</u>	<u>(25,022,904)</u>
-	-	-	125,970	125,970	153,053
-	-	-	1,488,159	1,488,159	1,140,119
-	-	-	(72,572)	(72,572)	(65,277)
-	-	-	(12,083)	(12,083)	(12,907)
-	-	-	(5,854)	(5,854)	(7,838)
-	-	-	-	-	-
-	-	-	<u>1,523,620</u>	<u>1,523,620</u>	<u>1,207,150</u>
25,962,901	-	25,962,901	91,500	26,054,401	24,635,716
210,351	-	210,351	-	210,351	260,699
1,305,252	-	1,305,252	-	1,305,252	1,349,971
9,378,496	-	9,378,496	-	9,378,496	9,388,956
2,703,261	616,911	3,320,172	136,434	3,456,606	2,465,326
-	-	-	1,118	1,118	71,470
<u>45,493</u>	<u>236,053</u>	<u>281,546</u>	<u>11,644</u>	<u>293,190</u>	<u>302,248</u>
39,605,754	852,964	40,458,718	240,696	40,699,414	38,474,386
<u>20,295</u>	<u>(20,295)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(1,521,452)	5,311,495	3,790,043	1,764,316	5,554,359	14,658,632
<u>128,849,445</u>	<u>135,181,657</u>	<u>264,031,102</u>	<u>16,082,013</u>	<u>280,113,115</u>	<u>265,454,483</u>
<u>\$ 127,327,993</u>	<u>\$ 140,493,152</u>	<u>\$ 267,821,145</u>	<u>\$ 17,846,329</u>	<u>\$ 285,667,474</u>	<u>\$ 280,113,115</u>

CITY OF EAU CLAIRE

BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2005

	General Fund	Debt Service - General	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and investments	\$ 8,889,471	\$ 5,987,385	\$ 21,935,351	\$ 36,812,207
Receivables				
Taxes	22,133,853	1,502,233	5,216,432	28,852,518
Delinquent personal property taxes	101,363	-	-	101,363
Accounts, net	1,123,707	10,472	462,276	1,596,455
Notes, net	25,000	-	6,003,653	6,028,653
Special assessments	6,889	5,689,836	32,942	5,729,667
Interest	337,268	-	-	337,268
Prepaid items	522,036	-	41,449	563,485
Due from other funds	1,025,084	-	-	1,025,084
Due from other governments	76,261	-	1,336,854	1,413,115
Restricted assets - cash and investments	-	-	4,655,491	4,655,491
Advances to other funds	5,751,507	-	-	5,751,507
TOTAL ASSETS	\$ 39,992,439	\$ 13,189,926	\$ 39,684,448	\$ 92,866,813
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 415,260	\$ -	\$ 1,286,865	\$ 1,702,125
Accrued liabilities	1,529,192	-	224,728	1,753,920
Deposits	332,379	-	40,831	373,210
Due to other governments	49,423	-	17,503	66,926
Due to other funds	-	-	24,526	24,526
Due to component unit	34,834	-	17,779	52,613
Deferred revenues	22,901,029	7,202,541	12,096,864	42,200,434
Total Liabilities	25,262,117	7,202,541	13,709,096	46,173,754
Fund Balances				
Reserved for:				
Notes receivable	25,000	-	-	25,000
Prepaid items	522,036	-	-	522,036
Advances to other funds (noncurrent portion)	5,301,884	-	-	5,301,884
Grant proceeds	-	-	408,066	408,066
Debt service	-	5,898,985	1,884,422	7,783,407
Capital contracts	-	-	2,125,121	2,125,121
Environmental remediation	-	-	323,690	323,690
Bond construction	-	-	4,655,491	4,655,491
Unreserved, designated	6,059,964	88,400	-	6,148,364
Unreserved, undesignated	2,821,438	-	-	2,821,438
Unreserved, designated reported in nonmajor funds:				
Special revenue funds	-	-	7,197,264	7,197,264
Debt service funds	-	-	167,300	167,300
Capital project funds	-	-	9,213,998	9,213,998
Total Fund Balances	14,730,322	5,987,385	25,975,352	46,693,059
TOTAL LIABILITIES AND FUND BALANCES	\$ 39,992,439	\$ 13,189,926	\$ 39,684,448	\$ 92,866,813

See accompanying notes to financial statements.

CITY OF EAU CLAIRE

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
December 31, 2005

Total fund balance - governmental funds		\$ 46,693,059
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:		
Capital assets	\$ 164,626,867	
Accumulated depreciation	<u>(57,909,066)</u>	106,717,801
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 debt		(184,489)
Debt issuance costs on debt		174,979
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.		
		(397,647)
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	122,129	
Accounts receivable	859,125	
Loan receivable	6,006,153	
Interest on special assessments	317,419	
Special assessments receivable	7,004,350	
Grants receivable	<u>630,842</u>	14,940,018
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.		
		24,737,510
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 consist of:		
General obligation debt	49,100,838	
Vested compensated absences	2,102,892	
Police and fire pension liability	737,461	
Unfunded pension liability	9,032,760	
Duty disability liability	3,830,026	
Accrued interest on general obligation debt	<u>549,261</u>	(65,353,238)
Total net assets - governmental activities		<u>\$ 127,327,993</u>

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, 2005

	<u>General Fund</u>	<u>Debt Service - General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Taxes	\$ 21,453,862	\$ -	\$ 6,146,143	\$ 27,600,005
Special assessments	77,597	2,075,180	10,981	2,163,758
Intergovernmental	12,462,018	-	3,841,179	16,303,197
Licenses and permits	1,541,104	-	287,999	1,829,103
Fines, forfeitures and penalties	786,150	-	130,715	916,865
Charges for services	1,922,030	-	429,512	2,351,542
Charges for services - intergovernmental	2,466,648	-	1,789,250	4,255,898
Investment income	1,349,637	536,573	661,330	2,547,540
Miscellaneous	108,318	4,446	1,352,398	1,465,162
Total Revenues	<u>42,167,364</u>	<u>2,616,199</u>	<u>14,649,507</u>	<u>59,433,070</u>
EXPENDITURES				
Current				
General government	6,118,452	2,236	142,384	6,263,072
Public safety	20,754,724	-	157,380	20,912,104
Public works	7,217,951	-	131,487	7,349,438
Health services	-	-	4,388,034	4,388,034
Culture and recreation	3,919,497	-	3,244,750	7,164,247
Development	-	-	4,161,490	4,161,490
Miscellaneous	497,003	-	-	497,003
Capital Outlay	-	-	9,458,327	9,458,327
Debt Service				
Principal retirement	-	3,276,502	2,605,000	5,881,502
Interest and fiscal charges	-	1,245,740	745,619	1,991,359
Total Expenditures	<u>38,507,627</u>	<u>4,524,478</u>	<u>25,034,471</u>	<u>68,066,576</u>
Excess (deficiency) of revenues over expenditures	<u>3,659,737</u>	<u>(1,908,279)</u>	<u>(10,384,964)</u>	<u>(8,633,506)</u>
OTHER FINANCING SOURCES (USES)				
Long-term debt issued	-	-	7,290,000	7,290,000
Transfers from other funds	1,531,183	2,735,233	3,494,430	7,760,846
Transfers to other funds	(6,213,520)	-	(1,416,498)	(7,630,018)
Sale of capital assets	67,276	-	1,419	68,695
Total Other Financing Sources (Uses)	<u>(4,615,061)</u>	<u>2,735,233</u>	<u>9,369,351</u>	<u>7,489,523</u>
Net change in fund balances	(955,324)	826,954	(1,015,613)	(1,143,983)
FUND BALANCES - Beginning of Year	<u>15,685,646</u>	<u>5,160,431</u>	<u>26,990,965</u>	<u>47,837,042</u>
FUND BALANCES - END OF YEAR	<u>\$ 14,730,322</u>	<u>\$ 5,987,385</u>	<u>\$ 25,975,352</u>	<u>\$ 46,693,059</u>

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, 2005

Net change in fund balances - total governmental funds	\$ (1,143,983)
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	9,458,327
Some functional expenditures are capitalized	713,611
Some capital outlay is not capitalized in the government-wide statements	(963,722)
Depreciation is reported in the government-wide statements	(6,163,728)
Developer contributed assets are reported in the government-wide statements.	128,003
In the statement of activities, only the gain or loss (\$620,866) on the disposal of capital assets is reported. In the fund financial statements, proceeds from the sale of capital assets (\$68,695) are reported because the proceeds increase financial resources.	(689,561)
Special assessments are reported as deferred revenue in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements. This is the amount of special assessment recognized as revenue on the fund statement and was recognized in the government-wide statement in prior years.	(1,893,167)
Special assessments are reported as deferred revenue in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements. This is the amount of new special assessments in 2005 that are recognized as deferred revenue in the fund statement and are recognized as revenue in the government-wide statement this year.	1,341,554
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.	(397,647)
Receivables that are not received within 60 days of year end are recorded as deferred revenue on the fund statements but are recognized as revenue when earned in the government-wide statements. This is the amount of revenue recognized on the fund statements that was recognized in the government-wide statement in prior years.	(877,452)
Receivables that are not received within 60 days of year end are recorded as deferred revenue in the fund statements. These amounts are recognized as revenue in the government-wide statements.	
Accounts receivable	27,346
Grants receivable	410,420
Interest receivable	28,296
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.	5,881,502

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.	(7,290,000)
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	(32,721)
Unfunded pension liability	(329,787)
Duty disability liability	54,116
Police and fire pension liability	31,534
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.	(12,117)
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	(47,303)
Debt issuance costs on new debt	38,854
Amortization of debt issuance costs	(8,409)
Amortization of premium	8,628
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	141,988
Governmental funds report repayments of housing loans and notes receivables as revenue and issuing new housing loans as expenditures. However, in the statement of activities, these amounts are not reported as revenue and expenses.	
New loans recognized as expenditures on fund statements	569,774
Repayment principal on loans and note recognized as revenue on fund statements	<u>(505,808)</u>
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ (1,521,452)</u>

CITY OF EAU CLAIRE

STATEMENT OF NET ASSETS PROPRIETARY FUNDS December 31, 2005

	<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	\$ 3,314,912	\$ 7,954,798	\$ 1,934,499
Taxes receivable	369,284	333,034	65,077
Accounts receivable, net	1,229,804	1,369,807	475,135
Due from other governments	519,728	797,800	-
Due from component unit	-	-	-
Inventories	131,042	-	-
Prepaid items	7,399	-	-
Restricted cash and investments	<u>265,662</u>	<u>131,230</u>	<u>-</u>
Total Current Assets	<u>5,837,831</u>	<u>10,586,669</u>	<u>2,474,711</u>
Noncurrent assets:			
Restricted cash and investments	1,400,344	966,400	2,504,017
Deposit in insurance pools	-	-	-
Unamortized issuance costs	73,734	34,979	38,927
Special assessment receivable	781,461	852,496	182
Capital assets:			
Construction in progress	2,784,976	2,737,014	2,816,593
Land	284,274	109,339	14,547,511
Capital assets	64,136,140	61,968,341	32,122,722
Less accumulated depreciation	<u>(16,668,993)</u>	<u>(20,499,769)</u>	<u>(8,091,407)</u>
Total Capital Assets (Net of Accumulated Depreciation)	<u>50,536,397</u>	<u>44,314,925</u>	<u>41,395,419</u>
Total Noncurrent Assets	<u>52,791,936</u>	<u>46,168,800</u>	<u>43,938,545</u>
Total Assets	<u>58,629,767</u>	<u>56,755,469</u>	<u>46,413,256</u>

<u>Business-type Activities - Enterprise Funds</u>			
<u>Public Transit</u>	<u>Other Enterprise Funds</u>	<u>Totals</u>	<u>Governmental Activities - Internal Service Funds</u>
\$ 21,800	\$ 905,629	\$ 14,131,638	\$ 14,244,061
-	-	767,395	-
63,140	108,478	3,246,364	153,635
1,229,113	-	2,546,641	14,557
-	-	-	8,308
-	-	131,042	401,472
-	-	7,399	-
-	-	396,892	-
<u>1,314,053</u>	<u>1,014,107</u>	<u>21,227,371</u>	<u>14,822,033</u>
-	-	4,870,761	159,332
-	-	-	766,496
-	5,200	152,840	-
-	-	1,634,139	-
-	-	8,338,583	119,082
-	658,196	15,599,320	235,899
5,886,599	9,492,662	173,606,464	18,876,228
<u>(3,003,590)</u>	<u>(4,229,380)</u>	<u>(52,493,139)</u>	<u>(8,691,736)</u>
<u>2,883,009</u>	<u>5,921,478</u>	<u>145,051,228</u>	<u>10,539,473</u>
<u>2,883,009</u>	<u>5,926,678</u>	<u>151,708,968</u>	<u>11,465,301</u>
<u>4,197,062</u>	<u>6,940,785</u>	<u>172,936,339</u>	<u>26,287,334</u>

CITY OF EAU CLAIRE

STATEMENT OF NET ASSETS (cont.)
 PROPRIETARY FUNDS
 December 31, 2005

	Business-type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Storm Water Utility
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 209,171	\$ 187,948	\$ 102,354
Accrued payroll and payroll taxes	67,447	55,409	6,638
Accrued compensated absences	137,495	107,760	4,658
Accrued interest	-	-	163,008
Deposits	120	6,161	-
Due to other funds	-	-	-
Current portion of advances	289,925	34,698	-
Current portion of general obligation debt	-	-	540,000
Current portion of revenue bonds	487,500	363,750	-
Current portion of unpaid claims	-	-	-
Liabilities payable from restricted assets:			
Current portion revenue bonds	162,500	121,250	-
Accrued interest	103,162	9,980	-
Total Current Liabilities	1,457,320	886,956	816,658
Noncurrent liabilities:			
Advances from other funds	4,007,677	854,207	-
Revenue bonds payable	8,455,000	1,005,000	-
General obligation debt	-	-	12,875,000
Unpaid claims	-	-	-
Deferred amount on refunding	(70,885)	-	-
Unamortized premium on debt	30,625	2,570	36,488
Total Noncurrent Liabilities	12,422,417	1,861,777	12,911,488
Total Liabilities	13,879,737	2,748,733	13,728,146
NET ASSETS			
Invested in capital assets, net of related debt	41,431,397	42,824,925	30,484,436
Restricted for:			
Restricted deposits	-	-	-
Debt service	1,078,344	528,400	-
Equipment replacement	322,000	438,000	-
Unrestricted	1,918,289	10,215,411	2,200,674
Total Net Assets	\$ 44,750,030	\$ 54,006,736	\$ 32,685,110

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

Net assets of business-type activities

Continued From
Previous Page

<u>Business-type Activities - Enterprise Funds</u>			
<u>Public Transit</u>	<u>Other Enterprise Funds</u>	<u>Totals</u>	<u>Governmental Activities - Internal Service Funds</u>
\$ 75,080	\$ 48,991	\$ 623,544	\$ 165,945
97,903	13,246	240,643	18,817
120,421	19,116	389,450	29,274
10,032	-	173,040	-
27,099	-	33,380	-
947,720	52,838	1,000,558	-
-	125,000	449,623	-
31,695	-	571,695	-
-	-	851,250	-
-	-	-	220,000
-	-	283,750	-
-	-	113,142	-
<u>1,309,950</u>	<u>259,191</u>	<u>4,730,075</u>	<u>434,036</u>
-	440,000	5,301,884	-
-	-	9,460,000	-
265,563	-	13,140,563	-
-	-	-	927,655
-	-	(70,885)	-
-	-	69,683	-
<u>265,563</u>	<u>440,000</u>	<u>27,901,245</u>	<u>927,655</u>
<u>1,575,513</u>	<u>699,191</u>	<u>32,631,320</u>	<u>1,361,691</u>
2,585,751	5,921,478	123,247,987	10,539,473
-	-	-	925,828
-	-	1,606,744	-
-	-	760,000	-
<u>35,798</u>	<u>320,116</u>	<u>14,690,288</u>	<u>13,460,342</u>
<u>\$ 2,621,549</u>	<u>\$ 6,241,594</u>	<u>140,305,019</u>	<u>\$ 24,925,643</u>
		<u>188,133</u>	
		<u>\$ 140,493,152</u>	

CITY OF EAU CLAIRE

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
 PROPRIETARY FUNDS
 For the Year Ended December 31, 2005

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Storm Water Utility</u>
Operating revenues:			
Charges for services	\$ 7,150,409	\$ 6,123,231	\$ 2,098,370
Rental of equipment	-	-	-
Other	-	32,756	525
Total operating revenues	<u>7,150,409</u>	<u>6,155,987</u>	<u>2,098,895</u>
Operating expenses:			
Personal services	1,756,459	1,816,719	208,002
Contractual services	501,002	820,113	130,751
Supplies and materials	274,375	425,731	10,370
Utilities	375,280	374,092	58,276
Depreciation	1,359,945	1,187,569	468,647
Administrative	429,964	450,348	367,132
Claims	-	-	-
Total operating expenses	<u>4,697,025</u>	<u>5,074,572</u>	<u>1,243,178</u>
Operating income (loss)	<u>2,453,384</u>	<u>1,081,415</u>	<u>855,717</u>
Non-operating revenues (expenses):			
Operating grants	-	-	-
Investment income	191,684	275,873	149,354
Net gain (loss) on disposal of capital assets	-	(161,666)	-
Interest expense	(725,097)	(114,588)	(579,059)
Amortization	(6,621)	(7,180)	(1,689)
Total non-operating revenue (expenses)	<u>(540,034)</u>	<u>(7,561)</u>	<u>(431,394)</u>
Income (loss) before transfers	1,913,350	1,073,854	424,323
Transfers from other funds	-	-	-
Transfers to other funds	(1,087,868)	(128,785)	(201,825)
Total transfers	<u>(1,087,868)</u>	<u>(128,785)</u>	<u>(201,825)</u>
Income (loss) before contributions	825,482	945,069	222,498
Capital contributions	<u>1,051,304</u>	<u>609,332</u>	<u>1,975,066</u>
Change in net assets	1,876,786	1,554,401	2,197,564
Net assets at beginning of year (as restated)	<u>42,873,244</u>	<u>52,452,335</u>	<u>30,487,546</u>
Net assets at end of year	<u>\$ 44,750,030</u>	<u>\$ 54,006,736</u>	<u>\$ 32,685,110</u>

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

Change in net assets of business-type activities

<u>Business-type Activities - Enterprise Funds</u>			Governmental
<u>Public</u>	<u>Other</u>		<u>Activities -</u>
<u>Transit</u>	<u>Enterprise</u>	<u>Totals</u>	<u>Internal</u>
	<u>Funds</u>		<u>Service Funds</u>
\$ 503,024	\$ 853,348	\$ 16,728,382	\$ 2,662,449
-	-	-	2,024,459
<u>160,529</u>	<u>42,243</u>	<u>236,053</u>	<u>245,250</u>
<u>663,553</u>	<u>895,591</u>	<u>16,964,435</u>	<u>4,932,158</u>
2,200,527	545,739	6,527,446	681,238
1,266,789	117,849	2,836,504	380,689
379,525	125,501	1,215,502	848,897
7,643	216,005	1,031,296	134,124
563,862	302,821	3,882,844	1,082,864
-	-	1,247,444	-
-	-	-	1,704,229
<u>4,418,346</u>	<u>1,307,915</u>	<u>16,741,036</u>	<u>4,832,041</u>
<u>(3,754,793)</u>	<u>(412,324)</u>	<u>223,399</u>	<u>100,117</u>
2,466,457	-	2,466,457	-
-	-	616,911	180,255
-	-	(161,666)	(8,640)
(13,558)	(18,832)	(1,451,134)	-
-	(1,600)	(17,090)	-
<u>2,452,899</u>	<u>(20,432)</u>	<u>1,453,478</u>	<u>171,615</u>
(1,301,894)	(432,756)	1,676,877	271,732
759,775	638,408	1,398,183	161,367
-	-	(1,418,478)	(271,900)
<u>759,775</u>	<u>638,408</u>	<u>(20,295)</u>	<u>(110,533)</u>
(542,119)	205,652	1,656,582	161,199
-	-	3,635,702	-
(542,119)	205,652	5,292,284	161,199
<u>3,163,668</u>	<u>6,035,942</u>		<u>24,764,444</u>
<u>\$ 2,621,549</u>	<u>\$ 6,241,594</u>		<u>\$ 24,925,643</u>

19,211
\$ 5,311,495

CITY OF EAU CLAIRE

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 For the Year Ended December 31, 2005

	Business-type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Storm Water Utility
CASH FLOWS FROM (USED BY)			
OPERATING ACTIVITIES			
Cash received from customers	\$ 7,110,794	\$ 5,829,904	\$ 2,012,562
Cash paid to suppliers for goods and services	(1,279,448)	(1,739,613)	(207,128)
Cash paid to employees for services	(1,730,864)	(1,807,995)	(203,777)
Claims paid	-	-	-
Repayment of insurance claims	-	-	-
Administrative charges	(335,679)	(372,648)	(361,848)
Net Cash Flows From (Used By) Operating Activities	3,764,803	1,909,648	1,239,809
CASH FLOWS FROM (USED BY) NONCAPITAL			
FINANCING ACTIVITIES			
Operating grants received	-	-	-
Principal paid on advances from other funds	(317,486)	(32,352)	-
Interest paid on advances from other funds	(339,086)	(66,791)	-
Transfers from other funds	-	-	-
Transfers to other funds	(1,087,868)	(128,785)	(201,825)
Net Cash Flows From (Used By) Noncapital Financing Activities	(1,744,440)	(227,928)	(201,825)
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income	195,517	280,458	149,354
Net Cash Flows From Investing Activities	195,517	280,458	149,354
CASH FLOWS FROM (USED BY) CAPITAL AND RELATED			
FINANCING ACTIVITIES			
Debt issued	-	-	1,760,000
Debt issuance costs	-	-	(7,546)
Debt retired	(620,000)	(470,000)	(485,000)
Special assessments received	105,629	131,082	1,640
Interest paid	(385,789)	(51,669)	(553,867)
Capital contributions	145,613	112,151	223,274
Acquisition and construction of capital assets	(1,880,731)	(1,816,116)	(1,653,705)
Proceeds from sale of equipment	-	27	-
Net Cash Flows From (Used By) Capital and Related Financing Activities	(2,635,278)	(2,094,525)	(715,204)
Net Increase (Decrease) in Cash and Cash Equivalents	(419,398)	(132,347)	472,134
CASH AND CASH EQUIVALENTS - Beginning of Year	5,400,316	9,184,775	3,966,382
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 4,980,918	\$ 9,052,428	\$ 4,438,516
RECONCILIATION OF CASH AND CASH EQUIVALENTS			
Cash and Cash Equivalents per Statement of Net Assets	\$ 3,314,912	\$ 7,954,798	\$ 1,934,499
Restricted Cash and Investments			
Current	265,662	131,230	-
Noncurrent	1,400,344	966,400	2,504,017
Cash and Cash Equivalents Per Statement of Cash Flows	\$ 4,980,918	\$ 9,052,428	\$ 4,438,516

<u>Business-type Activities - Enterprise Funds</u>			
<u>Public Transit</u>	<u>Other Enterprise Funds</u>	<u>Totals</u>	<u>Governmental Activities - Internal Service Funds</u>
\$ 637,515	\$ 889,791	\$ 16,480,566	\$ 4,862,853
(816,608)	(426,472)	(4,469,269)	(1,416,744)
(2,200,664)	(539,581)	(6,482,881)	(683,191)
-	-	-	(1,416,060)
-	-	-	74,087
-	-	(1,070,175)	-
<u>(2,379,757)</u>	<u>(76,262)</u>	<u>4,458,241</u>	<u>1,420,945</u>
1,686,154	-	1,686,154	-
-	(115,000)	(464,838)	-
-	(18,832)	(424,709)	-
759,775	638,408	1,398,183	161,367
-	-	(1,418,478)	(271,900)
<u>2,445,929</u>	<u>504,576</u>	<u>776,312</u>	<u>(110,533)</u>
-	-	625,329	180,255
-	-	625,329	180,255
-	-	1,760,000	-
-	-	(7,546)	-
(22,742)	-	(1,597,742)	-
-	-	238,351	-
(22,330)	-	(1,013,655)	-
-	-	481,038	-
-	(32,074)	(5,382,626)	(566,419)
-	-	27	6,017
<u>(45,072)</u>	<u>(32,074)</u>	<u>(5,522,153)</u>	<u>(560,402)</u>
21,100	396,240	337,729	930,265
700	509,389	19,061,562	13,473,128
<u>\$ 21,800</u>	<u>\$ 905,629</u>	<u>\$ 19,399,291</u>	<u>\$ 14,403,393</u>
\$ 21,800	\$ 905,629	\$ 14,131,638	\$ 14,244,061
-	-	396,892	-
-	-	4,870,761	159,332
<u>\$ 21,800</u>	<u>\$ 905,629</u>	<u>\$ 19,399,291</u>	<u>\$ 14,403,393</u>

CITY OF EAU CLAIRE

STATEMENT OF CASH FLOWS (cont.)
 PROPRIETARY FUNDS
 For the Year Ended December 31, 2005

	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)	\$ 2,453,384	\$ 1,081,415	\$ 855,717
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows From Operating Activities			
Noncash items included in income			
Depreciation	1,359,945	1,187,569	468,647
Depreciation charged to other accounts	91,835	893	-
Change in assets and liabilities			
Taxes receivable	7,202	(32,102)	(15,592)
Accounts receivable	(138,652)	(293,981)	(70,741)
Inventories	3,138	-	-
Prepayments	905	-	-
Accounts payable	(38,549)	(42,870)	(2,447)
Due to other funds	-	-	-
Deposits	-	-	-
Accrued liabilities	25,595	8,724	4,225
Unpaid claims	-	-	-
NET CASH FLOWS FROM (USED BY) OPERATING ACTIVITIES	\$ 3,764,803	\$ 1,909,648	\$ 1,239,809

Non-cash capital, investing & financing activities:

The water, sewer, and storm water utilities received non-cash contributions of capital assets of \$958,601, \$538,515, and \$1,974,493, respectively.

Continued From
Previous Page

<u>Business-type Activities - Enterprise Funds</u>			
<u>Public Transit</u>	<u>Other Enterprise Funds</u>	<u>Totals</u>	<u>Governmental Activities - Internal Service Funds</u>
\$ (3,754,793)	\$ (412,324)	\$ 223,399	\$ 100,117
563,862	302,821	3,882,844	1,082,864
-	-	92,728	-
-	-	(40,492)	-
(28,426)	(5,800)	(537,600)	4,782
-	-	3,138	(50,609)
-	-	905	-
(46,048)	9,178	(120,736)	23,240
867,329	23,705	891,034	-
2,388	-	2,388	-
15,931	6,158	60,633	(1,953)
-	-	-	262,504
<u>\$ (2,379,757)</u>	<u>\$ (76,262)</u>	<u>\$ 4,458,241</u>	<u>\$ 1,420,945</u>

CITY OF EAU CLAIRE

STATEMENT OF NET ASSETS FIDUCIARY FUNDS December 31, 2005

	Tax Collection Agency Fund
ASSETS	
Cash and investments	\$ 9,999,015
Taxes receivable	<u>44,631,158</u>
Total Assets	<u>54,630,173</u>
LIABILITIES	
Due to other taxing units	<u>54,630,173</u>
Total Liabilities	<u>54,630,173</u>
NET ASSETS	<u>\$ -</u>

CITY OF EAU CLAIRE

STATEMENT OF NET ASSETS
COMPONENT UNITS
December 31, 2005

	Housing Authority	Other Component Units	Totals
ASSETS			
CURRENT ASSETS			
Cash and investments	\$ 2,421,865	\$ 1,451,554	\$ 3,873,419
Receivables:			
Taxes	-	140,700	140,700
Notes receivable	-	4,443	4,443
Accounts, net	34,202	-	34,202
Due from primary government	44,305	-	44,305
Prepaid items	52,812	-	52,812
Total Current Assets	2,553,184	1,596,697	4,149,881
NONCURRENT ASSETS			
Restricted assets - cash and investments	1,552,016	-	1,552,016
Land	1,323,399	3,389,496	4,712,895
Construction in progress	-	69,663	69,663
Capital assets	16,233,157	-	16,233,157
Less: accumulated depreciation	(5,685,686)	-	(5,685,686)
Total Noncurrent Assets	13,422,886	3,459,159	16,882,045
 Total Assets	\$ 15,976,070	\$ 5,055,856	\$ 21,031,926
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	\$ 40,986	\$ 2,796	\$ 43,782
Accrued liabilities	25,374	-	25,374
Accrued compensated absences	39,645	-	39,645
Other liabilities	98,077	-	98,077
Deferred revenue	-	140,700	140,700
Current portion of long-term debt	311,628	-	311,628
Total Current Liabilities	515,710	143,496	659,206
NONCURRENT LIABILITIES			
Accrued compensated absences	11,715	-	11,715
Housing projects notes and bonds	1,342,885	-	1,342,885
Revenue bonds payable	90,000	-	90,000
Notes payable	26,295	-	26,295
Other loans payable	1,055,496	-	1,055,496
Total Noncurrent Liabilities	2,526,391	-	2,526,391
 Total Liabilities	3,042,101	143,496	3,185,597
NET ASSETS			
Invested in capital assets, net of related debt	9,044,566	3,459,159	12,503,725
Restricted for:			
Replacement	1,432,685	-	1,432,685
Development costs	112,882	-	112,882
Residual receipts	6,035	-	6,035
Taxes	414	-	414
Unrestricted	2,337,387	1,453,201	3,790,588
 Total Net Assets	\$ 12,933,969	\$ 4,912,360	\$ 17,846,329

See accompanying notes to financial statements.

CITY OF EAU CLAIRE

STATEMENT OF ACTIVITIES COMPONENT UNITS

For the Year Ended December 31, 2005

		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Assets		
	Expenses				Housing Authority	Nonmajor Component Units	Totals
Housing Authority							
Housing projects	\$ 3,439,491	\$ 835,519	\$ 2,430,366	\$ 299,576	\$ 125,970	\$ -	\$ 125,970
Nonmajor Component Units	<u>349,180</u>	-	-	<u>1,746,830</u>	-	1,397,650	1,397,650
Total Component Units	<u>\$ 3,788,671</u>	<u>\$ 835,519</u>	<u>\$ 2,430,366</u>	<u>\$ 2,046,406</u>			
General revenues:							
Property taxes					-	91,500	91,500
Investment income					134,325	2,109	136,434
Gain on sale of capital assets					1,118	-	1,118
Miscellaneous					-	11,644	11,644
Total general revenues					<u>135,443</u>	<u>105,253</u>	<u>240,696</u>
Change in net assets					261,413	1,502,903	1,764,316
Net assets - beginning of year					<u>12,672,556</u>	<u>3,409,457</u>	<u>16,082,013</u>
Net assets - end of year					<u>\$ 12,933,969</u>	<u>\$ 4,912,360</u>	<u>\$ 17,846,329</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

December 31, 2005

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of Eau Claire (City), Wisconsin conform to generally accepted accounting principles as applicable to governmental units.

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, 2005. 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 5148, Eau Claire, WI 54702-5148.

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS December 31, 2005

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 nonmajor component unit, the RDA's financial statements have been combined with other nonmajor component units and presented as a separate column in the financial statements. The information presented is for the fiscal year ended December 31, 2005. 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 Downtown 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 nonmajor component units, the BID's financial statements have been combined with other nonmajor component units and presented as a separate column in the financial statements. The information presented is for the fiscal year ended December 31, 2005. Separate financial statements are not issued by the Business Improvement Districts.

B. *GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS*

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.

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS

December 31, 2005

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

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

Government-Wide Financial Statements (cont.)

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 non-major 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 percent 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 percent test is at least 5 percent 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 December 31, 2005

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 all financial resources except those required to be accounted for in another fund.
- General Debt Service Fund – accounts for resources accumulated and payments made for principal and interest on long-term debt other than TID or enterprise fund debt.

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 non-major governmental and enterprise funds:

- Special Revenue Funds – used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted 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

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS

December 31, 2005

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

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

Fund Financial Statements (cont.)

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

Debt Service – TIF #4

Debt Service – TIF #6

Capital Projects Funds – used to account for financial resources to be used for the acquisition or construction of equipment and/or major capital facilities.

TIF #5 Gateway Northwest Business Park

TIF #7 Soo Line Development

TIF #8 Downtown Development

Street Projects

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 December 31, 2005

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 pronouncements 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 utility 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 sixty 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.

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS

December 31, 2005

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

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

Fund Financial Statements (cont.)

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.

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.

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS

December 31, 2005

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

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

Fund Financial Statements (cont.)

The enterprise funds follow all pronouncements of the Governmental Accounting Standards Board, and have elected not to follow Financial Accounting Standards Board pronouncements 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 on August 1, 2003. Current sewer rates were approved by the City council in January 1, 1998. Current storm water utility rates were approved by the City council on November 12, 2004.

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, or by the University of Wisconsin Hospitals and Clinics Authority.

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS December 31, 2005

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

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

1. Deposits and Investments (cont.)

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:

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 fifty percent 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.

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS December 31, 2005

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

1. Deposits and Investments (cont.)

Concentration of Credit Risk (cont.)

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.

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 ten percent 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 the same day if prior to 11:00 a.m. CST. At December 31, 2005, 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.

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS

December 31, 2005

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

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

2. Receivables (cont.)

Property tax calendar – 2005 tax roll:

Lien date and levy date	December 2005
Tax bills mailed	December 2005
Payment in full, or	January 31, 2006
First installment due	January 31, 2006
Second installment due	July 31, 2006
Personal property taxes in full	January 31, 2006
Tax sale – 2005 delinquent real estate taxes	October 2008

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, Sewer, and Storm Water utilities because they have the right by law to place delinquent bills on the tax roll, and other delinquent bills are generally not significant.

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 and housing rehabilitation loans receivable has been reduced by an allowance for uncollectible accounts of \$76,000.

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS December 31, 2005

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

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

2. Receivables (cont.)

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 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.

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 \$159,332. This amount is recorded as Restricted Assets in the Internal Service funds. See Note III.C. for additional information on restricted assets.

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS December 31, 2005

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

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

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.

Prior to January 2003, infrastructure assets of governmental funds were not capitalized. Upon implementing GASB 34, governmental units are required to account for all capital assets, including infrastructure, in the government-wide statements prospectively from the date of implementation. Retroactive reporting of all major general infrastructure assets is encouraged but not required until January 1, 2007, when GASB 34 requires the City to retroactively report all major general infrastructure assets acquired since January 1, 1980. The City has retroactively reported all network infrastructure acquired by its governmental fund types.

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. \$51,900 of net interest was capitalized during the current year. 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 of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net assets. Depreciation 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
Infrastructure	10-30 Years

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS December 31, 2005

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, 2005 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 December 31, 2005

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 approximately \$3,395,000, made up of two issues.

9. Claims and Judgments

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. Claims and judgments that would normally be liquidated with expendable available financial resources are recorded during the year as expenditures in the governmental funds. If they are not to be liquidated with expendable available financial resources, no liability is recognized in the governmental fund statements. The related expenditure is recognized when the liability is liquidated. 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 December 31, 2005

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. Fund balance is further classified as reserved and unreserved. Unreserved fund balance includes funds set aside by management for specific uses, which are labeled "designated". The balance of unreserved fund balance is labeled "undesignated", which indicates it is available for appropriation. Proprietary fund equity is classified the same as in the government-wide statements.

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, 2004, from which the summarized information was derived.

Comparative total data for the prior year have been presented for the general fund, certain special revenue funds and the debt service funds in the financial statements in order to provide an understanding of the changes in the financial position and operations of these funds. However, comparative data by fund has not been presented in all statements since their inclusion would make the statements unduly complex and difficult to read. Also, 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.

An annual budget has been adopted for the general, debt service, and special revenue funds, except for the Community Development 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 December 31, 2005

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 2005 budgets for governmental and proprietary funds on November 12, 2004.

During 2005, additional appropriations were approved in the General, Economic Development, Community Enhancement, Downtown Partners, Hazardous Materials Response, Public Library, City-County Health Department, and Debt Service – TIF #4 Funds. A summary of these council actions follows:

Fund	Original Appropriation	Carryover of Appropriations	Grants and Donations	Debt Service	Other	Final Appropriation
General fund	\$ 46,417,900	\$ (133,400)	\$ 153,900	-	\$ (2,800)	\$ 46,435,600
Economic Development	676,030	62,000	-	-	-	738,030
Community Enhancement	983,800	-	-	-	32,200	1,016,000
Downtown Partners	127,900	-	10,000	-	-	137,900
Hazardous Materials Response	442,300	(47,000)	-	-	-	395,300
Public Library	3,687,400	-	5,000	-	-	3,692,400
City-County Health	3,974,900	67,300	202,800	-	-	4,245,000
Debt Service TIF #4	442,200	-	-	2,045,000	142,200	2,629,400

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS December 31, 2005

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

B. LIMITATIONS ON THE CITY TAX LEVY

As part of Wisconsin's Act 25 (2005), new 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 2%. Changes in debt service from one year to the next are generally exempt from this limit. The levy limit begins with the 2005 levy collected in 2006 and is set to expire after the 2006 levy.

NOTE III – DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

The City maintains a cash and investment pool for all funds which is recorded on the statement of net assets as follows:

Per statement of net assets	
Unrestricted cash and investments	\$ 65,187,906
Restricted cash and investments	10,082,476
Per statement of net assets – fiduciary funds	<u>9,999,015</u>
 Total	 <u>\$ 85,269,397</u>

Total cash and investments consist of the following:

Petty cash and cash on hand	\$ 4,585
Deposits with financial institutions	35,306,980
Investments	<u>49,957,832</u>
 Total Cash and Investments	 <u>\$ 85,269,397</u>

See Note III.J. for component unit information.

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS December 31, 2005

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

A. DEPOSITS AND INVESTMENTS (cont.)

Deposits

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

	Carrying Value	Bank Balance	Associated Risks
Demand deposits	\$ 35,306,980	\$ 38,070,490	Custodial credit risk

Deposits in each local and area bank are insured by the FDIC in the amount of \$100,000 for interest bearing accounts and \$100,000 for noninterest bearing 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 not been considered in determining custodial credit risk.

The City maintains collateral agreements with its bank. At December 31, 2005, the bank had pledged various government securities in the amount of \$63,727,955 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	\$ 49,163,755	Concentration of credit risk, credit risk, interest rate risk
U.S. treasuries	243,900	Custodial credit risk, interest rate risk
Escrow account	159,332	Credit risk, interest rate risk
LGIP	390,845	Credit risk, interest rate risk
Total Cash and Investments	\$ 49,957,832	

Investments in the local government investment pool are covered under a surety bond issued by Financial Security Assurance, Inc. The bond insures against losses arising from principal defaults on substantially all types of securities acquired by the pool except U.S. Government and agency securities. The bond provides unlimited coverage on principal losses, reduced by any FDIC and State of Wisconsin Guarantee Fund insurance.

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS
December 31, 2005

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, 2005, the City's investments were rated as follows:

Investment Type	Standard & Poor's	Moody's Investor Service
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

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.

At December 31, 2005, the investment portfolio was concentrated as follows:

Issuer	Investment Type	Percentage of Portfolio
FHLMC	U.S. agencies – implicitly guaranteed	21%
FHLB	U.S. agencies – implicitly guaranteed	60%
FNMA	U.S. agencies – implicitly guaranteed	18%

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS December 31, 2005

NOTE III – DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS (cont.)

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, 2005, the City's investments were as follows:

Investment	Maturity Date	Call Date	Fair Value
FHLMC Bullet	06/30/06	N/A	\$ 2,476,125
FHLMC Bullet	02/23/06	N/A	2,988,750
FHLMC Bullet	05/05/06	N/A	2,983,770
FHLMC Callable	11/22/06	05/22/06	1,983,920
FHLB Bullet	03/29/06	N/A	2,982,180
FHLB Callable	04/03/06	02/03/06	2,982,180
FHLB Bullet	03/30/06	N/A	2,983,140
FHLB Bullet	10/27/06	N/A	1,980,620
FHLB Callable	11/09/06	03/09/06	1,971,880
FHLB Bullet	12/22/06	N/A	992,810
FHLB Callable	10/12/06	04/12/06	1,980,000
FHLB Bullet	02/23/06	N/A	2,997,180
FHLB Callable	03/01/07	04/01/06	1,981,880
FHLB Callable	06/28/06	03/28/06	1,995,000
FHLB Callable	10/27/06	04/27/06	1,988,760
FHLB Callable	08/03/07	05/03/06	1,980,620
FNMA Bullet	08/11/06	N/A	4,943,750
FNMA Bullet	03/29/06	N/A	1,989,380
FNMA Bullet	06/15/06	N/A	1,982,500
FHLB	03/23/07	N/A	2,999,310
U.S. Treasury Securities	10/01/08	N/A	234,900
U.S. Treasury Securities	10/01/05	N/A	9,000
Total			<u>\$ 49,407,655</u>

Investment	Fair Value	Weighted Average Maturity (Days)
Local Government Investment Pool	\$ 390,845	28
WMMIC Escrow Pool	159,332	N/A

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

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS
December 31, 2005

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

B. RECEIVABLES

Receivables 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				Amounts Not Expected to Be Collected Within One Year
Fund	Gross Receivables	Allowance For Uncollectibles	Net Receivables	
General	\$ 23,804,341	\$ -	\$ 23,804,341	\$ 317,149
Debt Service - General	7,202,541	-	7,202,541	3,790,308
Nonmajor Funds	13,164,991	112,834	13,052,157	6,064,112
Internal Service Funds	168,192	-	168,192	25,994

Business-Type Activities				Amounts Not Expected to Be Collected Within One Year
Fund	Gross Receivables	Allowance For Uncollectibles	Net Receivables	
Water Utility	\$ 2,900,277	\$ -	\$ 2,900,277	\$ 773,094
Sewer Utility	3,353,137	-	3,353,137	1,657,189
Storm Water Utility	541,444	1,050	540,394	11,190
Public Transit	1,292,253	-	1,292,253	-
Nonmajor Funds	108,478	-	108,478	64

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:

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS
December 31, 2005

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

B. RECEIVABLES (cont.)

	<u>Unavailable</u>	<u>Unearned</u>	<u>Totals</u>
Property taxes receivable	\$ -	\$ 27,260,416	\$ 27,260,416
Delinquent property taxes receivable	122,129	-	122,129
Accounts receivable	859,125	-	859,125
Loans receivable	6,006,153	-	6,006,153
Interest on special assessments	317,419	-	317,419
Special assessments not yet due	7,004,350	-	7,004,350
Grant receivable	<u>630,842</u>	<u>-</u>	<u>630,842</u>
 Total Deferred/Unearned Revenue for Governmental Funds	 <u>\$ 14,940,018</u>	 <u>\$ 27,260,416</u>	 <u>\$ 42,200,434</u>

Notes Receivable

At December 31, 2005 the General fund had one note receivable totaling \$25,000. This note will be paid by the Chippewa Valley Incubation 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 \$2,655,272 at December 31, 2005, with maturities to the year 2018. These loans include \$753,279 for five small industry and economic development loans and \$1,901,993 for loans to residential and light commercial property owners for rehabilitation projects. The rehabilitation loan balance includes 270 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.

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS
December 31, 2005

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 and sewer 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, 2005:

	Governmental Activities	Business-Type Activities
Restricted Assets		
Redemption account	\$ -	\$ 2,003,636
Replacement account	-	760,000
TID #5 construction account	3,788,221	-
TID #7 construction account	252,679	-
TID #8 construction account	614,591	-
Stormwater construction account	-	2,504,017
Insurance claims account	159,332	-
Total Restricted Assets	4,814,823	5,267,653
Less: Restricted Assets Not Funded by Revenues		
Construction accounts	(4,655,491)	(2,504,017)
Less: Current Liabilities Payable From Restricted		
Assets	-	(396,892)
Less: Insurance claims account	(159,332)	-
Total Restricted Net Assets as Reported	\$ -	\$ 2,366,744

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS December 31, 2005

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

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2005 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities				
Capital Assets Not Being Depreciated:				
Construction in progress	\$ 11,666,151	\$ 7,085,797	\$ 8,158,951	\$ 10,592,997
Land	<u>13,970,303</u>	<u>742,642</u>	<u>83,632</u>	<u>14,629,313</u>
Total Capital Assets Not Being Depreciated	<u>\$ 25,636,454</u>	<u>\$ 7,828,439</u>	<u>\$ 8,242,583</u>	<u>\$ 25,222,310</u>
Capital Assets Being Depreciated:				
Land improvements	\$ 2,812,660	\$ 1,426,416	\$ -	\$ 4,239,076
Buildings	18,455,996	214,773	13,885	18,656,884
Machinery and equipment	23,302,614	2,048,602	1,511,238	23,839,978
Infrastructure	<u>106,842,413</u>	<u>6,618,015</u>	<u>1,560,600</u>	<u>111,899,828</u>
Total Capital Assets Being Depreciated	<u>151,413,683</u>	<u>10,307,806</u>	<u>3,085,723</u>	<u>158,635,766</u>
Less: Accumulated Depreciation for:				
Land improvements	(716,023)	(186,645)	-	(902,668)
Buildings	(8,697,214)	(454,298)	8,986	(9,142,526)
Machinery and equipment	(11,520,534)	(1,880,857)	1,359,975	(12,041,416)
Infrastructure	<u>(40,660,650)</u>	<u>(4,724,792)</u>	<u>871,250</u>	<u>(44,514,192)</u>
Total Accumulated Depreciation	<u>(61,594,421)</u>	<u>(7,246,592)</u>	<u>2,240,211</u>	<u>(66,600,802)</u>
Capital Assets, Being Depreciated, Net	<u>\$ 89,819,262</u>	<u>\$ 3,061,214</u>	<u>\$ 845,512</u>	<u>\$ 92,034,964</u>

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS
December 31, 2005

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

D. CAPITAL ASSETS (cont.)

Depreciation expense was charged to functions as follows:

Governmental Activities

General government	\$ 176,099
Public safety	548,095
Public works, which includes the depreciation of infrastructure	5,236,168
Health services	39,531
Culture and recreation	1,246,480
Development	<u>219</u>
 Total Governmental Activities Depreciation Expense	 <u>\$ 7,246,592</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	\$ 4,069,493	\$ 6,686,793	\$ 2,417,703	\$ 8,338,583
Land	<u>14,631,579</u>	<u>967,741</u>	<u>-</u>	<u>15,599,320</u>
 Total Capital Assets Not Being Depreciated	 <u>\$ 18,701,072</u>	 <u>\$ 7,654,534</u>	 <u>\$ 2,417,703</u>	 <u>\$ 23,937,903</u>
 Other Capital Assets				
Completed construction not classified	\$ 7,354,815	\$ -	\$ 7,354,815	\$ -
Improvements	2,948,683	13,214	-	2,961,897
Buildings	30,055,976	9,200	-	30,065,176
Distribution and collection systems	115,972,602	10,468,716	649,101	125,792,217
Source of supply system	889,335	-	-	889,335
Machinery and equipment	<u>13,845,788</u>	<u>52,051</u>	<u>-</u>	<u>13,897,839</u>
 Total Capital Assets Being Depreciated	 <u>171,067,199</u>	 <u>10,543,181</u>	 <u>8,003,916</u>	 <u>173,606,464</u>

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS December 31, 2005

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

D. CAPITAL ASSETS (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
Less: Accumulated depreciation for:				
Completed construction not classified	\$ (66,455)	\$ -	\$ 66,455	\$ -
Improvements	(1,171,123)	(126,521)	-	(1,297,644)
Buildings	(12,981,683)	(741,830)	-	(13,723,513)
Distribution and collection systems	(27,187,555)	(2,166,228)	523,951	(28,829,832)
Source of supply system	(584,676)	(23,987)	-	(608,663)
Machinery and equipment	(7,116,481)	(917,006)	-	(8,033,487)
Total Accumulated Depreciation	<u>(49,107,973)</u>	<u>(3,975,572)</u>	<u>590,406</u>	<u>(52,493,139)</u>
 Total capital assets, being depreciated, net	 <u>\$ 121,959,226</u>	 <u>\$ 6,567,609</u>	 <u>\$ 7,413,510</u>	 <u>\$ 121,113,325</u>

Depreciation expense was charged to functions as follows:

Business-Type Activities

Water	\$ 1,359,945
Sewer	1,187,569
Storm Water	468,647
Public Transit	563,862
Parking Utility	190,758
Hobbs Ice Center	62,593
Outdoor Pool	49,470
Other	<u>92,728</u>
 Total Business – Type Activities Depreciation Expense	 <u>\$ 3,975,572</u>

The amount of depreciation expense charged to "other" above is the amount charged for joint metering in 2005.

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS
December 31, 2005

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

E. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS

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 – Public Library	\$ 7,436
General fund	Special Revenue – City-County Health	14,448
General fund	Special Revenue – Community Enhancement	1,403
General fund	Special Revenue – Home Grant	115
General fund	Special Revenue – Community Development	1,124
General fund	Enterprise – Public Transit	947,720
General fund	Enterprise – Hobbs Ice Center	<u>52,838</u>
Subtotal – Fund financial statements		1,025,084
Less: Fund eliminations		<u>(24,526)</u>
Total interfunds		1,000,558
Interfund advances		5,751,507
Adjustment to reflect internal service fund activities related to enterprise funds		<u>(188,133)</u>
Total – Government-Wide Statement of Net Assets		<u><u>\$ 6,563,932</u></u>

These interfunds 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.

The general fund is advancing funds to the water utility, sewer utility, and the outdoor pool fund. 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 5.8% – 7.7%. The rate being charged on the sewer utility advance is 7.25%. The rate being charged to the outdoor pool is 2.875% – 3.35%.

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS December 31, 2005

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

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

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	\$ 4,297,602	\$ 4,007,677
General fund	Sewer Utility	888,905	854,207
General fund	Outdoor Pool – non-major	<u>565,000</u>	<u>440,000</u>
Total – Government-Wide Statement of Net Assets and Financial Statements		<u>\$ 5,751,507</u>	<u>\$ 5,301,884</u>

The principle purpose of the advances is to advance funds for capital construction projects and collateral on a letter of credit.

Annual repayment of principal and interest are made according to the following schedule:

<u>Years</u>	<u>Advances</u>		<u>Totals</u>
	<u>Principal</u>	<u>Interest</u>	
2006	\$ 449,623	\$ 395,704	\$ 845,327
2007	488,365	368,135	856,500
2008	523,843	338,376	862,219
2009	551,186	306,271	857,457
2010	430,530	274,416	704,946
2011 – 2015	2,219,447	871,513	3,090,960
2016 - 2020	<u>1,088,513</u>	<u>186,209</u>	<u>1,274,722</u>
Totals	<u>\$ 5,751,507</u>	<u>\$ 2,740,624</u>	<u>\$ 8,492,131</u>

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS December 31, 2005

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

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

The following is a schedule of interfund transfers:

Fund Transferred To	Fund Transferred From	Amount	Principal Purpose
General fund	Community Enhancement	\$ 33,600	To fund general fund special events
	Community Development	41,393	To fund community liaison
	Community Development	37,712	To fund coalition for youth
	Water Utility	1,087,868	Payment in lieu of tax
	Sewer Utility	100,000	To pay back contributed capital
	Sewer Utility	28,785	Joint meter costs
	Storm Water Utility	625	Joint meter costs
	Storm Water Utility	201,200	Fund street cleaning costs
Special Revenue			
Cemetery Maintenance	General fund	216,804	Operating subsidy
Downtown Partners	Economic Development	87,700	Operating subsidy
City-County Health	Community Development	53,001	Fund code enforcement project
Debt Service			
Debt Service - General	General fund	2,735,233	Debt service payments
Capital Projects			
Buildings and Equipment	General fund	970,000	Fund various projects
Buildings and Equipment	Community Development	157,947	Fund comprehensive plan/home ownership program
Street Projects	General fund	1,000,000	Fund street construction
Parks and Recreation	General fund	135,500	Fund park development projects
Parks and Recreation	Community Enhancement	164,500	Fund park development projects
Parks and Recreation	Community Development	291,178	Fund park development projects
TID #8 Downtown Development	Risk Management	176,900	Debt service payments
Library Buildings and Equipment	Public Library	145,900	Fund facility improvements
Environmental Improvement	Risk Management	95,000	Fund environmental projects

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS
December 31, 2005

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

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

Fund Transferred To	Fund Transferred From	Amount	Principal Purpose
Enterprise			
Parking Utility	General fund	\$ 100,000	Subsidize parking ramp renovations
Parking Utility	Economic development	200,000	Fund new parking lot
Public Transit	General fund	759,775	Operating subsidy
Hobbs Ice Center	General fund	44,491	Operating subsidy
Hobbs Ice Center	General fund	30,900	Subsidize facilities improvements
Hobbs Ice Center	Community Enhancement	47,500	Subsidize facilities improvements
Outdoor Pool	General fund	176,117	Operating subsidy
Outdoor Pool	General fund	39,400	Subsidize facility improvements
Internal Service			
Central Equipment	Hazardous materials	156,067	Fund vehicle purchase
Central Equipment	General fund	<u>5,300</u>	Fund fire equipment purchase
Subtotal – Fund Financial Statements		9,320,396	
Less: Fund eliminations		<u>(9,300,101)</u>	
Total – Government-Wide Statement of Activities		<u>\$ 20,295</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
December 31, 2005

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

F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2005 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
GOVERNMENTAL ACTIVITIES					
Bonds and Notes Payable:					
General obligation bonds	\$ 47,465,000	\$ 7,290,000	\$ 5,800,000	\$ 48,955,000	\$ 3,755,000
State trust fund notes	227,340	-	81,502	145,838	34,345
Sub-total	<u>47,692,340</u>	<u>7,290,000</u>	<u>5,881,502</u>	<u>49,100,838</u>	<u>3,789,345</u>
Other Liabilities					
Vested compensated absences	2,070,171	2,244,069	2,211,348	2,102,892	2,102,892
Police and fire pensions	768,995	-	31,534	737,461	142,357
State retirement fund	8,702,973	652,922	323,135	9,032,760	585,094
Duty disability	3,884,142	313,420	367,536	3,830,026	390,788
Unpaid self-insurance claims	885,151	1,370,820	1,108,316	1,147,655	220,000
Total Other Liabilities	<u>16,311,432</u>	<u>4,581,231</u>	<u>4,041,869</u>	<u>16,850,794</u>	<u>3,441,131</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 64,003,772</u>	<u>\$ 11,871,231</u>	<u>\$ 9,923,371</u>	<u>\$ 65,951,632</u>	<u>\$ 7,230,476</u>
BUSINESS-TYPE ACTIVITIES					
Bonds and Notes Payable:					
General obligation bonds	\$ 12,140,000	\$ 1,760,000	\$ 485,000	\$ 13,415,000	\$ 540,000
State trust fund notes	320,000	-	22,742	297,258	31,695
Revenue bonds	11,685,000	-	1,090,000	10,595,000	1,135,000
Sub-total	<u>24,145,000</u>	<u>1,760,000</u>	<u>1,597,742</u>	<u>24,307,258</u>	<u>1,706,695</u>
Other Liabilities:					
Vested compensated absences	<u>337,377</u>	<u>429,387</u>	<u>377,314</u>	<u>389,450</u>	<u>389,450</u>
Total Business-Type Activities Long-Term Liabilities	<u>\$ 24,482,377</u>	<u>\$ 2,189,387</u>	<u>\$ 1,975,056</u>	<u>\$ 24,696,708</u>	<u>\$ 2,096,145</u>

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS
December 31, 2005

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 five percent of the equalized value of taxable property within the City's jurisdiction. The debt limit as of December 31, 2005, was \$187,052,135. Total general obligation debt outstanding at year end was \$62,813,096.

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebted- ness</u>	<u>Balance 12-31-05</u>
Governmental Activities					
General Obligation Bonds					
Corporate purpose	09/01/96	04/01/07	4.8-5.1%	\$ 2,950,000	\$ 590,000
Corporate purpose	08/01/97	04/01/17	4.9-5.35%	5,185,000	2,455,000
Tax incremental bonds	08/01/97	04/01/17	4.9-5.35%	5,815,000	4,165,000
Corporate purpose	09/15/98	04/01/18	4.45-4.5%	6,650,000	4,080,000
Corporate purpose	09/01/99	04/01/19	4.65-5.5%	6,450,000	3,585,000
Tax incremental bonds	09/01/99	04/01/16	4.65-5.5%	395,000	315,000
Corporate purpose	08/01/00	04/01/20	5.0-5.5%	4,730,000	3,400,000
Tax incremental bonds	08/08/00	04/01/20	5.0-5.5%	1,780,000	1,620,000
Corporate purpose	08/15/01	04/01/21	4.13-5.0%	8,700,000	7,005,000
Corporate purpose	08/27/02	10/01/15	2.85-3.875%	4,120,000	2,480,000
Corporate purpose	08/27/02	10/01/22	3.7-4.7%	3,700,000	2,965,000
Tax incremental bonds	09/15/03	04/01/09	2.75-4.0%	900,000	850,000
Corporate purpose	09/15/03	04/01/14	3.625-4.8%	9,870,000	9,240,000
Corporate purpose	09/15/03	04/01/14	3.5-3.75%	4,405,000	4,015,000
Corporate purpose	09/01/04	04/01/14	3.5-3.625%	6,270,000	5,985,000
Tax incremental bonds	09/09/04	04/01/14	6.28%	570,000	570,000
Corporate purpose	06/01/05	04/01/25	3.5-4.25%	5,850,000	5,850,000
Tax incremental bonds	12/01/05	04/01/19	3.7-4.0%	3,000,000	3,000,000
Tax incremental bonds	06/01/05	04/01/22	3.7-4.1%	200,000	200,000
			Subtotal		<u>62,370,000</u>
Less: Enterprise portion of G.O. Bonds					<u>(13,415,000)</u>
Total- Governmental Activities – G.O. Bonds					<u>48,955,000</u>

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS
December 31, 2005

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

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

	Date of Issue	Final Maturity	Interest Rates	Original Indebted- ness	Balance 12-31-05
Governmental Activities					
General Obligation Debt					
State trust fund note	05/14/04	03/15/09	4%	\$ 180,000	\$ <u>145,838</u>
Total Governmental Activities – General Obligation Debt					\$ <u>49,100,838</u>
Business-Type Activities					
General Obligation Debt					
State trust fund note	08/27/03	3/15/13	4.5%	\$ 320,000	\$ 297,258
Plus: Enterprise portion of G.O.Bonds					<u>13,415,000</u>
Total Business-Type Activities General Obligation Debt					<u>13,712,258</u>
Total General Obligation Debt					<u>\$ 62,813,096</u>

Debt service requirements to maturity are as follows:

<u>Years</u>	Governmental Activities General Obligation Debt		Business-Type Activities General Obligation Debt	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2006	\$ 3,789,345	\$ 2,181,396	\$ 571,695	\$ 631,396
2007	4,075,719	1,975,159	623,123	583,567
2008	3,597,140	1,811,157	654,584	556,541
2009	3,753,634	1,652,106	686,169	527,910
2010	3,205,000	1,499,329	727,796	497,451
2011 – 2015	16,165,000	5,225,347	4,118,891	1,960,892
2016 – 2020	10,880,000	1,937,633	4,485,000	933,220
2021 – 2025	3,635,000	286,885	1,845,000	146,146
Totals	<u>\$ 49,100,838</u>	<u>\$ 16,569,012</u>	<u>\$ 13,712,258</u>	<u>\$ 5,837,123</u>

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS

December 31, 2005

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 and sewer utilities.

Revenue debt payable at December 31, 2005 consists of the following:

Business-Type Activities Revenue Debt

	Date of Issue	Final Maturity	Interest Rates	Original Indebted- ness	Balance 12-31-05
<u>Water Utility</u>					
Revenue bonds	09/01/96	10/01/10	5-5.5%	\$ 1,000,000	\$ 525,000
Revenue bonds	08/01/97	10/01/16	5.15-5.4%	3,500,000	2,585,000
Revenue bonds	08/15/01	10/01/16	4-4.8%	4,615,000	4,060,000
Revenue bonds	09/15/03	10/01/17	2.5-4.3%	2,310,000	1,935,000
				Total Water Utility	9,105,000
<u>Sewer Utility</u>					
Revenue bonds	08/27/02	10/01/08	2.5-3.0%	\$ 2,845,000	1,490,000
				Total Sewer Utility	1,490,000
Total Business-type Activities Revenue Debt					\$ 10,595,000

Debt service requirements to maturity are as follows:

Years	Business-Type Activities Revenue Debt		Totals
	Principal	Interest	
2006	\$ 1,135,000	\$ 452,568	\$ 1,587,568
2007	1,175,000	414,904	1,589,904
2008	1,210,000	373,736	1,583,736
2009	730,000	328,781	1,058,781
2010	765,000	297,039	1,062,039
2011 – 2015	4,420,000	932,558	5,352,558
2016 – 2017	1,160,000	62,650	1,222,650
Totals	\$ 10,595,000	\$ 2,862,236	\$ 13,457,236

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS December 31, 2005

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

F. LONG-TERM OBLIGATIONS (cont.)

Other Debt Information

Estimated payments of compensated absences are not included in the debt service requirement schedules. The compensated absences liability attributable to governmental activities will be liquidated primarily by the general fund.

A statutory mortgage lien upon the City's system and any additions, improvements and extensions thereto is created by Section 66.066 of the Wisconsin Statutes as provided for in the ordinances creating the revenue bond issue. The City's 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 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. The unamortized amount is reported as a deduction from debt payable in the government-wide and proprietary fund statements. Amortization for 2005 was \$9,146, all of which is for the Water Utility.

G. LEASE DISCLOSURES

The City has no material leases as lessee or lessor.

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS December 31, 2005

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, 2005 includes the following:

Governmental Activities

Invested in capital assets, net of related debt	
Construction in progress	\$ 10,592,997
Land	14,629,313
Other capital assets, net of accumulated depreciation	92,034,964
Less: related long-term debt outstanding (excluding unspent capital related debt proceeds)	<u>(38,118,819)</u>
Total Invested in Capital Assets	79,138,455
Restricted	
Restricted deposits	925,828
Unspent grant proceeds	389,198
Restricted for new loans	1,779,168
Restricted per RCU agreement	323,690
Debt service	<u>14,715,422</u>
Total Restricted	18,133,306
Unrestricted	<u>30,056,232</u>
Total Governmental Activities Net Assets	<u>\$ 127,327,993</u>

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS December 31, 2005

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, 2005 include the following:

Reserved	
Major Funds	
General Fund	
Notes receivable	\$ 25,000
Prepaid items	522,036
Advances to other funds (noncurrent portion)	<u>5,301,884</u>
Total	<u>\$ 5,848,920</u>
General Debt Service Fund	
Reserved for debt service	<u>\$ 5,898,985</u>
Non-Major Funds	
Debt Service – TIF No. 4	
Reserved for TID No. 4 debt service	\$ 1,285,818
Debt Service – TIF No. 6	
Reserved for TID No. 6 debt service	598,604
Special Revenue – Economic Development	
Reserved for grant proceeds	389,198
Special Revenue – Home Grant	
Reserved for grant proceeds	18,868
Capital Projects – TIF No. 8 Downtown Development	
Reserved for capital contracts	513,052
Reserved for bond construction	<u>614,591</u>
Total	<u>1,127,643</u>
Capital Projects – TIF No. 7 Soo Line Development	
Reserved for capital contracts	7,173
Reserved for bond construction	<u>252,679</u>
Total	<u>259,852</u>
Capital Projects – TIF No. 5 Gateway NW Business Park	
Reserved for bond construction	3,788,221

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS December 31, 2005

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

H. NET ASSETS/FUND BALANCES (cont.)

Governmental Activities (cont.)

Capital Projects - Street Projects Reserved for capital contracts	\$ 206,492
Capital Projects – Bridge Projects Reserved for capital contracts	257,343
Capital Projects – Buildings and Equipment Reserved for capital contracts	133,407
Capital Projects – Parks and Recreation Projects Reserved for capital contracts	982,915
Capital Projects – Environmental Improvements - Landfill Reserved for capital contracts	3,935
Reserved for environmental remediation	<u>323,690</u>
Total	<u>327,625</u>
Capital Projects – Library Buildings and Equipment Reserved for capital contracts	<u>20,804</u>
Total reserved fund balance – nonmajor funds	<u>\$ 9,396,790</u>
Unreserved, undesignated	
Major Funds	
General fund	<u>\$ 2,821,438</u>
Unreserved, designated	
Major Funds	
General fund designated for	
Working capital	\$ 3,700,000
Subsequent year expenditures	<u>2,359,964</u>
Total	<u>\$ 6,059,964</u>
Debt Service – General designated for Subsequent year expenditures	<u>\$ 88,400</u>

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS December 31, 2005

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

H. NET ASSETS/FUND BALANCES (cont.)

Unreserved, designated

Non-Major Funds

Special Revenue Funds designated for Cemetery Maintenance	- Subsequent year expenditures	\$ 142,442
Hazardous Materials Response	- Subsequent year expenditures	223,963
Community Development	- Subsequent year expenditures	281,715
Economic Development	- Economic development	950,000
	- Subsequent year expenditures	3,995,856
	- Code compliance loans	100,000
	- Downtown facade loans	10,000
Community Enhancement	- Subsequent year expenditures	44,067
Public Library	- Library funds	67,362
	- Capital projects	162,800
	- Subsequent year expenditures	519,857
City-County Health Department	- Future expenditures	56,400
	- Subsequent year expenditures	574,154
Downtown Partners	- Subsequent year expenditures	56,648
	- Loft matching program	<u>12,000</u>
Subtotal – Special Revenue Funds		7,197,264
Debt Service Funds designated for Debt Service TIF #4	- Subsequent year expenditures	167,300
Capital Projects Funds designated for TIF #5 Gateway NW Business Park	- Subsequent year expenditures	1,431,599
TIF #7 Soo Line Development	- Subsequent year expenditures	11,868
TIF #8 Downtown Development	- Subsequent year expenditures	1,111,450
Street Projects	- Subsequent year expenditures	1,516,432
Bridge Projects	- Subsequent year expenditures	490,925
Buildings and Equipment	- Subsequent year expenditures	1,979,461
Parks and Recreation Projects	- Subsequent year expenditures	457,655
Environmental Improvements-Landfill	- Subsequent year expenditures	1,519,070
Library Buildings and Equipment	- Subsequent year expenditures	<u>695,538</u>
Subtotal – Capital Projects Funds		<u>9,213,998</u>
Total designations – nonmajor funds		<u>\$ 16,578,562</u>

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS December 31, 2005

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

H. NET ASSETS/FUND BALANCES (cont.)

Business-Type Activities

Invested in capital assets, net of related debt	
Construction in progress	\$ 8,338,583
Land	15,599,320
Other capital assets, net of accumulated depreciation	121,113,325
Less: related long-term debt outstanding (excluding unspent capital related debt proceeds)	<u>(21,803,241)</u>
Total Invested in Capital Assets	<u>123,247,987</u>
Restricted	
Debt service payments	1,606,744
Equipment replacement	<u>760,000</u>
Total Restricted	<u>2,366,744</u>
Unrestricted	<u>14,878,421</u>
Total Business-Type Activities Net Assets	<u>\$ 140,493,152</u>

I. RESTATEMENT OF NET ASSETS

Governmental activities net assets and the parking utility net assets have been restated for a prior year transfer of a parking lot from governmental activities to the parking utility. An additional adjustment is required in the governmental activities due to expenses that were capitalized in error.

Governmental Activities

Net Assets at December 31, 2004 (as reported)	\$ 129,702,510
Subtract: Adjustment for parking lot	(500,792)
Subtract: Adjustment for overcapitalization	<u>(352,273)</u>
Net Assets at January 1, 2005 (as restated)	<u>\$ 128,849,445</u>

Parking Utility

Net Assets at December 31, 2004 (as reported)	\$ 3,419,027
Add: Adjustment for parking lot	<u>500,792</u>
Net Assets at January 1, 2005 (as restated)	<u>\$ 3,919,819</u>

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS December 31, 2005

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

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.

b. Deposits and Investments

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

Petty cash and cash on hand	\$ 1,450
Deposits with financial institutions	428,926
Investments	1,991,489
Cash with escrow agent (pooled funds)	<u>1,552,016</u>
Total Cash and Investments	<u>\$ 3,973,881</u>

Reconciliation to financial statements:

Per statement of net assets

Unrestricted cash and investments	\$ 2,421,865
Restricted cash and investments	<u>1,552,016</u>
Total	<u>\$ 3,973,881</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, 2005, 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.

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS
December 31, 2005

NOTE III – DETAILED NOTES ON ALL FUNDS

J. COMPONENT UNITS (cont.)

b. Deposits and Investments (cont.)

Deposits

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

	Carrying Value	Bank Balance	Associated Risks
Demand deposits	\$ 428,926	\$ 591,699	Custodial credit risk

Deposits in each local and area bank are insured by the FDIC in the amount of \$100,000 for interest bearing accounts and \$100,000 for noninterest bearing 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.

Investments

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

	Carrying Value	Bank Balance	Associated Risks
U.S. treasuries	\$ 1,991,489	\$ 1,989,819	Interest rate risk, Custodial 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). The Housing Authority's SIPC membership provides account protection up to a maximum of \$500,000 per customer, of which \$100,000 may be in cash. Wells Fargo Brokerage Services has purchased SIPC-like protection from Behnke & Company, Inc. for supplemental protection of up to \$149,500,000 per customer.

The Housing Authority had no significant type of investment during the year not included in the above schedule.

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS
December 31, 2005

NOTE III – DETAILED NOTES ON ALL FUNDS

J. COMPONENT UNITS (cont.)

b. Deposits and Investments (cont.)

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 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 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.

Interest Rate Risk

As of December 31, 2005, the Housing Authority's investments were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
US Treasuries	<u>\$ 1,989,819</u>	.348
Total Fair Value	<u>\$ 1,989,819</u>	

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS
December 31, 2005

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

J. COMPONENT UNITS (cont.)

c. Receivables

Accounts Receivable - tenants	\$	8,205	
Less: Allowance for Uncollectibles		(663)	
Interest receivable		6,455	
Due from other governments		17,569	
Other receivables		<u>2,636</u>	
Net Total Receivables	\$	<u><u>34,202</u></u>	

All receivables are expected to be collected within one year.

d. Capital asset activity for the year ended December 31, 2005 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets Not Being Depreciated:				
Land	<u>\$ 1,315,404</u>	<u>\$ 19,500</u>	<u>\$ 11,505</u>	<u>\$ 1,323,399</u>
Other Capital Assets				
Land and building improvements	\$ 1,179,480	\$ -	\$ -	\$ 1,179,480
Buildings	13,588,489	735,301	78,807	14,244,983
Machinery and equipment	<u>750,497</u>	<u>83,818</u>	<u>25,621</u>	<u>808,694</u>
Total Capital Assets Being Depreciated	<u>15,518,466</u>	<u>819,119</u>	<u>104,428</u>	<u>16,233,157</u>
Less: Accumulated depreciation for:				
Land and building improvements	360,255	54,540	-	414,795
Buildings	4,525,858	359,265	17,659	4,867,464
Machinery and equipment	<u>370,556</u>	<u>58,491</u>	<u>25,620</u>	<u>403,427</u>
Total Accumulated Depreciation	<u>5,256,669</u>	<u>\$ 472,296</u>	<u>\$ 43,279</u>	<u>5,685,686</u>
Net Other Capital Assets	<u>\$ 10,261,797</u>			<u>\$ 10,547,471</u>

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS
December 31, 2005

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

J. COMPONENT UNITS (cont.)

e. Long-Term Obligations

Long-term obligations activity for the year ended December 31, 2005 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:					
Revenue bonds	\$ 130,000	\$ -	\$ 20,000	\$ 110,000	\$ 20,000
Mortgage notes	1,631,569	-	263,310	1,368,259	283,836
Other loans/notes	<u>1,355,423</u>	-	<u>7,378</u>	<u>1,348,045</u>	<u>7,792</u>
Subtotal	3,116,992	-	290,688	2,826,304	311,628
Other Liabilities:					
Vested compensated absences	<u>42,500</u>	<u>39,365</u>	<u>30,505</u>	<u>51,360</u>	<u>39,645</u>
Total Long-Term Liabilities	<u>\$ 3,159,492</u>	<u>\$ 39,365</u>	<u>\$ 321,193</u>	<u>\$ 2,877,664</u>	<u>\$ 351,273</u>

Revenue bonds are payable only from revenues derived from the operation of the Housing Authority.

Revenue debt payable at December 31, 2005 consists of the following:

Owen Rust Memorial Apartments

Series 1993 housing refunding revenue bonds, \$295,000 face value, payable in semi-annual installments including interest at 2.8% - 5.25% through December 1, 2010.

	<u>\$ 110,000</u>
Total Revenue Debt	<u>\$ 110,000</u>

Debt service requirements to maturity are as follows:

	<u>Principal</u>	<u>Interest</u>
2006	\$ 20,000	\$ 5,775
2007	20,000	4,725
2008	20,000	3,675
2009	25,000	2,625
2010	<u>25,000</u>	<u>1,313</u>
Totals	<u>\$ 110,000</u>	<u>\$ 18,113</u>

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS
December 31, 2005

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

J. COMPONENT UNITS (cont.)

e. Long-Term Obligations (cont.)

MORTGAGE NOTES

Mortgage notes are payable only from revenues derived from the operation of the Housing Authority.

Mortgage notes payable at December 31, 2005 consists of the following:

Park Towers Apartments

Mortgage note payable to WHEDA in monthly installments of \$31,434 including interest at 7.53%, through March, 2010. Secured by the project's real estate. \$ 1,368,259

Total Mortgage Notes \$ 1,368,259

Debt service requirements to maturity are as follows:

	<u>Principal</u>	<u>Interest</u>
2006	\$ 283,836	\$ 93,367
2007	305,962	71,241
2008	329,813	47,390
2009	355,523	21,680
2010	<u>93,125</u>	<u>1,171</u>
Totals	<u>\$ 1,368,259</u>	<u>\$ 234,849</u>

OTHER LOANS/NOTES PAYABLE

Other loans and notes payable at December 31, 2005 consist of the following:

Substantial Rehabilitation

1982 note payable to the City of Eau Claire Community Development Block Grant Program, requires monthly installment of \$777, which includes principal and interest at a rate of 5%, with a balloon payment in 2009. \$ 34,087

Park Towers Apartments

1992 note payable from the City of Eau Claire Community Development Block Grant Program, the note is non-interest bearing and is due on demand should certain conditions be met. 195,462

1991 note payable to the City of Eau Claire, Community Development Block Grant Program. Unsecured, non-interest bearing, and due on demand. 63,000

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS December 31, 2005

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

J. COMPONENT UNITS (cont.)

e. Long-Term Obligations (cont.)

Home Ownership

1991 note payable to the City of Eau Claire Community Development Block Grant Program, the note is non-interest bearing and is due on demand should certain conditions be met. \$ 331,641

Affordable Housing

2005 note payable to the City of Eau Claire HOME Investment Partnerships Program is non-interest bearing and will be forgiven on December 30, 2023, if the property remains in the name of the Housing Authority and is occupied primarily by low income persons. The note is due on demand, if conditions are not met. 213,237

2004 note payable to the City of Eau Claire HOME Investment Partnerships Program is non-interest bearing and will be forgiven on January 13, 2023, if the property remains in the name of the Housing Authority and is occupied primarily by low income persons. The note is due on demand, if conditions are not met. 150,000

2001 note payable to the City of Eau Claire HOME Investment Partnerships Program is non-interest bearing and will be forgiven on March 1, 2021, if the property remains in the name of the Housing Authority and is occupied primarily by low income persons. The note is due on demand, if conditions are not met. 120,618

1997 note payable to the City of Eau Claire Community Development Block Grant Program is non-interest bearing and will be forgiven on December 30, 2016, if the property remains in the name of the Housing Authority and is occupied primarily by low income persons. The note is due on demand, if conditions are not met. 150,000

1996 note payable to the City of Eau Claire HOME Investment Partnerships Program is non-interest bearing and will be forgiven on December 30, 2016, if the property remains in the name of the Housing Authority and is occupied primarily by low income persons. The note is due on demand, if conditions are not met. 90,000

Total Notes Payable

\$ 1,348,045

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS
December 31, 2005

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

J. COMPONENT UNITS (cont.)

e. Long-Term Obligations (cont.)

Debt service requirements to maturity are as follows:

	Principal	Interest
2006	7,792	1,532
2007	8,191	1,133
2008	8,610	714
2009	9,494	40
	34,087	3,419
Demand notes with no set payment schedule	1,313,958	-
Totals	\$ 1,348,045	\$ 3,419

OTHER DEBT INFORMATION

Estimated payments of compensated absences are not included in the debt service requirement schedules.

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

f. Net Assets

Net assets reported on the statement of net assets at December 31, 2005 includes the following:

Invested in capital assets, net of related debt	
Land	\$ 1,323,399
Other capital assets, net of accumulated depreciation	10,547,471
Less: related long-term debt outstanding (excluding unspent capital related debt proceeds)	(2,826,304)
Total Invested in Capital Assets	9,044,566
Restricted	
Escrow for replacement	1,432,685
Escrow for development costs	112,882
Escrow for residual receipts	6,035
Escrow for taxes	414
Total Restricted	1,552,016
Unrestricted	
Total Net Assets	\$ 12,993,969

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS December 31, 2005

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

J. COMPONENT UNITS (cont.)

g. 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. All permanent employees expected to work at least 600 hours a year are eligible to participate in the WRS. Covered employees in the General category are required by statute to contribute 5.8% of their salary (2.8% for Executives and Elected Officials, 4.9% for Protective Occupations with Social Security, and 3.3% for Protective Occupations without Social Security) to the plan. Employers may make these contributions to the plan on behalf of employees. 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, 2005 was \$401,912; the employer's total payroll was \$403,684. The total required contribution for the year ended December 31, 2005 was \$40,995 or 10.2 percent of covered payroll. Of this amount, 100 percent was contributed for the current year. Total contributions for the years ending December 31, 2004 and 2003 were \$42,959 and \$38,258, respectively, equal to the required contributions for each year. The City of Eau Claire employees who work for the Housing Authority are covered under the City's plan.

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, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998, are immediately vested.

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS December 31, 2005

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

J. COMPONENT UNITS (cont.)

g. Employee Retirement System (cont.)

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.

h. 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 \$300,000 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.

i. Commitments

The Housing Authority has entered into a Regulatory Agreement with the Wisconsin Housing and Economic Development Authority (WHEDA) for the Park Tower Apartments Fund. The Regulatory Agreement contains, among other things, restrictions on the conveyance, transfer or encumbrance of any of the project property, assumption of additional indebtedness and assignment of rights to manage or receive the rents and profits of the property.

The Housing Authority provides housing for the Park Tower Apartments Fund 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 \$679,208 during 2005.

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS December 31, 2005

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

J. COMPONENT UNITS (cont.)

i. Commitments (cont.)

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.

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.

j. 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.

k. 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.

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS December 31, 2005

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

J. COMPONENT UNITS (cont.)

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.

b. Deposits and Investments

The RDA maintains certain deposits at the same institutions as the City of Eau Claire. 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 \$1,400,951. The City's investment policy is applied to the custody of the RDA's deposits.

c. Advance from Primary Government

The City of Eau Claire, through TIF #8, allocated to the RDA \$1,310,000 in 2003 and \$370,000 in 2004 for a total contribution of \$1,680,000 for redevelopment acquisitions. The City did not charge any interest on the allocation. Since the RDA has applied the \$1,680,000 to the purchase of blighted properties, there is no expectation that the allocations will be repaid. The \$1,680,000 is included as a capital contribution on the 2005 statement of activities.

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS December 31, 2005

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

J. COMPONENT UNITS (cont.)

d. Capital Assets

Capital asset held for resale activity for the year ended December 31, 2005 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets Not Being Depreciated:				
Land	\$ 2,277,906	\$ 1,111,590	\$ -	\$ 3,389,496
Construction in progress	810,919	60,996	802,252	69,663
Total Capital Assets Not Being Depreciated	\$ 3,088,825	\$ 1,172,586	\$ 802,252	\$ 3,459,159

e. Net Assets

Net assets reported on the statement of net assets at December 31, 2005 includes the following:

Invested in capital assets, net of related debt	
Land	\$ 3,389,496
Construction in progress	69,663
Less: Related long-term debt outstanding (excluding unspent capital related debt proceeds)	(-)
Total Invested in Capital Assets, net of related debt	3,459,159
Unrestricted	1,399,955
Total Net Assets	\$ 4,859,114

f. 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.

g. Commitments

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.

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS December 31, 2005

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

J. COMPONENT UNITS (cont.)

h. 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.

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 maintains certain deposits at the same institutions as the City of Eau Claire. The custodial credit risk pertaining specifically to the BID's resources at these institutions cannot be determined individually for those accounts. The City's investment policy is applied to the custody of the BID's deposits.

At year end, the deposit balances for the BID's were as follows:

Downtown	\$ <u>16,714</u>
West Grand	\$ <u>809</u>
Water Street	\$ <u>33,080</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 (TID) 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

December 31, 2005

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. TID No. 4 was terminated during 2003. The City still maintains a debt service fund for TID No. 4. Surplus funds will be used to pay the remaining debt outstanding in TID No. 4.

	Effective Date	Amended Date	Expenditure Deadline	Termination Year
TID No. 4	1992	N/A	2002	03/25/2003
TID No. 5	1997	09/23/03	09/23/15	10/08/2020
TID No. 6	1997	N/A	01/28/15	01/28/2020
TID No. 7	1997	02/24/04	02/24/15	03/17/2020
TID No. 8	2003	N/A	09/24/20	09/24/2025

Upon termination, the incremental tax base created by each TID will become part of the City's regular tax base. Any surplus remaining in the TID 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, 2005.

Project Costs	TIF #4	TIF #5	TIF #6	TIF #7	TIF #8
Capital expenditures	\$ 7,060,286	\$ 2,687,858	\$ 1,130,255	\$ 1,464,140	\$ 7,160,662
Interest and fiscal charges	2,755,760	1,030,234	422,089	688,867	658,713
Tax refund	142,198	-	-	-	-
Bond issuance costs	62,670	25,342	2,160	5,710	5,998
Total project costs	<u>10,020,914</u>	<u>3,743,434</u>	<u>1,554,504</u>	<u>2,158,717</u>	<u>7,825,373</u>
Project Revenues					
Tax increments	8,809,213	2,013,781	858,957	428,438	92,117
Interest income and misc. revenue	1,499,818	389,473	108,029	296,999	614,848
Special assessments revenue	-	-	181,120	-	-
Total revenue	<u>10,309,031</u>	<u>2,403,254</u>	<u>1,148,106</u>	<u>725,437</u>	<u>706,965</u>
Net recoverable costs (refundable)	<u>\$ (288,117)</u>	<u>\$ 1,340,180</u>	<u>\$ 406,398</u>	<u>\$ 1,433,280</u>	<u>\$ 7,118,408</u>

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS December 31, 2005

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. All permanent employees expected to work at least 600 hours a year are eligible to participate in the WRS. Covered employees in the General category are required by statute to contribute 5.8% of their salary (2.8% for Executives and Elected Officials, 4.9% for Protective Occupations with Social Security, and 3.3% for Protective Occupations without Social Security) to the plan. Employers may make these contributions to the plan on behalf of employees. 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, 2005 was \$29,827,621; the employer's total payroll was \$31,278,158. The total required contribution for the year ended December 31, 2005 was \$4,446,060 or 14.9 percent of covered payroll. Of this amount, 100 percent was contributed by the employer for the current year. Total contributions for the years ending December 31, 2004 and 2003 were \$4,354,298 and \$3,964,853, 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, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998 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.

The pension related debt for the City as of December 31, 2005, was \$9,032,760. This liability was determined in accordance with provisions of GASB Statement 27 regarding pension-related debt. Depending on actuarial assumptions, this estimate can vary significantly.

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS December 31, 2005

NOTE IV – OTHER INFORMATION

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 27 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 2005 was approximately \$129,625. Total estimated unfunded pension-related debt of this plan is approximately \$737,461 as of December 31, 2005, all of which relates to retirees and beneficiaries currently receiving benefits. Total cost for the year ended December 31, 2004 and 2003 was \$143,297 and \$152,510, respectively, equal to required contributions for each year. The rate of investment return is presently assumed to be 8%. The estimated remaining period of amortization is 11 years. This information is included in the above pension plan. The report can be obtained from the same address above.

The Wisconsin Retirement System also manages a duty disability plan under Section 40.65 of the Wisconsin Statutes. This plan pays lifetime disability benefits to police and fire employees who sustain on-the-job injuries that prevent them from continuing employment. The costs of this program are charged to the City as a percent of current police and fire wages. In 2005, 15 former employees participated in the program at a cost of \$727,816. The estimated present value of future costs for this program is \$3,568,953.

Under an earlier provision of the law, employers were directly responsible for the administration of duty disability payments. During 2005, three former employees were paid a total of \$27,980. The estimated present value of future costs of these benefits is \$261,073.

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 \$300,000 per incident. The City has purchased excess insurance from WMMIC 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
December 31, 2005

NOTE IV – OTHER INFORMATION (cont.)

B. RISK MANAGEMENT (cont.)

Self Insurance (cont.)

The unpaid claims liability of \$1,147,655 at December 31, 2005 is based on GASB Statement Number 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 liability at year end of \$1,147,655 includes \$408,078 of potential workers compensation claims and \$739,577 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	\$ 903,390	\$ 885,151
Current year claims and changes in estimates	788,462	1,370,820
Claim payments	<u>(806,701)</u>	<u>(1,108,316)</u>
Unpaid claims – End of Year	<u>\$ 885,151</u>	<u>\$ 1,147,655</u>

Public Entity Risk Pool

Transit Mutual Insurance Corporation of Wisconsin (TMICOW)

The Transit Mutual Insurance Corporation of Wisconsin was formed by 21 Wisconsin municipalities which have joined together for the managing and funding of the first party property losses and third party liability claims of its member municipalities mass transit funds.

In 2005, the TMICOW is protected by a \$2,000,000 self-insurance limit and a \$5,000,000 excess insurance policy issued by General Reinsurance Corporation effective January 1, 2005 through December 31, 2005. TMICOW provides \$7,000,000 in first dollar liability coverage.

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 this operation is 3.5%. A list of the other members and their share of participation is available in the TMICOW report which is available from TMICOW, P.O. Box 1772, Appleton, WI 54912-1772.

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS December 31, 2005

NOTE IV – OTHER INFORMATION (cont.)

B. RISK MANAGEMENT (cont.)

Public Entity Risk Pool (cont.)

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 2005, with an annual cap of \$5 million. The policy is non-assessable, 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 4.10%.

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.

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS December 31, 2005

NOTE IV – OTHER INFORMATION (cont.)

C. COMMITMENTS AND CONTINGENCIES (cont.)

At December 31, 2005, the city was engaged in a dispute with the Transit union. The union alleges that the union members should be awarded over \$500,000 plus interest. The City asserts that the appropriate back pay is less than \$25,000. The remedy will be determined by the WERC.

At December 31, 2005, 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.

Capital Projects

TIF #7 Soo Line Development	\$	7,173
TIF #8 Downtown Development		513,052
Street Projects		206,492
Bridge Projects		257,343
Buildings and Equipment		133,407
Parks and Recreation Projects		982,915
Environmental Improvements - Landfill		3,935
Library Buildings & Equipment		20,804
Total Committed Construction	\$	<u>2,125,121</u>

Proprietary Funds

Water Utility	\$	98,162
Sewer Utility		92,389
Storm Water Utility		166,185
Parking Utility		3,190
Central Equipment		293,347
Total Committed Construction and Equipment	\$	<u>653,273</u>

D. OTHER POSTEMPLOYMENT BENEFITS

In addition to providing pension benefits, the City provides certain contractually defined health care benefits for retired employees. Substantially all of the City's permanent employees may become eligible to receive an employer paid health care retirement benefit. 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 sixty-five.

The cost of retiree health care benefits is recognized as an expenditure in the General fund as premiums are paid. During 2005, \$739,600 was paid on behalf of 100 retired employees.

As of December 31, 2005 the estimated present value of future costs to provide retiree health care benefits for current participants is \$4,867,562. This liability is adjusted annually based on estimated health care costs and actual levels of participation.

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS December 31, 2005

NOTE IV – OTHER INFORMATION (cont.)

E. CONTINGENT LIABILITIES

The City had the usual and customary types of miscellaneous claims pending at year end. At the present time, there is no significant litigation pending.

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.

F. RELATED PARTIES

Gateway Industrial Park Corporation (Gateway), a Wisconsin non-stock, non-profit 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, and the Eau Claire Area Industrial Development Corporation each appoint one director.

In April, 1991, the City, Xcel, 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, 2005, 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 \$22,000 for the year ended December 31, 2005.

Downtown Eau Claire, Incorporated (DECI), a Wisconsin non-stock, non-profit 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 non-business 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, Downtown Business Improvement District, West Grand Business Improvement District, Regional Arts Council and Eau Claire City Council. Downtown Eau Claire, Incorporated is funded by the City of Eau Claire and the Downtown Business Improvement District. The City of Eau Claire has contributed \$87,700 and the Downtown Business Improvement District contributed \$33,300 in 2005 for a budget of \$121,000.

R E Q U I R E D S U P P L E M E N T A R Y I N F O R M A T I O N

CITY OF EAU CLAIRE

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL GENERAL FUND

For the Year Ended December 31, 2005

	2005			
	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 21,493,500	\$ 21,493,500	\$ 21,453,862	\$ (39,638)
Special assessments	65,000	65,000	77,597	12,597
Intergovernmental	12,335,700	12,470,000	12,462,018	(7,982)
Licenses & permits	1,500,000	1,500,000	1,541,104	41,104
Fines, forfeitures and penalties	755,000	755,000	786,150	31,150
Charges for services	1,916,800	1,916,800	1,922,030	5,230
Charges for services - intergovernmental	2,482,500	2,482,500	2,466,648	(15,852)
Investment income	924,600	924,600	1,349,637	425,037
Miscellaneous	34,000	45,500	108,318	62,818
Total Revenues	<u>41,507,100</u>	<u>41,652,900</u>	<u>42,167,364</u>	<u>514,464</u>
EXPENDITURES				
Current				
City council	126,500	127,900	108,621	19,279
Administrative services	1,087,600	1,156,400	1,094,958	61,442
Legal	412,700	412,700	367,177	45,523
Finance	2,200,800	2,200,800	1,983,603	217,197
Human resources	698,000	698,000	681,681	16,319
Planning and development	1,164,400	1,164,400	1,114,593	49,807
Public works	7,741,900	7,856,400	7,217,951	638,449
Parks and recreation	4,093,900	4,098,300	3,919,497	178,803
Police	12,226,000	12,389,700	12,324,431	65,269
Fire	8,520,500	8,528,200	8,430,293	97,907
Non departmental	1,723,700	1,380,900	1,264,822	116,078
Total Expenditures	<u>39,996,000</u>	<u>40,013,700</u>	<u>38,507,627</u>	<u>1,506,073</u>
Excess of revenues over expenditures	<u>1,511,100</u>	<u>1,639,200</u>	<u>3,659,737</u>	<u>2,020,537</u>
Other financing sources (uses)				
Transfers from other funds	1,434,800	1,434,800	1,531,183	96,383
Transfers to other funds	(6,421,900)	(6,421,900)	(6,213,520)	208,380
Sale of capital assets	10,000	10,000	67,276	57,276
Total other financing sources (uses)	<u>(4,977,100)</u>	<u>(4,977,100)</u>	<u>(4,615,061)</u>	<u>362,039</u>
Net change in fund balances	<u>(3,466,000)</u>	<u>(3,337,900)</u>	<u>(955,324)</u>	<u>2,382,576</u>
FUND BALANCE - Beginning of Year	<u>15,685,646</u>	<u>15,685,646</u>	<u>15,685,646</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 12,219,646</u>	<u>\$ 12,347,746</u>	<u>\$ 14,730,322</u>	<u>\$ 2,382,576</u>

See accompanying notes to required supplementary information.

CITY OF EAU CLAIRE

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION December 31, 2005

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.

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.

CITY OF EAU CLAIRE
GENERAL FUND
COMPARATIVE BALANCE SHEET
December 31, 2005 and 2004

<i>ASSETS</i>	<u>2005</u>	<u>2004</u>
Cash and short term investments	\$ 8,889,471	\$ 9,827,209
Receivables:		
Taxes:		
Current	22,133,853	21,155,944
Delinquent personal property	<u>101,363</u>	<u>83,219</u>
Total taxes	<u>22,235,216</u>	<u>21,239,163</u>
Accounts	1,123,707	1,345,589
Notes receivable	25,000	25,000
Special assessments:		
Installment	6,889	5,951
Interest	<u>337,268</u>	<u>372,647</u>
Total receivables	23,728,080	22,988,350
Prepayments	522,036	583,864
Due from other funds	1,025,084	274,755
Due from other governments	76,261	55,964
Advance to other funds	<u>5,751,507</u>	<u>6,216,345</u>
Total assets	<u>\$ 39,992,439</u>	<u>\$ 39,946,487</u>

	<u>2005</u>	<u>2004</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	\$ 415,260	\$ 1,114,968
Accrued liabilities	1,529,192	831,614
Deposits	332,379	136,928
Due to other governments	49,423	60,023
Due to component unit	34,834	42,257
Deferred revenue	<u>22,901,029</u>	<u>22,075,051</u>
 Total liabilities	 <u>25,262,117</u>	 <u>24,260,841</u>
Fund balance:		
Reserved:		
For notes receivable	25,000	25,000
For prepayments	522,036	583,864
For advances to other funds	<u>5,301,884</u>	<u>5,775,177</u>
 Total reserved	 <u>5,848,920</u>	 <u>6,384,041</u>
Unreserved:		
Designated:		
For working capital	3,700,000	3,700,000
For subsequent year expenditures	<u>2,359,964</u>	<u>2,623,236</u>
 Total designated	 <u>6,059,964</u>	 <u>6,323,236</u>
 Undesignated	 <u>2,821,438</u>	 <u>2,978,369</u>
 Total unreserved	 <u>8,881,402</u>	 <u>9,301,605</u>
 Total fund balance	 <u>14,730,322</u>	 <u>15,685,646</u>
 Total liabilities and fund balance	 <u>\$ 39,992,439</u>	 <u>\$ 39,946,487</u>

CITY OF EAU CLAIRE

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

For the Year Ended December 31, 2005

With Comparative Actual Totals for Year Ended December 31, 2004

	2005			Variance with Final Budget	2004
	Budgeted Amounts		Actual		Actual
	Original	Final			
TAXES					
Real and personal property	\$ 21,106,000	\$ 21,106,000	\$ 21,066,208	\$ (39,792)	\$ 19,896,143
Mobile home fees	100,000	100,000	79,093	(20,907)	81,893
Payment in lieu of taxes:					
Other	281,500	281,500	296,675	15,175	285,534
Interest on delinquent personal property taxes	6,000	6,000	11,886	5,886	7,748
Total taxes	<u>21,493,500</u>	<u>21,493,500</u>	<u>21,453,862</u>	<u>(39,638)</u>	<u>20,271,318</u>
SPECIAL ASSESSMENTS					
Current	65,000	65,000	74,455	9,455	151,595
Installment	-	-	3,142	3,142	13,108
Total special assessments	<u>65,000</u>	<u>65,000</u>	<u>77,597</u>	<u>12,597</u>	<u>164,703</u>
INTERGOVERNMENTAL					
Federal aid	-	39,100	95,563	56,463	102,258
State aid:					
Shared taxes	7,475,000	7,475,000	7,388,560	(86,440)	7,270,560
Highway safety	-	-	-	-	7,754
Medical transportation	-	5,400	100,105	94,705	212,700
Municipal services	600,000	600,000	639,862	39,862	673,336
Utility tax	200,700	200,700	208,372	7,672	216,627
Local streets	2,800,000	2,800,000	2,723,324	(76,676)	2,803,982
Expenditure restraint program	906,500	906,500	861,079	(45,421)	901,067
Fire insurance	120,000	120,000	130,596	10,596	130,279
Underground tank inspections	13,500	13,500	11,768	(1,732)	10,162
Police training	-	16,300	16,345	45	-
Other	220,000	293,500	286,444	(7,056)	311,070
Total intergovernmental	<u>12,335,700</u>	<u>12,470,000</u>	<u>12,462,018</u>	<u>(7,982)</u>	<u>12,639,795</u>
LICENSES AND PERMITS					
Television franchise	673,000	673,000	743,309	70,309	707,751
Licenses	238,000	238,000	273,495	35,495	260,925
Permits	589,000	589,000	524,300	(64,700)	581,387
Total licenses and permits	<u>1,500,000</u>	<u>1,500,000</u>	<u>1,541,104</u>	<u>41,104</u>	<u>1,550,063</u>

CITY OF EAU CLAIRE

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

For the Year Ended December 31, 2005 With Comparative
Actual Totals for Year Ended December 31, 2004

	2005			Variance with Final Budget	2004
	Budgeted Amounts		Actual		Actual
	Original	Final			
FINES, FORFEITURES AND PENALTIES					
Parking violation fines	\$ 450,000	\$ 450,000	\$ 388,599	\$ (61,401)	\$ 509,568
County court fines	300,000	300,000	381,104	81,104	339,980
Other fines or forfeitures	5,000	5,000	16,447	11,447	9,306
Total fines and forfeitures	<u>755,000</u>	<u>755,000</u>	<u>786,150</u>	<u>31,150</u>	<u>858,854</u>
PUBLIC CHARGES FOR SERVICES					
General government	55,500	55,500	46,472	(9,028)	44,915
Police and fire	1,154,500	1,154,500	1,245,707	91,207	1,086,301
Public works	199,000	199,000	124,261	(74,739)	174,778
Parks and recreation	507,800	507,800	505,590	(2,210)	470,780
Total charges for services	<u>1,916,800</u>	<u>1,916,800</u>	<u>1,922,030</u>	<u>5,230</u>	<u>1,776,774</u>
CHARGES FOR SERVICES - INTERGOVERNMENTAL					
Communication center reimbursement	1,019,400	1,019,400	995,848	(23,552)	965,681
Storm water management charge	361,900	361,900	361,848	(52)	286,260
Sewer utility charge	372,600	372,600	372,648	48	349,176
Water utility service charge	488,300	488,300	488,316	16	467,820
Other service charges	240,300	240,300	247,988	7,688	229,829
Total charges for services - intergovernmental	<u>2,482,500</u>	<u>2,482,500</u>	<u>2,466,648</u>	<u>(15,852)</u>	<u>2,298,766</u>
INVESTMENT INCOME					
Investment interest	500,000	500,000	914,077	414,077	378,471
Interest on advance to other funds	424,600	424,600	424,709	109	450,146
Interest on special assessments	-	-	9,162	9,162	16,732
Other interest	-	-	1,689	1,689	-
Total investment income	<u>924,600</u>	<u>924,600</u>	<u>1,349,637</u>	<u>425,037</u>	<u>845,349</u>
MISCELLANEOUS					
Rental:					
Rental of land and buildings	<u>26,000</u>	<u>26,000</u>	<u>31,672</u>	<u>5,672</u>	<u>9,506</u>
Total rental	<u>26,000</u>	<u>26,000</u>	<u>31,672</u>	<u>5,672</u>	<u>9,506</u>

CITY OF EAU CLAIRE

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

For the Year Ended December 31, 2005 With Comparative
Actual Totals for Year Ended December 31, 2004

	2005			2004	
	Budgeted Amounts		Actual	Variance with Final Budget	Actual
	Original	Final			
Other:					
Refunds of prior years expenditures	\$ -	\$ -	\$ -	\$ -	\$ 13
Donations	-	2,900	6,967	4,067	19,755
Other reimbursements and refunds	8,000	16,600	69,679	53,079	61,080
Total other	8,000	19,500	76,646	57,146	80,848
Total miscellaneous	34,000	45,500	108,318	62,818	90,354
Total revenues	41,507,100	41,652,900	42,167,364	514,464	40,495,976
OTHER FINANCING SOURCES:					
Transfers from other funds	384,800	384,800	413,905	29,105	388,173
Transfer from water utility - PILOT	1,050,000	1,050,000	1,117,278	67,278	1,161,972
Sale of capital assets	10,000	10,000	67,276	57,276	331,870
Total other financing sources	1,444,800	1,444,800	1,598,459	153,659	1,882,015
TOTAL REVENUES AND OTHER FINANCING SOURCES	\$ 42,951,900	\$ 43,097,700	\$ 43,765,823	\$ 668,123	\$ 42,377,991

CITY OF EAU CLAIRE

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

For the Year Ended December 31, 2005 With Comparative
Actual Totals for Year Ended December 31, 2004

	2005			2004	
	Budgeted Amounts		Actual	Variance with Final Budget	Actual
	Original	Final			
EXPENDITURES					
General government:					
City council	\$ 126,500	\$ 127,900	\$ 108,621	\$ 19,279	\$ 106,445
Administrative services	418,800	418,800	413,188	5,612	392,858
Information services	668,800	737,600	681,770	55,830	650,038
Legal	412,700	412,700	367,177	45,523	383,420
Finance:					
Administration	272,100	272,100	243,832	28,268	257,777
Accounting	570,000	570,000	520,145	49,855	518,710
Assessing	580,400	580,400	542,557	37,843	491,976
Customer services	644,300	641,300	572,414	68,886	565,885
Elections	134,000	137,000	104,655	32,345	210,866
Total finance	<u>2,200,800</u>	<u>2,200,800</u>	<u>1,983,603</u>	<u>217,197</u>	<u>2,045,214</u>
Human resources:					
Purchasing	200,600	200,600	197,050	3,550	183,656
Personnel administration	497,400	497,400	484,631	12,769	479,294
Total human resources	<u>698,000</u>	<u>698,000</u>	<u>681,681</u>	<u>16,319</u>	<u>662,950</u>
Planning and development:					
Community planning	489,700	489,700	483,422	6,278	471,207
Inspection and zoning	674,700	674,700	631,171	43,529	617,135
Total planning and development	<u>1,164,400</u>	<u>1,164,400</u>	<u>1,114,593</u>	<u>49,807</u>	<u>1,088,342</u>
Insurance and retirement:					
Liability and health insurance	602,800	602,800	739,794	(136,994)	513,662
Disability settlement	30,800	30,800	28,025	2,775	28,578
Total insurance and retirement	<u>633,600</u>	<u>633,600</u>	<u>767,819</u>	<u>(134,219)</u>	<u>542,240</u>
Total general government	<u>6,323,600</u>	<u>6,393,800</u>	<u>6,118,452</u>	<u>275,348</u>	<u>5,871,507</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, 2005
With Comparative Actual Totals for Year Ended December 31, 2004

	2005			2004	
	Budgeted Amounts		Actual	Variance with Final Budget	Actual
	Original	Final			
REVENUES					
Special assessments	\$ 1,300,000	\$ 1,300,000	\$ 2,075,180	\$ 775,180	\$ 2,165,216
Investment income	390,000	390,000	536,573	146,573	398,220
Other	-	-	4,446	4,446	35,517
Total Revenues	<u>1,690,000</u>	<u>1,690,000</u>	<u>2,616,199</u>	<u>926,199</u>	<u>2,598,953</u>
EXPENDITURES					
Current					
General government	22,900	22,900	2,236	20,664	2,618
Debt Service					
Principal retirement	3,276,500	3,276,500	3,276,502	(2)	3,018,670
Interest and fiscal charges	1,346,300	1,346,300	1,245,740	100,560	1,243,954
Total Expenditures	<u>4,645,700</u>	<u>4,645,700</u>	<u>4,524,478</u>	<u>121,222</u>	<u>4,265,242</u>
Excess (deficiency) of revenues over expenditures	<u>(2,955,700)</u>	<u>(2,955,700)</u>	<u>(1,908,279)</u>	<u>1,047,421</u>	<u>(1,666,289)</u>
Other financing sources					
Transfers from other funds	2,725,000	2,725,000	2,735,233	10,233	2,466,683
Total other financing sources	<u>2,725,000</u>	<u>2,725,000</u>	<u>2,735,233</u>	<u>10,233</u>	<u>2,466,683</u>
Net change in fund balances	<u>(230,700)</u>	<u>(230,700)</u>	<u>826,954</u>	<u>1,057,654</u>	<u>800,394</u>
FUND BALANCE - Beginning of Year	<u>5,160,431</u>	<u>5,160,431</u>	<u>5,160,431</u>	<u>-</u>	<u>4,360,037</u>
FUND BALANCE - END OF YEAR	<u>\$ 4,929,731</u>	<u>\$ 4,929,731</u>	<u>\$ 5,987,385</u>	<u>\$ 1,057,654</u>	<u>\$ 5,160,431</u>

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 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 #4** fund accounts for debt funded by taxes resulting from the incremental property values in a defined area on the City's northwest side. This district was created on January 1, 1992 and amended in 1995.

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.

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 #7 Soo Line Development Area** fund accounts for public improvements 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.

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

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

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, 2005

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Totals
ASSETS				
Cash and investments	\$ 7,708,116	\$ 2,051,722	\$ 12,175,513	\$ 21,935,351
Receivables				
Taxes	4,195,000	213,328	808,104	5,216,432
Accounts	336,315	-	125,961	462,276
Notes	6,003,653	-	-	6,003,653
Special assessments	-	32,942	-	32,942
Prepaid items	41,449	-	-	41,449
Due from other governments	155,969	-	1,180,885	1,336,854
Restricted assets:				
Construction account	-	-	4,655,491	4,655,491
 Total Assets	 <u>\$ 18,440,502</u>	 <u>\$ 2,297,992</u>	 <u>\$ 18,945,954</u>	 <u>\$ 39,684,448</u>
LIABILITIES				
Accounts payable	\$ 183,238	\$ -	\$ 1,103,627	\$ 1,286,865
Accrued payroll and payroll taxes	224,728	-	-	224,728
Deposits	40,831	-	-	40,831
Due to other government units	17,503	-	-	17,503
Due to other funds	24,526	-	-	24,526
Due to component unit	17,779	-	-	17,779
Deferred revenue	<u>10,326,567</u>	<u>246,270</u>	<u>1,524,027</u>	<u>12,096,864</u>
 Total Liabilities	 <u>10,835,172</u>	 <u>246,270</u>	 <u>2,627,654</u>	 <u>13,709,096</u>
FUND BALANCES				
Reserved:				
Grant proceeds	408,066	-	-	408,066
Debt service	-	1,884,422	-	1,884,422
Capital contracts	-	-	2,125,121	2,125,121
Environmental remediation	-	-	323,690	323,690
Bond construction	-	-	4,655,491	4,655,491
Designated:				
Designated for economic development	950,000	-	-	950,000
Designated for library funds	67,362	-	-	67,362
Designated for future expenditures	56,400	-	-	56,400
Designated for capital projects	162,800	-	-	162,800
Designated for subsequent year expenditures	5,838,702	167,300	9,213,998	15,220,000
Designated for loft matching program	12,000	-	-	12,000
Designated for downtown facade loans	10,000	-	-	10,000
Designated for code compliance loans	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>100,000</u>
Total Fund Balances	<u>7,605,330</u>	<u>2,051,722</u>	<u>16,318,300</u>	<u>25,975,352</u>
 Total Liabilities and Fund Balances	 <u>\$ 18,440,502</u>	 <u>\$ 2,297,992</u>	 <u>\$ 18,945,954</u>	 <u>\$ 39,684,448</u>

CITY OF EAU CLAIRE

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS For the Year Ended December 31, 2005

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Totals
Revenues:				
Taxes	\$ 5,241,299	\$ 210,351	\$ 694,493	\$ 6,146,143
Special assessments	-	10,981	-	10,981
Intergovernmental	2,489,381	2,479	1,349,319	3,841,179
Licenses and permits	287,999	-	-	287,999
Fines and forfeitures	130,715	-	-	130,715
Charges for services	429,512	-	-	429,512
Charges for services - intergovernmental	1,789,250	-	-	1,789,250
Miscellaneous:				
Investment income	155,230	98,352	407,748	661,330
Loan repayments	515,786	-	-	515,786
Building rental	80,095	-	-	80,095
Gifts and donations	60,546	-	516,882	577,428
Other	178,531	-	558	179,089
Total revenues	11,358,344	322,163	2,969,000	14,649,507
Expenditures:				
Current:				
General government	-	142,384	-	142,384
Public safety	157,380	-	-	157,380
Public works	131,487	-	-	131,487
Health services	4,388,034	-	-	4,388,034
Culture and recreation	3,244,750	-	-	3,244,750
Development	2,481,490	-	1,680,000	4,161,490
Capital Outlay	59,889	-	9,398,438	9,458,327
Debt Service:				
Principal retirement	-	2,360,000	245,000	2,605,000
Interest and fiscal charges	-	173,602	572,017	745,619
Total expenditures	10,463,030	2,675,986	11,895,455	25,034,471

CITY OF EAU CLAIRE

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2005

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Totals
Excess (deficiency) of revenues over expenditures	\$ 895,314	\$ (2,353,823)	\$ (8,926,455)	\$ (10,384,964)
Other financing sources (uses):				
Long term debt issued	-	-	7,290,000	7,290,000
Transfers from other funds	357,505	-	3,136,925	3,494,430
Transfers to other funds	(1,416,498)	-	-	(1,416,498)
Sale of capital assets	1,419	-	-	1,419
Total other financing sources (uses)	<u>(1,057,574)</u>	<u>-</u>	<u>10,426,925</u>	<u>9,369,351</u>
Net changes in fund balances	(162,260)	(2,353,823)	1,500,470	(1,015,613)
Fund balances at beginning of year	<u>7,767,590</u>	<u>4,405,545</u>	<u>14,817,830</u>	<u>26,990,965</u>
Fund balances at end of year	<u>\$ 7,605,330</u>	<u>\$ 2,051,722</u>	<u>\$ 16,318,300</u>	<u>\$ 25,975,352</u>

CITY OF EAU CLAIRE

COMBINING BALANCE SHEET -
NONMAJOR SPECIAL REVENUE FUNDS
December 31, 2005

	<u>Cemetery Maintenance</u>	<u>Hazardous Materials Response</u>	<u>Community Development</u>	<u>Home Grant</u>
ASSETS				
Cash and investments	\$ 156,427	\$ 224,490	\$ 230,030	\$ 8,669
Receivables:				
Taxes	-	-	-	-
Accounts	8,140	13,109	-	-
Notes	-	-	2,655,272	1,760,300
Prepaid items	-	-	-	-
Due from other governments	-	-	92,858	22,162
 Total Assets	 <u>\$ 164,567</u>	 <u>\$ 237,599</u>	 <u>\$ 2,978,160</u>	 <u>\$ 1,791,131</u>
LIABILITIES				
Accounts payable	\$ 5,579	\$ 450	\$ 20,072	\$ 4,888
Accrued payroll and payroll taxes	8,406	77	3,014	484
Deposits	-	-	-	-
Due to other government units	-	-	5,660	-
Due to other funds	-	-	1,124	115
Due to component unit	-	-	11,303	6,476
Deferred revenue	8,140	13,109	2,655,272	1,760,300
 Total Liabilities	 <u>22,125</u>	 <u>13,636</u>	 <u>2,696,445</u>	 <u>1,772,263</u>
FUND BALANCES				
Reserved:				
Grant proceeds	-	-	-	18,868
Designated:				
Designated for economic development	-	-	-	-
Designated for library funds	-	-	-	-
Designated for future expenditures	-	-	-	-
Designated for capital projects	-	-	-	-
Designated for subsequent year expenditures	142,442	223,963	281,715	-
Designated for loft matching program	-	-	-	-
Designated for downtown facade loans	-	-	-	-
Designated for code compliance loans	-	-	-	-
Total Fund Balances	<u>142,442</u>	<u>223,963</u>	<u>281,715</u>	<u>18,868</u>
 Total Liabilities and Fund Balances	 <u>\$ 164,567</u>	 <u>\$ 237,599</u>	 <u>\$ 2,978,160</u>	 <u>\$ 1,791,131</u>

<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>
\$ 5,455,291	\$ -	\$ 795,394	\$ 732,072	\$ 69,880	\$ 35,863	\$ 7,708,116
-	-	2,658,300	1,536,700	-	-	4,195,000
2,500	79,478	192,638	40,450	-	-	336,315
1,561,415	26,666	-	-	-	-	6,003,653
-	-	-	41,449	-	-	41,449
-	-	5,740	35,209	-	-	155,969
<u>\$ 7,019,206</u>	<u>\$ 106,144</u>	<u>\$ 3,652,072</u>	<u>\$ 2,385,880</u>	<u>\$ 69,880</u>	<u>\$ 35,863</u>	<u>\$ 18,440,502</u>
\$ 5,560	\$ 32,170	\$ 48,795	\$ 57,098	\$ 469	\$ 8,157	\$ 183,238
4,677	-	85,192	122,115	763	-	224,728
-	-	-	13,125	-	27,706	40,831
-	-	3	11,840	-	-	17,503
-	1,403	7,436	14,448	-	-	24,526
-	-	-	-	-	-	17,779
<u>1,563,915</u>	<u>28,504</u>	<u>2,760,627</u>	<u>1,536,700</u>	<u>-</u>	<u>-</u>	<u>10,326,567</u>
<u>1,574,152</u>	<u>62,077</u>	<u>2,902,053</u>	<u>1,755,326</u>	<u>1,232</u>	<u>35,863</u>	<u>10,835,172</u>
389,198	-	-	-	-	-	408,066
950,000	-	-	-	-	-	950,000
-	-	67,362	-	-	-	67,362
-	-	-	56,400	-	-	56,400
-	-	162,800	-	-	-	162,800
3,995,856	44,067	519,857	574,154	56,648	-	5,838,702
-	-	-	-	12,000	-	12,000
10,000	-	-	-	-	-	10,000
<u>100,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>100,000</u>
<u>5,445,054</u>	<u>44,067</u>	<u>750,019</u>	<u>630,554</u>	<u>68,648</u>	<u>-</u>	<u>7,605,330</u>
<u>\$ 7,019,206</u>	<u>\$ 106,144</u>	<u>\$ 3,652,072</u>	<u>\$ 2,385,880</u>	<u>\$ 69,880</u>	<u>\$ 35,863</u>	<u>\$ 18,440,502</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, 2005

	Cemetery Maintenance	Hazardous Materials Response	Community Development	Home Grant
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	180,069	920,873	412,509
Licenses and permits	-	-	-	-
Fines and forfeitures	20	-	-	-
Charges for services	188,898	5,156	-	-
Charges for services - intergovernmental	-	-	-	-
Miscellaneous:				
Investment income	-	8,890	-	-
Loan repayments	-	-	321,988	4,527
Building rental	-	-	-	-
Gifts and donations	-	-	-	-
Other	-	-	-	-
Total revenues	<u>188,918</u>	<u>194,115</u>	<u>1,242,861</u>	<u>417,036</u>
Expenditures:				
Current:				
Public safety	-	157,380	-	-
Public works	-	-	-	-
Health services	405,722	-	-	-
Culture and recreation	-	-	-	-
Development	-	-	762,343	422,382
Capital Outlay	-	-	-	-
Total expenditures	<u>405,722</u>	<u>157,380</u>	<u>762,343</u>	<u>422,382</u>
Excess (deficiency) of revenues over expenditures	(216,804)	36,735	480,518	(5,346)
Other financing sources (uses):				
Transfers from other funds	216,804	-	-	-
Transfers to other funds	-	(156,067)	(581,231)	-
Sale of capital assets	-	-	-	-
Total other financing sources (uses)	<u>216,804</u>	<u>(156,067)</u>	<u>(581,231)</u>	<u>-</u>
Net change in fund balances	-	(119,332)	(100,713)	(5,346)
Fund balances at beginning of year	<u>142,442</u>	<u>343,295</u>	<u>382,428</u>	<u>24,214</u>
Fund balances at end of year	<u>\$ 142,442</u>	<u>\$ 223,963</u>	<u>\$ 281,715</u>	<u>\$ 18,868</u>

<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>
\$ -	\$ 1,039,099	\$ 2,694,300	\$ 1,507,900	\$ -	\$ -	\$ 5,241,299
-	-	5,740	970,190	-	-	2,489,381
-	-	-	287,999	-	-	287,999
-	-	130,695	-	-	-	130,715
-	-	6,816	97,155	-	131,487	429,512
-	-	648,679	1,140,571	-	-	1,789,250
143,710	-	1,830	800	-	-	155,230
184,271	5,000	-	-	-	-	515,786
80,095	-	-	-	-	-	80,095
-	-	27,246	-	33,300	-	60,546
<u>37,892</u>	<u>84</u>	<u>112,035</u>	<u>28,520</u>	<u>-</u>	<u>-</u>	<u>178,531</u>
<u>445,968</u>	<u>1,044,183</u>	<u>3,627,341</u>	<u>4,033,135</u>	<u>33,300</u>	<u>131,487</u>	<u>11,358,344</u>
-	-	-	-	-	-	157,380
-	-	-	-	-	131,487	131,487
-	-	-	3,982,312	-	-	4,388,034
-	-	3,244,750	-	-	-	3,244,750
413,127	768,781	-	-	114,857	-	2,481,490
-	-	-	59,889	-	-	59,889
<u>413,127</u>	<u>768,781</u>	<u>3,244,750</u>	<u>4,042,201</u>	<u>114,857</u>	<u>131,487</u>	<u>10,463,030</u>
32,841	275,402	382,591	(9,066)	(81,557)	-	895,314
-	-	-	53,001	87,700	-	357,505
(287,700)	(245,600)	(145,900)	-	-	-	(1,416,498)
-	-	1,419	-	-	-	1,419
<u>(287,700)</u>	<u>(245,600)</u>	<u>(144,481)</u>	<u>53,001</u>	<u>87,700</u>	<u>-</u>	<u>(1,057,574)</u>
(254,859)	29,802	238,110	43,935	6,143	-	(162,260)
<u>5,699,913</u>	<u>14,265</u>	<u>511,909</u>	<u>586,619</u>	<u>62,505</u>	<u>-</u>	<u>7,767,590</u>
<u>\$ 5,445,054</u>	<u>\$ 44,067</u>	<u>\$ 750,019</u>	<u>\$ 630,554</u>	<u>\$ 68,648</u>	<u>\$ -</u>	<u>\$ 7,605,330</u>

CITY OF EAU CLAIRE
COMBINING BALANCE SHEET -
NONMAJOR DEBT SERVICE FUNDS
December 31, 2005

	Debt Service - TIF #4	Debt Service - TIF #6	Totals
ASSETS			
Cash and investments	\$ 1,453,118	\$ 598,604	\$ 2,051,722
Receivables			
Taxes	-	213,328	213,328
Special assessments	-	32,942	32,942
 Total Assets	 <u>\$ 1,453,118</u>	 <u>\$ 844,874</u>	 <u>\$ 2,297,992</u>
LIABILITIES			
Deferred revenue	\$ -	\$ 246,270	\$ 246,270
 Total Liabilities	 <u>-</u>	 <u>246,270</u>	 <u>246,270</u>
FUND BALANCES			
Reserved for:			
Debt service	1,285,818	598,604	1,884,422
Designated:			
Designated for subsequent year expenditures	167,300	-	167,300
Total Fund Balances	<u>1,453,118</u>	<u>598,604</u>	<u>2,051,722</u>
 Total Liabilities and Fund Balances	 <u>\$ 1,453,118</u>	 <u>\$ 844,874</u>	 <u>\$ 2,297,992</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, 2005

	Debt Service - TIF #4	Debt Service - TIF #6	Totals
Revenues:			
Taxes	\$ -	\$ 210,351	\$ 210,351
Special assessments	-	10,981	10,981
Intergovernmental	-	2,479	2,479
Miscellaneous:			
Investment income	<u>75,562</u>	<u>22,790</u>	<u>98,352</u>
 Total revenues	 <u>75,562</u>	 <u>246,601</u>	 <u>322,163</u>
Expenditures:			
Current:			
General government	142,291	93	142,384
Debt Service:			
Principal retirement	2,310,000	50,000	2,360,000
Interest and fiscal charges	<u>120,564</u>	<u>53,038</u>	<u>173,602</u>
 Total expenditures	 <u>2,572,855</u>	 <u>103,131</u>	 <u>2,675,986</u>
 Net change in fund balances	 (2,497,293)	 143,470	 (2,353,823)
 Fund balances at beginning of year	 <u>3,950,411</u>	 <u>455,134</u>	 <u>4,405,545</u>
 Fund balances at end of year	 <u>\$ 1,453,118</u>	 <u>\$ 598,604</u>	 <u>\$ 2,051,722</u>

CITY OF EAU CLAIRE

COMBINING BALANCE SHEET -
NONMAJOR CAPITAL PROJECTS FUNDS
December 31, 2005

	TIF #5 Gateway NW Business Park	TIF #7 Soo Line Development	TIF #8 Downtown Development	Street Projects
ASSETS				
Cash and investments	\$ 1,440,662	\$ 191,897	\$ 1,781,178	\$ 2,250,286
Receivables				
Taxes	449,030	84,451	274,623	-
Accounts	-	-	10,000	25,000
Due from other governments	-	11,932	245,000	99,629
Restricted assets:				
Construction account	<u>3,788,221</u>	<u>252,679</u>	<u>614,591</u>	<u>-</u>
 Total Assets	 <u>\$ 5,677,913</u>	 <u>\$ 540,959</u>	 <u>\$ 2,925,392</u>	 <u>\$ 2,374,915</u>
LIABILITIES				
Accounts payable	\$ 9,063	\$ 172,856	\$ 156,676	\$ 527,362
Deferred revenue	<u>449,030</u>	<u>96,383</u>	<u>529,623</u>	<u>124,629</u>
 Total Liabilities	 <u>458,093</u>	 <u>269,239</u>	 <u>686,299</u>	 <u>651,991</u>
FUND BALANCES				
Reserved:				
Capital contracts	-	7,173	513,052	206,492
Environmental remediation	-	-	-	-
Bond construction	3,788,221	252,679	614,591	-
Designated:				
Designated for subsequent year expenditures	<u>1,431,599</u>	<u>11,868</u>	<u>1,111,450</u>	<u>1,516,432</u>
Total Fund Balances	<u>5,219,820</u>	<u>271,720</u>	<u>2,239,093</u>	<u>1,722,924</u>
 Total Liabilities and Fund Balances	 <u>\$ 5,677,913</u>	 <u>\$ 540,959</u>	 <u>\$ 2,925,392</u>	 <u>\$ 2,374,915</u>

Bridge Projects	Buildings and Equipment	Parks and Recreation Projects	Environmental Improvements- Landfill	Library Buildings & Equipment	Totals
\$ 191,598	\$ 2,152,742	\$ 1,586,620	\$ 1,847,531	\$ 732,999	\$ 12,175,513
-	-	-	-	-	808,104
-	-	90,961	-	-	125,961
560,000	121,547	142,777	-	-	1,180,885
-	-	-	-	-	4,655,491
<u>\$ 751,598</u>	<u>\$ 2,274,289</u>	<u>\$ 1,820,358</u>	<u>\$ 1,847,531</u>	<u>\$ 732,999</u>	<u>\$ 18,945,954</u>
\$ 3,330	\$ 60,797	\$ 156,050	\$ 836	\$ 16,657	\$ 1,103,627
-	100,624	223,738	-	-	1,524,027
3,330	161,421	379,788	836	16,657	2,627,654
257,343	133,407	982,915	3,935	20,804	2,125,121
-	-	-	323,690	-	323,690
-	-	-	-	-	4,655,491
<u>490,925</u>	<u>1,979,461</u>	<u>457,655</u>	<u>1,519,070</u>	<u>695,538</u>	<u>9,213,998</u>
<u>748,268</u>	<u>2,112,868</u>	<u>1,440,570</u>	<u>1,846,695</u>	<u>716,342</u>	<u>16,318,300</u>
<u>\$ 751,598</u>	<u>\$ 2,274,289</u>	<u>\$ 1,820,358</u>	<u>\$ 1,847,531</u>	<u>\$ 732,999</u>	<u>\$ 18,945,954</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, 2005

	TIF #5 Gateway NW Business Park	TIF #7 Soo Line Development	TIF #8 Downtown Development	Street Projects
Revenues:				
Taxes	\$ 520,016	\$ 87,582	\$ 86,895	\$ -
Intergovernmental	42,942	15,282	3,006	400,000
Miscellaneous:				
Investment income	77,905	15,098	86,771	60,934
Gifts and donations	-	-	-	-
Other	94	-	-	-
Total revenues	<u>640,957</u>	<u>117,962</u>	<u>176,672</u>	<u>460,934</u>
Expenditures:				
Current:				
Development	-	-	1,680,000	-
Capital Outlay	90,520	196,719	990,649	4,305,196
Debt Service:				
Principal retirement	120,000	75,000	50,000	-
Interest and fiscal charges	175,347	86,074	310,596	-
Total expenditures	<u>385,867</u>	<u>357,793</u>	<u>3,031,245</u>	<u>4,305,196</u>
Excess (deficiency) of revenues over expenditures	255,090	(239,831)	(2,854,573)	(3,844,262)
Other financing sources				
Long-term debt issued	3,000,000	-	200,000	4,090,000
Transfers from other funds	-	-	176,900	1,000,000
Total other financing sources (uses)	<u>3,000,000</u>	<u>-</u>	<u>376,900</u>	<u>5,090,000</u>
Net change in fund balances	3,255,090	(239,831)	(2,477,673)	1,245,738
Fund balances at beginning of year	<u>1,964,730</u>	<u>511,551</u>	<u>4,716,766</u>	<u>477,186</u>
Fund balances at end of year	<u>\$ 5,219,820</u>	<u>\$ 271,720</u>	<u>\$ 2,239,093</u>	<u>\$ 1,722,924</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>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 694,493
560,000	230,691	97,398	-	-	1,349,319
25,460	46,460	31,080	44,630	19,410	407,748
-	-	516,882	-	-	516,882
-	-	-	464	-	558
<u>585,460</u>	<u>277,151</u>	<u>645,360</u>	<u>45,094</u>	<u>19,410</u>	<u>2,969,000</u>
-	-	-	-	-	1,680,000
990,360	1,676,270	1,002,439	53,297	92,988	9,398,438
-	-	-	-	-	245,000
-	-	-	-	-	572,017
<u>990,360</u>	<u>1,676,270</u>	<u>1,002,439</u>	<u>53,297</u>	<u>92,988</u>	<u>11,895,455</u>
(404,900)	(1,399,119)	(357,079)	(8,203)	(73,578)	(8,926,455)
-	-	-	-	-	7,290,000
-	1,127,947	591,178	95,000	145,900	3,136,925
-	1,127,947	591,178	95,000	145,900	10,426,925
(404,900)	(271,172)	234,099	86,797	72,322	1,500,470
<u>1,153,168</u>	<u>2,384,040</u>	<u>1,206,471</u>	<u>1,759,898</u>	<u>644,020</u>	<u>14,817,830</u>
<u>\$ 748,268</u>	<u>\$ 2,112,868</u>	<u>\$ 1,440,570</u>	<u>\$ 1,846,695</u>	<u>\$ 716,342</u>	<u>\$ 16,318,300</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, 2005
With Comparative Actual Totals for Year Ended December 31, 2004

	Cemetery Maintenance				
	2005			2004	
	Budgeted Amounts		Actual	Variance with Final Budget	Actual
Original	Final				
Revenues:					
Licenses and permits	\$ -	\$ -	\$ -	\$ -	\$ 832
Fines and forfeitures	-	-	20	20	-
Charges for services	159,000	159,000	188,898	29,898	169,596
Miscellaneous:					
Investment income	-	-	-	-	450
Total revenues	<u>159,000</u>	<u>159,000</u>	<u>188,918</u>	<u>29,918</u>	<u>170,878</u>
Expenditures:					
Current:					
Health services	<u>419,800</u>	<u>419,800</u>	<u>405,722</u>	<u>14,078</u>	<u>407,166</u>
Excess (deficiency) of revenues over expenditures	(260,800)	(260,800)	(216,804)	43,996	(236,288)
Other financing sources (uses):					
Transfers from other funds	<u>260,800</u>	<u>260,800</u>	<u>216,804</u>	<u>(43,996)</u>	<u>236,288</u>
Total other financing sources (uses)	<u>260,800</u>	<u>260,800</u>	<u>216,804</u>	<u>(43,996)</u>	<u>236,288</u>
Net change in fund balances	-	-	-	-	-
Fund balances at beginning of year	<u>142,442</u>	<u>142,442</u>	<u>142,442</u>	-	<u>142,442</u>
Fund balances at end of year	<u>\$ 142,442</u>	<u>\$ 142,442</u>	<u>\$ 142,442</u>	<u>\$ -</u>	<u>\$ 142,442</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, 2005
With Comparative Actual Totals for Year Ended December 31, 2004

	Hazardous Materials Response				
	2005			2004	
	Budgeted Amounts			Variance with	
	Original	Final	Actual	Final Budget	Actual
Revenues:					
Intergovernmental	\$ 180,100	\$ 180,100	\$ 180,069	\$ (31)	\$ 196,455
Charges for services	3,000	3,000	5,156	2,156	847
Miscellaneous:					
Investment income	3,500	3,500	8,890	5,390	3,190
Total revenues	<u>186,600</u>	<u>186,600</u>	<u>194,115</u>	<u>7,515</u>	<u>200,492</u>
Expenditures:					
Current:					
Public safety	<u>242,300</u>	<u>195,300</u>	<u>157,380</u>	<u>37,920</u>	<u>164,589</u>
Excess (deficiency) of revenues over expenditures	(55,700)	(8,700)	36,735	45,435	35,903
Other financing sources (uses):					
Transfers to other funds	<u>(200,000)</u>	<u>(200,000)</u>	<u>(156,067)</u>	<u>43,933</u>	<u>-</u>
Total other financing sources (uses)	<u>(200,000)</u>	<u>(200,000)</u>	<u>(156,067)</u>	<u>43,933</u>	<u>-</u>
Net change in fund balances	(255,700)	(208,700)	(119,332)	89,368	35,903
Fund balances at beginning of year	<u>343,295</u>	<u>343,295</u>	<u>343,295</u>	<u>-</u>	<u>307,392</u>
Fund balances at end of year	<u>\$ 87,595</u>	<u>\$ 134,595</u>	<u>\$ 223,963</u>	<u>\$ 89,368</u>	<u>\$ 343,295</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, 2005
With Comparative Actual Totals for Year Ended December 31, 2004

	Economic Development				
	2005			2004	
	Budgeted Amounts			Variance with	
	Original	Final	Actual	Final Budget	Actual
Revenues:					
Miscellaneous:					
Investment income	\$ 75,000	\$ 75,000	\$ 143,710	\$ 68,710	\$ 58,690
Loan repayments	171,300	171,300	184,271	12,971	342,148
Building rental	78,600	78,600	80,095	1,495	74,240
Gifts and donations	-	-	-	-	5,500
Other	45,000	45,000	37,892	(7,108)	43,863
Total miscellaneous	369,900	369,900	445,968	76,068	524,441
Total revenues	369,900	369,900	445,968	76,068	524,441
Expenditures:					
Current:					
Development	388,330	450,330	413,127	37,203	733,776
Total expenditures	388,330	450,330	413,127	37,203	733,776
Excess (deficiency) of revenues over expenditures	(18,430)	(80,430)	32,841	113,271	(209,335)
Other financing sources (uses):					
Transfers from other funds	-	-	-	-	105,735
Transfers to other funds	(287,700)	(287,700)	(287,700)	-	(284,700)
Sale of capital assets	-	-	-	-	75,311
Total other financing sources (uses)	(287,700)	(287,700)	(287,700)	-	(103,654)
Net change in fund balances	(306,130)	(368,130)	(254,859)	113,271	(312,989)
Fund balances at beginning of year	5,699,913	5,699,913	5,699,913	-	6,012,902
Fund balances at end of year	\$ 5,393,783	\$ 5,331,783	\$ 5,445,054	\$ 113,271	\$ 5,699,913

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, 2005
With Comparative Actual Totals for Year Ended December 31, 2004

	Community Enhancement				
	2005			2004	
	Budgeted Amounts			Variance with	
	Original	Final	Actual	Final Budget	Actual
Revenues:					
Taxes	\$ 980,000	\$ 1,012,200	\$ 1,039,099	\$ 26,899	\$ 1,018,783
Miscellaneous:					
Loan repayments	5,000	5,000	5,000	-	5,000
Other	-	-	84	84	-
Total revenues	<u>985,000</u>	<u>1,017,200</u>	<u>1,044,183</u>	<u>26,983</u>	<u>1,023,783</u>
Expenditures:					
Current:					
Development	<u>738,200</u>	<u>770,400</u>	<u>768,781</u>	<u>1,619</u>	<u>728,239</u>
Excess of revenues over expenditures	246,800	246,800	275,402	28,602	295,544
Other financing uses:					
Transfers to other funds	<u>(245,600)</u>	<u>(245,600)</u>	<u>(245,600)</u>	<u>-</u>	<u>(281,300)</u>
Total other financing uses	<u>(245,600)</u>	<u>(245,600)</u>	<u>(245,600)</u>	<u>-</u>	<u>(281,300)</u>
Net change in fund balances	1,200	1,200	29,802	28,602	14,244
Fund balances at beginning of year	<u>14,265</u>	<u>14,265</u>	<u>14,265</u>	<u>-</u>	<u>21</u>
Fund balances at end of year	<u>\$ 15,465</u>	<u>\$ 15,465</u>	<u>\$ 44,067</u>	<u>\$ 28,602</u>	<u>\$ 14,265</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, 2005
With Comparative Actual Totals for Year Ended December 31, 2004

	Public Library				
	2005			2004	
	Budgeted Amounts Original	Final	Actual	Variance with Final Budget	Actual
Revenues:					
Taxes	\$ 2,694,300	\$ 2,694,300	\$ 2,694,300	\$ -	\$ 2,636,700
Intergovernmental	16,000	16,000	5,740	(10,260)	3,727
Fines and forfeitures	114,500	114,500	130,695	16,195	121,008
Charges for services	30,700	30,700	6,816	(23,884)	7,074
Charges for services - intergovernmental	651,600	651,600	648,679	(2,921)	683,567
Miscellaneous:					
Investment income	-	-	1,830	1,830	610
Gifts and donations	15,000	16,000	27,246	11,246	17,884
Other	104,600	104,600	112,035	7,435	106,842
Total miscellaneous	119,600	120,600	141,111	20,511	125,336
Total revenues	3,626,700	3,627,700	3,627,341	(359)	3,577,412
Expenditures:					
Current:					
Culture and recreation	3,541,500	3,546,500	3,244,750	301,750	3,251,507
Excess of revenues over expenditures	85,200	81,200	382,591	301,391	325,905
Other financing sources (uses):					
Transfers to other funds	(145,900)	(145,900)	(145,900)	-	(235,855)
Sale of capital assets	200	200	1,419	1,219	404
Total other financing sources (uses)	(145,700)	(145,700)	(144,481)	1,219	(235,451)
Net change in fund balances	(60,500)	(64,500)	238,110	302,610	90,454
Fund balances at beginning of year	511,909	511,909	511,909	-	421,455
Fund balances at end of year	\$ 451,409	\$ 447,409	\$ 750,019	\$ 302,610	\$ 511,909

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, 2005
With Comparative Actual Totals for Year Ended December 31, 2004

	City-County Health Department				
	2005			2004	
	Budgeted Amounts			Variance with	
	Original	Final	Actual	Final Budget	Actual
Revenues:					
Taxes	\$ 1,507,900	\$ 1,507,900	\$ 1,507,900	\$ -	\$ 1,452,800
Intergovernmental	771,800	1,033,000	970,190	(62,810)	973,851
Licenses and permits	285,300	285,300	287,999	2,699	276,464
Charges for services	104,600	98,900	97,155	(1,745)	87,007
Charges for services - intergovernmental	1,042,300	1,126,000	1,140,571	14,571	1,041,258
Miscellaneous:					
Investment income	2,500	2,500	800	(1,700)	790
Other	15,000	15,000	28,520	13,520	19,261
Total miscellaneous	17,500	17,500	29,320	11,820	20,051
Total revenues	3,729,400	4,068,600	4,033,135	(35,465)	3,851,431
Expenditures:					
Current:					
Health services	3,906,100	4,176,200	3,982,312	193,888	3,764,945
Capital Outlay	68,800	68,800	59,889	8,911	-
Total expenditures	3,974,900	4,245,000	4,042,201	202,799	3,764,945
Excess of revenues over expenditures	(245,500)	(176,400)	(9,066)	167,334	86,486
Other financing sources:					
Transfers from other funds	58,000	58,000	53,001	(4,999)	70,866
Total other financing sources	58,000	58,000	53,001	(4,999)	70,866
Net change in fund balances	(187,500)	(118,400)	43,935	162,335	157,352
Fund balances at beginning of year	586,619	586,619	586,619	-	429,267
Fund balances at end of year	\$ 399,119	\$ 468,219	\$ 630,554	\$ 162,335	\$ 586,619

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, 2005
With Comparative Actual Totals for Year Ended December 31, 2004

	Downtown Partners				
	2005			2004	
	Budgeted Amounts Original	Final	Actual	Variance with Final Budget	Actual
Miscellaneous:					
Gifts and donations	\$ 25,000	\$ 35,000	\$ 33,300	\$ (1,700)	\$ 25,000
Total revenues	25,000	35,000	33,300	(1,700)	25,000
Expenditures:					
Current:					
Development	127,900	137,900	114,857	23,043	81,917
Excess (deficiency) of revenues over expenditures	(102,900)	(102,900)	(81,557)	21,343	(56,917)
Other financing sources					
Transfers from other funds	87,700	87,700	87,700	-	84,700
Net change in fund balances	(15,200)	(15,200)	6,143	21,343	27,783
Fund balances at beginning of year	62,505	62,505	62,505	-	34,722
Fund balances at end of year	\$ 47,305	\$ 47,305	\$ 68,648	\$ 21,343	\$ 62,505

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, 2005
With Comparative Actual Totals for Year Ended December 31, 2004

	Former Landfill Escrow				
	2005			2004	
	Budgeted Amounts Original	Final	Actual	Variance with Final Budget	Actual
Miscellaneous:					
Charges for services	\$ 150,000	\$ 150,000	\$ 131,487	\$ (18,513)	\$ 71,263
Total revenues	150,000	150,000	131,487	(18,513)	71,263
Expenditures:					
Current:					
Public works	150,000	150,000	131,487	18,513	71,263
Net change in fund balances	-	-	-	-	-
Fund balances at beginning of year	-	-	-	-	-
Fund balances at end of year	\$ -	\$ -	\$ -	\$ -	\$ -

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, 2005
With Comparative Actual Totals for Year Ended December 31, 2004

	Debt Service - TIF #4				
	2005			2004	
	Budgeted Amounts		Actual	Variance with Final Budget	Actual
	Original	Final			
Revenues:					
Taxes:					
Real and personal property	\$ -	\$ -	\$ -	\$ -	\$ 35,322
Miscellaneous:					
Investment income	49,000	49,000	75,562	26,562	80,885
Other income	-	-	-	-	78,167
Total miscellaneous	49,000	49,000	75,562	26,562	159,052
Total revenues	49,000	49,000	75,562	26,562	194,374
Expenditures:					
Current:					
General government	1,500	143,700	142,291	1,409	704
Debt Service:					
Principal retirement	265,000	2,310,000	2,310,000	-	255,000
Interest and fiscal charges	175,700	175,700	120,564	55,136	188,483
Total expenditures	442,200	2,629,400	2,572,855	56,545	444,187
Net change in fund balances	(393,200)	(2,580,400)	(2,497,293)	83,107	(249,813)
Fund balances at beginning of year	3,950,411	3,950,411	3,950,411	-	4,200,224
Fund balances at end of year	\$ 3,557,211	\$ 1,370,011	\$ 1,453,118	\$ 83,107	\$ 3,950,411

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, 2005
With Comparative Actual Totals for Year Ended December 31, 2004

	Debt Service - TIF #6				
	2005			2004	
	Budgeted Amounts			Variance with	
	Original	Final	Actual	Final Budget	Actual
Revenues:					
Taxes:					
Real and personal property	\$ 190,000	\$ 190,000	\$ 210,351	\$ 20,351	\$ 189,860
Special assessments	11,000	11,000	10,981	(19)	10,981
Intergovernmental	4,000	4,000	2,479	(1,521)	4,008
Miscellaneous:					
Investment income	7,800	7,800	22,790	14,990	10,502
Total revenues	212,800	212,800	246,601	33,801	215,351
Expenditures:					
Current:					
General government	100	100	93	7	2,441
Debt Service:					
Principal retirement	50,000	50,000	50,000	-	50,000
Interest and fiscal charges	53,100	53,100	53,038	62	55,473
Total expenditures	103,200	103,200	103,131	69	107,914
Net change in fund balances	109,600	109,600	143,470	33,870	107,437
Fund balances at beginning of year	455,134	455,134	455,134	-	347,697
Fund balances at end of year	\$ 564,734	\$ 564,734	\$ 598,604	\$ 33,870	\$ 455,134

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, 2005

	Parking Utility	Hobbs Ice Center	Outdoor Pool	Total Nonmajor Enterprise Funds
ASSETS				
Current assets:				
Cash and investments	\$ 746,161	\$ 79,613	\$ 79,855	\$ 905,629
Accounts receivable, net	1,351	106,053	1,074	108,478
Total current assets	<u>747,512</u>	<u>185,666</u>	<u>80,929</u>	<u>1,014,107</u>
Noncurrent assets:				
Unamortized issuance cost	-	-	5,200	5,200
Capital assets:				
Land	653,196	5,000	-	658,196
Capital assets	5,363,347	2,192,686	1,936,629	9,492,662
Less accumulated depreciation	<u>(2,730,662)</u>	<u>(879,427)</u>	<u>(619,291)</u>	<u>(4,229,380)</u>
Total capital assets (net of accumulated depreciation)	<u>3,285,881</u>	<u>1,318,259</u>	<u>1,317,338</u>	<u>5,921,478</u>
Total noncurrent assets	<u>3,285,881</u>	<u>1,318,259</u>	<u>1,322,538</u>	<u>5,926,678</u>
Total assets	<u>\$ 4,033,393</u>	<u>\$ 1,503,925</u>	<u>\$ 1,403,467</u>	<u>\$ 6,940,785</u>
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 6,512	\$ 42,123	\$ 356	\$ 48,991
Accrued payroll and payroll taxes	3,963	9,019	264	13,246
Accrued compensated absences	8,459	10,657	-	19,116
Due to other funds	-	52,838	-	52,838
Current portion of advances	-	-	125,000	125,000
Total current liabilities	<u>18,934</u>	<u>114,637</u>	<u>125,620</u>	<u>259,191</u>
Noncurrent liabilities:				
Advances from other funds	-	-	440,000	440,000
Total liabilities	<u>18,934</u>	<u>114,637</u>	<u>565,620</u>	<u>699,191</u>
NET ASSETS				
Invested in capital assets, net of related debt	3,285,881	1,318,259	1,317,338	5,921,478
Unrestricted (Deficit)	<u>728,578</u>	<u>71,029</u>	<u>(479,491)</u>	<u>320,116</u>
Total net assets	<u>\$ 4,014,459</u>	<u>\$ 1,389,288</u>	<u>\$ 837,847</u>	<u>\$ 6,241,594</u>

CITY OF EAU CLAIRE

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS NONMAJOR ENTERPRISE FUNDS For the Year Ended December 31, 2005

	<u>Parking Utility</u>	<u>Hobbs Ice Center</u>	<u>Outdoor Pool</u>	<u>Total Nonmajor Enterprise Funds</u>
Operating revenues:				
Charges for services	\$ 215,356	\$ 423,376	\$ 214,616	\$ 853,348
Other	<u>-</u>	<u>25,494</u>	<u>16,749</u>	<u>42,243</u>
Total operating revenues	<u>215,356</u>	<u>448,870</u>	<u>231,365</u>	<u>895,591</u>
Operating expenses:				
Personal services	126,777	251,327	167,635	545,739
Contractual services	57,535	41,501	18,813	117,849
Supplies and materials	5,435	73,768	46,298	125,501
Utilities	40,211	134,890	40,904	216,005
Depreciation	<u>190,758</u>	<u>62,593</u>	<u>49,470</u>	<u>302,821</u>
Total operating expenses	<u>420,716</u>	<u>564,079</u>	<u>323,120</u>	<u>1,307,915</u>
Operating loss	<u>(205,360)</u>	<u>(115,209)</u>	<u>(91,755)</u>	<u>(412,324)</u>
Non-operating revenues (expenses):				
Interest expense	-	-	(18,832)	(18,832)
Amortization	<u>-</u>	<u>-</u>	<u>(1,600)</u>	<u>(1,600)</u>
Total non-operating revenue (expenses)	<u>-</u>	<u>-</u>	<u>(20,432)</u>	<u>(20,432)</u>
Loss before operating transfers	(205,360)	(115,209)	(112,187)	(432,756)
Transfers from other funds	<u>300,000</u>	<u>122,891</u>	<u>215,517</u>	<u>638,408</u>
Change in net assets	94,640	7,682	103,330	205,652
Net assets at beginning of year (as restated)	<u>3,919,819</u>	<u>1,381,606</u>	<u>734,517</u>	<u>6,035,942</u>
Net assets at end of year	<u>\$ 4,014,459</u>	<u>\$ 1,389,288</u>	<u>\$ 837,847</u>	<u>\$ 6,241,594</u>

CITY OF EAU CLAIRE

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
For the Year Ended December 31, 2005

	Parking Utility	Hobbs Ice Center	Outdoor Pool	Total Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 215,444	\$ 443,031	\$ 231,316	\$ 889,791
Cash paid to suppliers for goods and services	(100,993)	(217,046)	(108,433)	(426,472)
Cash paid to employees for services	(124,404)	(247,599)	(167,578)	(539,581)
Net Cash Flows From Operating Activities	<u>(9,953)</u>	<u>(21,614)</u>	<u>(44,695)</u>	<u>(76,262)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Principal paid on advances from other funds	-	-	(115,000)	(115,000)
Interest paid on advances from other funds	-	-	(18,832)	(18,832)
Transfers from other funds	300,000	122,891	215,517	638,408
Net Cash Flows From Noncapital Financing Activities	<u>300,000</u>	<u>122,891</u>	<u>81,685</u>	<u>504,576</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	-	(22,414)	(9,660)	(32,074)
Net Cash Flows From Capital and Related Financing Activities	<u>-</u>	<u>(22,414)</u>	<u>(9,660)</u>	<u>(32,074)</u>
Net Increase in Cash and Cash Equivalents	290,047	78,863	27,330	396,240
CASH AND CASH EQUIVALENTS - Beginning of Year	456,114	750	52,525	509,389
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 746,161</u>	<u>\$ 79,613</u>	<u>\$ 79,855</u>	<u>\$ 905,629</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH FLOWS FROM OPERATING ACTIVITIES				
Operating loss	\$ (205,360)	\$ (115,209)	\$ (91,755)	\$ (412,324)
Adjustments to Reconcile Operating Loss to Net Cash Flows From Operating Activities				
Noncash items included in income				
Depreciation	190,758	62,593	49,470	302,821
Change in assets and liabilities				
Accounts receivable	88	(5,839)	(49)	(5,800)
Accounts payable	2,188	9,408	(2,418)	9,178
Due to other funds	-	23,705	-	23,705
Other current liabilities	2,373	3,728	57	6,158
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ (9,953)</u>	<u>\$ (21,614)</u>	<u>\$ (44,695)</u>	<u>\$ (76,262)</u>

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, 2005

	Risk Management	Central Equipment	Totals
ASSETS			
Current assets:			
Cash and investments	\$ 7,170,256	\$ 7,073,805	\$ 14,244,061
Accounts receivable, net	153,299	336	153,635
Due from other governments	-	14,557	14,557
Due from component unit	8,308	-	8,308
Inventories	-	401,472	401,472
Total Current Assets	<u>7,331,863</u>	<u>7,490,170</u>	<u>14,822,033</u>
Noncurrent assets:			
Escrow account	159,332	-	159,332
Deposit in insurance pools	766,496	-	766,496
Capital assets:			
Construction in progress	-	119,082	119,082
Land	-	235,899	235,899
Land improvements	-	16,677	16,677
Buildings	-	5,710,107	5,710,107
Equipment	-	119,201	119,201
Rental equipment	-	13,030,243	13,030,243
Less accumulated depreciation	-	(8,691,736)	(8,691,736)
Total capital assets (net of accumulated depreciation)	-	<u>10,539,473</u>	<u>10,539,473</u>
Total Noncurrent Assets	<u>925,828</u>	<u>10,539,473</u>	<u>11,465,301</u>
Total Assets	<u>\$ 8,257,691</u>	<u>\$ 18,029,643</u>	<u>\$ 26,287,334</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 71,246	\$ 94,699	\$ 165,945
Accrued payroll and payroll taxes	3,781	15,036	18,817
Accrued compensated absences	4,589	24,685	29,274
Current portion of unpaid claims	220,000	-	220,000
Total Current Liabilities	<u>299,616</u>	<u>134,420</u>	<u>434,036</u>
Noncurrent liabilities:			
Unpaid claims	927,655	-	927,655
Total Noncurrent Liabilities	<u>927,655</u>	<u>-</u>	<u>927,655</u>
Total Liabilities	<u>1,227,271</u>	<u>134,420</u>	<u>1,361,691</u>
NET ASSETS			
Invested in capital assets, net of related debt	-	10,539,473	10,539,473
Restricted for deposits	925,828	-	925,828
Unrestricted	6,104,592	7,355,750	13,460,342
Total Net Assets	<u>\$ 7,030,420</u>	<u>\$ 17,895,223</u>	<u>\$ 24,925,643</u>

CITY OF EAU CLAIRE

INTERNAL SERVICE FUNDS COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS For the Year Ended December 31, 2005

	<u>Risk Management</u>	<u>Central Equipment</u>	<u>Totals</u>
Operating revenues:			
Charges for services	\$ 2,104,257	\$ 558,192	\$ 2,662,449
Rental of equipment	-	2,024,459	2,024,459
	<u>2,104,257</u>	<u>2,582,651</u>	<u>4,686,908</u>
Total charges for services			
Other:			
Repayment of insurance claims	59,314	-	59,314
Gifts and donations	-	5,000	5,000
Building rental	-	174,520	174,520
Miscellaneous	-	6,416	6,416
	<u>2,163,571</u>	<u>2,768,587</u>	<u>4,932,158</u>
Total operating revenues			
Operating expenses:			
Personal services	126,087	555,151	681,238
Contractual services	29,118	351,571	380,689
Supplies and materials	2,337	846,560	848,897
Utilities	904	133,220	134,124
Depreciation	-	1,082,864	1,082,864
Claims	1,704,229	-	1,704,229
	<u>1,862,675</u>	<u>2,969,366</u>	<u>4,832,041</u>
Total operating expenses			
Operating income (loss)			
	<u>300,896</u>	<u>(200,779)</u>	<u>100,117</u>
Non-operating revenues (expenses):			
Investment income	180,255	-	180,255
Net loss on disposal of capital assets	-	(8,640)	(8,640)
	<u>180,255</u>	<u>(8,640)</u>	<u>171,615</u>
Total non-operating revenues (expenses)			
Income (loss) before transfers			
	481,151	(209,419)	271,732
Transfers in	-	161,367	161,367
Transfers out	(271,900)	-	(271,900)
Total transfers	<u>(271,900)</u>	<u>161,367</u>	<u>(110,533)</u>
Change in net assets			
	209,251	(48,052)	161,199
Total net assets - beginning			
	<u>6,821,169</u>	<u>17,943,275</u>	<u>24,764,444</u>
Total net assets - ending			
	<u>\$ 7,030,420</u>	<u>\$ 17,895,223</u>	<u>\$ 24,925,643</u>

CITY OF EAU CLAIRE

COMBINING STATEMENT OF CASH FLOWS INTERNAL SERVICE FUNDS For the Year Ended December 31, 2005

	<u>Risk Management</u>	<u>Central Equipment</u>	<u>Totals</u>
Cash flows from operating activities:			
Cash received from customers	\$ 2,095,949	\$ 2,766,904	\$ 4,862,853
Cash payments to suppliers for goods and services	(32,359)	(1,384,385)	(1,416,744)
Cash payments to employees for services	(123,476)	(559,715)	(683,191)
Claims paid	(1,416,060)	-	(1,416,060)
Repayment of insurance claims	<u>74,087</u>	<u>-</u>	<u>74,087</u>
Net cash provided by operating activities	<u>598,141</u>	<u>822,804</u>	<u>1,420,945</u>
Cash flows from (used by) noncapital financing activities:			
Transfers from other funds	-	161,367	161,367
Transfers to other funds	<u>(271,900)</u>	<u>-</u>	<u>(271,900)</u>
Net cash provided by noncapital financing activities	<u>(271,900)</u>	<u>161,367</u>	<u>(110,533)</u>
Cash flows from investing activities:			
Investment income	<u>180,255</u>	<u>-</u>	<u>180,255</u>
Cash flows from (used by) capital and related financing activities:			
Acquisition and construction of capital assets	-	(566,419)	(566,419)
Proceeds from sale of equipment	<u>-</u>	<u>6,017</u>	<u>6,017</u>
Net cash used for capital and related financing activities	<u>-</u>	<u>(560,402)</u>	<u>(560,402)</u>
Net increase in cash and cash equivalents	506,496	423,769	930,265
Cash and cash equivalents at beginning of year	<u>6,823,092</u>	<u>6,650,036</u>	<u>13,473,128</u>
Cash and cash equivalents at end of year	<u>\$ 7,329,588</u>	<u>\$ 7,073,805</u>	<u>\$ 14,403,393</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS			
Cash and Cash Equivalents per Statement of Net Assets	\$ 7,170,256	\$ 7,073,805	\$ 14,244,061
Restricted Cash and Investments	<u>159,332</u>	<u>-</u>	<u>159,332</u>
Cash and Cash Equivalents Per Statement of Cash Flows	<u>\$ 7,329,588</u>	<u>\$ 7,073,805</u>	<u>\$ 14,403,393</u>

CITY OF EAU CLAIRE

COMBINING STATEMENT OF CASH FLOWS (cont'd)
INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2005

	<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)	\$ 300,896	\$ (200,779)	\$ 100,117
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	-	1,082,864	1,082,864
Change in assets and liabilities:			
Accounts receivable	6,465	(1,683)	4,782
Inventories	-	(50,609)	(50,609)
Accounts payable	25,665	(2,425)	23,240
Accrued liabilities	2,611	(4,564)	(1,953)
Unpaid claims	<u>262,504</u>	<u>-</u>	<u>262,504</u>
Total adjustments	<u>297,245</u>	<u>1,023,583</u>	<u>1,320,828</u>
Net cash provided by operating activities	<u>\$ 598,141</u>	<u>\$ 822,804</u>	<u>\$ 1,420,945</u>
Non-cash capital, investing & financing activities: None			

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, 2005

<u>Tax Collection Fund</u>	Balance <u>Jan. 1, 2005</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>Dec. 31, 2005</u>
Assets:				
Cash and cash equivalents	\$ 11,430,779	\$ 71,207,493	\$ 72,639,257	\$ 9,999,015
Taxes receivable	<u>46,755,875</u>	<u>66,060,764</u>	<u>68,185,481</u>	<u>44,631,158</u>
 Total assets	 <u>\$ 58,186,654</u>	 <u>\$ 137,268,257</u>	 <u>\$ 140,824,738</u>	 <u>\$ 54,630,173</u>
 Liabilities:				
Due to other governments	<u>\$ 58,186,654</u>	<u>\$ 54,630,173</u>	<u>\$ 58,186,654</u>	<u>\$ 54,630,173</u>

Nonmajor Component Units

The **Redevelopment Authority** fund accounts for the acquisition, clearance, and improvement of blighted areas or properties within a defined district of the City.

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

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 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
For the Year Ended December 31, 2005**

	<u>Redevelopment Authority</u>	<u>Downtown Business Improvement District</u>	<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 short term investments	\$ 1,400,951	\$ 16,714	\$ 809	\$ 33,080	\$ -	\$ 1,451,554
Receivables:						
Taxes	-	71,000	12,000	9,500	48,200	140,700
Notes receivable	-	-	4,443	-	-	4,443
Land	3,389,496	-	-	-	-	3,389,496
Construction in progress	<u>69,663</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>69,663</u>
Total assets	<u>\$ 4,860,110</u>	<u>\$ 87,714</u>	<u>\$ 17,252</u>	<u>\$ 42,580</u>	<u>\$ 48,200</u>	<u>\$ 5,055,856</u>
LIABILITIES						
Accounts payable	\$ 996	\$ 1,300	\$ 500	\$ -	\$ -	\$ 2,796
Deferred revenue	<u>-</u>	<u>71,000</u>	<u>12,000</u>	<u>9,500</u>	<u>48,200</u>	<u>140,700</u>
Total liabilities	<u>996</u>	<u>72,300</u>	<u>12,500</u>	<u>9,500</u>	<u>48,200</u>	<u>143,496</u>
NET ASSETS						
Invested in capital assets, net of related debt	3,459,159	-	-	-	-	3,459,159
Unrestricted	<u>1,399,955</u>	<u>15,414</u>	<u>4,752</u>	<u>33,080</u>	<u>-</u>	<u>1,453,201</u>
Total net assets	<u>\$ 4,859,114</u>	<u>\$ 15,414</u>	<u>\$ 4,752</u>	<u>\$ 33,080</u>	<u>\$ -</u>	<u>\$ 4,912,360</u>

CITY OF EAU CLAIRE

COMBINING STATEMENT OF ACTIVITIES
NONMAJOR COMPONENT UNITS
For the Year Ended December 31, 2005

	Net (Expense) Revenue and Changes in Net Assets										
	Program Revenues			Redevelopment Authority	Downtown Business Improvement District	West Grand Business Improvement District	Water Street Business Improvement District	North Barstow/ Medical Business Improvement District	Totals		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions							Expenses	
Redevelopment Authority											
Contractual services	\$ 258,671	\$ -	\$ 1,746,830	\$ 1,488,159	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,488,159
Downtown Business Improvement District											
Contractual services	52,911	-	-	-	(52,911)	-	-	-	-	-	(52,911)
Supplies and materials	19,661	-	-	-	(19,661)	-	-	-	-	-	(19,661)
Total Downtown Business Improvement District	72,572	-	-	-	-	-	-	-	-	-	-
West Grand Business Improvement District											
Contractual services	12,083	-	-	-	-	(12,083)	-	-	-	-	(12,083)
Water Street Business Improvement District											
Contractual services	5,507	-	-	-	-	-	(5,507)	-	-	-	(5,507)
Supplies and materials	347	-	-	-	-	-	(347)	-	-	-	(347)
Total Water Street Business Improvement District	5,854	-	-	-	-	-	-	-	-	-	-
Total component units	\$ 349,180	\$ -	\$ 1,746,830	\$ 1,488,159	\$ (72,572)	\$ (12,083)	\$ (5,854)	\$ -	\$ -	\$ -	\$ 1,397,650
General revenues:											
Property taxes	-	-	-	-	71,000	11,000	9,500	-	-	-	91,500
Investment income	-	-	-	-	1,180	179	750	-	-	-	2,109
Miscellaneous	-	-	-	5,712	132	-	5,800	-	-	-	11,644
Total general revenues	-	-	-	5,712	72,312	11,179	16,050	-	-	-	105,253
Change in net assets											
				1,493,871	(260)	(904)	10,196	-	-	-	1,502,903
Net assets at beginning of year				3,365,243	15,674	5,656	22,884	-	-	-	3,409,457
Net assets at end of year				\$ 4,859,114	\$ 15,414	\$ 4,752	\$ 33,080	\$ -	\$ -	\$ -	\$ 4,912,360

CITY OF EAU CLAIRE

COMBINING BALANCE SHEET
 COMPONENT UNITS - GOVERNMENTAL
 December 31, 2005

	<u>Downtown Business Improvement District</u>	<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 short term investments	\$ 16,714	\$ 809	\$ 33,080	\$ -	\$ 50,603
Receivables:					
Taxes	71,000	12,000	9,500	48,200	140,700
Notes receivable	<u>-</u>	<u>4,443</u>	<u>-</u>	<u>-</u>	<u>4,443</u>
Total assets	<u>\$ 87,714</u>	<u>\$ 17,252</u>	<u>\$ 42,580</u>	<u>\$ 48,200</u>	<u>\$ 195,746</u>
LIABILITIES AND FUND BALANCES					
Accounts payable	\$ 1,300	\$ 500	\$ -	\$ -	\$ 1,800
Deferred revenue	<u>71,000</u>	<u>16,443</u>	<u>9,500</u>	<u>48,200</u>	<u>145,143</u>
Total liabilities	<u>72,300</u>	<u>16,943</u>	<u>9,500</u>	<u>48,200</u>	<u>146,943</u>
Fund balances:					
Designated for subsequent years expenditures	<u>15,414</u>	<u>309</u>	<u>33,080</u>	<u>-</u>	<u>48,803</u>
Total fund balances	<u>15,414</u>	<u>309</u>	<u>33,080</u>	<u>-</u>	<u>48,803</u>
Total liabilities and fund balances	<u>\$ 87,714</u>	<u>\$ 17,252</u>	<u>\$ 42,580</u>	<u>\$ 48,200</u>	<u>\$ 195,746</u>
Amounts reported for governmental activities in the statement of net assets are different because:					
Fund balance at year end	\$ 15,414	\$ 309	\$ 33,080	\$ -	\$ 48,803
Notes receivable are long-term assets that are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	<u>-</u>	<u>4,443</u>	<u>-</u>	<u>-</u>	<u>4,443</u>
Net assets at year end	<u>\$ 15,414</u>	<u>\$ 4,752</u>	<u>\$ 33,080</u>	<u>\$ -</u>	<u>\$ 53,246</u>

CITY OF EAU CLAIRE

COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
COMPONENT UNITS - GOVERNMENTAL
Year Ended December 31, 2005

	Downtown Business Improvement District	West Grand Business Improvement District	Water Street Business Improvement District	North Barstow/ Medical Business Improvement District	Totals
Revenues:					
Taxes:					
Special assessments	\$ 71,000	\$ 11,000	\$ 9,500	\$ -	\$ 91,500
Miscellaneous:					
Investment income	1,180	179	750	-	2,109
Other	<u>132</u>	<u>1,342</u>	<u>5,800</u>	<u>-</u>	<u>7,274</u>
Total revenues	<u>72,312</u>	<u>12,521</u>	<u>16,050</u>	<u>-</u>	<u>100,883</u>
Expenditures:					
Contractual services	52,911	17,082	5,507	-	75,500
Supplies and materials	<u>19,661</u>	<u>-</u>	<u>347</u>	<u>-</u>	<u>20,008</u>
Total expenditures	<u>72,572</u>	<u>17,082</u>	<u>5,854</u>	<u>-</u>	<u>95,508</u>
Net change in fund balances	(260)	(4,561)	10,196	-	5,375
Fund balances at beginning of year	<u>15,674</u>	<u>4,870</u>	<u>22,884</u>	<u>-</u>	<u>43,428</u>
Fund balances at end of year	<u>\$ 15,414</u>	<u>\$ 309</u>	<u>\$ 33,080</u>	<u>\$ -</u>	<u>\$ 48,803</u>
Reconciliation of net change in fund balances to change in net assets:					
Net change in fund balances	\$ (260)	\$ (4,561)	\$ 10,196	\$ -	\$ 5,375
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.					
New loans recognized as expenditures on fund statements	-	4,999	-	-	4,999
Repayment of principal on loans recognized as revenue on fund statements	<u>-</u>	<u>(1,342)</u>	<u>-</u>	<u>-</u>	<u>(1,342)</u>
Change in net assets	<u>\$ (260)</u>	<u>\$ (904)</u>	<u>\$ 10,196</u>	<u>\$ -</u>	<u>\$ 9,032</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 is 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 THREE FISCAL YEARS
(Accrual Basis of Accounting)

	<u>2003</u>	<u>2004</u>	<u>2005</u>
Governmental activities			
Invested in capital assets, net of related debt	\$ 76,620,258	\$ 78,197,890	\$ 79,138,455
Restricted	14,619,800	16,788,904	18,133,306
Unrestricted	<u>38,307,037</u>	<u>34,715,716</u>	<u>30,056,232</u>
Total governmental activities net assets	<u>129,547,095</u>	<u>129,702,510</u>	<u>127,327,993</u>
Business-type activities			
Invested in capital assets, net of related debt	105,722,026	118,330,734	123,247,987
Restricted	3,332,207	1,496,244	2,366,744
Unrestricted	<u>13,332,743</u>	<u>14,853,887</u>	<u>14,878,421</u>
Total business-type activities net assets	<u>122,386,976</u>	<u>134,680,865</u>	<u>140,493,152</u>
Primary government			
Invested in capital assets, net of related debt	182,342,284	196,528,624	201,035,973
Restricted	17,952,007	18,285,148	20,500,050
Unrestricted	<u>51,639,780</u>	<u>49,569,603</u>	<u>46,285,122</u>
Total primary government net assets	<u>\$ 251,934,071</u>	<u>\$ 264,383,375</u>	<u>\$ 267,821,145</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 2
CHANGES IN NET ASSETS
LAST THREE FISCAL YEARS
(Accrual Basis of Accounting)

Expenses	<u>2003</u>	<u>2004</u>	<u>2005</u>
Governmental activities:			
General government	\$ 8,520,660	\$ 7,643,250	\$ 7,857,938
Public safety	20,070,417	20,202,687	21,546,332
Public works	10,173,302	11,221,813	12,396,508
Health services	4,023,159	4,175,651	4,409,322
Culture and recreation	9,283,774	7,522,475	7,406,964
Development	2,931,989	2,267,591	3,748,193
Interest and fiscal charges	<u>1,791,084</u>	<u>2,054,281</u>	<u>2,053,323</u>
Total governmental activities expense	<u>56,794,385</u>	<u>55,087,748</u>	<u>59,418,580</u>
 Business-type activities			
Water Utility	5,010,412	5,143,065	5,424,169
Sewer Utility	5,089,211	5,158,959	5,349,773
Storm Water Utility	1,628,456	1,482,635	1,823,011
Public Transit	3,982,644	4,103,773	4,427,330
Parking Utility	408,357	391,267	419,801
Hobbs Ice Center	503,345	519,838	564,079
Outdoor Pool	<u>367,367</u>	<u>319,825</u>	<u>343,552</u>
Total business-type activities expenses	<u>16,989,792</u>	<u>17,119,362</u>	<u>18,351,715</u>
 Total primary government expenses	<u>\$ 73,784,177</u>	<u>\$ 72,207,110</u>	<u>\$ 77,770,295</u>

CITY OF EAU CLAIRE

TABLE 2 (cont.)
 CHANGES IN NET ASSETS
 LAST THREE FISCAL YEARS
 (Accrual Basis of Accounting)

Program Revenues	<u>2003</u>	<u>2004</u>	<u>2005</u>
Governmental activities:			
Charges for services			
General government	\$ 2,944,928	\$ 2,799,799	\$ 2,971,400
Public safety	3,582,224	3,083,516	2,813,376
Public works	85,827	118,378	177,977
Health services	1,388,975	1,602,248	1,748,238
Culture and recreation	1,564,306	1,449,973	1,325,314
Development	153,510	157,355	89,976
Operating grants and contributions			
General government	45,361	41,955	6,392
Public safety	928,224	750,303	579,467
Health services	820,384	966,021	965,115
Culture and recreation	34,994	24,091	33,060
Development	1,578,390	1,556,887	1,366,682
Capital grants and contributions			
General government	2,251,173	1,750,962	1,534,745
Public safety	68,470	57,458	-
Public works	4,225,663	3,728,343	3,928,050
Culture and recreation	309,737	749,940	731,287
Total governmental activities program revenues	<u>19,982,166</u>	<u>18,837,229</u>	<u>18,271,079</u>
Business-type activities			
Charges for services			
Water Utility	6,984,333	6,831,621	7,150,409
Sewer Utility	5,999,089	5,811,267	6,123,231
Storm Water Utility	1,725,264	1,935,282	2,098,370
Public Transit	471,698	470,600	503,024
Parking Utility	229,664	218,569	215,356
Hobbs Ice Center	340,292	379,206	423,376
Outdoor Pool	200,252	173,359	214,616
Operating grants and contributions			
Public Transit	2,360,794	2,400,631	2,466,457
Capital grants and contributions			
Water Utility	143,673	2,921,683	1,051,304
Sewer Utility	204,277	2,370,025	609,332
Storm Water Utility	27,381	5,187,007	1,975,066
Total business-type activities program revenues	<u>18,686,717</u>	<u>28,699,250</u>	<u>22,830,541</u>
Total primary government program revenues	<u>38,668,883</u>	<u>47,536,479</u>	<u>41,101,620</u>
Net (Expense) Revenue			
Governmental activities	(36,812,219)	(36,250,519)	(41,147,501)
Business-type activities	1,696,925	11,579,888	4,478,826
Total primary government net expense	<u>\$ (35,115,294)</u>	<u>\$ (24,670,631)</u>	<u>\$ (36,668,675)</u>

CITY OF EAU CLAIRE

TABLE 2 (cont.)
 CHANGES IN NET ASSETS
 LAST THREE FISCAL YEARS
 (Accrual Basis of Accounting)

	<u>2003</u>	<u>2004</u>	<u>2005</u>
General Revenues and Other Changes in Net Assets			
Governmental activities			
Property taxes	\$ 25,854,470	\$ 26,155,386	\$ 27,478,504
Intergovernmental revenues	10,392,649	9,388,956	9,378,496
Investment income	1,697,609	2,057,061	2,703,261
Miscellaneous	-	-	45,493
Transfers	<u>132,732</u>	<u>454,863</u>	<u>20,295</u>
Total governmental activities	<u>38,077,460</u>	<u>38,056,266</u>	<u>39,626,049</u>
Business-type activities			
Investment income	365,909	308,078	616,911
Miscellaneous	93,558	292,347	236,053
Transfers	<u>(132,732)</u>	<u>(454,863)</u>	<u>(20,295)</u>
Total business-type activities	<u>326,735</u>	<u>145,562</u>	<u>832,669</u>
Total primary government	<u>38,404,195</u>	<u>38,201,828</u>	<u>40,458,718</u>
Change in Net Assets			
Governmental activities	1,265,241	1,805,747	(1,521,452)
Business-type activities	<u>2,023,660</u>	<u>11,725,450</u>	<u>5,311,495</u>
Total primary government	<u>\$ 3,288,901</u>	<u>\$ 13,531,197</u>	<u>\$ 3,790,043</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 THREE FISCAL YEARS
 (Modified Accrual Basis of Accounting)

	<u>2003</u>	<u>2004</u>	<u>2005</u>
General Fund			
Reserved	\$ 6,367,325	\$ 6,384,041	\$ 5,848,920
Unreserved			
Designated	6,709,720	6,323,236	6,059,964
Undesignated	<u>2,896,215</u>	<u>2,978,369</u>	<u>2,821,438</u>
Total General Fund	<u>15,973,260</u>	<u>15,685,646</u>	<u>14,730,322</u>
All Other Governmental Funds			
Reserved	16,775,820	16,720,328	15,295,775
Unreserved			
Designated			
Special revenue funds	7,350,482	7,362,168	7,197,264
Debt service funds	-	623,900	255,700
Capital projects funds	<u>10,012,054</u>	<u>7,445,000</u>	<u>9,213,998</u>
Total All Other Governmental Funds	<u>34,138,356</u>	<u>32,151,396</u>	<u>31,962,737</u>
Total All Funds	<u>\$ 50,111,616</u>	<u>\$ 47,837,042</u>	<u>\$ 46,693,059</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 4
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
LAST THREE FISCAL YEARS
(Modified Accrual Basis of Accounting)
(Dollars in Thousands)

	2003	2004	2005
Revenues			
Property taxes	\$ 25,841	\$ 26,164	\$ 27,600
Special assessments	2,339	2,341	2,164
Intergovernmental	17,163	15,903	16,303
Licenses and permits	1,788	1,827	1,829
Fines and forfeitures	850	980	917
Charges for services	6,007	6,136	6,607
Investment income	1,573	1,578	2,548
Miscellaneous	1,230	1,960	1,465
Total revenues	56,791	56,889	59,433
Expenditures			
General government	5,760	5,877	6,263
Public safety	19,536	19,933	20,912
Public works	7,003	7,210	7,350
Health services	3,918	4,172	4,388
Culture and recreation	7,211	7,117	7,164
Development	2,374	3,022	4,162
Miscellaneous	421	428	497
Capital outlay	8,293	12,622	9,458
Debt service			
Principal	5,070	3,509	5,882
Interest	1,752	1,992	1,991
Total expenditures	61,338	65,882	68,067
Other financing sources (uses)			
Debt issued	13,585	5,460	7,290
Payment to refunding agent	(2,469)	-	-
Transfers in	7,176	8,111	7,761
Transfers out	(6,818)	(7,261)	(7,630)
Sale of capital assets	1,239	408	69
Total other financing sources (uses)	12,713	6,718	7,490
Net change in fund balances	\$ 8,166	\$ (2,275)	\$ (1,144)
Debt service as a percentage of noncapital expenditures	13.1%	10.5%	13.6%

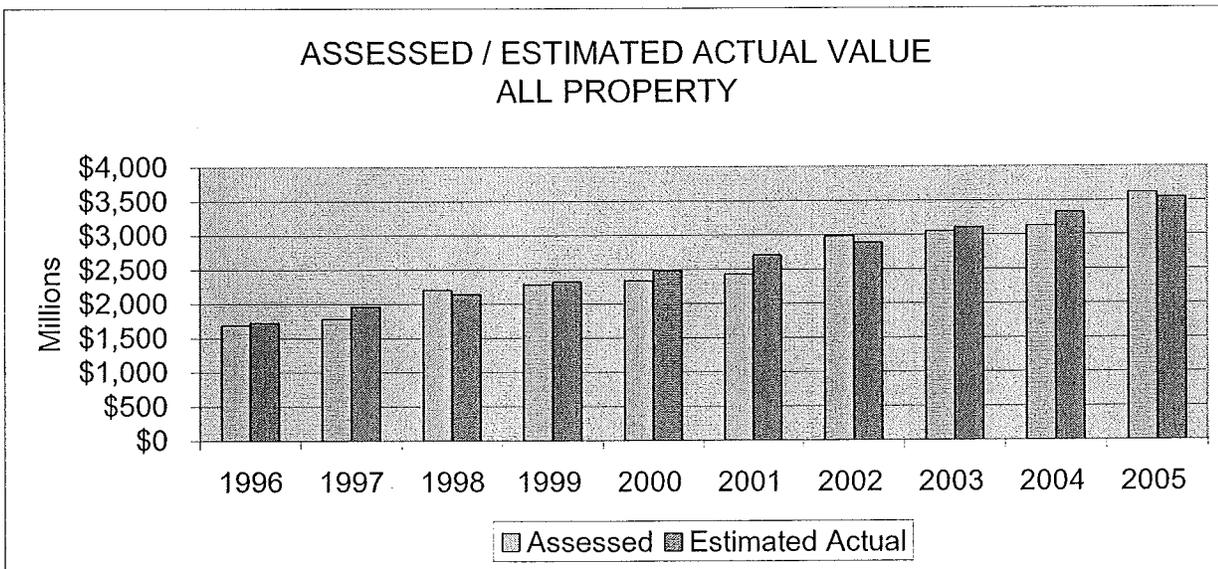
Source: City of Eau Claire Comprehensive Annual Financial Reports

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

CITY OF EAU CLAIRE

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

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
ALL PROPERTY										
Real property:										
Assessed value	\$1,595,652	\$1,678,145	\$2,071,849	\$2,146,317	\$2,224,512	\$2,309,955	\$2,841,850	\$2,913,967	\$2,997,305	\$3,480,303
Estimated actual value (1)	1,626,169	1,841,479	2,007,308	2,187,062	2,361,217	2,574,728	2,750,365	2,966,933	3,192,523	3,405,414
Personal property:										
Assessed value	\$93,995	\$105,471	\$133,486	\$131,294	\$110,929	\$119,618	\$139,844	\$134,989	\$131,225	\$135,547
Estimated actual value	96,783	116,957	132,942	133,993	119,040	133,993	138,930	138,430	138,038	140,683
Total:										
Assessed value	\$1,689,647	\$1,783,616	\$2,205,335	\$2,277,611	\$2,335,442	\$2,429,573	\$2,981,694	\$3,048,956	\$3,128,530	\$3,615,850
Estimated actual value	1,722,952	1,958,436	2,140,250	2,321,055	2,480,574	2,706,974	2,889,295	3,105,363	3,330,561	3,546,277
Ratio of total assessed to total estimated actual value	98.07%	91.07%	103.04%	98.13%	94.15%	89.75%	103.20%	98.18%	93.93%	101.96%



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.

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

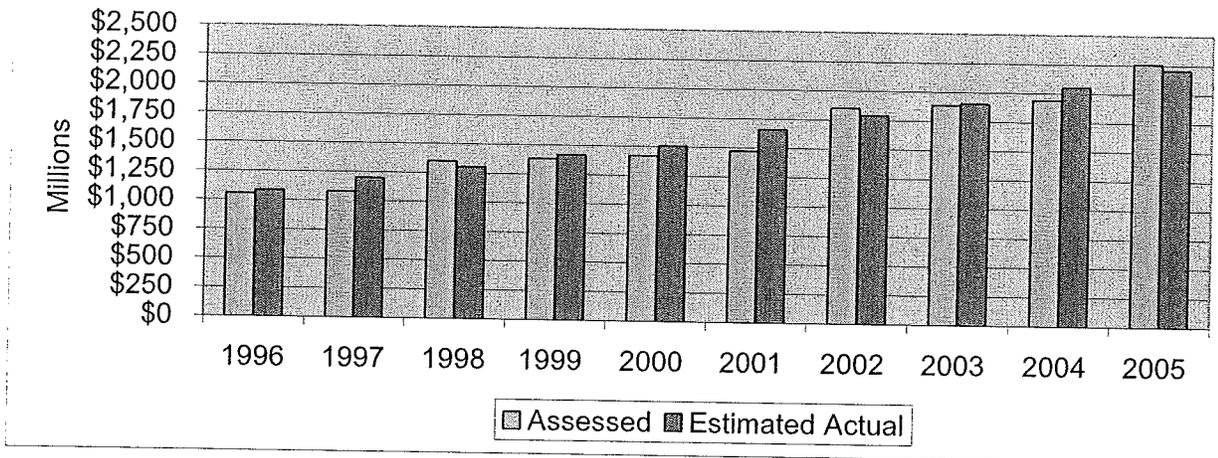
Source: City of Eau Claire Assessor's Office, Statement of Changes in Equalized Values by Class & Item, as compiled by the Wisconsin Department of Revenue

CITY OF EAU CLAIRE

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

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
RESIDENTIAL										
Real property:										
Assessed value	\$1,051,573	\$1,076,577	\$1,345,786	\$1,379,766	\$1,418,484	\$1,468,692	\$1,848,411	\$1,884,731	\$1,936,665	\$2,253,490
Estimated actual value	1,081,740	1,197,482	1,300,087	1,415,248	1,504,694	1,658,487	1,790,786	1,902,182	2,051,612	2,205,284
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	\$1,051,573	\$1,076,577	\$1,345,786	\$1,379,766	\$1,418,484	\$1,468,692	\$1,848,411	\$1,884,731	\$1,936,665	\$2,253,490
Estimated actual value	1,081,740	1,197,482	1,300,087	1,415,248	1,504,694	1,658,487	1,790,786	1,902,182	2,051,612	2,205,284
Total all classes:										
Assessed value	\$1,689,647	\$1,783,616	\$2,205,335	\$2,277,611	\$2,335,150	\$2,429,573	\$2,981,695	\$3,048,956	\$3,128,530	\$3,615,850
Estimated actual value	1,722,952	1,958,436	2,140,250	2,321,055	2,480,574	2,708,721	2,889,295	3,105,363	3,330,561	3,546,277
Residential property as a percentage of total:										
Assessed value	62.24%	60.36%	61.02%	60.58%	60.74%	60.45%	61.99%	61.81%	61.90%	62.32%
Estimated actual value	62.78%	61.14%	60.74%	60.97%	60.66%	61.23%	61.98%	61.25%	61.60%	62.18%
Number of parcels	17,855	17,955	18,186	18,217	18,447	18,814	19,004	19,087	19,313	19,678
Number of parcels with improvements	15,603	15,758	15,943	16,193	16,413	16,729	17,034	17,219	17,513	17,745

**ASSESSED / ESTIMATED ACTUAL VALUE
 RESIDENTIAL 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 years listed. Values are for both Eau Claire and Chippewa counties. Tax incremental districts have been included.

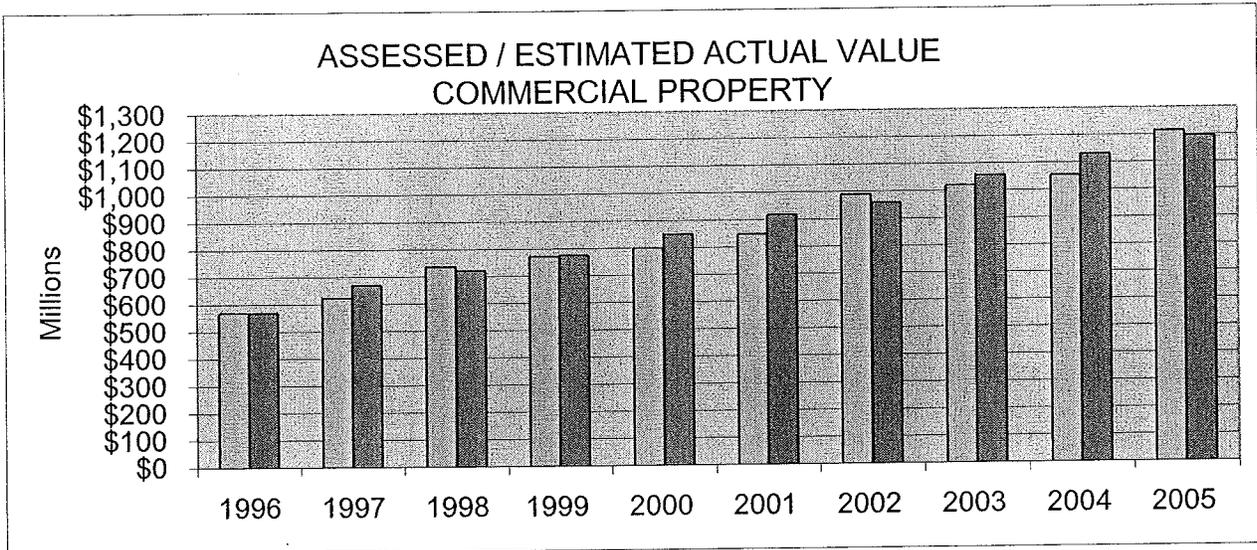
(1) NOTE: Chapter 70 of the Wisconsin State Statutes exempts residential personal property from taxation.

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>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
COMMERCIAL										
Real property:										
Assessed value	\$486,938	\$533,437	\$626,208	\$665,623	\$707,721	\$746,582	\$872,022	\$903,427	\$939,329	\$1,095,829
Estimated actual value	486,086	569,608	610,037	668,550	752,655	810,573	841,406	936,814	1,011,523	1,071,374
Personal property:										
Assessed value	\$80,984	\$88,982	\$109,341	\$104,514	\$90,341	\$99,819	\$117,363	\$115,716	\$113,637	\$117,962
Estimated actual value	82,555	98,873	109,459	106,647	96,120	106,647	117,100	118,345	119,796	123,600
Total commercial:										
Assessed value	\$567,922	\$622,419	\$735,549	\$770,137	\$798,062	\$846,401	\$989,385	\$1,019,143	\$1,052,966	\$1,213,791
Estimated actual value	568,641	668,481	719,496	775,197	848,775	917,220	958,506	1,055,159	1,131,319	1,194,974
Total all classes:										
Assessed value	\$1,689,647	\$1,783,616	\$2,205,335	\$2,277,611	\$2,335,150	\$2,429,573	\$2,981,694	\$3,048,956	\$3,128,530	\$3,615,850
Estimated actual value	1,722,951	1,958,436	2,140,250	2,321,055	2,480,573	2,706,974	2,889,294	3,105,363	3,330,561	3,546,277
Commercial property as a percentage of total:										
Assessed value	33.61%	34.90%	33.35%	33.81%	34.18%	34.84%	33.18%	33.43%	33.66%	33.57%
Estimated actual value	33.00%	34.13%	33.62%	33.40%	34.22%	33.88%	33.17%	33.98%	33.97%	33.70%
Number of parcels										
Number of parcels with improvements	2,409	2,483	2,528	2,559	2,601	2,635	2,634	2,669	2,692	2,719



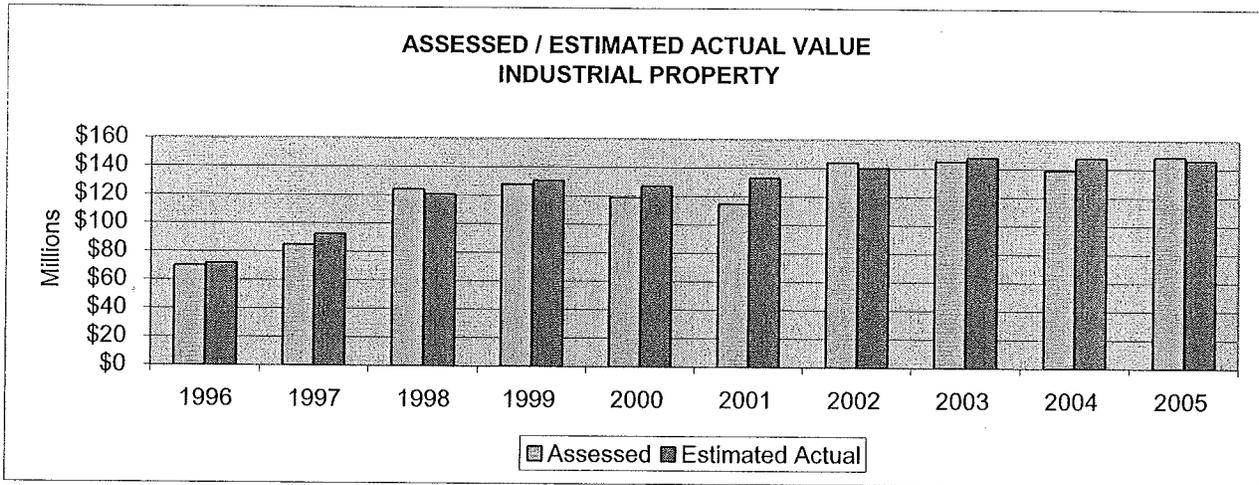
NOTE: Property values shown are established at January 1 of the year preceding the fiscal years listed. They are the basis of the taxes collected and applied to the fiscal year. Values are for both Eau Claire and Chippewa Counties. Tax incremental districts have been included.

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>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
INDUSTRIAL										
Real property:										
Assessed value	\$57,141	\$68,131	\$99,854	\$100,928	\$98,016	\$94,681	\$121,417	\$125,809	\$121,311	\$130,984
Estimated actual value	58,249	74,090	97,185	103,264	103,868	105,668	118,173	127,937	129,389	128,756
Personal property:										
Assessed value	\$13,011	\$16,489	\$24,145	\$26,780	\$20,588	\$19,799	\$22,481	\$19,272	\$17,588	\$17,585
Estimated actual value	13,263	18,084	23,483	27,346	22,920	27,346	21,830	20,085	18,242	17,263
Total industrial:										
Assessed value	\$70,152	\$84,620	\$123,999	\$127,708	\$118,604	\$114,480	\$143,898	\$145,081	\$138,899	\$148,569
Estimated actual value	71,512	92,174	120,668	130,610	126,788	133,014	140,003	148,022	147,631	146,019
Total all classes:										
Assessed value	\$1,689,647	\$1,783,616	\$2,205,335	\$2,277,611	\$2,335,150	\$2,429,573	\$2,981,694	\$3,048,956	\$3,128,530	\$3,615,850
Estimated actual value	1,722,952	1,958,436	2,140,250	2,321,055	2,480,574	2,708,721	2,889,295	3,105,363	3,330,561	3,546,277
Industrial property as a percentage of total:										
Assessed value	4.15%	4.74%	5.62%	5.61%	5.08%	4.71%	4.83%	4.76%	4.44%	4.11%
Estimated actual value	4.15%	4.71%	5.64%	5.63%	5.11%	4.91%	4.85%	4.77%	4.43%	4.12%
Number of parcels	96	101	104	99	100	107	107	103	96	95
Number of parcels with improvements	81	84	87	84	84	92	92	92	89	88



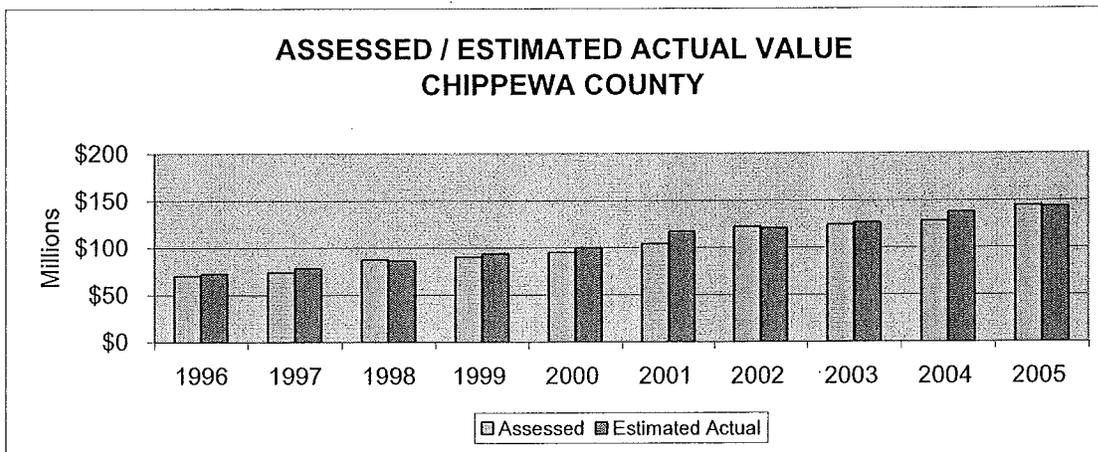
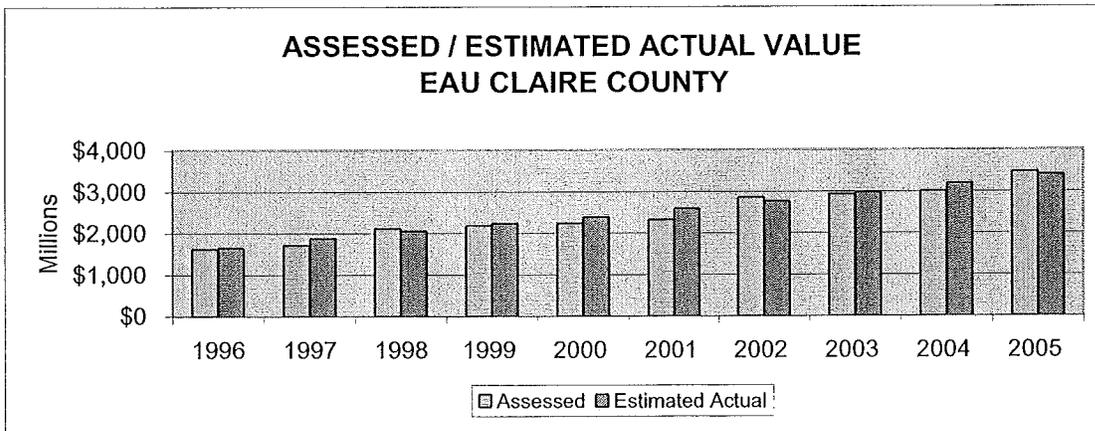
NOTE: Property values shown are established at January 1 of the year preceding the fiscal years listed. They are the basis of the taxes collected and applied to the fiscal year. Values are for both Eau Claire and Chippewa Counties. Tax incremental districts have been included.

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:	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
EAU CLAIRE COUNTY										
Assessed value	\$1,619,510	\$1,709,671	\$2,117,731	\$2,187,453	\$2,240,430	\$2,325,108	\$2,859,598	\$2,924,407	\$3,000,387	\$3,471,029
Estimated actual value	1,650,842	1,880,032	2,054,047	2,227,487	2,380,504	2,590,133	2,768,468	2,978,826	3,192,926	3,402,896
Ratio of assessment	98.10%	90.94%	103.10%	98.20%	94.12%	89.77%	103.29%	98.17%	93.97%	102.00%
CHIPPEWA COUNTY										
Assessed value	\$70,137	\$73,945	\$87,604	\$90,157	\$95,012	\$104,200	\$122,097	\$124,549	\$128,143	\$144,504
Estimated actual value	72,110	78,404	86,203	93,568	100,069	116,841	120,827	126,537	137,635	143,381
Ratio of assessment	97.26%	94.31%	101.63%	96.35%	94.95%	89.18%	101.05%	98.43%	93.10%	100.78%



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)

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
TID #2 equalized valuation:										
Base	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Increment	5,495	6,042	6,221	0	0	0	0	0	0	0
Total TID #2	\$5,495	\$6,042	\$6,221	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TID #3 equalized valuation:										
Base	\$204	\$204	\$204	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Increment	35,953	35,793	39,464	0	0	0	0	0	0	0
Total TID #3	\$36,157	\$35,997	\$39,668	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TID #4 equalized valuation:										
Base	\$103	\$256	\$256	\$256	\$256	\$256	\$256	\$256	\$0	\$0
Increment	10,113	25,707	51,902	59,058	60,240	62,127	69,529	74,346	0	0
Total TID #4	\$10,216	\$25,963	\$52,158	\$59,314	\$60,496	\$62,383	\$69,785	\$74,602	\$0	\$0
TID #5 equalized valuation:										
Base	\$0	\$0	\$130	\$130	\$130	\$130	\$130	\$130	\$130	\$1,000
Increment	0	0	0	1,190	1,425	2,821	15,589	21,755	21,395	22,058
Total TID #5	\$0	\$0	\$130	\$1,320	\$1,555	\$2,951	\$15,719	\$21,885	\$21,525	\$23,058
TID #6 equalized valuation:										
Base	\$0	\$0	\$986	\$986	\$986	\$986	\$986	\$986	\$986	\$986
Increment	0	0	0	2,221	2,308	2,871	5,301	6,932	8,503	8,196
Total TID #6	\$0	\$0	\$986	\$3,207	\$3,294	\$3,857	\$6,287	\$7,918	\$9,489	\$9,182
TID #7 equalized valuation:										
Base	\$0	\$0	\$115	\$115	\$115	\$115	\$115	\$115	\$115	\$115
Increment	0	0	0	0	875	3,174	3,333	3,508	3,634	3,713
Total TID #7	\$0	\$0	\$115	\$115	\$990	\$3,289	\$3,448	\$3,623	\$3,749	\$3,828
TID #8 equalized valuation:										
Base	\$0	\$0	\$0	\$0	\$0	\$0	\$10,441	\$10,441	\$10,441	\$10,441
Increment	0	0	0	0	0	0	0	0	236	3,683
Total TID #8	\$0	\$0	\$0	\$0	\$0	\$0	\$10,441	\$10,441	\$10,677	\$14,124
ALL PROPERTY										
All property - w/o TIDs	\$1,671,083	\$1,890,434	\$2,040,972	\$2,257,099	\$2,414,238	\$2,634,494	\$2,783,614	\$2,986,894	\$3,285,121	\$3,495,210
Base valuation - TIDs	307	460	1,691	1,487	1,487	1,487	11,928	11,928	11,672	12,541
All property - w/o TID increment	1,671,390	1,890,894	2,042,663	2,258,586	2,415,725	2,635,981	2,795,542	2,998,822	3,296,793	3,507,751
Increment valuation - TIDs	51,561	67,542	97,587	62,469	64,848	70,993	93,752	106,541	33,768	38,526
Equalized valuation - all property	\$1,722,951	\$1,958,436	\$2,140,250	\$2,321,055	\$2,480,573	\$2,706,974	\$2,889,294	\$3,105,363	\$3,330,561	\$3,546,277

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: TIF #2 and #3 were closed in 1998.

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>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
City Property Located in Eau Claire County (Eau Claire Area School District)										
City	\$5.342	\$5.876	\$5.576	\$5.994	\$6.286	\$6.658	\$6.070	\$6.424	\$6.422	\$5.895
Library	0.943	0.921	0.812	0.995	0.988	0.974	0.854	0.880	0.851	0.753
Health	0.634	0.626	0.531	0.540	0.536	0.536	0.448	0.469	0.469	0.422
Eau Claire School Dist.	16.916	12.673	11.085	11.588	12.760	13.376	11.111	11.311	10.694	11.391
Vocational District	1.875	1.938	1.685	1.754	1.858	1.950	1.762	1.838	1.817	1.593
Eau Claire County	4.671	4.914	4.400	3.517	2.977	3.268	3.095	3.154	3.298	3.078
State Forestry	0.204	0.220	0.194	0.204	0.212	0.223	0.194	0.204	0.213	0.196
Gross Tax Rate	30.585	27.168	24.283	24.592	25.617	26.985	23.534	24.280	23.764	23.328
Less State Credit	1.779	2.474	1.921	1.833	1.805	1.853	1.600	1.616	1.577	1.323
Net Tax Rate	\$ 28.806	\$ 24.694	\$ 22.362	\$ 22.759	\$ 23.812	\$ 25.132	\$ 21.934	\$ 22.664	\$ 22.187	\$ 22.005

City Property Located in
Eau Claire County (Altoona School District) (1)

City	\$0	\$0	\$0	\$5.576	\$5.994	\$6.286	\$6.070	\$6.424	\$6.422	\$5.895
Library	0	0	0	0.812	0.995	0.988	0.854	0.880	0.851	0.753
Health	0	0	0	0.531	0.540	0.536	0.448	0.469	0.469	0.422
Eau Claire School Dist.	0	0	0	10.203	11.782	11.598	10.184	11.190	11.650	9.791
Vocational District	0	0	0	1.685	1.754	1.858	1.762	1.838	1.817	1.593
Eau Claire County	0	0	0	4.400	3.517	2.977	3.095	3.154	3.298	3.078
State Forestry	0	0	0	0.194	0.204	0.212	0.194	0.204	0.213	0.196
Gross Tax Rate	0	0	0	23.401	24.786	24.455	22.607	24.159	24.720	21.728
Less State Credit	0.000	0.000	0.000	1.921	1.833	1.805	1.600	1.616	1.577	1.323
Net Tax Rate	\$ -	\$ -	\$ -	\$ 21.480	\$ 22.953	\$ 22.650	\$ 21.007	\$ 22.543	\$ 23.143	\$ 20.405

(1) NOTE: 1998 was the first year that any City of Eau Claire residents living in Eau Claire County, were in the Altoona School District.

Source: City of Eau Claire Annual Program of Services

CITY OF EAU CLAIRE

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

	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
City Property Located in Chippewa County (Eau Claire Area School District)										
City	\$5.342	\$5.876	\$5.576	\$5.994	\$6.286	\$6.658	\$6.070	\$6.424	\$6.422	\$5.895
Library	0.943	0.921	0.812	0.995	0.988	0.974	0.854	0.880	0.851	0.753
Health	0.634	0.626	0.531	0.540	0.536	0.536	0.448	0.469	0.469	0.422
Eau Claire School Dist.	17.062	12.219	11.246	11.811	12.648	13.466	11.258	11.282	10.793	11.528
Vocational District	1.891	1.868	1.709	1.787	1.841	1.963	1.801	1.833	1.834	1.612
Chippewa County	3.956	4.098	3.808	3.816	3.773	4.197	3.673	3.652	3.840	3.438
State Forestry	0.206	0.212	0.197	0.208	0.211	0.224	0.198	0.203	0.215	0.198
Gross Tax Rate	30.034	25.820	23.879	25.151	26.283	28.018	24.302	24.743	24.424	23.846
Less State Credit	1.887	2.599	2.075	1.957	1.825	1.759	1.606	1.631	1.578	1.318
Net Tax Rate	\$ 28.147	\$ 23.221	\$ 21.804	\$ 23.194	\$ 24.458	\$ 26.259	\$ 22.696	\$ 23.112	\$ 22.846	\$ 22.528
City Property Located in Chippewa County (Chippewa Falls Area School District)										
City	\$5.047	\$5.342	\$5.876	\$5.576	\$5.994	\$6.286	\$6.070	\$6.424	\$6.422	\$5.895
Library	0.959	0.943	0.921	0.812	0.995	0.988	0.854	0.880	0.851	0.753
Health	0.635	0.634	0.626	0.531	0.540	0.536	0.448	0.469	0.469	0.422
Chippewa Falls School Dist.	12.195	14.605	10.188	10.132	9.994	10.430	9.849	9.445	9.693	8.463
Vocational District	1.775	1.892	1.868	1.709	1.787	1.841	1.801	1.833	1.834	1.612
Chippewa County	3.607	3.956	4.098	3.808	3.816	3.773	3.673	3.652	3.840	3.438
State Forestry	0.189	0.206	0.212	0.197	0.208	0.211	0.198	0.203	0.215	0.198
Gross Tax Rate	24.407	27.578	23.789	22.765	23.334	24.065	22.893	22.906	23.324	20.781
Less State Credit	1.909	1.887	2.599	2.075	1.957	1.825	1.606	1.631	1.578	1.318
Net Tax Rate	\$ 22.498	\$ 25.691	\$ 21.190	\$ 20.690	\$ 21.377	\$ 22.240	\$ 21.287	\$ 21.275	\$ 21.746	\$ 19.463

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	2005 Equalized Value	2005 Rank	2005 Percentage of Total Equalized Value	1996 Equalized Value	1996 Rank	1996 Percentage of Total Equalized Value
Oakwood Hills Mall	\$ 67,355	1	1.80%	\$ 33,842	1	1.73%
Keystone Corporation	33,545	2	0.90%	15,539	3	0.79%
Carnation Corporation - Nestle Food	30,123	3	0.81%	14,318	4	0.73%
Luther Hospital	22,113	4	0.59%	-		
Hutchinson Technology, Inc.	21,835	5	0.58%	-		
Midelfort Clinic	19,296	6	0.52%	28,983	2	1.48%
Marshfield Clinic	18,099	7	0.48%	-		
Menard Inc.	16,481	8	0.44%	11,006	8	0.56%
Phillips Properties (1)	16,113	9	0.43%	10,789	9	0.55%
F&L II & JHP Eau Claire	12,419	10	0.33%	-		
Larson Properties	-			13,114	5	0.67%
Dayton Hudson Corporation	-			12,902	6	0.66%
Sam's Club - Walmart	-			12,032	7	0.61%
Pope and Talbot	-			10,545	10	0.54%
Principal Taxpayers total	<u>\$ 257,379</u>			<u>\$ 163,070</u>		
TOTAL CITY EQUALIZED VALUE	<u>\$ 3,741,043</u>			<u>\$ 1,958,436</u>		

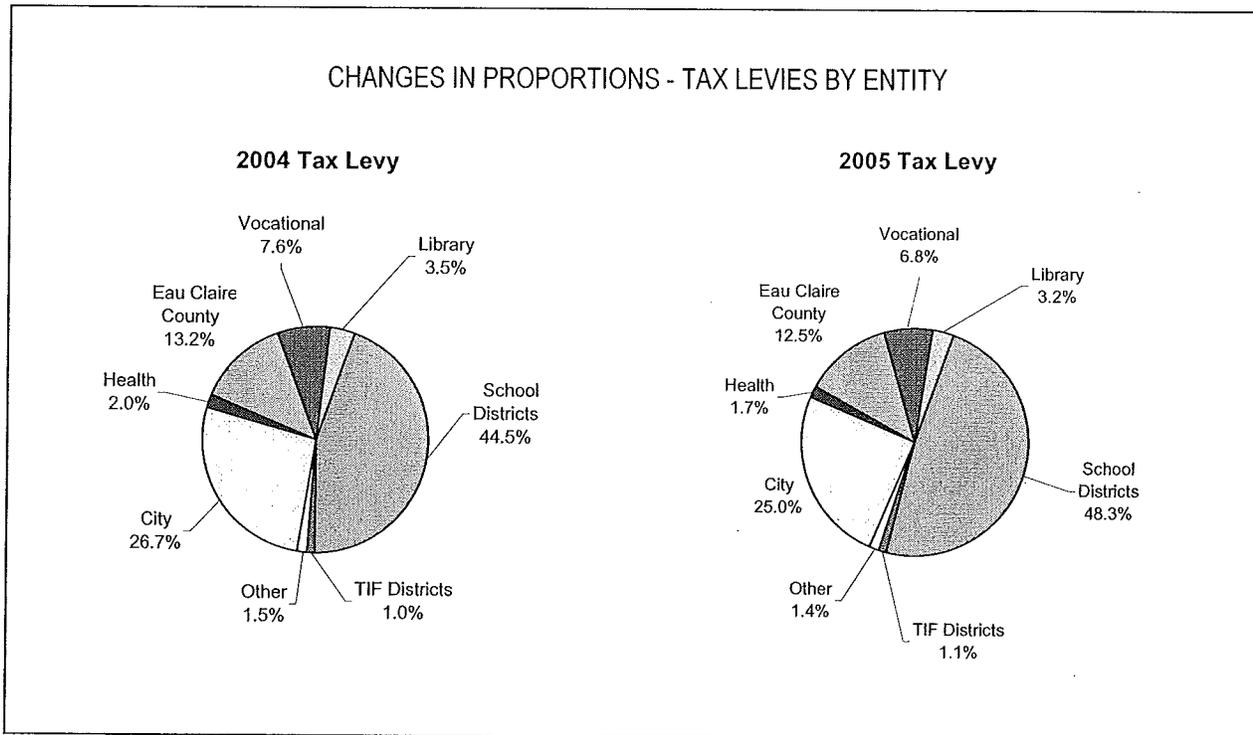
(1) NOTE: Equalization is based on both Eau Claire and Chippewa Counties.

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)

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
City	\$ 8,756	\$10,118	\$11,737	\$13,284	\$14,296	\$15,750	\$17,512	\$18,915	\$19,887	\$21,081
TIF Districts	1,537	1,656	2,423	1,492	1,548	1,703	2,259	2,518	749	905
Library	1,546	1,585	1,710	2,206	2,247	2,305	2,464	2,592	2,637	2,694
Health	1,039	1,078	1,117	1,196	1,219	1,268	1,291	1,379	1,453	1,508
Eau Claire School District	27,710	21,749	23,293	25,595	28,857	31,391	31,828	33,130	32,959	40,550
Chippewa Falls School District										
District	23	35	34	30	31	111	115	34	34	32
Altoona School District (1)	0	0	12	74	105	117	113	129	145	139
Vocational District	3,075	3,332	3,548	3,890	4,223	4,615	5,088	5,410	5,629	5,699
Eau Claire County	7,329	8,099	8,875	7,486	6,495	7,401	8,569	8,917	9,818	10,595
Chippewa County	277	303	334	336	350	427	429	430	462	462
State Forestry- Eau Claire County	330	376	411	445	476	518	554	596	638	681
State Forestry- Chippewa County	14	16	17	19	20	23	24	25	28	29
Total tax levy	\$51,636	\$48,347	\$53,511	\$56,053	\$59,867	\$65,629	\$70,246	\$74,075	\$74,439	\$84,375
City percent of total levy	16.96%	20.93%	21.93%	23.70%	23.88%	24.00%	24.93%	25.53%	26.72%	24.98%



(1) NOTE: 1998 was the first year that any City of Eau Claire residents living in Eau Claire County, were in the Altoona School District.

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>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Total tax levy	\$8,756	\$10,119	\$11,737	\$13,284	\$14,296	\$15,750	\$17,512	\$18,915	\$19,888	\$21,081
Current tax collections (1)	8,732	10,104	11,720	13,180	14,206	15,579	17,329	19,186	19,565	20,781
Collection of delinquent personal property taxes from prior years	32	17	171	102	102	141	153	228	331	286
Total tax collections (2)	<u>\$8,764</u>	<u>\$10,121</u>	<u>\$11,891</u>	<u>\$13,282</u>	<u>\$14,308</u>	<u>\$15,720</u>	<u>\$17,482</u>	<u>\$19,414</u>	<u>\$19,896</u>	<u>\$21,067</u>
Percent of current collections to tax levy	99.7%	99.9%	99.9%	99.2%	99.4%	98.9%	99.0%	101.4%	98.4%	98.6%
Percent of total tax collections to tax levy	100.1%	100.0%	101.3%	100.0%	100.1%	99.8%	99.8%	102.6%	100.0%	99.9%
Total delinquent taxes outstanding	\$51	\$50	\$38	\$43	\$57	\$61	\$95	\$114	\$83	\$101

(1) 1998 includes transfer of excess TIF taxes.

(2) 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>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Total assessments levied each fiscal period: (1)										
General fund	\$1,212	\$1,472	\$691	\$563	\$457	\$365	\$130	\$137	\$157	\$75
Business Improvement										
Districts	64	68	68	74	74	74	74	75	91	92
Debt Service	68	0	756	1,017	1,160	1,289	1,525	1,566	1,663	1,657
Water Utility	198	233	214	87	86	101	142	193	191	105
Sewer Utility	163	210	219	95	104	120	183	242	238	122
Delinquent utility bills	381	437	469	442	420	450	587	526	581	521
 Total assessments levied	<u>\$2,086</u>	<u>\$2,420</u>	<u>\$2,417</u>	<u>\$2,278</u>	<u>\$2,301</u>	<u>\$2,399</u>	<u>\$2,641</u>	<u>\$2,739</u>	<u>\$2,921</u>	<u>\$2,572</u>
 Current collections	\$2,086	\$2,420	\$2,417	\$2,278	\$2,301	\$2,399	\$2,641	\$2,739	\$2,921	\$2,572
Delinquent collections	2	1	2	0	0	0	0	0	0	0
 Total collections	<u>\$2,088</u>	<u>\$2,421</u>	<u>\$2,419</u>	<u>\$2,278</u>	<u>\$2,301</u>	<u>\$2,399</u>	<u>\$2,641</u>	<u>\$2,739</u>	<u>\$2,921</u>	<u>\$2,572</u>
 Delinquent S/A outstanding	\$59	\$58	\$56	\$56	\$0	\$0	\$0	\$0	\$0	\$0

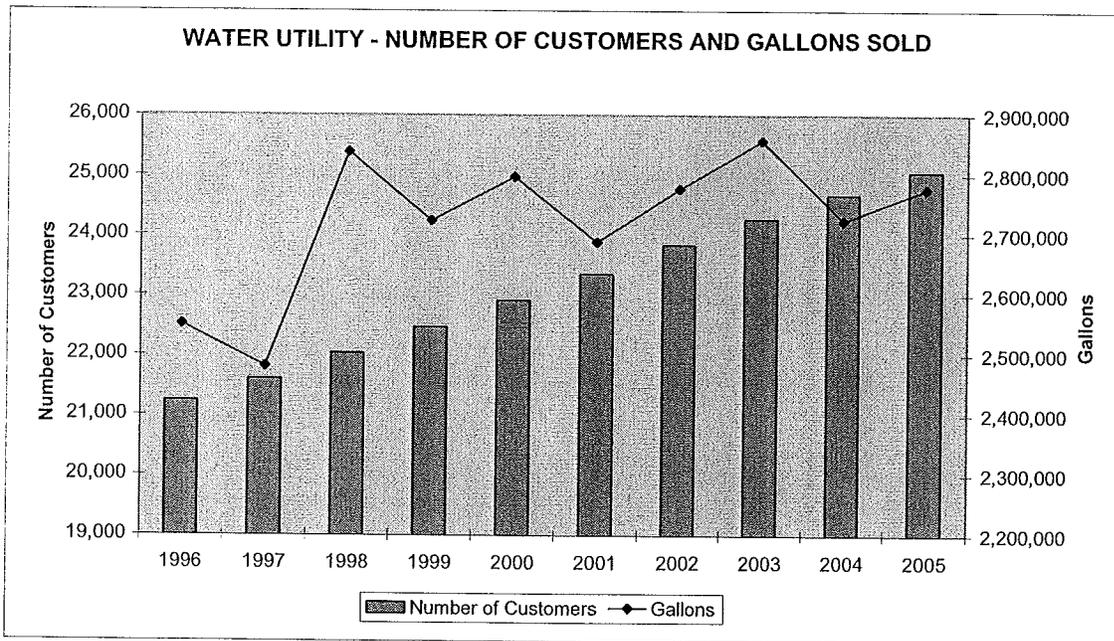
(1) NOTE: Includes current interest due on installment special assessments.

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

	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Number of customers										
Residential	18,751	19,089	19,464	19,851	20,254	20,650	21,115	21,535	21,921	22,264
Commercial	2,240	2,259	2,303	2,342	2,373	2,407	2,424	2,436	2,453	2,484
Industrial	84	87	96	102	105	108	110	110	110	110
Public	158	162	166	173	181	184	187	189	191	194
Total	<u>21,233</u>	<u>21,597</u>	<u>22,029</u>	<u>22,468</u>	<u>22,913</u>	<u>23,349</u>	<u>23,836</u>	<u>24,270</u>	<u>24,675</u>	<u>25,052</u>
Gallons (thousands)										
Residential	1,122,248	1,090,933	1,269,242	1,148,110	1,198,843	1,204,880	1,149,851	1,342,086	1,213,839	1,257,567
Commercial	647,595	645,015	702,248	709,245	681,275	704,283	710,863	703,999	688,356	706,237
Industrial	556,646	544,750	632,586	655,984	700,216	572,885	693,336	581,087	594,416	555,940
Public	224,367	199,913	234,432	210,948	216,808	206,609	222,951	230,292	227,438	256,643
Total	<u>2,550,856</u>	<u>2,480,611</u>	<u>2,838,508</u>	<u>2,724,287</u>	<u>2,797,142</u>	<u>2,688,657</u>	<u>2,777,001</u>	<u>2,857,464</u>	<u>2,724,049</u>	<u>2,776,387</u>



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>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
General Metered Service										
Quarterly Service Charge										
5/8 inch meter	\$ 11.82	\$ 12.30	\$ 12.30	\$ 12.30	\$ 12.30	\$ 13.95	\$ 13.95	\$ 14.37	\$ 14.37	\$ 14.37
3/4 inch meter	11.82	12.30	12.30	12.30	12.30	13.95	13.95	14.37	14.37	14.37
1 inch meter	16.65	18.00	18.00	18.00	18.00	21.00	21.00	21.63	21.63	21.63
1 1/4 inch meter	22.05	24.00	24.00	24.00	24.00	27.00	27.00	27.81	27.81	27.81
1 1/2 inch meter	27.45	30.00	30.00	30.00	30.00	33.00	33.00	33.99	33.99	33.99
2 inch meter	47.10	52.00	52.00	52.00	52.00	54.00	54.00	55.62	55.62	55.62
3 inch meter	84.60	90.00	90.00	90.00	90.00	96.00	96.00	98.88	98.88	98.88
4 inch meter	97.20	105.00	105.00	105.00	105.00	120.00	120.00	123.60	123.60	123.60
6 inch meter	177.00	189.00	189.00	189.00	189.00	207.00	207.00	213.21	213.21	213.21
8 inch meter	282.00	300.00	300.00	300.00	300.00	309.00	309.00	318.27	318.27	318.27
10 inch meter	420.00	450.00	450.00	450.00	450.00	450.00	450.00	463.50	463.50	463.50
12 inch meter	555.00	576.00	576.00	576.00	576.00	582.00	582.00	599.46	599.46	599.46
Volume rate (per 100 cubic feet)										
First 7,500 cubic feet	\$ 0.90	\$ 0.97	\$ 0.97	\$ 0.97	\$ 0.97	\$ 1.17	\$ 1.17	\$ 1.21	\$ 1.21	\$ 1.21
Next 742,500 cubic feet	0.79	0.86	0.86	0.86	0.86	1.01	1.01	1.04	1.04	1.04
Over 750,000 cubic feet	0.51	0.53	0.53	0.53	0.53	0.67	0.67	0.69	0.69	0.69
Public Fire Protection										
Quarterly Service Charge										
5/8 inch meter	\$ 6.90	\$ 8.20	\$ 8.20	\$ 8.20	\$ 8.20	\$ 9.18	\$ 9.18	\$ 9.46	\$ 9.46	\$ 9.46
3/4 inch meter	6.90	8.20	8.20	8.20	8.20	9.18	9.18	9.46	9.46	9.46
1 inch meter	17.25	20.50	20.50	20.50	20.50	22.80	22.80	23.48	23.48	23.48
1 1/4 inch meter	25.87	30.75	30.75	30.75	30.75	33.90	33.90	34.92	34.92	34.92
1 1/2 inch meter	34.50	41.00	41.00	41.00	41.00	45.90	45.90	47.28	47.28	47.28
2 inch meter	55.50	66.00	66.00	66.00	66.00	73.50	73.50	75.71	75.71	75.71
3 inch meter	103.50	123.00	123.00	123.00	123.00	138.00	138.00	142.14	142.14	142.14
4 inch meter	172.50	205.00	205.00	205.00	205.00	228.00	228.00	234.84	234.84	234.84
6 inch meter	345.00	408.00	408.00	408.00	408.00	459.00	459.00	472.77	472.77	472.77
8 inch meter	552.00	653.00	653.00	653.00	653.00	732.00	732.00	753.96	753.96	753.96
10 inch meter	828.00	980.00	980.00	980.00	980.00	1,101.00	1,101.00	1,134.03	1,134.03	1,134.03
12 inch meter	1,104.00	1,306.00	1,306.00	1,306.00	1,306.00	1,467.00	1,467.00	1,511.01	1,511.01	1,511.01

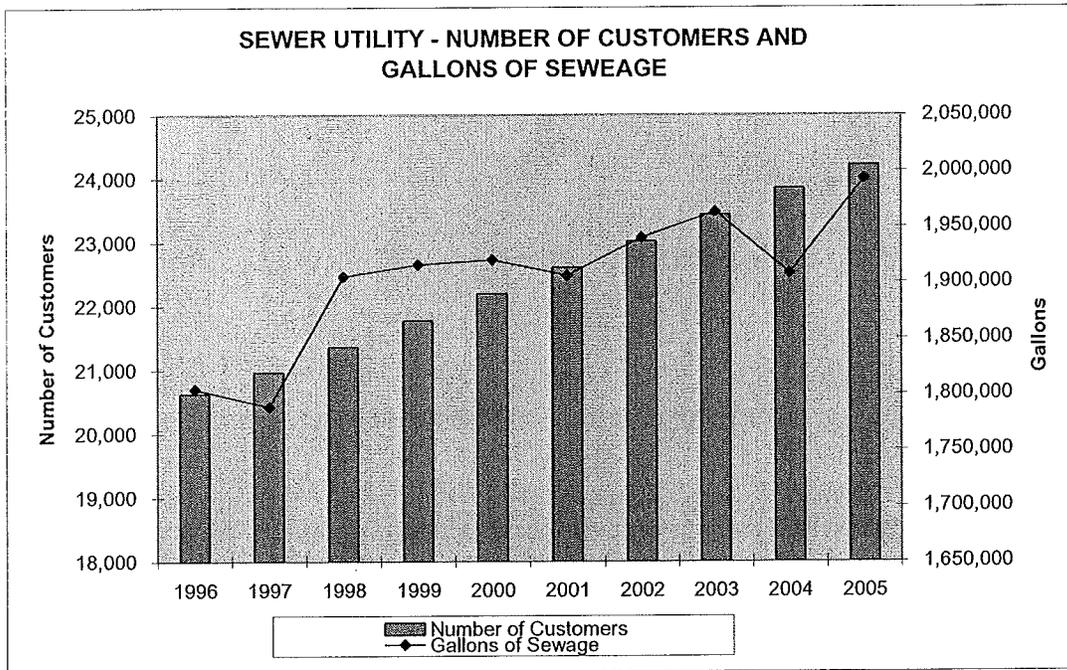
Source: Customer Services - City of Eau Claire

Note: Increases in water rates must be approved by the Public Service Commission of Wisconsin.

CITY OF EAU CLAIRE

TABLE 19
SEWER UTILITY CUSTOMER SUMMARY
LAST TEN FISCAL YEARS

	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Number of customers										
Residential	18,281	18,596	18,951	19,316	19,697	20,078	20,479	20,891	21,279	21,616
Commercial	2,136	2,152	2,185	2,222	2,255	2,280	2,282	2,289	2,315	2,341
Industrial	76	79	85	89	91	93	93	92	92	93
Public	135	139	141	147	153	156	158	159	161	164
Total	20,628	20,966	21,362	21,774	22,196	22,607	23,012	23,431	23,847	24,214
Gallons (thousands)										
Residential	908,718	896,473	921,117	910,597	935,340	957,711	954,338	985,693	983,564	982,929
Commercial	593,776	600,133	635,590	634,185	617,395	628,365	620,180	642,469	590,527	613,281
Industrial	152,832	164,396	209,958	237,705	240,671	204,831	244,237	209,427	221,503	275,062
Public	148,847	127,536	138,403	133,152	126,492	115,112	121,267	125,447	112,455	121,395
Total	1,804,173	1,788,538	1,905,068	1,915,639	1,919,898	1,906,019	1,940,022	1,963,036	1,908,049	1,992,667



Sources: Customer Services - City of Eau Claire

CITY OF EAU CLAIRE

TABLE 20
SEWER UTILITY CUSTOMER RATES
LAST TEN FISCAL YEARS

	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
General Metered Service										
Quarterly Minimum Charge	\$ 15.36	\$ 15.84	\$ 16.32	\$ 16.32	\$ 16.32	\$ 16.32	\$ 16.32	\$ 16.32	\$ 16.32	\$ 16.32
Volume rate (per 100 cubic feet)	\$ 1.92	\$ 1.98	\$ 2.04	\$ 2.04	\$ 2.04	\$ 2.04	\$ 2.04	\$ 2.04	\$ 2.04	\$ 2.04

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>	2005		
	<u>Gallons Billed</u>	<u>Amount Billed</u>	<u>% of Total</u>
Hutchinson Technology	104,896,077	\$ 286,080	5.3%
Nestles Food Company	82,839,504	225,926	4.2%
University of Wisconsin-Eau Claire	69,366,528	189,181	3.5%
Sacred Heart Hospital	41,015,084	111,829	2.1%
Luther Midelfort-Mayo Health	40,971,700	111,741	2.1%
3M	34,405,008	93,832	1.7%
Eau Claire School District	18,772,831	51,199	0.9%
Oakwood Village	12,098,152	32,995	0.6%
Huebsch Laundry Co.	11,596,992	31,628	0.6%
Chippewa Valley Technical College	7,179,304	19,580	0.4%
Subtotal (ten largest)	423,141,180	1,153,991	21.2%
All other customers	1,569,525,820	4,280,554	78.8%
Grant Totals	1,992,667,000	\$ 5,434,545	100.0%

<u>Customer</u>	1996		
	<u>Gallons Billed</u>	<u>Amount Billed</u>	<u>% of Total</u>
Nestles Food Company	93,163,802	\$ 231,664	5.2%
University of Wisconsin-Eau Claire	81,636,559	203,000	4.5%
Luther Midelfort-Mayo Health	39,919,071	99,264	2.2%
Sacred Heart Hospital	27,386,452	68,100	1.5%
Eau Claire School District	17,941,544	44,614	1.0%
Huebsch Laundry Co.	16,422,219	40,836	0.9%
Oakwood Mall	12,758,628	31,726	0.7%
The Clairemont	12,438,516	30,930	0.7%
Sky Park Technology	10,257,654	25,507	0.6%
Oakwood Village	9,460,994	23,526	0.5%
Subtotal (ten largest)	321,385,439	799,167	17.8%
All other customers	1,482,787,561	3,940,086	82.2%
Grant Totals	1,804,173,000	\$ 4,739,253	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			
1996	\$ 21,170	\$ 813	\$ -	\$ -	\$ -	\$ 13,830	\$ 35,813	2.98%	\$ 603
1997	29,970	-	213	-	-	16,110	46,293	3.60%	774
1998	34,145	-	189	-	-	14,985	49,319	3.50%	816
1999	38,600	-	166	-	-	14,250	53,016	3.58%	867
2000	42,535	-	142	-	-	13,480	56,157	3.56%	910
2001	39,365	-	118	8,865	-	14,345	62,693	3.88%	1,005
2002	37,600	2,000	95	9,750	-	12,655	62,100	3.71%	982
2003	45,670	-	71	10,990	320	12,740	69,791	4.05%	1,092
2004	47,465	-	227	12,140	320	11,685	71,837	4.01%	1,124
2005	48,955	-	146	13,415	297	10,595	73,408	4.06%	1,136

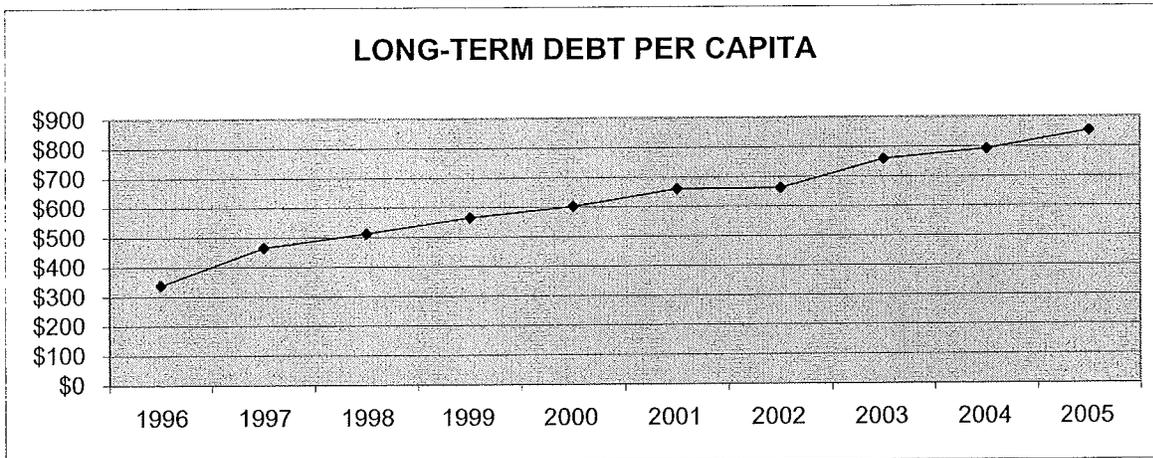
Source: City of Eau Claire Comprehensive Annual Financial Reports

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>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Population	59,383	59,832	60,449	61,150	61,704	62,368	63,214	63,882	63,897	64,632
Equalized valuation	\$1,958,436	\$2,140,250	\$2,321,055	\$2,480,573	\$2,706,974	\$2,889,295	\$3,105,363	\$3,330,561	\$3,546,277	\$3,741,043
General obligation bonds	\$21,170	\$29,970	\$34,145	\$38,600	42,535	48,230	47,350	56,660	59,605	62,370
Promissory Notes	813	-	-	-	-	-	2,000	-	-	-
State trust fund loans	-	213	189	166	142	118	95	391	547	443
Total long-term debt (1)	\$ 21,983	\$ 30,183	\$ 34,334	\$ 38,766	\$ 42,677	\$ 48,348	\$ 49,445	\$ 57,051	\$ 60,152	\$ 62,813
Resources on hand for payment of debt	\$ 1,960	\$ 2,379	\$ 3,362	\$ 4,232	\$ 5,571	\$ 7,208	\$ 7,590	\$ 8,560	\$ 9,566	\$ 7,606
Net long-term debt	\$ 20,023	\$ 27,804	\$ 30,972	\$ 34,534	\$ 37,106	\$ 41,140	\$ 41,855	\$ 48,491	\$ 50,586	\$ 55,207
Percent of net long-term debt to equalized value	1.02%	1.30%	1.33%	1.39%	1.37%	1.42%	1.35%	1.46%	1.43%	1.48%
Net long-term debt per capita (not in thousands)	\$337	\$465	\$512	\$565	\$601	\$660	\$662	\$759	\$792	\$854



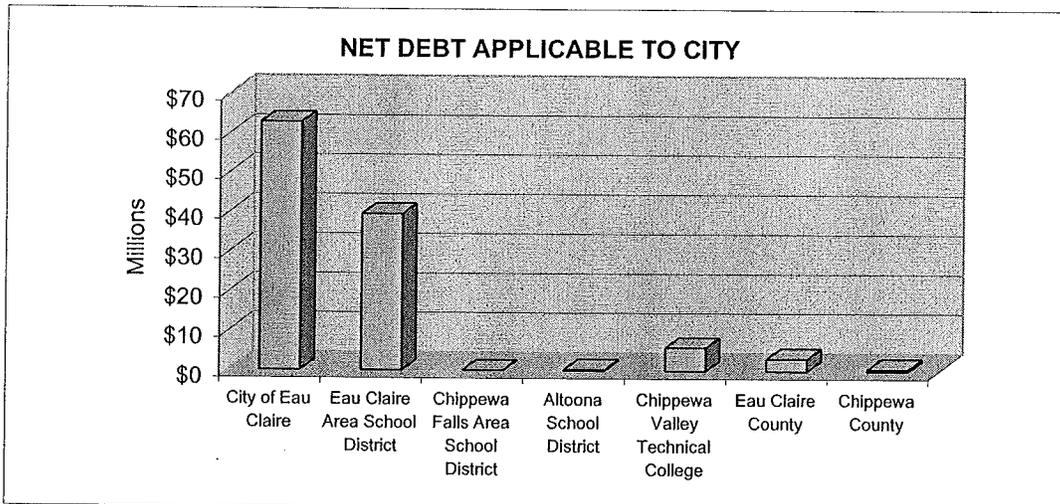
(1) NOTE: Includes General Long-Term Debt and Enterprise General Obligation Debt. Other enterprise debt and accrued employee absences are not included.

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
GENERAL OBLIGATION DEBT
December 31, 2005

Governmental Unit	Total Debt	Estimated Percentage Applicable To City (1)	Net Debt Applicable To City
Direct debt:			
City of Eau Claire	\$ 62,813,095	100.00%	\$ 62,813,095
Indirect debt:			
Eau Claire Area School District	52,979,393	74.69%	39,569,048
Chippewa Falls Area School District	5,510,000	0.19%	10,353
Altoona School District	8,204,774	3.02%	247,811
Chippewa Valley Technical College	28,810,000	20.48%	5,900,985
Eau Claire County	5,031,103	61.27%	3,082,557
Chippewa County	13,460,000	3.74%	503,404
Total indirect debt	<u>113,995,270</u>		<u>49,314,158</u>
Total direct and indirect debt	<u>\$ 176,808,365</u>		<u>\$ 112,127,253</u>
Indirect debt per capita			\$ 763
Indirect debt as a % of equalized value			1.32%
Total direct and indirect debt per capita			\$ 1,735
Total direct and indirect debt as a % of equalized value			3.00%



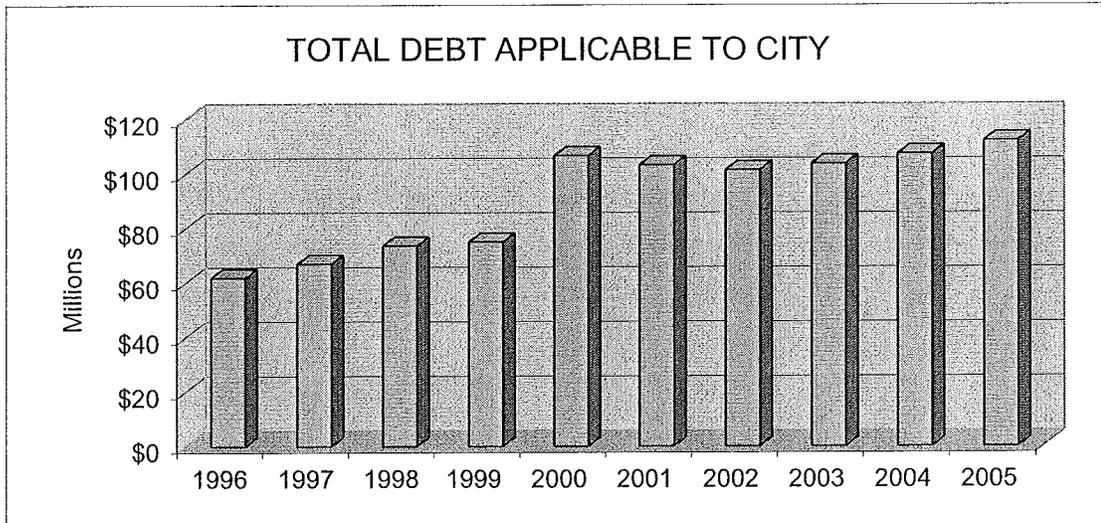
(1) NOTE: The percentage of debt applicable to the City is based on the most recent equalized value of the taxing districts within the City as compared to the entire district.

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>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Total debt applicable to City	\$61,758	\$66,865	\$73,564	\$74,929	\$106,623	\$103,233	\$101,371	\$103,629	\$107,321	\$112,127
Direct debt:										
General City	\$21,983	\$30,183	\$34,334	\$38,766	\$42,677	\$48,348	\$49,445	\$57,051	\$60,152	\$62,813
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	\$28,814	\$27,988	\$26,808	\$24,992	\$52,325	\$44,755	\$41,859	\$35,544	\$36,605	\$39,569
Percent	76.40%	75.46%	76.28%	75.81%	75.98%	74.79%	74.93%	75.74%	75.01%	74.69%
Chippewa Falls Area School District	\$31	\$64	\$53	\$48	\$165	\$132	\$31	\$23	\$15	\$10
Percent	0.39%	0.32%	0.26%	0.25%	0.82%	0.76%	0.22%	0.22%	0.20%	0.19%
Altoona School District	\$0	\$16	\$137	\$316	\$309	\$300	\$269	\$271	\$256	\$248
Percent	0.00%	0.48%	2.44%	3.27%	3.34%	3.24%	3.02%	3.19%	3.10%	3.02%
C.V. Technical College	\$1,886	\$2,360	\$4,324	\$3,732	\$3,977	\$3,959	\$4,438	\$5,834	\$5,939	\$5,901
Percent	22.78%	22.36%	22.54%	22.04%	21.78%	20.85%	20.95%	21.07%	20.57%	20.48%
Eau Claire County	\$8,658	\$6,254	\$7,907	\$6,637	\$6,550	\$5,177	\$4,752	\$4,355	\$3,848	\$3,083
Percent	62.73%	61.86%	62.80%	62.05%	62.06%	60.78%	61.13%	61.64%	61.42%	61.27%
Chippewa County	\$386	\$0	\$0	\$438	\$619	\$563	\$577	\$551	\$506	\$503
Percent	4.63%	0.00%	0.00%	4.38%	4.49%	4.08%	4.03%	4.04%	3.90%	3.74%



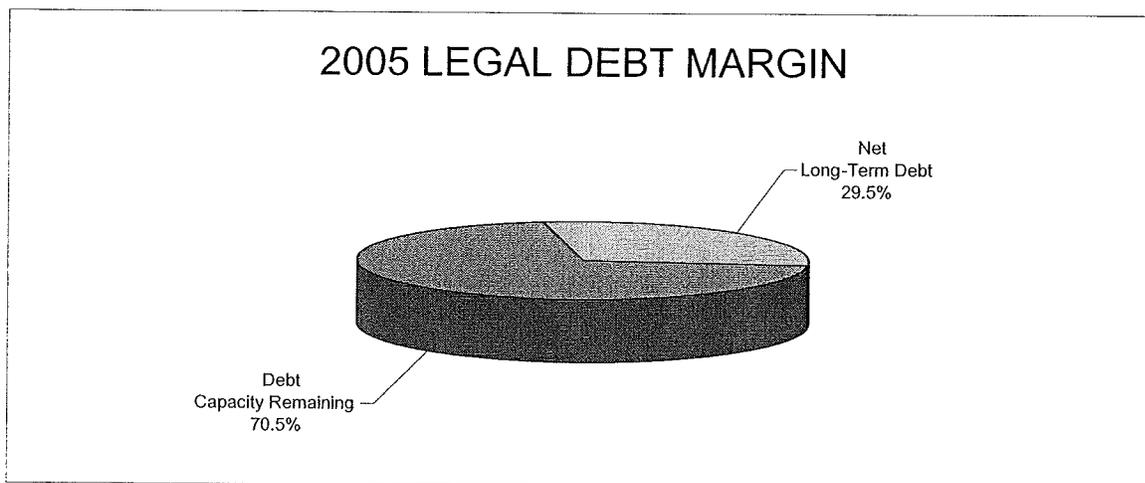
(1) NOTE: 1997 was the first year that any portion of the Altoona School District was included in the City of Eau Claire.

Source: City of Eau Claire Schedule of Long-Term Debt

CITY OF EAU CLAIRE

TABLE 26
COMPUTATION OF LEGAL DEBT MARGIN
Last Ten Fiscal Years
(Dollars in Thousands)

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Equalized valuation	\$1,958,436	\$2,140,250	\$2,321,055	\$2,480,573	\$2,706,974	\$2,889,295	\$3,105,363	\$3,330,561	\$3,546,277	\$3,741,043
Legal debt percentage	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%
Legal debt limit	\$97,922	\$107,013	\$116,053	\$124,029	\$135,349	\$144,465	\$155,268	\$166,528	\$177,314	\$187,052
Resources on hand for payment of debt	\$1,960	\$2,379	\$3,362	\$4,232	\$5,571	\$7,208	\$7,590	\$8,560	\$9,566	\$7,606
Net long-term debt	\$20,023	\$27,804	\$30,972	\$34,534	\$37,106	\$41,140	\$41,855	\$48,491	\$50,586	\$55,207
Legal debt margin	\$77,899	\$79,209	\$85,080	\$89,495	\$98,243	\$103,325	\$113,413	\$118,037	\$126,728	\$131,845
Legal debt margin as a percentage of the debt limit	80%	74%	73%	72%	73%	72%	73%	71%	71%	70%



Sources: City of Eau Claire Comprehensive Annual Financial Report
City of Eau Claire Annual Program of Services

CITY OF EAU CLAIRE

TABLE 27
 PLEDGED REVENUE COVERAGE
 Last Ten Fiscal Years
 (Dollars in Thousands)

	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
<u>WATER UTILITY</u>										
Operating revenue	\$4,779	\$5,122	\$5,615	\$5,911	\$6,105	\$6,460	\$6,519	\$6,986	\$6,846	\$7,150
Operating expense (1)	\$2,253	\$2,090	\$2,237	\$2,359	\$2,678	\$2,900	\$2,743	\$2,984	\$3,012	\$3,337
Income available for debt service	\$2,526	\$3,032	\$3,378	\$3,552	\$3,427	\$3,560	\$3,776	\$4,002	\$3,834	\$3,813
Debt service current year (2)	\$975	\$1,047	\$1,100	\$989	\$987	\$944	\$1,003	\$978	\$1,065	\$1,058
Coverage	2.59	2.90	3.07	3.59	3.47	3.77	3.76	4.09	3.60	3.60
Debt service for highest principal and interest year in retirement schedule	\$1,047	\$1,100	\$989	\$988	\$988	\$1,034	\$1,034	\$1,077	\$1,078	\$1,078
Coverage on highest year	2.41	2.76	3.42	3.60	3.47	3.44	3.65	3.72	3.56	3.54
<u>SEWER UTILITY</u>										
Operating revenue	\$5,080	\$5,302	\$5,765	\$5,869	\$5,906	\$5,721	\$5,814	\$6,025	\$5,833	\$6,156
Operating expense (1)	\$3,456	\$3,117	\$3,026	\$3,551	\$3,488	\$3,718	\$3,628	\$3,804	\$3,817	\$3,887
Income available for debt service	\$1,624	\$2,185	\$2,739	\$2,318	\$2,418	\$2,003	\$2,186	\$2,221	\$2,016	\$2,269
Debt service current year (2)	\$895	\$904	\$900	\$535	\$531	\$533	\$533	\$513	\$518	\$518
Coverage	1.81	2.42	3.04	4.33	4.55	3.76	4.10	4.33	3.89	4.38
Debt service for highest principal and interest year in retirement schedule	\$904	\$904	\$544	\$544	\$544	\$544	\$528	\$528	\$528	\$528
Coverage on highest year	1.80	2.42	5.03	4.26	4.44	3.68	4.14	4.21	3.82	4.30

(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>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Transfers to Debt Service fund	\$820	\$1,608	\$1,109	\$1,463	\$1,588	\$1,751	\$1,985	\$2,147	\$2,334	\$2,735
Total expenditures and other financing uses	\$31,842	\$33,827	\$34,115	\$35,478	\$38,381	\$39,538	\$40,592	\$41,359	\$42,666	\$44,721
Percent of debt transfers to expenditures and other financing uses	2.6%	4.8%	3.3%	4.1%	4.1%	4.4%	4.9%	5.2%	5.5%	6.1%

Source: City of Eau Claire Annual Program of Services

CITY OF EAU CLAIRE

TABLE 30
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

Employer	2005			1996		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Menard's Inc.	2,300	1	7%	1,000	4	3%
Eau Claire Area School District	1,491	2	4%	1,365	1	4%
Luther Midelfort, Mayo Health System	1,347	3	4%	1,264	2	4%
Midelfort Clinic	1,338	4	4%	-	-	
University of Wisconsin - Eau Claire	1,300	5	4%	1,219	3	4%
Sacred Heart Hospital	1,200	6	3%	819	5	3%
Hutchinson Technology	900	7	3%	700	6	2%
Uniprise	750	8	2%	-	-	
Phillips Plastics Corp.	700	9	2%	-	-	
Eau Claire County	550	10	2%	674	7	2%
State of Wisconsin	-			600	8	2%
Pope & Talbot	-			585	9	2%
City of Eau Claire	-			465	10	1%
Total Principal Employers	11,876		34%	8,691		28%
TOTAL EMPLOYEES	35,246			31,296		

Sources : Bond OS

U.S. Department of Labor

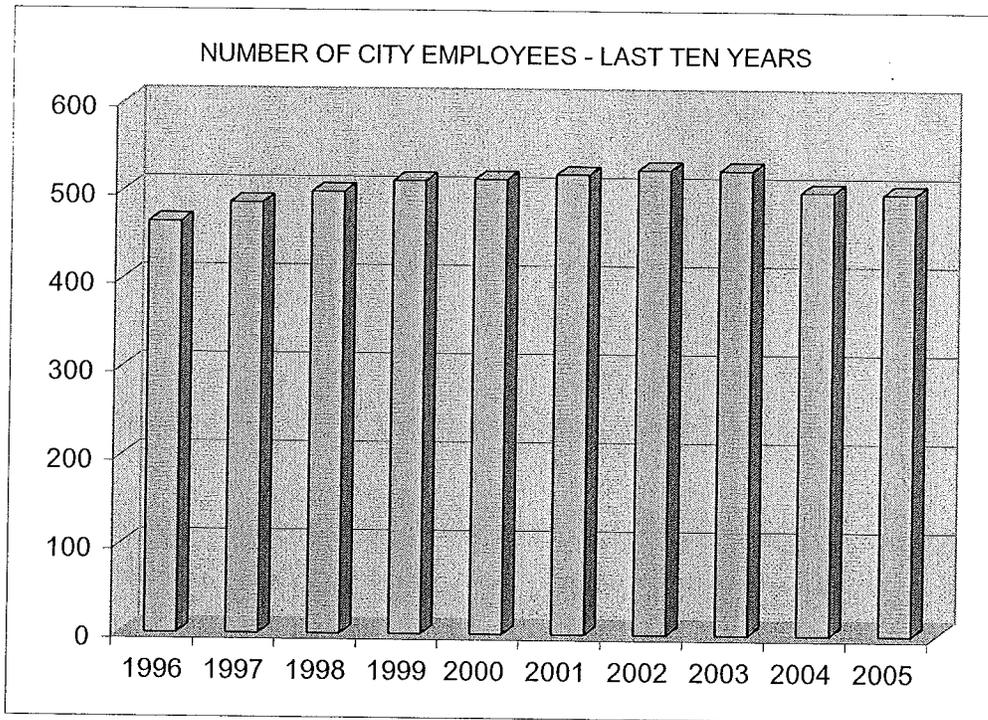
Wisconsin Department of Workforce Development, Office of Economic Advisors

Note : 2005 numbers are preliminary

CITY OF EAU CLAIRE

TABLE 31
EMPLOYEE SUMMARY -
NUMBER OF MUNICIPAL EMPLOYEES
Last Ten Fiscal Years

	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
General Government	60.6	61.6	62.6	65.8	66.8	69.9	71.9	71.4	66.9	66.3
Public Works	66.3	66.0	68.5	72.0	73.5	73.0	74.0	71.0	64.0	62.0
Parks & Recreation	39.8	39.8	39.8	40.8	40.8	40.8	40.8	40.8	37.8	38.8
Public Safety	200.0	213.0	222.0	222.0	224.0	227.0	228.0	228.0	222.0	222.0
Enterprise Funds	88.0	96.3	96.2	101.3	100.8	101.3	102.8	105.8	102.0	101.8
Internal Service Funds	10.0	10.0	10.0	10.0	8.0	8.0	8.0	8.0	8.0	8.0
Total Employees	464.6	486.6	499.1	511.9	513.9	519.9	525.4	524.9	500.7	498.9



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>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Compensatory leave	489	545	610	666	736	630	543	456	541	688
Vacation leave	5,309	5,313	5,398	5,792	5,574	5,992	5,729	12,534	12,607	5,448
	5,798	5,858	6,008	6,458	6,310	6,622	6,272	12,990	13,148	6,136
Sick leave	37,688	37,630	37,268	37,261	37,241	36,917	37,227	36,240	38,024	35,764
Total compensatory, vacation, and sick leave	43,486	43,488	43,276	43,719	43,551	43,539	43,499	49,230	51,172	41,900

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

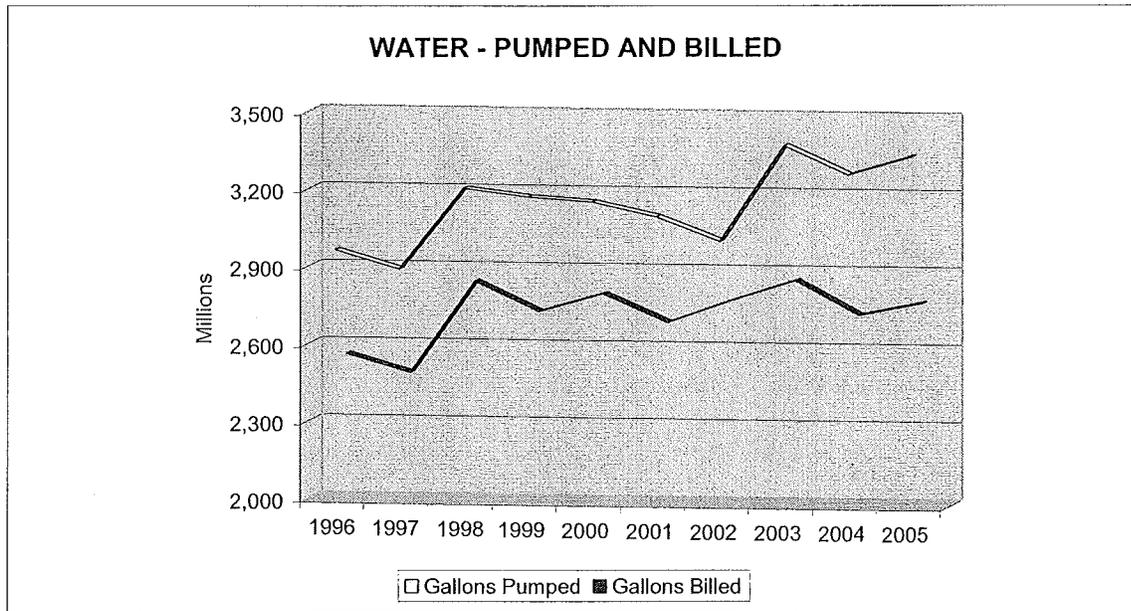
	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
General government										
Size of the City in square miles	31.61	31.90	32.00	32.23	32.59	32.33	33.00	33.29	33.32	33.59
Population	59,383	59,832	60,449	61,150	61,704	62,368	63,214	63,882	63,897	64,632
Number of City employees	464.6	486.6	499.1	511.9	513.9	519.9	525.4	524.9	500.7	498.9
Community Development										
Building permits issued	1,472	1,441	1,516	1,431	1,479	1,443	1,340	1,452	1,375	1,175
Police										
Calls for service	34,225	33,361	33,262	33,006	33,071	33,371	32,490	31,545	31,717	31,048
Adult arrests	4,102	4,641	4,768	4,601	3,610	4,311	5,039	4,589	5,309	5,697
Fire										
EMS responses	2,687	2,703	2,728	3,151	3,251	3,471	3,774	3,908	4,191	4,559
Fire responses	251	203	197	207	170	160	144	211	182	204
Fire inspections	4,534	4,548	4,552	4,736	5,526	5,752	5,840	5,910	5,950	6,071
Public Works										
Miles of street plowed/maintained	305	309	312	310	307	319	319	319	323	326
Vehicles in fleet	226	239	252	250	252	252	258	262	282	284
Parks & Recreation										
Neighborhood playground program attendance	10,620	16,489	15,501	15,559	15,582	14,353	13,141	11,904	12,284	12,774
Hobbs Ice Arena - rented hours	3,815	3,663	3,338	3,338	4,825	3,206	4,631	3,794	3,952	3,425
Outdoor Pool attendance	65,938	64,894	69,074	69,227	60,442	71,192	62,101	60,141	45,961	62,151
Library										
Volumes in collection	242,883	252,110	259,135	273,034	270,931	267,617	292,957	297,877	292,957	294,077
Circulation	872,572	830,331	789,861	820,027	843,187	969,344	949,183	994,540	1,132,991	1,385,103
Health Department										
Environmental Health Inspections	5,851	5,758	5,946	5,907	5,575	5,269	5,700	5,383	5,120	5,145
Number of lab analyses	28,016	28,939	19,985	23,454	24,383	21,590	21,415	21,151	24,002	23,351
Public Health Nurse visits	8,009	7,559	7,185	6,679	7,206	7,259	6,129	4,719	5,396	5,507
Water										
Meters in service	21,389	21,792	22,289	23,303	23,004	24,500	24,110	24,467	24,783	25,176
Average daily consumption (1,000 gallons)	6,988,646	6,710,986	7,993,118	7,443,407	7,663,403	7,366,184	7,608,222	7,828,668	7,463,148	7,606,540
Sewer										
Sewer customers	20,628	20,964	21,362	21,774	22,196	22,607	23,012	23,431	23,847	24,214
Stormwater										
ERU rate	n/a	n/a	\$25.00	\$27.00	\$29.00	\$33.00	\$36.00	\$41.00	\$43.00	\$47.00
Transit										
Total route miles	492,508	572,941	660,222	726,843	966,306	1,055,167	1,023,548	1,113,066	1,010,582	1,045,132
Passengers	562,422	664,709	872,116	877,984	896,873	938,718	927,129	971,414	956,610	1,010,644

Source: Various City Department records and Program of Services

CITY OF EAU CLAIRE

TABLE 34 - WATER UTILITY - PRODUCTION STATISTICS
Last Ten Fiscal Years

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Average number of water customers	21,233	21,597	22,029	22,468	22,913	23,349	23,830	24,270	24,675	25,052
Total gallons pumped (in thousands)	2,975,091	2,904,112	3,220,545	3,191,406	3,175,349	3,120,404	3,028,641	3,404,126	3,292,365	3,367,293
Total gallons billed (in thousands)	2,550,856	2,480,611	2,838,508	2,724,287	2,797,142	2,688,657	2,777,001	2,857,464	2,726,029	2,776,387
Percent of water billed	85.74%	85.42%	88.14%	85.36%	88.09%	86.16%	91.69%	83.94%	82.80%	82.45%
Miles of main	318	319	322	330	335	336	340	341	350	351
Number of fire hydrants	2,987	2,864	3,007	3,060	3,136	3,230	3,277	3,337	3,395	4,102
Residential customer's average quarterly water bill	\$32.52	\$34.61	\$34.61	\$37.74	\$37.74	\$40.86	\$40.86	\$41.50	\$42.20	\$42.20



Source: Public Service Commission Reports

CITY OF EAU CLAIRE

TABLE 35
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
Last Ten Fiscal Years

	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Police										
Patrol units	22	24	24	24	24	21	21	21	21	21
Unmarked vehicles	10	10	10	16	16	14	14	14	14	14
Fire										
Number of fire stations	6	6	6	6	6	6	6	6	6	6
Firefighting vehicles	9	9	9	10	10	10	10	10	10	10
Ambulances	4	4	5	5	5	5	5	5	5	5
Public Works										
Miles of streets	305	309	312	310	307	319	319	319	323	326
Number of traffic signs installed/straightened (1)		1697	2093	1389	1372	1103	1426	1089	915	688
Vehicles in fleet	226	239	252	250	252	252	258	262	282	284
Parks & Recreation										
Number of parks	21	21	21	26	26	29	31	32	33	36
Number of playgrounds	20	20	20	23	19	19	19	17	17	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	2	2
Water										
Water hydrants	2,987	2,864	3,007	3,060	3,136	3,230	3,201	3,195	3,230	3,337
Storage capacity (2)	13.7	13.7	13.7	13.7	15	15	15	15.5	15.5	15.5
Sewer										
Miles of sewers	257	266	280	285	290	285	290	290	297	306
Treatment capacity (2)	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	13	12	12	12	12	12	11
Transit										
Number of buses	16	18	24	24	24	24	22	22	22	22

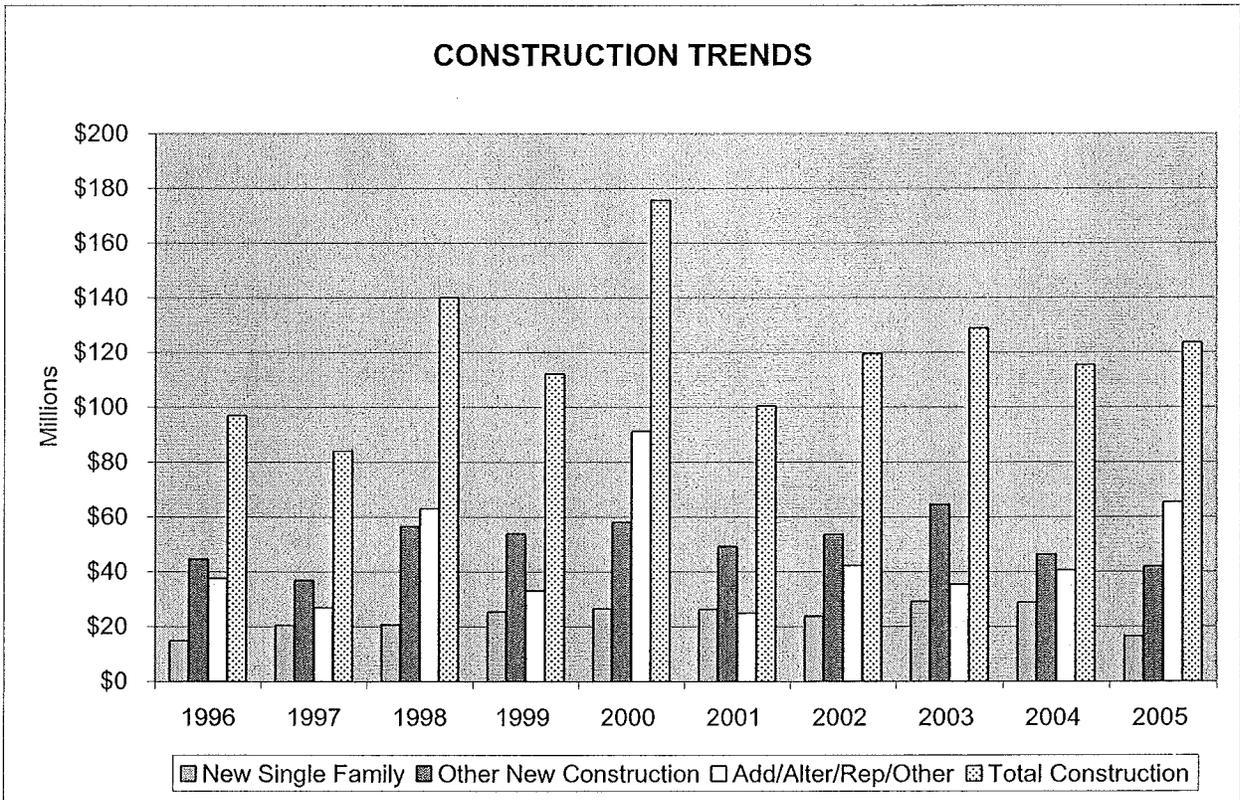
NOTES (1) - Information for 1996 is not available.
(2) - Numbers are in millions of gallons.

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)

	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
New single family dwellings: # of units	131	167	174	188	189	170	156	192	188	102
Value	\$14,812	\$20,372	\$20,536	\$25,294	\$26,432	\$26,303	\$23,757	\$29,076	\$28,697	\$16,396
Other new construction	\$44,497	\$36,688	\$56,421	\$53,827	\$57,946	\$49,208	\$53,440	\$64,368	\$46,270	\$41,809
Additions/alterations/repairs & all other types of const.	\$37,592	\$26,796	\$63,023	\$33,003	\$91,173	\$24,864	\$42,237	\$35,292	\$40,488	\$65,363
Total construction valuation	\$96,901	\$83,856	\$139,980	\$112,124	\$175,551	\$100,375	\$119,434	\$128,736	\$115,455	\$123,568
Number of permits	1,472	1,441	1,516	1,431	1,479	1,443	1,340	1,452	1,375	1,175



Source: City of Eau Claire Inspections Division , "Fee Summary Report".

CITY OF EAU CLAIRE

TABLE 37
INSURANCE COVERAGES
December 31, 2005

	<u>Coverage Limits</u>	<u>Deductible or Self-Insured Retention (SIR)</u>
Worker's Compensation	Statutory	\$300,000 per occurrence
Commercial general liability: Bodily injury and property damage liability	\$5,000,000	\$200,000 (SIR) per occurrence \$400,000 (SIR) annual aggregate
Boiler and machinery	\$50,000,000	\$5,000
Fire and extended coverage	\$158,244,110	\$25,000
Inland marine - all risks (contractor's equipment)	\$2,909,357	\$500
Money and securities - broad form coverage	\$10,000	\$1,000
Public official liability insurance (includes police)	\$5,000,000	\$200,000 (SIR) per occurrence \$400,000 (SIR) annual aggregate
Automobile and truck insurance (excluding Transit): Bodily injury and property damage liability	\$5,000,000	\$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	\$8,518,769	\$5,000
Collision	\$8,518,769	\$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