



City of Eau Claire

Eau Claire, Wisconsin

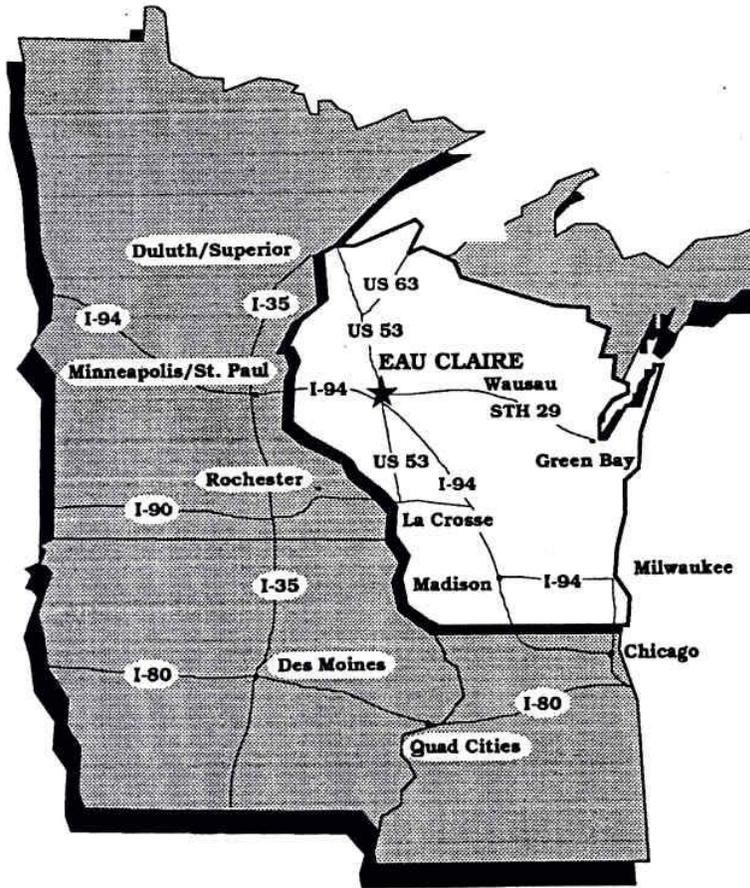
COMPREHENSIVE ANNUAL FINANCIAL REPORT
INCLUDING INDEPENDENT AUDITORS' REPORT
AS OF AND FOR THE YEAR ENDED

DECEMBER 31, 2012

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

EAU CLAIRE, WISCONSIN

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



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

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

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

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

CITY OF EAU CLAIRE

COMPREHENSIVE ANNUAL FINANCIAL REPORT As of and for the Year Ended December 31, 2012

TABLE OF CONTENTS

| | <u>Page</u> |
|---|-------------|
| I. INTRODUCTORY SECTION | |
| Elected and Appointed Officials | 1 |
| Organizational Chart | 2 |
| Letter of Transmittal | 3 |
| Certificate of Achievement | 12 |
| II. FINANCIAL SECTION | |
| <i>INDEPENDENT AUDITORS' REPORT</i> | 13 |
| <i>MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)</i> | 16 |
| <i>BASIC FINANCIAL STATEMENTS</i> | |
| Government-Wide Financial Statements | |
| Statement of Net Position | 28 |
| Statement of Activities | 29 |
| Fund Financial Statements | |
| <i>Governmental Funds</i> | |
| Balance Sheet – Governmental Funds | 31 |
| Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities | 32 |
| Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds | 33 |
| Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities | 34 |
| <i>Proprietary Funds</i> | |
| Statement of Net Position | 36 |
| Statement of Revenues, Expenses, and Changes in Fund Net Position | 40 |
| Statement of Cash Flows | 42 |

CITY OF EAU CLAIRE

COMPREHENSIVE ANNUAL FINANCIAL REPORT As of and for the Year Ended December 31, 2012

TABLE OF CONTENTS (cont.)

| II. FINANCIAL SECTION (cont.) | <u>Page</u> |
|---|-------------|
| <i>Fiduciary Funds</i> | |
| Statement of Assets and Liabilities | 46 |
| <i>Component Units</i> | |
| Statement of Net Position | 47 |
| Statement of Activities | 48 |
| Notes to Financial Statements | 49 |
| <i>REQUIRED SUPPLEMENTARY INFORMATION</i> | |
| Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund | 109 |
| Other Post-Employment Benefits Plan Schedule of Funding Progress and Schedule of Employer Contributions | 110 |
| Notes to Required Supplementary Information | 111 |
| <i>SUPPLEMENTARY INFORMATION</i> | |
| <i>Combining Statements and Individual Fund Statements and Schedules</i> | |
| <i>Major Governmental Funds</i> | |
| Comparative Balance Sheet – General Fund | 112 |
| Detailed Schedule of Revenues and Other Financing Sources Budget and Actual – General Fund | 114 |
| Detailed Schedule of Expenditures and Other Financing Uses Budget and Actual – General Fund | 117 |
| Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Debt Service – General | 119 |

CITY OF EAU CLAIRE

COMPREHENSIVE ANNUAL FINANCIAL REPORT As of and for the Year Ended December 31, 2012

TABLE OF CONTENTS (cont.)

| | <u>Page</u> |
|---|-------------|
| II. FINANCIAL SECTION (cont.) | |
| <i>SUPPLEMENTARY INFORMATION (cont.)</i> | |
| <i>Nonmajor Governmental Funds</i> | |
| Combining Balance Sheet | 120 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances | 121 |
| Combining Balance Sheet – Nonmajor Special Revenue Funds | 123 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Special Revenue Funds | 125 |
| Combining Balance Sheet – Nonmajor Debt Service Funds | 127 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Debt Service Funds | 128 |
| Combining Balance Sheet – Nonmajor Capital Projects Funds | 129 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Capital Projects Funds | 131 |
| Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Nonmajor Governmental Funds with Annual Budgets | |
| Cemetery Maintenance | 133 |
| Hazardous Materials Response | 134 |
| Economic Development | 135 |
| Community Enhancement | 136 |
| Public Library | 137 |
| City-County Health Department | 138 |
| Downtown Partners | 139 |
| Former Landfill Escrow | 140 |
| Debt Service – TIF No. 6 | 141 |
| Debt Service – TIF No. 7 | 142 |
| <i>Nonmajor Enterprise Funds</i> | |
| Combining Statement of Net Position | 143 |
| Combining Statement of Revenues, Expenses, and Changes in Net Position | 144 |
| Combining Statement of Cash Flows | 145 |

CITY OF EAU CLAIRE

COMPREHENSIVE ANNUAL FINANCIAL REPORT As of and for the Year Ended December 31, 2012

TABLE OF CONTENTS (cont.)

| | |
|--|-------------|
| II. FINANCIAL SECTION (cont.) | <u>Page</u> |
| <i>SUPPLEMENTARY INFORMATION (cont.)</i> | |
| <i>Internal Service Funds</i> | |
| Combining Statement of Net Position | 146 |
| Combining Statement of Revenues, Expenses and and Changes in Net Position | 147 |
| Combining Statement of Cash Flows | 148 |
| <i>Agency Funds</i> | |
| Statement of Changes in Assets and Liabilities | 150 |
| <i>Major Governmental Component Unit</i> | |
| Balance Sheet – Major Governmental Component Unit | 151 |
| Statement of Revenues, Expenditures, and Changes in Fund Balance – Major Governmental Component Unit | 152 |
| <i>Nonmajor Component Units</i> | |
| Combining Statement of Net Position | 153 |
| Combining Statement of Activities | 154 |
| Combining Balance Sheet – Nonmajor Governmental Component Units | 155 |
| Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Component Units | 156 |
| III. STATISTICAL SECTION | |
| Table 1 – Net Position by Component – Last Ten Fiscal Years | 157 |
| Table 2 – Changes in Net Position – Last Ten Fiscal Years | 158 |
| Table 3 – Fund Balances – Governmental Funds – Last Ten Fiscal Years | 161 |

CITY OF EAU CLAIRE

COMPREHENSIVE ANNUAL FINANCIAL REPORT As of and for the Year Ended December 31, 2012

TABLE OF CONTENTS (cont.)

| III. STATISTICAL SECTION (cont.) | <u>Page</u> |
|---|-------------|
| Table 4 – Changes in Fund Balances – Governmental Funds – Last Ten Fiscal Years | 162 |
| Table 5 – Assessed and Estimated Actual Value of All Taxable Property – Last Ten Fiscal Years | 163 |
| Table 6 – Assessed and Estimated Actual Value of Residential Property – Last Ten Fiscal Years | 164 |
| Table 7 – Assessed and Estimated Actual Value of Commercial Property – Last Ten Fiscal Years | 165 |
| Table 8 – Assessed and Estimated Actual Value of Industrial Property – Last Ten Fiscal Years | 166 |
| Table 9 – Assessed and Estimated Actual Value of Taxable Property By County – Last Ten Fiscal Years | 167 |
| Table 10 – Equalized Value of Tax Increment Districts – Last Ten Fiscal Years | 168 |
| Table 11 – Property Tax Rates – Direct and Overlapping Governments – Last Ten Fiscal Years | 169 |
| Table 12 – Principal Taxpayers – Current Year and Nine Years Ago | 171 |
| Table 13 – Gross Tax Levy by Taxing Entity – Last Ten Fiscal Years | 172 |
| Table 14 – Real and Personal Property Tax Levies and Collections – Last Ten Fiscal Years | 173 |
| Table 15 – Special Assessment Collections – Last Ten Fiscal Years | 174 |
| Table 16 – Water Utility Customer Summary – Last Ten Fiscal Years | 175 |
| Table 17 – Water Utility Customer Rates – Last Ten Fiscal Years | 176 |
| Table 18 – Water Utility – Ten Largest Customers – Current Year and Nine Years Ago | 177 |
| Table 19 – Sewer Utility Customer Summary – Last Ten Fiscal Years | 178 |

CITY OF EAU CLAIRE

COMPREHENSIVE ANNUAL FINANCIAL REPORT As of and for the Year Ended December 31, 2012

TABLE OF CONTENTS (cont.)

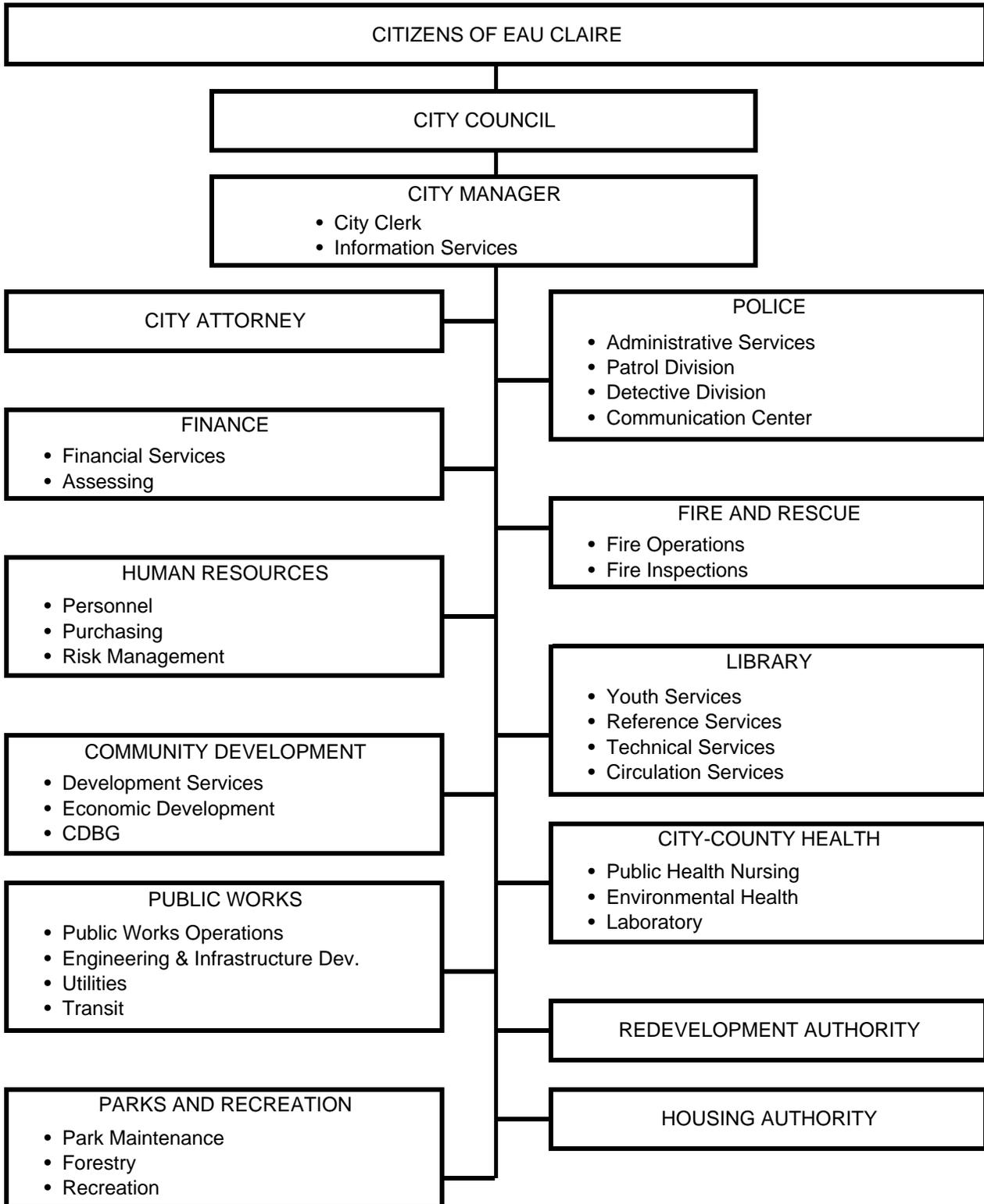
| III. STATISTICAL SECTION (cont.) | <u>Page</u> |
|--|-------------|
| Table 20 – Sewer Utility Customer Rates – Last Ten Fiscal Years | 179 |
| Table 21 – Sewer Utility – Ten Largest Customers – Current Year and Nine Years Ago | 180 |
| Table 22 – Ratios of Outstanding Debt by Type – Last Ten Fiscal Years | 181 |
| Table 23 – Ratios of General Bonded Debt Outstanding – Last Ten Fiscal Years | 182 |
| Table 24 – Schedule of Direct and Indirect Governmental Activities General Obligation Debt | 183 |
| Table 25 – Schedule of Direct and Indirect General Obligation Debt – Last Ten Fiscal Years | 184 |
| Table 26 – Computation of Legal Debt Margin – Last Ten Fiscal Years | 185 |
| Table 27 – Pledged Revenue Coverage – Last Ten Fiscal Years | 186 |
| Table 28 – Ratio of Annual General Fund Debt Payments to Total General Fund Expenditures and Other Financing Uses – Last Ten Fiscal Years | 187 |
| Table 29 – Demographic and Economic Statistics – Last Ten Fiscal Years | 188 |
| Table 30 – Principal Employers – Current Year and Nine Years Ago | 190 |
| Table 31 – Employee Summary – Number of Municipal Employees – Last Ten Fiscal Years | 191 |
| Table 32 – Employee Summary – Schedule of Compensated Absences – Last Ten Fiscal Years | 192 |
| Table 33 – Operating Indicators by Function/Program – Last Ten Fiscal Years | 193 |
| Table 34 – Water Utility Production Statistics – Last Ten Fiscal Years | 194 |
| Table 35 – Capital Asset Statistics by Function/Program – Last Ten Fiscal Years | 195 |
| Table 36 – Property Value and Construction – Last Ten Fiscal Years | 196 |
| Table 37 – Insurance Coverages | 197 |

INTRODUCTORY SECTION

This section contains the following information:

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

Organizational Chart City of Eau Claire, Wisconsin





June 27, 2013

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, 2012 is prepared to provide the Council, our citizens, and other interested persons, detailed information concerning the financial condition of the City government. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City government. We believe the information as presented is accurate in all material aspects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds and component units, and that all disclosures necessary to enable the reader to gain reasonable understanding of the City's financial affairs have been included.

Reporting Entity

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

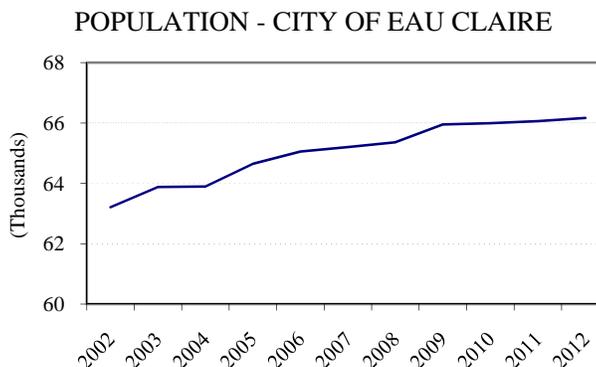
Since the Housing Authority, the Redevelopment Authority and four business improvement districts are component units of the City, this report includes a discrete presentation of their financial data. The Housing Authority was formed to engage in the development and operation of low-income housing. Such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

General Information

The City of Eau Claire is located in west central Wisconsin, in Eau Claire and Chippewa counties. The City was established as a lumbering settlement in the 1840's. Today it serves as the major center for health and professional services, education, retail trade, technology, and industry in west central Wisconsin. The City was incorporated in 1872, and covers an area of approximately 34 square miles. The City's current population is 66,170 and the population of the Greater Eau Claire Metropolitan Area is approximately 161,100.

The City of Eau Claire has a council/manager form of government. There are eleven members on the Eau Claire City Council. Five of the members are elected from aldermanic districts. Five members and the Council President are elected at large.

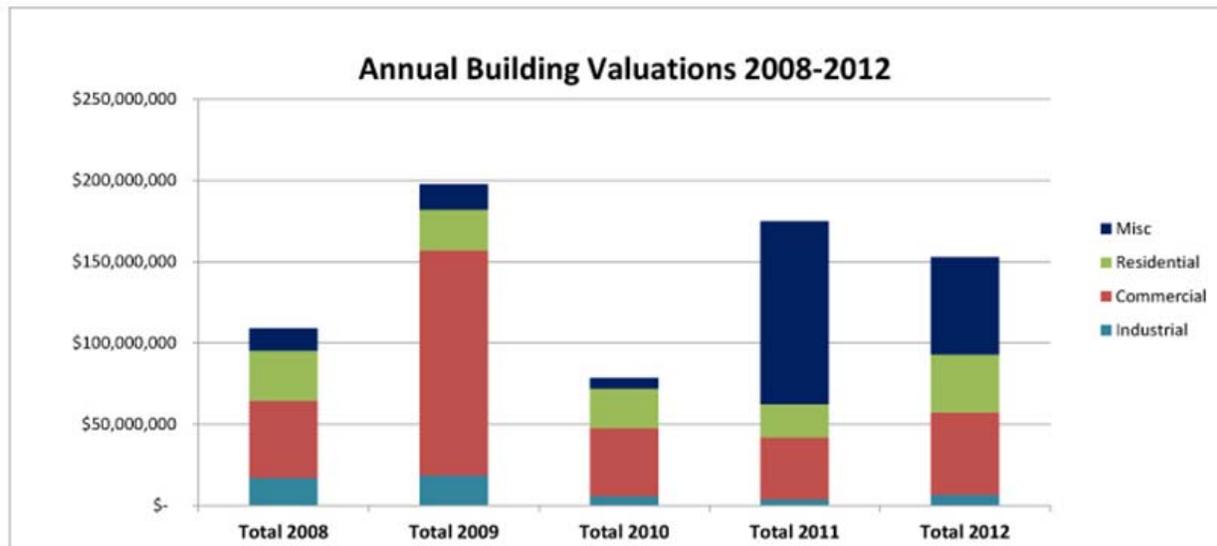
District Council members were elected to three-year terms in April 2012. The City Council President was elected to a two year term in April 2012. At-Large Council members were elected to three-year terms in April 2013.



ECONOMIC CONDITIONS AND OUTLOOK

Strong retail outlets, regional medical facilities, manufacturing operations, tourism, and educational institutions anchor Eau Claire's economy and establish the City as the regional economic center in western Wisconsin. The City of Eau Claire's population is well-educated, with 67% of its workforce having some college experience, 34% having a bachelor's degree or higher and 94% having a high school degree. Eau Claire's diverse employment base has been cited by bond rating agencies as a significant factor in the City's solid Aa1 and AA+ ratings.

In 2012, Eau Claire reached its fourth best year for new building permit valuation. Permit valuations totaled \$152.8 million and included an education building for the University of Wisconsin Eau Claire (UWEC) at \$34.2 million, the Delong Middle School at \$17.4 million, a new Holiday Inn at \$8.6 million, and improvements to Sacred Heart Hospital at \$6.4 million. Residential construction totaled \$35.8 million which is a 75% increase over residential construction in 2011.



Education and health occupations provide the greatest share of employment in the City. Post-secondary education institutions in the City include the University of Wisconsin-Eau Claire, Chippewa Valley Technical College, Immanuel Lutheran College and Globe University, a division of the Minnesota School of Business. Besides providing a significant number of jobs, these institutions ensure that the area's workforce is well educated for technical and professional jobs that the Eau Claire area attracts.

Eau Claire is served by the Mayo Clinic Health System and the Marshfield Clinic, both of which are in the top ten property taxpayers. The Mayo Clinic Health System employs over 3,100. Its location in the downtown area has contributed to the growth and vitality of the central business district. The Marshfield Clinic is closely associated with Sacred Heart Hospital and the United Health Care Group. Together they employ 3,400.

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

The City's downtown has also experienced retail and commercial growth. A redevelopment Tax Incremental Financing District (TIF) has fostered interest in an urban lifestyle. Through

infrastructure and park amenities, the City has created a downtown vibe that is attracting stores and restaurants to mixed-use buildings. A national software firm is developing plans for a new four story, 65,000 square foot office building in the heart of the TIF. Valuations in the TIF boundaries have increased over 275%, from \$10.4 million to \$29 million.

Tourism is another vital component of Eau Claire's economy. People from all over the country enjoy Eau Claire's natural and cultural resources. Area tourism generates over \$300 million in revenue and creates approximately 6,100 jobs in the Chippewa Valley. Room tax revenues exceeded \$1.4 million in 2012. Recently, a \$7 million resort and waterpark opened and a new Holiday Inn is under construction. A new performing arts center, anticipated to cost \$55 million, is under consideration for the downtown area. Such a facility will significantly increase tourism in Eau Claire.

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

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

- *Area Development*, an executive publication covering site-selection, facility planning, and relocation, recently ranked Eau Claire 61st out of 365 Metropolitan Statistical Areas (MSA) in the United States for economic and job growth.
- *Forbes* recently released its annual Best Places for Business and Careers, naming Eau Claire 66th out of 184 "Small Places" with a population under 250,000. In the "Small Place" category, Eau Claire ranked 101st in Cost of Business, 93rd in Job Growth, and 48th in Education.
- In a recent article by *Yahoo Finance*, Eau Claire was named in the top ten cities to retire on \$100 a day. The list compiled by AARP Magazine, focused on areas where retirees could live comfortably and affordably on a budget. Eau Claire's low cost of living, easy access to high-quality healthcare, recreational opportunities and cultural events make Eau Claire one of the Best Places to retire.
- *Kiplinger.com* named Eau Claire the 7th best city for cheapskates. These cities are metropolitan areas where the cost of living is low, but income levels are high relative to those costs. Kiplinger also considered the amount of free (or almost free) things to do that the area has to offer, citing the Chippewa River Trail System and Lake Wissota specifically.

- *TheAtlanticCities.com* reported that Lumos Labs conducted a study based upon brain performance and cognitive capacity to measure the smartest cities. Scientists tracked over a million individuals and rated them in five areas: memory, processing speed, flexibility, attention, and problem solving. The information was then linked with education attainment, knowledge, and creative work. Eau Claire was ranked 23rd out of 169 metro areas.
- *US News and World Report* ranked UW-Eau Claire among Top Five Public Universities in the Midwest. The 2012 edition of “America’s Best Colleges” ranked UW-Eau Claire #5 among the top regional public universities in the Midwest and 32nd among all private and public institutions in the Midwest. The *U.S. News and World Report* has ranked UW-Eau Claire among the top public institutions in the Midwest every year since 1995.
- *CQ Press*, in its 2012 Metropolitan Crime Rate Rankings, scored the Eau Claire MSA 11th out of 358 U.S. metropolitan areas for its low crime rates.
- The *ACCRA* cost of living index showed that Eau Claire had the lowest cost-of-living index compared to other Wisconsin cities in 2012. Eau Claire’s index of 91.0 ranked significantly lower than Milwaukee (100.8) and Madison (109.3). The national average was 100.
- The *University of Wisconsin Population Health Institute* and the *Robert Wood Johnson Foundation* ranked Eau Claire County 19th overall in a comparison of clinical care and socioeconomic factors in 72 counties.
- *Walkerscore.com* ranked downtown Eau Claire as a Walkers’ Paradise for its shops, art galleries, restaurants, and other activities all within walking distance.

MAJOR INITIATIVES

The following were among the many diverse activities to which both elected officials and staff devoted their energies in 2012 and into 2013.

Confluence Project

On May 15, 2012, Commonweal Development, a private development company, and UW-Eau Claire officials announced a partnership to build the “Confluence Project,” a \$20 million housing project that would include commercial/retail space on the first floor along with an adjacent \$55 million performing arts center along Graham Avenue. The City has been asked to participate in various aspects of the project, including site preparation, street and utility improvements, a public plaza, parking, and an operating subsidy for the performing arts center.

YMCA Relocation

The City and the YMCA negotiated a land swap for a new facility to be located along the Eau Claire River. The site will accommodate a \$15 to \$18 million project that will be centrally located for city and Altoona residents.

Owen Park Soil Remediation

The City entered an agreement with Xcel Energy requiring Xcel to remediate contamination resulting from the presence of a manufactured gas plant in the late 1800's. The remediation consisted of the removal of 25,000 tons of impacted soils. Under the agreement, Xcel was responsible for replacing utilities and restoring the site, and for compensating the City for trees and landscaping.

Eau Claire Waterways Plan

The 1988 Waterways was updated through the work of a 40-member advisory committee and a technical group involving the Department of Natural Resources, UWEC, and the US Army Corp of Engineers. The Eau Claire Waterways Plan is a statement of the community's goals and policies with respect to its waterways.

Parks and Recreation National Accreditation

The Parks and Recreation Department was awarded national accreditation for excellence by the Commission for Accreditation of Park and Recreation Agencies. The accreditation process involved meeting standards for planning, community involvement, facilities management, personnel policies, risk management, financial management, recreational programming, and safety. The department was complimented for specific strength involving quality of planning, collaboration and partnerships, professionalism, and motivation.

Sewer Utility Plan Improvements

The City submitted an application to the Clean Water Fund Program (CWFP) for \$41 million for the Sewer Utility's Phase II Activated Sludge Process. The improvements to the treatment process will reduce odor production, extend automation, and increase biogas-to-energy capacity. In addition, the Sewer Utility completed a rate study to meet the revenue requirements for debt service and equipment replacement reserves in conjunction with the CWFP financing. The new rate structure included a flat fee component to recover administrative charges in addition to the volume rate.

Narrowbanding Upgrades

The City joined with Eau Claire County to comply with the Federal Communications Commission's requirement that radio users move to 12.5 kHz narrowband voice channels. This project involved a major investment in new transmission towers and related equipment. The City's share of the project is \$2.2 million.

FOR THE FUTURE

In 2012 the City was involved in two projects that will have significant effects on the future of the downtown area. The City held public participation meetings for the redesign of the South Barstow Street, the major downtown thoroughfare. The planning for this project included evaluation of the streetscape and transportation improvement alternatives. The street reconstruction will occur in 2013.

The City entered into negotiation with a developer who proposed to build a four story, 65,000 square foot office building for an internationally known software company, JAMF. The office building will be located in the downtown redevelopment TIF. The infusion of high-paying technology jobs will stimulate additional residential and commercial development. JAMF has demonstrated its community involvement by pledging \$500,000 to the Confluence Project's performing arts center.

FINANCIAL INFORMATION

Accounting System and Budgetary Control

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

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

Internal Control

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

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

Fiscal Policies

The City's fiscal policies are detailed in the City's annual budget document, *The Program of Services*. The policies provide directives for the City's financial operations including budgeting, investing, revenues, reserves, special assessments, purchasing, pension, special events and risk management. In 2009, the City Council established a Fiscal Policy Advisory Committee to facilitate a review of fiscal matters. In 2012, the committee studied gasoline pricing in the Eau Claire area, the creation of a Public Spirit Fund, tourism programming, and city fuel usage. The committee also hosted community forums to gather public input on potential revenues or service reductions. These efforts to raise public awareness of the difficult budget issues helped develop a process of "informed consent."

INDEPENDENT AUDIT

Included in the financial section is the independent auditor's report which is a significant part of the Comprehensive Annual Financial Report (CAFR). In this report, Baker Tilly Virchow Krause, LLP, Certified Public Accountants, express their opinion that the financial statements are presented fairly in conformity with generally accepted accounting principles and comment on the scope of the examination. The opinion is unmodified 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, 2012 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, 2011. The City has received this award each year since 1984. In order to receive a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

ACKNOWLEDGMENTS

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

Respectfully Submitted,



Rebecca K. Noland, CPA
Finance Director



Russell Van Gompel, ICMA-CM
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, 2011. This was the twenty-sixth 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, 2011

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.



Christopher P. Moynell

President

Jeffrey R. Emer

Executive Director

FINANCIAL SECTION

This section contains the following subsections:

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

Auditors' Report

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

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

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

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, 2012, and the related notes to the financial statements, which collectively comprise the City of Eau Claire's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

To the City Council
City of Eau Claire

The prior year summarized comparative information has been derived from the City's 2011 financial statements and, in our report dated June 28, 2012, we expressed an unmodified opinion 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.

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, 2012 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note I, the City of Eau Claire adopted the provisions of GASB Statement No. 63, *Financial Reporting for Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, effective January 1, 2012. Our opinions are not modified with respect to this matter.

Other Matters

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Eau Claire's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated in all material respects, in relation to the basic financial statements as a whole.

To the City Council
City of Eau Claire

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Eau Claire's basic financial statements. The "Introductory Section" and "Statistical Section" are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

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

Baker Tilly Vinchow Krume, LLP

June 27, 2013

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 (UNAUDITED)

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, 2012. 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 28.

FINANCIAL HIGHLIGHTS

- The City of Eau Claire has total assets of \$491.2 million and liabilities of \$163.4 million, resulting in a net position of \$327.8 million at the end of 2012. Of the net position, \$248.7 million represents the City's investment in capital assets, net of related debt, \$26.7 million is held for restricted purposes and \$52.4 million is available to meet the City's ongoing obligations to its citizens and creditors.
- During 2012, the City of Eau Claire's total net position increased by \$1 million from 2011, or approximately 0.3%.
- At the close of 2012, the City of Eau Claire's governmental funds reported ending fund balances of \$52.2 million, a net decrease of \$1.8 million from 2011. The City budgeted for a \$3.2 million decrease in fund balance in the General Fund. The actual decrease was \$1.1 million, due to the net effect of small variances in revenues and expenditures, which are discussed in more detail on page 23. The other governmental fund balances decreased by \$.7 million.
- During 2012, the City of Eau Claire continued a proactive plan for the replacement of aging infrastructure, the upgrade of technology used in operations and the improvement of utility services. The City's additions to capital assets totaled \$18.6 million, net of construction in progress, as shown in Note III-D of this report.
- Wisconsin statute restricts municipality general obligation debt to less than 5% of equalized property value. The City of Eau Claire maintained a level of remaining debt capacity of 60.1%. In 2012, \$9.9 million in new general obligation debt was issued.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

Government-wide Financial Statements

The two government-wide financial statements are designed to provide readers with a broad overview of the City's finances in a manner similar to private-sector business entities. The *Statement of Net Position* presents information on all of the City of Eau Claire's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. The *Statement of Activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position 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 2011 to 2012, as the City's net position increased by \$1 million, or about 0.3%. The government-wide financial statements can be found on pages 28 through 30 of this report.

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

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

Fund Financial Statements

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

Governmental Funds

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

Governmental funds include the General Fund, special revenue, debt service and capital project funds. Of these, the General Fund and the Debt Service-General 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 Position and Statement of Activities*.

Proprietary Funds

Proprietary funds maintained by the City of Eau Claire are of two different types: enterprise funds and internal service funds. Enterprise funds are used to report those functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for activities that provide supplies and services to the general public. Proprietary fund statements provide the same type of information as the government-wide financial statements, but in more detail. The City's fund financial statements present separate enterprise fund information for the Water, Sewer and Storm Water Utilities and Public Transit; data from the other proprietary funds are combined into a single column for aggregated presentation. Individual fund data for each of these non-major funds is provided in the form of combining statements elsewhere in this report. The proprietary fund financial statements begin on page 36 of this report.

Internal service funds are used to account for enterprise-like operations that provide services, on a user fee basis, primarily or exclusively to departmental customers within the governmental entity itself, rather than to external customers. The City uses internal service funds to account for its risk management and central equipment functions. Because these services predominately benefit governmental rather than business-type functions, they have been allocated primarily to the governmental activities in the government-wide financial statements. Detail about each fund may be found in the supplementary information section beginning on page 146.

Fiduciary Funds

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

fund is not reflected in the government-wide financial statements because the resources of the fund are not available to support the programs of the City. The accounting for the Tax Collection fund is similar to that used for proprietary funds. The fiduciary fund financial statement can be found on page 46 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 49 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 Position* for the City of Eau Claire is summarized in the table below. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The City's assets exceeded liabilities by \$327.8 million at the close of 2012. The majority of the net position, \$248.7 million, reflects the City's investment in capital assets, including land, land improvements, buildings, machinery and equipment, infrastructure and construction in progress, net of related debt. These capital assets are used to provide services to citizens and are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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

| | <u>Governmental Activities</u> | | <u>Business-Type Activities</u> | | <u>Total</u> | |
|--|--------------------------------|-----------------------|---------------------------------|-----------------------|-----------------------|-----------------------|
| | <u>2012</u> | <u>2011</u> | <u>2012</u> | <u>2011</u> | <u>2012</u> | <u>2011</u> |
| Current and Other Assets | \$ 127,116,755 | \$ 126,678,013 | \$ 24,459,631 | \$ 23,882,320 | \$ 151,576,386 | \$ 150,560,333 |
| Capital Assets (Net) | 159,130,199 | 159,449,461 | 180,510,451 | 175,441,401 | 339,640,650 | 334,890,862 |
| Total Assets | <u>\$ 286,246,954</u> | <u>\$ 286,127,474</u> | <u>\$ 204,970,082</u> | <u>\$ 199,323,721</u> | <u>\$ 491,217,036</u> | <u>\$ 485,451,195</u> |
| Current Liabilities | \$ 44,116,174 | \$ 42,776,915 | \$ 2,750,268 | \$ 2,753,459 | \$ 46,866,442 | \$ 45,530,374 |
| Noncurrent Liabilities | 87,828,762 | 84,319,331 | 28,767,222 | 28,879,157 | 116,595,984 | 113,198,488 |
| Total Liabilities | <u>\$ 131,944,936</u> | <u>\$ 127,096,246</u> | <u>\$ 31,517,490</u> | <u>\$ 31,632,616</u> | <u>\$ 163,462,426</u> | <u>\$ 158,728,862</u> |
| Invested in Capital Assets, Net of Related Debt | \$ 97,125,034 | \$ 98,427,662 | \$ 154,554,974 | \$ 149,683,001 | \$ 251,680,008 | \$ 248,110,663 |
| Debt Reclassification | - | - | - | - | (3,022,674) | (3,336,642) |
| Total Invested in Capital | <u>97,125,034</u> | <u>98,427,662</u> | <u>154,554,974</u> | <u>149,683,001</u> | <u>248,657,334</u> | <u>244,774,021</u> |
| Restricted | 24,967,847 | 26,402,223 | 1,734,280 | 1,738,780 | 26,702,127 | 28,141,003 |
| Unrestricted | 32,209,137 | 34,201,343 | 17,163,338 | 16,269,324 | 49,372,475 | 50,470,667 |
| Debt Reclassification | - | - | - | - | 3,022,674 | 3,336,642 |
| Total Unrestricted | <u>32,209,137</u> | <u>34,201,343</u> | <u>17,163,338</u> | <u>16,269,324</u> | <u>52,395,149</u> | <u>53,807,309</u> |
| Total Net Position | <u>\$ 154,302,018</u> | <u>\$ 159,031,228</u> | <u>\$ 173,452,592</u> | <u>\$ 167,691,105</u> | <u>\$ 327,754,610</u> | <u>\$ 326,722,333</u> |
| Total Net Position as a % of Total Liabilities | 117% | 125% | 550% | 530% | 201% | 206% |
| Unrestricted Net Position as a % of Total Liabilities | 24% | 27% | 54% | 51% | 32% | 34% |

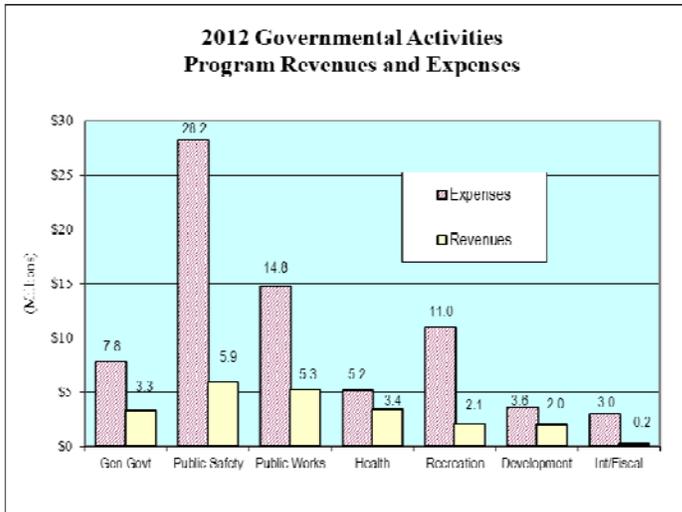
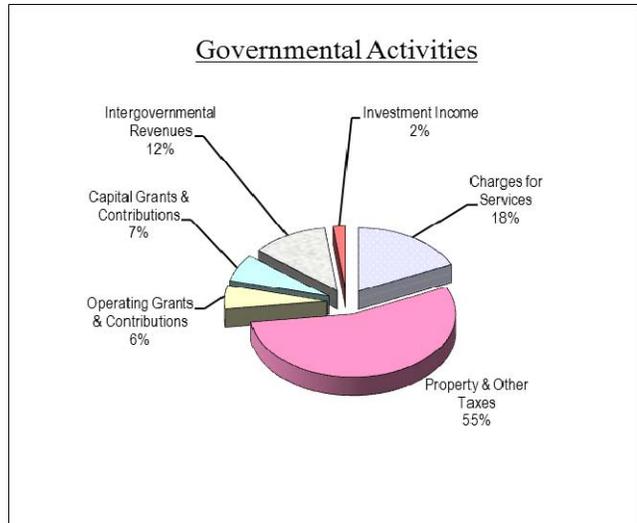
A relatively small portion of the City's net position, \$26.7 million or 8%, represents resources that are subject to other restrictions as to how they may be used. The remaining \$52.4 million of total net position may be used to meet the City's ongoing obligations to its citizens and creditors. It is important to note that \$17.2 million, or about 33%, of the unrestricted net position is related to the City's business-type activities. Consequently, they generally may not be used to fund governmental activities. At the end of 2012, the City is able to report positive balances in net position for the governmental activities as well as business-type activities.

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

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

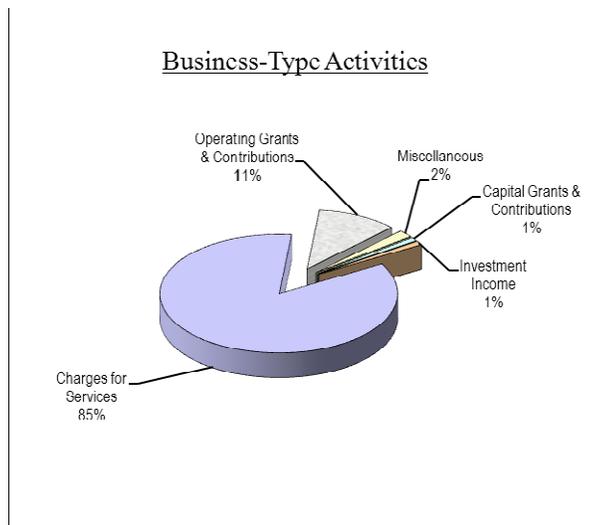
| | <u>Governmental Activities</u> | | <u>Business-type Activities</u> | | <u>Total</u> | |
|---|--------------------------------|----------------------|---------------------------------|----------------------|----------------------|----------------------|
| | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 |
| Revenues | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 12,775,680 | \$ 13,420,499 | \$ 23,598,364 | \$ 21,823,010 | \$ 36,374,044 | \$ 35,243,509 |
| Operating grants & contributions | 4,334,502 | 3,492,451 | 3,126,903 | 3,331,926 | 7,461,405 | 6,824,377 |
| Capital grants & contributions | 5,149,208 | 6,273,459 | 422,579 | 3,702,993 | 5,571,787 | 9,976,452 |
| General revenues: | | | | | | |
| Property taxes | 36,517,672 | 35,168,318 | - | - | 36,517,672 | 35,168,318 |
| Other taxes | 1,889,166 | 1,805,164 | - | - | 1,889,166 | 1,805,164 |
| Intergovernmental revenues | 8,410,416 | 9,457,785 | - | - | 8,410,416 | 9,457,785 |
| Investment income | 1,032,748 | 1,381,465 | 80,733 | 160,168 | 1,113,481 | 1,541,633 |
| Miscellaneous | 64,586 | 29,585 | 510,005 | 482,053 | 574,591 | 511,638 |
| Total revenues | 70,173,978 | 71,028,726 | 27,738,584 | 29,500,150 | 97,912,562 | 100,528,876 |
| Expenses | | | | | | |
| Program expenses: | | | | | | |
| General government | 7,784,358 | 7,688,891 | - | - | 7,784,358 | 7,688,891 |
| Public safety | 28,215,577 | 28,078,889 | - | - | 28,215,577 | 28,078,889 |
| Public works | 14,777,016 | 12,092,862 | - | - | 14,777,016 | 12,092,862 |
| Health services | 5,177,080 | 5,296,571 | - | - | 5,177,080 | 5,296,571 |
| Culture and recreation | 10,957,742 | 9,990,949 | - | - | 10,957,742 | 9,990,949 |
| Development | 3,598,455 | 5,347,354 | - | - | 3,598,455 | 5,347,354 |
| Interest & fiscal charges | 2,984,386 | 3,070,331 | - | - | 2,984,386 | 3,070,331 |
| Water Utility | - | - | 6,231,089 | 6,336,311 | 6,231,089 | 6,336,311 |
| Sewer Utility | - | - | 6,832,166 | 6,328,716 | 6,832,166 | 6,328,716 |
| Storm Water Utility | - | - | 2,888,377 | 2,944,824 | 2,888,377 | 2,944,824 |
| Public Transit | - | - | 5,531,514 | 5,745,719 | 5,531,514 | 5,745,719 |
| Parking Utility | - | - | 429,501 | 408,272 | 429,501 | 408,272 |
| Hobbs Ice Center | - | - | 1,128,084 | 1,116,011 | 1,128,084 | 1,116,011 |
| Outdoor Pool | - | - | 344,940 | 346,058 | 344,940 | 346,058 |
| Total expenses | 73,494,614 | 71,565,847 | 23,385,671 | 23,225,911 | 96,880,285 | 94,791,758 |
| Increase in net position before transfers | (3,320,636) | (537,121) | 4,352,913 | 6,274,239 | 1,032,277 | 5,737,118 |
| Transfers | (1,408,574) | (309,026) | 1,408,574 | 309,026 | - | - |
| Change in net position | (4,729,210) | (846,147) | 5,761,487 | 6,583,265 | 1,032,277 | 5,737,118 |
| Net position at January 1 | 159,031,228 | 159,877,375 | 167,691,105 | 161,107,840 | 326,722,333 | 320,985,215 |
| Net position at December 31 | \$154,302,018 | \$159,031,228 | \$173,452,592 | \$167,691,105 | \$327,754,610 | \$326,722,333 |

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 55% of the revenue for governmental activities. State aids and other grants comprise another 25% while charges for services and all other sources are equal to 20% 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 2012 governmental activities.

Business-type activities depend on charges for services as their primary revenue sources. As indicated in the graph on the right, 85% 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, 2012, the City of Eau Claire's *Balance Sheet - Governmental Funds* on page 31 reported combined ending fund balances of \$52.2 million, a decrease of \$1.8 million over the previous year's ending balances. The decrease is primarily related to the expenditures in the General Fund resulting in a fund balance decrease of \$1.1 million. The Debt Service Fund decreased \$.5 million and the nonmajor governmental funds decreased \$.2 million.

The General Fund is the primary operating fund used to account for the governmental operations of the City. The largest revenue sources for the General Fund are taxes and intergovernmental aids, together accounting for 79.4% of revenues. Public safety, public works and culture and recreation were the primary operations of the General Fund. Of the \$56.3 million General Fund expenditures and other financing uses, 45.2% or \$25.5 million was allocated to the public safety sector. Another 22.6% or \$12.7 million was expended by the operations of public works and culture and recreation.

The General Fund has a fund balance of \$25.7 million, a decrease of \$1.1 million from 2011. Of the fund balance, \$6.4 million is nonspendable, reflecting loans made to other funds and inventories. Assigned amounts include \$2.9 million for capital projects, \$2.5 million for maintenance on a major arterial and \$1.4 million for carryovers, a potential reimbursement and employee retiree reinvestment funds. The unassigned total is \$12.5 million.

The Debt Service Fund had a total fund balance of \$6.5 million, a decrease of \$.5 million from 2011. 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 Nonmajor Governmental Funds column in the balance sheet includes various special revenue, debt service and capital projects funds used to account for proceeds of specific revenue sources that are restricted to expenditures for specific purposes. The fund balance of the Nonmajor Governmental Funds decreased from 2011 by \$.2 million reflecting planned draws on fund balance reserves for capital purchases.

Proprietary Funds

The City's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in greater detail. The detail of the City's proprietary funds can be found from pages 36 to 45. The net position of the enterprise-type proprietary funds at the end of 2012 totaled \$173.5 million, an increase of \$5.8 million from the previous year.

Some highlights:

- The Water and Sewer funds transferred \$1.6 million to the General Fund and the General Fund and other funds transferred \$2.3 million to the Parking Utility, Public Transit, Hobbs Ice Center and Outdoor Pool funds. After transfers, the enterprise funds had collective net income of \$4.7 million, primarily generated by the Water, Sewer and Storm Water funds.
- Additionally, in 2012, developer infrastructure and other contributions resulted in \$1.1 million of the \$5.8 million net position increase.

GENERAL FUND BUDGETARY HIGHLIGHTS

As shown in the *Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual for the General Fund* on page 109, the original 2012 General Fund budget authorized expenditures and other financing uses of \$58.6 million, funded by anticipated revenues and other financing sources of \$55 million and the application of \$3.6 million in available reserves. From time to time during the year, the City Council approved adjustments to the budget, primarily for grants and donations. These changes are reflected in the Final Budgeted Amounts column.

The City ended the year with net favorable variances. Revenues and other financing sources were over budget by \$.2 million, while expenditures and other financing uses were under spent by \$1.9 million. Since the budget anticipated a drawdown of \$3.2 million, the net decrease in the General Fund's fund balance is \$1.1 million as discussed on page 15. The more significant variances in the revenue lines were the receipts of \$.8 million over budget in charges for special assessments and intergovernmental revenue. The only significant revenue shortfall was \$.1 million for fines, forfeitures and penalties.

Several factors contributed to the favorable expenditure variances. As mentioned earlier the major variances were wages and benefits at \$.7 million, General Fund subsidies at \$.4 million and utility costs at \$.3 million. The General Fund support for Public Transit and the Outdoor Pool was less than anticipated due to under spent wages, benefits and fuel costs. General Fund utility costs were under budget due to lower consumption and rates. Making up the balance of the \$1.9 million expenditures variance are the unspent contingency amount of \$.2 million, the materials and supply amount of \$.1 million and multiple other budget amounts in many programs, totaling \$.2 million.

CAPITAL ASSETS AND DEBT

Capital Assets

In accordance with the implementation requirements of GASB No. 34, the City has recorded historical costs and depreciation expense associated with all of its capital assets, including infrastructure. As summarized in the table below, the City's reported investment in capital assets for governmental and business-type activities as of December 31, 2012 totaled \$525 million. These assets include the street network in the governmental activities and the water, sewer and storm systems in the business-type activities.

Total accumulated depreciation was calculated to be over \$185 million, or approximately 35% of the historical asset cost. Net of accumulated depreciation, the City's investment in capital assets is more than \$339 million. The net increase over 2011 is approximately \$4.7 million. The largest increases were in streets infrastructure, water, sewer and storm water assets, reflecting the City's share of construction on major arterial streets.

| City of Eau Claire, Wisconsin | | | | | | |
|---|--------------------------------|----------------|---------------------------------|----------------|----------------|----------------|
| Capital Assets, Net of Accumulated Depreciation | | | | | | |
| December 31, 2012 | | | | | | |
| | <u>Governmental Activities</u> | | <u>Business-Type Activities</u> | | <u>Total</u> | |
| | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 |
| Land | \$ 16,005,940 | \$ 15,625,790 | \$ 16,798,461 | \$ 16,801,555 | \$ 32,804,401 | \$ 32,427,345 |
| Land Improvements | 10,099,548 | 9,699,636 | - | - | 10,099,548 | 9,699,636 |
| Building and Improvements | 22,527,003 | 22,153,603 | 12,704,673 | 12,708,812 | 35,231,676 | 34,862,415 |
| Infrastructure | 172,330,142 | 168,865,550 | 3,909,003 | 3,743,214 | 176,239,145 | 172,608,764 |
| Machinery and Equipment | 31,989,988 | 31,576,883 | 7,053,733 | 6,981,143 | 39,043,721 | 38,558,026 |
| Intangibles | 570,395 | 291,377 | - | - | 570,395 | 291,377 |
| Water Utility | - | - | 83,463,092 | 81,840,987 | 83,463,092 | 81,840,987 |
| Sewer Utility | - | - | 78,936,802 | 74,210,181 | 78,936,802 | 74,210,181 |
| Storm Water Utility | - | - | 48,142,717 | 46,203,071 | 48,142,717 | 46,203,071 |
| Work in Progress | 9,852,695 | 8,997,341 | 10,553,437 | 9,184,433 | 20,406,132 | 18,181,774 |
| Subtotal | 263,375,711 | 257,210,180 | 261,561,918 | 251,673,396 | 524,937,629 | 508,883,576 |
| Less Accumulated Dep. | (104,245,512) | (97,760,719) | (81,051,467) | (76,231,995) | (185,296,979) | (173,992,714) |
| Total | \$ 159,130,199 | \$ 159,449,461 | \$ 180,510,451 | \$ 175,441,401 | \$ 339,640,650 | \$ 334,890,862 |

Additional information about the City's capital assets can be found in Note III-D of this report. As shown in Note III-D, some of the most significant additions to the City's capital assets during 2012 included the following:

| <u>Significant Additions to Capital Assets in 2012</u> | | |
|---|--|---|
| | <u>Governmental</u> <u>Activities</u> | <u>Business-Type</u> <u>Activities</u> |
| Land and Buildings | \$1.6 M | \$3.4 M |
| Infrastructure | 5.6 M | .2 M |
| Machinery and Equipment | 2.3 M | .4 M |
| Intangible | .3 M | - |
| Distribution and Collection System | - | 4.8 M |

Long-Term Debt

At December 31, 2012, the City of Eau Claire had approximately \$100 million of bond and long-term note principal outstanding, as summarized in the following table:

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

| | <u>Governmental Activities</u> | | <u>Business-type Activities</u> | | <u>Total</u> | |
|--------------------|--------------------------------|----------------------|---------------------------------|----------------------|----------------------|----------------------|
| | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 |
| General Obligation | | | | | | |
| Bonds & Notes | \$ 72,915,680 | \$ 72,434,895 | \$ 19,002,451 | \$ 18,757,295 | \$ 91,918,131 | \$ 91,192,190 |
| Revenue Bonds | - | - | 7,925,000 | 8,700,000 | 7,925,000 | 8,700,000 |
| Total | <u>\$ 72,915,680</u> | <u>\$ 72,434,895</u> | <u>\$ 26,927,451</u> | <u>\$ 27,457,295</u> | <u>\$ 99,843,131</u> | <u>\$ 99,892,190</u> |

Under Wisconsin State Statute Section 67.03(1), the outstanding general obligation long-term debt of a municipality may not exceed 5% of the equalized property value of all taxable property within the jurisdiction. Applicable general obligation debt of the City at the close of 2012 totaled \$91.9 million, which, with amounts available for payment of principal, is less than 40% of the maximum legal limit. During 2012, the City issued new debt for the following amounts and purposes:

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

| <u>Date</u> | <u>Type of Debt</u> | <u>Amount</u> |
|-------------|--|---------------|
| 08/28/12 | General Obligation Corporate Purpose Bonds for streets storm water improvements | \$5,640,000 |
| 08/28/12 | General Obligation Promissory Notes for streets, communications system and refunding of 2002 Series A and B and 2009 State Trust Fund Loan | \$4,335,000 |

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

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

REQUESTS FOR INFORMATION

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

Basic Financial Statements

The basic financial statements include all fund types, including discrete presentation of two enterprise fund type component units and four 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 POSITION

As of December 31, 2012

(With Comparative Reporting Entity Totals for December 31, 2011)

| | Primary Government | | | | Totals Reporting Entity | | |
|--|-----------------------|-----------------------|-------------------|-----------------------|-------------------------|-----------------------|-----------------------|
| | Governmental | Business- | Debt | Totals | Component | 2012 | 2011 |
| | Activities | type | Reclassifications | | | | |
| ASSETS | | | | | | | |
| Cash and investments | \$ 64,315,208 | \$ 18,158,562 | \$ - | \$ 82,473,770 | \$ 6,078,068 | \$ 88,551,838 | \$ 91,561,557 |
| Taxes receivable, net | 38,803,758 | 906,142 | - | 39,709,900 | - | 39,709,900 | 38,936,809 |
| Special assessments receivable | 5,588,867 | 1,315,096 | - | 6,903,963 | 147,000 | 7,050,963 | 7,169,929 |
| Notes receivable, net | 3,003,926 | - | - | 3,003,926 | 509,284 | 3,513,210 | 3,581,446 |
| Accounts receivable, net | 2,777,733 | 5,935,873 | - | 8,713,606 | 29,657 | 8,743,263 | 7,110,011 |
| Interest receivable | 44,879 | - | - | 44,879 | - | 44,879 | 102,421 |
| Due from other governments | 1,202,132 | 1,958,828 | - | 3,160,960 | 18,950 | 3,179,910 | 1,056,230 |
| Due from component unit | 6,112 | - | - | 6,112 | - | 6,112 | 61,500 |
| Internal balances | 7,122,058 | (7,122,058) | - | - | - | - | - |
| Prepaid items and inventories | 1,400,395 | 289,590 | - | 1,689,985 | 85,749 | 1,775,734 | 1,615,622 |
| Restricted cash and investments | 1,517,560 | 2,772,351 | - | 4,289,911 | 112,947 | 4,402,858 | 5,011,873 |
| Deposit in insurance pools | 766,496 | - | - | 766,496 | - | 766,496 | 766,496 |
| Debt issuance costs | 567,631 | 245,247 | - | 812,878 | - | 812,878 | 754,933 |
| Property held for resale | - | - | - | - | 1,033,495 | 1,033,495 | 567,353 |
| Capital assets | | | | | | | |
| Construction in progress | 9,852,695 | 10,553,437 | - | 20,406,132 | - | 20,406,132 | 18,181,774 |
| Land | 16,005,940 | 16,798,461 | - | 32,804,401 | 1,451,132 | 34,255,533 | 33,869,377 |
| Other capital assets, net of depreciation/amortization | 133,271,564 | 153,158,553 | - | 286,430,117 | 9,715,492 | 296,145,609 | 294,421,556 |
| Total Assets | 286,246,954 | 204,970,082 | - | 491,217,036 | 19,181,774 | 510,398,810 | 504,768,887 |
| LIABILITIES | | | | | | | |
| Accounts payable and accrued expenses | 2,653,023 | 1,695,366 | - | 4,348,389 | 153,501 | 4,501,890 | 4,907,216 |
| Accrued liabilities | 3,354,970 | 632,923 | - | 3,987,893 | 25,444 | 4,013,337 | 3,609,389 |
| Customer deposits | 265,592 | 44,901 | - | 310,493 | - | 310,493 | 400,185 |
| Due to other governments | 538,580 | 377,078 | - | 915,658 | - | 915,658 | 295,927 |
| Due to primary government | - | - | - | - | 6,112 | 6,112 | 61,500 |
| Unearned revenues | 37,304,009 | - | - | 37,304,009 | 150,647 | 37,454,656 | 36,631,538 |
| Noncurrent liabilities | | | | | | | |
| Due within one year | 8,626,815 | 2,592,233 | - | 11,219,048 | 56,221 | 11,275,269 | 11,083,448 |
| Due in more than one year | 79,201,947 | 26,174,989 | - | 105,376,936 | 69,177 | 105,446,113 | 102,290,433 |
| Total Liabilities | 131,944,936 | 31,517,490 | - | 163,462,426 | 461,102 | 163,923,528 | 159,279,636 |
| NET POSITION | | | | | | | |
| Net investment in capital assets | 97,125,034 | 154,554,974 | (3,022,674) | 248,657,334 | 11,103,624 | 259,760,958 | 256,292,866 |
| Restricted for: | | | | | | | |
| Debt service payments | 8,917,980 | 1,364,280 | - | 10,282,260 | - | 10,282,260 | 11,563,225 |
| Cemetery maintenance | 317,745 | - | - | 317,745 | - | 317,745 | 61,031 |
| Hazmat | 92,847 | - | - | 92,847 | - | 92,847 | 105,690 |
| Community development | 1,861,206 | - | - | 1,861,206 | - | 1,861,206 | 1,983,546 |
| Home grant | 5,756 | - | - | 5,756 | - | 5,756 | 2,641 |
| Economic development | 4,966,380 | - | - | 4,966,380 | - | 4,966,380 | 4,842,239 |
| Community enhancement | 105,951 | - | - | 105,951 | - | 105,951 | 134,193 |
| Library | 1,318,954 | - | - | 1,318,954 | - | 1,318,954 | 1,571,706 |
| Health | 1,062,038 | - | - | 1,062,038 | - | 1,062,038 | 871,487 |
| Downtown partners | 99,234 | - | - | 99,234 | - | 99,234 | 68,654 |
| TIF projects | 2,921,186 | - | - | 2,921,186 | - | 2,921,186 | 2,723,330 |
| Capital contracts | 1,867,959 | - | - | 1,867,959 | - | 1,867,959 | 2,447,155 |
| RCU agreement | 387,897 | - | - | 387,897 | - | 387,897 | 381,413 |
| Insurance deposits | 1,042,714 | - | - | 1,042,714 | - | 1,042,714 | 1,002,693 |
| Equipment replacement | - | 370,000 | - | 370,000 | - | 370,000 | 382,000 |
| Grant requirements | - | - | - | - | 116,041 | 116,041 | 183,085 |
| Business improvement | - | - | - | - | 310,987 | 310,987 | 285,457 |
| Unrestricted | 32,209,137 | 17,163,338 | 3,022,674 | 52,395,149 | 7,190,020 | 59,585,169 | 60,586,840 |
| TOTAL NET POSITION | \$ 154,302,018 | \$ 173,452,592 | \$ - | \$ 327,754,610 | \$ 18,720,672 | \$ 346,475,282 | \$ 345,489,251 |

See accompanying notes to financial statements.

CITY OF EAU CLAIRE

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2012

(With Comparative Reporting Entity Totals for the Year Ended December 31, 2011)

| Functions/Programs | Expenses | Program Revenues | | |
|--|---------------|-------------------------|--|--|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Governmental Activities | | | | |
| General government | \$ 7,784,358 | \$ 3,289,407 | \$ 14,405 | \$ - |
| Public safety | 28,215,577 | 4,874,142 | 1,049,144 | - |
| Public works | 14,777,016 | 355,763 | 162,106 | 4,739,362 |
| Health services | 5,177,080 | 2,095,515 | 1,336,168 | - |
| Culture and recreation | 10,957,742 | 1,635,845 | 36,528 | 406,739 |
| Development | 3,598,455 | 525,008 | 1,513,340 | 3,107 |
| Interest and fiscal charges | 2,984,386 | - | 222,811 | - |
| Total Governmental Activities | 73,494,614 | 12,775,680 | 4,334,502 | 5,149,208 |
| Business-type Activities | | | | |
| Water Utility | 6,231,089 | 9,347,490 | - | 172,770 |
| Sewer Utility | 6,832,166 | 8,520,852 | - | 106,577 |
| Storm Water Utility | 2,888,377 | 3,915,685 | 47,836 | 137,994 |
| Public Transit | 5,531,514 | 682,133 | 3,079,067 | 5,238 |
| Parking Utility | 429,501 | 194,258 | - | - |
| Hobbs Ice Center | 1,128,084 | 695,623 | - | - |
| Outdoor Pool | 344,940 | 242,323 | - | - |
| Total Business-type Activities | 23,385,671 | 23,598,364 | 3,126,903 | 422,579 |
| Total Primary Government | \$ 96,880,285 | \$ 36,374,044 | \$ 7,461,405 | \$ 5,571,787 |
| Component Units | | | | |
| Housing Authority | \$ 4,221,350 | \$ 929,724 | \$ 2,607,717 | \$ - |
| Redevelopment Authority | 238,836 | - | 18,950 | - |
| South Barstow Business Improvement District | 77,491 | - | - | - |
| West Grand Business Improvement District | 17,091 | 5,000 | - | - |
| Water Street Business Improvement District | 13,127 | - | - | - |
| North Barstow/Medical Business Improvement District | 22,850 | - | - | - |
| Total Component Units | \$ 4,590,745 | \$ 934,724 | \$ 2,626,667 | \$ - |
| General Revenues | | | | |
| Taxes | | | | |
| Property taxes, levied for general purposes | | | | |
| Property taxes, levied for debt service | | | | |
| Property taxes, levied for TIF districts | | | | |
| Other taxes | | | | |
| Special assessments | | | | |
| Intergovernmental revenues not restricted to specific programs | | | | |
| Investment income | | | | |
| Gain on disposal of capital assets | | | | |
| Contributions from city | | | | |
| Miscellaneous | | | | |
| Total General Revenues | | | | |
| Transfers | | | | |
| Change in Net Position | | | | |
| NET POSITION - Beginning of Year | | | | |
| NET POSITION - END OF YEAR | | | | |

| Net (Expenses) Revenues and Changes in Net Position | | | | Totals Reporting Entity | |
|--|-----------------------------|-----------------------|----------------------|----------------------------|-----------------------|
| Governmental Activities | Business-type Activities | Totals | | 2012 | 2011 |
| | | Primary Government | Component Units | | |
| \$ (4,480,546) | \$ - | \$ (4,480,546) | \$ - | \$ (4,480,546) | \$ (3,980,072) |
| (22,292,291) | - | (22,292,291) | - | (22,292,291) | (22,446,238) |
| (9,519,785) | - | (9,519,785) | - | (9,519,785) | (6,084,554) |
| (1,745,397) | - | (1,745,397) | - | (1,745,397) | (2,194,611) |
| (8,878,630) | - | (8,878,630) | - | (8,878,630) | (7,728,131) |
| (1,557,000) | - | (1,557,000) | - | (1,557,000) | (3,106,385) |
| (2,761,575) | - | (2,761,575) | - | (2,761,575) | (2,839,447) |
| <u>(51,235,224)</u> | <u>-</u> | <u>(51,235,224)</u> | <u>-</u> | <u>(51,235,224)</u> | <u>(48,379,438)</u> |
| - | 3,289,171 | 3,289,171 | - | 3,289,171 | 3,240,394 |
| - | 1,795,263 | 1,795,263 | - | 1,795,263 | 1,740,270 |
| - | 1,213,138 | 1,213,138 | - | 1,213,138 | 1,236,606 |
| - | (1,765,076) | (1,765,076) | - | (1,765,076) | 156,863 |
| - | (235,243) | (235,243) | - | (235,243) | (140,725) |
| - | (432,461) | (432,461) | - | (432,461) | (486,658) |
| - | <u>(102,617)</u> | <u>(102,617)</u> | - | <u>(102,617)</u> | <u>(114,732)</u> |
| - | <u>3,762,175</u> | <u>3,762,175</u> | - | <u>3,762,175</u> | <u>5,632,018</u> |
| <u>(51,235,224)</u> | <u>3,762,175</u> | <u>(47,473,049)</u> | - | <u>(47,473,049)</u> | <u>(42,747,420)</u> |
| - | - | - | (683,909) | (683,909) | 10,308 |
| - | - | - | (219,886) | (219,886) | (164,533) |
| - | - | - | (77,491) | (77,491) | (90,296) |
| - | - | - | (12,091) | (12,091) | (14,783) |
| - | - | - | (13,127) | (13,127) | (9,831) |
| - | - | - | <u>(22,850)</u> | <u>(22,850)</u> | <u>(109,099)</u> |
| - | - | - | <u>(1,029,354)</u> | <u>(1,029,354)</u> | <u>(378,234)</u> |
| 28,815,377 | - | 28,815,377 | - | 28,815,377 | 28,012,603 |
| 6,164,017 | - | 6,164,017 | - | 6,164,017 | 5,602,486 |
| 1,538,278 | - | 1,538,278 | - | 1,538,278 | 1,553,229 |
| 1,889,166 | - | 1,889,166 | - | 1,889,166 | 1,805,164 |
| - | - | - | 146,500 | 146,500 | 145,000 |
| 8,410,416 | - | 8,410,416 | - | 8,410,416 | 9,457,785 |
| 1,032,748 | 80,733 | 1,113,481 | 79,584 | 1,193,065 | 1,562,869 |
| - | 34,699 | 34,699 | - | 34,699 | - |
| - | - | - | 749,249 | 749,249 | 333,214 |
| 64,586 | <u>475,306</u> | <u>539,892</u> | <u>7,775</u> | <u>547,667</u> | <u>516,263</u> |
| 47,914,588 | 590,738 | 48,505,326 | 983,108 | 49,488,434 | 48,988,613 |
| <u>(1,408,574)</u> | <u>1,408,574</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| (4,729,210) | 5,761,487 | 1,032,277 | (46,246) | 986,031 | 5,862,959 |
| <u>159,031,228</u> | <u>167,691,105</u> | <u>326,722,333</u> | <u>18,766,918</u> | <u>345,489,251</u> | <u>339,626,292</u> |
| <u>\$ 154,302,018</u> | <u>\$ 173,452,592</u> | <u>\$ 327,754,610</u> | <u>\$ 18,720,672</u> | <u>\$ 346,475,282</u> | <u>\$ 345,489,251</u> |

See accompanying notes to financial statements.

CITY OF EAU CLAIRE

BALANCE SHEET GOVERNMENTAL FUNDS As of December 31, 2012

| | General Fund | Debt Service - General | Nonmajor Governmental Funds | Total Governmental Funds |
|--|----------------------|------------------------------|-----------------------------------|--------------------------------|
| ASSETS | | | | |
| Cash and investments | \$ 19,553,291 | \$ 6,505,539 | \$ 23,032,240 | \$ 49,091,070 |
| Receivables | | | | |
| Taxes | 31,777,523 | 595,817 | 6,415,460 | 38,788,800 |
| Delinquent personal property taxes | 14,958 | - | - | 14,958 |
| Accounts, net | 2,420,317 | 28,279 | 464,407 | 2,913,003 |
| Notes, net | 25,000 | - | 2,978,926 | 3,003,926 |
| Special assessments | 3,626,183 | 1,962,684 | - | 5,588,867 |
| Interest | 44,879 | - | - | 44,879 |
| Prepaid items and inventories | 857,186 | - | 111,421 | 968,607 |
| Due from other funds | 1,211,810 | - | 2,035 | 1,213,845 |
| Due from component unit | 22,392 | - | - | 22,392 |
| Due from other governments | 254,630 | 8,000 | 885,028 | 1,147,658 |
| Advances to other funds | 6,121,277 | - | 1,400,000 | 7,521,277 |
| Restricted assets - cash and investments | - | - | 1,241,342 | 1,241,342 |
| | \$ 65,929,446 | \$ 9,100,319 | \$ 36,530,859 | \$ 111,560,624 |
| LIABILITIES AND FUND BALANCES | | | | |
| Liabilities | | | | |
| Accounts payable | \$ 519,457 | \$ - | \$ 1,834,203 | \$ 2,353,660 |
| Accrued liabilities | 2,303,384 | - | 297,054 | 2,600,438 |
| Deposits | 226,224 | - | 39,368 | 265,592 |
| Due to other governments | 6,704 | - | 531,876 | 538,580 |
| Due to other funds | - | - | 10,984 | 10,984 |
| Due to component unit | - | - | 17,705 | 17,705 |
| Deferred revenues | 37,206,600 | 2,584,780 | 10,445,313 | 50,236,693 |
| Advances from other funds | - | - | 3,349,845 | 3,349,845 |
| Total Liabilities | 40,262,369 | 2,584,780 | 16,526,348 | 59,373,497 |
| Fund Balances | | | | |
| Nonspendable | 6,368,186 | - | 111,421 | 6,479,607 |
| Restricted | - | 6,515,539 | 12,543,125 | 19,058,664 |
| Assigned | 6,774,678 | - | 9,931,969 | 16,706,647 |
| Unassigned (deficit) | 12,524,213 | - | (2,582,004) | 9,942,209 |
| Total Fund Balances | 25,667,077 | 6,515,539 | 20,004,511 | 52,187,127 |
| | \$ 65,929,446 | \$ 9,100,319 | \$ 36,530,859 | \$ 111,560,624 |

See accompanying notes to financial statements.

CITY OF EAU CLAIRE

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO NET POSITION OF GOVERNMENTAL ACTIVITIES

As of December 31, 2012

Total fund balance - governmental funds \$ 52,187,127

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

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

| | | |
|--|---------------------|-------------|
| Construction in progress | \$ 9,852,695 | |
| Land | 16,005,940 | |
| Other capital assets, net of depreciation/amortization | 133,271,564 | |
| Less: Internal service fund included below | <u>(10,446,121)</u> | 148,684,078 |

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

| | |
|------------------------------------|-----------|
| Premium/(discount) on debt | (387,255) |
| Debt issuance costs on debt | 567,631 |
| Deferred loss on refunding of debt | 204,201 |

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.

(371,407)

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 | 282,551 | |
| Accounts receivable | 1,851,704 | |
| Loan receivable | 2,978,926 | |
| Interest receivable | 151,919 | |
| Special assessments receivable | 7,093,623 | |
| Grants receivable | <u>573,961</u> | 12,932,684 |

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 position.

26,874,969

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

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

| | | |
|---|------------------|--------------|
| General obligation debt | (72,915,680) | |
| Vested compensated absences | (2,329,738) | |
| Police and fire pension liability | (216,869) | |
| Permanent disability liability | (285,380) | |
| Other post-employment benefits | (9,920,179) | |
| Accrued interest on general obligation debt | <u>(722,164)</u> | (86,390,010) |

TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES

\$ 154,302,018

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, 2012

| | General Fund | Debt Service - General | Nonmajor Governmental Funds | Total Governmental Funds |
|--|----------------------|------------------------------|-----------------------------------|--------------------------------|
| REVENUES | | | | |
| Taxes | \$ 30,751,968 | \$ - | \$ 7,621,626 | \$ 38,373,594 |
| Special assessments | 1,107,583 | 822,669 | - | 1,930,252 |
| Intergovernmental | 11,677,437 | - | 2,829,652 | 14,507,089 |
| Licenses and permits | 1,616,392 | - | 379,531 | 1,995,923 |
| Fines, forfeitures and penalties | 646,156 | - | 112,301 | 758,457 |
| Charges for services - public | 3,344,791 | 42,500 | 400,556 | 3,787,847 |
| Charges for services - intergovernmental | 3,042,431 | - | 2,159,885 | 5,202,316 |
| Investment income | 886,503 | 10,529 | 80,342 | 977,374 |
| Miscellaneous | 359,766 | - | 1,314,621 | 1,674,387 |
| Total Revenues | <u>53,433,027</u> | <u>875,698</u> | <u>14,898,514</u> | <u>69,207,239</u> |
| EXPENDITURES | | | | |
| Current | | | | |
| General government | 6,339,161 | 3,400 | 100 | 6,342,661 |
| Public safety | 25,483,067 | - | 169,961 | 25,653,028 |
| Public works | 7,924,988 | - | 187,450 | 8,112,438 |
| Health services | - | - | 4,982,702 | 4,982,702 |
| Culture and recreation | 4,779,120 | - | 3,548,492 | 8,327,612 |
| Development | - | - | 3,369,237 | 3,369,237 |
| Miscellaneous | 381,644 | - | - | 381,644 |
| Capital Outlay | 67,402 | - | 10,621,444 | 10,688,846 |
| Debt Service | | | | |
| Principal retirement | - | 6,096,445 | 1,180,000 | 7,276,445 |
| Interest and fiscal charges | - | 2,431,598 | 631,518 | 3,063,116 |
| Total Expenditures | <u>44,975,382</u> | <u>8,531,443</u> | <u>24,690,904</u> | <u>78,197,729</u> |
| Excess (deficiency) of revenues over expenditures | <u>8,457,645</u> | <u>(7,655,745)</u> | <u>(9,792,390)</u> | <u>(8,990,490)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Long-term debt issued | - | - | 6,740,000 | 6,740,000 |
| Refunding long-term debt issued | - | 1,017,230 | - | 1,017,230 |
| Premium on long-term debt issued | - | - | 51,987 | 51,987 |
| Transfers from other funds | 1,731,831 | 6,164,018 | 4,010,300 | 11,906,149 |
| Transfers to other funds | (11,355,073) | - | (1,175,693) | (12,530,766) |
| Sale of capital assets | 25,760 | - | 50 | 25,810 |
| Total Other Financing Sources (Uses) | <u>(9,597,482)</u> | <u>7,181,248</u> | <u>9,626,644</u> | <u>7,210,410</u> |
| Net change in fund balances | (1,139,837) | (474,497) | (165,746) | (1,780,080) |
| FUND BALANCES - Beginning of Year | <u>26,806,914</u> | <u>6,990,036</u> | <u>20,170,257</u> | <u>53,967,207</u> |
| FUND BALANCES - END OF YEAR | <u>\$ 25,667,077</u> | <u>\$ 6,515,539</u> | <u>\$ 20,004,511</u> | <u>\$ 52,187,127</u> |

See accompanying notes to financial statements.

CITY OF EAU CLAIRE

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES For the Year Ended December 31, 2012

| | |
|---|----------------|
| Net change in fund balances - total governmental funds | \$ (1,780,080) |
| <p>Amounts reported for governmental activities in the statement of activities are different because:</p> | |
| <p>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.</p> | |
| Capital outlay is capitalized in the government-wide statements | 10,688,846 |
| Some functional expenditures are capitalized | 1,112,764 |
| Some capital outlay is not capitalized in the government-wide statements | (1,701,689) |
| Depreciation is reported in the government-wide statements | (7,487,850) |
| Capital assets transferred to business-type activities | (726,457) |
| Contributed assets are reported in the government-wide statements. | 357,800 |
| <p>In the statement of activities, only the gain or loss (\$2,488,036) on the disposal of capital assets is reported. In the fund financial statements, proceeds from the sale of capital assets (\$25,810) are reported because the proceeds increase financial resources.</p> | |
| | (2,513,846) |
| <p>Receivables not currently available are reported as deferred revenue in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements. This amount is the change in the following deferred revenue categories.</p> | |
| Delinquent personal property taxes receivable | 42,583 |
| Accounts receivable | 284,814 |
| Loan receivable | 10,216 |
| Interest receivable | (94,672) |
| Special assessments receivable | 86,707 |
| Grants receivable | 184,129 |
| <p>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.</p> | |
| | (29,660) |
| <p>Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount of principal payments paid.</p> | |
| | 7,276,445 |
| <p>Issuing debt provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. This is the amount of debt issued during the year.</p> | |
| | (7,757,230) |
| <p>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.</p> | |
| Compensated absences | (133,704) |
| Police and fire pension liability | 30,697 |
| Permanent disability liability | 9,273 |
| Other post-employment benefits | (2,619,661) |

| | |
|---|------------------------------|
| 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. | \$ 19,455 |
| 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 | (51,986) |
| Debt issuance costs on new debt | 96,044 |
| Amortization of premium/(discount) | 31,450 |
| Amortization of debt issuance costs | (43,229) |
| Amortization of deferred loss on refunding | (24,992) |
| Internal service funds are used by management to charge the costs of risk management and central equipment to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities | <u>4,623</u> |
| CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES | <u>\$ (4,729,210)</u> |

See accompanying notes to financial statements.

CITY OF EAU CLAIRE

STATEMENT OF NET POSITION PROPRIETARY FUNDS As of December 31, 2012

| | Business-type Activities - Enterprise Funds | | |
|--|---|------------------|---------------------------|
| | Water Utility | Sewer Utility | Storm Water Utility |
| ASSETS | | | |
| Current Assets | | | |
| Cash and investments | \$ 4,798,019 | \$ 8,713,971 | \$ 2,969,819 |
| Taxes receivable | 423,201 | 355,175 | 127,766 |
| Accounts receivable, net | 2,011,129 | 2,543,811 | 1,136,015 |
| Due from other governments | 67,960 | 77,639 | 11,787 |
| Due from component unit | - | - | - |
| Inventories | 234,710 | - | - |
| Prepaid items | 8,806 | - | - |
| Restricted cash and investments | 288,534 | - | - |
| Total Current Assets | 7,832,359 | 11,690,596 | 4,245,387 |
| Noncurrent Assets | | | |
| Restricted cash and investments | 1,533,030 | - | 950,787 |
| Deposit in insurance pools | - | - | - |
| Unamortized issuance costs | 117,288 | - | 127,959 |
| Special assessment receivable | 674,377 | 638,852 | 1,867 |
| Advances to other funds | - | - | - |
| Capital assets: | | | |
| Construction in progress | 1,807,897 | 5,412,878 | 2,631,690 |
| Land | 317,174 | 169,171 | 15,661,920 |
| Capital assets | 83,463,092 | 78,936,802 | 48,142,717 |
| Less: Accumulated depreciation | (27,323,440) | (29,427,579) | (12,327,223) |
| Total Capital Assets (Net of Accumulated Depreciation) | 58,264,723 | 55,091,272 | 54,109,104 |
| Total Noncurrent Assets | 60,589,418 | 55,730,124 | 55,189,717 |
| Total Assets | 68,421,777 | 67,420,720 | 59,435,104 |

| <u>Business-type Activities - Enterprise Funds</u> | | | |
|--|--|---------------------|---|
| <u>Public Transit</u> | <u>Nonmajor Enterprise Funds</u> | <u>Totals</u> | <u>Governmental Activities - Internal Service Funds</u> |
| \$ 329,510 | \$ 1,347,243 | \$ 18,158,562 | \$ 15,224,138 |
| - | - | 906,142 | - |
| 81,983 | 162,935 | 5,935,873 | 236,137 |
| 1,751,572 | 49,870 | 1,958,828 | 54,474 |
| - | - | - | 1,425 |
| 40,545 | - | 275,255 | 427,513 |
| 5,529 | - | 14,335 | 4,275 |
| - | - | 288,534 | - |
| <u>2,209,139</u> | <u>1,560,048</u> | <u>27,537,529</u> | <u>15,947,962</u> |
| - | - | 2,483,817 | 276,218 |
| - | - | - | 766,496 |
| - | - | 245,247 | - |
| - | - | 1,315,096 | - |
| - | - | - | 1,838,700 |
| - | 700,972 | 10,553,437 | 232,994 |
| - | 650,196 | 16,798,461 | 235,899 |
| 6,668,420 | 16,998,989 | 234,210,020 | 22,229,489 |
| <u>(4,727,756)</u> | <u>(7,245,469)</u> | <u>(81,051,467)</u> | <u>(12,252,261)</u> |
| <u>1,940,664</u> | <u>11,104,688</u> | <u>180,510,451</u> | <u>10,446,121</u> |
| <u>1,940,664</u> | <u>11,104,688</u> | <u>184,554,611</u> | <u>13,327,535</u> |
| <u>4,149,803</u> | <u>12,664,736</u> | <u>212,092,140</u> | <u>29,275,497</u> |

See accompanying notes to financial statements.

CITY OF EAU CLAIRE

STATEMENT OF NET POSITION (cont.) PROPRIETARY FUNDS As of December 31, 2012

| | Business-type Activities - Enterprise Funds | | |
|---|---|----------------------|---------------------------|
| | Water Utility | Sewer Utility | Storm Water Utility |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Accounts payable | \$ 346,927 | \$ 590,645 | \$ 347,198 |
| Accrued payroll and payroll taxes | 101,017 | 102,269 | 15,391 |
| Accrued compensated absences | 140,652 | 114,987 | 19,199 |
| Accrued interest | - | - | 175,165 |
| Deposits | - | - | - |
| Due to other governments | - | - | - |
| Due to other funds | - | - | - |
| Current portion of advances | 383,642 | 56,635 | - |
| Current portion of general obligation debt | - | - | 1,328,209 |
| Current portion of revenue bonds | 603,750 | - | - |
| Current portion of unpaid claims | - | - | - |
| Liabilities payable from restricted assets: | | | |
| Current portion revenue bonds | 201,250 | - | - |
| Accrued interest | 87,284 | - | - |
| Total Current Liabilities | 1,864,522 | 864,536 | 1,885,162 |
| Noncurrent Liabilities | | | |
| Advances from other funds | 1,380,167 | 529,688 | - |
| Revenue bonds payable | 7,120,000 | - | - |
| General obligation debt | - | - | 17,631,111 |
| Other post-employment benefits | 635,231 | 336,569 | - |
| Unpaid claims | - | - | - |
| Deferred amount on refunding | (6,860) | - | (151,253) |
| Unamortized premium on debt | 36,053 | - | 100,873 |
| Total Noncurrent Liabilities | 9,164,591 | 866,257 | 17,580,731 |
| Total Liabilities | 11,029,113 | 1,730,793 | 19,465,893 |
| NET POSITION | | | |
| Net investment in capital assets | 50,310,530 | 55,091,272 | 36,150,951 |
| Restricted for: | | | |
| Restricted deposits | - | - | - |
| Debt service | 1,364,280 | - | - |
| Equipment replacement | 370,000 | - | - |
| Unrestricted (deficit) | 5,347,854 | 10,598,655 | 3,818,260 |
| TOTAL NET POSITION | \$ 57,392,664 | \$ 65,689,927 | \$ 39,969,211 |

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

NET POSITION OF BUSINESS-TYPE ACTIVITIES

| <u>Business-type Activities - Enterprise Funds</u> | | | |
|--|--|-----------------------|---|
| <u>Public Transit</u> | <u>Nonmajor Enterprise Funds</u> | <u>Totals</u> | <u>Governmental Activities - Internal Service Funds</u> |
| \$ 147,490 | \$ 263,106 | \$ 1,695,366 | \$ 299,363 |
| 134,747 | 15,594 | 369,018 | 32,368 |
| 129,396 | 11,659 | 415,893 | 35,849 |
| 1,456 | - | 176,621 | - |
| 43,858 | 1,043 | 44,901 | - |
| 374,208 | 2,870 | 377,078 | - |
| 1,021,441 | 181,420 | 1,202,861 | - |
| - | 195,000 | 635,277 | - |
| 43,131 | - | 1,371,340 | - |
| - | - | 603,750 | - |
| - | - | - | 220,000 |
| - | - | 201,250 | - |
| - | - | 87,284 | - |
| <u>1,895,727</u> | <u>670,692</u> | <u>7,180,639</u> | <u>587,580</u> |
| - | 3,465,000 | 5,374,855 | - |
| - | - | 7,120,000 | - |
| - | - | 17,631,111 | - |
| 461,778 | 11,487 | 1,445,065 | 113,722 |
| - | - | - | 1,608,291 |
| - | - | (158,113) | - |
| - | - | 136,926 | - |
| <u>461,778</u> | <u>3,476,487</u> | <u>31,549,844</u> | <u>1,722,013</u> |
| <u>2,357,505</u> | <u>4,147,179</u> | <u>38,730,483</u> | <u>2,309,593</u> |
| 1,897,533 | 11,104,688 | 154,554,974 | 10,446,121 |
| - | - | - | 1,042,714 |
| - | - | 1,364,280 | - |
| - | - | 370,000 | - |
| <u>(105,235)</u> | <u>(2,587,131)</u> | <u>17,072,403</u> | <u>15,477,069</u> |
| <u>\$ 1,792,298</u> | <u>\$ 8,517,557</u> | 173,361,657 | <u>\$ 26,965,904</u> |
| | | <u>90,935</u> | |
| | | <u>\$ 173,452,592</u> | |

See accompanying notes to financial statements.

CITY OF EAU CLAIRE

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
 PROPRIETARY FUNDS
 For the Year Ended December 31, 2012

| | Business-type Activities - Enterprise Funds | | |
|--|---|----------------------|---------------------------|
| | Water Utility | Sewer Utility | Storm Water Utility |
| OPERATING REVENUES | | | |
| Charges for services | \$ 9,347,490 | \$ 8,520,852 | \$ 3,915,685 |
| Rental of equipment | - | - | - |
| Other | 900 | 69,870 | 6 |
| Total Operating Revenues | <u>9,348,390</u> | <u>8,590,722</u> | <u>3,915,691</u> |
| OPERATING EXPENSES | | | |
| Personal services | 2,165,918 | 2,433,345 | 565,765 |
| Contractual services | 402,732 | 1,060,880 | 441,667 |
| Supplies and materials | 441,627 | 822,171 | 20,875 |
| Utilities | 540,974 | 469,753 | 90,965 |
| Depreciation | 1,678,589 | 1,498,935 | 749,152 |
| Administrative | 455,136 | 490,340 | 358,049 |
| Claims | - | - | - |
| Total Operating Expenses | <u>5,684,976</u> | <u>6,775,424</u> | <u>2,226,473</u> |
| Operating income (loss) | <u>3,663,414</u> | <u>1,815,298</u> | <u>1,689,218</u> |
| NONOPERATING REVENUES (EXPENSES) | | | |
| Operating grants | - | - | - |
| Investment income | 33,328 | 38,881 | 8,524 |
| Net gain (loss) on disposal of capital assets | - | (11,875) | (1,486) |
| Interest expense | (540,369) | (46,337) | (704,022) |
| IRS Build America Bond interest subsidy | - | - | 47,836 |
| Interest charged to construction | 30,200 | - | 25,986 |
| Amortization | (13,510) | - | (8,740) |
| Total Nonoperating Revenues (Expenses) | <u>(490,351)</u> | <u>(19,331)</u> | <u>(631,902)</u> |
| Income (loss) before transfers and contributions | <u>3,173,063</u> | <u>1,795,967</u> | <u>1,057,316</u> |
| Transfers from other funds | - | - | - |
| Transfers to other funds | (1,568,601) | (33,749) | - |
| Total Transfers | <u>(1,568,601)</u> | <u>(33,749)</u> | <u>-</u> |
| Income (loss) before contributions | 1,604,462 | 1,762,218 | 1,057,316 |
| Capital contributions | <u>172,770</u> | <u>106,577</u> | <u>864,451</u> |
| Change in net position | <u>1,777,232</u> | <u>1,868,795</u> | <u>1,921,767</u> |
| NET POSITION - Beginning of Year | <u>55,615,432</u> | <u>63,821,132</u> | <u>38,047,444</u> |
| NET POSITION - END OF YEAR | <u>\$ 57,392,664</u> | <u>\$ 65,689,927</u> | <u>\$ 39,969,211</u> |

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

CHANGE IN NET POSITION OF BUSINESS-TYPE ACTIVITIES

| <u>Business-type Activities - Enterprise Funds</u> | | | |
|--|--|---------------------|---|
| <u>Public Transit</u> | <u>Nonmajor Enterprise Funds</u> | <u>Totals</u> | <u>Governmental Activities - Internal Service Funds</u> |
| \$ 682,133 | \$ 1,132,204 | \$ 23,598,364 | \$ 3,004,536 |
| - | - | - | 3,053,614 |
| <u>294,116</u> | <u>110,414</u> | <u>475,306</u> | <u>493,304</u> |
| <u>976,249</u> | <u>1,242,618</u> | <u>24,073,670</u> | <u>6,551,454</u> |
| 2,677,344 | 484,875 | 8,327,247 | 854,607 |
| 1,616,577 | 136,206 | 3,658,062 | 305,705 |
| 721,368 | 125,365 | 2,131,406 | 1,636,188 |
| 6,746 | 358,896 | 1,467,334 | 108,426 |
| 307,904 | 644,141 | 4,878,721 | 1,190,512 |
| 163,207 | 28,599 | 1,495,331 | 146,782 |
| - | - | - | <u>2,326,831</u> |
| <u>5,493,146</u> | <u>1,778,082</u> | <u>21,958,101</u> | <u>6,569,051</u> |
| <u>(4,516,897)</u> | <u>(535,464)</u> | <u>2,115,569</u> | <u>(17,597)</u> |
| 3,079,067 | - | 3,079,067 | 22,490 |
| - | - | 80,733 | 30,068 |
| 3,350 | 34,699 | 24,688 | (11,520) |
| (2,420) | (119,665) | (1,412,813) | - |
| - | - | 47,836 | - |
| - | - | 56,186 | - |
| - | - | <u>(22,250)</u> | - |
| <u>3,079,997</u> | <u>(84,966)</u> | <u>1,853,447</u> | <u>41,038</u> |
| <u>(1,436,900)</u> | <u>(620,430)</u> | <u>3,969,016</u> | <u>23,441</u> |
| 1,176,414 | 1,108,053 | 2,284,467 | 37,500 |
| - | - | (1,602,350) | (95,000) |
| <u>1,176,414</u> | <u>1,108,053</u> | <u>682,117</u> | <u>(57,500)</u> |
| (260,486) | 487,623 | 4,651,133 | (34,059) |
| <u>5,238</u> | - | <u>1,149,036</u> | - |
| (255,248) | 487,623 | 5,800,169 | (34,059) |
| <u>2,047,546</u> | <u>8,029,934</u> | | <u>26,999,963</u> |
| <u>\$ 1,792,298</u> | <u>\$ 8,517,557</u> | | <u>\$ 26,965,904</u> |
| | | <u>(38,682)</u> | |
| | | <u>\$ 5,761,487</u> | |

See accompanying notes to financial statements.

CITY OF EAU CLAIRE

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 For the Year Ended December 31, 2012

| | Business-type Activities - Enterprise Funds | | |
|---|---|---------------------|---------------------------|
| | Water Utility | Sewer Utility | Storm Water Utility |
| CASH FLOWS FROM (USED BY) OPERATING ACTIVITIES | | | |
| Cash received from customers | \$ 9,256,365 | \$ 8,072,444 | \$ 3,727,917 |
| Cash paid to suppliers for goods and services | (1,516,608) | (2,398,918) | (534,985) |
| Cash paid to employees for services | (1,990,082) | (2,326,006) | (564,037) |
| Claims paid | - | - | - |
| Repayment of insurance claims | - | - | - |
| Administrative charges | (365,460) | (418,932) | (354,156) |
| Net Cash Flows From (Used By) Operating Activities | <u>5,384,215</u> | <u>2,928,588</u> | <u>2,274,739</u> |
| CASH FLOWS FROM (USED BY) NONCAPITAL FINANCING ACTIVITIES | | | |
| Operating grants received | - | - | - |
| Negative cash implicitly financed | - | - | - |
| Transfers from other funds | - | - | - |
| Transfers to other funds | (1,568,601) | (33,749) | - |
| Net Cash Flows From (Used By) Noncapital Financing Activities | <u>(1,568,601)</u> | <u>(33,749)</u> | <u>-</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Investment income | <u>33,328</u> | <u>38,881</u> | <u>8,524</u> |
| CASH FLOWS FROM (USED BY) CAPITAL AND RELATED FINANCING ACTIVITIES | | | |
| Debt issued | - | - | 2,217,770 |
| Debt issuance costs | - | - | (8,544) |
| Debt retired | (775,000) | - | (1,931,350) |
| Principal paid on advances from other funds | (443,003) | (52,807) | - |
| Interest paid on advances from other funds | (162,797) | (46,337) | - |
| Special assessments received | 72,100 | 55,779 | 500 |
| Interest paid | (380,905) | - | (710,722) |
| Interest subsidy received | - | - | 48,008 |
| Capital contributions | 10,927 | 29,165 | - |
| Acquisition and construction of capital assets | (2,444,327) | (3,976,977) | (2,173,857) |
| Principal paid on capital advances from other funds | - | - | - |
| Interest paid on capital advances from other funds | - | - | - |
| Proceeds from sale of capital assets | - | - | - |
| Net Cash Flows From (Used By) Capital and Related Financing Activities | <u>(4,123,005)</u> | <u>(3,991,177)</u> | <u>(2,558,195)</u> |
| Net Increase (Decrease) in Cash and Cash Equivalents | <u>(274,063)</u> | <u>(1,057,457)</u> | <u>(274,932)</u> |
| CASH AND CASH EQUIVALENTS - Beginning of Year | <u>6,893,646</u> | <u>9,771,428</u> | <u>4,195,538</u> |
| CASH AND CASH EQUIVALENTS - END OF YEAR | <u>\$ 6,619,583</u> | <u>\$ 8,713,971</u> | <u>\$ 3,920,606</u> |
| RECONCILIATION OF CASH AND CASH EQUIVALENTS | | | |
| Cash and Cash Equivalents per Statement of Net Position | \$ 4,798,019 | \$ 8,713,971 | \$ 2,969,819 |
| Restricted Cash and Investments | | | |
| Current | 288,534 | - | - |
| Noncurrent | <u>1,533,030</u> | <u>-</u> | <u>950,787</u> |
| CASH AND CASH EQUIVALENTS PER STATEMENT OF CASH FLOWS | <u>\$ 6,619,583</u> | <u>\$ 8,713,971</u> | <u>\$ 3,920,606</u> |

| <u>Business-type Activities - Enterprise Funds</u> | | | |
|--|--|----------------------|---|
| <u>Public Transit</u> | <u>Nonmajor Enterprise Funds</u> | <u>Totals</u> | <u>Governmental Activities - Internal Service Funds</u> |
| \$ 975,081 | \$ 1,190,259 | \$ 23,222,066 | \$ 6,222,744 |
| (2,408,284) | (590,859) | (7,449,654) | (2,164,396) |
| (2,556,416) | (477,126) | (7,913,667) | (821,792) |
| - | - | - | (2,088,335) |
| - | - | - | 304,534 |
| (49,934) | - | (1,188,482) | - |
| <u>(4,039,553)</u> | <u>122,274</u> | <u>6,670,263</u> | <u>1,452,755</u> |
| 1,490,244 | - | 1,490,244 | - |
| 1,021,441 | - | 1,021,441 | - |
| 1,176,414 | 1,108,053 | 2,284,467 | 37,500 |
| - | - | (1,602,350) | (95,000) |
| <u>3,688,099</u> | <u>1,108,053</u> | <u>3,193,802</u> | <u>(57,500)</u> |
| - | - | 80,733 | 30,068 |
| - | - | 2,217,770 | - |
| - | - | (8,544) | - |
| (41,264) | - | (2,747,614) | - |
| - | - | (495,810) | - |
| - | - | (209,134) | - |
| - | - | 128,379 | - |
| (3,820) | - | (1,095,447) | - |
| - | - | 48,008 | - |
| - | - | 40,092 | - |
| (14,121) | (688,662) | (9,297,944) | (1,216,415) |
| - | (190,000) | (190,000) | - |
| - | (119,665) | (119,665) | - |
| <u>3,350</u> | <u>66,799</u> | <u>70,149</u> | <u>62,752</u> |
| <u>(55,855)</u> | <u>(931,528)</u> | <u>(11,659,760)</u> | <u>(1,153,663)</u> |
| (407,309) | 298,799 | (1,714,962) | 271,660 |
| <u>736,819</u> | <u>1,048,444</u> | <u>\$ 22,645,875</u> | <u>15,228,696</u> |
| <u>\$ 329,510</u> | <u>\$ 1,347,243</u> | <u>\$ 20,930,913</u> | <u>\$ 15,500,356</u> |
| \$ 329,510 | \$ 1,347,243 | \$ 18,158,562 | \$ 15,224,138 |
| - | - | 288,534 | - |
| - | - | <u>2,483,817</u> | <u>276,218</u> |
| <u>\$ 329,510</u> | <u>\$ 1,347,243</u> | <u>\$ 20,930,913</u> | <u>\$ 15,500,356</u> |

See accompanying notes to financial statements.

CITY OF EAU CLAIRE

STATEMENT OF CASH FLOWS (cont.)
 PROPRIETARY FUNDS
 For the Year Ended December 31, 2012

| | 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) | \$ 3,663,414 | \$ 1,815,298 | \$ 1,689,218 |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows From Operating Activities | | | |
| Noncash items included in income | | | |
| Depreciation | 1,678,589 | 1,498,935 | 749,152 |
| Depreciation charged to other accounts | 128,111 | 1,557 | - |
| Change in assets and liabilities | | | |
| Taxes receivable | 17,268 | 5,583 | (4,264) |
| Accounts receivable | (234,716) | (525,418) | (183,510) |
| Inventories | (40,203) | - | - |
| Prepaid items | 827 | - | - |
| Accounts payable | (2,223) | 25,294 | 22,415 |
| Due to other funds | - | - | - |
| Accrued liabilities | 8,088 | 18,460 | 1,728 |
| Other post-employment benefits | 167,748 | 88,879 | - |
| Unpaid claims | - | - | - |
| Customer deposits | (2,688) | - | - |
| NET CASH FLOWS FROM (USED BY) OPERATING ACTIVITIES | \$ 5,384,215 | \$ 2,928,588 | \$ 2,274,739 |

NONCASH CAPITAL, INVESTING AND FINANCING ACTIVITIES

Developers, customers and other funds contributed capital assets of \$172,770 to the Water Utility, \$106,577 to the Sewer Utility, and \$864,451 to the Storm Water Utility; included in these contributions is \$726,457 of capital assets transferred from the governmental activities to the business-type activities. The following funds had accrued accounts payable for capital assets acquired prior to December 31, 2012:

| | |
|---------------------------|------------|
| Water Utility | \$ 282,314 |
| Sewer Utility | 518,267 |
| Storm Water Utility | 317,280 |
| Public Transit | 7,704 |
| Nonmajor Enterprise Funds | 250,974 |
| Internal Service Funds | 86,422 |

| <u>Business-type Activities - Enterprise Funds</u> | | | <u>Governmental Activities - Internal Service Funds</u> |
|--|--|---------------------|---|
| <u>Public Transit</u> | <u>Nonmajor Enterprise Funds</u> | <u>Totals</u> | |
| \$ (4,516,897) | \$ (535,464) | \$ 2,115,569 | \$ (17,597) |
| 307,904 | 644,141 | 4,878,721 | 1,190,512 |
| - | - | 129,668 | - |
| - | - | 18,587 | - |
| (8,246) | (52,292) | (1,004,182) | (24,176) |
| (22,116) | - | (62,319) | 4,768 |
| (5,529) | - | (4,702) | (4,275) |
| 77,325 | 2,187 | 124,998 | 32,212 |
| - | 56,502 | 56,502 | - |
| (1,016) | 4,234 | 31,494 | 2,783 |
| 121,944 | 3,033 | 381,604 | 30,032 |
| - | - | - | 238,496 |
| <u>7,078</u> | <u>(67)</u> | <u>4,323</u> | <u>-</u> |
| <u>\$ (4,039,553)</u> | <u>\$ 122,274</u> | <u>\$ 6,670,263</u> | <u>\$ 1,452,755</u> |

See accompanying notes to financial statements.

CITY OF EAU CLAIRE

STATEMENT OF ASSETS AND LIABILITIES
FIDUCIARY FUNDS
As of December 31, 2012

| | Tax Collection Agency Fund |
|---------------------------|-------------------------------------|
| ASSETS | |
| Cash and investments | \$ 9,918,445 |
| Taxes receivable | <u>55,079,394</u> |
| TOTAL ASSETS | <u>\$ 64,997,839</u> |
| LIABILITIES | |
| Due to other taxing units | <u>\$ 64,997,839</u> |
| TOTAL LIABILITIES | <u>\$ 64,997,839</u> |

See accompanying notes to financial statements.

CITY OF EAU CLAIRE

STATEMENT OF NET POSITION
COMPONENT UNITS
As of December 31, 2012

| | Housing Authority | Redevelopment Authority | South Barstow Business Improvement District | Nonmajor Component Units | Totals |
|--|----------------------|----------------------------|--|--------------------------------|----------------------|
| ASSETS | | | | | |
| CURRENT ASSETS | | | | | |
| Cash and investments | \$ 4,548,293 | \$ 1,220,536 | \$ 78,731 | \$ 230,508 | \$ 6,078,068 |
| Restricted assets - cash and investments | 112,947 | - | - | - | 112,947 |
| Receivables | | | | | |
| Special assessments | - | - | 80,000 | 67,000 | 147,000 |
| Notes | - | - | - | 6,249 | 6,249 |
| Accounts, net | 25,432 | 4,225 | - | - | 29,657 |
| Due from primary government | 17,731 | - | - | - | 17,731 |
| Due from other governments | - | 18,950 | - | - | 18,950 |
| Prepaid items | 85,749 | - | - | - | 85,749 |
| Total Current Assets | <u>4,790,152</u> | <u>1,243,711</u> | <u>158,731</u> | <u>303,757</u> | <u>6,496,351</u> |
| NONCURRENT ASSETS | | | | | |
| Notes receivable | 60,000 | 443,035 | - | - | 503,035 |
| Property held for resale | - | 1,033,495 | - | - | 1,033,495 |
| Land | 1,451,132 | - | - | - | 1,451,132 |
| Capital assets | 18,428,111 | - | - | - | 18,428,111 |
| Less: accumulated depreciation | (8,712,619) | - | - | - | (8,712,619) |
| Total Noncurrent Assets | <u>11,226,624</u> | <u>1,476,530</u> | <u>-</u> | <u>-</u> | <u>12,703,154</u> |
| Total Assets | <u>16,016,776</u> | <u>2,720,241</u> | <u>158,731</u> | <u>303,757</u> | <u>19,199,505</u> |
| LIABILITIES | | | | | |
| CURRENT LIABILITIES | | | | | |
| Accounts payable | 53,035 | 8,100 | 2,140 | 2,361 | 65,636 |
| Accrued liabilities | 25,444 | - | - | - | 25,444 |
| Due to primary government | 23,843 | - | - | - | 23,843 |
| Accrued compensated absences | 56,221 | - | - | - | 56,221 |
| Other liabilities | 87,865 | - | - | - | 87,865 |
| Unearned revenue | 3,647 | - | 80,000 | 67,000 | 150,647 |
| Total Current Liabilities | <u>250,055</u> | <u>8,100</u> | <u>82,140</u> | <u>69,361</u> | <u>409,656</u> |
| NONCURRENT LIABILITIES | | | | | |
| Housing projects notes and bonds | 63,000 | - | - | - | 63,000 |
| Other post-employment benefits | 6,177 | - | - | - | 6,177 |
| Total Noncurrent Liabilities | <u>69,177</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>69,177</u> |
| Total Liabilities | <u>319,232</u> | <u>8,100</u> | <u>82,140</u> | <u>69,361</u> | <u>478,833</u> |
| NET POSITION | | | | | |
| Net investment in capital assets | 11,103,624 | - | - | - | 11,103,624 |
| Restricted for: | | | | | |
| Housing grant requirements | 116,041 | - | - | - | 116,041 |
| Business improvement | - | - | 76,591 | 234,396 | 310,987 |
| Unrestricted | 4,477,879 | 2,712,141 | - | - | 7,190,020 |
| TOTAL NET POSITION | <u>\$ 15,697,544</u> | <u>\$ 2,712,141</u> | <u>\$ 76,591</u> | <u>\$ 234,396</u> | <u>\$ 18,720,672</u> |

See accompanying notes to financial statements.

CITY OF EAU CLAIRE

STATEMENT OF ACTIVITIES
 COMPONENT UNITS
 For the Year Ended December 31, 2012

| | Net (Expenses) Revenues and Changes in Net Position | | | | | | | | |
|---|--|-------------------------|--|--|----------------------|----------------------------|--|--------------------------------|---------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Housing Authority | Redevelopment Authority | South Barstow Business Improvement District | Nonmajor Component Units | Totals |
| Housing Authority | | | | | | | | | |
| Housing projects | \$ 4,089,449 | \$ 929,724 | \$ 2,607,717 | \$ - | \$ (552,008) | \$ - | \$ - | \$ - | \$ (552,008) |
| Loss on sale of capital assets | 131,901 | - | - | - | (131,901) | - | - | - | (131,901) |
| Total Housing Authority | 4,221,350 | 929,724 | 2,607,717 | - | - | - | - | - | - |
| Redevelopment Authority | | | | | | | | | |
| Contractual services | 3,697 | - | 18,950 | - | - | 15,253 | - | - | 15,253 |
| Developer incentives | 235,139 | - | - | - | - | (235,139) | - | - | (235,139) |
| Total Redevelopment Authority | 238,836 | - | 18,950 | - | - | - | - | - | - |
| South Barstow Business Improvement District | | | | | | | | | |
| Contractual services | 63,388 | - | - | - | - | - | (63,388) | - | (63,388) |
| Supplies and materials | 14,103 | - | - | - | - | - | (14,103) | - | (14,103) |
| Total South Barstow Business Improvement District | 77,491 | - | - | - | - | - | - | - | - |
| Nonmajor Component Units | 53,068 | 5,000 | - | - | - | - | - | (48,068) | (48,068) |
| Total Component Units | \$ 4,590,745 | \$ 934,724 | \$ 2,626,667 | \$ - | (683,909) | (219,886) | (77,491) | (48,068) | (1,029,354) |
| General revenues: | | | | | | | | | |
| Special assessments | | | | | - | - | 80,000 | 66,500 | 146,500 |
| Investment income | | | | | 73,943 | 4,602 | 320 | 719 | 79,584 |
| Contributions from City | | | | | 102,907 | 646,342 | - | - | 749,249 |
| Miscellaneous | | | | | - | 4,225 | 150 | 3,400 | 7,775 |
| Total General Revenues | | | | | 176,850 | 655,169 | 80,470 | 70,619 | 983,108 |
| Change in net position | | | | | (507,059) | 435,283 | 2,979 | 22,551 | (46,246) |
| NET POSITION - Beginning of Year | | | | | 16,204,603 | 2,276,858 | 73,612 | 211,845 | 18,766,918 |
| NET POSITION - END OF YEAR | | | | | \$ 15,697,544 | \$ 2,712,141 | \$ 76,591 | \$ 234,396 | \$ 18,720,672 |

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

INDEX TO NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

| NOTE | <u>Page</u> |
|--|-------------|
| I. Summary of Significant Accounting Policies | 50 |
| A. Reporting Entity | 50 |
| B. Government-Wide and Fund Financial Statements | 51 |
| C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation | 55 |
| D. Assets, Liabilities, and Net Position or Equity | 57 |
| 1. Deposits and Investments | 57 |
| 2. Receivables | 59 |
| 3. Inventories and Prepaid Items | 60 |
| 4. Restricted Assets | 61 |
| 5. Capital Assets | 61 |
| 6. Other Assets | 62 |
| 7. Compensated Absences | 62 |
| 8. Long-Term Obligations/Conduit Debt | 62 |
| 9. Claims and Judgments | 63 |
| 10. Equity Classifications | 63 |
| 11. Prior Period Information | 65 |
| II. Stewardship, Compliance, and Accountability | 65 |
| A. Budgetary Information | 65 |
| B. Limitations on the City Tax Levy | 66 |
| C. Deficit Balances | 66 |
| III. Detailed Notes on All Funds | 67 |
| A. Deposits and Investments | 67 |
| B. Receivables | 70 |
| C. Restricted Assets | 72 |
| D. Capital Assets | 73 |
| E. Interfund Receivables/Payables, Advances and Transfers | 75 |
| F. Long-Term Obligations | 79 |
| G. Lease Disclosures | 83 |
| H. Net Position/Fund Balances | 84 |
| I. Component Units | 86 |
| J. Tax Incremental Financing Districts | 98 |
| IV. Other Information | 100 |
| A. Employees' Retirement System | 100 |
| B. Risk Management | 101 |
| C. Commitments and Contingencies | 104 |
| D. Post-Employment Benefits Other Than Pensions | 105 |
| E. Contingent Receivables | 107 |
| F. Contingent Liabilities | 107 |
| G. Related Parties | 107 |
| H. Subsequent Event | 108 |
| I. Effect of New Accounting Standards on Current- Period Financial Statements | 108 |

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

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

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

Discretely Presented Component Units

Housing Authority of the City of Eau Claire

The government-wide financial statements include the Housing Authority of the City of Eau Claire (Housing Authority) as a component unit. The Housing Authority is a legally separate organization. The board of the Housing Authority is appointed by the Eau Claire City Council. Wisconsin Statutes provide for circumstances whereby the City can impose its will on the Housing Authority, and also create a potential financial benefit to or burden on the City. See Note III.I. 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, 2012. Separately issued financial statements of the Housing Authority of the City of Eau Claire may be obtained from the Housing Authority's office, which is located at 203 South Farwell Street, P.O. Box 1186, Eau Claire, WI 54702-1186.

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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.I. As a major component unit, the RDA's financial statements have been presented as a discrete column in the financial statements. The information presented is for the fiscal year ended December 31, 2012. Separately issued financial statements of the RDA of the City of Eau Claire may be obtained from the Finance Director's office, which is located at 203 South Farwell Street, P.O. Box 5148, Eau Claire, WI 54702-5148.

Business Improvement Districts (BIDs)

The government-wide financial statements include the South Barstow Business Improvement District, West Grand Business Improvement District, Water Street Business Improvement District, and the North Barstow/Medical Business Improvement District as component units. The BIDs are legally separate organizations. The BID boards are appointed by the Eau Claire City Council. Wisconsin Statutes provide for circumstances whereby the City can impose its will on the BIDs, and also create a potential financial benefit to or burden on the City. See Note III.I. As a major component unit, the South Barstow Business Improvement District's financial statements have been presented as a discrete column in the financial statements. As nonmajor component units, the remaining BIDs financial statements have been combined and presented as a separate column in the financial statements. The information presented is for the fiscal year ended December 31, 2012. Separate financial statements are not issued by the BIDs.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

In June 2011, the GASB issued statement No. 63 - *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Previous financial reporting standards did not include guidance for these elements, which are distinct from assets and liabilities.

The City made the decision to implement this standard effective January 1, 2012.

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

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

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

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

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

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.

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

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

Fund Financial Statements (cont.)

The City reports the following major governmental funds:

General Fund – accounts for the City’s primary operating activities. It is used to account for and report all financial resources except those required to be accounted for in another fund.

General Debt Service Fund – accounts for and reports resources that are restricted, committed, or assigned to expenditures for the payment of general long-term debt principal, interest, and related costs, other than TIF or enterprise debt.

The City reports the following major enterprise funds:

Water Utility – accounts for the construction, operations, and maintenance of the municipal water pumping, treatment, and distribution systems.

Sewer Utility – accounts for the construction, operations, and maintenance of the municipal sewage collection and treatment system.

Storm Water Utility – accounts for the construction and operation of the City’s storm sewer system. It also accounts for the acquisition and maintenance of storm water detention areas.

Public Transit – accounts for the operations and maintenance of the municipal mass transit facility and fleet equipment.

The City reports the following nonmajor governmental and enterprise funds:

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

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

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

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

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

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

Fund Financial Statements (cont.)

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

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

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

- Parking Utility
- Hobbs Ice Center
- Outdoor Pool

In addition, the City reports the following fund types:

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

- Risk Management
- Central Equipment

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

- Tax Collection Fund

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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 position 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.

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

Fund Financial Statements

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

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

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.

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

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

Fund Financial Statements (cont.)

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

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

The proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water Utility, Sewer Utility, Storm Water Utility, and Public Transit are charges to customers for sales and services. Special assessments are recorded as receivables and contribution revenue when levied. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Current rates in the Water Utility were approved by the Public Service Commission of Wisconsin and effective on October 1, 2011. Current Sewer Utility and Storm Water Utility rates were approved by the City council on November 4, 2011.

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.

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY

1. Deposits and Investments

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

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

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

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

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

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

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

1. Deposits and Investments (cont.)

Custodial Credit Risk

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

Credit Risk

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

Concentration of Credit Risk

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

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

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

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

1. Deposits and Investments (cont.)

Interest Rate Risk

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

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

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2012, the fair value of the City's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

See Note III.A. for further information.

2. Receivables

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

Property tax calendar – 2012 tax roll:

| | |
|---|------------------|
| Lien date and levy date | December 2012 |
| Tax bills mailed | December 2012 |
| Payment in full, or | January 31, 2013 |
| First installment due | January 31, 2013 |
| Second installment due | July 31, 2013 |
| Personal property taxes in full | January 31, 2013 |
| Tax sale – 2012 delinquent real estate taxes | October 2015 |

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

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

2. Receivables (cont.)

Accounts receivable have been shown net of an allowance for uncollectible accounts. Delinquent real estate taxes as of July 31 are paid in full by the County, which assumes the collection thereof. No provision for uncollectible accounts receivable has been made for the Water and Sewer Utilities because they have the right by law to place delinquent bills on the tax roll, and other delinquent bills are generally not significant. The General Fund and Community Enhancement Fund have recorded allowances of \$2,097,927 and \$21,147, respectively.

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as “due to and from other funds.” Long-term interfund loans (noncurrent portion) are reported as “advances from and to other funds.” Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position. 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 nonspendable fund balance account which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation or by restricted fund balance account, if the funds will ultimately be restricted when the advance is repaid.

The City has received federal and state grant funds for economic development and housing rehabilitation loan programs to various businesses and individuals. The City records a loan receivable when the loan has been made and funds have been disbursed. The amount recorded as economic development loans receivable has been reduced by an allowance for uncollectible accounts of \$67,000.

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

3. Inventories and Prepaid Items

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

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

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

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

4. Restricted Assets

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

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 \$276,218. This amount is recorded as Restricted Assets in the Internal Service funds. See Note III.C. for additional information on restricted assets.

5. Capital Assets

Government-Wide Statements

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

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, overhead, and an allowance for the cost of funds used during construction when significant. For tax-exempt debt, the amount of interest capitalized equals the interest expense incurred during construction netted against any interest revenue from temporary investment of borrowed fund proceeds. During the current year, \$56,186 of net interest was capitalized. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

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

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

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

D. ASSETS, LIABILITIES, AND NET POSITION 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 statement of net position.

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. Only benefits considered to be vested are disclosed in these statements. 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, 2012 are determined on the basis of current salary rates and include salary related payments.

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

8. Long-Term Obligations/Conduit Debt

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

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

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

D. ASSETS, LIABILITIES, AND NET POSITION 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 \$2,852,896, made up of one issue.

9. Claims and Judgments

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability and expenditures for claims and judgments are only reported in governmental fund types if it has matured. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred. Refer to Note IV.C. on commitments and contingencies.

10. Equity Classifications

Government-Wide Statements

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

- a. Net investment in capital assets – 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 position – Consists of net position 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 position – All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

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

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

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

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

10. Equity Classifications (cont.)

Fund Statements

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

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

Generally, the City spends down fund balance by using unassigned fund balance for any purpose for which fund balance was not otherwise restricted, committed, or assigned.

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

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

11. Prior Period Information

The basic financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended December 31, 2011, from which the summarized information was derived.

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

NOTE II – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

Formal budgets are prepared for governmental and proprietary funds. Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in Note I.C. The City adopts the budget at the department level.

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

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.

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

A. BUDGETARY INFORMATION (cont.)

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 2012 budgets for governmental and proprietary funds on November 4, 2011.

During 2011 and 2012, additional appropriations were approved in several funds. A summary of these council actions follows:

| Fund | Original Appropriation | Carryover of Appropriations | Grants and Donations | Other | Final Appropriation |
|-----------------------|---------------------------|--------------------------------|-------------------------|------------|------------------------|
| General Fund | \$ 58,562,300 | \$ (643,500) | \$ 140,600 | \$ 156,000 | \$ 58,215,400 |
| Economic Development | 817,700 | (19,000) | - | 1,800 | 800,500 |
| Community Enhancement | 1,440,600 | - | - | 79,800 | 1,520,400 |
| Cemetery Maintenance | 393,900 | - | - | 26,200 | 420,100 |
| Public Library | 4,182,500 | - | 30,200 | - | 4,212,700 |
| City-County Health | 4,817,100 | 23,400 | (41,500) | 50,000 | 4,849,000 |
| Debt Service Fund | 7,599,400 | - | - | 1,017,300 | 8,616,700 |

B. LIMITATIONS ON THE CITY TAX LEVY

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

C. DEFICIT BALANCES

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

As of December 31, 2012, the following individual funds held a deficit balance:

| Fund | Amount | Reason |
|--------------------------------|--------------|------------------------------------|
| TIF No. 8 Downtown Development | \$ 2,485,767 | Expenditures in excess of revenues |
| Debt Service – TIF No. 7 | 96,237 | Expenditures in excess of revenues |

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

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

NOTE III – DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

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

| | |
|--|---------------|
| Per statement of net position | |
| Cash and investments | \$ 88,551,838 |
| Restricted cash and investments | 4,402,858 |
| Per statement of net position – fiduciary funds | 9,918,445 |
| Sub-total | 102,873,141 |
| Less: Housing Authority cash and investments | (4,548,293) |
| Housing Authority restricted assets – cash and investments | (112,947) |
| Total | \$ 98,211,901 |

Total cash and investments consist of the following:

| | |
|--------------------------------------|---------------|
| Petty cash and cash on hand | \$ 6,010 |
| Deposits with financial institutions | 37,839,031 |
| Investments | 60,366,860 |
| Total Cash and Investments | \$ 98,211,901 |

See Note III.I. for component unit information.

Deposits

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

| | Carrying Value | Bank Balance | Associated Risks |
|-----------------|-------------------|-----------------|-----------------------|
| Demand deposits | \$ 37,839,031 | \$ 38,305,471 | Custodial credit risk |

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts (including NOW accounts), \$250,000 for interest-bearing demand deposit accounts, and unlimited amounts for noninterest bearing transaction accounts through December 31, 2012. On January 1, 2013, the temporary unlimited coverage for noninterest bearing transaction accounts expired. Therefore, demand deposit amounts (interest-bearing and noninterest bearing) are insured for a total of \$250,000 beginning January 1, 2013. In addition, if deposits are held in an institution outside of the state in which the government is located, insured amounts are further limited to a total of \$250,000 for the combined amount of all deposit accounts.

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

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2012

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

A. DEPOSITS AND INVESTMENTS (cont.)

Deposits (cont.)

The City maintains collateral agreements with its bank. At December 31, 2012, the bank had obtained a letter of credit in the amount of \$60,000,000 to secure the City's deposits.

Investments

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

| | <u>Carrying Value</u> | <u>Associated Risks</u> |
|----------------------------|---------------------------|--|
| U.S. agencies | \$ 25,042,790 | Concentration of credit risk, credit risk, interest rate risk |
| Escrow account | 276,218 | Credit risk, interest rate risk |
| LGIP | <u>35,047,852</u> | Credit risk |
| Total Cash and Investments | <u>\$ 60,366,860</u> | |

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.

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, 2012, the City's investments were rated as follows:

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

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

- Local Government Investment Pool
- WMMIC Escrow Pool

Concentration of Credit Risk

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

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2012

NOTE III – DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS (cont.)

Concentration of Credit Risk (cont.)

At December 31, 2012, the investment portfolio was concentrated as follows:

| Issuer | Investment Type | Percentage of Portfolio |
|--------|---------------------------------------|-------------------------|
| FFCB | U.S. agencies – implicitly guaranteed | 7% |

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, 2012, the City’s investments were as follows:

| Investment | Maturity Date | Call Date | Fair Value |
|---------------------|---------------|-----------|----------------------|
| FFCB Callable | 11/07/14 | 01/10/13 | \$ 2,000,060 |
| FFCB Callable | 08/13/15 | 02/13/13 | 2,000,060 |
| FHLMC One-time Call | 06/16/15 | 12/16/13 | 2,011,420 |
| FHLMC Callable | 01/25/17 | 01/25/13 | 2,001,360 |
| FHLMC Callable | 09/27/16 | 09/27/13 | 1,999,680 |
| FNMA Callable | 08/28/17 | 08/28/13 | 2,008,300 |
| FNMA Callable | 03/01/17 | 03/01/13 | 2,001,900 |
| FNMA Callable | 09/25/17 | 09/25/13 | 3,002,970 |
| FNMA Callable | 05/17/17 | 05/17/13 | 2,008,100 |
| FNMA Callable | 10/30/17 | 10/30/13 | 2,001,780 |
| FNMA Callable | 11/08/17 | 05/08/13 | 2,003,340 |
| FNMA Callable | 11/28/17 | 05/28/13 | <u>2,003,820</u> |
| Total | | | <u>\$ 25,042,790</u> |

| Investment | Fair Value | Weighted Average Maturity (Days) |
|-------------------|------------|----------------------------------|
| WMMIC Escrow Pool | \$ 276,218 | N/A |

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

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2012

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

B. RECEIVABLES

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

Governmental Activities

| Fund | Gross Receivables | Allowance For Uncollectibles | Net Receivables | Amounts Not Expected to Be Collected Within One Year |
|------------------------|----------------------|------------------------------------|--------------------|---|
| General | \$ 40,283,809 | \$ 2,097,927 | \$ 38,185,882 | \$ 3,655,874 |
| Debt Service - General | 2,594,780 | - | 2,594,780 | 1,828,963 |
| Nonmajor Funds | 10,831,968 | 88,147 | 10,743,821 | 2,553,867 |
| Internal Service Funds | 292,036 | - | 292,036 | 79,197 |

Business-type Activities

| Fund | Gross Receivables | Allowance For Uncollectibles | Net Receivables | Amounts Not Expected to Be Collected Within One Year |
|---------------------|----------------------|------------------------------------|--------------------|---|
| Water Utility | \$ 3,176,667 | \$ - | \$ 3,176,667 | \$ 724,614 |
| Sewer Utility | 3,615,477 | - | 3,615,477 | 624,353 |
| Storm Water Utility | 1,277,435 | - | 1,277,435 | 1,668 |
| Public Transit | 1,833,555 | - | 1,833,555 | 1,856 |
| Nonmajor Funds | 212,805 | - | 212,805 | 428 |

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2012

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

B. RECEIVABLES (cont.)

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

| | Unavailable | Unearned | Totals |
|---|-------------------|-------------------|-------------------|
| Property taxes receivable | \$ - | \$ 37,150,755 | \$ 37,150,755 |
| Delinquent property taxes receivable | 282,551 | - | 282,551 |
| Accounts receivable | 1,851,704 | - | 1,851,704 |
| Loans receivable | 2,978,926 | - | 2,978,926 |
| Interest receivable | 151,919 | - | 151,919 |
| Special assessments not yet due | 7,093,623 | - | 7,093,623 |
| Grants receivable | 573,961 | 153,254 | 727,215 |
| Total Deferred/Unearned Revenue for Governmental Funds | \$ 12,932,684 | \$ 37,304,009 | \$ 50,236,693 |

Notes Receivable

At December 31, 2012, the General Fund has one note receivable for \$25,000. The note will be paid by the Chippewa Valley Innovation Center which used the proceeds to partially fund a loan pool that is designed to provide beginning businesses with loans to purchase machinery and equipment.

The Community Development Special Revenue Fund has notes receivable of \$1,780,757 at December 31, 2012, with maturities to the year 2020. The balance includes 162 loans which are all required to be secured by a lien on the property. Some loans can be deferred until the property is sold. Interest on these loans is either lower than market or zero. The City discontinued the small industry loan program in 1989.

The Economic Development Special Revenue Fund has notes receivable of \$1,183,586 at December 31, 2012. This balance is comprised of 13 different loans to a variety of businesses and not-for-profits.

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

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2012

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

C. RESTRICTED ASSETS

The following represent the balances of the restricted assets:

Long Term Debt Accounts

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

Equipment Replacement Account

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

Following is a list of restricted assets at December 31, 2012:

| | Governmental Activities | Business-type Activities |
|--|----------------------------|-----------------------------|
| Restricted Assets | | |
| Redemption account | \$ - | \$ 1,451,564 |
| Replacement account | - | 370,000 |
| Revolving loan sequestered funds | 410,447 | - |
| Buildings and equipment construction account | 830,895 | - |
| Storm Water construction account | - | 950,787 |
| Insurance claims account | 276,218 | - |
| Total Restricted Assets | \$ 1,517,560 | \$ 2,772,351 |

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2012 was as follows:

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Deletions</u> | <u>Ending Balance</u> |
|---|------------------------------|---------------------|---------------------|---------------------------|
| Governmental Activities | | | | |
| Capital Assets Not Being Depreciated/ Amortized | | | | |
| Construction in progress | \$ 8,997,341 | \$ 5,887,751 | \$ 5,032,397 | \$ 9,852,695 |
| Land | <u>15,625,790</u> | <u>824,973</u> | <u>444,823</u> | <u>16,005,940</u> |
| Total Capital Assets Not Being Depreciated/Amortized | <u>\$ 24,623,131</u> | <u>\$ 6,712,724</u> | <u>\$ 5,477,220</u> | <u>\$ 25,858,635</u> |
| Capital Assets Being Depreciated/ Amortized | | | | |
| Land improvements | \$ 9,699,636 | \$ 399,912 | \$ - | \$ 10,099,548 |
| Buildings | 22,153,603 | 373,400 | - | 22,527,003 |
| Machinery and equipment | 31,576,883 | 2,343,706 | 1,930,601 | 31,989,988 |
| Intangibles | 291,377 | 279,018 | - | 570,395 |
| Infrastructure | <u>168,865,550</u> | <u>5,570,992</u> | <u>2,106,400</u> | <u>172,330,142</u> |
| Total Capital Assets Being Depreciated/Amortized | <u>232,587,049</u> | <u>8,967,028</u> | <u>4,037,001</u> | <u>237,517,076</u> |
| Less: Accumulated Depreciation/ Amortization for | | | | |
| Land improvements | (3,296,157) | (469,848) | - | (3,766,005) |
| Buildings | (11,882,010) | (478,458) | - | (12,360,468) |
| Machinery and equipment | (16,647,409) | (2,485,631) | 815,414 | (18,317,626) |
| Intangibles | (36,632) | (50,552) | - | (87,184) |
| Infrastructure | <u>(65,898,511)</u> | <u>(5,193,873)</u> | <u>1,378,155</u> | <u>(69,714,229)</u> |
| Total Accumulated Depreciation/Amortization | <u>(97,760,719)</u> | <u>(8,678,362)</u> | <u>2,193,569</u> | <u>(104,245,512)</u> |
| Capital Assets, Being Depreciated/Amortized, Net | <u>\$ 134,826,330</u> | <u>\$ 288,666</u> | <u>\$ 1,843,432</u> | <u>\$ 133,271,564</u> |

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2012

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

D. CAPITAL ASSETS (cont.)

Depreciation expense was charged to functions as follows:

Governmental Activities

| | |
|---|--------------------------------|
| General government | \$ 207,429 |
| Public safety | 764,002 |
| Public works, which includes the depreciation of infrastructure | 5,978,505 |
| Health services | 10,086 |
| Culture and recreation | 1,718,138 |
| Development | <u>202</u> |
| Total Governmental Activities Depreciation Expense | <u><u>\$ 8,678,362</u></u> |

| | Beginning Balance | Additions | Deletions | Ending Balance |
|---|----------------------------------|--------------------------------|--------------------------------|----------------------------------|
| Business-type Activities | | | | |
| Capital Assets Not Being Depreciated | | | | |
| Construction in progress | \$ 9,184,433 | \$ 5,833,246 | \$ 4,464,242 | \$ 10,553,437 |
| Land | <u>16,801,555</u> | <u>-</u> | <u>3,094</u> | <u>16,798,461</u> |
| Total Capital Assets Not Being Depreciated | <u><u>\$ 25,985,988</u></u> | <u><u>\$ 5,833,246</u></u> | <u><u>\$ 4,467,336</u></u> | <u><u>\$ 27,351,898</u></u> |
| Other Capital Assets | | | | |
| Improvements | \$ 3,743,213 | \$ 165,790 | \$ - | \$ 3,909,003 |
| Buildings | 36,954,246 | 3,422,265 | 38,140 | 40,338,371 |
| Distribution and collection systems | 168,687,819 | 4,768,303 | 184,450 | 173,271,672 |
| Source of supply system | 893,255 | - | - | 893,255 |
| Machinery and equipment | <u>15,408,875</u> | <u>411,078</u> | <u>22,234</u> | <u>15,797,719</u> |
| Total Capital Assets Being Depreciated | <u>225,687,408</u> | <u>8,767,436</u> | <u>244,824</u> | <u>234,210,020</u> |
| Less: Accumulated Depreciation for | | | | |
| Improvements | (2,115,915) | (142,526) | - | (2,258,441) |
| Buildings | (18,512,323) | (1,161,256) | 6,039 | (19,667,540) |
| Distribution and collection systems | (43,450,940) | (3,036,858) | 162,063 | (46,325,735) |
| Source of supply system | (732,824) | (20,741) | - | (753,565) |
| Machinery and equipment | <u>(11,419,993)</u> | <u>(648,427)</u> | <u>22,234</u> | <u>(12,046,186)</u> |
| Total Accumulated Depreciation | <u>(76,231,995)</u> | <u>(5,009,808)</u> | <u>190,336</u> | <u>(81,051,467)</u> |
| Total Capital Assets, Being Depreciated, Net | <u><u>\$ 149,455,413</u></u> | <u><u>\$ 3,757,628</u></u> | <u><u>\$ 54,488</u></u> | <u><u>\$ 153,158,553</u></u> |

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2012

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

D. CAPITAL ASSETS (cont.)

Depreciation expense was charged to functions as follows:

Business-type Activities

| | |
|---|--------------------------------|
| Water | \$ 1,678,589 |
| Sewer | 1,498,935 |
| Storm Water | 749,152 |
| Public Transit | 307,904 |
| Parking Utility | 227,251 |
| Hobbs Ice Center | 370,171 |
| Outdoor Pool | 46,719 |
| Other | <u>129,668</u> |
| Total Business-type Activities Depreciation Expense | <u><u>\$ 5,008,389</u></u> |

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

E. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS

Interfund Receivables/Payables

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

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|--|---|--------------------------------|
| General Fund | Special Revenue – HOME Grant | \$ 8,949 |
| General Fund | Enterprise – Public Transit | 1,021,441 |
| General Fund | Enterprise – Hobbs Ice Center | 181,420 |
| Special Revenue – City-County Health Department | Special Revenue – Community Development | <u>2,035</u> |
| Sub-total – Fund Financial Statements | | 1,213,845 |
| Less: Fund eliminations | | <u>(10,984)</u> |
| Total interfunds | | 1,202,861 |
| Government-wide net interfund advances | | 6,010,132 |
| Adjustment to reflect internal service fund activities related to enterprise funds | | <u>(90,935)</u> |
| Total Internal Balances – Government-Wide Statement of Net Position | | <u><u>\$ 7,122,058</u></u> |

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

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

Interfund Receivables/Payables (cont.)

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

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

Advances

The General Fund is advancing funds to the Water Utility, Sewer Utility, Hobbs Ice Center and TIF No. 7. The General Fund is charging the other funds interest on the advances based on the balance outstanding before the principal payment for the current year. The interest rate on the Water Utility advances is 5.80% – 7.70%. The rate being charged on the Sewer Utility advance is 7.25%. The rate being charged on the Hobbs advances is 1.60% – 5.10%. The rate being charged on the TIF No. 7 advances is 2.20-5.10%.

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

The following is a schedule of interfund advances:

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> | <u>Amount Not Due Within One Year</u> |
|--|-------------------------------|----------------------------|---------------------------------------|
| General Fund | Water Utility | \$ 1,763,809 | \$ 1,380,167 |
| General Fund | Sewer Utility | 586,323 | 529,688 |
| General Fund | Enterprise – Hobbs Ice Center | 3,660,000 | 3,465,000 |
| General Fund | Debt Service – TIF No. 7 | 111,145 | 111,145 |
| Special Revenue – Economic Development | Capital Projects – TIF No. 8 | 400,000 | 400,000 |
| Capital Projects – Streets Projects | Capital Projects – TIF No. 8 | 1,000,000 | 1,000,000 |
| Internal Service – Risk Management | Capital Projects – TIF No. 8 | <u>1,838,700</u> | 1,838,700 |
| Sub-total – Fund Financial Statements | | 9,359,977 | |
| Less: Fund eliminations | | <u>(3,349,845)</u> | |
| Total Net Government-Wide Advances | | <u><u>\$ 6,010,132</u></u> | |

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

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

Advances (cont.)

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

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

| <u>Years</u> | <u>Advances</u> | | |
|--------------|---------------------|---------------------|---------------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Totals</u> |
| 2013 | \$ 635,277 | \$ 287,962 | \$ 923,239 |
| 2014 | 672,534 | 250,501 | 923,035 |
| 2015 | 553,808 | 210,044 | 763,852 |
| 2016 | 584,497 | 178,008 | 762,505 |
| 2017 | 473,105 | 143,617 | 616,722 |
| 2018 – 2020 | <u>3,090,911</u> | <u>177,130</u> | <u>3,268,041</u> |
| Totals | <u>\$ 6,010,132</u> | <u>\$ 1,247,262</u> | <u>\$ 7,257,394</u> |

Transfers

Following is a schedule of interfund transfers:

| <u>Fund Transferred To</u> | <u>Fund Transferred From</u> | <u>Amount</u> | <u>Principal Purpose</u> |
|----------------------------|-------------------------------|---------------|-------------------------------------|
| General Fund | Community Development | \$ 29,481 | To fund coalition for youth |
| | Community Enhancement | 100,000 | To fund general fund special events |
| | Water Utility | 1,568,601 | Payment in lieu of tax |
| | Sewer Utility | 33,749 | To pay back contributed capital |
| Special Revenue | Cemetery Maintenance | 187,206 | Operating subsidy |
| | Economic Development | 600,000 | General support |
| | City-County Health Department | 62,615 | Fund code enforcement project |
| | Downtown Partners | 80,000 | Operating subsidy |
| Debt Service | Debt Service – General | 6,096,000 | Debt service payments |
| | Debt Service – General | 39,880 | Debt service payments |
| | Debt Service – General | 28,138 | Debt service payments |
| | Department | | |

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2012

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

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

Transfers (cont.)

| Fund Transferred To | Fund Transferred From | Amount | Principal Purpose |
|--|-----------------------|-----------------------|--|
| Capital Projects | | | |
| Streets Projects | General Fund | \$ 681,700 | Fund various projects |
| Streets Projects | Community Development | 85,000 | Fund alley improvements |
| Streets Projects | Community Enhancement | 32,400 | Fund various projects |
| Buildings and Equipment | General Fund | 1,401,200 | Fund various projects |
| Buildings and Equipment | Community Development | 23,402 | Fund comprehensive plan/home ownership program |
| Buildings and Equipment | Community Enhancement | 1,000 | Fund various projects |
| Bridge Projects | General Fund | 100,000 | Fund bridge renovations |
| Parks and Recreation | General Fund | 155,000 | Fund park development projects |
| Parks and Recreation | Community Development | 24,777 | Tree planting |
| Parks and Recreation | Community Enhancement | 150,000 | Fund park development projects |
| Environmental Improvement | Risk Management | 95,000 | Fund environmental projects |
| Library Buildings & Equipment | Public Library | 331,000 | Fund facility improvements |
| Enterprise | | | |
| Public Transit | General Fund | 986,414 | Operating subsidy |
| Public Transit | General Fund | 190,000 | Fund various projects |
| Parking Utility | General Fund | 90,000 | Forest Street parking area |
| Hobbs Ice Center | General Fund | 118,885 | Operating subsidy |
| Hobbs Ice Center | Community Enhancement | 48,000 | Facility improvements |
| Hobbs Ice Center | Community Enhancement | 40,000 | Subsidize facility improvements |
| Outdoor Pool | General Fund | 33,168 | Operating subsidy |
| Outdoor Pool | General Fund | 678,000 | Subsidize facility improvements |
| Outdoor Pool | Community Enhancement | 100,000 | Subsidize facilities improvements |
| Internal Service | | | |
| Central Equipment | General Fund | <u>37,500</u> | Electric car |
| Sub-total – Fund Financial Statements | | 14,228,116 | |
| Less: Fund eliminations | | (14,910,233) | |
| Less: Capital assets transferred to business-type activities | | <u>(726,457)</u> | |
| Total – Government-Wide Statement of Activities | | <u>\$ (1,408,574)</u> | |

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

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2012 was as follows:

| | Beginning Balance | Increases | Decreases | Ending Balance | Amounts Due Within One Year |
|---|----------------------|---------------|---------------|-------------------|-----------------------------------|
| GOVERNMENTAL ACTIVITIES | | | | | |
| Bonds and Notes Payable | | | | | |
| General obligation bonds | \$ 72,002,100 | \$ 7,757,230 | \$ 6,843,650 | \$ 72,915,680 | \$ 6,371,791 |
| State trust fund notes | 432,795 | - | 432,795 | - | - |
| Add/(Subtract) Deferred Amounts For: | | | | | |
| Refundings – gains/(losses) | (229,193) | - | (24,992) | (204,201) | - |
| Premiums/(discounts) | 366,719 | 51,986 | 31,450 | 387,255 | - |
| Sub-totals | 72,572,421 | 7,809,216 | 7,282,903 | 73,098,734 | 6,371,791 |
| Other Liabilities | | | | | |
| Vested compensated absences | 2,230,688 | 2,405,989 | 2,271,090 | 2,365,587 | 1,965,070 |
| Police and fire pensions | 247,566 | - | 30,697 | 216,869 | 41,974 |
| Permanent disability | 294,653 | - | 9,273 | 285,380 | 27,980 |
| Other post-employment benefits | 7,384,208 | 2,649,693 | - | 10,033,901 | - |
| Unpaid self-insurance claims | 1,589,795 | 1,633,489 | 1,394,993 | 1,828,291 | 220,000 |
| Total Other Liabilities | 11,746,910 | 6,689,171 | 3,706,053 | 14,730,028 | 2,255,024 |
| Total Governmental Activities Long-Term Liabilities | \$ 84,319,331 | \$ 14,498,387 | \$ 10,988,956 | \$ 87,828,762 | \$ 8,626,815 |
| | | | | | |
| | Beginning Balance | Increases | Decreases | Ending Balance | Amounts Due Within One Year |
| BUSINESS-TYPE ACTIVITIES | | | | | |
| Bonds and Notes Payable | | | | | |
| General obligation bonds | \$ 18,672,900 | \$ 2,217,770 | \$ 1,931,350 | \$ 18,959,320 | \$ 1,328,209 |
| State trust fund notes | 84,395 | - | 41,264 | 43,131 | 43,131 |
| Revenue bonds | 8,700,000 | - | 775,000 | 7,925,000 | 805,000 |
| Add/(Subtract) Deferred Amounts For: | | | | | |
| Refundings – gains/(losses) | (185,415) | - | (27,302) | (158,113) | - |
| Premiums/(discounts) | 130,677 | 18,835 | 12,586 | 136,926 | - |
| Sub-totals | 27,402,557 | 2,236,605 | 2,732,898 | 26,906,264 | 2,176,340 |
| Other Liabilities | | | | | |
| Vested compensated absences | 413,139 | 558,974 | 556,220 | 415,893 | 415,893 |
| Other post-employment benefits | 1,063,461 | 381,604 | - | 1,445,065 | - |
| Total Other Liabilities | 1,476,600 | 940,578 | 556,220 | 1,860,958 | 415,893 |
| Total Business-type Activities Long-Term Liabilities | \$ 28,879,157 | \$ 3,177,183 | \$ 3,289,118 | \$ 28,767,222 | \$ 2,592,233 |

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt

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

In accordance with Wisconsin Statutes, total general obligation indebtedness of the City may not exceed 5% of the equalized value of taxable property within the City's jurisdiction. The debt limit as of December 31, 2012, was \$211,186,180. Total general obligation debt outstanding at year end was \$91,918,131 and resources on hand for payment of debt were \$7,554,924.

| | Date of Issue | Final Maturity | Interest Rates | Original Indebted- ness | Balance 12-31-12 |
|--|------------------|-------------------|-------------------|-------------------------------|---------------------|
| Governmental Activities | | | | | |
| General Obligation Bonds | | | | | |
| Corporate purpose | 09/15/03 | 04/01/23 | 4.0-4.8% | \$ 9,870,000 | \$ 6,015,000 |
| Corporate purpose | 09/15/03 | 04/01/23 | 3.5-4.6% | 4,405,000 | 2,080,000 |
| Corporate purpose | 09/01/04 | 04/01/24 | 3.5-4.5% | 6,270,000 | 2,970,000 |
| Tax incremental bonds | 09/01/04 | 04/01/14 | 6.28% | 570,000 | 370,000 |
| Corporate purpose | 06/01/05 | 04/01/25 | 3.5-4.25% | 5,850,000 | 3,670,000 |
| Tax incremental bonds | 06/01/05 | 04/01/22 | 3.7-4.1% | 200,000 | 200,000 |
| Tax incremental bonds | 12/01/05 | 04/01/19 | 3.7-4.125% | 3,000,000 | 3,000,000 |
| Corporate purpose | 08/01/06 | 04/01/26 | 4.125-5.0% | 5,125,000 | 3,405,000 |
| Corporate purpose | 05/01/07 | 04/01/27 | 4.0-5.0% | 9,500,000 | 6,520,000 |
| Tax incremental bonds | 05/01/07 | 04/01/25 | 4.0-5.0% | 1,440,000 | 1,255,000 |
| Corporate purpose | 05/01/07 | 04/01/20 | 4.0-4.125% | 12,210,000 | 8,825,000 |
| Corporate purpose | 07/01/08 | 04/01/28 | 3.5-4.2% | 6,240,000 | 4,950,000 |
| Corporate purpose | 07/01/08 | 04/01/18 | 3.625-3.875% | 2,015,000 | 1,275,000 |
| Corporate purpose | 07/01/08 | 04/01/28 | 5.0-6.125% | 8,145,000 | 7,240,000 |
| Corporate purpose | 07/15/09 | 04/01/29 | 1.85-6.15% | 8,560,000 | 7,770,000 |
| Corporate purpose | 07/15/09 | 04/01/19 | 1.6-5.1% | 4,350,000 | 3,805,000 |
| Corporate purpose | 08/17/10 | 04/01/30 | 4.25-5.5% | 3,210,000 | 3,210,000 |
| Corporate purpose | 08/17/10 | 04/01/20 | 1.0-2.85% | 3,975,000 | 3,230,000 |
| Corporate purpose | 08/17/10 | 04/01/21 | 1.5-3.0% | 4,585,000 | 4,135,000 |
| Corporate purpose | 08/01/11 | 04/01/31 | 2.0-4.0% | 6,350,000 | 6,030,000 |
| Corporate purpose | 08/01/11 | 04/01/21 | 2.0-2.75% | 2,160,000 | 1,945,000 |
| Corporate purpose | 08/28/12 | 04/01/32 | 2.0-2.625% | 5,640,000 | 5,640,000 |
| Corporate purpose | 08/28/12 | 04/01/22 | 0.35-1.65% | 4,335,000 | 4,335,000 |
| Sub-total | | | | | 91,875,000 |
| Less: Enterprise portion of G.O. Bonds | | | | | (18,959,320) |
| Total – Governmental Activities – G.O. Bonds | | | | | 72,915,680 |

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2012

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

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

| | <u>Date of Issue</u> | <u>Final Maturity</u> | <u>Interest Rates</u> | <u>Original Indebted- ness</u> | <u>Balance 12-31-12</u> |
|---|--------------------------|---------------------------|---------------------------|--|-----------------------------|
| Governmental Activities | | | | | |
| General Obligation Debt (cont.) | | | | | |
| Total Governmental Activities – General Obligation Debt (cont.) | | | | | \$ <u>72,915,680</u> |
| Business-type Activities | | | | | |
| General Obligation Debt | | | | | |
| State trust fund note | 08/27/03 | 03/15/13 | 4.5% | \$ 320,000 | 43,131 |
| Plus: Enterprise portion of G.O. Bonds | | | | | <u>18,959,320</u> |
| Total Business-type Activities General Obligation Debt | | | | | <u>19,002,451</u> |
| Total General Obligation Debt | | | | | \$ <u>91,918,131</u> |

Debt service requirements to maturity are as follows:

| <u>Years</u> | <u>Governmental Activities General Obligation Debt</u> | | <u>Business-type Activities General Obligation Debt</u> | |
|--------------|--|----------------------|---|---------------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Principal</u> | <u>Interest</u> |
| 2013 | \$ 6,371,791 | \$ 2,789,688 | \$ 1,371,340 | \$ 674,052 |
| 2014 | 6,780,114 | 2,551,916 | 1,379,886 | 629,370 |
| 2015 | 6,268,238 | 2,320,606 | 1,401,762 | 587,134 |
| 2016 | 6,140,792 | 2,098,812 | 1,424,208 | 542,099 |
| 2017 | 6,083,573 | 1,876,592 | 1,486,427 | 493,706 |
| 2018 – 2022 | 23,361,172 | 6,252,499 | 6,173,828 | 1,755,242 |
| 2023 – 2027 | 12,910,000 | 2,604,877 | 4,015,000 | 760,105 |
| 2028 – 2032 | <u>5,000,000</u> | <u>317,501</u> | <u>1,750,000</u> | <u>126,329</u> |
| Totals | \$ <u>72,915,680</u> | \$ <u>20,812,491</u> | \$ <u>19,002,451</u> | \$ <u>5,568,037</u> |

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

F. LONG-TERM OBLIGATIONS (cont.)

Revenue Debt

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

The Water Utility has pledged future water revenues, net of specified operating expenses to repay \$12,750,000 in water revenue bonds issued from 2001 to 2009. Proceeds from the bonds provided financing for utility system improvements and for refinancing previous revenue bonds. The bonds are payable solely from water revenues and are payable through 2028. The bonds require net revenues of 1.25 times annual principal and interest payments on outstanding bonds. The total principal and interest remaining to be paid on the bonds are \$10,345,178. Principal and interest paid for the current year and total customer net revenues were \$1,155,905 and \$5,375,331, respectively. Annual principal and interest payments are expected to require 7% of Water Utility revenues through 2028.

Revenue debt payable at December 31, 2012 consists of the following:

Business-type Activities Revenue Debt

| | Date of Issue | Final Maturity | Interest Rates | Original Indebted- ness | Balance 12-31-12 |
|-------------------------|------------------|-------------------|-------------------|-------------------------------|--------------------------------|
| <u>Water Utility</u> | | | | | |
| Revenue bonds | 08/15/01 | 10/01/16 | 4.0-4.8% | \$ 4,615,000 | \$ 2,395,000 |
| Revenue bonds | 09/15/03 | 10/01/17 | 2.5-4.3% | 2,310,000 | 410,000 |
| Revenue bonds | 05/01/07 | 10/01/23 | 4.0-4.5% | 2,000,000 | 1,525,000 |
| Revenue bonds | 07/15/09 | 10/01/28 | 3.0-4.8% | 3,825,000 | <u>3,595,000</u> |
| Total Water Utility | | | | | <u><u>\$ 7,925,000</u></u> |

Debt service requirements to maturity are as follows:

| <u>Years</u> | Business-type Activities Revenue Debt | | |
|--------------|--|--------------------------------|---------------------------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Totals</u> |
| 2013 | \$ 805,000 | \$ 349,136 | \$ 1,154,136 |
| 2014 | 845,000 | 314,736 | 1,159,736 |
| 2015 | 885,000 | 277,993 | 1,162,993 |
| 2016 | 925,000 | 238,030 | 1,163,030 |
| 2017 | 450,000 | 195,560 | 645,560 |
| 2018 – 2022 | 1,990,000 | 720,488 | 2,710,488 |
| 2023 – 2027 | 1,675,000 | 307,435 | 1,982,435 |
| 2028 | <u>350,000</u> | <u>16,800</u> | <u>366,800</u> |
| Totals | <u><u>\$ 7,925,000</u></u> | <u><u>\$ 2,420,178</u></u> | <u><u>\$ 10,345,178</u></u> |

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

F. LONG-TERM OBLIGATIONS (cont.)

Other Debt Information

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

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

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

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

Current Refunding

On August 28, 2012, the City issued \$1,735,000 in general obligation bonds with an interest rate of .35-1.65% to current refund \$1,716,281 of outstanding general obligation bonds and notes with an interest rate of 3.75-4.70%. The net proceeds of \$1,713,629 (after payment of \$21,371 in underwriting fees, insurance and other issuance costs) plus an additional \$35,596 of sinking fund monies were used to prepay the outstanding debt service requirements on the old bonds.

The cash flow requirements on the refunded bonds and notes prior to the current refunding was \$2,007,518 from 2012 through 2022. The cash flow requirements on the refunding bonds are \$1,802,226 from 2013 through 2022. The current refunding resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$197,846.

Deferred Amount on Refunding

Deferred amounts on refunding arise from advance refunding of debt. The difference between the cost of the securities placed in trust for future payment of refunded debt and the net carrying value of that debt is deferred and amortized as a component of interest expense over the shorter of the term of the refunding issue or the original term of the refunded debt. Amortization for 2012 was \$24,992 for the governmental activities, \$9,146 for the Water Utility, and \$18,156 for the Storm Water Utility.

G. LEASE DISCLOSURES

The City has no material leases as lessee or lessor.

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

H. NET POSITION/FUND BALANCES

Net position reported on the government wide statement of net position at December 31, 2012 includes the following:

Governmental Activities

| | |
|--|-----------------------|
| Net Investment in Capital Assets | |
| Construction in progress | \$ 9,852,695 |
| Land | 16,005,940 |
| Other capital assets, net of accumulated depreciation/amortization | 133,271,564 |
| Less: related long-term debt outstanding (excluding unspent capital related debt proceeds) | <u>(62,005,165)</u> |
| Total Net Investment in Capital Assets | <u>97,125,034</u> |
| Restricted | |
| Debt service payments | 8,917,980 |
| Cemetery maintenance | 317,745 |
| Hazmat | 92,847 |
| Community development | 1,861,206 |
| Home grant | 5,756 |
| Economic development | 4,966,380 |
| Community enhancement | 105,951 |
| Library | 1,318,954 |
| Health | 1,062,038 |
| Downtown partners | 99,234 |
| TIF projects | 2,921,186 |
| Capital contracts | 1,867,959 |
| RCU agreement | 387,897 |
| Insurance deposits | <u>1,042,714</u> |
| Total Restricted | <u>24,967,847</u> |
| Unrestricted | <u>32,209,137</u> |
| Total Governmental Activities Net Position | <u>\$ 154,302,018</u> |

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2012

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

H. NET POSITION/FUND BALANCES (cont.)

Governmental Activities (cont.)

Governmental fund balances reported on the fund financial statements at December 31, 2012 include the following:

| | General Fund | Debt Service - General | Nonmajor Funds | Totals |
|-----------------------------------|-----------------|------------------------------|-------------------|---------------|
| Fund Balances | | | | |
| Nonspendable: | | | | |
| Long-term notes receivable | \$ 25,000 | \$ - | \$ - | \$ 25,000 |
| Long-term advances to other funds | 5,486,000 | - | - | 5,486,000 |
| Prepaid items and inventories | 857,186 | - | 111,421 | 968,607 |
| Restricted for: | | | | |
| Debt service | - | 6,515,539 | 1,135,622 | 7,651,161 |
| Capital contracts | - | - | 1,037,063 | 1,037,063 |
| Cemetery maintenance | - | - | 312,223 | 312,223 |
| Hazardous materials | - | - | 82,052 | 82,052 |
| Community development | - | - | 80,450 | 80,450 |
| Home program | - | - | 5,756 | 5,756 |
| Economic development | - | - | 3,782,794 | 3,782,794 |
| Community enhancement | - | - | 91,368 | 91,368 |
| Public library | - | - | 634,280 | 634,280 |
| City-county health | - | - | 704,128 | 704,128 |
| Downtown partners | - | - | 99,234 | 99,234 |
| TIF #5 projects | - | - | 2,696,545 | 2,696,545 |
| TIF #9 projects | - | - | 224,641 | 224,641 |
| Bond construction | - | - | 830,895 | 830,895 |
| RCU agreement | - | - | 387,897 | 387,897 |
| Library capital projects | - | - | 438,177 | 438,177 |
| Assigned for: | | | | |
| Capital projects | 2,959,000 | - | 9,931,969 | 12,890,969 |
| Carryover – 2013 budget | 552,100 | - | - | 552,100 |
| Highway 53 maintenance | 2,461,182 | - | - | 2,461,182 |
| YMCA land sale | 429,341 | - | - | 429,341 |
| ERRP funds | 373,055 | - | - | 373,055 |
| Unassigned (deficit): | 12,524,213 | - | (2,582,004) | 9,942,209 |
| Total Fund Balances | \$ 25,667,077 | \$ 6,515,539 | \$ 20,004,511 | \$ 52,187,127 |

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

H. NET POSITION/FUND BALANCES (cont.)

Business-type Activities

| | |
|--|-----------------------|
| Net Investment in Capital Assets | |
| Construction in progress | \$ 10,553,437 |
| Land | 16,798,461 |
| Other capital assets, net of accumulated depreciation | 153,158,553 |
| Less: related long-term debt outstanding (excluding unspent capital related debt proceeds) | <u>(25,955,477)</u> |
| Total Net Investment in Capital Assets | <u>154,554,974</u> |
| Restricted | |
| Debt service payments | 1,364,280 |
| Equipment replacement | <u>370,000</u> |
| Total Restricted | <u>1,734,280</u> |
| Unrestricted | <u>17,163,338</u> |
| Total Business-type Activities Net Position | <u>\$ 173,452,592</u> |

I. 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 position and statement of activities.

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

a. Basis of Accounting/Measurement Focus

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

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2012

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

I. COMPONENT UNITS (cont.)

Housing Authority (cont.)

b. Deposits and Investments

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

| | |
|--------------------------------------|--------------------------------|
| Petty cash | \$ 1,475 |
| Deposits with financial institutions | 1,261,812 |
| Investments | <u>3,397,953</u> |
| Total Cash and Investments | <u><u>\$ 4,661,240</u></u> |

Reconciliation to financial statements:

Per statement of net position

| | |
|-----------------------------------|--------------------------------|
| Unrestricted cash and investments | \$ 4,548,293 |
| Restricted cash and investments | <u>112,947</u> |
| Total | <u><u>\$ 4,661,240</u></u> |

The Housing Authority has adopted an investment policy. That policy states that the Housing Authority must invest its funds in securities that are approved by the U.S. Department of Housing and Urban Development. As of December 31, 2012, the Housing Authority is in compliance with this policy. The policy does not address the interest rate risk and custodial credit risk that the Housing Authority has with its deposits and investments.

Deposits

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

| | Carrying Value | Bank Balance | Associated Risks |
|-----------------|-------------------|-----------------|-----------------------|
| Demand deposits | \$ 1,261,812 | \$ 1,288,330 | Custodial credit risk |

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts (including NOW accounts), \$250,000 for interest-bearing demand deposit accounts, and unlimited amounts for noninterest bearing transaction accounts through December 31, 2012. On January 1, 2013, the temporary unlimited coverage for noninterest bearing transaction accounts expired. Therefore, demand deposit amounts (interest-bearing and noninterest bearing) are insured for a total of \$250,000 beginning January 1, 2013. In addition, if deposits are held in an institution outside of the state in which the government is located, insured amounts are further limited to a total of \$250,000 for the combined amount of all deposit accounts.

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

I. COMPONENT UNITS (cont.)

Housing Authority (cont.)

b. Deposits and Investments (cont.)

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

The Housing Authority maintains a collateral agreement with its bank. As of December 31, 2012, the bank had pledged various governmental securities in the amount of \$1,128,309 to secure the Housing Authority's deposits.

Investments

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

| | Carrying Value | Associated Risks |
|------------------------------------|-------------------|---|
| Negotiable certificates of deposit | \$ 3,397,953 | Interest rate risk, custodial credit risk, credit risk |

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

Custodial Credit Risk

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

The Housing Authority 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.

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

I. COMPONENT UNITS (cont.)

Housing Authority (cont.)

b. Deposits and Investments (cont.)

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, 2012, the Housing Authority had negotiable certificates of deposit which were not rated.

Interest Rate Risk

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

As of December 31, 2012, the Housing Authority's investments were as follows:

| <u>Investment Type</u> | <u>Fair Value</u> | <u>Weighted Average Maturity (Years)</u> |
|------------------------------------|-------------------|--|
| Negotiable certificates of deposit | \$ 3,397,953 | 1.25 |

c. Receivables

| | |
|-------------------------------|------------------|
| Accounts Receivable - tenants | \$ 21,767 |
| Other receivables | <u>3,665</u> |
| Net Total Receivables | <u>\$ 25,432</u> |

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

d. Restricted Assets

Voucher Program – Grant Requirements

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

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

I. COMPONENT UNITS (cont.)

Housing Authority (cont.)

e. Capital Assets

Capital asset activity for the year ended December 31, 2012 was as follows:

| | Beginning Balance | Additions | Deletions | Ending Balance |
|---|----------------------|-----------|-----------|-------------------|
| Capital assets not being depreciated | | | | |
| Land | \$ 1,442,032 | \$ 65,300 | \$ 56,200 | \$ 1,451,132 |
| Other Capital Assets | | | | |
| Land improvements | \$ 1,003,503 | \$ 4,687 | \$ - | \$ 1,008,190 |
| Buildings | 16,353,789 | 602,226 | 596,686 | 16,359,329 |
| Machinery and equipment | 1,057,673 | 21,144 | 18,225 | 1,060,592 |
| Total Capital Assets Being Depreciated | 18,414,965 | 628,057 | 614,911 | 18,428,111 |
| Less: Accumulated depreciation for | | | | |
| Land improvements | (461,510) | (37,478) | - | (498,988) |
| Buildings | (7,296,013) | (551,570) | 173,410 | (7,674,173) |
| Machinery and equipment | (517,629) | (34,888) | 13,059 | (539,458) |
| Total Accumulated Depreciation | (8,275,152) | (623,936) | 186,469 | (8,712,619) |
| Net Other Capital Assets | \$ 10,139,813 | | | \$ 9,715,492 |

f. Long-Term Obligations

Long-term obligations activity for the year ended December 31, 2012 was as follows:

| | Beginning Balance | Increases | Decreases | Ending Balance | Amounts Due Within One Year |
|--------------------------------|----------------------|-----------|-----------|-------------------|-----------------------------------|
| Bonds and Notes Payable | | | | | |
| Other loans/notes | \$ 63,000 | \$ - | \$ - | \$ 63,000 | \$ - |
| Other Liabilities | | | | | |
| Vested compensated absences | 54,516 | 56,221 | 54,516 | 56,221 | 56,221 |
| Other post-employment benefits | 6,177 | - | - | 6,177 | - |
| Sub-totals | 60,693 | 56,221 | 54,516 | 62,398 | 56,221 |
| Total Long-Term Liabilities | \$ 123,693 | \$ 56,221 | \$ 54,516 | \$ 125,398 | \$ 56,221 |

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

I. COMPONENT UNITS (cont.)

Housing Authority (cont.)

f. Long-Term Obligations (cont.)

Other Loans/Notes Payable

Other loans and notes payable at December 31, 2012 consist of the following:

Park Towers Apartments

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

\$ 63,000

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

Other Debt Information

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

g. Net Position

Net position reported on the statement of net position at December 31, 2012 includes the following:

| | |
|--|----------------------|
| Net investment in capital assets | |
| Land | \$ 1,451,132 |
| Other capital assets, net of accumulated depreciation | 9,715,492 |
| Less: related long-term debt outstanding (excluding unspent capital related debt proceeds) | <u>(63,000)</u> |
| Total Net Investment in Capital Assets | <u>11,103,624</u> |
| Restricted | |
| Grant requirements | <u>116,041</u> |
| Unrestricted | <u>4,477,879</u> |
| Total Net Position | <u>\$ 15,697,544</u> |

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

I. COMPONENT UNITS (cont.)

Housing Authority (cont.)

h. Employee Retirement System

The Housing Authority is staffed by City of Eau Claire employees and Housing Authority employees. All eligible Housing Authority employees participate in the Wisconsin Retirement System (WRS), a cost-sharing, multiple-employer, defined benefit, public employee retirement system (PERS). All employees, initially employed by a participating WRS employer prior to July 1, 2011, expected to work over 600 hours a year, and expected to be employed for at least one year from the employee's date of hire are eligible to participate in the WRS. All employees, initially employed by a participating WRS employer on or after July 1, 2011, expected to work at least 1,200 hours a year, and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

Prior to June 29, 2011, covered employees in the General category were required by statute to contribute 6.5% of their salary (3.9% for Executives and Elected Officials, 5.8% for Protective Occupations with Social Security, and 4.8% for Protective Occupations without Social Security) to the plan. Employers could make these contributions to the plan on behalf of employees. Employers were required to contribute an actuarially determined amount necessary to fund the remaining projected cost of future benefits.

Effective the first day of the first pay period on or after June 29, 2011, the employee required contribution was changed to one-half of the actuarially determined contribution rate for General category employees and Executives and Elected Officials. Required contributions for protective contributions are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement. Contribution rates for 2012 are:

| | <u>Employee</u> | <u>Employer</u> |
|------------------------------------|-----------------|-----------------|
| General | 5.9% | 5.9% |
| Executives and Elected Officials | 7.05% | 7.05% |
| Protective with Social Security | 5.9% | 9.0% |
| Protective without Social Security | 5.9% | 11.3% |

The payroll for Housing Authority employees covered by WRS for the year ended December 31, 2012 was \$636,314; the employer's total payroll was \$647,463. The total required contribution for the year ended December 31, 2012 was \$75,085 or 11.8 percent of covered payroll. Of this amount, 5.9 percent was contributed by the employer and 5.9 percent was contributed by the employee for the current year. Total contributions for the years ending December 31, 2011 and 2010 were \$64,353 and \$57,702, respectively, equal to the required contributions for each year.

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

I. COMPONENT UNITS (cont.)

Housing Authority (cont.)

h. Employee Retirement System (cont.)

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 and submitting an application 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 and prior to July 1, 2011 are immediately vested.

Participants who initially became WRS eligible on or after July 1, 2011 must have five years of creditable service to be vested.

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

As of December 31, 2012, The Housing Authority had no pension-related debt.

i. Risk Management

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

Self-Insurance

The Housing Authority is insured for workers' compensation through the City of Eau Claire. The City of Eau Claire self-insures its workers' compensation exposure for the first \$400,000 per incident. 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.

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

I. COMPONENT UNITS (cont.)

Housing Authority (cont.)

j. Commitments and Contingencies

The Housing Authority provides housing for the Park Tower Apartments pursuant to Section 8 of the United States Housing Act of 1974. Rentals are subsidized by the federal government through a housing assistance payments contract between WHEDA and the Housing Authority. Total assistance payments received from WHEDA were \$714,944 during 2012.

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.

k. Related Parties

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

l. Economic Dependency

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

m. Other Post-Employment Benefits

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

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

I. 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 position 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 is part of the City of Eau Claire's cash and investment pool. The custodial credit risk pertaining specifically to the RDA's resources at these institutions cannot be determined individually for those accounts. At year end, the RDA's deposits were \$1,220,536. The City's investment policy is applied to the custody of the RDA's deposits (see Note III.A.).

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

c. Notes Receivable

The RDA sold property in exchange for a note receivable of \$600,000 in 2007. On December 31, 2012 the remaining balance on the note was \$300,000. The note is subject to an annual land credit calculation.

In 2011, the RDA sold property in exchange for a note receivable of \$161,700. Principal and interest on the note are due in one lump sum payment in 2016; interest is added annually. In 2012, a \$25,139 Subsurface Soil Condition credit was applied to the note. On December 31, 2012 the outstanding balance including accrued interest was \$143,035.

No allowance for uncollectible notes is considered necessary. The amount of notes receivable not expected to be collected within one year was \$443,035 as of December 31, 2012.

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

I. **COMPONENT UNITS** (cont.)

Redevelopment Authority (cont.)

d. Property Held for Resale

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

Property held for resale activity for the year ended December 31, 2012 was as follows:

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Deletions</u> | <u>Ending Balance</u> |
|--------------------------|------------------------------|------------------|------------------|---------------------------|
| Property held for resale | \$ 567,353 | \$ 466,142 | \$ - | \$ 1,033,495 |

e. Risk Management

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

f. Commitments and Contingencies

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

g. Related Parties

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

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

I. COMPONENT UNITS (cont.)

Redevelopment Authority (cont.)

h. Development and Purchase Agreement

The RDA has entered into a development and purchase agreement with Phoenix Parkside, LLC (PPL). The agreement sets the purchase price for Phase I property at \$600,000, payable by PPL to the RDA in ten equal annual payments of \$60,000 beginning in 2009. The RDA shall grant PPL a Redevelopment Land Credit of up to \$600,000 towards the purchase price of the land subject to an increase in the assessed valuation of the property. As of January 1, 2010, PPL had met the property valuation required for the full annual land credit on the note receivable. No further payments are expected to be collected. The credit awarded in 2012 was \$60,000.

In addition, PPL shall receive from the City an annual payment equal to 50% of the property taxes received by the City each year on the incremental increased assessed value of the Phase I property and improvements up to \$1.5 million. In calculating the amount due to PPL, the incremental increased fair market value of the Phase I property excludes the \$600,000 purchase price discussed above. Also, the 50% of the tax increments due to PPL shall be reduced each year by the amount corresponding to the Redevelopment Land Credit discussed above. PPL shall receive 50% of the tax increments on the Phase I property until they have received a maximum \$900,000 payment (paid by TIF #8) or until the termination of the District, whichever occurs first.

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.

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

I. COMPONENT UNITS (cont.)

Business Improvement Districts (cont.)

b. Deposits and Investments

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

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

| | |
|-----------------------|-------------------|
| South Barstow | \$ <u>78,731</u> |
| West Grand | \$ <u>6,172</u> |
| Water Street | \$ <u>48,642</u> |
| North Barstow/Medical | \$ <u>175,694</u> |

J. TAX INCREMENTAL FINANCING DISTRICTS

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

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

J. TAX INCREMENTAL FINANCING DISTRICTS (cont.)

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

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

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

The following table summarizes the project and expenditures from creation of the districts through December 31, 2012.

| Project Costs | TIF No. 5 | TIF No. 6 | TIF No. 7 | TIF No. 8 | TIF No. 9 |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| Capital expenditures | \$ 6,087,765 | \$ 1,130,256 | \$ 1,557,146 | \$ 8,924,564 | \$ - |
| Interest and fiscal charges | 2,765,784 | 688,256 | 1,112,570 | 2,979,239 | 450 |
| Development, Marketing, Bond issuance costs | - | - | - | 44,438 | 1,000 |
| Total Project Costs | 8,853,549 | 1,818,512 | 2,669,716 | 11,948,241 | 1,450 |
| Project Revenues | | | | | |
| Tax increments | 5,772,153 | 1,966,693 | 1,298,430 | 3,202,043 | 225,054 |
| Interest income and misc. revenue | 1,047,939 | 239,683 | 370,050 | 1,097,423 | 1,037 |
| Grants and donations | - | - | - | 503,008 | - |
| Special assessments revenue | - | 227,679 | - | - | - |
| Total Project Revenues | 6,820,092 | 2,434,055 | 1,668,480 | 4,802,474 | 226,091 |
| Net Recoverable Costs (Refundable) | \$ 2,033,457 | \$ (615,543) | \$ 1,001,236 | \$ 7,145,767 | \$ (224,641) |

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

NOTE IV – OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

All eligible City employees participate in the Wisconsin Retirement System (WRS), a cost-sharing, multiple-employer, defined benefit, public employee retirement system (PERS). All employees, initially employed by a participating WRS employer prior to July 1, 2011, expected to work over 600 hours a year, and expected to be employed for at least one year from the employee's date of hire are eligible to participate in the WRS. All employees, initially employed by a participating WRS employer on or after July 1, 2011, expected to work at least 1,200 hours a year, and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

Prior to June 29, 2011, covered employees in the General category were required by statute to contribute 6.5% of their salary (3.9% for Executives and Elected Officials, 5.8% for Protective Occupations with Social Security, and 4.8% for Protective Occupations without Social Security) to the plan. Employers could make these contributions to the plan on behalf of employees. Employers were required to contribute an actuarially determined amount necessary to fund the remaining projected cost of future benefits.

Effective the first day of the first pay period on or after June 29, 2011, the employee required contribution was changed to one-half of the actuarially determined contribution rate for General category employees and Executives and Elected Officials. Required contributions for protective contributions are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement. Contribution rates for 2012 are:

| | <u>Employee</u> | <u>Employer</u> |
|------------------------------------|-----------------|-----------------|
| General | 5.9% | 5.9% |
| Executives and Elected Officials | 7.05% | 7.05% |
| Protective with Social Security | 5.9% | 9.0% |
| Protective without Social Security | 5.9% | 11.3% |

The payroll for City employees covered by WRS for the year ended December 31, 2012 was \$33,062,461; the employer's total payroll was \$34,701,876. The total required contribution for the year ended December 31, 2012 was \$5,209,202 or 15.76 percent of covered payroll. Of this amount, 78 percent was contributed by the employer and 22 percent was contributed by the employees. Total contributions for the years ending December 31, 2011 and 2010 were \$5,126,888 and \$4,697,855, respectively, equal to the required contributions for each year.

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

NOTE IV – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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 and submitting an application 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 and prior to July 1, 2011 are immediately vested. Participants who initially became WRS eligible on or after July 1, 2011 must have five years of creditable service to be vested.

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

In addition to the above mentioned retirement system, the State of Wisconsin administers an agent multiple-employer plan which covers ten 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 2012 was approximately \$43,434. Total estimated unfunded pension-related debt of this plan is approximately \$216,869 as of December 31, 2012, all of which relates to retirees and beneficiaries currently receiving benefits. Total cost for the year ended December 31, 2011 and 2010 was \$65,471 and \$69,335, respectively, equal to required contributions for each year. The rate of investment return is presently assumed to be 4%. The estimated remaining period of amortization is 15 years. This information is included in the above pension plan. The report can be obtained from the same address above.

Under an earlier provision of the law, employers were directly responsible for the administration of permanent disability payments. During 2012, three former employees were paid a total of \$27,980. The estimated present value of future costs of these benefits is \$285,380.

B. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; including damage, theft or destruction of assets, errors and omissions; worker's compensation, health care of its employees and natural disasters. The City purchases commercial insurance to provide coverage for employee health, auto and general liability, property damage and boiler and machinery loss. Excess insurance for worker's compensation is also purchased; however, worker's compensation risks are accounted for and financed by an internal service fund – the Risk Management Fund.

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

NOTE IV – OTHER INFORMATION (cont.)

B. RISK MANAGEMENT (cont.)

Self Insurance

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

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

The unpaid claims liability of \$1,828,291 at December 31, 2012 is based on GASB Statement No. 10 which requires that a liability for claims be established if information indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss is reasonably estimable. The liability is based on actuarial estimates of the present value of unpaid losses and includes both current claims payable and an amount for claims that have been incurred but not reported. The City does not allocate overhead costs or other nonincremental costs to the claims liability. The liability at year end includes \$1,194,410 of potential workers compensation claims and \$633,881 for potential liability claims. Changes in unpaid claims liabilities in the current and prior year were:

Claims Liability

| | <u>Prior Year</u> | <u>Current Year</u> |
|--|---------------------|---------------------|
| Unpaid claims – Beginning of Year | \$ 1,468,042 | \$ 1,589,795 |
| Current year claims and changes in estimates | 1,291,782 | 1,633,489 |
| Claim payments | <u>(1,170,029)</u> | <u>(1,394,993)</u> |
| Unpaid Claims – End of Year | <u>\$ 1,589,795</u> | <u>\$ 1,828,291</u> |

Public Entity Risk Pool

Transit Mutual Insurance Corporation of Wisconsin (TMI)

Transit Mutual Insurance Corporation of Wisconsin (TMI) is a municipal mutual insurance corporation, which insures auto liability and vehicle physical damage for municipally-owned transit systems in Wisconsin. Each insured property is an owner of the mutual insurance corporation. The City insures its transit systems' auto liability and physical damage with TMI and is an owner of the corporation.

In 2012, TMI issued to the City an auto liability insurance policy with a \$250,000 per person policy limit and a \$7,000,000 per accident policy limit. Of the per accident policy limit, TMI insures \$2,000,000 and reinsures \$5,000,000 with Genesis Insurance. In addition, the City's policy provides \$25,000 per person and \$50,000 per accident in uninsured motorist insurance.

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

NOTE IV – OTHER INFORMATION (cont.)

B. RISK MANAGEMENT (cont.)

Public Entity Risk Pool (cont.)

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

The physical damage policy issued by TMI to the City provides collision and comprehensive coverage for the lesser of the agreed value or the cost of repairs minus a \$500 per accident deductible for private passenger and service units and a \$1,000 per accident deductible for bus units.

Management of TMI 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 corporation beyond its representation on the board of directors.

Premiums are determined in advance of each premium year, which begins on January 1. TMI is an assessable mutual; accordingly, 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 premium year. Members are required by Wisconsin statute and TMI bylaws to fund any deficit attributable to a premium year during which they were a member. TMI was incorporated in 1985 and began issuing insurance policies in 1986; there has never been a member assessment beyond the annual premiums.

The City's share of this corporation is 3.01% for auto liability and 2.90% of physical damage liability. A list of the other members and their share of participation is available in the TMI report which is available from TMI, 2575 S. Memorial Drive, Suite 105, Appleton, WI 54915-1483 or by email from tmi@new.rr.com.

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 2012, with an annual cap of \$10 million. The policy is nonassessable, thereby limiting the City's commitment to a proportional share of a \$13,935,000 revenue bond issue sold by WMMIC to provide for the initial capitalization. The share of participation is determined on a basis of prior claim history and can be affected by acceptance of new members. The City's current share of participation is 3.35%.

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

NOTE IV – OTHER INFORMATION (cont.)

C. COMMITMENTS AND CONTINGENCIES

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

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

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

At December 31, 2012, 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 restrictions of net position have been made for the proprietary fund amounts.

| <u>Capital Projects</u> | |
|--|---------------------|
| Street Projects | \$ 643,398 |
| Bridge Projects | 59,304 |
| Buildings and Equipment | 213,723 |
| Parks and Recreation Projects | 6,836 |
| Environmental Improvements – Landfill | 8,386 |
| Library Buildings & Equipment | <u>105,416</u> |
| Total Committed Construction | <u>\$ 1,037,063</u> |
| <u>Proprietary Funds</u> | |
| Water Utility | \$ 116,708 |
| Sewer Utility | 441,914 |
| Storm Water Utility | 18,948 |
| Public Transit | 1,639,828 |
| Parking Utility | 10,399 |
| Hobbs Ice Center | 2,000 |
| Outdoor Pool | 338,212 |
| Central Equipment | <u>667,386</u> |
| Total Committed Construction and Equipment | <u>\$ 3,235,395</u> |

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

NOTE IV – OTHER INFORMATION (cont.)

C. COMMITMENTS AND CONTINGENCIES (cont.)

In 2012, Eau Claire County initiated the renovation of the public safety space in the County facility. This space will be shared by both the County Sheriff and the City Police Department. The City has agreed to pay approximately \$5 million for its share of the renovation and has budgeted for the expenditure in 2013 along with a new debt issue to cover the majority of the cost. The renovation was part of a larger Courthouse remodeling and at December 31, 2012, the County had not allocated the costs of the public safety area renovation between the City and County. The renovation will not be complete until the end of 2013.

D. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

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

Contribution requirements are established through collective bargaining agreements and may be amended only through negotiations between the City and the union. The City makes the same monthly health insurance contribution on behalf of the retiree as it makes on behalf of all other active employees during that year. For fiscal year 2012, the City contributed approximately \$2,104,000 to the plan for eligible retirees and their spouses. Administrative costs of the plan are financed through investment earnings.

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

| | |
|--|----------------------|
| Annual required contribution | \$ 5,269,344 |
| Interest on net OPEB obligation | 338,143 |
| Adjustment to annual required contribution | <u>(470,069)</u> |
| Annual OPEB cost | 5,137,418 |
| Contributions made | <u>(2,104,000)</u> |
| Increase in Net OPEB Obligation | 3,033,418 |
| Net OPEB Obligation – Beginning of Year | <u>8,453,587</u> |
| Net OPEB Obligation – End of Year | <u>\$ 11,487,005</u> |

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

NOTE IV – OTHER INFORMATION (cont.)

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

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2012 and the two preceding years were as follows:

| Fiscal Year Ended | Annual OPEB Cost | Percentage of Annual OPEB Cost Contributed | Net OPEB Obligation |
|-------------------|------------------------|---|------------------------|
| 12/31/10 | \$ 4,773,588 | 49.80% | \$ 5,589,556 |
| 12/31/11 | 4,968,031 | 42.35% | 8,453,587 |
| 12/31/12 | 5,137,418 | 40.95% | 11,487,005 |

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

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

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

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

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

NOTE IV – OTHER INFORMATION (cont.)

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

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

E. CONTINGENT RECEIVABLES

The City has unrecorded loans which are not recorded as receivables because collection is subject to certain events occurring in the future. Each loan is fully forgivable if none of these triggering events have occurred by the end of the loan's term. At December 31, 2012, the Community Development Special Revenue Fund has \$739,300 and the Home Grant Special Revenue Fund has \$2,185,829 of unrecorded contingent loans receivable.

F. CONTINGENT LIABILITIES

The City owned and operated a landfill in the Town of Union which closed in 1978. A treatment system operation began in 1997. This system is designed to contain VOCs (volatile organic compounds) from migration from the landfill to the Blue Valley subdivision. The City currently works with Potentially Responsible Parties (PRPs) and the Wisconsin Department of Natural Resources on a long term monitoring plan for groundwater containment and treatment system. Ultimate final cleanup costs are unknown.

G. RELATED PARTIES

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

In April 1991, the City, Xcel Energy, the Industrial Development Corporation, and Gateway signed an agreement to provide Gateway with loans up to \$960,000 (increased to \$3,000,000 in 1995) for the acquisition and development of industrial property. As of December 31, 2012, the outstanding loans under the agreement were \$1,100,000, of which \$550,000 was due the City. Total interest earned by the City was \$17,875 for the year ended December 31, 2012.

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

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

NOTE IV – OTHER INFORMATION (cont.)

G. RELATED PARTIES (cont.)

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

H. SUBSEQUENT EVENT

In 2013, the City issued \$41,395,988 of Sewerage System Revenue Bonds for DNR project 4176-05 Clear Water Fund Program with an interest rate of 2.62%. On June 12, 2013, the City made an initial draw of \$1,247,702 on the loan.

The City Council has approved various bonds for issuance in 2013. As of the date of these financial statements, only the Sewerage System Revenue bonds have been issued; however, the City has the following bonds in process and anticipates they will be sold on July 23, 2013:

- > \$7,710,000 of General Obligation Bonds for street improvement purposes
- > \$1,000,000 of General Obligation Bonds for storm water purposes
- > \$5,250,000 of General Obligation Bonds for the police facility
- > \$185,000 of General Obligation Bonds for TIF 8 temporary parking lot in the North Barstow Area
- > \$9,745,000 of General Obligation Notes for street improvements, narrowbanding, and refunding of the 2003 Series A and B bonds

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

The Governmental Accounting Standards Board (GASB) has approved GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*; Statement No. 65, *Items Previously Reported as Assets and Liabilities*; Statement No. 66, *Technical Corrections - 2012 - an amendment of GASB Statements No. 10 and No. 62*; Statement No. 67, *Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25*; and Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*. Application of these standards may restate portions of these financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF EAU CLAIRE

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended December 31, 2012

| | 2012 | | | |
|--|----------------------|----------------------|----------------------|-------------------------------|
| | Budgeted Amounts | | Actual | Variance with Final Budget |
| | Original | Final | | |
| REVENUES | | | | |
| Taxes | \$ 30,811,300 | \$ 30,811,300 | \$ 30,751,968 | \$ (59,332) |
| Special assessments | 806,200 | 806,200 | 1,107,583 | 301,383 |
| Intergovernmental | 11,185,500 | 11,165,300 | 11,677,437 | 512,137 |
| Licenses and permits | 1,495,100 | 1,495,100 | 1,616,392 | 121,292 |
| Fines, forfeitures and penalties | 769,000 | 769,000 | 646,156 | (122,844) |
| Charges for services - public | 3,348,900 | 3,348,900 | 3,344,791 | (4,109) |
| Charges for services - intergovernmental | 3,088,400 | 3,088,400 | 3,042,431 | (45,969) |
| Investment income | 919,300 | 919,300 | 886,503 | (32,797) |
| Miscellaneous | 286,500 | 325,800 | 359,766 | 33,966 |
| Total Revenues | <u>52,710,200</u> | <u>52,729,300</u> | <u>53,433,027</u> | <u>703,727</u> |
| EXPENDITURES | | | | |
| Current | | | | |
| City council | 128,400 | 128,400 | 107,089 | 21,311 |
| Administrative services | 1,801,100 | 1,860,100 | 1,709,363 | 150,737 |
| Legal | 466,100 | 475,100 | 469,716 | 5,384 |
| Finance | 2,187,600 | 2,187,600 | 2,088,819 | 98,781 |
| Human resources | 859,900 | 859,900 | 806,430 | 53,470 |
| Planning and development | 1,186,100 | 1,164,200 | 1,157,744 | 6,456 |
| Police | 15,529,000 | 15,425,500 | 15,056,252 | 369,248 |
| Fire | 10,479,900 | 10,494,600 | 10,426,815 | 67,785 |
| Public works | 8,613,800 | 8,318,500 | 7,924,988 | 393,512 |
| Culture and recreation | 4,775,900 | 4,804,000 | 4,779,120 | 24,880 |
| Miscellaneous | 915,000 | 712,000 | 381,644 | 330,356 |
| Capital outlay | 9,300 | 46,400 | 67,402 | (21,002) |
| Total Expenditures | <u>46,952,100</u> | <u>46,476,300</u> | <u>44,975,382</u> | <u>1,500,918</u> |
| Excess of revenues over expenditures | <u>5,758,100</u> | <u>6,253,000</u> | <u>8,457,645</u> | <u>2,204,645</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers from other funds | 2,239,000 | 2,270,500 | 1,731,831 | (538,669) |
| Transfers to other funds | (11,610,200) | (11,739,100) | (11,355,073) | 384,027 |
| Sale of capital assets | 10,000 | 10,000 | 25,760 | 15,760 |
| Total Other Financing Sources (Uses) | <u>(9,361,200)</u> | <u>(9,458,600)</u> | <u>(9,597,482)</u> | <u>(138,882)</u> |
| Net change in fund balances | (3,603,100) | (3,205,600) | (1,139,837) | 2,065,763 |
| FUND BALANCE - Beginning of Year | <u>26,806,914</u> | <u>26,806,914</u> | <u>26,806,914</u> | <u>-</u> |
| FUND BALANCE - END OF YEAR | <u>\$ 23,203,814</u> | <u>\$ 23,601,314</u> | <u>\$ 25,667,077</u> | <u>\$ 2,065,763</u> |

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

CITY OF EAU CLAIRE

OTHER POST-EMPLOYMENT BENEFITS PLAN
 SCHEDULE OF FUNDING PROGRESS AND SCHEDULE
 OF EMPLOYER CONTRIBUTIONS
 For the Year Ended December 31, 2012

SCHEDULE OF FUNDING PROGRESS

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

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

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

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

CITY OF EAU CLAIRE

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended December 31, 2012

BUDGETARY INFORMATION

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

FUNDING PROGRESS DATA

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

See independent auditors' report.

SUPPLEMENTARY INFORMATION

Major Funds - Governmental

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

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

CITY OF EAU CLAIRE

GENERAL FUND COMPARATIVE BALANCE SHEET As of December 31, 2012 and 2011

| | <u>2012</u> | <u>2011</u> |
|-------------------------------|--------------------------|--------------------------|
| ASSETS | | |
| Cash and investments | \$ 19,553,291 | \$ 21,113,273 |
| Receivables | | |
| Taxes | | |
| Current | 31,777,523 | 31,168,363 |
| Delinquent personal property | 14,958 | 14,014 |
| Total Taxes | <u>31,792,481</u> | <u>31,182,377</u> |
| Accounts receivable | 2,420,317 | 1,688,110 |
| Notes receivable | 25,000 | 25,000 |
| Special assessments: | | |
| Installment | 3,626,183 | 2,995,374 |
| Interest | 44,879 | 102,421 |
| Total Receivables | <u>37,908,860</u> | <u>35,993,282</u> |
| Inventories and prepaid items | 857,186 | 772,524 |
| Due from other funds | 1,211,810 | 150,982 |
| Due from component unit | 22,392 | 62,821 |
| Due from other governments | 254,630 | 103,455 |
| Advance to other funds | <u>6,121,277</u> | <u>6,722,087</u> |
| TOTAL ASSETS | <u>\$ 65,929,446</u> | <u>\$ 64,918,424</u> |

| | <u>2012</u> | <u>2011</u> |
|--|--------------------------|--------------------------|
| <i>LIABILITIES AND FUND BALANCE</i> | | |
| Liabilities | | |
| Accounts payable | \$ 519,457 | \$ 216,694 |
| Accrued liabilities | 2,303,384 | 1,939,147 |
| Deposits | 226,224 | 233,703 |
| Due to other governments | 6,704 | 37,414 |
| Deferred revenue | <u>37,206,600</u> | <u>35,684,552</u> |
| Total Liabilities | <u>40,262,369</u> | <u>38,111,510</u> |
| Fund Balance | | |
| Nonspendable | 6,368,186 | 6,833,801 |
| Assigned | 6,774,678 | 6,873,403 |
| Unassigned | <u>12,524,213</u> | <u>13,099,710</u> |
| Total Fund Balance | <u>25,667,077</u> | <u>26,806,914</u> |
| TOTAL LIABILITIES AND FUND BALANCE | <u>\$ 65,929,446</u> | <u>\$ 64,918,424</u> |

CITY OF EAU CLAIRE

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

For the Year Ended December 31, 2012

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

| | 2012 | | | 2011 | |
|---|-------------------|-------------------|-------------------|------------------|-------------------|
| | Budgeted Amounts | | Actual | Variance with | |
| | Original | Final | | Final Budget | Actual |
| REVENUES | | | | | |
| TAXES | | | | | |
| Real and personal property | \$ 30,400,300 | \$ 30,400,300 | \$ 30,339,195 | \$ (61,105) | \$ 29,313,135 |
| Mobile home fees | 70,000 | 70,000 | 79,593 | 9,593 | 73,879 |
| Payment in lieu of taxes: | | | | | |
| Other | 338,000 | 338,000 | 331,876 | (6,124) | 329,569 |
| Interest on delinquent taxes | 3,000 | 3,000 | 1,304 | (1,696) | 6,618 |
| Total Taxes | <u>30,811,300</u> | <u>30,811,300</u> | <u>30,751,968</u> | <u>(59,332)</u> | <u>29,723,201</u> |
| SPECIAL ASSESSMENTS | | | | | |
| Current | 736,200 | 736,200 | 922,138 | 185,938 | 776,446 |
| Installment | 70,000 | 70,000 | 185,445 | 115,445 | 178,632 |
| Total Special Assessments | <u>806,200</u> | <u>806,200</u> | <u>1,107,583</u> | <u>301,383</u> | <u>955,078</u> |
| INTERGOVERNMENTAL | | | | | |
| Federal aid | 194,800 | 160,300 | 560,170 | 399,870 | 88,602 |
| State aid | | | | | |
| Shared taxes | 6,081,100 | 6,081,100 | 6,081,136 | 36 | 7,154,278 |
| Municipal services | 520,000 | 520,000 | 524,830 | 4,830 | 579,408 |
| Utility tax | 400,000 | 400,000 | 434,435 | 34,435 | 351,062 |
| Local streets | 2,430,000 | 2,430,000 | 2,486,321 | 56,321 | 2,762,579 |
| Expenditure restraint program | 1,115,000 | 1,115,000 | 1,168,317 | 53,317 | 1,112,585 |
| Fire insurance | 125,000 | 125,000 | 148,162 | 23,162 | 132,482 |
| Underground tank inspections | 7,000 | 7,000 | 7,034 | 34 | 6,976 |
| Police training | 12,600 | 12,600 | 13,760 | 1,160 | 16,920 |
| Other | 300,000 | 314,300 | 253,272 | (61,028) | 328,678 |
| Total Intergovernmental | <u>11,185,500</u> | <u>11,165,300</u> | <u>11,677,437</u> | <u>512,137</u> | <u>12,533,570</u> |
| LICENSES AND PERMITS | | | | | |
| Television franchise | 625,000 | 625,000 | 681,287 | 56,287 | 653,535 |
| Licenses | 325,300 | 325,300 | 350,723 | 25,423 | 339,445 |
| Permits | 544,800 | 544,800 | 584,382 | 39,582 | 482,809 |
| Total Licenses and Permits | <u>1,495,100</u> | <u>1,495,100</u> | <u>1,616,392</u> | <u>121,292</u> | <u>1,475,789</u> |
| FINES, FORFEITURES AND PENALTIES | | | | | |
| Parking violation fines | 410,000 | 410,000 | 390,569 | (19,431) | 442,336 |
| County court fines | 355,000 | 355,000 | 251,705 | (103,295) | 302,704 |
| Other fines or forfeitures | 4,000 | 4,000 | 3,882 | (118) | 1,571 |
| Total Fines, Forfeitures and Penalties | <u>769,000</u> | <u>769,000</u> | <u>646,156</u> | <u>(122,844)</u> | <u>746,611</u> |

CITY OF EAU CLAIRE

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

For the Year Ended December 31, 2012

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

| | 2012 | | | 2011 | |
|---|-------------------|-------------------|-------------------|-----------------|-------------------|
| | Budgeted Amounts | | Actual | Variance with | |
| | Original | Final | | Final Budget | Actual |
| PUBLIC CHARGES FOR SERVICES | | | | | |
| General government | \$ 54,200 | \$ 54,200 | \$ 56,482 | \$ 2,282 | \$ 54,496 |
| Police and fire | 2,475,200 | 2,475,200 | 2,477,870 | 2,670 | 2,517,794 |
| Public works | 149,000 | 149,000 | 160,312 | 11,312 | 168,421 |
| Parks and recreation | 668,500 | 668,500 | 650,127 | (18,373) | 630,849 |
| Conservation and development | 2,000 | 2,000 | - | (2,000) | 2,912 |
| Other public charges for services | - | - | - | - | 8,481 |
| Total Charges for Services | <u>3,348,900</u> | <u>3,348,900</u> | <u>3,344,791</u> | <u>(4,109)</u> | <u>3,382,953</u> |
| CHARGES FOR SERVICES - INTERGOVERNMENTAL | | | | | |
| Communication center reimbursement | 1,271,900 | 1,271,900 | 1,241,449 | (30,451) | 1,253,864 |
| Police liaison | 190,000 | 190,000 | 193,787 | 3,787 | 191,970 |
| Departmental unfunded pension charge | 145,500 | 145,500 | 145,500 | - | 678,813 |
| Storm water management charge | 354,200 | 354,200 | 354,156 | (44) | 322,848 |
| Sewer utility charge | 419,000 | 419,000 | 418,932 | (68) | 393,828 |
| Water utility service charge | 550,500 | 550,500 | 550,644 | 144 | 504,636 |
| Other service charges | 157,300 | 157,300 | 137,963 | (19,337) | 183,016 |
| Total Charges for Services - Intergovernmental | <u>3,088,400</u> | <u>3,088,400</u> | <u>3,042,431</u> | <u>(45,969)</u> | <u>3,528,975</u> |
| INVESTMENT INCOME | | | | | |
| Investment interest | 300,000 | 300,000 | 266,261 | (33,739) | 341,590 |
| Interest on advance to other funds | 328,700 | 328,700 | 328,798 | 98 | 366,588 |
| Interest on special assessments | 290,000 | 290,000 | 291,444 | 1,444 | 311,055 |
| Other interest | 600 | 600 | - | (600) | - |
| Total Investment Income | <u>919,300</u> | <u>919,300</u> | <u>886,503</u> | <u>(32,797)</u> | <u>1,019,233</u> |
| MISCELLANEOUS | | | | | |
| Rental | | | | | |
| Rental of land and buildings | 52,000 | 52,000 | 48,073 | (3,927) | 55,503 |
| Total Rental | <u>52,000</u> | <u>52,000</u> | <u>48,073</u> | <u>(3,927)</u> | <u>55,503</u> |
| Other | | | | | |
| Donations | - | 2,200 | 14,405 | 12,205 | 22,279 |
| Insurance recoveries | - | 37,100 | 61,923 | 24,823 | - |
| Other miscellaneous | 234,500 | 234,500 | 235,365 | 865 | 320,113 |
| Total Other | <u>234,500</u> | <u>273,800</u> | <u>311,693</u> | <u>37,893</u> | <u>342,392</u> |
| Total Miscellaneous | <u>286,500</u> | <u>325,800</u> | <u>359,766</u> | <u>33,966</u> | <u>397,895</u> |
| Total Revenues | <u>52,710,200</u> | <u>52,729,300</u> | <u>53,433,027</u> | <u>703,727</u> | <u>53,763,305</u> |

CITY OF EAU CLAIRE

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

For the Year Ended December 31, 2012
With Comparative Actual Totals for the Year Ended December 31, 2011

| | 2012 | | | 2011 | |
|---|--------------------------|--------------------------|--------------------------|-------------------------------|--------------------------|
| | Budgeted Amounts | | Actual | Variance with Final Budget | Actual |
| | Original | Final | | | |
| OTHER FINANCING SOURCES | | | | | |
| Transfers from other funds | \$ 684,000 | \$ 715,500 | \$ 163,230 | \$ (552,270) | \$ 174,255 |
| Transfer from water utility - PILOT | 1,555,000 | 1,555,000 | 1,568,601 | 13,601 | 1,497,328 |
| Sale of capital assets | 10,000 | 10,000 | 25,760 | 15,760 | 71,533 |
| Total Other Financing Sources | <u>2,249,000</u> | <u>2,280,500</u> | <u>1,757,591</u> | <u>(522,909)</u> | <u>1,743,116</u> |
| TOTAL REVENUES AND OTHER FINANCING SOURCES | <u>\$ 54,959,200</u> | <u>\$ 55,009,800</u> | <u>\$ 55,190,618</u> | <u>\$ 180,818</u> | <u>\$ 55,506,421</u> |

CITY OF EAU CLAIRE

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

For the Year Ended December 31, 2012
With Comparative Actual Totals for the Year Ended December 31, 2011

| EXPENDITURES | 2012 | | | 2011 | |
|--------------------------------|-------------------|-------------------|-------------------|----------------|-------------------|
| | Budgeted Amounts | | Actual | Variance with | |
| | Original | Final | | Final Budget | Actual |
| GENERAL GOVERNMENT | | | | | |
| City council | \$ 128,400 | \$ 128,400 | \$ 107,089 | \$ 21,311 | \$ 112,851 |
| City manager | 443,900 | 383,900 | 313,754 | 70,146 | 427,947 |
| City clerk/elections | 552,800 | 740,800 | 632,057 | 108,743 | 289,508 |
| Information services | 804,400 | 735,400 | 763,552 | (28,152) | 788,229 |
| Legal | 466,100 | 475,100 | 469,716 | 5,384 | 471,229 |
| Finance | | | | | |
| Administration | 337,600 | 339,700 | 331,128 | 8,572 | 383,885 |
| Accounting | 623,000 | 623,000 | 594,396 | 28,604 | 580,779 |
| Assessing | 510,000 | 510,000 | 489,452 | 20,548 | 478,775 |
| Customer services | 717,000 | 714,900 | 673,843 | 41,057 | 656,391 |
| Total Finance | <u>2,187,600</u> | <u>2,187,600</u> | <u>2,088,819</u> | <u>98,781</u> | <u>2,099,830</u> |
| Human resources | | | | | |
| Purchasing | 237,900 | 237,900 | 230,839 | 7,061 | 228,016 |
| Personnel administration | 622,000 | 622,000 | 575,591 | 46,409 | 553,974 |
| Total Human Resources | <u>859,900</u> | <u>859,900</u> | <u>806,430</u> | <u>53,470</u> | <u>781,990</u> |
| Planning and development | | | | | |
| Community planning | 599,900 | 578,000 | 569,479 | 8,521 | 595,048 |
| Inspection and zoning | 586,200 | 586,200 | 588,265 | (2,065) | 565,367 |
| Total Planning and Development | <u>1,186,100</u> | <u>1,164,200</u> | <u>1,157,744</u> | <u>6,456</u> | <u>1,160,415</u> |
| Total General Government | <u>6,629,200</u> | <u>6,675,300</u> | <u>6,339,161</u> | <u>336,139</u> | <u>6,131,999</u> |
| PUBLIC SAFETY | | | | | |
| Police | | | | | |
| Administration | 1,098,900 | 1,098,400 | 1,089,673 | 8,727 | 1,208,597 |
| Administrative services | 1,480,100 | 1,505,600 | 1,444,016 | 61,584 | 1,428,927 |
| Patrol services | 8,728,700 | 8,611,200 | 8,279,759 | 331,441 | 8,393,787 |
| Investigative services | 2,407,500 | 2,396,500 | 2,472,533 | (76,033) | 2,302,996 |
| Central communications | 1,813,800 | 1,813,800 | 1,770,271 | 43,529 | 1,788,002 |
| Total Police | <u>15,529,000</u> | <u>15,425,500</u> | <u>15,056,252</u> | <u>369,248</u> | <u>15,122,309</u> |
| Fire | | | | | |
| Administration | 745,600 | 745,600 | 672,874 | 72,726 | 834,993 |
| Suppression and rescue | 9,233,600 | 9,247,900 | 9,238,421 | 9,479 | 9,269,394 |
| Prevention and inspection | 500,700 | 501,100 | 515,520 | (14,420) | 503,357 |
| Total Fire | <u>10,479,900</u> | <u>10,494,600</u> | <u>10,426,815</u> | <u>67,785</u> | <u>10,607,744</u> |
| Total Public Safety | <u>26,008,900</u> | <u>25,920,100</u> | <u>25,483,067</u> | <u>437,033</u> | <u>25,730,053</u> |

CITY OF EAU CLAIRE

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

For the Year Ended December 31, 2012

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

| | 2012 | | | 2011 | |
|--|------------------|---------------|---------------|---------------|---------------|
| | Budgeted Amounts | | Actual | Variance with | |
| | Original | Final | | Final Budget | Actual |
| PUBLIC WORKS | | | | | |
| Administration | \$ 374,200 | \$ 374,200 | \$ 360,757 | \$ 13,443 | \$ 382,434 |
| Operations | 6,764,400 | 6,469,100 | 6,186,124 | 282,976 | 6,186,747 |
| Engineering | 1,475,200 | 1,475,200 | 1,378,107 | 97,093 | 1,363,305 |
| Total Public Works | 8,613,800 | 8,318,500 | 7,924,988 | 393,512 | 7,932,486 |
| CULTURE AND RECREATION | | | | | |
| Administration | 467,200 | 492,200 | 448,291 | 43,909 | 498,744 |
| Park maintenance | 2,818,700 | 2,821,800 | 2,916,131 | (94,331) | 2,812,401 |
| Forestry | 564,000 | 564,000 | 603,692 | (39,692) | 514,268 |
| Recreation and playgrounds | 926,000 | 926,000 | 811,006 | 114,994 | 723,326 |
| Total Culture and Recreation | 4,775,900 | 4,804,000 | 4,779,120 | 24,880 | 4,548,739 |
| MISCELLANEOUS | | | | | |
| Payments to other organizations | 127,400 | 127,400 | 126,846 | 554 | 187,890 |
| Contractual services | 145,000 | 91,300 | 59,282 | 32,018 | 94,994 |
| Insurance and retirement | 292,100 | 292,100 | 115,840 | 176,260 | 80,418 |
| Special assessments | 125,000 | 125,000 | 18,833 | 106,167 | 80,351 |
| Illegal taxes and refunds | - | 38,700 | 38,613 | 87 | 4,730 |
| Annexation rebates | 25,500 | 25,500 | 22,230 | 3,270 | 25,511 |
| Contingency | 200,000 | 12,000 | - | 12,000 | - |
| Total Miscellaneous | 915,000 | 712,000 | 381,644 | 330,356 | 473,894 |
| CAPITAL OUTLAY | 9,300 | 46,400 | 67,402 | (21,002) | - |
| Total Expenditures | 46,952,100 | 46,476,300 | 44,975,382 | 1,500,918 | 44,817,171 |
| OTHER FINANCING USES | | | | | |
| Transfers to other funds: | | | | | |
| Special revenue fund | 809,700 | 809,700 | 787,206 | 22,494 | 309,359 |
| Debt service fund | 6,181,000 | 6,181,000 | 6,096,000 | 85,000 | 5,533,800 |
| Capital project funds | 2,332,900 | 2,342,900 | 2,337,900 | 5,000 | 1,781,100 |
| Proprietary funds | 2,286,600 | 2,405,500 | 2,133,967 | 271,533 | 1,624,042 |
| Total Other Financing Uses | 11,610,200 | 11,739,100 | 11,355,073 | 384,027 | 9,248,301 |
| TOTAL EXPENDITURES AND OTHER FINANCING USES | \$ 58,562,300 | \$ 58,215,400 | \$ 56,330,455 | \$ 1,884,945 | \$ 54,065,472 |

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, 2012
With Comparative Actual Totals for the Year Ended December 31, 2011

| | 2012 | | | 2011 | |
|--|---------------------|---------------------|---------------------|-------------------------------|---------------------|
| | Budgeted Amounts | | Actual | Variance with Final Budget | Actual |
| | Original | Final | | | |
| REVENUES | | | | | |
| Special assessments | \$ 820,900 | \$ 820,900 | \$ 822,669 | \$ 1,769 | \$ 932,928 |
| Charges for services - public | 43,100 | 43,100 | 42,500 | (600) | 42,500 |
| Investment income | 10,000 | 10,000 | 10,529 | 529 | 9,997 |
| Total Revenues | <u>874,000</u> | <u>874,000</u> | <u>875,698</u> | <u>1,698</u> | <u>985,425</u> |
| EXPENDITURES | | | | | |
| Current | | | | | |
| General government | 3,500 | 3,500 | 3,400 | 100 | 3,283 |
| Debt Service | | | | | |
| Principal retirement | 5,090,300 | 6,096,500 | 6,096,445 | 55 | 4,659,605 |
| Interest and fiscal charges | <u>2,505,600</u> | <u>2,516,700</u> | <u>2,431,598</u> | <u>85,102</u> | <u>2,433,797</u> |
| Total Expenditures | <u>7,599,400</u> | <u>8,616,700</u> | <u>8,531,443</u> | <u>85,257</u> | <u>7,096,685</u> |
| Deficiency of revenues over expenditures | <u>(6,725,400)</u> | <u>(7,742,700)</u> | <u>(7,655,745)</u> | <u>86,955</u> | <u>(6,111,260)</u> |
| OTHER FINANCING SOURCES | | | | | |
| Refunding long term debt issued | - | 1,017,300 | 1,017,230 | (70) | - |
| Transfers from other funds | <u>6,164,100</u> | <u>6,164,100</u> | <u>6,164,018</u> | <u>(82)</u> | <u>5,602,486</u> |
| Total Other Financing Sources | <u>6,164,100</u> | <u>7,181,400</u> | <u>7,181,248</u> | <u>(152)</u> | <u>5,602,486</u> |
| Net change in fund balances | (561,300) | (561,300) | (474,497) | 86,803 | (508,774) |
| FUND BALANCE - Beginning of Year | <u>6,990,036</u> | <u>6,990,036</u> | <u>6,990,036</u> | - | <u>7,498,810</u> |
| FUND BALANCE - END OF YEAR | <u>\$ 6,428,736</u> | <u>\$ 6,428,736</u> | <u>\$ 6,515,539</u> | <u>\$ 86,803</u> | <u>\$ 6,990,036</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 of the City-County Health Department for county-wide health services.

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

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

Nonmajor Funds – Governmental (cont.)

Debt Service Funds

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

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

Capital Projects Funds

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

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

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

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

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

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
As of December 31, 2012

| | Nonmajor Special Revenue Funds | Nonmajor Debt Service Funds | Nonmajor Capital Projects Funds | Totals |
|--|---|--------------------------------------|--|----------------------|
| ASSETS | | | | |
| Cash and investments | \$ 5,609,146 | \$ 1,150,530 | \$ 16,272,564 | \$ 23,032,240 |
| Receivables | | | | |
| Taxes | 4,588,907 | 132,282 | 1,694,271 | 6,415,460 |
| Accounts | 450,404 | - | 14,003 | 464,407 |
| Notes | 2,978,926 | - | - | 2,978,926 |
| Prepaid items and inventories | 111,421 | - | - | 111,421 |
| Due from other governments | 466,661 | - | 418,367 | 885,028 |
| Due from other funds | 2,035 | - | - | 2,035 |
| Advances to other funds | 400,000 | - | 1,000,000 | 1,400,000 |
| Restricted Assets | | | | |
| Revolving loan sequestered funds | 410,447 | - | - | 410,447 |
| Construction account | - | - | 830,895 | 830,895 |
| TOTAL ASSETS | \$ 15,017,947 | \$ 1,282,812 | \$ 20,230,100 | \$ 36,530,859 |
| LIABILITIES | | | | |
| Accounts payable | \$ 307,908 | \$ - | \$ 1,526,295 | \$ 1,834,203 |
| Accrued liabilities | 297,054 | - | - | 297,054 |
| Deposits | 34,368 | - | 5,000 | 39,368 |
| Due to other governments | 185,156 | - | 346,720 | 531,876 |
| Due to other funds | 10,984 | - | - | 10,984 |
| Due to component unit | 17,705 | - | - | 17,705 |
| Deferred revenues | 8,261,066 | 132,282 | 2,051,965 | 10,445,313 |
| Advances from other funds | - | 111,145 | 3,238,700 | 3,349,845 |
| Total Liabilities | <u>9,114,241</u> | <u>243,427</u> | <u>7,168,680</u> | <u>16,526,348</u> |
| FUND BALANCES | | | | |
| Nonspendable | 111,421 | - | - | 111,421 |
| Restricted | 5,792,285 | 1,135,622 | 5,615,218 | 12,543,125 |
| Assigned | - | - | 9,931,969 | 9,931,969 |
| Unassigned (deficit) | - | (96,237) | (2,485,767) | (2,582,004) |
| Total Fund Balances | <u>5,903,706</u> | <u>1,039,385</u> | <u>13,061,420</u> | <u>20,004,511</u> |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 15,017,947 | \$ 1,282,812 | \$ 20,230,100 | \$ 36,530,859 |

CITY OF EAU CLAIRE

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2012

| | Nonmajor Special Revenue Funds | Nonmajor Debt Service Funds | Nonmajor Capital Projects Funds | Totals |
|---|---|--------------------------------------|--|-------------------|
| REVENUES | | | | |
| Taxes | \$ 6,077,413 | \$ 125,573 | \$ 1,418,640 | \$ 7,621,626 |
| Intergovernmental | 2,434,800 | 3,205 | 391,647 | 2,829,652 |
| Licenses and permits | 379,531 | - | - | 379,531 |
| Fines and forfeitures | 112,301 | - | - | 112,301 |
| Charges for services - public | 400,556 | - | - | 400,556 |
| Charges for services - intergovernmental | 2,159,365 | - | 520 | 2,159,885 |
| Investment income | 33,471 | 1,378 | 45,493 | 80,342 |
| Miscellaneous | | | | |
| Loan repayments | 421,337 | - | - | 421,337 |
| Building rental | 44,000 | - | - | 44,000 |
| Gifts and donations | 90,809 | - | 51,206 | 142,015 |
| Other | 559,323 | - | 147,946 | 707,269 |
| Total Revenues | <u>12,712,906</u> | <u>130,156</u> | <u>2,055,452</u> | <u>14,898,514</u> |
| EXPENDITURES | | | | |
| Current | | | | |
| General government | - | 100 | - | 100 |
| Public safety | 169,961 | - | - | 169,961 |
| Public works | 73,168 | - | 114,282 | 187,450 |
| Health services | 4,982,702 | - | - | 4,982,702 |
| Culture and recreation | 3,548,492 | - | - | 3,548,492 |
| Development | 3,331,049 | 150 | 38,038 | 3,369,237 |
| Capital Outlay | 110,323 | - | 10,511,121 | 10,621,444 |
| Debt Service | | | | |
| Principal retirement | - | 265,000 | 915,000 | 1,180,000 |
| Interest and fiscal charges | - | 61,320 | 570,198 | 631,518 |
| Total Expenditures | <u>12,215,695</u> | <u>326,570</u> | <u>12,148,639</u> | <u>24,690,904</u> |

CITY OF EAU CLAIRE

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2012

| | Nonmajor Special Revenue Funds | Nonmajor Debt Service Funds | Nonmajor Capital Projects Funds | Totals |
|--|---|--------------------------------------|--|----------------------|
| Excess (deficiency) of revenues over expenditures | \$ 497,211 | \$ (196,414) | \$ (10,093,187) | \$ (9,792,390) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Long-term debt issued | - | - | 6,740,000 | 6,740,000 |
| Premium on long-term debt issued | - | - | 51,987 | 51,987 |
| Transfers from other funds | 929,821 | - | 3,080,479 | 4,010,300 |
| Transfers to other funds | (1,175,693) | - | - | (1,175,693) |
| Sale of capital assets | 50 | - | - | 50 |
| Total Other Financing Sources (Uses) | <u>(245,822)</u> | <u>-</u> | <u>9,872,466</u> | <u>9,626,644</u> |
| Net changes in fund balances | 251,389 | (196,414) | (220,721) | (165,746) |
| FUND BALANCES - Beginning of Year | <u>5,652,317</u> | <u>1,235,799</u> | <u>13,282,141</u> | <u>20,170,257</u> |
| FUND BALANCES - END OF YEAR | <u>\$ 5,903,706</u> | <u>\$ 1,039,385</u> | <u>\$ 13,061,420</u> | <u>\$ 20,004,511</u> |

CITY OF EAU CLAIRE

COMBINING BALANCE SHEET -
NONMAJOR SPECIAL REVENUE FUNDS

As of December 31, 2012

| | <u>Cemetery Maintenance</u> | <u>Hazardous Materials Response</u> | <u>Community Development</u> | <u>Home Grant</u> |
|--|---------------------------------|---|----------------------------------|-------------------------|
| ASSETS | | | | |
| Cash and investments | \$ 318,468 | \$ 161,266 | \$ 40,129 | \$ 125 |
| Receivables | | | | |
| Taxes | - | - | - | - |
| Accounts | 5,523 | 10,795 | 20,592 | - |
| Notes | - | - | 1,780,757 | - |
| Prepaid items and inventories | - | 1,013 | 24 | 12 |
| Due from other governments | - | - | 80,416 | 46,783 |
| Due from other funds | - | - | - | - |
| Advances to other funds | - | - | - | - |
| Restricted Assets | | | | |
| Revolving loan sequestered funds | - | - | - | - |
| TOTAL ASSETS | <u>\$ 323,991</u> | <u>\$ 173,074</u> | <u>\$ 1,921,918</u> | <u>\$ 46,920</u> |
| LIABILITIES | | | | |
| Accounts payable | \$ 264 | \$ 115 | \$ 41,386 | \$ 29,305 |
| Accrued liabilities | 5,981 | 84 | 1,038 | 311 |
| Deposits | - | - | - | - |
| Due to other governments | - | - | 1,110 | - |
| Due to other funds | - | - | 2,035 | 8,949 |
| Due to component unit | - | - | 15,118 | 2,587 |
| Deferred revenues | <u>5,523</u> | <u>89,810</u> | <u>1,780,757</u> | <u>-</u> |
| Total Liabilities | <u>11,768</u> | <u>90,009</u> | <u>1,841,444</u> | <u>41,152</u> |
| FUND BALANCES | | | | |
| Nonspendable | - | 1,013 | 24 | 12 |
| Restricted | <u>312,223</u> | <u>82,052</u> | <u>80,450</u> | <u>5,756</u> |
| Total Fund Balances | <u>312,223</u> | <u>83,065</u> | <u>80,474</u> | <u>5,768</u> |
| TOTAL LIABILITIES AND FUND BALANCES | <u>\$ 323,991</u> | <u>\$ 173,074</u> | <u>\$ 1,921,918</u> | <u>\$ 46,920</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> |
|---------------------------------|----------------------------------|---------------------------|--|------------------------------|---------------------------------------|----------------------|
| \$ 2,980,198 | \$ 46,697 | \$ 804,174 | \$ 1,122,568 | \$ 104,785 | \$ 30,736 | \$ 5,609,146 |
| - | - | 2,891,000 | 1,697,907 | - | - | 4,588,907 |
| - | 124,382 | 259,615 | 29,497 | - | - | 450,404 |
| 1,183,586 | 14,583 | - | - | - | - | 2,978,926 |
| - | - | 34,727 | 75,645 | - | - | 111,421 |
| - | - | - | 339,462 | - | - | 466,661 |
| - | - | - | 2,035 | - | - | 2,035 |
| 400,000 | - | - | - | - | - | 400,000 |
| 410,447 | - | - | - | - | - | 410,447 |
| <u>\$ 4,974,231</u> | <u>\$ 185,662</u> | <u>\$ 3,989,516</u> | <u>\$ 3,267,114</u> | <u>\$ 104,785</u> | <u>\$ 30,736</u> | <u>\$ 15,017,947</u> |
| \$ 915 | \$ 79,711 | \$ 88,627 | \$ 50,235 | \$ 276 | \$ 17,074 | \$ 307,908 |
| 6,936 | - | 94,359 | 183,070 | 5,275 | - | 297,054 |
| - | - | - | 20,706 | - | 13,662 | 34,368 |
| - | - | 25 | 184,021 | - | - | 185,156 |
| - | - | - | - | - | - | 10,984 |
| - | - | - | - | - | - | 17,705 |
| <u>1,183,586</u> | <u>14,583</u> | <u>3,137,498</u> | <u>2,049,309</u> | <u>-</u> | <u>-</u> | <u>8,261,066</u> |
| <u>1,191,437</u> | <u>94,294</u> | <u>3,320,509</u> | <u>2,487,341</u> | <u>5,551</u> | <u>30,736</u> | <u>9,114,241</u> |
| - | - | 34,727 | 75,645 | - | - | 111,421 |
| <u>3,782,794</u> | <u>91,368</u> | <u>634,280</u> | <u>704,128</u> | <u>99,234</u> | <u>-</u> | <u>5,792,285</u> |
| <u>3,782,794</u> | <u>91,368</u> | <u>669,007</u> | <u>779,773</u> | <u>99,234</u> | <u>-</u> | <u>5,903,706</u> |
| <u>\$ 4,974,231</u> | <u>\$ 185,662</u> | <u>\$ 3,989,516</u> | <u>\$ 3,267,114</u> | <u>\$ 104,785</u> | <u>\$ 30,736</u> | <u>\$ 15,017,947</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, 2012

| | Cemetery Maintenance | Hazardous Materials Response | Community Development | Home Grant | Economic Development |
|--|-------------------------|------------------------------------|--------------------------|-----------------|-------------------------|
| REVENUES | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - |
| Intergovernmental | - | 158,030 | 1,020,296 | 462,876 | - |
| Licenses and permits | - | - | - | - | - |
| Fines and forfeitures | - | - | - | - | - |
| Charges for services - public | 158,812 | 353 | - | - | - |
| Charges for services - intergovernmental | - | - | - | - | - |
| Investment income | - | 500 | - | - | 32,121 |
| Miscellaneous | | | | | |
| Loan repayments | - | - | 319,501 | 9,106 | 92,730 |
| Building rental | - | - | - | - | 44,000 |
| Gifts and donations | - | - | - | - | - |
| Other | 278,976 | - | - | - | 1,806 |
| Total Revenues | <u>437,788</u> | <u>158,883</u> | <u>1,339,797</u> | <u>471,982</u> | <u>170,657</u> |
| EXPENDITURES | | | | | |
| Current | | | | | |
| Public safety | - | 169,961 | - | - | - |
| Public works | - | - | - | - | - |
| Health services | 366,913 | - | - | - | - |
| Culture and recreation | - | - | - | - | - |
| Development | - | - | 1,048,630 | 468,874 | 661,370 |
| Capital Outlay | - | - | 103,775 | - | - |
| Total Expenditures | <u>366,913</u> | <u>169,961</u> | <u>1,152,405</u> | <u>468,874</u> | <u>661,370</u> |
| Excess (deficiency) of revenues over expenditures | <u>70,875</u> | <u>(11,078)</u> | <u>187,392</u> | <u>3,108</u> | <u>(490,713)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers from other funds | 187,206 | - | - | - | 600,000 |
| Transfers to other funds | - | - | (225,275) | - | (80,000) |
| Sale of capital assets | - | - | - | - | - |
| Total Other Financing Sources (Uses) | <u>187,206</u> | <u>-</u> | <u>(225,275)</u> | <u>-</u> | <u>520,000</u> |
| Net change in fund balances | 258,081 | (11,078) | (37,883) | 3,108 | 29,287 |
| FUND BALANCES - Beginning of Year | <u>54,142</u> | <u>94,143</u> | <u>118,357</u> | <u>2,660</u> | <u>3,753,507</u> |
| FUND BALANCES - END OF YEAR | <u>\$ 312,223</u> | <u>\$ 83,065</u> | <u>\$ 80,474</u> | <u>\$ 5,768</u> | <u>\$ 3,782,794</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> |
|----------------------------------|---------------------------|--|------------------------------|---------------------------------------|---------------------|
| \$ 1,491,413 | \$ 2,891,300 | \$ 1,694,700 | \$ - | \$ - | \$ 6,077,413 |
| - | - | 793,598 | - | - | 2,434,800 |
| - | - | 379,531 | - | - | 379,531 |
| - | 112,301 | - | - | - | 112,301 |
| - | 5,743 | 162,480 | - | 73,168 | 400,556 |
| - | 592,650 | 1,566,715 | - | - | 2,159,365 |
| 500 | 350 | - | - | - | 33,471 |
| - | - | - | - | - | 421,337 |
| - | - | - | - | - | 44,000 |
| - | 36,417 | 392 | 54,000 | - | 90,809 |
| - | 265,775 | 12,766 | - | - | 559,323 |
| <u>1,491,913</u> | <u>3,904,536</u> | <u>4,610,182</u> | <u>54,000</u> | <u>73,168</u> | <u>12,712,906</u> |
| - | - | - | - | - | 169,961 |
| - | - | - | - | 73,168 | 73,168 |
| - | - | 4,615,789 | - | - | 4,982,702 |
| - | 3,548,492 | - | - | - | 3,548,492 |
| 1,048,755 | - | - | 103,420 | - | 3,331,049 |
| - | 6,548 | - | - | - | 110,323 |
| <u>1,048,755</u> | <u>3,555,040</u> | <u>4,615,789</u> | <u>103,420</u> | <u>73,168</u> | <u>12,215,695</u> |
| <u>443,158</u> | <u>349,496</u> | <u>(5,607)</u> | <u>(49,420)</u> | - | <u>497,211</u> |
| - | - | 62,615 | 80,000 | - | 929,821 |
| (471,400) | (370,880) | (28,138) | - | - | (1,175,693) |
| - | 50 | - | - | - | 50 |
| <u>(471,400)</u> | <u>(370,830)</u> | <u>34,477</u> | <u>80,000</u> | - | <u>(245,822)</u> |
| (28,242) | (21,334) | 28,870 | 30,580 | - | 251,389 |
| <u>119,610</u> | <u>690,341</u> | <u>750,903</u> | <u>68,654</u> | - | <u>5,652,317</u> |
| <u>\$ 91,368</u> | <u>\$ 669,007</u> | <u>\$ 779,773</u> | <u>\$ 99,234</u> | <u>\$ -</u> | <u>\$ 5,903,706</u> |

CITY OF EAU CLAIRE

COMBINING BALANCE SHEET -
NONMAJOR DEBT SERVICE FUNDS
As of December 31, 2012

| | Debt Service - TIF No. 6 | Debt Service - TIF No. 7 | Totals |
|---|--------------------------------|--------------------------------|-------------------------|
| ASSETS | | | |
| Cash and investments | \$ 1,135,622 | \$ 14,908 | \$ 1,150,530 |
| Receivables | | | |
| Taxes | <u>-</u> | <u>132,282</u> | <u>132,282</u> |
| TOTAL ASSETS | <u>\$ 1,135,622</u> | <u>\$ 147,190</u> | <u>\$ 1,282,812</u> |
| LIABILITIES | | | |
| Deferred revenues | \$ - | \$ 132,282 | \$ 132,282 |
| Advances from other funds | <u>-</u> | <u>111,145</u> | <u>111,145</u> |
| Total Liabilities | <u>-</u> | <u>243,427</u> | <u>243,427</u> |
| FUND BALANCES (DEFICIT) | | | |
| Restricted | 1,135,622 | - | 1,135,622 |
| Unassigned (deficit) | <u>-</u> | <u>(96,237)</u> | <u>(96,237)</u> |
| Total Fund Balances (Deficit) | <u>1,135,622</u> | <u>(96,237)</u> | <u>1,039,385</u> |
| TOTAL LIABILITIES AND FUND BALANCES | <u>\$ 1,135,622</u> | <u>\$ 147,190</u> | <u>\$ 1,282,812</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, 2012

| | Debt Service - <u>TIF No. 6</u> | Debt Service - <u>TIF No. 7</u> | <u>Totals</u> |
|---|---------------------------------------|---------------------------------------|---------------------|
| REVENUES | | | |
| Taxes | \$ - | \$ 125,573 | \$ 125,573 |
| Intergovernmental | - | 3,205 | 3,205 |
| Investment income | <u>1,378</u> | <u>-</u> | <u>1,378</u> |
| Total Revenues | <u>1,378</u> | <u>128,778</u> | <u>130,156</u> |
| EXPENDITURES | | | |
| Current | | | |
| General government | - | 100 | 100 |
| Development | - | 150 | 150 |
| Debt Service | | | |
| Principal retirement | 105,000 | 160,000 | 265,000 |
| Interest and fiscal charges | <u>22,700</u> | <u>38,620</u> | <u>61,320</u> |
| Total Expenditures | <u>127,700</u> | <u>198,870</u> | <u>326,570</u> |
| Net change in fund balances | (126,322) | (70,092) | (196,414) |
| FUND BALANCES (DEFICIT) - Beginning of Year | <u>1,261,944</u> | <u>(26,145)</u> | <u>1,235,799</u> |
| FUND BALANCES (DEFICIT) - END OF YEAR | <u>\$ 1,135,622</u> | <u>\$ (96,237)</u> | <u>\$ 1,039,385</u> |

CITY OF EAU CLAIRE

COMBINING BALANCE SHEET -
NONMAJOR CAPITAL PROJECTS FUNDS
As of December 31, 2012

| | TIF No. 5 Gateway NW Business Park | TIF No. 8 Downtown Development | TIF No. 9 Gateway NW Business Park Overlay | Bridge Projects |
|--|--|--------------------------------------|---|---------------------|
| ASSETS | | | | |
| Cash and investments | \$ 2,696,545 | \$ 752,933 | \$ 224,641 | \$ 1,098,241 |
| Receivables | | | | |
| Taxes | 943,551 | 697,864 | 52,856 | - |
| Accounts | - | - | - | - |
| Due from other governments | - | - | - | 117 |
| Advances to other funds | - | - | - | - |
| Restricted assets | | | | |
| Construction account | - | - | - | - |
| TOTAL ASSETS | <u>\$ 3,640,096</u> | <u>\$ 1,450,797</u> | <u>\$ 277,497</u> | <u>\$ 1,098,358</u> |
| LIABILITIES | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ - |
| Deposits | - | - | - | - |
| Due to other governments | - | - | - | - |
| Deferred revenues | 943,551 | 697,864 | 52,856 | 117 |
| Advances from other funds | - | 3,238,700 | - | - |
| Total Liabilities | <u>943,551</u> | <u>3,936,564</u> | <u>52,856</u> | <u>117</u> |
| FUND BALANCES (DEFICIT) | | | | |
| Restricted | 2,696,545 | - | 224,641 | 59,304 |
| Assigned | - | - | - | 1,038,937 |
| Unassigned (deficit) | - | (2,485,767) | - | - |
| Total Fund Balances (Deficit) | <u>2,696,545</u> | <u>(2,485,767)</u> | <u>224,641</u> | <u>1,098,241</u> |
| TOTAL LIABILITIES AND FUND BALANCES | <u>\$ 3,640,096</u> | <u>\$ 1,450,797</u> | <u>\$ 277,497</u> | <u>\$ 1,098,358</u> |

| <u>Street 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> |
|----------------------------|--|--|---|--|----------------------|
| \$ 3,518,888 | \$ 3,610,645 | \$ 1,473,300 | \$ 2,262,338 | \$ 635,033 | \$ 16,272,564 |
| - | - | - | - | - | 1,694,271 |
| - | - | 14,003 | - | - | 14,003 |
| 154,082 | 208,941 | 55,227 | - | - | 418,367 |
| 1,000,000 | - | - | - | - | 1,000,000 |
| - | 830,895 | - | - | - | 830,895 |
| <u>\$ 4,672,970</u> | <u>\$ 4,650,481</u> | <u>\$ 1,542,530</u> | <u>\$ 2,262,338</u> | <u>\$ 635,033</u> | <u>\$ 20,230,100</u> |
| \$ 1,313,738 | \$ 101,419 | \$ 17,657 | \$ 2,041 | \$ 91,440 | \$ 1,526,295 |
| - | - | 5,000 | - | - | 5,000 |
| - | 346,720 | - | - | - | 346,720 |
| 154,082 | 188,403 | 15,092 | - | - | 2,051,965 |
| - | - | - | - | - | 3,238,700 |
| <u>1,467,820</u> | <u>636,542</u> | <u>37,749</u> | <u>2,041</u> | <u>91,440</u> | <u>7,168,680</u> |
| 643,398 | 1,044,618 | 6,836 | 396,283 | 543,593 | 5,615,218 |
| 2,561,752 | 2,969,321 | 1,497,945 | 1,864,014 | - | 9,931,969 |
| - | - | - | - | - | (2,485,767) |
| <u>3,205,150</u> | <u>4,013,939</u> | <u>1,504,781</u> | <u>2,260,297</u> | <u>543,593</u> | <u>13,061,420</u> |
| <u>\$ 4,672,970</u> | <u>\$ 4,650,481</u> | <u>\$ 1,542,530</u> | <u>\$ 2,262,338</u> | <u>\$ 635,033</u> | <u>\$ 20,230,100</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, 2012

| | TIF No. 5 Gateway NW Business Park | TIF No. 8 Downtown Development | TIF No. 9 Gateway NW Business Park Overlay | Bridge Projects |
|--|--|--------------------------------------|---|---------------------|
| REVENUES | | | | |
| Taxes | \$ 718,365 | \$ 645,191 | \$ 55,084 | \$ - |
| Intergovernmental | 8,175 | 68,393 | 196 | - |
| Charges for services - intergovernmental | - | - | - | - |
| Investment income | 7,820 | 2,390 | 609 | 2,980 |
| Miscellaneous | | | | |
| Gifts and donations | - | - | - | - |
| Other | - | - | - | - |
| Total Revenues | <u>734,360</u> | <u>715,974</u> | <u>55,889</u> | <u>2,980</u> |
| EXPENDITURES | | | | |
| Current | | | | |
| Public works | - | - | - | - |
| Development | 150 | 37,738 | 150 | - |
| Capital Outlay | - | - | - | 6,308 |
| Debt Service | | | | |
| Principal retirement | 400,000 | 515,000 | - | - |
| Interest and fiscal charges | 192,093 | 294,790 | - | - |
| Total Expenditures | <u>592,243</u> | <u>847,528</u> | <u>150</u> | <u>6,308</u> |
| Excess (deficiency) of revenues over expenditures | <u>142,117</u> | <u>(131,554)</u> | <u>55,739</u> | <u>(3,328)</u> |
| OTHER FINANCING SOURCES | | | | |
| Long-term debt issued | - | - | - | - |
| Premium on long-term debt issued | - | - | - | - |
| Transfers from other funds | - | - | - | 100,000 |
| Total Other Financing Sources | <u>-</u> | <u>-</u> | <u>-</u> | <u>100,000</u> |
| Net change in fund balances | 142,117 | (131,554) | 55,739 | 96,672 |
| FUND BALANCES (DEFICIT) - Beginning of Year | <u>2,554,428</u> | <u>(2,354,213)</u> | <u>168,902</u> | <u>1,001,569</u> |
| FUND BALANCES (DEFICIT) - END OF YEAR | <u>\$ 2,696,545</u> | <u>\$ (2,485,767)</u> | <u>\$ 224,641</u> | <u>\$ 1,098,241</u> |

| Street Projects | Buildings and Equipment | Parks and Recreation Projects | Environmental Improvements- Landfill | Library Buildings & Equipment | Totals |
|---------------------|-------------------------------|-------------------------------------|--|-------------------------------------|----------------------|
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ 1,418,640 |
| 157,177 | 117,567 | 40,139 | - | - | 391,647 |
| - | 520 | - | - | - | 520 |
| 9,404 | 9,540 | 3,770 | 6,560 | 2,420 | 45,493 |
| - | - | 41,290 | - | 9,916 | 51,206 |
| - | 24,552 | 123,394 | - | - | 147,946 |
| <u>166,581</u> | <u>152,179</u> | <u>208,593</u> | <u>6,560</u> | <u>12,336</u> | <u>2,055,452</u> |
| - | 59,631 | - | 54,651 | - | 114,282 |
| - | - | - | - | - | 38,038 |
| 6,630,014 | 2,583,954 | 572,608 | 87,427 | 630,810 | 10,511,121 |
| - | - | - | - | - | 915,000 |
| 70,801 | 12,514 | - | - | - | 570,198 |
| <u>6,700,815</u> | <u>2,656,099</u> | <u>572,608</u> | <u>142,078</u> | <u>630,810</u> | <u>12,148,639</u> |
| <u>(6,534,234)</u> | <u>(2,503,920)</u> | <u>(364,015)</u> | <u>(135,518)</u> | <u>(618,474)</u> | <u>(10,093,187)</u> |
| 5,740,000 | 1,000,000 | - | - | - | 6,740,000 |
| 51,987 | - | - | - | - | 51,987 |
| <u>799,100</u> | <u>1,425,602</u> | <u>329,777</u> | <u>95,000</u> | <u>331,000</u> | <u>3,080,479</u> |
| <u>6,591,087</u> | <u>2,425,602</u> | <u>329,777</u> | <u>95,000</u> | <u>331,000</u> | <u>9,872,466</u> |
| 56,853 | (78,318) | (34,238) | (40,518) | (287,474) | (220,721) |
| <u>3,148,297</u> | <u>4,092,257</u> | <u>1,539,019</u> | <u>2,300,815</u> | <u>831,067</u> | <u>13,282,141</u> |
| <u>\$ 3,205,150</u> | <u>\$ 4,013,939</u> | <u>\$ 1,504,781</u> | <u>\$ 2,260,297</u> | <u>\$ 543,593</u> | <u>\$ 13,061,420</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, 2012
With Comparative Actual Totals for the Year Ended December 31, 2011

| | Cemetery Maintenance | | | | |
|--|----------------------|------------|------------|---------------|------------|
| | 2012 | | | 2011 | |
| | Budgeted Amounts | | | Variance with | |
| | Original | Final | Actual | Final Budget | Actual |
| REVENUES | | | | | |
| Charges for services - public | \$ 184,200 | \$ 184,200 | \$ 158,812 | \$ (25,388) | \$ 165,782 |
| Miscellaneous | | | | | |
| Gifts and donations | - | - | - | - | 10 |
| Other | - | 26,200 | 278,976 | 252,776 | - |
| Total Revenues | 184,200 | 210,400 | 437,788 | 227,388 | 165,792 |
| EXPENDITURES | | | | | |
| Current | | | | | |
| Health services | 393,900 | 420,100 | 366,913 | 53,187 | 375,151 |
| Excess (deficiency) of revenues over expenditures | (209,700) | (209,700) | 70,875 | 280,575 | (209,359) |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers from other funds | 209,700 | 209,700 | 187,206 | (22,494) | 209,359 |
| Net change in fund balances | - | - | 258,081 | 258,081 | - |
| FUND BALANCES - Beginning of Year | 54,142 | 54,142 | 54,142 | - | 54,142 |
| FUND BALANCES - END OF YEAR | \$ 54,142 | \$ 54,142 | \$ 312,223 | \$ 258,081 | \$ 54,142 |

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, 2012
With Comparative Actual Totals for the Year Ended December 31, 2011

| | Hazardous Materials Response | | | | |
|-----------------------------------|------------------------------|------------|------------|-------------------------------|-----------|
| | 2012 | | | 2011 | |
| | Budgeted Amounts | | Actual | Variance with Final Budget | Actual |
| Original | Final | | | | |
| REVENUES | | | | | |
| Intergovernmental | \$ 160,000 | \$ 160,000 | \$ 158,030 | \$ (1,970) | \$ 79,015 |
| Charges for services - public | 3,000 | 3,000 | 353 | (2,647) | 5,238 |
| Investment income | 400 | 400 | 500 | 100 | 1,060 |
| Total Revenues | 163,400 | 163,400 | 158,883 | (4,517) | 85,313 |
| EXPENDITURES | | | | | |
| Current | | | | | |
| Public safety | 186,900 | 186,900 | 169,961 | 16,939 | 179,355 |
| Net change in fund balances | (23,500) | (23,500) | (11,078) | 12,422 | (94,042) |
| FUND BALANCES - Beginning of Year | 94,143 | 94,143 | 94,143 | - | 188,185 |
| FUND BALANCES - END OF YEAR | \$ 70,643 | \$ 70,643 | \$ 83,065 | \$ 12,422 | \$ 94,143 |

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, 2012
With Comparative Actual Totals for the Year Ended December 31, 2011

| | Economic Development | | | | |
|--|----------------------|--------------|--------------|---------------|--------------|
| | 2012 | | | 2011 | |
| | Budgeted Amounts | | | Variance with | |
| | Original | Final | Actual | Final Budget | Actual |
| REVENUES | | | | | |
| Investment income | \$ 31,600 | \$ 31,600 | \$ 32,121 | \$ 521 | \$ 45,761 |
| Miscellaneous | | | | | |
| Loan repayments | 207,300 | 207,300 | 92,730 | (114,570) | 457,309 |
| Building rental | 44,000 | 44,000 | 44,000 | - | 58,363 |
| Other | 200 | 2,000 | 1,806 | (194) | 10,118 |
| Total Revenues | 283,100 | 284,900 | 170,657 | (114,243) | 571,551 |
| EXPENDITURES | | | | | |
| Current | | | | | |
| Development | 737,700 | 720,500 | 661,370 | 59,130 | 492,215 |
| Excess (deficiency) of revenues over expenditures | (454,600) | (435,600) | (490,713) | (55,113) | 79,336 |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers from other funds | 600,000 | 600,000 | 600,000 | - | 100,000 |
| Transfers to other funds | (80,000) | (80,000) | (80,000) | - | (80,000) |
| Other Financing Sources (Uses) | 520,000 | 520,000 | 520,000 | - | 20,000 |
| Net change in fund balances | 65,400 | 84,400 | 29,287 | (55,113) | 99,336 |
| FUND BALANCES - Beginning of Year | 3,753,507 | 3,753,507 | 3,753,507 | - | 3,654,171 |
| FUND BALANCES - END OF YEAR | \$ 3,818,907 | \$ 3,837,907 | \$ 3,782,794 | \$ (55,113) | \$ 3,753,507 |

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, 2012
With Comparative Actual Totals for the Year Ended December 31, 2011

| | Community Enhancement | | | | |
|--------------------------------------|-----------------------|--------------|--------------|---------------|--------------|
| | 2012 | | | 2011 | |
| | Budgeted Amounts | | | Variance with | |
| | Original | Final | Actual | Final Budget | Actual |
| REVENUES | | | | | |
| Taxes | \$ 1,350,000 | \$ 1,429,800 | \$ 1,491,413 | \$ 61,613 | \$ 1,416,083 |
| Investment income | 300 | 300 | 500 | 200 | 590 |
| Total Revenues | 1,350,300 | 1,430,100 | 1,491,913 | 61,813 | 1,416,673 |
| EXPENDITURES | | | | | |
| Current | | | | | |
| Development | 969,200 | 1,049,000 | 1,048,755 | 245 | 1,003,151 |
| Excess of revenues over expenditures | 381,100 | 381,100 | 443,158 | 62,058 | 413,522 |
| OTHER FINANCING USES | | | | | |
| Transfers to other funds | (471,400) | (471,400) | (471,400) | - | (358,000) |
| Net change in fund balances | (90,300) | (90,300) | (28,242) | 62,058 | 55,522 |
| FUND BALANCES - Beginning of Year | 119,610 | 119,610 | 119,610 | - | 64,088 |
| FUND BALANCES - END OF YEAR | \$ 29,310 | \$ 29,310 | \$ 91,368 | \$ 62,058 | \$ 119,610 |

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, 2012
With Comparative Actual Totals for the Year Ended December 31, 2011

| | Public Library | | | | |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|
| | 2012 | | | 2011 | |
| | Budgeted Amounts | | | Variance with | |
| | Original | Final | Actual | Final Budget | Actual |
| REVENUES | | | | | |
| Taxes | \$ 2,891,300 | \$ 2,891,300 | \$ 2,891,300 | \$ - | \$ 2,866,700 |
| Intergovernmental | - | - | - | - | 1,027 |
| Fines and forfeitures | 115,000 | 115,000 | 112,301 | (2,699) | 117,922 |
| Charges for services - public | 5,800 | 5,800 | 5,743 | (57) | 5,248 |
| Charges for services - intergovernmental | 577,800 | 577,800 | 592,650 | 14,850 | 610,724 |
| Investment income | - | - | 350 | 350 | 870 |
| Miscellaneous | | | | | |
| Gifts and donations | 24,000 | 50,600 | 36,417 | (14,183) | 87,932 |
| Other | 279,100 | 279,100 | 265,775 | (13,325) | 267,457 |
| Total Revenues | <u>3,893,000</u> | <u>3,919,600</u> | <u>3,904,536</u> | <u>(15,064)</u> | <u>3,957,880</u> |
| EXPENDITURES | | | | | |
| Current | | | | | |
| Culture and recreation | 3,803,600 | 3,833,800 | 3,548,492 | 285,308 | 3,670,268 |
| Capital Outlay | 8,000 | 8,000 | 6,548 | 1,452 | 48,347 |
| Total Expenditures | <u>3,811,600</u> | <u>3,841,800</u> | <u>3,555,040</u> | <u>286,760</u> | <u>3,718,615</u> |
| Excess of revenues over expenditures | <u>81,400</u> | <u>77,800</u> | <u>349,496</u> | <u>271,696</u> | <u>239,265</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers to other funds | (370,900) | (370,900) | (370,880) | 20 | (366,048) |
| Sale of capital assets | - | - | 50 | 50 | - |
| Total Other Financing Sources (Uses) | <u>(370,900)</u> | <u>(370,900)</u> | <u>(370,830)</u> | <u>70</u> | <u>(366,048)</u> |
| Net change in fund balances | (289,500) | (293,100) | (21,334) | 271,766 | (126,783) |
| FUND BALANCES - Beginning of Year | <u>690,341</u> | <u>690,341</u> | <u>690,341</u> | - | <u>817,124</u> |
| FUND BALANCES - END OF YEAR | <u>\$ 400,841</u> | <u>\$ 397,241</u> | <u>\$ 669,007</u> | <u>\$ 271,766</u> | <u>\$ 690,341</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, 2012
With Comparative Actual Totals for the Year Ended December 31, 2011

| | City-County Health Department | | | | |
|--|-------------------------------|-------------------|-------------------|-------------------|-------------------|
| | 2012 | | | 2011 | |
| | Budgeted Amounts | | | Variance with | |
| | Original | Final | Actual | Final Budget | Actual |
| REVENUES | | | | | |
| Taxes | \$ 1,694,700 | \$ 1,694,700 | \$ 1,694,700 | \$ - | \$ 1,695,500 |
| Special assessments | - | - | - | - | 25 |
| Intergovernmental | 1,112,600 | 1,041,500 | 793,598 | (247,902) | 1,018,022 |
| Licenses and permits | 354,200 | 354,200 | 379,531 | 25,331 | 345,013 |
| Charges for services - public | 147,300 | 165,700 | 162,480 | (3,220) | 122,659 |
| Charges for services - intergovernmental | 1,331,300 | 1,370,400 | 1,566,715 | 196,315 | 1,383,608 |
| Miscellaneous | | | | | |
| Gifts and donations | - | - | 392 | 392 | 95 |
| Other | 10,000 | - | 12,766 | 12,766 | 10,462 |
| Total Revenues | <u>4,650,100</u> | <u>4,626,500</u> | <u>4,610,182</u> | <u>(16,318)</u> | <u>4,575,384</u> |
| EXPENDITURES | | | | | |
| Current | | | | | |
| Health services | <u>4,788,900</u> | <u>4,820,800</u> | <u>4,615,789</u> | <u>205,011</u> | <u>4,650,791</u> |
| Excess (deficiency) of revenues over expenditures | <u>(138,800)</u> | <u>(194,300)</u> | <u>(5,607)</u> | <u>188,693</u> | <u>(75,407)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers from other funds | 57,200 | 62,700 | 62,615 | (85) | 59,879 |
| Transfers to other funds | <u>(28,200)</u> | <u>(28,200)</u> | <u>(28,138)</u> | <u>62</u> | <u>(28,638)</u> |
| Total Other Financing Sources (Uses) | <u>29,000</u> | <u>34,500</u> | <u>34,477</u> | <u>(23)</u> | <u>31,241</u> |
| Net change in fund balances | (109,800) | (159,800) | 28,870 | 188,670 | (44,166) |
| FUND BALANCES - Beginning of Year | <u>750,903</u> | <u>750,903</u> | <u>750,903</u> | <u>-</u> | <u>795,069</u> |
| FUND BALANCES - END OF YEAR | <u>\$ 641,103</u> | <u>\$ 591,103</u> | <u>\$ 779,773</u> | <u>\$ 188,670</u> | <u>\$ 750,903</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, 2012
With Comparative Actual Totals for the Year Ended December 31, 2011

| | Downtown Partners | | | | |
|--|-------------------|------------------|------------------|-------------------------------|------------------|
| | 2012 | | | 2011 | |
| | Budgeted Amounts | | Actual | Variance with Final Budget | Actual |
| Original | Final | | | | |
| REVENUES | | | | | |
| Miscellaneous | | | | | |
| Gifts and donations | \$ 54,000 | \$ 54,000 | \$ 54,000 | \$ - | \$ 54,000 |
| EXPENDITURES | | | | | |
| Current | | | | | |
| Development | <u>144,800</u> | <u>144,800</u> | <u>103,420</u> | <u>41,380</u> | <u>114,773</u> |
| Deficiency of revenues over expenditures | (90,800) | (90,800) | (49,420) | 41,380 | (60,773) |
| OTHER FINANCING SOURCES | | | | | |
| Transfers from other funds | <u>80,000</u> | <u>80,000</u> | <u>80,000</u> | <u>-</u> | <u>80,000</u> |
| Net change in fund balances | (10,800) | (10,800) | 30,580 | 41,380 | 19,227 |
| FUND BALANCES - Beginning of Year | <u>68,654</u> | <u>68,654</u> | <u>68,654</u> | <u>-</u> | <u>49,427</u> |
| FUND BALANCES - END OF YEAR | <u>\$ 57,854</u> | <u>\$ 57,854</u> | <u>\$ 99,234</u> | <u>\$ 41,380</u> | <u>\$ 68,654</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, 2012
With Comparative Actual Totals for the Year Ended December 31, 2011

| | Former Landfill Escrow | | | | |
|-----------------------------------|------------------------|-------------|-------------|-------------------------------|-------------|
| | 2012 | | | 2011 | |
| | Budgeted Amounts | | Actual | Variance with Final Budget | Actual |
| | Original | Final | | | |
| REVENUES | | | | | |
| Charges for services - public | \$ 150,000 | \$ 150,000 | \$ 73,168 | \$ (76,832) | \$ 68,310 |
| EXPENDITURES | | | | | |
| Current | | | | | |
| Public works | 150,000 | 150,000 | 73,168 | 76,832 | 68,310 |
| Net change in fund balances | - | - | - | - | - |
| FUND BALANCES - Beginning of Year | - | - | - | - | - |
| FUND BALANCES - END OF YEAR | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

CITY OF EAU CLAIRE

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL
NONMAJOR GOVERNMENTAL FUNDS (WITH ANNUAL BUDGETS)
For the Year Ended December 31, 2012
With Comparative Actual Totals for the Year Ended December 31, 2011

| | Debt Service - TIF No. 6 | | | | |
|-----------------------------------|--------------------------|--------------|--------------|-------------------------------|--------------|
| | 2012 | | | 2011 | |
| | Budgeted Amounts | | Actual | Variance with Final Budget | Actual |
| Original | Final | | | | |
| REVENUES | | | | | |
| Investment income | \$ 500 | \$ 500 | \$ 1,378 | \$ 878 | \$ 1,402 |
| EXPENDITURES | | | | | |
| Current | | | | | |
| General government | 200 | 200 | - | 200 | - |
| Debt Service | | | | | |
| Principal retirement | 105,000 | 105,000 | 105,000 | - | 105,000 |
| Interest and fiscal charges | 22,700 | 22,700 | 22,700 | - | 26,900 |
| Total Expenditures | 127,900 | 127,900 | 127,700 | 200 | 131,900 |
| Net change in fund balances | (127,400) | (127,400) | (126,322) | 1,078 | (130,498) |
| FUND BALANCES - Beginning of Year | 1,261,944 | 1,261,944 | 1,261,944 | - | 1,392,442 |
| FUND BALANCES - END OF YEAR | \$ 1,134,544 | \$ 1,134,544 | \$ 1,135,622 | \$ 1,078 | \$ 1,261,944 |

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, 2012
With Comparative Actual Totals for the Year Ended December 31, 2011

| | Debt Service - TIF No. 7 | | | | |
|--|--------------------------|--------------------|--------------------|-------------------------------|--------------------|
| | 2012 | | | 2011 | |
| | Budgeted Amounts | | Actual | Variance with Final Budget | Actual |
| | Original | Final | | | |
| REVENUES | | | | | |
| Taxes | | | | | |
| Real and personal property | \$ 124,900 | \$ 124,900 | \$ 125,573 | \$ 673 | \$ 141,109 |
| Intergovernmental | 3,400 | 3,400 | 3,205 | (195) | 4,581 |
| Investment income | 200 | 200 | - | (200) | 34 |
| Total Revenues | <u>128,500</u> | <u>128,500</u> | <u>128,778</u> | <u>278</u> | <u>145,724</u> |
| EXPENDITURES | | | | | |
| Current | | | | | |
| General government | 100 | 100 | 100 | - | 99 |
| Development | 200 | 200 | 150 | 50 | 150 |
| Debt Service | | | | | |
| Principal retirement | 160,000 | 160,000 | 160,000 | - | 145,000 |
| Interest and fiscal charges | <u>38,700</u> | <u>38,700</u> | <u>38,620</u> | <u>80</u> | <u>44,579</u> |
| Total Expenditures | <u>199,000</u> | <u>199,000</u> | <u>198,870</u> | <u>130</u> | <u>189,828</u> |
| Deficiency of revenues over expenditures | (70,500) | (70,500) | (70,092) | 408 | (44,104) |
| OTHER FINANCING SOURCES | | | | | |
| Transfers from other funds | <u>85,000</u> | <u>85,000</u> | <u>-</u> | <u>(85,000)</u> | <u>-</u> |
| Net change in fund balances | 14,500 | 14,500 | (70,092) | (84,592) | (44,104) |
| FUND BALANCES - Beginning of Year | <u>(26,145)</u> | <u>(26,145)</u> | <u>(26,145)</u> | <u>-</u> | <u>17,959</u> |
| FUND BALANCES - END OF YEAR | <u>\$ (11,645)</u> | <u>\$ (11,645)</u> | <u>\$ (96,237)</u> | <u>\$ (84,592)</u> | <u>\$ (26,145)</u> |

Nonmajor Enterprise Funds

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

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

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

CITY OF EAU CLAIRE

COMBINING STATEMENT OF NET POSITION -
NONMAJOR ENTERPRISE FUNDS

As of December 31, 2012

| | <u>Parking Utility</u> | <u>Hobbs Ice Center</u> | <u>Outdoor Pool</u> | <u>Total Nonmajor Enterprise Funds</u> |
|--|----------------------------|-----------------------------|-------------------------|--|
| ASSETS | | | | |
| Current Assets | | | | |
| Cash and investments | \$ 424,465 | \$ 160,405 | \$ 762,373 | \$ 1,347,243 |
| Accounts receivable, net | 1,299 | 159,036 | 2,600 | 162,935 |
| Due from other governments | - | 49,870 | - | 49,870 |
| Total Current Assets | <u>425,764</u> | <u>369,311</u> | <u>764,973</u> | <u>1,560,048</u> |
| Noncurrent Assets | | | | |
| Capital assets | | | | |
| Construction in progress | - | - | 700,972 | 700,972 |
| Land | 645,196 | 5,000 | - | 650,196 |
| Capital assets | 6,567,630 | 8,361,193 | 2,070,166 | 16,998,989 |
| Less accumulated depreciation | <u>(4,179,690)</u> | <u>(2,068,821)</u> | <u>(996,958)</u> | <u>(7,245,469)</u> |
| Total Capital Assets (Net of Accumulated depreciation) | <u>3,033,136</u> | <u>6,297,372</u> | <u>1,774,180</u> | <u>11,104,688</u> |
| Total Noncurrent Assets | <u>3,033,136</u> | <u>6,297,372</u> | <u>1,774,180</u> | <u>11,104,688</u> |
| Total Assets | <u>3,458,900</u> | <u>6,666,683</u> | <u>2,539,153</u> | <u>12,664,736</u> |
| LIABILITIES | | | | |
| Current Liabilities | | | | |
| Accounts payable | 7,970 | 6,152 | 248,984 | 263,106 |
| Accrued payroll and payroll taxes | 2,442 | 12,428 | 724 | 15,594 |
| Accrued compensated absences | 2,524 | 8,359 | 776 | 11,659 |
| Deposits | 8 | 403 | 632 | 1,043 |
| Due to other governments | 1,519 | 1,320 | 31 | 2,870 |
| Due to other funds | - | 181,420 | - | 181,420 |
| Current portion of advances | - | 195,000 | - | 195,000 |
| Total Current Liabilities | <u>14,463</u> | <u>405,082</u> | <u>251,147</u> | <u>670,692</u> |
| Noncurrent Liabilities | | | | |
| Advances from other funds | - | 3,465,000 | - | 3,465,000 |
| Other post-employment benefits | - | 11,487 | - | 11,487 |
| Total Noncurrent Liabilities | <u>-</u> | <u>3,476,487</u> | <u>-</u> | <u>3,476,487</u> |
| Total Liabilities | <u>14,463</u> | <u>3,881,569</u> | <u>251,147</u> | <u>4,147,179</u> |
| NET POSITION | | | | |
| Net investment in capital assets | 3,033,136 | 6,297,372 | 1,774,180 | 11,104,688 |
| Unrestricted (deficit) | <u>411,301</u> | <u>(3,512,258)</u> | <u>513,826</u> | <u>(2,587,131)</u> |
| TOTAL NET POSITION | <u>\$ 3,444,437</u> | <u>\$ 2,785,114</u> | <u>\$ 2,288,006</u> | <u>\$ 8,517,557</u> |

CITY OF EAU CLAIRE

COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
NONMAJOR ENTERPRISE FUNDS
For the Year Ended December 31, 2012

| | Parking Utility | Hobbs Ice Center | Outdoor Pool | Total Nonmajor Enterprise Funds |
|--|---------------------|---------------------|---------------------|--|
| OPERATING REVENUES | | | | |
| Charges for services | \$ 194,258 | \$ 695,623 | \$ 242,323 | \$ 1,132,204 |
| Other | 35 | 88,029 | 22,350 | 110,414 |
| Total Operating Revenues | <u>194,293</u> | <u>783,652</u> | <u>264,673</u> | <u>1,242,618</u> |
| OPERATING EXPENSES | | | | |
| Personal services | 60,710 | 242,135 | 182,030 | 484,875 |
| Contractual services | 46,499 | 70,636 | 19,071 | 136,206 |
| Supplies and materials | 21,738 | 47,673 | 55,954 | 125,365 |
| Utilities | 58,183 | 267,237 | 33,476 | 358,896 |
| Depreciation | 227,251 | 370,171 | 46,719 | 644,141 |
| Administrative | 13,211 | 9,093 | 6,295 | 28,599 |
| Total Operating Expenses | <u>427,592</u> | <u>1,006,945</u> | <u>343,545</u> | <u>1,778,082</u> |
| Operating income (loss) | <u>(233,299)</u> | <u>(223,293)</u> | <u>(78,872)</u> | <u>(535,464)</u> |
| NONOPERATING EXPENSES | | | | |
| Net gain on disposal of capital assets | - | 34,699 | - | 34,699 |
| Interest expense | - | (119,665) | - | (119,665) |
| Total Nonoperating Revenues (Expenses) | <u>-</u> | <u>(84,966)</u> | <u>-</u> | <u>(84,966)</u> |
| Loss before operating transfers and contributions | <u>(233,299)</u> | <u>(308,259)</u> | <u>(78,872)</u> | <u>(620,430)</u> |
| Transfers from other funds | <u>90,000</u> | <u>206,885</u> | <u>811,168</u> | <u>1,108,053</u> |
| Change in net position | <u>(143,299)</u> | <u>(101,374)</u> | <u>732,296</u> | <u>487,623</u> |
| NET POSITION - Beginning of Year | <u>3,587,736</u> | <u>2,886,488</u> | <u>1,555,710</u> | <u>8,029,934</u> |
| NET POSITION - END OF YEAR | <u>\$ 3,444,437</u> | <u>\$ 2,785,114</u> | <u>\$ 2,288,006</u> | <u>\$ 8,517,557</u> |

CITY OF EAU CLAIRE

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
For the Year Ended December 31, 2012

| | Parking Utility | Hobbs Ice Center | Outdoor Pool | Total Nonmajor Enterprise Funds |
|--|--------------------|---------------------|--------------------|--|
| CASH FLOWS FROM (USED BY) OPERATING ACTIVITIES | | | | |
| Cash received from customers | \$ 193,327 | \$ 734,531 | \$ 262,401 | \$ 1,190,259 |
| Cash paid to suppliers for goods and services | (134,724) | (341,070) | (115,065) | (590,859) |
| Cash paid to employees for services | (59,878) | (235,112) | (182,136) | (477,126) |
| Net Cash Flows From (Used By) Operating Activities | <u>(1,275)</u> | <u>158,349</u> | <u>(34,800)</u> | <u>122,274</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | |
| Transfers from other funds | <u>90,000</u> | <u>206,885</u> | <u>811,168</u> | <u>1,108,053</u> |
| CASH FLOWS FROM (USED BY) CAPITAL AND RELATED FINANCING ACTIVITIES | | | | |
| Acquisition and construction of capital assets | (137,803) | (113,600) | (437,259) | (688,662) |
| Principal paid on capital advances from other funds | - | (190,000) | - | (190,000) |
| Interest paid on capital advances from other funds | - | (119,665) | - | (119,665) |
| Proceeds from sale of capital assets | - | 66,799 | - | 66,799 |
| Net Cash Flows From (Used By) Capital and Related Financing Activities | <u>(137,803)</u> | <u>(356,466)</u> | <u>(437,259)</u> | <u>(931,528)</u> |
| Net Increase in Cash and Cash Equivalents | (49,078) | 8,768 | 339,109 | 298,799 |
| CASH AND CASH EQUIVALENTS - Beginning of Year | <u>473,543</u> | <u>151,637</u> | <u>423,264</u> | <u>1,048,444</u> |
| CASH AND CASH EQUIVALENTS - END OF YEAR | <u>\$ 424,465</u> | <u>\$ 160,405</u> | <u>\$ 762,373</u> | <u>\$ 1,347,243</u> |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Operating income (loss) | \$ (233,299) | \$ (223,293) | \$ (78,872) | \$ (535,464) |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows From Operating Activities | | | | |
| Noncash items included in income | | | | |
| Depreciation | 227,251 | 370,171 | 46,719 | 644,141 |
| Change in assets and liabilities | | | | |
| Accounts receivable | (966) | (49,119) | (2,207) | (52,292) |
| Accounts payable | 5,354 | (2,902) | (265) | 2,187 |
| Due to other funds | - | 56,502 | - | 56,502 |
| Other liabilities | 385 | 3,959 | (110) | 4,234 |
| Other post-employment benefits | - | 3,033 | - | 3,033 |
| Customer deposits | - | (2) | (65) | (67) |
| NET CASH FLOWS FROM (USED BY) OPERATING ACTIVITIES | <u>\$ (1,275)</u> | <u>\$ 158,349</u> | <u>\$ (34,800)</u> | <u>\$ 122,274</u> |

NONCASH CAPITAL, INVESTING AND FINANCING ACTIVITIES

The following funds had accrued accounts payable for capital assets acquired prior to December 31, 2012:

| | |
|-----------------|----------|
| Parking Utility | \$ 1,990 |
| Outdoor Pool | 248,984 |

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 POSITION -
INTERNAL SERVICE FUNDS
As of December 31, 2012

| | Risk Management | Central Equipment | Totals |
|---|---------------------|----------------------|----------------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash and investments | \$ 8,000,920 | \$ 7,223,218 | \$ 15,224,138 |
| Accounts receivable, net | 235,307 | 830 | 236,137 |
| Due from other governments | 22,490 | 31,984 | 54,474 |
| Due from component unit | - | 1,425 | 1,425 |
| Inventories | - | 427,513 | 427,513 |
| Prepaid items | - | 4,275 | 4,275 |
| Total Current Assets | <u>8,258,717</u> | <u>7,689,245</u> | <u>15,947,962</u> |
| Noncurrent Assets | | | |
| Escrow account | 276,218 | - | 276,218 |
| Deposit in insurance pools | 766,496 | - | 766,496 |
| Advances to other funds | 1,838,700 | - | 1,838,700 |
| Capital assets | | | |
| Construction in progress | - | 232,994 | 232,994 |
| Land | - | 235,899 | 235,899 |
| Land improvements | - | 16,677 | 16,677 |
| Intangible assets | - | 217,528 | 217,528 |
| Buildings | - | 5,710,107 | 5,710,107 |
| Equipment | - | 295,783 | 295,783 |
| Rental equipment | - | 15,989,394 | 15,989,394 |
| Less: Accumulated depreciation | - | <u>(12,252,261)</u> | <u>(12,252,261)</u> |
| Total Capital Assets (Net of Accumulated Depreciation) | - | 10,446,121 | 10,446,121 |
| Total Noncurrent Assets | <u>2,881,414</u> | <u>10,446,121</u> | <u>13,327,535</u> |
| Total Assets | <u>11,140,131</u> | <u>18,135,366</u> | <u>29,275,497</u> |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Accounts payable | 126,053 | 173,310 | 299,363 |
| Accrued payroll and payroll taxes | 6,962 | 25,406 | 32,368 |
| Accrued compensated absences | 8,789 | 27,060 | 35,849 |
| Current portion of unpaid claims | 220,000 | - | 220,000 |
| Total Current Liabilities | <u>361,804</u> | <u>225,776</u> | <u>587,580</u> |
| Noncurrent Liabilities | | | |
| Other post-employment benefits | 4,595 | 109,127 | 113,722 |
| Unpaid claims | 1,608,291 | - | 1,608,291 |
| Total Noncurrent Liabilities | <u>1,612,886</u> | <u>109,127</u> | <u>1,722,013</u> |
| Total Liabilities | <u>1,974,690</u> | <u>334,903</u> | <u>2,309,593</u> |
| NET POSITION | | | |
| Net investment in capital assets | - | 10,446,121 | 10,446,121 |
| Restricted for deposits | 1,042,714 | - | 1,042,714 |
| Unrestricted | 8,122,727 | 7,354,342 | 15,477,069 |
| TOTAL NET POSITION | <u>\$ 9,165,441</u> | <u>\$ 17,800,463</u> | <u>\$ 26,965,904</u> |

CITY OF EAU CLAIRE

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2012

| | Risk Management | Central Equipment | Totals |
|---|---------------------|----------------------|----------------------|
| OPERATING REVENUES | | | |
| Charges for services | \$ 1,818,285 | \$ 1,186,251 | \$ 3,004,536 |
| Rental of equipment | - | 3,053,614 | 3,053,614 |
| Total Charges for Services | <u>1,818,285</u> | <u>4,239,865</u> | <u>6,058,150</u> |
| Other | | | |
| Repayment of insurance claims | 304,534 | - | 304,534 |
| Building rental | - | 183,905 | 183,905 |
| Miscellaneous | - | 4,865 | 4,865 |
| Total Operating Revenues | <u>2,122,819</u> | <u>4,428,635</u> | <u>6,551,454</u> |
| OPERATING EXPENSES | | | |
| Personal services | 155,652 | 698,955 | 854,607 |
| Contractual services | 51,956 | 253,749 | 305,705 |
| Supplies and materials | 3,275 | 1,632,913 | 1,636,188 |
| Utilities | 231 | 108,195 | 108,426 |
| Depreciation | - | 1,190,512 | 1,190,512 |
| Administrative | - | 146,782 | 146,782 |
| Claims | 2,326,831 | - | 2,326,831 |
| Total Operating Expenses | <u>2,537,945</u> | <u>4,031,106</u> | <u>6,569,051</u> |
| Operating income (loss) | <u>(415,126)</u> | <u>397,529</u> | <u>(17,597)</u> |
| NONOPERATING REVENUES (EXPENSES) | | | |
| Operating grants | 22,490 | - | 22,490 |
| Investment income | 30,068 | - | 30,068 |
| Net loss on disposal of capital assets | - | (11,520) | (11,520) |
| Total Nonoperating Revenues (Expenses) | <u>52,558</u> | <u>(11,520)</u> | <u>41,038</u> |
| Income (loss) before transfers | <u>(362,568)</u> | <u>386,009</u> | <u>23,441</u> |
| TRANSFERS | | | |
| Transfers from other funds | - | 37,500 | 37,500 |
| Transfers to other funds | (95,000) | - | (95,000) |
| Total Transfers | <u>(95,000)</u> | <u>37,500</u> | <u>(57,500)</u> |
| Change in net position | (457,568) | 423,509 | (34,059) |
| NET POSITION - Beginning of Year | <u>9,623,009</u> | <u>17,376,954</u> | <u>26,999,963</u> |
| NET POSITION - END OF YEAR | <u>\$ 9,165,441</u> | <u>\$ 17,800,463</u> | <u>\$ 26,965,904</u> |

CITY OF EAU CLAIRE

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2012

| | Risk Management | Central Equipment | Totals |
|---|---------------------|----------------------|----------------------|
| CASH FLOWS FROM (USED BY) OPERATING ACTIVITIES | | | |
| Cash received from customers | \$ 1,811,883 | \$ 4,410,861 | \$ 6,222,744 |
| Cash payments to suppliers for goods and services | (27,179) | (2,137,217) | (2,164,396) |
| Cash payments to employees for services | (151,866) | (669,926) | (821,792) |
| Claims paid | (2,088,335) | - | (2,088,335) |
| Repayment of insurance claims | 304,534 | - | 304,534 |
| Net Cash Flows from (Used By) Operating Activities | <u>(150,963)</u> | <u>1,603,718</u> | <u>1,452,755</u> |
| CASH FLOWS FROM (USED BY) NONCAPITAL FINANCING ACTIVITIES | | | |
| Transfers from other funds | - | 37,500 | 37,500 |
| Transfers to other funds | <u>(95,000)</u> | <u>-</u> | <u>(95,000)</u> |
| Net Cash Flows from (Used By) Noncapital Financing Activities | <u>(95,000)</u> | <u>37,500</u> | <u>(57,500)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Investment income | <u>30,068</u> | <u>-</u> | <u>30,068</u> |
| CASH FLOWS FROM (USED BY) CAPITAL AND RELATED FINANCING ACTIVITIES | | | |
| Acquisition and construction of capital assets | - | (1,216,415) | (1,216,415) |
| Proceeds from sale of capital assets | <u>-</u> | <u>62,752</u> | <u>62,752</u> |
| Net Cash Flows From (Used By) Capital and Related Financing Activities | <u>-</u> | <u>(1,153,663)</u> | <u>(1,153,663)</u> |
| Net increase (decrease) in cash and cash equivalents | (215,895) | 487,555 | 271,660 |
| CASH AND CASH EQUIVALENTS - Beginning of Year | <u>8,493,033</u> | <u>6,735,663</u> | <u>15,228,696</u> |
| CASH AND CASH EQUIVALENTS - END OF YEAR | <u>\$ 8,277,138</u> | <u>\$ 7,223,218</u> | <u>\$ 15,500,356</u> |
| RECONCILIATION OF CASH AND CASH EQUIVALENTS | | | |
| Cash and Cash Equivalents per Statement of Net Position | \$ 8,000,920 | \$ 7,223,218 | \$ 15,224,138 |
| Restricted Cash and Investments | <u>276,218</u> | <u>-</u> | <u>276,218</u> |
| CASH AND CASH EQUIVALENTS PER STATEMENT OF CASH FLOWS | <u>\$ 8,277,138</u> | <u>\$ 7,223,218</u> | <u>\$ 15,500,356</u> |

| | <u>Risk Management</u> | <u>Central Equipment</u> | <u>Totals</u> |
|--|----------------------------|------------------------------|-------------------------|
| RECONCILIATION OF OPERATING INCOME (LOSS) TO CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Operating income (loss) | \$ (415,126) | \$ 397,529 | \$ (17,597) |
| Adjustments to reconcile operating income (loss) to net cash flows from operating activities: | | | |
| Depreciation | - | 1,190,512 | 1,190,512 |
| Change in assets and liabilities: | | | |
| Accounts receivable | (6,402) | (17,774) | (24,176) |
| Inventories | - | 4,768 | 4,768 |
| Prepays | - | (4,275) | (4,275) |
| Accounts payable | 28,283 | 3,929 | 32,212 |
| Accrued liabilities | 2,572 | 211 | 2,783 |
| Other post-employment benefits | 1,214 | 28,818 | 30,032 |
| Unpaid claims | <u>238,496</u> | <u>-</u> | <u>238,496</u> |
| NET CASH FLOWS FROM (USED BY) OPERATING ACTIVITIES | <u>\$ (150,963)</u> | <u>\$ 1,603,718</u> | <u>\$ 1,452,755</u> |

NON-CASH CAPITAL, INVESTING AND FINANCING ACTIVITIES:

Central Equipment had accrued \$86,422 of accounts payable for capital assets acquired prior to December 31, 2012.

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, 2012

| <u>Tax Collection Fund</u> | <u>Balance Jan. 1, 2012</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance Dec. 31, 2012</u> |
|----------------------------|---------------------------------|-----------------------|-----------------------|----------------------------------|
| ASSETS | | | | |
| Cash and investments | \$ 9,784,657 | \$ 90,720,027 | \$ 90,586,239 | \$ 9,918,445 |
| Taxes receivable | <u>55,700,435</u> | <u>74,790,042</u> | <u>75,411,083</u> | <u>55,079,394</u> |
| TOTAL ASSETS | <u>\$ 65,485,092</u> | <u>\$ 165,510,069</u> | <u>\$ 165,997,322</u> | <u>\$ 64,997,839</u> |
| LIABILITIES | | | | |
| Due to other taxing units | <u>\$ 65,485,092</u> | <u>\$ 64,997,839</u> | <u>\$ 65,485,092</u> | <u>\$ 64,997,839</u> |

Major Governmental Component Unit

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

CITY OF EAU CLAIRE

BALANCE SHEET
MAJOR GOVERNMENTAL COMPONENT UNIT
As of December 31, 2012

| | South Barstow Business Improvement District |
|--|--|
| ASSETS | |
| Cash and investments | \$ 78,731 |
| Receivables | |
| Special assessments | <u>80,000</u> |
| TOTAL ASSETS | <u>\$ 158,731</u> |
| LIABILITIES AND FUND BALANCES | |
| Accounts payable | \$ 2,140 |
| Deferred revenue | <u>80,000</u> |
| Total Liabilities | <u>82,140</u> |
| Fund Balances | |
| Restricted | <u>76,591</u> |
| Total Fund Balances | <u>76,591</u> |
| TOTAL LIABILITIES AND FUND BALANCES | <u>\$ 158,731</u> |

CITY OF EAU CLAIRE

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE MAJOR GOVERNMENTAL COMPONENT UNIT For the Year Ended December 31, 2012

| | South Barstow Business Improvement District |
|-----------------------------------|--|
| REVENUES | |
| Special assessments | \$ 80,000 |
| Investment income | 320 |
| Miscellaneous | |
| Other | 150 |
| Total Revenues | <u>80,470</u> |
| EXPENDITURES | |
| Current | |
| Contractual services | 63,388 |
| Supplies and materials | <u>14,103</u> |
| Total Expenditures | <u>77,491</u> |
| Net change in fund balances | 2,979 |
| FUND BALANCES - Beginning of Year | <u>73,612</u> |
| FUND BALANCES - END OF YEAR | <u>\$ 76,591</u> |

Nonmajor Component Units

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

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

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

CITY OF EAU CLAIRE

COMBINING STATEMENT OF NET POSITION
NONMAJOR COMPONENT UNITS
As of December 31, 2012

| | West Grand Business Improvement District | Water Street Business Improvement District | North Barstow/ Medical Business Improvement District | Totals |
|----------------------|---|---|--|-------------------|
| ASSETS | | | | |
| Cash and investments | \$ 6,172 | \$ 48,642 | \$ 175,694 | \$ 230,508 |
| Receivables | | | | |
| Special assessments | 13,000 | 10,000 | 44,000 | 67,000 |
| Notes | 6,249 | - | - | 6,249 |
| Total Assets | <u>25,421</u> | <u>58,642</u> | <u>219,694</u> | <u>303,757</u> |
| LIABILITIES | | | | |
| Accounts payable | - | 2,361 | - | 2,361 |
| Unearned revenue | 13,000 | 10,000 | 44,000 | 67,000 |
| Total Liabilities | <u>13,000</u> | <u>12,361</u> | <u>44,000</u> | <u>69,361</u> |
| NET POSITION | | | | |
| Restricted | <u>12,421</u> | <u>46,281</u> | <u>175,694</u> | <u>234,396</u> |
| TOTAL NET POSITION | <u>\$ 12,421</u> | <u>\$ 46,281</u> | <u>\$ 175,694</u> | <u>\$ 234,396</u> |

CITY OF EAU CLAIRE
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL COMPONENT UNITS
As of December 31, 2012

| | West Grand Business Improvement District | Water Street Business Improvement District | North Barstow/ Medical Business Improvement District | Totals |
|--|---|---|--|--------------------------|
| ASSETS | | | | |
| Cash and investments | \$ 6,172 | \$ 48,642 | \$ 175,694 | \$ 230,508 |
| Receivables | | | | |
| Special assessments | 13,000 | 10,000 | 44,000 | 67,000 |
| Notes | 6,249 | - | - | 6,249 |
| TOTAL ASSETS | <u>\$ 25,421</u> | <u>\$ 58,642</u> | <u>\$ 219,694</u> | <u>\$ 303,757</u> |
| LIABILITIES AND FUND BALANCES | | | | |
| Accounts payable | \$ - | \$ 2,361 | \$ - | \$ 2,361 |
| Deferred revenue | 19,249 | 10,000 | 44,000 | 73,249 |
| Total Liabilities | <u>19,249</u> | <u>12,361</u> | <u>44,000</u> | <u>75,610</u> |
| Fund Balances | | | | |
| Restricted | 6,172 | 46,281 | 175,694 | 228,147 |
| Total Fund Balances | <u>6,172</u> | <u>46,281</u> | <u>175,694</u> | <u>228,147</u> |
| TOTAL LIABILITIES AND FUND BALANCES | <u>\$ 25,421</u> | <u>\$ 58,642</u> | <u>\$ 219,694</u> | <u>\$ 303,757</u> |
| AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION ARE DIFFERENT BECAUSE | | | | |
| Fund balance at year end | \$ 6,172 | \$ 46,281 | \$ 175,694 | \$ 228,147 |
| Notes receivable are long-term assets that are not available to pay for current-period expenditures and, therefore, are deferred in the funds. | 6,249 | - | - | 6,249 |
| NET POSITION AT YEAR END | <u>\$ 12,421</u> | <u>\$ 46,281</u> | <u>\$ 175,694</u> | <u>\$ 234,396</u> |

CITY OF EAU CLAIRE

COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL COMPONENT UNITS
For the Year Ended December 31, 2012

| | West Grand Business Improvement District | Water Street Business Improvement District | North Barstow/ Medical Business Improvement District | Totals |
|-----------------------------------|---|---|--|-------------------|
| REVENUES | | | | |
| Special assessments | \$ 13,000 | \$ 9,500 | \$ 44,000 | \$ 66,500 |
| Investment income | 40 | 150 | 529 | 719 |
| Miscellaneous | | | | |
| Gifts and donations | 250 | 3,150 | - | 3,400 |
| Other | 1,806 | - | 1,109 | 2,915 |
| Total Revenues | <u>15,096</u> | <u>12,800</u> | <u>45,638</u> | <u>73,534</u> |
| EXPENDITURES | | | | |
| Current | | | | |
| Contractual services | 17,091 | 13,007 | 22,850 | 52,948 |
| Supplies and materials | - | 120 | - | 120 |
| Total Expenditures | <u>17,091</u> | <u>13,127</u> | <u>22,850</u> | <u>53,068</u> |
| Net change in fund balances | (1,995) | (327) | 22,788 | 20,466 |
| FUND BALANCES - Beginning of Year | <u>8,167</u> | <u>46,608</u> | <u>152,906</u> | <u>207,681</u> |
| FUND BALANCES - END OF YEAR | <u>\$ 6,172</u> | <u>\$ 46,281</u> | <u>\$ 175,694</u> | <u>\$ 228,147</u> |

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

| | | | | |
|---|-----------------|-----------------|------------------|------------------|
| Net change in fund balances | \$ (1,995) | \$ (327) | \$ 22,788 | \$ 20,466 |
| 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 | 5,000 | - | - | 5,000 |
| Repayment of principal on loans recognized as revenue on fund statements | <u>(1,806)</u> | <u>-</u> | <u>(1,109)</u> | <u>(2,915)</u> |
| CHANGE IN NET POSITION | <u>\$ 1,199</u> | <u>\$ (327)</u> | <u>\$ 21,679</u> | <u>\$ 22,551</u> |

STATISTICAL SECTION (Unaudited)

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

FINANCIAL TRENDS - TABLES 1-4

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

REVENUE CAPACITY - TABLES 5-21

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

DEBT CAPACITY - TABLES 22-28

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

DEMOGRAPHIC AND ECONOMIC INFORMATION - TABLES 29-30

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

OPERATING INFORMATION - TABLES 31-37

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

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

CITY OF EAU CLAIRE

TABLE 1
NET POSITION BY COMPONENT
Last Ten Fiscal Years
(Accrual Basis of Accounting)

| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Governmental activities | | | | | | | | | | |
| Net investment in capital assets | \$ 77,072,420 | \$ 80,885,102 | \$ 84,287,120 | \$ 92,019,758 | \$ 91,774,543 | \$ 94,701,258 | \$ 88,485,022 | \$ 90,572,719 | \$ 98,427,662 | \$ 97,125,034 |
| Restricted | 14,619,800 | 16,788,904 | 18,133,306 | 19,613,325 | 19,993,642 | 18,725,047 | 17,257,799 | 14,905,845 | 26,402,223 | 24,967,847 |
| Unrestricted | <u>38,307,037</u> | <u>34,715,716</u> | <u>30,056,232</u> | <u>32,529,957</u> | <u>33,619,637</u> | <u>41,631,592</u> | <u>51,074,170</u> | <u>50,715,707</u> | <u>34,201,343</u> | <u>32,209,137</u> |
| Total governmental activities net position | <u>129,999,257</u> | <u>132,389,722</u> | <u>132,476,658</u> | <u>144,163,040</u> | <u>145,387,822</u> | <u>155,057,897</u> | <u>156,816,991</u> | <u>156,194,271</u> | <u>159,031,228</u> | <u>154,302,018</u> |
| Business-type activities | | | | | | | | | | |
| Net investment in capital assets | 105,722,026 | 118,330,734 | 123,247,987 | 127,757,415 | 131,320,732 | 136,900,275 | 142,147,587 | 144,754,595 | 149,683,001 | 154,554,974 |
| Restricted | 3,332,207 | 1,496,244 | 2,366,744 | 2,379,744 | 2,683,138 | 2,337,580 | 1,720,280 | 1,756,280 | 1,738,780 | 1,734,280 |
| Unrestricted | <u>13,332,743</u> | <u>14,853,887</u> | <u>14,878,421</u> | <u>14,066,385</u> | <u>18,485,636</u> | <u>16,261,525</u> | <u>14,752,404</u> | <u>14,596,965</u> | <u>16,269,324</u> | <u>17,163,338</u> |
| Total business-type activities net position | <u>122,386,976</u> | <u>134,680,865</u> | <u>140,493,152</u> | <u>144,203,544</u> | <u>152,489,506</u> | <u>155,499,380</u> | <u>158,620,271</u> | <u>161,107,840</u> | <u>167,691,105</u> | <u>173,452,592</u> |
| Primary government | | | | | | | | | | |
| Net investment in capital assets (1) | 182,794,446 | 199,215,836 | 206,184,638 | 218,562,857 | 218,170,512 | 227,571,273 | 226,794,574 | 231,714,628 | 244,774,021 | 248,657,334 |
| Restricted | 17,952,007 | 18,285,148 | 20,500,050 | 21,993,069 | 22,676,780 | 21,062,627 | 18,978,079 | 16,662,125 | 28,141,003 | 26,702,127 |
| Unrestricted (1) | <u>51,639,780</u> | <u>49,569,603</u> | <u>46,285,122</u> | <u>47,810,658</u> | <u>57,030,036</u> | <u>61,923,377</u> | <u>69,664,609</u> | <u>68,925,358</u> | <u>53,807,309</u> | <u>52,395,149</u> |
| Total primary government net position | <u>\$252,386,233</u> | <u>\$267,070,587</u> | <u>\$272,969,810</u> | <u>\$288,366,584</u> | <u>\$297,877,328</u> | <u>\$310,557,277</u> | <u>\$315,437,262</u> | <u>\$317,302,111</u> | <u>\$326,722,333</u> | <u>\$327,754,610</u> |

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

Source: City of Eau Claire Comprehensive Annual Financial Reports

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

CITY OF EAU CLAIRE

TABLE 2
CHANGES IN NET POSITION
Last Ten Fiscal Years
(Accrual Basis of Accounting)

| Expenses | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Governmental activities: | | | | | | | | | | |
| General government | \$ 8,520,660 | \$ 7,643,250 | \$ 7,857,938 | \$ 6,493,902 | \$ 6,464,010 | \$ 8,357,900 | \$ 6,914,248 | \$ 7,413,879 | \$ 7,688,891 | \$ 7,784,358 |
| Public safety | 20,070,417 | 20,202,687 | 21,546,332 | 23,034,101 | 23,743,952 | 25,983,790 | 25,574,799 | 27,320,440 | 28,078,889 | 28,215,577 |
| Public works | 10,183,902 | 11,236,713 | 12,411,408 | 11,533,035 | 12,080,012 | 13,574,402 | 14,203,614 | 14,006,148 | 12,092,862 | 14,777,016 |
| Health services | 4,023,159 | 4,175,651 | 4,409,322 | 4,436,211 | 4,677,429 | 4,836,338 | 5,079,081 | 5,128,740 | 5,296,571 | 5,177,080 |
| Culture and recreation | 9,283,774 | 7,522,475 | 7,406,964 | 8,105,219 | 8,646,899 | 8,701,253 | 8,745,604 | 8,993,462 | 9,990,949 | 10,957,742 |
| Development | 2,931,989 | 2,267,591 | 3,653,040 | 2,359,672 | 3,281,340 | 3,426,710 | 3,111,437 | 3,329,286 | 5,347,354 | 3,598,455 |
| Interest and fiscal charges | <u>1,791,084</u> | <u>2,054,281</u> | <u>2,053,323</u> | <u>2,106,598</u> | <u>2,046,007</u> | <u>2,664,817</u> | <u>2,814,770</u> | <u>2,985,972</u> | <u>3,070,331</u> | <u>2,984,386</u> |
| Total governmental activities expense | <u>56,804,985</u> | <u>55,102,648</u> | <u>59,338,327</u> | <u>58,068,738</u> | <u>60,939,649</u> | <u>67,545,210</u> | <u>66,443,553</u> | <u>69,177,927</u> | <u>71,565,847</u> | <u>73,494,614</u> |
| Business-type activities | | | | | | | | | | |
| Water Utility | 5,010,412 | 5,143,065 | 5,424,169 | 5,439,753 | 5,787,761 | 6,313,831 | 6,403,962 | 6,561,935 | 6,336,311 | 6,231,089 |
| Sewer Utility | 5,089,211 | 5,158,959 | 5,349,773 | 5,558,045 | 5,476,435 | 6,018,079 | 5,987,480 | 6,451,288 | 6,328,716 | 6,832,166 |
| Storm Water Utility | 1,628,456 | 1,482,635 | 1,823,011 | 2,064,283 | 2,066,896 | 2,289,679 | 2,117,002 | 2,153,306 | 2,944,824 | 2,888,377 |
| Public Transit | 3,982,644 | 4,103,773 | 4,427,330 | 4,770,055 | 4,864,830 | 5,130,887 | 4,795,731 | 5,194,260 | 5,745,719 | 5,531,514 |
| Parking Utility | 408,357 | 391,267 | 419,801 | 445,732 | 454,931 | 473,048 | 484,008 | 496,319 | 408,272 | 429,501 |
| Hobbs Ice Center | 503,345 | 519,838 | 564,079 | 621,290 | 589,633 | 622,235 | 703,386 | 991,013 | 1,116,011 | 1,128,084 |
| Outdoor Pool | <u>367,367</u> | <u>319,825</u> | <u>343,552</u> | <u>354,369</u> | <u>373,385</u> | <u>402,603</u> | <u>369,257</u> | <u>350,890</u> | <u>346,058</u> | <u>344,940</u> |
| Total business-type activities expenses | <u>16,989,792</u> | <u>17,119,362</u> | <u>18,351,715</u> | <u>19,253,527</u> | <u>19,613,871</u> | <u>21,250,362</u> | <u>20,860,826</u> | <u>22,199,011</u> | <u>23,225,911</u> | <u>23,385,671</u> |
| Total primary government expenses | <u>\$ 73,794,777</u> | <u>\$ 72,222,010</u> | <u>\$ 77,690,042</u> | <u>\$ 77,322,265</u> | <u>\$ 80,553,520</u> | <u>\$ 88,795,572</u> | <u>\$ 87,304,379</u> | <u>\$ 91,376,938</u> | <u>\$ 94,791,758</u> | <u>\$ 96,880,285</u> |

CITY OF EAU CLAIRE

TABLE 2
CHANGES IN NET POSITION
Last Ten Fiscal Years
(Accrual Basis of Accounting)

| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Program Revenues | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Charges for services | | | | | | | | | | |
| General government | \$ 2,944,928 | \$ 2,799,799 | \$ 2,971,400 | \$ 3,131,097 | \$ 3,014,682 | \$ 3,112,881 | \$ 3,873,184 | \$ 3,750,638 | \$ 3,665,540 | \$ 3,289,407 |
| Public safety | 3,582,224 | 3,083,516 | 2,813,376 | 3,460,345 | 3,777,133 | 4,151,824 | 4,807,007 | 4,779,379 | 4,945,608 | 4,874,142 |
| Public works | 85,827 | 118,378 | 177,977 | 396,987 | 258,474 | 250,219 | 299,656 | 391,199 | 368,467 | 355,763 |
| Health services | 1,388,975 | 1,602,248 | 1,748,238 | 1,769,891 | 1,817,621 | 1,849,982 | 1,887,058 | 2,088,397 | 2,073,356 | 2,095,515 |
| Culture and recreation | 1,564,306 | 1,449,973 | 1,325,314 | 1,360,404 | 1,595,776 | 1,619,949 | 1,603,176 | 1,599,091 | 1,641,235 | 1,635,845 |
| Development | 153,510 | 157,355 | 89,976 | 746,569 | 1,232,950 | 468,614 | 99,137 | 375,568 | 726,293 | 525,008 |
| Operating grants and contributions | | | | | | | | | | |
| General government | 45,361 | 41,955 | 6,392 | 22,444 | 12,416 | 12,877 | 13,723 | 34,331 | 43,279 | 14,405 |
| Public safety | 928,224 | 750,303 | 579,467 | 670,279 | 1,091,291 | 344,610 | 475,948 | 525,055 | 585,005 | 1,049,144 |
| Public works | - | - | - | - | - | 6,371,107 | 1,011,157 | - | 6,658 | 162,106 |
| Health services | 820,384 | 966,021 | 965,115 | 895,312 | 984,965 | 1,049,388 | 1,209,737 | 1,231,045 | 1,028,604 | 1,336,168 |
| Culture and recreation | 34,994 | 24,091 | 33,060 | 12,205 | 31,370 | 14,235 | 32,337 | 50,888 | 100,489 | 36,528 |
| Development | 1,578,390 | 1,556,887 | 1,366,682 | 802,334 | 1,241,461 | 1,103,856 | 1,741,828 | 711,533 | 1,497,532 | 1,513,340 |
| Interest and fiscal charges | - | - | - | - | - | - | - | - | 230,884 | 222,811 |
| Capital grants and contributions | | | | | | | | | | |
| General government | 2,251,173 | 1,750,962 | 1,534,745 | 2,122,452 | 1,619,901 | 2,678,484 | 301,393 | - | - | - |
| Public safety | 68,470 | 57,458 | - | - | 131,896 | 329,736 | 110,099 | 97,089 | 102,038 | - |
| Public works | 4,331,168 | 3,948,101 | 6,309,250 | 10,799,856 | 5,365,276 | 7,097,399 | 4,744,942 | 4,060,881 | 5,633,183 | 4,739,362 |
| Health services | - | - | - | - | - | 9,109 | - | - | - | - |
| Culture and recreation | 309,737 | 749,940 | 731,287 | 1,005,338 | 216,384 | 94,390 | 804,943 | 503,022 | 521,094 | 406,739 |
| Development | - | - | - | - | - | - | - | 53,750 | 17,144 | 3,107 |
| Total governmental activities program revenues | 20,087,671 | 19,056,987 | 20,652,279 | 27,195,513 | 22,391,596 | 30,558,660 | 23,015,325 | 20,251,866 | 23,186,409 | 22,259,390 |
| Business-type activities | | | | | | | | | | |
| Charges for services | | | | | | | | | | |
| Water Utility | 6,984,333 | 6,831,621 | 7,150,409 | 7,600,310 | 8,100,296 | 7,822,825 | 8,379,381 | 8,388,766 | 8,649,397 | 9,347,490 |
| Sewer Utility | 5,999,089 | 5,811,267 | 6,123,231 | 6,267,035 | 6,266,314 | 6,492,660 | 6,617,211 | 6,955,547 | 7,659,365 | 8,520,852 |
| Storm Water Utility | 1,725,264 | 1,935,282 | 2,098,370 | 2,460,532 | 2,677,207 | 2,944,799 | 3,245,820 | 3,522,074 | 3,739,357 | 3,915,685 |
| Public Transit | 471,698 | 470,600 | 503,024 | 527,466 | 552,510 | 645,823 | 689,595 | 655,056 | 705,102 | 682,133 |
| Parking Utility | 229,664 | 218,569 | 215,356 | 227,065 | 214,184 | 240,605 | 219,392 | 201,233 | 217,547 | 194,258 |
| Hobbs Ice Center | 340,292 | 379,206 | 423,376 | 443,141 | 452,511 | 503,710 | 485,956 | 574,986 | 620,916 | 695,623 |
| Outdoor Pool | 200,252 | 173,359 | 214,616 | 210,756 | 213,503 | 217,613 | 205,898 | 217,258 | 231,326 | 242,323 |
| Operating grants and contributions | | | | | | | | | | |
| Storm Water Utility | - | - | - | - | - | - | - | - | 62,447 | 47,836 |
| Public Transit | 2,360,794 | 2,400,631 | 2,466,457 | 2,711,846 | 2,839,769 | 2,948,598 | 2,907,050 | 3,139,414 | 3,269,479 | 3,079,067 |
| Capital grants and contributions | | | | | | | | | | |
| Water Utility | 143,673 | 2,921,683 | 1,051,304 | 542,390 | 492,431 | 937,844 | 378,597 | 870,815 | 927,308 | 172,770 |
| Sewer Utility | 204,277 | 2,370,025 | 609,332 | 540,063 | 357,700 | 690,951 | 58,364 | 247,327 | 409,621 | 106,577 |
| Storm Water Utility | 27,381 | 5,187,007 | 1,975,066 | 505,753 | 90,973 | 147,010 | 19,470 | 96,737 | 379,626 | 137,994 |
| Public Transit | - | - | - | - | - | - | - | - | 1,928,001 | 5,238 |
| Parking Utility | - | - | - | - | - | - | - | - | 50,000 | - |
| Hobbs Ice Center | - | - | - | - | - | 50,000 | - | 343,592 | 8,437 | - |
| Total business-type activities program revenues | 18,686,717 | 28,699,250 | 22,830,541 | 22,036,357 | 22,257,398 | 23,642,438 | 23,206,734 | 25,212,805 | 28,857,929 | 27,147,846 |
| Total primary government program revenues | 38,774,388 | 47,756,237 | 43,482,820 | 49,231,870 | 44,648,994 | 54,201,098 | 46,222,059 | 45,464,671 | 52,044,338 | 49,407,236 |
| Net (Expense) Revenue | | | | | | | | | | |
| Governmental activities | (36,717,314) | (36,045,661) | (38,686,048) | (30,873,225) | (38,548,053) | (36,986,550) | (43,428,228) | (48,926,061) | (48,379,438) | (51,235,224) |
| Business-type activities | 1,696,925 | 11,579,888 | 4,478,826 | 2,782,830 | 2,643,527 | 2,392,076 | 2,345,908 | 3,013,794 | 5,632,018 | 3,762,175 |
| Total primary government net expense | \$(35,020,389) | \$(24,465,773) | \$(34,207,222) | \$(28,090,395) | \$(35,904,526) | \$(34,594,474) | \$(41,082,320) | \$(45,912,267) | \$(42,747,420) | \$(47,473,049) |

CITY OF EAU CLAIRE

TABLE 2
CHANGES IN NET POSITION
Last Ten Fiscal Years
(Accrual Basis of Accounting)

| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|-----------------------------------|---------------------|----------------------|---------------------|----------------------|---------------------|----------------------|---------------------|---------------------|---------------------|---------------------|
| General Revenues and Other | | | | | | | | | | |
| Changes in Net Position | | | | | | | | | | |
| Governmental activities | | | | | | | | | | |
| Property taxes | \$ 25,854,470 | \$ 26,155,386 | \$ 27,478,504 | \$ 28,709,747 | \$ 29,927,378 | \$ 32,904,778 | \$ 33,555,043 | \$ 35,566,702 | \$ 36,973,482 | \$ 38,406,838 |
| Intergovernmental revenues | 10,392,649 | 9,388,956 | 9,378,496 | 9,390,895 | 9,463,185 | 9,603,015 | 10,069,736 | 9,695,627 | 9,457,785 | 8,410,416 |
| Investment income | 1,697,609 | 2,057,061 | 2,703,261 | 4,167,233 | 4,639,329 | 3,692,849 | 1,045,243 | 1,429,077 | 1,381,465 | 1,032,748 |
| Gain on sale of capital assets | - | - | - | 38,033 | 65,420 | 33,868 | 34,589 | - | - | - |
| Miscellaneous | - | - | 45,493 | 107,281 | 14,373 | 16,075 | 184,711 | 274,145 | 29,585 | 64,586 |
| Transfers | 132,732 | 454,863 | 20,295 | 146,418 | (4,336,850) | 406,040 | 298,000 | 1,337,790 | (309,026) | (1,408,574) |
| Total governmental activities | <u>38,077,460</u> | <u>38,056,266</u> | <u>39,626,049</u> | <u>42,559,607</u> | <u>39,772,835</u> | <u>46,656,625</u> | <u>45,187,322</u> | <u>48,303,341</u> | <u>47,533,291</u> | <u>46,506,014</u> |
| Business-type activities | | | | | | | | | | |
| Investment income | 365,909 | 308,078 | 616,911 | 806,542 | 1,046,523 | 737,649 | 208,680 | 136,594 | 160,168 | 80,733 |
| Gain on sale of capital assets | - | - | - | - | - | - | - | - | - | 34,699 |
| Miscellaneous | 93,558 | 292,347 | 236,053 | 267,438 | 259,062 | 286,189 | 864,303 | 674,971 | 482,053 | 475,306 |
| Transfers | (132,732) | (454,863) | (20,295) | (146,418) | 4,336,850 | (406,040) | (298,000) | (1,337,790) | 309,026 | 1,408,574 |
| Total business-type activities | <u>326,735</u> | <u>145,562</u> | <u>832,669</u> | <u>927,562</u> | <u>5,642,435</u> | <u>617,798</u> | <u>774,983</u> | <u>(526,225)</u> | <u>951,247</u> | <u>1,999,312</u> |
| Total primary government | <u>38,404,195</u> | <u>38,201,828</u> | <u>40,458,718</u> | <u>43,487,169</u> | <u>45,415,270</u> | <u>47,274,423</u> | <u>45,962,305</u> | <u>47,777,116</u> | <u>48,484,538</u> | <u>48,505,326</u> |
| Change in Net Position | | | | | | | | | | |
| Governmental activities | 1,360,146 | 2,010,605 | 940,001 | 11,686,382 | 1,224,782 | 9,670,075 | 1,759,094 | (622,720) | (846,147) | (4,729,210) |
| Business-type activities | 2,023,660 | 11,725,450 | 5,311,495 | 3,710,392 | 8,285,962 | 3,009,874 | 3,120,891 | 2,487,569 | 6,583,265 | 5,761,487 |
| Total primary government | <u>\$ 3,383,806</u> | <u>\$ 13,736,055</u> | <u>\$ 6,251,496</u> | <u>\$ 15,396,774</u> | <u>\$ 9,510,744</u> | <u>\$ 12,679,949</u> | <u>\$ 4,879,985</u> | <u>\$ 1,864,849</u> | <u>\$ 5,737,118</u> | <u>\$ 1,032,277</u> |

Source: City of Eau Claire Comprehensive Annual Financial Reports

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

CITY OF EAU CLAIRE

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

| | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> |
|-------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| General Fund | | | | | | | | | | |
| Nonspendable | \$ 6,367,325 | \$ 6,384,041 | \$ 5,848,920 | \$ 4,881,267 | \$ 4,412,107 | \$ 4,203,971 | \$ 8,124,878 | \$ 7,511,280 | \$ 6,833,801 | \$ 6,368,186 |
| Assigned | 3,009,720 | 2,623,236 | 2,359,964 | 3,023,752 | 2,021,632 | 3,285,838 | 3,250,173 | 3,767,065 | 6,873,403 | 6,774,678 |
| Unassigned | <u>6,596,215</u> | <u>6,678,369</u> | <u>6,521,438</u> | <u>7,368,023</u> | <u>8,338,803</u> | <u>9,954,326</u> | <u>12,549,834</u> | <u>14,087,620</u> | <u>13,099,710</u> | <u>12,524,213</u> |
| Total General Fund | <u>15,973,260</u> | <u>15,685,646</u> | <u>14,730,322</u> | <u>15,273,042</u> | <u>14,772,542</u> | <u>17,444,135</u> | <u>23,924,885</u> | <u>25,365,965</u> | <u>26,806,914</u> | <u>25,667,077</u> |
| All Other Governmental Funds | | | | | | | | | | |
| Nonspendable | | | | | | | | | | |
| Special revenue funds | - | - | - | - | - | 64,821 | 65,766 | 65,071 | 81,089 | 111,421 |
| Capital projects funds | - | - | - | - | - | - | - | - | 31,654 | - |
| Restricted | | | | | | | | | | |
| Special revenue funds | 7,687,793 | 7,767,590 | 7,605,330 | 6,878,678 | 5,983,423 | 5,807,695 | 5,479,406 | 5,647,550 | 5,571,228 | 5,792,285 |
| Debt service funds | 8,560,261 | 9,565,976 | 8,039,107 | 8,862,125 | 9,503,745 | 8,734,738 | 8,888,011 | 8,909,211 | 8,251,980 | 7,651,161 |
| Capital projects funds | 10,248,710 | 9,374,706 | 10,354,757 | 6,738,191 | 10,423,566 | 8,062,537 | 6,003,611 | 6,868,734 | 6,902,429 | 5,615,218 |
| Assigned | | | | | | | | | | |
| Capital projects funds | 7,697,071 | 5,545,698 | 5,963,544 | 5,635,465 | 8,006,460 | 13,667,533 | 17,267,084 | 16,177,093 | 8,733,925 | 9,931,969 |
| Unassigned | | | | | | | | | | |
| Special revenue funds | (55,479) | - | - | - | - | - | - | (1,709) | - | - |
| Debt service funds | - | - | - | - | - | - | - | - | (26,145) | (96,237) |
| Capital projects funds | - | (102,574) | - | - | (138,222) | (1,000) | (2,134,426) | (2,235,123) | (2,385,867) | (2,485,767) |
| Total All Other Governmental Funds | <u>34,138,356</u> | <u>32,151,396</u> | <u>31,962,737</u> | <u>28,114,459</u> | <u>33,778,972</u> | <u>36,336,324</u> | <u>35,569,452</u> | <u>35,430,827</u> | <u>27,160,293</u> | <u>26,520,050</u> |
| Total All Governmental Funds | <u>\$50,111,616</u> | <u>\$47,837,042</u> | <u>\$46,693,059</u> | <u>\$43,387,501</u> | <u>\$48,551,514</u> | <u>\$53,780,459</u> | <u>\$59,494,337</u> | <u>\$60,796,792</u> | <u>\$53,967,207</u> | <u>\$52,187,127</u> |

Source: City of Eau Claire Comprehensive Annual Financial Reports

CITY OF EAU CLAIRE

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

| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|---|-----------------|-------------------|-------------------|-------------------|-----------------|-----------------|-----------------|-----------------|-------------------|-------------------|
| Revenues | | | | | | | | | | |
| Property taxes | \$ 25,841 | \$ 26,164 | \$ 27,600 | \$ 28,667 | \$ 29,462 | \$ 31,296 | \$ 33,526 | \$ 35,477 | \$ 37,319 | \$ 38,374 |
| Special assessments | 2,339 | 2,341 | 2,164 | 1,988 | 1,898 | 2,053 | 1,989 | 1,853 | 1,888 | 1,930 |
| Intergovernmental | 17,163 | 15,903 | 16,303 | 15,546 | 15,957 | 22,109 | 15,958 | 16,033 | 15,287 | 14,507 |
| Licenses and permits | 1,788 | 1,827 | 1,829 | 1,938 | 1,922 | 1,969 | 1,993 | 1,936 | 1,821 | 1,996 |
| Fines and forfeitures | 850 | 980 | 917 | 900 | 1,018 | 941 | 897 | 866 | 865 | 758 |
| Charges for services | 6,007 | 6,136 | 6,607 | 7,169 | 7,005 | 9,576 | 9,878 | 9,049 | 9,316 | 8,990 |
| Investment income | 1,573 | 1,578 | 2,548 | 3,682 | 4,328 | 3,355 | 1,430 | 1,296 | 1,249 | 977 |
| Miscellaneous | 1,230 | 1,960 | 1,465 | 1,509 | 1,726 | 1,281 | 2,218 | 1,879 | 2,282 | 1,675 |
| Total revenues | 56,791 | 56,889 | 59,433 | 61,399 | 63,316 | 72,580 | 67,889 | 68,389 | 70,027 | 69,207 |
| Expenditures | | | | | | | | | | |
| General government | 5,760 | 5,877 | 6,263 | 5,696 | 5,700 | 6,169 | 5,888 | 6,136 | 6,135 | 6,343 |
| Public safety | 19,536 | 19,933 | 20,912 | 22,412 | 23,563 | 24,252 | 24,739 | 25,362 | 25,909 | 25,653 |
| Public works | 7,003 | 7,210 | 7,350 | 7,137 | 7,693 | 8,109 | 8,545 | 8,723 | 8,106 | 8,112 |
| Health services | 3,918 | 4,172 | 4,388 | 4,402 | 4,666 | 4,814 | 4,959 | 5,026 | 5,026 | 4,983 |
| Culture and recreation | 7,211 | 7,117 | 7,164 | 7,493 | 7,830 | 7,908 | 7,935 | 8,062 | 8,220 | 8,328 |
| Development | 2,374 | 3,022 | 4,162 | 2,772 | 3,614 | 2,839 | 3,096 | 2,738 | 2,701 | 3,369 |
| Miscellaneous | 421 | 428 | 497 | 462 | 630 | 465 | 451 | 612 | 474 | 382 |
| Capital outlay | 8,293 | 12,622 | 9,458 | 13,408 | 8,119 | 11,899 | 9,685 | 9,179 | 17,593 | 10,689 |
| Debt service | | | | | | | | | | |
| Principal | 5,070 | 3,509 | 5,882 | 3,789 | 4,311 | 5,057 | 4,983 | 4,930 | 5,740 | 7,276 |
| Interest | 1,752 | 1,992 | 1,991 | 2,073 | 1,957 | 2,634 | 2,907 | 3,134 | 3,034 | 3,063 |
| Total expenditures | 61,338 | 65,882 | 68,067 | 69,644 | 68,083 | 74,146 | 73,188 | 73,902 | 82,938 | 78,198 |
| Other financing sources (uses) | | | | | | | | | | |
| Debt issued | 13,585 | 5,460 | 7,290 | 4,365 | 17,785 | 15,400 | 11,618 | 7,707 | 6,060 | 7,757 |
| Premium on debt issued | - | - | - | 55 | 166 | - | - | 27 | 30 | 52 |
| Discount on debt issued | - | - | - | - | - | (60) | (79) | - | - | - |
| Payment to refunding agent | (2,469) | - | - | - | (8,812) | - | - | (2,293) | - | - |
| Pay-off of unfunded retirement liability | - | - | - | - | - | (9,392) | - | - | - | - |
| Transfers in | 7,176 | 8,111 | 7,761 | 7,931 | 7,841 | 7,910 | 10,390 | 10,141 | 10,318 | 11,906 |
| Transfers out | (6,818) | (7,261) | (7,630) | (7,450) | (7,135) | (7,099) | (11,494) | (8,832) | (10,398) | (12,531) |
| Transfers from Component Unit | - | - | - | - | - | - | - | - | - | - |
| Transfers to Component Unit | - | - | - | - | - | - | - | - | - | - |
| Sale of capital assets | 1,239 | 408 | 69 | 38 | 86 | 36 | 578 | 65 | 72 | 26 |
| Total other financing sources (uses) | 12,713 | 6,718 | 7,490 | 4,939 | 9,931 | 6,795 | 11,013 | 6,815 | 6,082 | 7,210 |
| Net change in fund balances | \$ 8,166 | \$ (2,275) | \$ (1,144) | \$ (3,306) | \$ 5,164 | \$ 5,229 | \$ 5,714 | \$ 1,302 | \$ (6,829) | \$ (1,781) |
| Debt service as a percentage of noncapital expenditures | 12.9% | 10.3% | 13.4% | 10.4% | 10.6% | 12.2% | 12.4% | 12.4% | 13.5% | 15.2% |

Source: City of Eau Claire Comprehensive Annual Financial Reports

CITY OF EAU CLAIRE

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

| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| ALL PROPERTY | | | | | | | | | | |
| Real property: | | | | | | | | | | |
| Assessed value | \$2,913,967 | \$2,997,305 | \$3,480,302 | \$3,589,140 | \$3,663,397 | \$4,132,625 | \$4,229,806 | \$4,298,042 | \$4,129,685 | \$4,164,172 |
| Estimated actual value (1) | 2,966,933 | 3,192,523 | 3,405,414 | 3,614,093 | 3,812,428 | 3,960,377 | 4,100,813 | 4,154,706 | 4,062,866 | 4,098,830 |
| Personal property: | | | | | | | | | | |
| Assessed value | \$134,989 | \$131,225 | \$135,230 | \$129,985 | \$132,425 | \$150,560 | \$152,927 | \$167,057 | \$160,043 | \$151,299 |
| Estimated actual value | 138,430 | 138,038 | 140,683 | 126,950 | 139,214 | 149,802 | 154,122 | 161,241 | 161,758 | 148,638 |
| Total: | | | | | | | | | | |
| Assessed value | \$3,048,956 | \$3,128,530 | \$3,615,532 | \$3,719,125 | \$3,795,822 | \$4,283,185 | \$4,382,733 | \$4,465,099 | \$4,289,728 | \$4,315,471 |
| Estimated actual value | 3,105,363 | 3,330,561 | 3,546,277 | 3,741,043 | 3,951,642 | 4,110,179 | 4,254,935 | 4,315,947 | 4,224,624 | 4,247,468 |
| Ratio of total assessed to total estimated actual value | 98.18% | 93.93% | 101.95% | 99.41% | 96.06% | 104.21% | 103.00% | 103.46% | 101.54% | 101.60% |
| Direct tax rate: | | | | | | | | | | |
| Eau Claire County | \$7.77 | \$7.74 | \$7.07 | \$7.15 | \$7.22 | \$6.80 | \$7.12 | \$7.34 | \$8.01 | \$8.22 |
| Chippewa County | \$7.77 | \$7.74 | \$7.07 | \$7.15 | \$7.12 | \$6.86 | \$7.18 | \$7.51 | \$8.19 | \$8.30 |



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

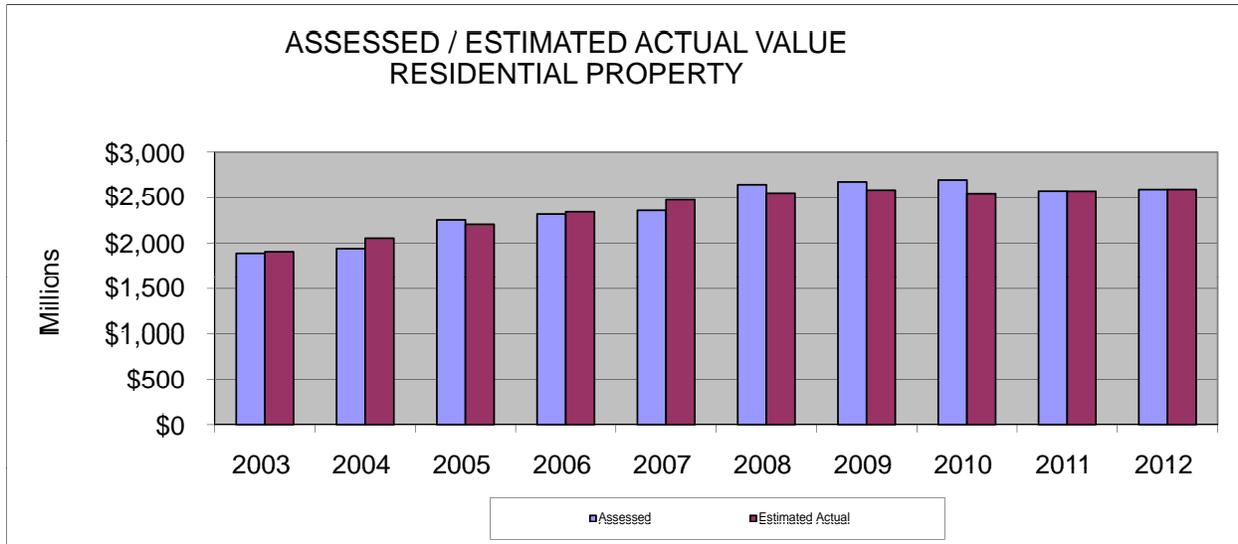
(1) NOTE: Equalized valuation (est. market value) is set by the Wisconsin Department of Revenue.

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

CITY OF EAU CLAIRE

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

| | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| RESIDENTIAL | | | | | | | | | | |
| Real property: | | | | | | | | | | |
| Assessed value | \$1,884,731 | \$1,936,665 | \$2,253,489 | \$2,318,380 | \$2,359,932 | \$2,640,009 | \$2,670,924 | \$2,692,408 | \$2,569,325 | \$2,586,846 |
| Estimated actual value | 1,902,182 | 2,051,612 | 2,205,284 | 2,344,449 | 2,478,098 | 2,546,296 | 2,579,753 | 2,542,048 | 2,567,621 | 2,587,946 |
| 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 | \$1,884,731 | \$1,936,665 | \$2,253,489 | \$2,318,380 | \$2,359,932 | \$2,640,009 | \$2,670,924 | \$2,692,408 | \$2,569,325 | \$2,586,846 |
| Estimated actual value | 1,902,182 | 2,051,612 | 2,205,284 | 2,344,449 | 2,478,098 | 2,546,296 | 2,579,753 | 2,542,048 | 2,567,621 | 2,587,946 |
| Total all classes: | | | | | | | | | | |
| Assessed value | \$3,048,956 | \$3,128,530 | \$3,615,532 | \$3,719,125 | \$3,795,822 | \$4,283,185 | \$4,382,733 | \$4,465,099 | \$4,289,728 | \$4,315,471 |
| Estimated actual value | 3,105,363 | 3,330,561 | 3,546,277 | 3,741,043 | 3,951,642 | 4,110,179 | 4,254,935 | 4,315,947 | 4,224,624 | 4,247,468 |
| Residential property as a percentage of total: | | | | | | | | | | |
| Assessed value | 61.81% | 61.90% | 62.33% | 62.34% | 62.17% | 61.64% | 60.94% | 60.30% | 59.89% | 59.94% |
| Estimated actual value | 61.25% | 61.60% | 62.19% | 62.67% | 62.71% | 61.95% | 60.63% | 58.90% | 60.78% | 60.93% |
| Number of parcels | | | | | | | | | | |
| Number of parcels | 19,087 | 19,313 | 19,678 | 19,838 | 20,072 | 19,766 | 19,829 | 19,922 | 19,941 | 19,960 |
| Number of parcels with improvements | 17,219 | 17,513 | 17,745 | 17,993 | 18,114 | 18,358 | 18,445 | 18,590 | 18,668 | 18,737 |



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.

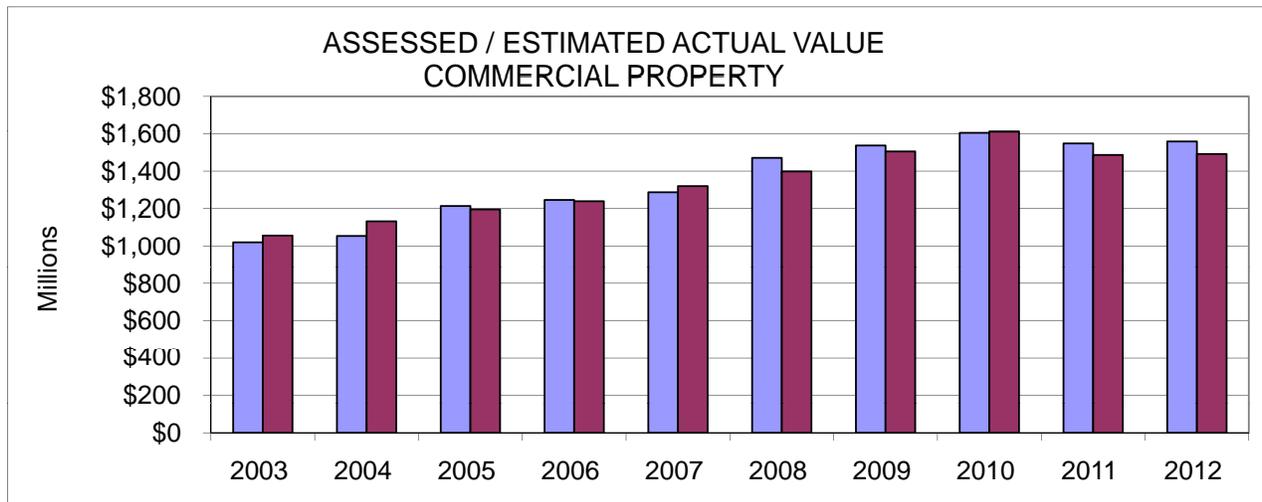
(1) NOTE: Chapter 70 of the Wisconsin State Statutes exempts residential personal property from taxation.

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>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| COMMERCIAL | | | | | | | | | | |
| Real property: | | | | | | | | | | |
| Assessed value | \$903,427 | \$939,329 | \$1,095,829 | \$1,132,143 | \$1,170,613 | \$1,344,227 | \$1,406,379 | \$1,459,862 | \$1,409,526 | \$1,427,191 |
| Estimated actual value | 936,814 | 1,011,523 | 1,071,374 | 1,128,558 | 1,197,480 | 1,271,451 | 1,372,777 | 1,471,159 | 1,346,057 | 1,362,726 |
| Personal property: | | | | | | | | | | |
| Assessed value | \$115,716 | \$113,637 | \$117,645 | \$113,661 | \$116,173 | \$126,739 | \$130,769 | \$145,125 | \$138,680 | \$131,570 |
| Estimated actual value | 118,345 | 119,796 | 123,600 | 110,476 | 122,319 | 126,823 | 132,663 | 139,976 | 140,642 | 129,175 |
| Total commercial: | | | | | | | | | | |
| Assessed value | \$1,019,143 | \$1,052,966 | \$1,213,474 | \$1,245,804 | \$1,286,786 | \$1,470,966 | \$1,537,148 | \$1,604,987 | \$1,548,206 | \$1,558,761 |
| Estimated actual value | 1,055,159 | 1,131,319 | 1,194,974 | 1,239,034 | 1,319,799 | 1,398,274 | 1,505,440 | 1,611,135 | 1,486,699 | 1,491,901 |
| Total all classes: | | | | | | | | | | |
| Assessed value | \$3,048,956 | \$3,128,530 | \$3,615,532 | \$3,719,125 | \$3,795,822 | \$4,283,185 | \$4,382,733 | \$4,465,099 | \$4,289,728 | \$4,315,471 |
| Estimated actual value | 3,105,363 | 3,330,561 | 3,546,277 | 3,741,043 | 3,951,642 | 4,110,179 | 4,254,935 | 4,315,947 | 4,224,624 | 4,247,468 |
| Commercial property as a percentage of total: | | | | | | | | | | |
| Assessed value | 33.43% | 33.66% | 33.56% | 33.50% | 33.90% | 34.34% | 35.07% | 35.95% | 36.09% | 36.12% |
| Estimated actual value | 33.98% | 33.97% | 33.70% | 33.12% | 33.40% | 34.02% | 35.38% | 37.33% | 35.19% | 35.12% |
| Number of parcels | | | | | | | | | | |
| Number of parcels with improvements | 2,669 | 2,692 | 2,719 | 2,739 | 2,755 | 3,253 | 3,200 | 3,224 | 3,236 | 3,174 |



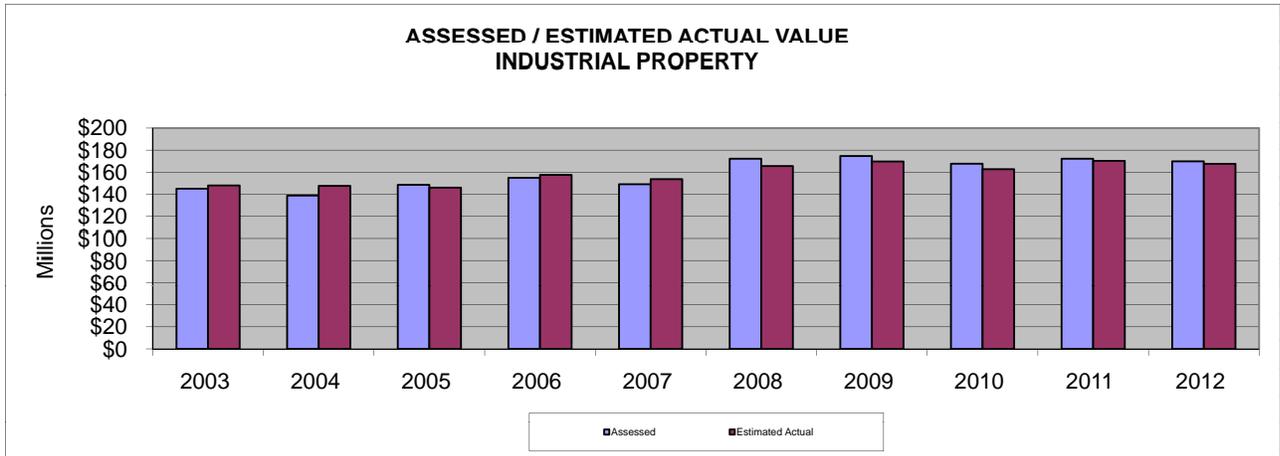
NOTE: Property values shown are established at January 1 of the year preceding the fiscal years listed. They are the basis of the taxes collected and applied to the fiscal year. Values are for both Eau Claire and Chippewa Counties. Tax incremental districts have been included.

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>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| INDUSTRIAL | | | | | | | | | | |
| Real property: | | | | | | | | | | |
| Assessed value | \$125,809 | \$121,311 | \$130,984 | \$138,617 | \$132,852 | \$148,389 | \$152,504 | \$145,773 | \$150,835 | \$150,135 |
| Estimated actual value | 127,937 | 129,389 | 128,756 | 141,086 | 136,850 | 142,630 | 148,282 | 141,499 | 149,188 | 148,158 |
| Personal property: | | | | | | | | | | |
| Assessed value | \$19,272 | \$17,588 | \$17,585 | \$16,324 | \$16,252 | \$23,821 | \$22,159 | \$21,932 | \$21,363 | \$19,729 |
| Estimated actual value | 20,085 | 18,242 | 17,263 | 16,474 | 16,894 | 22,979 | 21,459 | 21,264 | 21,116 | 19,463 |
| Total industrial: | | | | | | | | | | |
| Assessed value | \$145,081 | \$138,899 | \$148,569 | \$154,941 | \$149,104 | \$172,210 | \$174,663 | \$167,705 | \$172,198 | \$169,864 |
| Estimated actual value | 148,022 | 147,631 | 146,019 | 157,560 | 153,744 | 165,609 | 169,741 | 162,763 | 170,304 | 167,621 |
| Total all classes: | | | | | | | | | | |
| Assessed value | \$3,048,956 | \$3,128,530 | \$3,615,532 | \$3,719,125 | \$4,283,185 | \$4,382,733 | \$4,382,733 | \$4,465,099 | \$4,289,728 | \$4,315,471 |
| Estimated actual value | 3,105,363 | 3,330,561 | 3,546,277 | 3,741,043 | 4,110,179 | 4,254,935 | 4,254,935 | 4,315,947 | 4,224,624 | 4,247,468 |
| Industrial property as a percentage of total: | | | | | | | | | | |
| Assessed value | 4.76% | 4.44% | 4.11% | 4.17% | 3.48% | 3.93% | 3.99% | 3.76% | 4.01% | 3.94% |
| Estimated actual value | 4.77% | 4.43% | 4.12% | 4.21% | 3.74% | 3.89% | 3.99% | 3.77% | 4.03% | 3.95% |
| Number of parcels | 103 | 96 | 95 | 97 | 93 | 95 | 97 | 95 | 94 | 96 |
| Number of parcels with improvements | 92 | 89 | 88 | 89 | 85 | 84 | 82 | 80 | 79 | 80 |



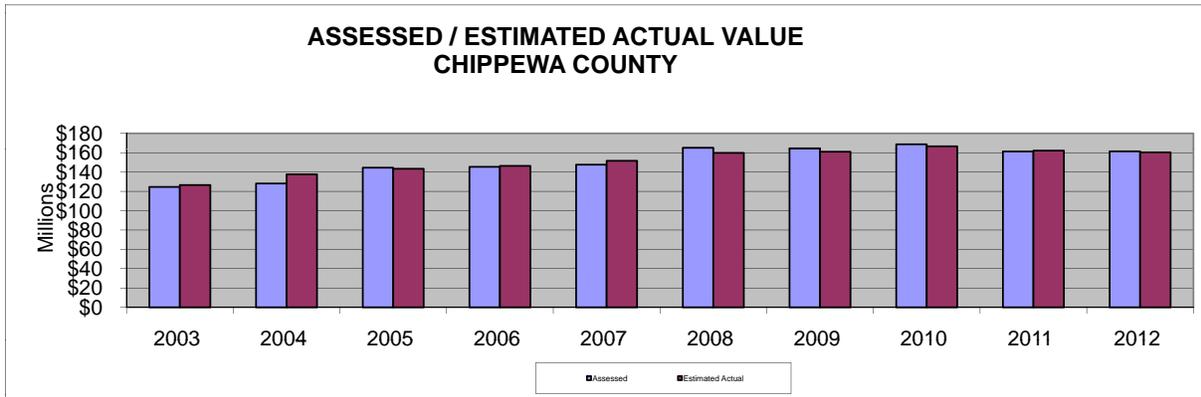
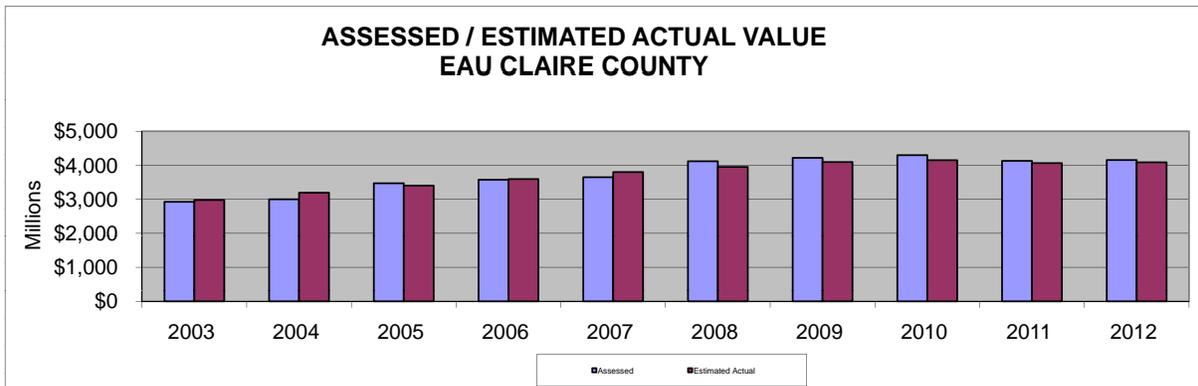
NOTE: Property values shown are established at January 1 of the year preceding the fiscal years listed. They are the basis of the taxes collected and applied to the fiscal year. Values are for both Eau Claire and Chippewa Counties. Tax incremental districts have been included.

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: | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|--------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| EAU CLAIRE COUNTY | | | | | | | | | | |
| Assessed value | \$2,924,407 | \$3,000,387 | \$3,471,029 | \$3,573,733 | \$3,648,184 | \$4,118,082 | \$4,218,200 | \$4,296,383 | \$4,128,456 | \$4,154,056 |
| Estimated actual value | 2,978,826 | 3,192,926 | 3,402,896 | 3,594,685 | 3,799,993 | 3,950,363 | 4,093,908 | 4,149,314 | 4,062,445 | 4,087,133 |
| Ratio of assessment | 98.17% | 93.97% | 102.00% | 99.42% | 96.01% | 104.25% | 103.04% | 103.54% | 101.62% | 101.64% |
| CHIPPEWA COUNTY | | | | | | | | | | |
| Assessed value | \$124,549 | \$128,143 | \$144,504 | \$145,392 | \$147,637 | \$165,102 | \$164,533 | \$168,716 | \$161,273 | \$161,415 |
| Estimated actual value | 126,537 | 137,635 | 143,381 | 146,358 | 151,649 | 159,815 | 161,027 | 166,633 | 162,179 | 160,335 |
| Ratio of assessment | 98.43% | 93.10% | 100.78% | 99.34% | 97.35% | 103.31% | 102.18% | 101.25% | 99.44% | 100.67% |



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)

| | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| TID #4 equalized valuation: | | | | | | | | | | |
| Base | \$256 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Increment | 74,346 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total TID #4 | \$74,602 | \$0 |
| TID #5 equalized valuation: | | | | | | | | | | |
| Base | \$130 | \$130 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 |
| Increment | 21,755 | 21,395 | 22,058 | 20,703 | 21,661 | 21,074 | 22,901 | 23,258 | 29,187 | 30,122 |
| Total TID #5 | \$21,885 | \$21,525 | \$23,058 | \$21,703 | \$22,661 | \$22,074 | \$23,901 | \$24,258 | \$30,187 | \$31,122 |
| TID #6 equalized valuation: | | | | | | | | | | |
| Base | \$986 | \$986 | \$986 | \$986 | \$986 | \$986 | \$986 | \$986 | \$0 | \$0 |
| Increment | 6,932 | 8,503 | 9,072 | 9,254 | 9,907 | 10,663 | 11,404 | 11,383 | 0 | 0 |
| Total TID #6 | \$7,918 | \$9,489 | \$10,058 | \$10,240 | \$10,893 | \$11,649 | \$12,390 | \$12,369 | \$0 | \$0 |
| TID #7 equalized valuation: | | | | | | | | | | |
| Base | \$115 | \$115 | \$115 | \$329 | \$329 | \$329 | \$329 | \$329 | \$329 | \$329 |
| Increment | 3,508 | 3,634 | 3,713 | 3,894 | 5,675 | 5,859 | 6,193 | 6,467 | 6,007 | 5,265 |
| Total TID #7 | \$3,623 | \$3,749 | \$3,828 | \$4,223 | \$6,004 | \$6,188 | \$6,522 | \$6,796 | \$6,336 | \$5,594 |
| TID #8 equalized valuation: | | | | | | | | | | |
| Base | \$10,441 | \$10,441 | \$10,441 | \$10,441 | \$10,441 | \$10,441 | \$10,441 | \$10,441 | \$10,441 | \$10,441 |
| Increment | 0 | 236 | 3,683 | 12,661 | 16,288 | 16,805 | 18,523 | 22,362 | 25,813 | 26,805 |
| Total TID #8 | \$10,441 | \$10,677 | \$14,124 | \$23,102 | \$26,729 | \$27,246 | \$28,964 | \$32,803 | \$36,254 | \$37,246 |
| TID #9 equalized valuation: | | | | | | | | | | |
| Base | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$11,239 | \$11,239 | \$11,239 |
| Increment | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2,222 | 5,117 | 2,310 |
| Total TID #9 | \$0 | \$13,461 | \$16,356 | \$13,549 |
| ALL PROPERTY | | | | | | | | | | |
| All property - w/o TIDs | \$2,986,894 | \$3,285,121 | \$3,495,209 | \$3,681,775 | \$3,885,355 | \$4,043,022 | \$4,183,157 | \$4,226,260 | \$4,135,491 | \$4,159,957 |
| Base valuation - TIDs | 11,928 | 11,672 | 12,542 | 12,756 | 12,756 | 12,756 | 12,756 | 23,995 | 23,009 | 23,009 |
| All property - w/o TID increment | 2,998,822 | 3,296,793 | 3,507,751 | 3,694,531 | 3,898,111 | 4,055,778 | 4,195,913 | 4,250,255 | 4,158,500 | 4,182,966 |
| Increment valuation - TIDs | 106,541 | 33,768 | 38,526 | 46,512 | 53,530 | 54,401 | 59,022 | 65,692 | 66,124 | 64,502 |
| Equalized valuation - all property | \$3,105,363 | \$3,330,561 | \$3,546,277 | \$3,741,043 | \$3,951,641 | \$4,110,179 | \$4,254,935 | \$4,315,947 | \$4,224,624 | \$4,247,468 |

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

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

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

CITY OF EAU CLAIRE

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

| | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| City Property Located in Eau Claire County (Eau Claire Area School District) | | | | | | | | | | |
| City | \$6.424 | \$6.422 | \$5.895 | \$6.006 | \$6.075 | \$5.767 | \$6.084 | \$6.321 | \$6.934 | \$7.141 |
| Library | 0.880 | 0.851 | 0.753 | 0.724 | 0.725 | 0.652 | 0.653 | 0.644 | 0.679 | 0.680 |
| Health | 0.469 | 0.469 | 0.422 | 0.418 | 0.416 | 0.380 | 0.383 | 0.379 | 0.401 | 0.399 |
| Total Direct Rate | <u>7.773</u> | <u>7.742</u> | <u>7.070</u> | <u>7.148</u> | <u>7.216</u> | <u>6.799</u> | <u>7.120</u> | <u>7.344</u> | <u>8.014</u> | <u>8.220</u> |
| Eau Claire School Dist. | 11.311 | 10.694 | 11.391 | 9.954 | 9.624 | 8.774 | 8.714 | 9.219 | 9.876 | 10.012 |
| Vocational District | 1.838 | 1.817 | 1.593 | 1.620 | 1.634 | 1.511 | 1.535 | 1.606 | 1.728 | 1.714 |
| Eau Claire County | 3.154 | 3.298 | 3.078 | 3.095 | 3.159 | 3.338 | 3.316 | 3.379 | 3.499 | 3.518 |
| State Forestry | 0.204 | 0.213 | 0.196 | 0.189 | 0.183 | 0.163 | 0.165 | 0.164 | 0.167 | 0.167 |
| Gross Tax Rate | <u>24.280</u> | <u>23.764</u> | <u>23.328</u> | <u>22.006</u> | <u>21.816</u> | <u>20.585</u> | <u>20.850</u> | <u>21.712</u> | <u>23.284</u> | <u>23.631</u> |
| Less State Credit | <u>(1.616)</u> | <u>(1.577)</u> | <u>(1.323)</u> | <u>(1.325)</u> | <u>(1.627)</u> | <u>(1.615)</u> | <u>(1.630)</u> | <u>(1.527)</u> | <u>(1.558)</u> | <u>(1.534)</u> |
| Net Tax Rate | <u>\$ 22.664</u> | <u>\$ 22.187</u> | <u>\$ 22.005</u> | <u>\$ 20.681</u> | <u>\$ 20.189</u> | <u>\$ 18.970</u> | <u>\$ 19.220</u> | <u>\$ 20.185</u> | <u>\$ 21.726</u> | <u>\$ 22.097</u> |
| City Property Located in Eau Claire County (Altoona School District) | | | | | | | | | | |
| City | \$6.424 | \$6.422 | \$5.895 | \$6.006 | \$6.075 | \$5.767 | \$6.084 | \$6.321 | \$6.934 | \$7.141 |
| Library | 0.880 | 0.851 | 0.753 | 0.724 | 0.725 | 0.652 | 0.653 | 0.644 | 0.679 | 0.680 |
| Health | 0.469 | 0.469 | 0.422 | 0.418 | 0.416 | 0.380 | 0.383 | 0.379 | 0.401 | 0.399 |
| Total Direct Rate | <u>7.773</u> | <u>7.742</u> | <u>7.070</u> | <u>7.148</u> | <u>7.216</u> | <u>6.799</u> | <u>7.120</u> | <u>7.344</u> | <u>8.014</u> | <u>8.220</u> |
| Altoona School Dist. | 11.190 | 11.650 | 9.791 | 9.718 | 10.034 | 10.025 | 8.533 | 8.931 | 8.859 | 9.271 |
| Vocational District | 1.838 | 1.817 | 1.593 | 1.620 | 1.634 | 1.511 | 1.535 | 1.605 | 1.728 | 1.714 |
| Eau Claire County | 3.154 | 3.298 | 3.078 | 3.095 | 3.159 | 3.338 | 3.316 | 3.379 | 3.499 | 3.518 |
| State Forestry | 0.204 | 0.213 | 0.196 | 0.189 | 0.183 | 0.163 | 0.165 | 0.164 | 0.167 | 0.167 |
| Gross Tax Rate | <u>24.159</u> | <u>24.720</u> | <u>21.728</u> | <u>21.770</u> | <u>22.226</u> | <u>21.836</u> | <u>20.669</u> | <u>21.423</u> | <u>22.267</u> | <u>22.890</u> |
| Less State Credit | <u>(1.616)</u> | <u>(1.577)</u> | <u>(1.323)</u> | <u>(1.325)</u> | <u>(1.627)</u> | <u>(1.615)</u> | <u>(1.630)</u> | <u>(1.527)</u> | <u>(1.558)</u> | <u>(1.534)</u> |
| Net Tax Rate | <u>\$ 22.543</u> | <u>\$ 23.143</u> | <u>\$ 20.405</u> | <u>\$ 20.445</u> | <u>\$ 20.599</u> | <u>\$ 20.221</u> | <u>\$ 19.039</u> | <u>\$ 19.896</u> | <u>\$ 20.709</u> | <u>\$ 21.356</u> |

Source: City of Eau Claire Annual Program of Services

CITY OF EAU CLAIRE

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

| | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| City Property Located in Chippewa County (Eau Claire Area School District) | | | | | | | | | | |
| City | \$6.424 | \$6.422 | \$5.895 | \$6.006 | \$5.991 | \$5.819 | \$6.135 | \$6.464 | \$7.086 | \$7.210 |
| Library | 0.880 | 0.851 | 0.753 | 0.724 | 0.714 | 0.658 | 0.659 | 0.658 | 0.693 | 0.687 |
| Health | 0.469 | 0.469 | 0.422 | 0.418 | 0.410 | 0.384 | 0.386 | 0.388 | 0.410 | 0.402 |
| Total Direct Rate | <u>7.773</u> | <u>7.742</u> | <u>7.070</u> | <u>7.148</u> | <u>7.115</u> | <u>6.861</u> | <u>7.180</u> | <u>7.510</u> | <u>8.189</u> | <u>8.299</u> |
| Eau Claire School Dist. | 11.282 | 10.793 | 11.528 | 9.961 | 9.491 | 8.870 | 8.787 | 9.428 | 10.081 | 10.108 |
| Vocational District | 1.833 | 1.834 | 1.612 | 1.621 | 1.611 | 1.524 | 1.549 | 1.642 | 1.765 | 1.730 |
| Chippewa County | 3.652 | 3.840 | 3.438 | 3.408 | 3.270 | 3.080 | 3.044 | 3.166 | 3.307 | 3.357 |
| State Forestry | 0.203 | 0.215 | 0.198 | 0.189 | 0.181 | 0.164 | 0.166 | 0.168 | 0.171 | 0.168 |
| Gross Tax Rate | <u>24.743</u> | <u>24.424</u> | <u>23.846</u> | <u>22.327</u> | <u>21.668</u> | <u>20.499</u> | <u>20.726</u> | <u>21.914</u> | <u>23.513</u> | <u>23.662</u> |
| Less State Credit | <u>(1.631)</u> | <u>(1.578)</u> | <u>(1.318)</u> | <u>(1.313)</u> | <u>(1.583)</u> | <u>(1.547)</u> | <u>(1.586)</u> | <u>(1.455)</u> | <u>(1.496)</u> | <u>(1.516)</u> |
| Net Tax Rate | <u>\$ 23.112</u> | <u>\$ 22.846</u> | <u>\$ 22.528</u> | <u>\$ 21.014</u> | <u>\$ 20.085</u> | <u>\$ 18.952</u> | <u>\$ 19.140</u> | <u>\$ 20.459</u> | <u>\$ 22.017</u> | <u>\$ 22.146</u> |
| City Property Located in Chippewa County (Chippewa Falls Area School District) | | | | | | | | | | |
| City | \$6.424 | \$6.422 | \$5.895 | \$6.006 | \$5.991 | \$5.819 | \$6.135 | \$6.464 | \$7.086 | \$7.210 |
| Library | 0.880 | 0.851 | 0.753 | 0.724 | 0.714 | 0.658 | 0.659 | 0.658 | 0.693 | 0.687 |
| Health | 0.469 | 0.469 | 0.422 | 0.418 | 0.410 | 0.384 | 0.386 | 0.388 | 0.410 | 0.402 |
| Total Direct Rate | <u>7.773</u> | <u>7.742</u> | <u>7.070</u> | <u>7.148</u> | <u>7.115</u> | <u>6.861</u> | <u>7.180</u> | <u>7.510</u> | <u>8.189</u> | <u>8.299</u> |
| Chippewa Falls School Dist. | 9.445 | 9.693 | 8.463 | 8.240 | 8.085 | 6.914 | 7.403 | 8.335 | 8.957 | 9.079 |
| Vocational District | 1.833 | 1.834 | 1.612 | 1.621 | 1.611 | 1.524 | 1.548 | 1.642 | 1.765 | 1.730 |
| Chippewa County | 3.652 | 3.840 | 3.438 | 3.408 | 3.270 | 3.080 | 3.044 | 3.166 | 3.307 | 3.357 |
| State Forestry | 0.203 | 0.215 | 0.198 | 0.189 | 0.181 | 0.164 | 0.166 | 0.168 | 0.171 | 0.168 |
| Gross Tax Rate | <u>22.906</u> | <u>23.324</u> | <u>20.781</u> | <u>20.606</u> | <u>20.262</u> | <u>18.543</u> | <u>19.341</u> | <u>20.821</u> | <u>22.389</u> | <u>22.633</u> |
| Less State Credit | <u>(1.631)</u> | <u>(1.578)</u> | <u>(1.318)</u> | <u>(1.313)</u> | <u>(1.583)</u> | <u>(1.547)</u> | <u>(1.586)</u> | <u>(1.455)</u> | <u>(1.496)</u> | <u>(1.516)</u> |
| Net Tax Rate | <u>\$ 21.275</u> | <u>\$ 21.746</u> | <u>\$ 19.463</u> | <u>\$ 19.293</u> | <u>\$ 18.679</u> | <u>\$ 16.996</u> | <u>\$ 17.755</u> | <u>\$ 19.366</u> | <u>\$ 20.893</u> | <u>\$ 21.117</u> |

Source: City of Eau Claire Annual Program of Services

CITY OF EAU CLAIRE

TABLE 12
PRINCIPAL TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO
(Dollars in Thousands)

| Taxpayer | 2012 Equalized Value | 2012 Rank | 2012 Percentage of Total Equalized Value | 2003 Equalized Value | 2003 Rank | 2003 Percentage of Total Equalized Value |
|-----------------------------|----------------------------|--------------|--|----------------------------|--------------|--|
| Oakwood Hills Mall | \$ 73,294 | 1 | 1.73% | \$ 61,521 | 1 | 1.98% |
| Mayo Clinic Health Systems | 63,619 | 2 | 1.50% | - | | |
| Keystone Corporation | 39,095 | 3 | 0.92% | 31,259 | 2 | 1.01% |
| Hutchinson Technology, Inc. | 37,025 | 4 | 0.87% | 25,908 | 4 | 0.83% |
| Nestle Foods | 35,016 | 5 | 0.82% | 30,663 | 3 | 0.99% |
| Marshfield Clinic | 33,290 | 6 | 0.78% | 20,851 | 6 | 0.67% |
| Royal Credit Union | 22,210 | 7 | 0.52% | - | | |
| Menard Inc. | 20,079 | 8 | 0.47% | 13,670 | 10 | 0.44% |
| Phillips Properties | 16,891 | 9 | 0.40% | 15,716 | 8 | 0.51% |
| Sam's Club - Walmart | 12,830 | 10 | 0.30% | - | | |
| Dayton Hudson Corporation | - | | | 19,238 | 7 | 0.62% |
| Luther Hospital | - | | | 21,087 | 5 | 0.68% |
| Midelfort Clinic | - | | | 15,611 | 9 | 0.50% |
| Principal Taxpayers total | <u>\$ 353,349</u> | | | <u>\$ 255,524</u> | | |
| TOTAL CITY EQUALIZED VALUE | <u>\$ 4,247,468</u> | | | <u>\$ 3,105,363</u> | | |

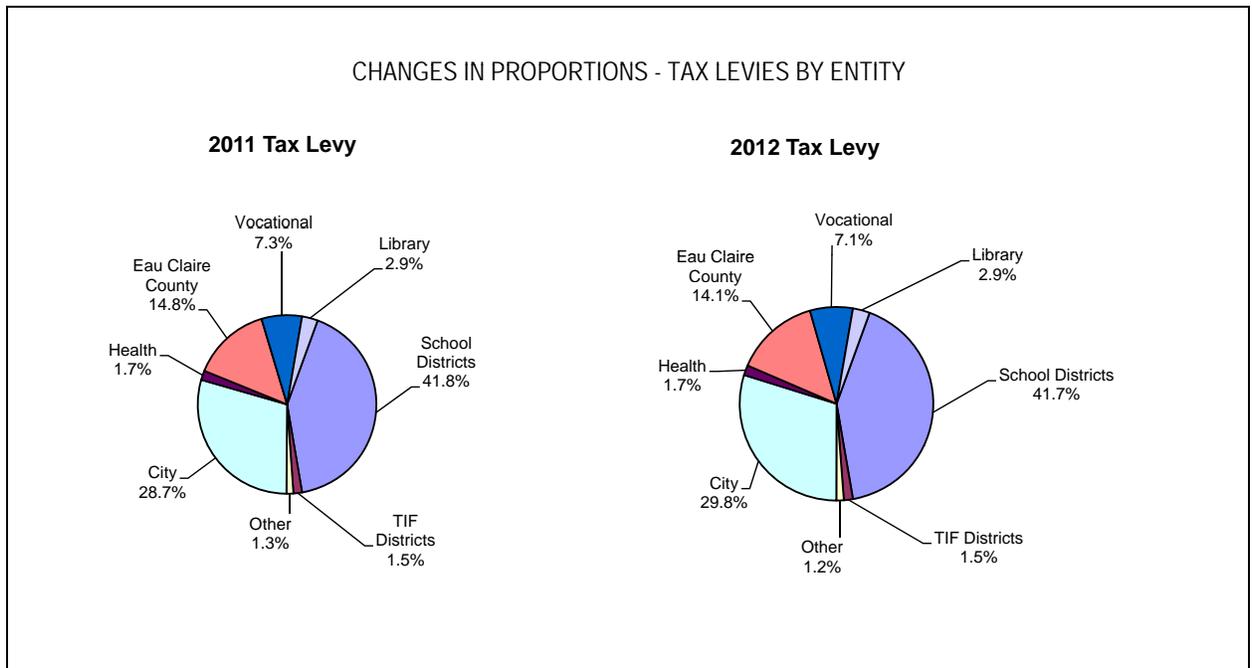
NOTE: Property values shown are established at January 1 of the year preceding the fiscal years listed. They are the basis of the taxes collected and applied to the fiscal year. Values are for both Eau Claire and Chippewa counties.

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)

| | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> |
|--------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|------------------|-----------------|-------------------|
| City | \$ 18,915 | \$ 19,887 | \$ 21,081 | \$ 22,058 | \$ 22,734 | \$ 24,380 | \$ 26,301 | \$ 27,815 | \$ 29,303 | \$ 30,360 |
| TIF Districts | 2,518 | 749 | 905 | 1,008 | 1,110 | 1,151 | 1,251 | 1,460 | 1,553 | 1,538 |
| Library | 2,592 | 2,637 | 2,694 | 2,658 | 2,712 | 2,758 | 2,825 | 2,834 | 2,867 | 2,892 |
| Health | 1,379 | 1,453 | 1,508 | 1,537 | 1,557 | 1,609 | 1,656 | 1,671 | 1,696 | 1,695 |
| Eau Claire School District | 33,130 | 32,959 | 40,550 | 36,385 | 35,847 | 36,934 | 37,511 | 40,408 | 41,545 | 42,373 |
| Chippewa Falls School District | 34 | 34 | 32 | 31 | 31 | 30 | 33 | 31 | 49 | 51 |
| Altoona School District | 129 | 145 | 139 | 137 | 140 | 142 | 121 | 126 | 121 | 127 |
| Vocational District | 5,410 | 5,629 | 5,699 | 5,951 | 6,113 | 6,387 | 6,639 | 7,065 | 7,300 | 7,285 |
| Eau Claire County | 8,917 | 9,818 | 10,595 | 10,947 | 11,395 | 13,596 | 13,824 | 14,330 | 14,213 | 14,386 |
| Chippewa County | 430 | 462 | 462 | 464 | 451 | 474 | 465 | 498 | 533 | 542 |
| State Forestry- Eau Claire County | 596 | 638 | 681 | 674 | 667 | 670 | 695 | 704 | 689 | 694 |
| State Forestry- Chippewa County | 25 | 28 | 29 | 27 | 27 | 27 | 27 | 28 | 28 | 27 |
| Total tax levy | \$74,075 | \$74,439 | \$84,375 | \$81,877 | \$82,784 | \$88,158 | \$ 91,348 | \$ 96,970 | \$99,897 | \$ 101,970 |
| City percent of total levy | 25.53% | 26.72% | 24.98% | 26.94% | 27.46% | 27.65% | 28.79% | 28.68% | 29.33% | 29.77% |



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)

| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Total Tax Levy | \$ 22,886 | \$ 23,977 | \$ 25,283 | \$ 26,253 | \$ 27,003 | \$ 28,747 | \$ 30,782 | \$ 32,319 | \$ 33,865 | \$ 34,946 |
| Current tax collections | \$ 22,662 | \$ 23,647 | \$ 24,983 | \$ 26,086 | \$ 26,877 | \$ 28,654 | \$ 30,633 | \$ 32,142 | \$ 33,612 | \$ 34,801 |
| Percentage of Levy | 99.0% | 98.6% | 98.8% | 99.4% | 99.5% | 99.7% | 99.5% | 99.5% | 99.3% | 99.6% |
| Collection of delinquent personal property taxes | \$ 208 | \$ 302 | \$ 265 | \$ 142 | \$ 111 | \$ 71 | \$ 97 | \$ 129 | \$ 217 | \$ 101 |
| Total tax collections (1) | <u>\$ 22,870</u> | <u>\$ 23,949</u> | <u>\$ 25,248</u> | <u>\$ 26,228</u> | <u>\$ 26,988</u> | <u>\$ 28,725</u> | <u>\$ 30,730</u> | <u>\$ 32,271</u> | <u>\$ 33,829</u> | <u>\$ 34,902</u> |
| Percentage of Levy | 99.9% | 99.9% | 99.9% | 99.9% | 99.9% | 99.9% | 99.8% | 99.9% | 99.9% | 99.9% |

(1) NOTE: Does not include mobile home fees or payment in lieu of taxes.

Source: City of Eau Claire Comprehensive Annual Financial Reports

CITY OF EAU CLAIRE

TABLE 15
SPECIAL ASSESSMENT COLLECTIONS
Last Ten Fiscal Years
(Dollars in Thousands)

| | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Total assessments levied each fiscal period: (1) | | | | | | | | | | |
| General fund | \$ 137 | \$ 157 | \$ 75 | \$ 89 | \$ 100 | \$ 109 | \$ 120 | \$ 271 | \$ 383 | \$ 808 |
| Business Improvement Districts | 75 | 91 | 92 | 141 | 151 | 152 | 152 | 145 | 145 | 147 |
| Debt Service | 1,566 | 1,663 | 1,657 | 1,516 | 1,547 | 1,721 | 1,546 | 1,373 | 1,126 | 711 |
| Water Utility | 193 | 191 | 105 | 90 | 99 | 90 | 87 | 83 | 82 | 70 |
| Sewer Utility | 242 | 238 | 122 | 104 | 105 | 91 | 90 | 82 | 77 | 51 |
| Health | 0 | 0 | 0 | 0 | 0 | 0 | 8 | 8 | 6 | 5 |
| Delinquent utility bills | 526 | 581 | 521 | 561 | 548 | 617 | 656 | 809 | 774 | 776 |
| Total assessments levied | <u>\$ 2,739</u> | <u>\$ 2,921</u> | <u>\$ 2,572</u> | <u>\$ 2,501</u> | <u>\$ 2,550</u> | <u>\$ 2,780</u> | <u>\$ 2,659</u> | <u>\$ 2,771</u> | <u>\$ 2,593</u> | <u>\$ 2,568</u> |
| Current collections | <u>\$ 2,739</u> | <u>\$ 2,921</u> | <u>\$ 2,572</u> | <u>\$ 2,501</u> | <u>\$ 2,550</u> | <u>\$ 2,780</u> | <u>\$ 2,659</u> | <u>\$ 2,771</u> | <u>\$ 2,593</u> | <u>\$ 2,568</u> |
| Total collections | <u>\$ 2,739</u> | <u>\$ 2,921</u> | <u>\$ 2,572</u> | <u>\$ 2,501</u> | <u>\$ 2,550</u> | <u>\$ 2,780</u> | <u>\$ 2,659</u> | <u>\$ 2,771</u> | <u>\$ 2,593</u> | <u>\$ 2,568</u> |

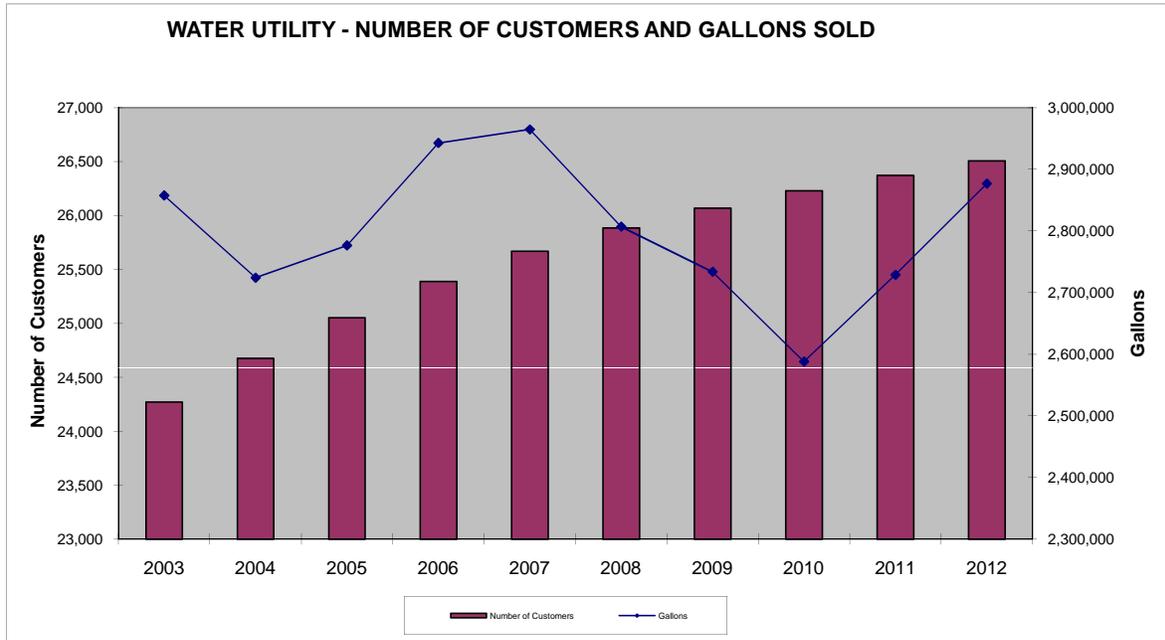
(1) NOTE: Includes current interest due on installment special assessments.

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>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> |
|----------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Number of customers | | | | | | | | | | |
| Residential | 21,535 | 21,921 | 22,264 | 22,560 | 22,805 | 22,992 | 23,152 | 23,293 | 23,417 | 23,556 |
| Commercial | 2,436 | 2,453 | 2,484 | 2,519 | 2,551 | 2,574 | 2,593 | 2,612 | 2,628 | 2,625 |
| Industrial | 110 | 110 | 110 | 111 | 111 | 110 | 109 | 109 | 109 | 109 |
| Public | 189 | 191 | 194 | 199 | 202 | 208 | 212 | 216 | 217 | 216 |
| Total | 24,270 | 24,675 | 25,052 | 25,389 | 25,669 | 25,884 | 26,066 | 26,230 | 26,371 | 26,506 |
| Gallons (thousands) | | | | | | | | | | |
| Residential | 1,342,086 | 1,213,839 | 1,257,567 | 1,371,987 | 1,385,600 | 1,244,970 | 1,288,528 | 1,182,343 | 1,210,111 | 1,297,806 |
| Commercial | 703,999 | 688,356 | 706,237 | 694,466 | 715,582 | 694,815 | 667,586 | 656,846 | 673,138 | 701,560 |
| Industrial | 581,087 | 594,416 | 555,940 | 616,834 | 606,778 | 612,579 | 517,711 | 505,853 | 604,273 | 612,696 |
| Public | 230,292 | 227,438 | 256,643 | 259,278 | 256,705 | 254,553 | 259,869 | 242,820 | 241,090 | 264,612 |
| Total | 2,857,464 | 2,724,049 | 2,776,387 | 2,942,565 | 2,964,665 | 2,806,917 | 2,733,694 | 2,587,862 | 2,728,612 | 2,876,674 |



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>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> |
|----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| General Metered Service | | | | | | | | | | |
| Quarterly Service Charge | | | | | | | | | | |
| 5/8 inch meter | \$ 14.37 | \$ 14.37 | \$ 14.37 | \$ 15.60 | \$ 15.60 | \$ 15.60 | \$ 17.10 | \$ 17.10 | \$ 17.61 | \$ 17.61 |
| 3/4 inch meter | 14.37 | 14.37 | 14.37 | 15.60 | 15.60 | 15.60 | 17.10 | 17.10 | 17.61 | 17.61 |
| 1 inch meter | 21.63 | 21.63 | 21.63 | 22.80 | 22.80 | 22.80 | 26.70 | 26.70 | 27.50 | 27.50 |
| 1 1/4 inch meter | 27.81 | 27.81 | 27.81 | 30.00 | 30.00 | 30.00 | 35.40 | 35.40 | 36.46 | 36.46 |
| 1 1/2 inch meter | 33.99 | 33.99 | 33.99 | 36.60 | 36.00 | 36.00 | 43.80 | 43.80 | 45.11 | 45.11 |
| 2 inch meter | 55.62 | 55.62 | 55.62 | 55.80 | 55.80 | 55.80 | 65.40 | 65.40 | 67.36 | 67.36 |
| 3 inch meter | 98.88 | 98.88 | 98.88 | 99.00 | 99.00 | 99.00 | 105.00 | 105.00 | 108.15 | 108.15 |
| 4 inch meter | 123.60 | 123.60 | 123.60 | 129.00 | 129.00 | 129.00 | 156.00 | 156.00 | 160.68 | 160.68 |
| 6 inch meter | 213.21 | 213.21 | 213.21 | 225.00 | 225.00 | 225.00 | 273.00 | 273.00 | 281.19 | 281.19 |
| 8 inch meter | 318.27 | 318.27 | 318.27 | 339.00 | 339.00 | 339.00 | 411.00 | 411.00 | 423.33 | 423.33 |
| 10 inch meter | 463.50 | 463.50 | 463.50 | 489.00 | 489.00 | 489.00 | 591.00 | 591.00 | 608.73 | 608.73 |
| 12 inch meter | 599.46 | 599.46 | 599.46 | 639.00 | 639.00 | 639.00 | 771.00 | 771.00 | 794.13 | 794.13 |
| Volume rate (per 100 cubic feet) | | | | | | | | | | |
| First 7,500 cubic feet | \$ 1.21 | \$ 1.21 | \$ 1.21 | \$ 1.31 | \$ 1.31 | \$ 1.31 | \$ 1.49 | \$ 1.49 | \$ 1.53 | \$ 1.53 |
| Next 742,500 cubic feet | 1.04 | 1.04 | 1.04 | 1.13 | 1.13 | 1.13 | 1.28 | 1.28 | 1.32 | 1.32 |
| Over 750,000 cubic feet | 0.69 | 0.69 | 0.69 | 0.79 | 0.79 | 0.79 | 0.89 | 0.89 | 0.92 | 0.92 |
| Public Fire Protection | | | | | | | | | | |
| Quarterly Service Charge | | | | | | | | | | |
| 5/8 inch meter | \$ 9.46 | \$ 9.46 | \$ 9.46 | \$ 9.46 | \$ 9.46 | \$ 9.46 | \$ 9.60 | \$ 9.60 | \$ 9.89 | \$ 9.89 |
| 3/4 inch meter | 9.46 | 9.46 | 9.46 | 9.46 | 9.46 | 9.46 | 9.60 | 9.60 | 9.89 | 9.89 |
| 1 inch meter | 23.48 | 23.48 | 23.48 | 23.48 | 23.48 | 23.48 | 24.00 | 24.00 | 24.72 | 24.72 |
| 1 1/4 inch meter | 34.92 | 34.92 | 34.92 | 34.92 | 34.92 | 34.92 | 35.40 | 35.40 | 36.46 | 36.46 |
| 1 1/2 inch meter | 47.28 | 47.28 | 47.28 | 47.28 | 47.28 | 47.28 | 48.00 | 48.00 | 49.44 | 49.44 |
| 2 inch meter | 75.71 | 75.71 | 75.71 | 75.71 | 75.71 | 75.71 | 76.80 | 76.80 | 79.10 | 79.10 |
| 3 inch meter | 142.14 | 142.14 | 142.14 | 142.14 | 142.14 | 142.14 | 144.00 | 144.00 | 148.32 | 148.32 |
| 4 inch meter | 234.84 | 234.84 | 234.84 | 234.84 | 234.84 | 234.84 | 240.00 | 240.00 | 247.20 | 247.20 |
| 6 inch meter | 472.77 | 472.77 | 472.77 | 472.77 | 472.77 | 472.77 | 480.00 | 480.00 | 494.40 | 494.40 |
| 8 inch meter | 753.96 | 753.96 | 753.96 | 753.96 | 753.96 | 753.96 | 768.00 | 768.00 | 791.04 | 791.04 |
| 10 inch meter | 1,134.03 | 1,134.03 | 1,134.03 | 1,134.03 | 1,134.03 | 1,134.03 | 1,152.00 | 1,152.00 | 1,186.56 | 1,186.56 |
| 12 inch meter | 1,511.01 | 1,511.01 | 1,511.01 | 1,511.01 | 1,511.01 | 1,511.01 | 1,536.00 | 1,536.00 | 1,582.08 | 1,582.08 |

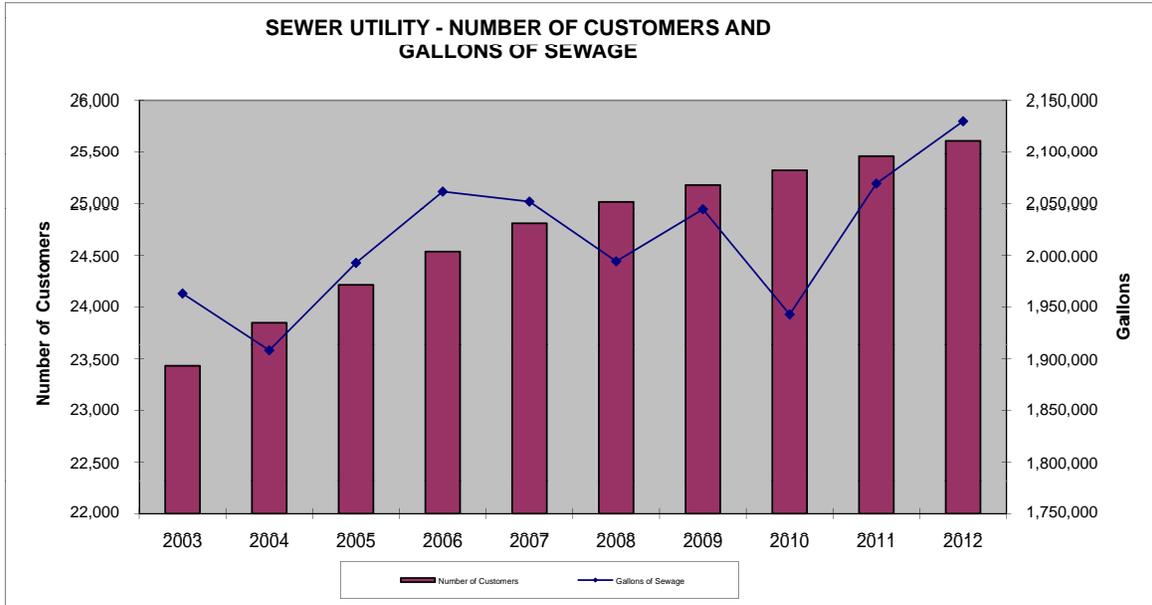
Source: Customer Services - City of Eau Claire

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

CITY OF EAU CLAIRE

TABLE 19
SEWER UTILITY CUSTOMER SUMMARY
LAST TEN FISCAL YEARS

| | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> |
|---------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Number of customers | | | | | | | | | | |
| Residential | 20,891 | 21,279 | 21,616 | 21,911 | 22,157 | 22,345 | 22,495 | 22,626 | 22,753 | 22,895 |
| Commercial | 2,289 | 2,315 | 2,341 | 2,365 | 2,391 | 2,411 | 2,424 | 2,435 | 2,445 | 2,451 |
| Industrial | 92 | 92 | 93 | 94 | 95 | 94 | 93 | 94 | 95 | 95 |
| Public | 159 | 161 | 164 | 166 | 167 | 167 | 168 | 168 | 167 | 167 |
| Total | 23,431 | 23,847 | 24,214 | 24,536 | 24,810 | 25,017 | 25,180 | 25,323 | 25,460 | 25,608 |
| Gallons (thousands) | | | | | | | | | | |
| Residential | 985,693 | 983,564 | 982,929 | 989,805 | 1,005,253 | 990,279 | 1,082,255 | 1,035,729 | 1,080,152 | 1,087,106 |
| Commercial | 642,469 | 590,527 | 613,281 | 609,161 | 602,989 | 600,342 | 599,731 | 566,088 | 600,681 | 632,874 |
| Industrial | 209,427 | 221,503 | 275,062 | 348,936 | 334,562 | 303,806 | 252,218 | 235,880 | 285,293 | 302,251 |
| Public | 125,447 | 112,455 | 121,395 | 113,783 | 109,208 | 99,735 | 110,403 | 105,089 | 103,340 | 107,545 |
| Total | 1,963,036 | 1,908,049 | 1,992,667 | 2,061,685 | 2,052,012 | 1,994,162 | 2,044,607 | 1,942,786 | 2,069,466 | 2,129,776 |



Sources: Customer Services - City of Eau Claire

CITY OF EAU CLAIRE

TABLE 20
SEWER UTILITY CUSTOMER RATES
LAST TEN FISCAL YEARS

| | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> |
|----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| General Metered Service | | | | | | | | | | |
| Quarterly Minimum Charge | \$ 16.32 | \$ 16.32 | \$ 16.32 | \$ 16.32 | \$ 16.32 | \$ 17.28 | \$ 18.48 | \$ 19.76 | \$ 21.12 | \$ 22.56 |
| Volume rate (per 100 cubic feet) | \$ 2.04 | \$ 2.04 | \$ 2.04 | \$ 2.04 | \$ 2.04 | \$ 2.16 | \$ 2.31 | \$ 2.47 | \$ 2.64 | \$ 2.82 |

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> | 2012 | | |
|--------------------------------------|-----------------------|----------------------|-------------------|
| | <u>Gallons Billed</u> | <u>Amount Billed</u> | <u>% of Total</u> |
| Nestle USA | 144,228,426 | \$ 543,749 | 6.8% |
| Hutchinson Technology | 137,162,545 | 517,110 | 6.4% |
| University of Wisconsin - Eau Claire | 54,906,778 | 207,002 | 2.6% |
| Mayo Clinic Health System | 36,487,374 | 137,559 | 1.7% |
| Sacred Heart Hospital | 33,614,306 | 126,728 | 1.6% |
| Eau Claire Area School District | 14,833,970 | 55,925 | 0.7% |
| Oak Ridge Village | 14,182,446 | 53,469 | 0.7% |
| Silver Spring Foods | 12,416,521 | 46,811 | 0.6% |
| YMCA | 7,846,875 | 29,583 | 0.4% |
| Chippewa Valley Technical College | 6,628,248 | 24,989 | 0.3% |
| Subtotal (ten largest) | 462,307,489 | 1,742,925 | 21.8% |
| All other customers | 1,667,468,511 | \$ 5,018,161 | 78.2% |
| Grand Totals | 2,129,776,000 | \$ 6,761,086 | 100.0% |

| <u>Customer</u> | 2003 | | |
|------------------------------------|-----------------------|----------------------|-------------------|
| | <u>Gallons Billed</u> | <u>Amount Billed</u> | <u>% of Total</u> |
| Nestles Food Company | 126,063,059 | \$ 334,855 | 6.4% |
| University of Wisconsin-Eau Claire | 72,191,247 | 191,758 | 3.7% |
| Luther Midelfort-Mayo Health | 52,778,918 | 140,194 | 2.7% |
| Hutchinson Technology | 46,827,671 | 124,386 | 2.4% |
| Sacred Heart Hospital | 33,064,659 | 87,828 | 1.7% |
| 3-M Companies | 20,981,082 | 55,731 | 1.1% |
| Eau Claire School District | 18,205,365 | 48,358 | 0.9% |
| Villa Diane Mobile Home Park | 12,430,682 | 33,019 | 0.6% |
| Huebsch Laundry Co. | 11,755,671 | 31,226 | 0.6% |
| Oakwood Village Mobile Home Park | 11,015,529 | 29,260 | 0.6% |
| Subtotal (ten largest) | 405,313,883 | 1,076,615 | 20.7% |
| All other customers | 1,557,722,117 | \$ 4,277,119 | 79.3% |
| Grand Totals | 1,963,036,000 | \$ 5,353,734 | 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 | | | |
| 2003 | \$ 45,670 | \$ - | \$ 71 | \$ 10,990 | \$ 320 | \$ 12,740 | \$ 69,791 | 3.89% | \$ 1,092 |
| 2004 | 47,465 | - | 227 | 12,140 | 320 | 11,685 | 71,837 | 3.93% | 1,124 |
| 2005 | 48,955 | - | 146 | 13,415 | 297 | 10,595 | 73,408 | 3.82% | 1,136 |
| 2006 | 49,565 | - | 111 | 13,635 | 266 | 9,460 | 73,037 | 3.57% | 1,123 |
| 2007 | 54,475 | - | 76 | 15,155 | 232 | 10,285 | 80,223 | 3.76% | 1,230 |
| 2008 | 64,855 | - | 39 | 15,445 | 198 | 9,015 | 89,552 | 4.06% | 1,370 |
| 2009 | 71,060 | - | 468 | 16,405 | 162 | 10,070 | 98,165 | 4.42% | 1,488 |
| 2010 | 71,647 | - | 468 | 17,253 | 124 | 9,445 | 98,937 | 4.46% | 1,502 |
| 2011 | 72,002 | - | 433 | 18,673 | 84 | 8,700 | 99,892 | 4.28% | 1,512 |
| 2012 | 72,916 | - | - | 18,959 | 43 | 7,925 | 99,843 | 4.27% | 1,509 |

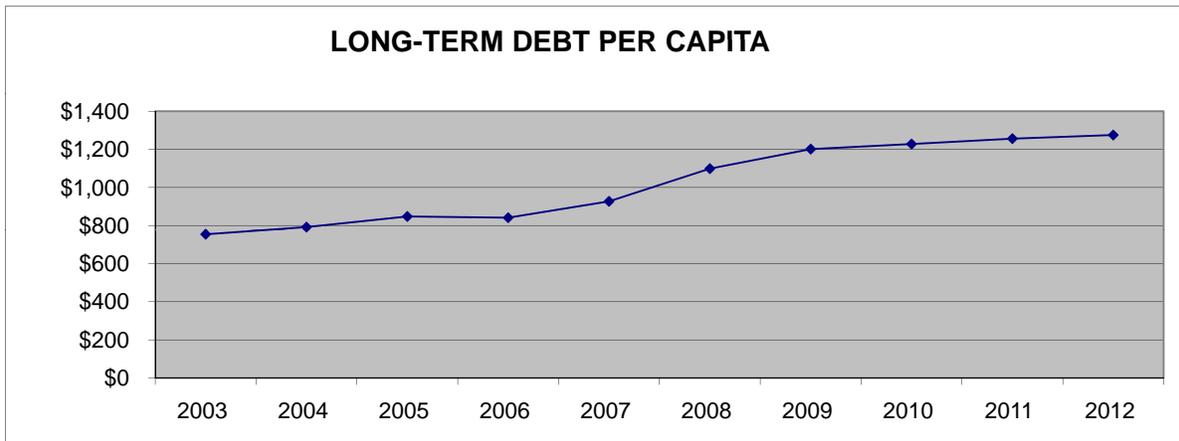
Source: City of Eau Claire Comprehensive Annual Financial Reports

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>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Population | 63,882 | 63,897 | 64,632 | 65,056 | 65,202 | 65,362 | 65,950 | 65,883 | 66,060 | 66,170 |
| Equalized valuation | \$3,330,561 | \$3,546,277 | \$3,741,043 | \$3,951,641 | \$4,110,179 | \$4,254,935 | \$4,315,947 | \$4,224,624 | \$4,247,468 | \$4,223,724 |
| General obligation bonds | 56,660 | 59,605 | 62,370 | 63,200 | 69,630 | 80,300 | 87,465 | 88,900 | 90,675 | 91,918 |
| State trust fund loans | <u>71</u> | <u>547</u> | <u>443</u> | <u>377</u> | <u>308</u> | <u>236</u> | <u>630</u> | <u>592</u> | <u>517</u> | <u>-</u> |
| Total long-term debt (1) | 56,731 | 60,152 | 62,813 | 63,577 | 69,938 | 80,536 | 88,095 | 89,492 | 91,192 | 91,918 |
| Resources on hand for payment of debt | <u>(8,560)</u> | <u>(9,566)</u> | <u>(8,039)</u> | <u>(8,862)</u> | <u>(9,504)</u> | <u>(8,735)</u> | <u>(8,888)</u> | <u>(8,609)</u> | <u>(8,226)</u> | <u>(7,555)</u> |
| Net long-term debt | <u>\$ 48,171</u> | <u>\$ 50,586</u> | <u>\$ 54,774</u> | <u>\$ 54,715</u> | <u>\$ 60,434</u> | <u>\$ 71,801</u> | <u>\$ 79,207</u> | <u>\$ 80,883</u> | <u>\$ 82,966</u> | <u>\$ 84,363</u> |
| Percent of net long-term debt to equalized value | 1.45% | 1.43% | 1.46% | 1.38% | 1.47% | 1.69% | 1.84% | 1.91% | 1.95% | 2.00% |
| Net long-term debt per capita (not in thousands) | \$754 | \$792 | \$847 | \$841 | \$927 | \$1,099 | \$1,201 | \$1,228 | \$1,256 | \$1,275 |



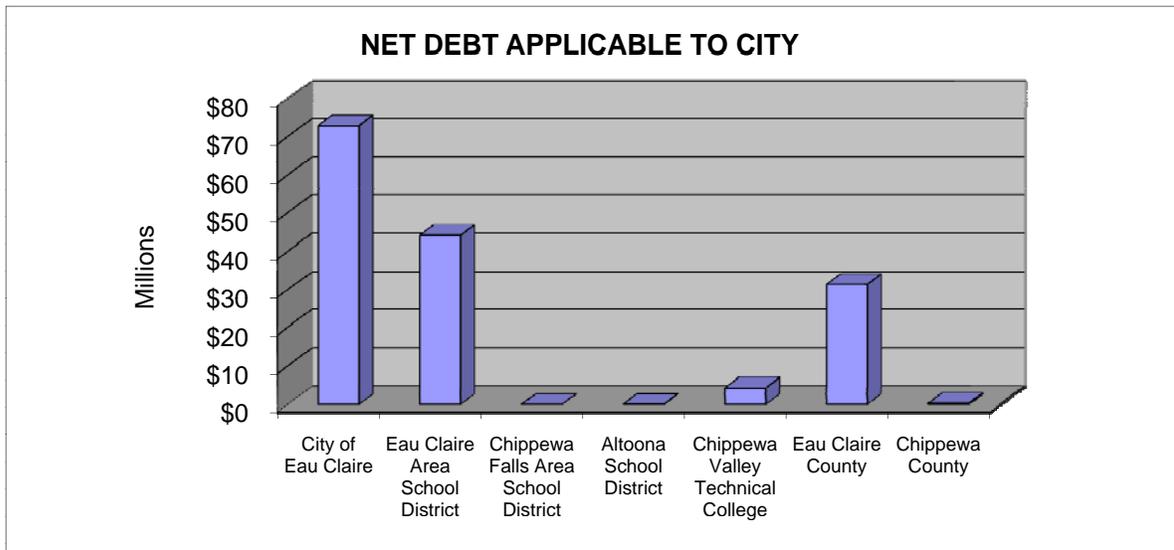
(1) NOTE: Includes General Long-Term Debt and Enterprise General Obligation Debt. Other enterprise debt and accrued employee absences are not included.

Sources: State of Wisconsin, Department of Administration, Demographic Services Center (population)
City of Eau Claire Assessor's Office, Statement of Changes in Equalized Values by Class & Item, as compiled by the Wisconsin Department of Revenue.

CITY OF EAU CLAIRE

TABLE 24
SCHEDULE OF DIRECT AND INDIRECT
GOVERNMENTAL ACTIVITIES GENERAL OBLIGATION DEBT
December 31, 2012

| Governmental Unit | <u>Total Debt</u> | <u>Estimated Percentage Applicable To City (1)</u> | <u>Net Debt Applicable To City</u> |
|--|-----------------------|--|--|
| Direct debt: | | | |
| City of Eau Claire | \$ 72,915,680 | 100.00% | \$ 72,915,680 |
| Indirect debt: | | | |
| Eau Claire Area School District | 59,660,000 | 74.03% | 44,164,447 |
| Chippewa Falls Area School District | - | 0.00% | - |
| Altoona School District | 4,437,858 | 2.65% | 117,730 |
| Chippewa Valley Technical College | 21,020,000 | 20.69% | 4,348,667 |
| Eau Claire County | 51,920,000 | 60.65% | 31,487,154 |
| Chippewa County | <u>9,760,000</u> | 3.63% | <u>353,999</u> |
| Total indirect debt | <u>146,797,858</u> | | <u>80,471,997</u> |
| Total direct and indirect debt | <u>\$ 219,713,538</u> | | <u>\$ 153,387,677</u> |
| | | | |
| Indirect debt per capita | | | \$ 1,216 |
| Indirect debt as a % of equalized value | | | 1.91% |
| | | | |
| Total direct and indirect debt per capita | | | \$ 2,318 |
| Total direct and indirect debt as a % of equalized value | | | 3.63% |



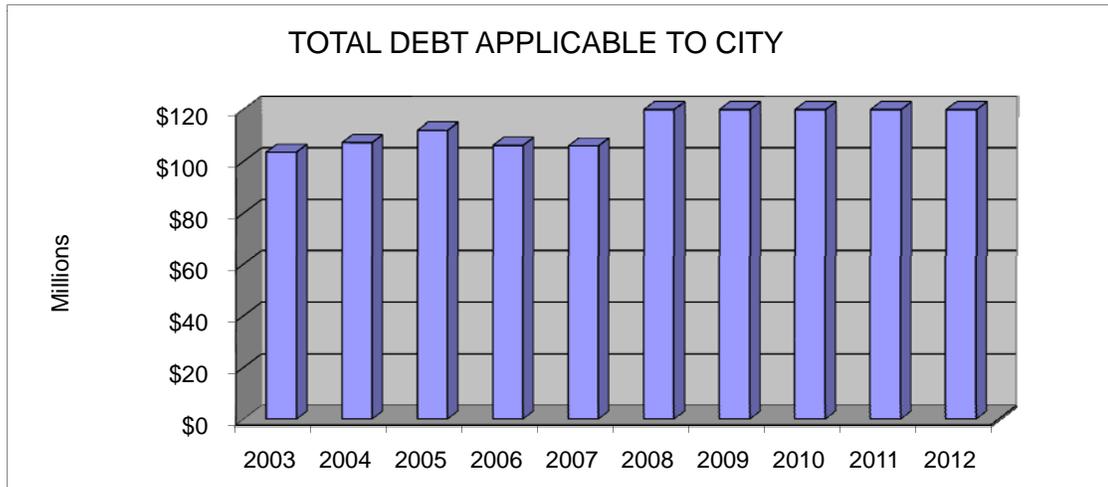
(1) NOTE: The percentage of debt applicable to the City is based on the most recent equalized value of the taxing districts within the City as compared to the entire district.

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>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> |
|-------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Total debt applicable to City | \$103,629 | \$107,321 | \$112,127 | \$106,253 | \$106,074 | \$124,713 | \$129,213 | \$129,133 | \$162,524 | \$172,390 |
| Direct debt: | | | | | | | | | | |
| General City | \$57,051 | \$60,152 | \$62,813 | \$63,577 | \$69,938 | \$80,536 | \$88,095 | \$89,492 | \$91,192 | \$91,918 |
| 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 | \$35,544 | \$36,605 | \$39,569 | \$34,154 | \$28,451 | \$22,440 | \$20,512 | \$13,703 | \$32,777 | \$44,164 |
| Percent | 75.74% | 75.01% | 74.69% | 74.77% | 74.66% | 74.60% | 75.12% | 74.09% | 74.27% | 74.03% |
| Chippewa Falls Area | | | | | | | | | | |
| School District | \$23 | \$15 | \$10 | \$6 | \$3 | \$2 | \$0 | \$0 | \$0 | \$0 |
| Percent | 0.22% | 0.20% | 0.19% | 0.18% | 18.00% | 0.18% | 0.00% | 0.00% | 0.00% | 0.00% |
| Altoona School District | \$271 | \$256 | \$248 | \$221 | \$221 | \$183 | \$176 | \$156 | \$142 | \$118 |
| Percent | 3.19% | 3.10% | 3.02% | 2.93% | 2.95% | 2.64% | 2.65% | 2.65% | 2.68% | 2.65% |
| C.V. Technical College | \$5,834 | \$5,939 | \$5,901 | \$5,606 | \$5,208 | \$4,764 | \$4,643 | \$4,116 | \$4,272 | \$4,349 |
| Percent | 21.07% | 20.57% | 20.48% | 20.04% | 19.94% | 19.83% | 20.33% | 20.22% | 20.58% | 20.69% |
| Eau Claire County | \$4,355 | \$3,848 | \$3,083 | \$2,242 | \$1,837 | \$16,425 | \$15,444 | \$21,345 | \$33,517 | \$31,487 |
| Percent | 61.64% | 61.42% | 61.27% | 61.39% | 61.16% | 61.10% | 61.62% | 60.72% | 60.89% | 60.65% |
| Chippewa County | \$551 | \$506 | \$503 | \$447 | \$416 | \$364 | \$343 | \$320 | \$624 | \$354 |
| Percent | 4.04% | 3.90% | 3.74% | 3.54% | 3.55% | 3.37% | 3.50% | 3.64% | 3.64% | 3.63% |



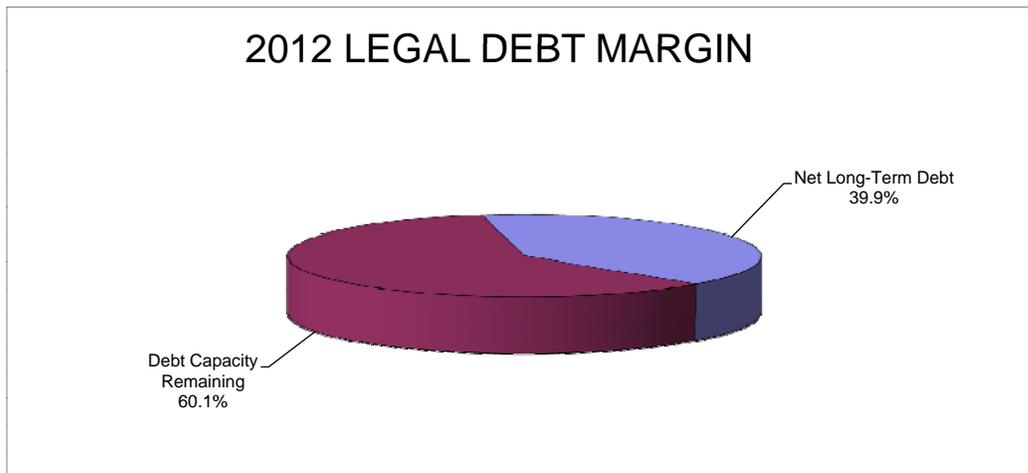
Source: City of Eau Claire Schedule of Long-Term Debt

Note: The information on this table differs from Table 24 as all general obligation debt is reported, including debt from business-type activities.

CITY OF EAU CLAIRE

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

| | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Equalized valuation | \$3,330,561 | \$3,546,277 | \$3,741,043 | \$3,951,641 | \$4,110,179 | \$4,254,935 | \$4,315,947 | \$4,224,624 | \$4,247,468 | \$4,223,724 |
| Legal debt percentage | 5% | 5% | 5% | 5% | 5% | 5% | 5% | 5% | 5% | 5% |
| Legal debt limit | \$166,528 | \$177,314 | \$187,052 | \$197,582 | \$205,509 | \$212,747 | \$215,797 | \$211,231 | \$212,373 | \$211,186 |
| Resources on hand for payment of debt | (\$8,560) | (\$9,566) | (\$8,039) | (\$8,862) | (\$9,504) | (\$8,735) | (\$8,888) | (\$8,609) | (\$8,226) | (\$7,555) |
| Net long-term debt | \$48,171 | \$50,586 | \$54,774 | \$54,715 | \$60,434 | \$71,801 | \$79,207 | \$80,883 | \$82,966 | \$84,363 |
| Legal debt margin | \$118,357 | \$126,728 | \$132,278 | \$142,867 | \$145,075 | \$140,946 | \$136,590 | \$130,348 | \$129,407 | \$126,823 |
| Legal debt margin as a percentage of the debt limit | 71% | 71% | 71% | 72% | 71% | 66% | 63% | 62% | 61% | 60% |



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>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <u>WATER UTILITY</u> | | | | | | | | | | |
| Operating revenue | \$6,986 | \$6,846 | \$7,150 | \$7,600 | \$8,100 | \$7,822 | \$8,379 | \$8,390 | \$8,649 | \$9,349 |
| Operating expense (1) | \$2,984 | \$3,012 | \$3,337 | \$3,295 | \$3,609 | \$4,110 | \$4,230 | \$4,280 | \$4,120 | \$4,006 |
| Income available for debt service | \$4,002 | \$3,834 | \$3,813 | \$4,305 | \$4,491 | \$3,712 | \$4,149 | \$4,110 | \$4,529 | \$5,343 |
| Debt service current year (2) | \$978 | \$1,065 | \$1,058 | \$1,063 | \$1,062 | \$1,244 | \$3,176 | \$1,094 | \$1,156 | \$1,154 |
| Coverage | 4.09 | 3.60 | 3.60 | 4.05 | 4.23 | 2.98 | 1.31 | 3.76 | 3.92 | 4.63 |
| Debt service for highest principal and interest year in retirement schedule | \$1,077 | \$1,078 | \$1,078 | \$1,078 | \$1,244 | \$1,243 | \$1,163 | \$1,163 | \$1,163 | \$1,163 |
| Coverage on highest year | 3.72 | 3.56 | 3.54 | 3.99 | 3.61 | 2.99 | 3.57 | 3.53 | 3.89 | 4.59 |
| <u>SEWER UTILITY</u> | | | | | | | | | | |
| Operating revenue | \$6,025 | \$5,833 | \$6,156 | \$6,295 | \$6,291 | \$6,514 | \$6,653 | \$6,979 | \$7,692 | \$8,591 |
| Operating expense (1) | \$3,804 | \$3,817 | \$3,887 | \$4,184 | \$4,100 | \$4,485 | \$4,639 | \$5,069 | \$4,975 | \$5,277 |
| Income available for debt service | \$2,221 | \$2,016 | \$2,269 | \$2,111 | \$2,191 | \$2,029 | \$2,014 | \$1,910 | \$2,717 | \$3,314 |
| Debt service current year (2) | \$513 | \$518 | \$522 | \$525 | \$528 | \$520 | \$0 | \$0 | \$0 | \$0 |
| Coverage | 4.33 | 3.89 | 4.35 | 4.02 | 4.15 | 3.90 | N/A | N/A | N/A | N/A |
| Debt service for highest principal and interest year in retirement schedule | \$528 | \$528 | \$528 | \$528 | \$520 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Coverage on highest year | 4.21 | 3.82 | 4.30 | 4.00 | 4.21 | N/A | N/A | N/A | N/A | N/A |

(1) NOTE: Operating expense does not include depreciation or property tax equivalent.

(2) NOTE: Includes only revenue bond principal and interest.

Sources: City of Eau Claire Comprehensive Annual Financial Report
 City of Eau Claire Schedule of Long Term Debt annual report

CITY OF EAU CLAIRE

TABLE 28
 RATIO OF ANNUAL GENERAL FUND DEBT PAYMENTS
 TO TOTAL GENERAL FUND EXPENDITURES AND
 OTHER FINANCING USES
 Last Ten Fiscal Years
 (Dollars in Thousands)

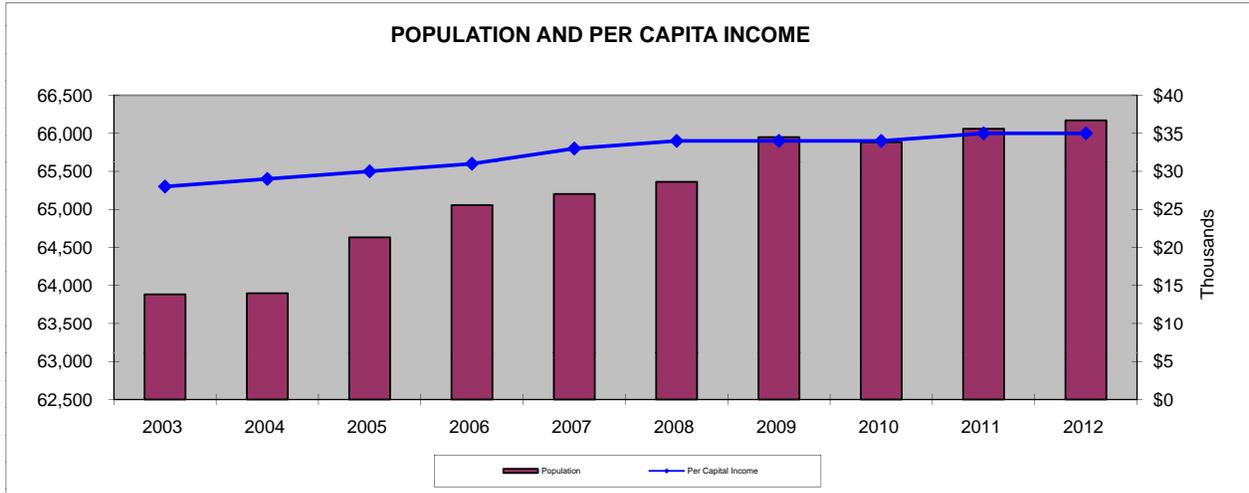
| | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Transfers to Debt Service fund | \$2,147 | \$2,334 | \$2,735 | \$2,731 | \$2,853 | \$4,418 | \$4,187 | \$4,966 | \$5,534 | \$6,096 |
| Total expenditures and other financing uses | \$41,359 | \$42,666 | \$44,721 | \$45,839 | \$47,775 | \$48,966 | \$51,108 | \$52,623 | \$54,065 | \$56,330 |
| Percent of debt transfers to expenditures and other financing uses | 5.2% | 5.5% | 6.1% | 6.0% | 6.0% | 9.0% | 8.2% | 9.4% | 10.2% | 10.8% |

Source: City of Eau Claire Annual Program of Services

CITY OF EAU CLAIRE

TABLE 29
DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Fiscal Years
(Dollars in Thousands)

| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|-------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Population | 63,882 | 63,897 | 64,632 | 65,056 | 65,202 | 65,362 | 65,950 | 65,883 | 66,060 | 66,170 |
| Consumer price index (1) | 184.0 | 188.9 | 195.3 | 201.6 | 207.3 | 215.3 | 214.5 | 218.1 | 224.9 | 229.6 |
| Per capita income (2) | \$28 | \$29 | \$30 | \$31 | \$33 | \$34 | \$34 | \$34 | \$35 | \$35 |
| Personal income | \$1,795,723 | \$1,830,074 | \$1,919,441 | \$2,047,377 | \$2,133,083 | \$2,206,490 | \$2,219,811 | \$2,249,066 | \$2,331,918 | \$2,335,801 |
| Area in square miles | 33.29 | 33.32 | 33.59 | 33.85 | 33.47 | 33.77 | 33.88 | 33.90 | 33.91 | 33.99 |
| Number of business properties | 1,480 | 1,495 | 1,494 | 1,507 | 1,520 | 1,525 | 1,524 | 1,527 | 1,527 | 1,530 |
| Acres devoted to business | 3,180 | 3,190 | 3,192 | 3,209 | 3,271 | 3,281 | 3,282 | 3,287 | 3,287 | 3,290 |
| Miles of street | 355.0 | 358.5 | 361.5 | 366.0 | 341.4 | 341.7 | 341.9 | 343.4 | 343.3 | 344.5 |



(1) U.S. All Cities Consumer Price Index for all urban consumers (CPU-U), annual average.

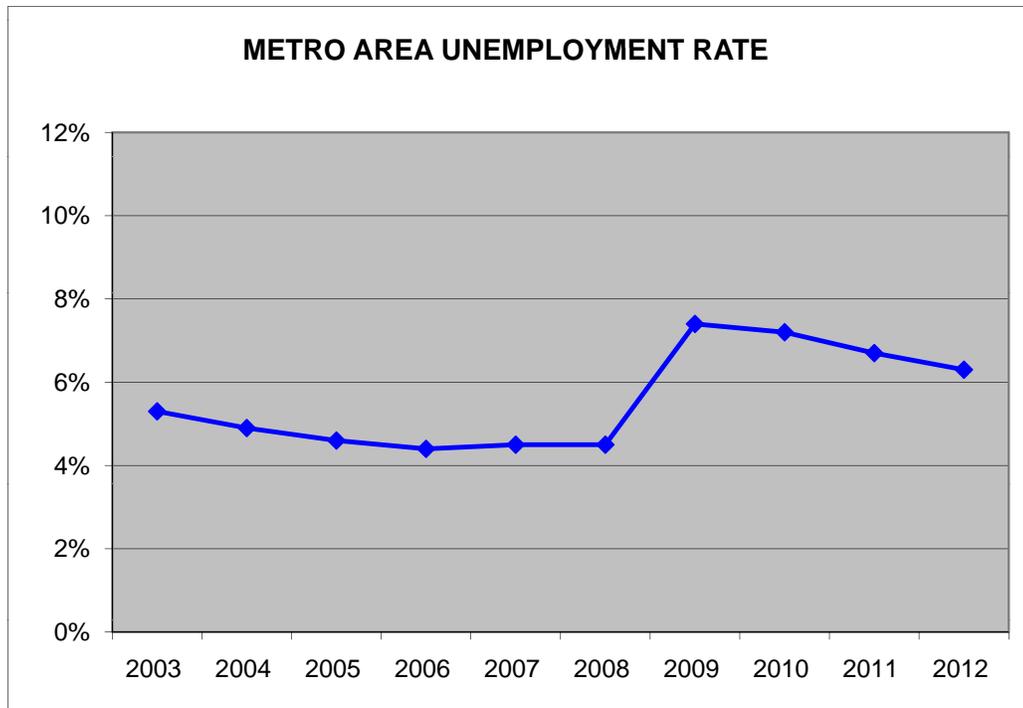
(2) Through 2009, U.S. Bureau of Economic Analysis; 2010 is estimated.

Sources: City of Eau Claire Department of Community Development
City of Eau Claire Public Works Department

CITY OF EAU CLAIRE

TABLE 29 (cont.)
 DEMOGRAPHIC AND ECONOMIC STATISTICS
 Last Ten Fiscal Years
 (Dollars in Thousands)

| | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> |
|--------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Number of residential parcels | 19,087 | 19,313 | 19,678 | 19,838 | 20,072 | 19,766 | 19,829 | 19,922 | 19,941 | 19,960 |
| Vacancy rates (percent): | | | | | | | | | | |
| Residential | 3.75 | 4.25 | 4.75 | 4.80 | 4.70 | 5.00 | 3.50 | 4.25 | 4.25 | 4.50 |
| Commercial | 7.75 | 9.60 | 5.60 | 5.50 | 4.75 | 5.90 | 7.09 | 8.18 | 7.60 | 8.00 |
| Industrial | 8.00 | 13.80 | 20.80 | 17.70 | 7.50 | 7.50 | 7.50 | 8.78 | 8.70 | 8.70 |
| Unemployment rate E.C. Metro Area | 5.3% | 4.9% | 4.6% | 4.4% | 4.5% | 4.5% | 7.4% | 7.2% | 6.7% | 6.3% |



Sources: Department of Community Development
 WI Dept. of Labor, Bureau of Workforce Information
 Statistical Report of Property Values - Eau Claire and Chippewa Counties

CITY OF EAU CLAIRE

TABLE 30
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

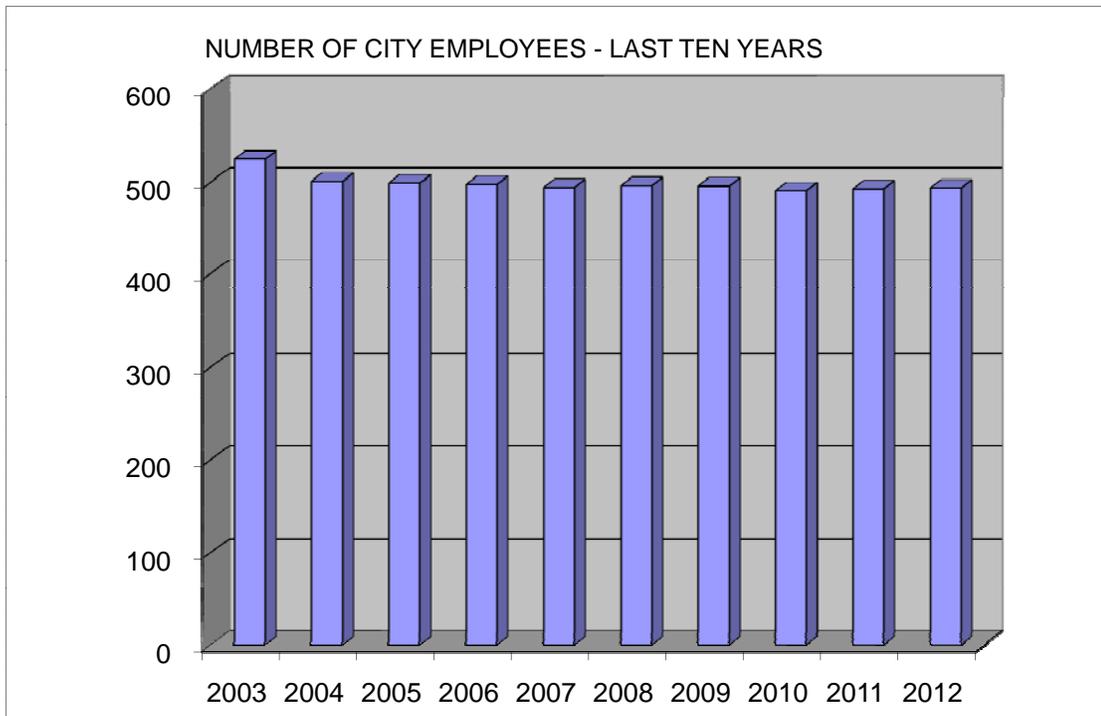
| Employer | 2012 | | | 2003 | | |
|--------------------------------------|---------------|------|---|---------------|------|---|
| | Employees | Rank | Percentage of Total City Employment | Employees | Rank | Percentage of Total City Employment |
| Mayo Clinic Health System | 3,295 | 1 | 9% | 2,800 | 3 | 8% |
| Menard's Inc. | 2,500 | 2 | 7% | 3,000 | 2 | 9% |
| United Health Group | 1,590 | 3 | 4% | - | | |
| Sacred Heart Hospital | 1,459 | 4 | 4% | - | | |
| Eau Claire Area School District | 1,406 | 5 | 4% | 1,500 | 4 | 4% |
| University of Wisconsin - Eau Claire | 1,377 | 6 | 4% | 1,414 | 5 | 4% |
| Hutchinson Technology | 750 | 7 | 2% | 906 | 6 | 3% |
| Marshfield Clinic - Eau Claire | 695 | 8 | 2% | - | | |
| Nestle Foods | 599 | 9 | 2% | - | | |
| City of Eau Claire | 517 | 10 | 1% | - | | |
| Oakwood Mall | - | | | 3,200 | 1 | 9% |
| CVTC | - | | | 893 | 7 | 3% |
| State of Wisconsin | - | | | 671 | 8 | 2% |
| Eau Claire County | - | | | 567 | 9 | 2% |
| Northern States Power | - | | | 540 | 10 | 2% |
| Uniprise | - | | | 540 | 10 | 2% |
| Total Principal Employers | 14,188 | | 39% | 16,031 | | 48% |
| TOTAL EMPLOYEES | 36,610 | | | 35,197 | | |

Sources : Wisconsin Department of Workforce Development, Office of Economic Advisors
Community Development - City of Eau Claire
Phone Survey

CITY OF EAU CLAIRE

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

| | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> |
|------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| General Government | 71.4 | 66.9 | 66.3 | 66.0 | 64.5 | 64.8 | 64.3 | 62.8 | 59.8 | 59.8 |
| Public Works | 71.0 | 64.0 | 62.0 | 62.0 | 61.0 | 61.0 | 61.0 | 59.0 | 60.0 | 60.0 |
| Parks & Recreation | 40.8 | 37.8 | 38.8 | 37.8 | 37.8 | 37.0 | 36.0 | 35.0 | 35.0 | 34.0 |
| Public Safety | 228.0 | 222.0 | 222.0 | 222.0 | 223.0 | 226.0 | 227.0 | 228.0 | 229.0 | 231.0 |
| Enterprise Funds | 105.8 | 102.0 | 101.8 | 101.7 | 100.0 | 99.5 | 99.5 | 98.0 | 101.0 | 101.0 |
| Internal Service Funds | 8.0 | 8.0 | 8.0 | 8.0 | 8.0 | 8.0 | 8.0 | 8.0 | 8.0 | 8.0 |
| Total Employees | 524.9 | 500.7 | 498.9 | 497.5 | 494.3 | 496.3 | 495.8 | 490.8 | 492.8 | 493.8 |



NOTES: Public Library and City-County Health employees are not included.
A full-time employee is scheduled to work 2,080 hours per year (including vacation and sick leave).
Full-time equivalent employment is calculated by dividing total labor hours by 2,080.

Source: City of Eau Claire Program of Services

CITY OF EAU CLAIRE

TABLE 32
EMPLOYEE SUMMARY
SCHEDULE OF COMPENSATED ABSENCES
Last Ten Fiscal Years
(Total Unused Time In Days)

| | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Compensatory leave | 456 | 541 | 688 | 561 | 411 | 501 | 461 | 479 | 543 | 612 |
| Vacation leave | 12,534 | 12,607 | 5,448 | 7,180 | 5,303 | 5,316 | 5,547 | 5,305 | 5,475 | 5,281 |
| | 12,990 | 13,148 | 6,136 | 7,741 | 5,714 | 5,817 | 6,008 | 5,784 | 6,018 | 5,893 |
| Sick leave | 36,240 | 38,024 | 35,764 | 43,214 | 33,295 | 34,094 | 33,112 | 32,704 | 33,130 | 31,756 |
| Total compensatory, vacation, and sick leave | 49,230 | 51,172 | 41,900 | 50,955 | 39,009 | 39,911 | 39,120 | 38,488 | 39,148 | 37,649 |

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 Position.

Sick leave is paid only as used during employment.

CITY OF EAU CLAIRE

TABLE 33
OPERATING INDICATORS BY FUNCTION/PROGRAM
Last Ten Fiscal Years

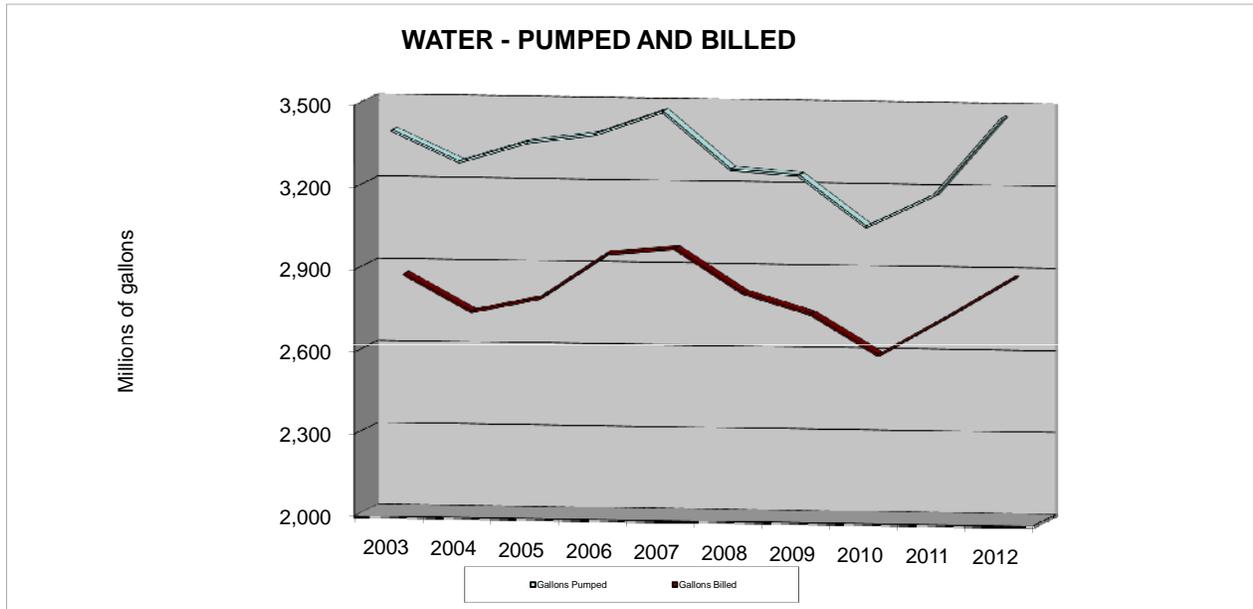
| | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| General government | | | | | | | | | | |
| Size of the City in square miles | 33.29 | 33.32 | 33.59 | 33.85 | 33.47 | 33.77 | 33.88 | 33.90 | 33.90 | 33.99 |
| Population | 63,882 | 63,897 | 64,632 | 65,056 | 65,202 | 65,362 | 65,950 | 66,149 | 66,060 | 66,170 |
| Number of City employees | 524.9 | 500.7 | 498.9 | 497.5 | 494.3 | 496.3 | 495.8 | 490.8 | 492.8 | 493.8 |
| Community Development | | | | | | | | | | |
| Building permits issued | 1,452 | 1,375 | 1,175 | 1,255 | 1,159 | 1,064 | 1,102 | 1,179 | 1,197 | 1,389 |
| Police | | | | | | | | | | |
| Calls for service | 31,545 | 31,717 | 31,048 | 30,750 | 30,006 | 29,628 | 27,309 | 27,591 | 26,173 | 26,748 |
| Adult arrests | 4,589 | 5,309 | 5,697 | 6,171 | 5,891 | 6,465 | 5,604 | 5,388 | 4,202 | 4,217 |
| Fire | | | | | | | | | | |
| EMS responses | 3,908 | 4,191 | 4,559 | 4,741 | 4,622 | 6,060 | 5,819 | 6,056 | 6,294 | 6,420 |
| Fire responses | 211 | 182 | 204 | 201 | 166 | 157 | 183 | 157 | 183 | 156 |
| Fire inspections | 5,910 | 5,950 | 6,071 | 6,148 | 5,893 | 6,005 | 3,962 | 3,925 | 3,865 | 4,000 |
| Public Works | | | | | | | | | | |
| Miles of street plowed/maintained | 319 | 323 | 326 | 333 | 335 | 337 | 349 | 343 | 343 | 343 |
| Vehicles and equipment in fleet | 262 | 282 | 284 | 284 | 284 | 291 | 293 | 299 | 298 | 295 |
| Parks & Recreation | | | | | | | | | | |
| Neighborhood playground program attendance | 11,904 | 12,774 | 13,063 | 11,625 | 10,368 | 9,148 | 6,549 | 4,741 | 4,450 | 1,870 |
| Hobbs Ice Arena - rented hours | 3,794 | 3,952 | 3,425 | 3,554 | 3,321 | 3,683 | 3,199 | 4,336 | 4,539 | 4,264 |
| Outdoor Pool attendance | 60,141 | 45,961 | 62,151 | 58,025 | 51,560 | 57,151 | 47,027 | 60,070 | 64,189 | 67,051 |
| Library | | | | | | | | | | |
| Volumes in collection | 297,877 | 292,957 | 294,077 | 297,799 | 304,261 | 298,458 | 291,003 | 279,260 | 282,018 | 277,022 |
| Circulation | 1,314,267 | 1,354,595 | 1,387,388 | 1,367,066 | 1,345,609 | 1,371,203 | 1,324,094 | 1,389,733 | 1,386,018 | 1,291,468 |
| Health Department | | | | | | | | | | |
| Environmental Health Inspections | 5,383 | 5,120 | 5,145 | 5,387 | 5,470 | 4,647 | 5,117 | 5,301 | 5,740 | 4,444 |
| Number of lab analyses | 21,151 | 24,002 | 23,351 | 24,507 | 21,858 | 19,308 | 18,817 | 17,152 | 21,223 | 21,595 |
| Public Health Nurse visits | 4,719 | 5,396 | 5,507 | 5,022 | 4,751 | 3,741 | 4,928 | 3,893 | 4,635 | 4,246 |
| Water | | | | | | | | | | |
| Meters in service | 24,467 | 24,783 | 25,176 | 25,424 | 25,660 | 25,982 | 26,146 | 26,291 | 26,136 | 27,469 |
| Average daily consumption (1,000 gallons) | 7,828 | 7,463 | 7,606 | 8,067 | 8,122 | 7,690 | 7,490 | 7,096 | 7,476 | 7,881 |
| Sewer | | | | | | | | | | |
| Sewer customers | 23,431 | 23,847 | 24,214 | 24,536 | 24,810 | 25,017 | 25,180 | 25,323 | 25,460 | 25,608 |
| Stormwater | | | | | | | | | | |
| ERU rate | \$ 41.00 | \$ 43.00 | \$ 47.00 | \$ 53.00 | \$ 59.00 | \$ 62.00 | \$ 68.00 | \$ 73.00 | \$ 77.00 | \$ 80.00 |
| Transit | | | | | | | | | | |
| Total route miles | 1,113,066 | 1,010,582 | 1,045,132 | 1,066,727 | 900,099 | 960,910 | 1,008,425 | 1,040,069 | 996,349 | 1,078,552 |
| Passengers | 971,414 | 956,610 | 1,010,644 | 1,030,374 | 1,067,303 | 1,090,203 | 1,001,790 | 971,491 | 1,091,958 | 1,039,921 |

Source: Various City Department records and Program of Services

CITY OF EAU CLAIRE

TABLE 34
WATER UTILITY - PRODUCTION STATISTICS
Last Ten Fiscal Years

| | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Average number of water customers | 24,270 | 24,675 | 25,052 | 25,389 | 25,664 | 25,884 | 26,066 | 26,230 | 26,371 | 26,504 |
| Total gallons pumped (in thousands) | 3,404,126 | 3,292,365 | 3,367,293 | 3,399,614 | 3,487,015 | 3,279,529 | 3,262,360 | 3,077,606 | 3,195,910 | 3,480,099 |
| Total gallons billed (in thousands) | 2,857,464 | 2,724,099 | 2,776,387 | 2,942,565 | 2,964,665 | 2,806,917 | 2,733,694 | 2,587,862 | 2,728,612 | 2,876,674 |
| Percent of water billed | 83.94% | 82.74% | 82.45% | 86.56% | 85.02% | 85.59% | 83.79% | 84.09% | 85.38% | 82.66% |
| Miles of main | 341 | 350 | 351 | 357 | 366 | 368 | 368 | 369 | 375 | 374 |
| Number of fire hydrants | 3,337 | 3,395 | 3,445 | 3,530 | 3,671 | 3,703 | 3,696 | 3,747 | 3,831 | 3,893 |
| Residential customer's average quarterly water bill | \$40.86 | \$41.50 | \$42.20 | \$42.20 | \$45.73 | \$45.73 | \$51.37 | \$51.37 | \$52.80 | \$54.51 |



Source: Public Service Commission Reports

CITY OF EAU CLAIRE

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

| | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Police | | | | | | | | | | |
| Patrol units | 21 | 21 | 21 | 21 | 21 | 21 | 21 | 23 | 23 | 23 |
| Unmarked vehicles | 14 | 14 | 14 | 14 | 14 | 18 | 18 | 16 | 16 | 16 |
| Fire | | | | | | | | | | |
| Number of fire stations | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| Firefighting vehicles | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 |
| Ambulances | 5 | 5 | 5 | 5 | 6 | 6 | 6 | 6 | 6 | 6 |
| Public Works | | | | | | | | | | |
| Miles of streets | 355.0 | 358.5 | 361.5 | 366.0 | 341.4 | 341.7 | 341.9 | 343.4 | 343.3 | 344.5 |
| Number of traffic signs installed/straightened | 1089 | 915 | 746 | 673 | 459 | 671 | 601 | 1249 | 684 | 973 |
| Vehicles and equipment in fleet | 262 | 282 | 284 | 284 | 284 | 291 | 293 | 299 | 298 | 295 |
| Parks & Recreation | | | | | | | | | | |
| Number of parks | 32 | 33 | 36 | 36 | 32 | 32 | 32 | 35 | 35 | 35 |
| Number of playgrounds | 17 | 17 | 18 | 20 | 18 | 18 | 18 | 18 | 18 | 18 |
| Outdoor pool | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Indoor ice skating facilities | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 3 | 3 | 3 |
| Water | | | | | | | | | | |
| Water hydrants | 3337 | 3395 | 3445 | 3530 | 3671 | 3703 | 3696 | 3747 | 3831 | 3893 |
| Storage capacity (1) | 15.5 | 15.5 | 15.5 | 15.5 | 15.5 | 16.1 | 16.1 | 16.1 | 16.1 | 16.1 |
| Sewer | | | | | | | | | | |
| Miles of sewers | 290 | 297 | 306 | 316 | 319 | 320 | 321 | 322 | 326 | 327 |
| Treatment capacity (1) | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 |
| Parking Utility | | | | | | | | | | |
| Parking structures | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Surface lots | 12 | 12 | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 11 |
| Transit | | | | | | | | | | |
| Number of buses | 22 | 22 | 22 | 22 | 22 | 22 | 22 | 22 | 22 | 22 |

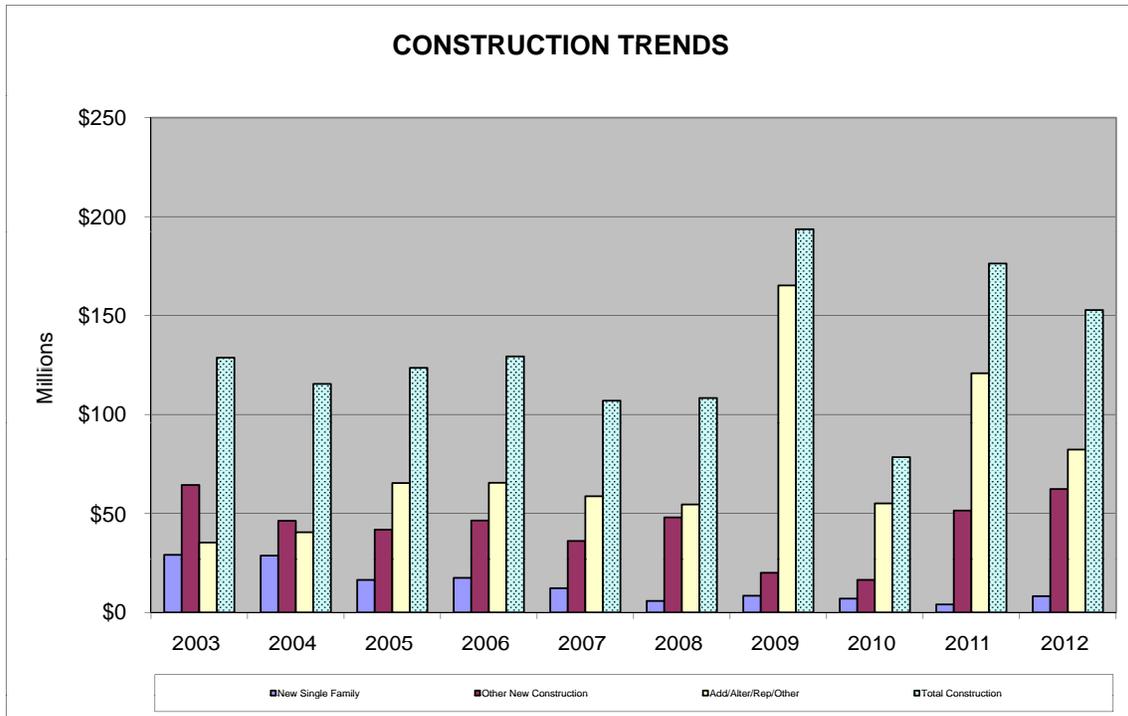
NOTES (1) - Numbers are in millions of gallons.

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

CITY OF EAU CLAIRE

TABLE 36
PROPERTY VALUE AND CONSTRUCTION
Last Ten Fiscal Years
(Dollars in Thousands)

| | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| New single family dwellings: # of units | 192 | 188 | 102 | 104 | 66 | 37 | 47 | 41 | 25 | 55 |
| Value | \$29,076 | \$28,697 | \$16,396 | \$17,451 | \$12,203 | \$5,780 | \$8,407 | \$6,971 | \$4,002 | \$8,181 |
| Other new construction | \$64,368 | \$46,270 | \$41,809 | \$46,399 | \$36,100 | \$47,992 | \$20,002 | \$16,417 | \$51,448 | \$62,332 |
| Additions/alterations/repairs & all other types of const. | \$35,292 | \$40,488 | \$65,363 | \$65,484 | \$58,675 | \$54,531 | \$165,200 | \$55,054 | \$120,830 | \$82,268 |
| Total construction valuation | \$128,736 | \$115,455 | \$123,568 | \$129,334 | \$106,978 | \$108,303 | \$193,609 | \$78,442 | \$176,280 | \$152,781 |
| Number of permits | 1,452 | 1,375 | 1,175 | 1,255 | 1,159 | 1,064 | 1,102 | 1,151 | 1,197 | 1,389 |



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

CITY OF EAU CLAIRE

TABLE 37
INSURANCE COVERAGES
December 31, 2012

| | <u>Coverage Limits</u> | <u>Deductible or Self-Insured Retention (SIR)</u> |
|--|------------------------|--|
| Worker's Compensation | Statutory | \$500,000 per occurrence |
| Commercial general liability: | | |
| Bodily injury and property damage liability | \$10,000,000 | \$200,000 (SIR) per occurrence \$400,000 (SIR) annual aggregate |
| Boiler and machinery | \$50,000,000 | \$5,000 |
| Fire and extended coverage | \$205,476,605 | \$25,000 |
| Inland marine - all risks (contractor's equipment) | \$3,825,269 | \$500 |
| Money and securities - broad form coverage | \$10,000 | \$1,000 |
| Public official liability insurance (includes police) | \$10,000,000 | \$200,000 (SIR) per occurrence \$400,000 (SIR) annual aggregate |
| Automobile and truck insurance (excluding Transit): | | |
| Bodily injury and property damage liability | \$10,000,000 | \$200,000 (SIR) per occurrence \$400,000 (SIR) annual aggregate |
| Uninsured motorists | \$50,000 | \$200,000 (SIR) per occurrence \$400,000 (SIR) annual aggregate |
| Comprehensive | \$12,604,300 | \$5,000 |
| Collision | \$12,604,300 | \$5,000 |
| Transit | | |
| Bodily injury and property damage liability | \$7,000,000 | \$0 |
| Public official surety bond | | |
| Chief of Police | \$10,000 | N/A |
| Director of Finance | \$10,000 | N/A |

Source: City of Eau Claire Risk Manager