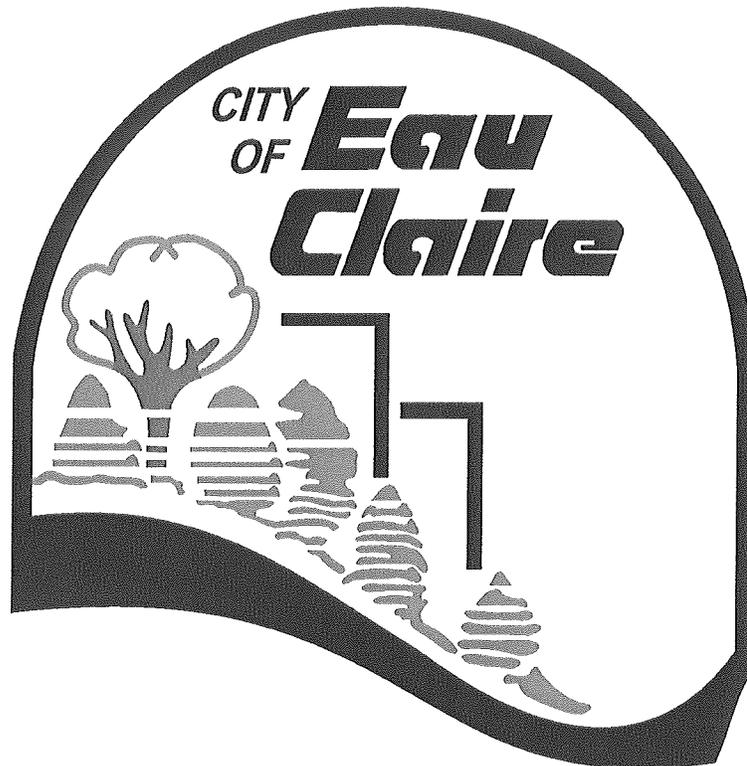


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City of Eau Claire
Eau Claire, Wisconsin

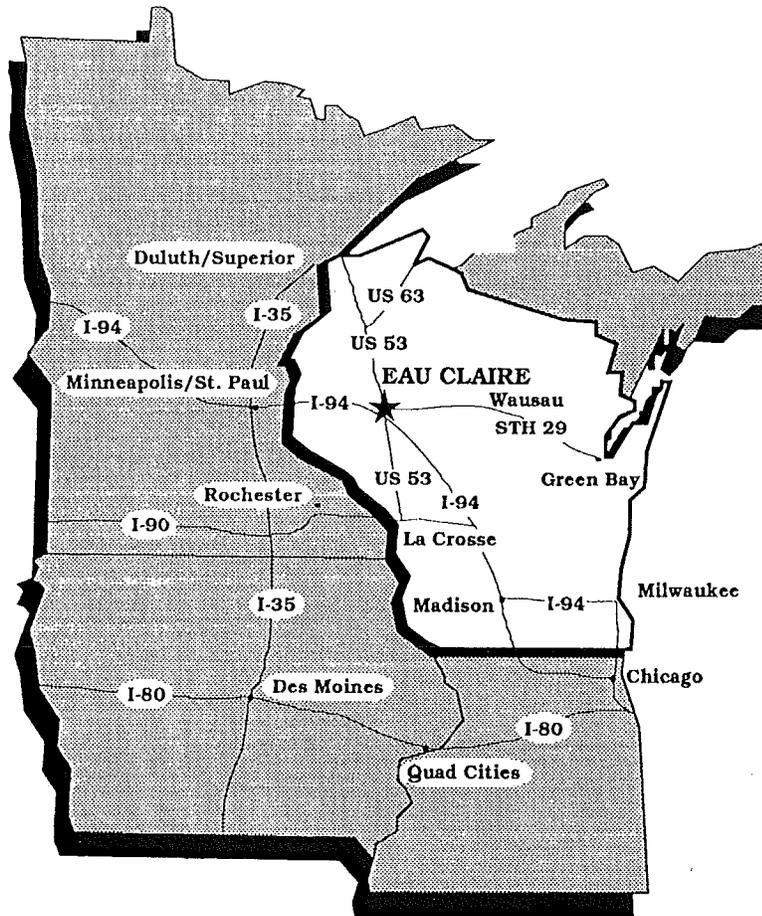
**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED**

DECEMBER 31, 2006

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 Minneapolis / St. Paul International Airport.

Eau Claire's quality of life is no secret. Several national surveys have ranked Eau Claire toward the top of all U.S. metropolitan areas. Eau Claire's picturesque setting on the banks of the Eau Claire and Chippewa Rivers is one of its greatest assets. The City has made excellent use of its natural features with many beautiful urban and rural parks and parkways. Well-preserved historic neighborhoods add to the City's charm. The City's

residents enjoy a wide variety of year-round sporting events, thanks to the four distinct seasons. Swimming, biking, boating, golfing, hunting, fishing, skating, and cross-country skiing are just a few of the activities which attract visitors to the area. Eau Claire is also a cultural center with a strongly supported arts and entertainment calendar.

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

CITY OF EAU CLAIRE

COMPREHENSIVE ANNUAL FINANCIAL REPORT December 31, 2006

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INTRODUCTORY SECTION

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

CITY OF EAU CLAIRE, WISCONSIN
ELECTED AND APPOINTED OFFICIALS

Elected Officials

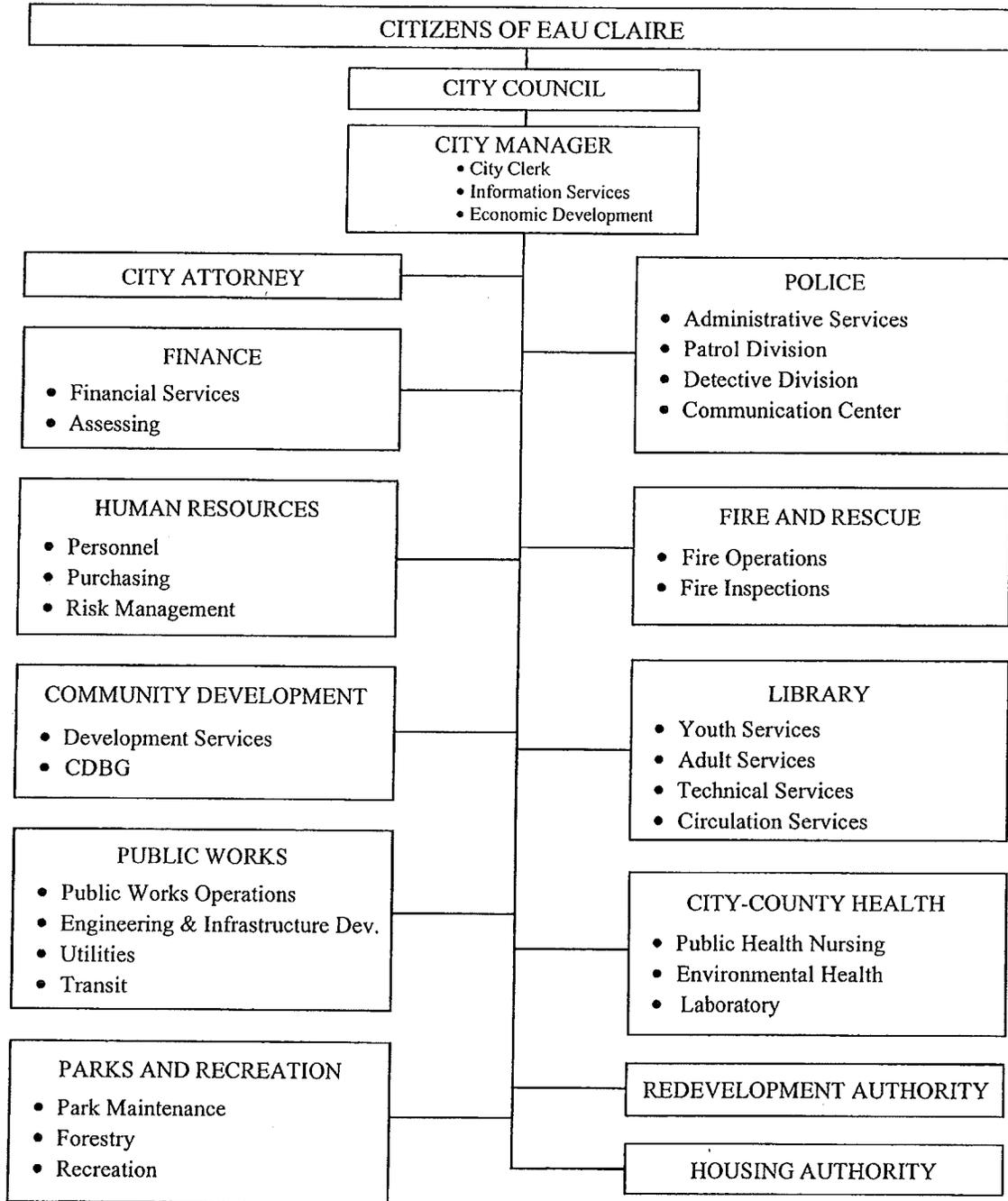
	<u>Term Commenced</u>	<u>Term Expires</u>
David J. Adler Council President	April 2005	April 2007
David L. Duax District One	April 2005	April 2007
Terry Sheridan District Two	April 2005	April 2007
Toby Biegel District Three	April 2005	April 2007
Bob Von Haden..... District Four	April 2005	April 2007
Berlye S. Middleton..... District Five	April 2005	April 2007
Hal Davis Council at Large	April 2006	April 2008
Ray Hughes Council at Large	April 2006	April 2008
Kerry Kincaid..... Council at Large	April 2006	April 2008
Brandon Buchanan Council at Large	April 2006	April 2008
Thomas T. Vue..... Council at Large	April 2006	April 2008

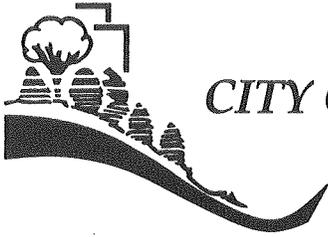
Appointed Officials

Michael Huggins..... City Manager
 Rebecca K. Noland, CPA Director of Finance - Comptroller/Treasurer
 J. D. Peters..... Director of Human Resources/Assistant City
 Manager
 Daryl Tufte..... Director of Community Development
 Phillip C. Fieber..... Director of Parks and Recreation
 Brian Amundson, P.E..... Director of Public Works
 Bruce A Fuerbringer..... Fire Chief
 Jerome S. Matysik Police Chief
 Stephen C. Nick City Attorney
 Michael Golrick..... Public Library Director
 Richard Thoune..... City-County Health Director
 John R. Genskow, P.E. City Engineer
 Donna A. Austad..... City Clerk

ORGANIZATIONAL CHART

City of Eau Claire, Wisconsin





June 22, 2007

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, 2006 is prepared to provide the Council, our citizens, and other interested persons, detailed information concerning the financial condition of the City government. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City government. We believe the information as presented is accurate in all material aspects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds and component units, and that all disclosures necessary to enable the reader to gain reasonable understanding of the City's financial affairs have been included.

Report Format

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

Reporting Entity

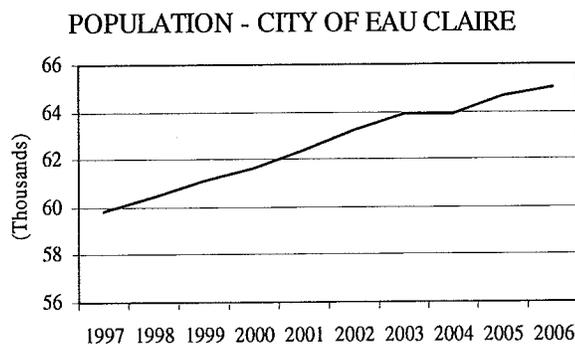
This report includes all of the funds and component units of the City of Eau Claire. The criteria used in determining the reporting entity are consistent with criteria established by the Governmental Accounting Standards Board (GASB) as outlined in the Codification of Governmental Accounting and Financial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

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

General Information

The City of Eau Claire is located in west central Wisconsin, in Eau Claire and Chippewa counties. The City was established as a lumbering settlement in the 1840's. Today it serves as the major center for health and professional services, education, retail trade, technology, and industry in west central Wisconsin. The City was incorporated in 1872, and covers an area of approximately 34 square miles. The City's current population is 65,056 and the population of the Greater Eau Claire Metropolitan Area is approximately 155,041.

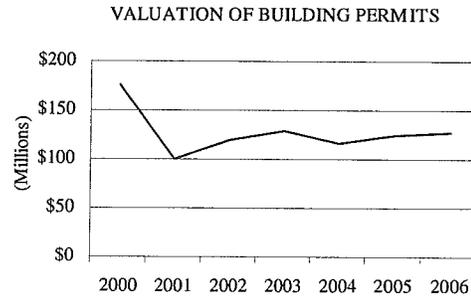
The City of Eau Claire has a council/manager form of government with the City Council president and the ten Council members elected to serve two-year terms. Five of the Council members are elected at large in the even numbered years, while the other five members are elected by district in the odd numbered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



ECONOMIC CONDITIONS AND OUTLOOK

Strong retail outlets, regional medical facilities, high technology companies, and educational institutions anchor Eau Claire's economy and establish the City as the regional economic center in western Wisconsin. For nine consecutive years, Eau Claire has had new building valuation exceeding \$100 million. The 2006 construction season had a total building valuation increase of \$129 million. The two major hospitals and related clinics accounted for \$27 million of the new construction.

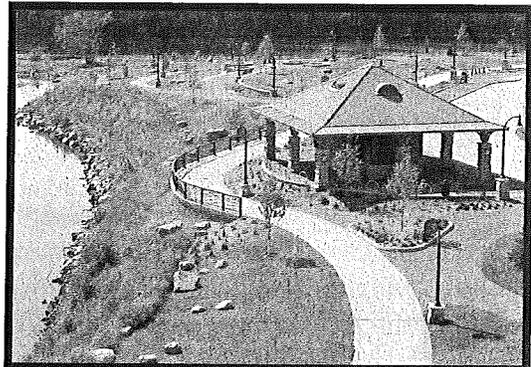
Initial building permits, valued at \$15 million, were issued for a four-year \$80 to \$90 million office, retail, and condominium project on 15 acres on the City's northeast side. The Waterford development will include two 10-story residential towers, a bank, an office complex, restaurants and shops and a senior citizen complex.



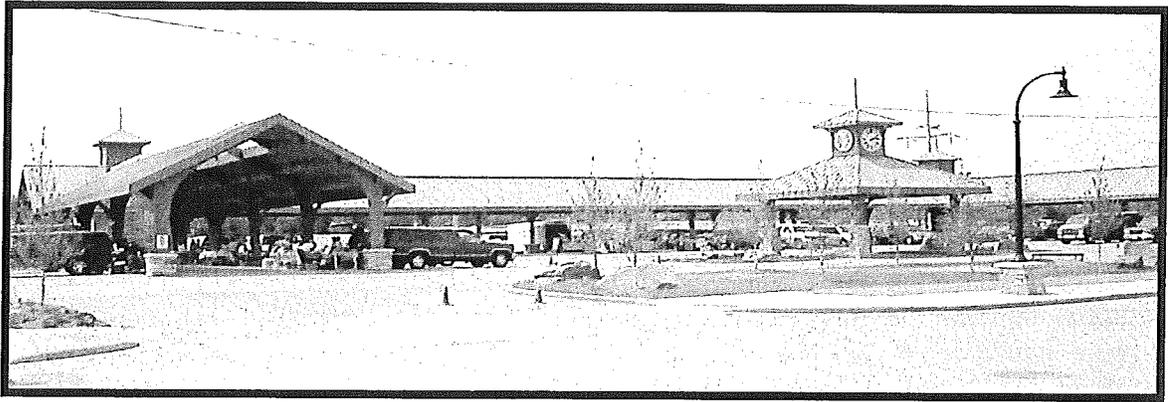
Eau Claire has been consistently recognized by national surveys as a highly rated area for overall quality of life. Eau Claire received high marks for job growth and wage increases in the past year. For 2006, *Expansion Management* ranked Eau Claire as a "5-Star Quality of Life City". Morgan Quinto's *Safest American Cities* survey ranked Eau Claire as the 8th Safest Metro Area. In February 2007, the America's Promise Alliance named Eau Claire as one of the 100 Best Communities for Young People.

Encouraging growth, development and diversification has been a focal point for the City Council. The City's aggressive approach to attracting new industries includes a cooperative framework with the county, the state, and private industry. A combination of loan and grant funds, job-training programs and tax credits are available to meet the needs of new businesses. Tax increment financing districts (TIFs) are another development tool utilized by the City to provide the infrastructure expansion necessary to serve new businesses. Growth in the tax incremental districts has been exceptional. In recent years, three TIFs have recovered all their project costs and added valuation of over \$125 million to the tax base of the City. Currently, development is occurring in four TIFs with new tax increment valuations estimated at over \$54 million.

The City's downtown area is in the midst of a renaissance. The City's investment in a major community park, a farmers' market, trailhead, streets, and utilities has resulted in an attractive and vibrant area at the confluence of the Eau Claire and Chippewa Rivers. A \$10 million development is planned for this area, including a pharmacy, grocery, coffee shop and residential units.



Phoenix Park – Downtown Eau Claire



Farmers' Market located at Phoenix Park – Downtown Eau Claire

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

MAJOR INITIATIVES

The following were among the many diverse activities to which both elected officials and staff devoted their energies in 2006 and into 2007.

Joint Shared Services Commission

The City Council, in concert with Eau Claire County, adopted a resolution creating a Joint City-County Shared Services Commission to examine potential City-County shared services opportunities and make recommendations regarding implementing strategies that increase efficiency, improve quality, or reduce costs in the delivery of public services, without sacrificing public accountability. The Joint Commission has discussed building inspections, projected shared building space in the proposed courthouse expansion between the Sheriff's Office and City Police Department, and collaboration opportunities between the City and County information services operations.

Process Improvement

The City contracted with Chippewa Valley Technical College to provide training to staff throughout all City departments on basic skills and techniques for identifying and improving existing City work processes. The training included an overview of a systems approach to understanding work processes, introduction to basic techniques in identifying and flow-charting work processes, and common approaches and strategies for improving work processes.

Leadership Development Initiative

A leadership development program was initiated for department directors to enhance the skills and focus of the senior management team in transforming the organizational culture and establishing a clearer sense of organizational priorities and a truer alignment of purpose with actions.

Statewide Voter Registration System and New Voting Equipment

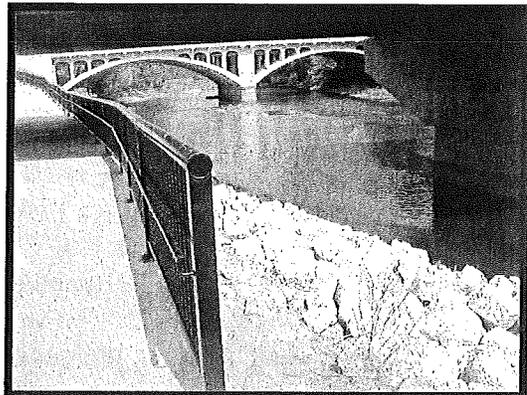
The City joined the new Statewide Voter Registration System (SVRS) with the April election. New accessible voting equipment was available at the polling sites for the September primary. The City chose a touch screen voting system, which has Braille and audio components available and a paper trail.

New Park

The City acquired a new 5-acre park with 1,500 feet of frontage along the Chippewa River through a \$225,000 grant from the Department of Natural Resources and matching donations from the community.

Trail Development

A major section of the bike and pedestrian trail was completed in the downtown area. The trail work involved two underpasses and significant retaining work to construct the sections under existing bridges and between buildings and the river.



Farmers' Market

Redevelopment in downtown was boosted by the completion of the Farmers' Market: a \$700,000 open-air pavilion on the banks of the Chippewa River. The Farmers' Market draws thousands of people to the area each week.

Embankment work on bike trail

FOR THE FUTURE

In 2007 and 2008, the City will be faced with multiple challenges. Economic development, downtown redevelopment, infrastructure expansions, public safety issues, debt service, utility costs, health insurance increases, and labor settlements will tend to drive up the cost of local government. Since state aids are not expected to increase, the levy limits will significantly impact the City's ability to deal with rising costs. In addition, it is probable that the state imposed levy limits will remain in place.

FINANCIAL INFORMATION

Accounting System and Budgetary Control

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

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

Internal Control

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

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

Cash Management

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

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

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

<u>Year</u>	<u>Amount</u>	<u>Net Return</u>
2002	1,657,268	2.33%
2003	873,822	1.26%
2004	709,289	.99%
2005	1,856,756	2.57%
2006	3,161,680	3.73%

Risk Management

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

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

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

INDEPENDENT AUDIT

Included in the financial section is the independent auditor's report which is a significant part of the Comprehensive Annual Financial Report (CAFR). In this report, Virchow, Krause & Company, LLP, Certified Public Accountants, express their opinion that the financial statements are presented fairly in conformity with generally accepted accounting principles and comment on the scope of the examination. The opinion is unqualified and signifies a substantial level of achievement. Compliance audits of the City's federal and state financial assistance programs for the year ending December 31, 2006 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

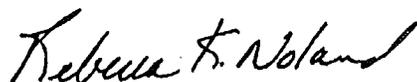
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Eau Claire for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2005. The City has received this 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, Pat Hoepner, Accounting Technician; and the remainder of the Finance Department Staff for their dedication in preparing this report.

Respectfully Submitted,

Handwritten signature of Rebecca K. Noland in cursive script.

Rebecca K. Noland, CPA

Finance Director

Handwritten signature of Mike Huggins in cursive script.

Mike Huggins

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, 2005. This was the twenty-first consecutive year that the government has achieved this prestigious award.

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

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

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Eau Claire
Wisconsin

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2005

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.



President

Executive Director

FINANCIAL SECTION

This section contains the following subsections:

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

Auditors' Report

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

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



INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Eau Claire, Wisconsin, as of and for the year ended December 31, 2006, which collectively comprise the City's basic financial statements as listed in the table of contents. The prior year summarized comparative information has been derived from the City's 2005 financial statements and, in our report dated April 7, 2006, we expressed unqualified opinions on the respective financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Eau Claire, Wisconsin, as of December 31, 2006, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 2007 on our consideration of the City of Eau Claire's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

City Council
Eau Claire, Wisconsin

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and schedules as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The 2006 combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements for the year ended December 31, 2006 taken as a whole. We have also previously audited, in accordance with auditing standards generally accepted in the United States of America, the City of Eau Claire's basic financial statements for the year ended December 31, 2006, which are not presented with the accompanying financial statements. In our report dated April 7, 2006, we expressed unqualified opinions on the respective financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information. In our opinion, the 2005 combining and individual fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements for the year ended December 31, 2005, taken as a whole.

The "Letter of Transmittal" and "Statistical Section" listed in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of the City of Eau Claire, Wisconsin. The information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on such information.

Vuchow Krause & Company 2006

June 22, 2007

Management's Discussion and Analysis

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

CITY OF EAU CLAIRE, WISCONSIN

MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis of the financial performance of the City of Eau Claire is intended to provide an overview of the City's financial activities for the fiscal year ended December 31, 2006. Readers are encouraged to consider the information presented here in conjunction with additional information as furnished in the letter of transmittal and the financial statements, which begin on page 27.

FINANCIAL HIGHLIGHTS

- The City of Eau Claire has total assets of \$405 million and liabilities of \$127 million, resulting in net assets of \$278 million at the end of 2006. Of the net assets, \$208 million represents the City's investment in capital assets, net of related debt, \$22 million is held for restricted purposes, and \$48 million is available to meet the City's ongoing obligations to its citizens and creditors.
- During 2006, the City of Eau Claire's total net assets increased by \$7.8 million, or approximately 3.7%. The increase was attributable to the governmental activities of the City, primarily related to infrastructure in the TIF districts.
- At the close of 2006, the City of Eau Claire's governmental funds reported ending fund balances of \$43 million, a decrease of \$3.3 million from 2005. The largest governmental fund balance reductions resulted from expenditures in the tax incremental financing districts and other capital funds. The capital project fund balances decreased \$3.9 million. In the special revenue funds, the Economic Development fund and the Library fund balances decreased by over \$700,000. Offsetting these decreases were a half million General fund increase and about an \$800,000 increase in the general debt service fund balance.
- During 2006, the City of Eau Claire continued a proactive plan for the replacement of aging infrastructure, the upgrade of technology used in operations, and the improvement of utility services. The City invested more than \$21 million in upgrading infrastructure systems and other capital assets.
- Wisconsin statute restricts municipality general obligation debt to less than 5% of equalized property value. The City of Eau Claire maintained a level of remaining debt capacity of approximately 72%. In 2006, \$5.125 million in new debt was issued.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

- government-wide financial statements,
- fund financial statements, and
- notes to the financial statements.

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

Government-wide Financial Statements

The two government-wide financial statements are designed to provide readers with a broad overview of the City's finances in a manner similar to private-sector business entities. The *Statement of Net Assets* presents information on all of the City of Eau Claire's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. The *Statement of Activities* presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave). The City's overall financial position improved from 2005 to 2006; the City's net assets increased by \$7.8 million with the majority of the increase, nearly \$5 million, invested in capital assets. The government-wide financial statements can be found on pages 27 through 29 of this report.

Both of the government-wide financial statements distinguish those functions of the municipality that are principally supported by taxes and intergovernmental revenues, known as governmental activities, from other functions that are intended to recover all, or a significant portion, of their costs through user fees and services charges, called business-type activities. The governmental activities of the City of Eau Claire include general government, public safety, public works, health services, culture and recreation, development, and other miscellaneous activities. The business-type activities of the City include the water, sewer, storm water, and parking utilities, public transit, the ice center, and the outdoor pool.

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

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Eau Claire, like other governmental entities, uses fund accounting to ensure and demonstrate compliance with various finance-related legal requirements. Some funds are required by law, while

others are established internally to maintain control over a particular activity. All of the funds of the City of Eau Claire can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

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

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

Proprietary Funds

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

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

Fiduciary Funds

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

Notes to the Financial Statements

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

Additional Supplementary Information

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

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The *Statement of Net Assets* for the City of Eau Claire is summarized in the table below. As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The City's assets exceeded liabilities by \$278 million at the close of 2006. The majority of these net assets (\$208 million) reflect the City's investment in capital assets, including land, land improvements, buildings, machinery and equipment, infrastructure, and construction in progress, net of depreciation. These capital assets are used to provide services to citizens and are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		Total	Total
	2006	2005	2006	2005	2006	2005
Current and Other Assets	\$ 107,171,163	\$ 108,171,038	\$ 20,458,168	\$ 21,321,179	\$ 127,629,331	\$ 129,492,218
Capital Assets (net)	127,613,832	119,382,620	149,617,336	145,051,228	277,231,168	264,433,848
Total Assets	\$ 234,784,995	\$ 227,553,658	\$ 170,075,504	\$ 166,372,407	\$ 404,860,499	\$ 393,926,066
Current Liabilities	\$ 34,258,565	\$ 32,148,688	\$ 2,129,068	\$ 1,182,547	\$ 36,387,633	\$ 33,331,235
Noncurrent Liabilities	67,001,304	65,951,632	23,742,892	24,696,708	90,744,196	90,648,340
Total Liabilities	\$ 101,259,869	\$ 98,100,320	\$ 25,871,960	\$ 25,879,255	\$ 127,131,829	\$ 123,979,575
Invested in capital assets, net of related debt	\$ 81,381,844	\$ 81,263,800	\$ 127,757,415	\$ 123,247,987	\$ 209,139,259	\$ 204,511,787
Debt reclassification	-	-	-	-	(1,214,316)	(1,350,469)
Total invested in capital	81,381,844	81,263,800	127,757,415	123,247,987	207,924,943	203,161,318
Restricted	19,613,325	18,133,306	2,379,744	2,366,744	21,993,069	20,500,050
Unrestricted	32,529,957	30,056,232	14,066,385	14,878,421	46,596,342	44,934,653
Debt reclassification	-	-	-	-	1,214,316	1,350,469
Total unrestricted	32,529,957	30,056,232	14,066,385	14,878,421	47,810,658	46,285,122
Total Net Assets	\$ 133,525,126	\$ 129,453,338	\$ 144,203,544	\$ 140,493,152	\$ 277,728,670	\$ 269,946,490
Total Net Assets as a % of Total Liabilities	132%	132%	557%	543%	218%	218%
Unrestricted Net Assets as a % of Total Liabilities	32%	31%	54%	57%	38%	37%

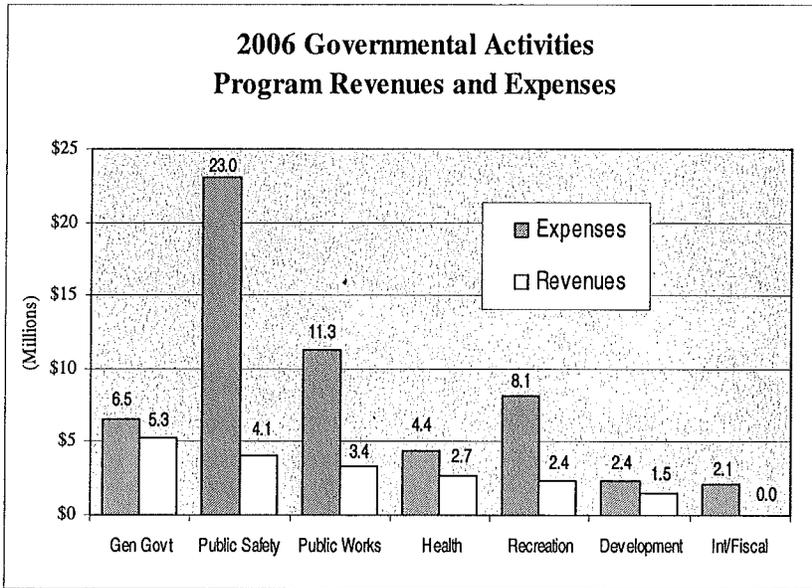
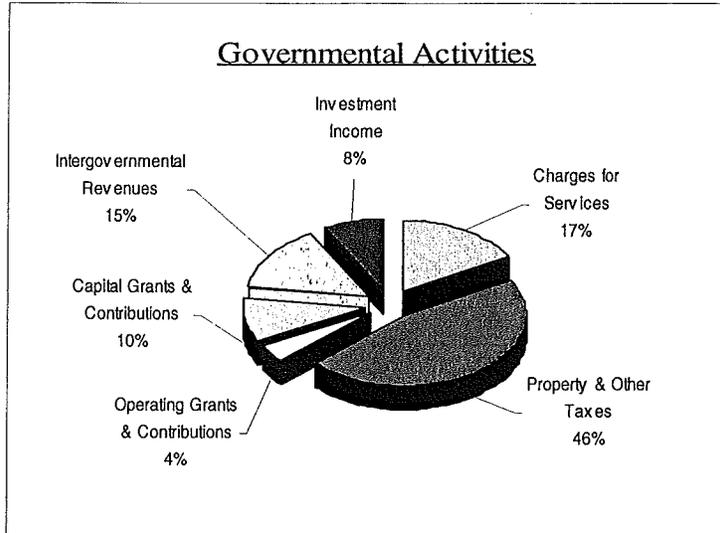
A relatively small portion of the City's net assets (\$22 million or 8%) represents resources that are subject to other restrictions as to how they may be used. The remaining \$47.8 million of total net assets may be used to meet the City's ongoing obligations to its citizens and creditors. It is important to note that \$14 million, or about 30%, of these unrestricted net assets are related to the City's business-type activities. Consequently, they generally may not be used to fund governmental activities. At the end of 2006, the City is able to report positive balances in net assets for the governmental activities as well as business-type activities.

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	<u>Total</u>
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Revenues						
Program revenues:						
Charges for services	\$ 10,865,293	\$ 9,126,281	\$ 17,736,305	\$ 16,728,382	\$ 28,601,598	\$ 25,854,663
Operating grants & contributions	2,402,574	2,950,716	2,711,846	2,466,457	5,114,420	5,417,173
Capital grants & contributions	6,096,962	6,194,082	1,588,206	3,635,702	7,685,168	9,829,784
General revenues:						
Property taxes	27,293,306	26,173,252	-	-	27,293,306	26,173,252
Other taxes	1,416,441	1,305,252	-	-	1,416,441	1,305,252
Intergovernmental revenues	9,390,895	9,378,496	-	-	9,390,895	9,378,496
Investment income	4,167,233	2,703,261	806,542	616,911	4,973,775	3,320,172
Miscellaneous	145,314	45,493	267,438	236,053	412,752	281,546
Total revenues	61,778,018	57,876,833	23,110,337	23,683,505	84,888,355	81,560,338
Expenses						
Program expenses:						
General government	6,493,902	7,857,938	-	-	6,493,902	7,857,938
Public safety	23,034,101	21,546,332	-	-	23,034,101	21,546,332
Public works	11,316,945	12,396,508	-	-	11,316,945	12,396,508
Health services	4,436,211	4,409,322	-	-	4,436,211	4,409,322
Culture and recreation	8,105,219	7,406,964	-	-	8,105,219	7,406,964
Development	2,359,672	3,748,193	-	-	2,359,672	3,748,193
Miscellaneous	-	-	-	-	-	-
Interest & fiscal charges	2,106,598	2,053,323	-	-	2,106,598	2,053,323
Water utility	-	-	5,439,753	5,424,169	5,439,753	5,424,169
Sewer utility	-	-	5,558,045	5,349,773	5,558,045	5,349,773
Storm water utility	-	-	2,064,283	1,823,011	2,064,283	1,823,011
Public transit	-	-	4,770,055	4,427,330	4,770,055	4,427,330
Parking utility	-	-	445,732	419,801	445,732	419,801
Hobbs ice center	-	-	621,290	564,079	621,290	564,079
Outdoor pool	-	-	354,369	343,552	354,369	343,552
Total expenses	57,852,648	59,418,580	19,253,527	18,351,715	77,106,175	77,770,295
Increase in net assets before transfers	3,925,370	(1,541,747)	3,856,810	5,331,790	7,782,180	3,790,043
Transfers	146,418	20,295	(146,418)	(20,295)	-	-
Change in net assets	4,071,788	(1,521,452)	3,710,392	5,311,495	7,782,180	3,790,043
Net assets at January 1 (as restated)	129,453,338	128,849,445	140,493,152	135,181,657	269,946,490 *	264,031,102
Net assets at December 31	\$133,525,126	\$127,327,993	\$144,203,544	\$140,493,152	277,728,670	\$267,821,145

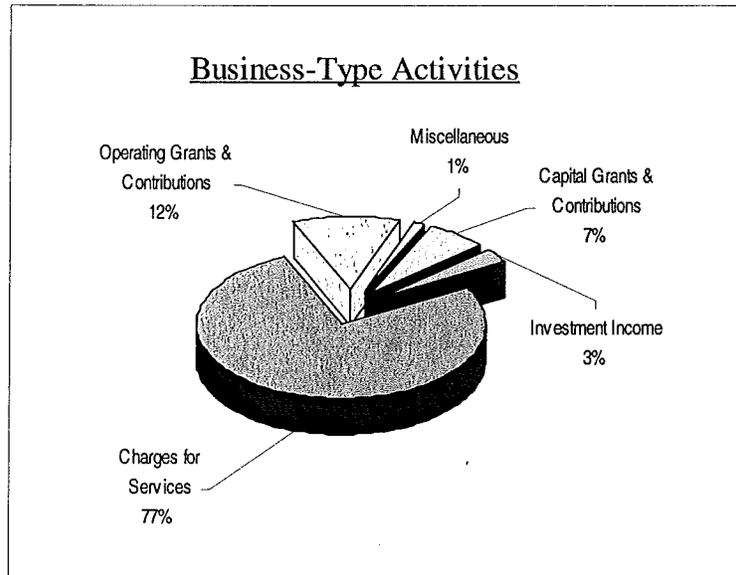
* As indicated in Note III - I, governmental activities net assets have been restated by \$2,125,345 due to property constructed in TIF districts not previously capitalized.

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 46% of the revenue for governmental activities. State aids and other grants comprise another 29% while charges for services and all other sources are equal to 25% 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 2006 governmental activities.

Business-type activities depend on charges for services as their primary revenue sources. As indicated in the graph on the right, 77% 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, 2006, the City of Eau Claire's *Balance Sheet - Governmental Funds* reported combined ending fund balances of \$43.4 million, a decrease of \$3.3 million over the previous year's ending balances. Of the ending fund balances total, \$17.4 million is reserved for specific legal requirements and other commitments, leaving total unreserved governmental fund balances of \$26.0 million available for meeting future budget requirements. Of these unreserved balances, \$22.3 million has been segregated or otherwise designated for specific uses, leaving an unreserved, undesignated fund balance of \$3.7 million which is in the General fund.

The General fund is the primary operating fund used to account for the governmental operations of the City of Eau Claire. The largest revenue sources for the General fund are taxes and intergovernmental aids, together accounting for 79% of revenues. Public safety, public works, and culture and recreation are the primary operations of the General fund. Over 56% of the General fund expenditures of \$39.6 million are allocated to the public safety sector. Another 28% of the General fund costs are derived from the operations of public works and culture and recreation.

The General fund has a fund balance of \$15.3 million. Of this amount, \$4.9 million is reserved for loans made to the utilities, prepayments and notes receivable. Another \$6.7 million is designated for subsequent year expenditures and working capital. The undesignated General fund balance is \$3.7 million. The undesignated fund balance is available to be applied in a future year's budget to one-time capital projects or to reduce outstanding debt.

The Debt Service fund had a total fund balance of \$6.8 million, an increase of \$.8 million from 2005. This balance primarily reflects the amounts reserved to pay debt service on special assessment bond issues and has accumulated from the prepayment of special assessments by property owners.

The Other Governmental Funds column in the balance sheet includes various special revenue, debt service, and capital projects funds used to account for proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. The total accumulated fund balances of these funds decreased by \$4.7 million during 2005, primarily due to debt repayment.

Proprietary Funds

The City's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in greater detail. The detail of the City's proprietary funds can be found from page 35 to page 44. The net assets of the enterprise-type proprietary funds at the end of 2006 totaled \$144.2 million, an increase of \$3.7 million from the previous year.

Some highlights:

- The Water, Sewer, and Storm Water funds transferred \$1,465,603 to the General fund and the General fund transferred \$1,278,385 to the Parking, Transit, Hobbs, and Pool funds. After transfers, the enterprise funds had collective net income of \$2.2 million, primarily generated by the Water, Sewer, and Storm Water funds.
- Community Enhancement transferred \$40,800 to Hobbs.
- In 2006, \$1.6 million of the increase in the enterprise funds net assets resulted from developer infrastructure contributions to the Water, Sewer, and Storm Water Utilities.
- The Public Transit fund is subsidized by federal and state operating assistance at approximately 59%. The balance is covered by local fares and General fund transfers to the service. The Public Transit fund shows a loss of \$.5 million since depreciation expenses are not covered by General fund subsidies.

GENERAL FUND BUDGETARY HIGHLIGHTS

As shown in the *Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual for the General Fund* on page 111, the original 2006 General fund budget authorized expenditures and other financing uses of \$47,606,500, funded by anticipated revenues and other financing sources of \$45,010,600 and the application of \$2,595,900 of available reserves. From time to time during the year, the City Council approved adjustments to the budget, primarily for grants and donations. These changes are reflected in the Final Budget column.

The City ended the year with net favorable variances. Revenues and other financing sources exceeded the final budget by \$1,043,185, while expenditures and other financing uses were under budget by \$2,314,535. The major component of the positive revenue variance was investment income, which exceeded budget by \$835,008.

Almost all revenue sources experienced minor variances. Permits and Licenses were \$201,640 over budget and Charges for Services exceeded the budget estimates by \$457,661. Fines and Forfeitures exceeded budget estimates by \$41,142. The City also realized \$23,231 more than budgeted from the sale of assets.

Several factors contributed to the favorable expenditure variance. About 40%, or \$926,400, can be attributed to balances remaining in various contingency accounts set up to smooth a two-year budget reduction plan. The accounts included an implementation reserve balance of \$409,600, a transition balance of \$193,000, a general contingency of \$198,800, and a Hastings Way maintenance reserve of \$125,000. A mild winter resulted in a snow and ice control balance of \$516,400. Improved operations in public transit, the ice center, parking and the pool resulted in General fund subsidy savings of \$192,000.

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, 2006 totaled over \$405 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 just over \$128 million, or approximately 32% of the historical asset cost. Net of accumulated depreciation, the City's investment in capital assets is more than \$277 million, a net increase of \$12.8 million over 2005.

City of Eau Claire, Wisconsin						
Capital Assets, Net of Accumulated Depreciation						
December 31, 2006						
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	2006	2005	2006	2005	2006	2005
Land	\$ 15,087,676	\$ 14,629,314	\$ 15,760,862	\$ 15,599,320	\$ 30,828,538	\$ 30,228,634
Land Improvements	5,103,758	4,239,076	-	-	5,103,758	4,239,076
Building and Improvements	19,087,084	18,656,884	6,661,444	6,661,444	25,748,528	25,318,328
Infrastructure	118,673,874	111,899,828	3,004,392	2,961,897	121,678,266	114,861,725
Machinery and Equipment	25,086,903	23,839,978	5,802,707	5,755,920	30,889,610	29,595,898
Water Utility	-	-	67,770,678	64,136,140	67,770,678	64,136,140
Sewer Utility	-	-	64,419,604	61,968,341	64,419,604	61,968,341
Stormwater Utility	-	-	35,008,294	32,122,722	35,008,294	32,122,722
Work in Progress	16,511,989	12,718,342	7,441,312	8,338,583	23,953,301	21,056,925
Subtotal	199,531,284	185,983,422	205,869,293	197,544,367	405,400,577	383,527,789
Less Accumulated Dep.	(71,917,452)	(66,600,802)	(56,251,957)	(52,493,139)	(128,169,409)	(119,093,941)
Total	<u>\$ 127,613,832</u>	<u>\$ 119,382,620</u>	<u>\$ 149,617,336</u>	<u>\$ 145,051,228</u>	<u>\$ 277,231,168</u>	<u>\$ 264,433,848</u>

Some of the most significant additions to the City's capital assets during 2006 included the following:

<u>Significant Additions to Capital Assets in 2006</u>	
Stormwater Mains	\$2,900,000
Infrastructure	6,800,000
Water Mains and Services	3,600,000
Sewer Mains	2,400,000
Total	\$ 15,700,000

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

Long-Term Debt

On December 31, 2006, the City of Eau Claire had \$73,037,054 of bond and long-term note principal outstanding, as summarized in the following table:

City of Eau Claire, Wisconsin Notes and Bonds Outstanding

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
General Obligation						
Bonds & Notes	\$ 49,676,492	\$ 49,100,838	\$ 13,900,562	\$ 13,712,258	\$ 63,577,054	\$ 62,813,096
Revenue Bonds	-	-	9,460,000	10,595,000	9,460,000	10,595,000
Total	\$ 49,676,492	\$ 49,100,838	\$ 23,360,562	\$ 24,307,258	\$ 73,037,054	\$ 73,408,096

Under Wisconsin State Statute Section 67.03(1), the outstanding general obligation long-term debt of a municipality may not exceed 5% of the equalized property value of all taxable property within the jurisdiction. Applicable debt of the City at the close of 2006 totaled \$63,577,054, which, with amounts available for payment of principal, is less than 28% of the maximum legal limit.

During 2006, the City issued new debt for the following amounts and purposes:

City of Eau Claire, Wisconsin
Long-term Debt Issued

<u>Date</u>	<u>Type of Debt</u>	<u>Amount</u>
08/01/2006	General Obligation Corporate Purpose Bonds for streets, stormwater, and fire station design	\$5,125,000

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

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

CURRENTLY KNOWN FACTS

For 2007 and future years, the City is subject to state-imposed levy limits. For the 2007 budget, the permitted increase was 2.21%. For 2008, the permitted increase is not expected to exceed 4%. Negligible changes are expected in state aids in 2007 and 2008. However, the City experienced a 26% increase in health insurance for 2007-2008, and expects a further increase of 14% for 2008-2009. Utility costs, labor settlements and public safety issues are projected to exceed the available revenues, resulting in continuous pressure for further service reductions or new sources of revenue.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. As in the past, the City of Eau Claire provides the Comprehensive Annual Financial Report on our web page (ci.eau-claire.wi.us). If anyone has any questions about this report or needs additional financial information about the City of Eau Claire, please contact the Finance Department at 203 South Farwell Street, Eau Claire, Wisconsin, 54703. Finance Department staff can also be reached at (715) 839-6044.

Basic Financial Statements

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

CITY OF EAU CLAIRE

STATEMENT OF NET ASSETS

December 31, 2006

(With Comparative Reporting Entity Totals for December 31, 2005)

	Primary Government					Totals	
	Governmental	Business-	Debt	Totals	Component	Reporting Entity	
	Activities	type	Reclassifications			2006	2005
ASSETS							
Cash and investments	\$ 53,242,906	\$ 13,678,290	\$ -	\$ 66,921,196	\$ 3,653,318	\$ 70,574,514	\$ 69,061,325
Taxes receivable	29,872,218	762,153	-	30,634,371	150,500	30,784,871	29,861,976
Special assessments receivable	5,890,100	1,715,333	-	7,605,433	-	7,605,433	7,363,806
Notes receivable, net	6,313,692	-	-	6,313,692	2,777	6,316,469	6,033,096
Accounts receivable, net	1,317,091	3,332,327	-	4,649,418	63,965	4,713,383	4,633,009
Interest receivable	623,046	-	-	623,046	-	623,046	337,268
Due from other governments	896,875	1,709,969	-	2,606,844	-	2,606,844	3,974,313
Due from primary government	-	-	-	-	25,449	25,449	44,305
Internal balances	5,308,976	(5,308,976)	-	-	-	-	-
Prepaid items and inventories	467,696	147,770	-	615,466	51,938	667,404	1,156,210
Restricted cash and investments	2,283,992	4,277,861	-	6,561,853	1,256,516	7,818,369	11,634,492
Deposit in insurance pools	766,496	-	-	766,496	-	766,496	766,496
Debt issuance costs	188,075	143,441	-	331,516	-	331,516	327,819
Property held for resale	-	-	-	-	3,535,860	3,535,860	3,459,159
Capital assets							
Construction in progress	16,511,989	7,441,312	-	23,953,301	4,505	23,957,806	21,126,588
Land	15,067,676	15,760,862	-	30,828,538	1,323,399	32,151,937	31,482,369
Other capital assets, net of depreciation	<u>96,034,167</u>	<u>126,415,162</u>	<u>-</u>	<u>222,449,329</u>	<u>10,348,740</u>	<u>232,798,069</u>	<u>223,695,760</u>
Total Assets	<u>234,784,995</u>	<u>170,075,504</u>	<u>-</u>	<u>404,860,499</u>	<u>20,416,967</u>	<u>425,277,466</u>	<u>414,957,991</u>
LIABILITIES							
Accounts payable and accrued expenses	3,276,335	1,569,593	-	4,845,928	201,765	5,047,693	2,633,473
Accrued liabilities	2,139,829	513,512	-	2,653,341	30,969	2,684,310	2,903,471
Customer deposits	397,116	29,526	-	426,642	-	426,642	406,590
Due to other governments	52,357	-	-	52,357	-	52,357	66,926
Due to component unit	25,449	-	-	25,449	-	25,449	44,305
Unearned revenues	28,112,781	-	-	28,112,781	150,500	28,263,281	27,401,116
Deferred amount on refunding	-	(61,738)	-	(61,738)	-	(61,738)	(70,885)
Unamortized premium	254,698	78,175	-	332,873	-	332,873	254,172
Noncurrent liabilities							
Due within one year	7,695,130	2,200,452	-	9,895,582	379,614	10,275,196	9,677,894
Due in more than one year	<u>59,306,174</u>	<u>21,542,440</u>	<u>-</u>	<u>80,848,614</u>	<u>1,850,327</u>	<u>82,698,941</u>	<u>83,848,110</u>
Total Liabilities	<u>101,259,869</u>	<u>25,871,960</u>	<u>-</u>	<u>127,131,829</u>	<u>2,613,175</u>	<u>129,745,004</u>	<u>127,165,172</u>
NET ASSETS							
Invested in capital assets, net of related debt	81,381,844	127,757,415	(1,214,316)	207,924,943	13,029,550	220,954,493	215,665,043
Restricted for:							
Deposits	1,008,374	-	-	1,008,374	-	1,008,374	925,828
Unspent grant proceeds	462,335	-	-	462,335	-	462,335	389,198
New loans	1,777,941	-	-	1,777,941	-	1,777,941	1,779,168
RCU agreement	337,285	-	-	337,285	-	337,285	323,690
Debt service payments	16,027,390	1,606,744	-	17,634,134	-	17,634,134	16,322,166
Equipment replacement	-	773,000	-	773,000	1,142,201	1,915,201	2,192,685
Development costs	-	-	-	-	113,464	113,464	112,882
Residual receipts	-	-	-	-	-	-	6,035
Taxes	-	-	-	-	851	851	414
Unrestricted	<u>32,529,957</u>	<u>14,066,385</u>	<u>1,214,316</u>	<u>47,810,658</u>	<u>3,517,726</u>	<u>51,328,384</u>	<u>50,075,710</u>
Total Net Assets	<u>\$ 133,525,126</u>	<u>\$ 144,203,544</u>	<u>\$ -</u>	<u>\$ 277,728,670</u>	<u>\$ 17,803,792</u>	<u>\$295,532,462</u>	<u>\$ 287,792,819</u>

See accompanying notes to financial statements.

CITY OF EAU CLAIRE

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2006

(With Comparative Reporting Entity Totals for the Year Ended December 31, 2005)

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
General government	\$ 6,493,902	\$ 3,131,097	\$ 22,444	\$ 2,122,452
Public safety	23,034,101	3,460,345	670,279	-
Public works	11,316,945	396,987	-	2,969,172
Health services	4,436,211	1,769,891	895,312	-
Culture and recreation	8,105,219	1,360,404	12,205	1,005,338
Development	2,359,672	746,569	802,334	-
Interest and fiscal charges	2,106,598	-	-	-
Total Governmental Activities	57,852,648	10,865,293	2,402,574	6,096,962
Business-type Activities				
Water Utility	5,439,753	7,600,310	-	542,390
Sewer Utility	5,558,045	6,267,035	-	540,063
Storm Water Utility	2,064,283	2,460,532	-	505,753
Public Transit	4,770,055	527,466	2,711,846	-
Parking Utility	445,732	227,065	-	-
Hobbs Ice Center	621,290	443,141	-	-
Outdoor Pool	354,369	210,756	-	-
Total Business-type Activities	19,253,527	17,736,305	2,711,846	1,588,206
Total Primary Government	\$ 77,106,175	\$ 28,601,598	\$ 5,114,420	\$ 7,685,168
Component Units				
Housing Authority	\$ 3,685,749	\$ 816,251	\$ 2,446,458	\$ 216,617
Redevelopment Authority	231,426	-	-	188,173
Downtown Business Improvement District	60,056	-	-	-
West Grand Business Improvement District	10,705	-	-	-
Water Street Business Improvement District	6,337	-	-	-
North Barstow Business Improvement District	5,500	-	-	-
Total Component Units	\$ 3,999,773	\$ 816,251	\$ 2,446,458	\$ 404,790

General Revenues

Taxes

Property taxes, levied for general purposes

Property taxes, levied for debt service

Other taxes

Intergovernmental revenues not restricted to specific programs

Investment income

Gain on sale of capital assets

Miscellaneous

Total General Revenues

Transfers

Change in Net Assets

NET ASSETS - Beginning of Year (as restated)

NET ASSETS - END OF YEAR

Net (Expenses) Revenues and Changes in Net Assets					
Governmental Activities	Business-type Activities	Totals		Totals . Reporting Entity	
		Primary Government	Component Units	2006	2005
\$ (1,217,909)	\$ -	\$ (1,217,909)	\$ -	\$ (1,217,909)	\$ (3,345,401)
(18,903,477)	-	(18,903,477)	-	(18,903,477)	(18,153,489)
(7,950,786)	-	(7,950,786)	-	(7,950,786)	(8,290,481)
(1,771,008)	-	(1,771,008)	-	(1,771,008)	(1,695,969)
(5,727,272)	-	(5,727,272)	-	(5,727,272)	(5,317,303)
(810,769)	-	(810,769)	-	(810,769)	(2,196,382)
(2,106,598)	-	(2,106,598)	-	(2,106,598)	(2,053,323)
(38,487,819)	-	(38,487,819)	-	(38,487,819)	(41,052,348)
-	2,702,947	2,702,947	-	2,702,947	2,777,544
-	1,249,053	1,249,053	-	1,249,053	1,382,790
-	902,002	902,002	-	902,002	2,250,425
-	(1,530,743)	(1,530,743)	-	(1,530,743)	(1,457,849)
-	(218,667)	(218,667)	-	(218,667)	(204,445)
-	(178,149)	(178,149)	-	(178,149)	(140,703)
-	(143,613)	(143,613)	-	(143,613)	(128,936)
-	2,782,830	2,782,830	-	2,782,830	4,478,826
(38,487,819)	2,782,830	(35,704,989)	-	(35,704,989)	(36,573,522)
-	-	-	(206,423)	(206,423)	125,970
-	-	-	(43,253)	(43,253)	1,488,159
-	-	-	(60,056)	(60,056)	(72,572)
-	-	-	(10,705)	(10,705)	(12,083)
-	-	-	(6,337)	(6,337)	(5,854)
-	-	-	(5,500)	(5,500)	-
-	-	-	(332,274)	(332,274)	1,523,620
24,362,539	-	24,362,539	140,700	24,503,239	23,319,168
2,930,767	-	2,930,767	-	2,930,767	2,945,584
1,416,441	-	1,416,441	-	1,416,441	1,305,252
9,390,895	-	9,390,895	-	9,390,895	9,378,496
4,167,233	806,542	4,973,775	127,824	5,101,599	3,456,606
38,033	-	38,033	4,964	42,997	1,118
107,281	267,438	374,719	16,249	390,968	293,190
42,413,189	1,073,980	43,487,169	289,737	43,776,906	40,699,414
146,418	(146,418)	-	-	-	-
4,071,788	3,710,392	7,782,180	(42,537)	7,739,643	5,649,512
129,453,338	140,493,152	269,946,490	17,846,329	287,792,819	282,143,307
\$ 133,525,126	\$ 144,203,544	\$ 277,728,670	\$ 17,803,792	\$ 295,532,462	\$ 287,792,819

See accompanying notes to financial statements.

CITY OF EAU CLAIRE

BALANCE SHEET GOVERNMENTAL FUNDS December 31, 2006

	General Fund	Debt Service - General	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and investments	\$ 10,558,648	\$ 6,779,034	\$ 21,870,672	\$ 39,208,354
Receivables				
Taxes	22,833,966	1,533,949	5,391,444	29,759,359
Delinquent personal property taxes	112,859	-	-	112,859
Accounts, net	1,085,902	16,683	432,650	1,535,235
Notes, net	25,000	-	6,288,692	6,313,692
Special assessments	8,874	5,859,264	21,962	5,890,100
Interest	623,046	-	-	623,046
Prepaid items and inventories	42,748	-	47,624	90,372
Due from other funds	236,942	-	-	236,942
Due from other governments	234,824	-	655,658	890,482
Restricted assets - cash and investments	-	-	2,042,114	2,042,114
Advances to other funds	5,301,884	-	-	5,301,884
TOTAL ASSETS	\$ 41,064,693	\$ 14,188,930	\$ 36,750,816	\$ 92,004,439
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 389,586	\$ -	\$ 2,597,490	\$ 2,987,076
Accrued liabilities	1,285,630	-	240,154	1,525,784
Deposits	327,955	-	69,161	397,116
Due to other governments	31,771	-	20,477	52,248
Due to other funds	-	-	140,548	140,548
Due to component unit	4,402	-	21,047	25,449
Deferred revenues	23,752,307	7,403,646	12,332,764	43,488,717
Total Liabilities	25,791,651	7,403,646	15,421,641	48,616,938
Fund Balances				
Reserved for:				
Notes receivable	25,000	-	-	25,000
Prepaid items and inventories	42,748	-	-	42,748
Advances to other funds (noncurrent portion)	4,813,519	-	-	4,813,519
Grant proceeds	-	-	474,078	474,078
Debt service	-	6,670,884	1,917,941	8,588,825
Capital contracts	-	-	1,118,040	1,118,040
Environmental remediation	-	-	337,285	337,285
Bond construction	-	-	2,042,114	2,042,114
Unreserved, designated	6,723,752	114,400	-	6,838,152
Unreserved, undesignated	3,668,023	-	-	3,668,023
Unreserved, designated reported in nonmajor funds:				
Special revenue funds	-	-	6,404,601	6,404,601
Debt service funds	-	-	158,900	158,900
Capital project funds	-	-	8,876,216	8,876,216
Total Fund Balances	15,273,042	6,785,284	21,329,175	43,387,501
TOTAL LIABILITIES AND FUND BALANCES	\$ 41,064,693	\$ 14,188,930	\$ 36,750,816	\$ 92,004,439

See accompanying notes to financial statements.

CITY OF EAU CLAIRE

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
December 31, 2006

Total fund balance - governmental funds		\$ 43,387,501
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in government activities are not financial resources and therefore are not reported in the fund statements. Capital assets at year end (excluding internal service funds) consist of:		
Capital assets	\$ 199,531,284	
Accumulated depreciation	(71,917,452)	
Less: Internal service fund included below	<u>(10,631,422)</u>	116,982,410
Governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. These amounts are the net effect of these differences:		
Premium on debt		(254,698)
Debt issuance costs on debt		188,075
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.		
		(402,927)
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	138,760	
Accounts receivable	656,654	
Loan receivable	6,288,692	
Interest receivable	536,390	
Special assessments receivable	7,268,987	
Grants receivable	<u>486,453</u>	15,375,936
Internal service funds are used by management to charge the costs of risk management and central equipment to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.		
		24,511,124
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	49,676,492	
Vested compensated absences	2,047,656	
Police and fire pension liability	590,068	
Unfunded pension liability	9,372,901	
Duty disability liability	4,018,381	
Accrued interest on general obligation debt	<u>556,797</u>	<u>(66,262,295)</u>
Total net assets - governmental activities		<u>\$ 133,525,126</u>

See accompanying notes to financial statements.

CITY OF EAU CLAIRE

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

For the Year Ended December 31, 2006

	General Fund	Debt Service - General	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 22,450,014	\$ -	\$ 6,217,128	\$ 28,667,142
Special assessments	76,182	1,900,906	10,981	1,988,069
Intergovernmental	12,686,810	-	2,858,737	15,545,547
Licenses and permits	1,647,940	-	290,261	1,938,201
Fines, forfeitures and penalties	766,142	-	133,376	899,518
Charges for services	2,373,561	48,500	350,353	2,772,414
Charges for services - intergovernmental	2,584,808	-	1,811,671	4,396,479
Investment income	2,080,708	625,448	975,409	3,681,565
Miscellaneous	94,096	-	1,415,381	1,509,477
Total Revenues	<u>44,760,261</u>	<u>2,574,854</u>	<u>14,063,297</u>	<u>61,398,412</u>
EXPENDITURES				
Current				
General government	5,693,357	2,244	190	5,695,791
Public safety	22,208,084	-	204,156	22,412,240
Public works	7,069,791	-	66,756	7,136,547
Health services	-	-	4,401,531	4,401,531
Culture and recreation	4,168,537	-	3,324,106	7,492,643
Development	-	-	2,771,777	2,771,777
Miscellaneous	462,476	-	-	462,476
Capital Outlay	-	-	13,407,724	13,407,724
Debt Service				
Principal retirement	-	3,254,346	535,000	3,789,346
Interest and fiscal charges	-	1,306,732	766,222	2,072,954
Total Expenditures	<u>39,602,245</u>	<u>4,563,322</u>	<u>25,477,462</u>	<u>69,643,029</u>
Excess (deficiency) of revenues over expenditures	<u>5,158,016</u>	<u>(1,988,468)</u>	<u>(11,414,165)</u>	<u>(8,244,617)</u>
OTHER FINANCING SOURCES (USES)				
Long-term debt issued	-	-	4,365,000	4,365,000
Premium on long-term debt issued	-	55,312	-	55,312
Transfers from other funds	1,583,593	2,731,055	3,616,196	7,930,844
Transfers to other funds	(6,236,820)	-	(1,213,311)	(7,450,131)
Sale of capital assets	37,931	-	103	38,034
Total Other Financing Sources (Uses)	<u>(4,615,296)</u>	<u>2,786,367</u>	<u>6,767,988</u>	<u>4,939,059</u>
Net change in fund balances	542,720	797,899	(4,646,177)	(3,305,558)
FUND BALANCES - Beginning of Year	<u>14,730,322</u>	<u>5,987,385</u>	<u>25,975,352</u>	<u>46,693,059</u>
FUND BALANCES - END OF YEAR	<u>\$ 15,273,042</u>	<u>\$ 6,785,284</u>	<u>\$ 21,329,175</u>	<u>\$ 43,387,501</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, 2006

Net change in fund balances - total governmental funds \$ (3,305,558)

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

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

Capital outlay is capitalized in the government-wide statements	13,407,724
Some functional expenditures are capitalized	688,967
Some capital outlay is not capitalized in the government-wide statements	(657,635)
Depreciation is reported in the government-wide statements	(5,299,794)

Receivables not currently available are reported as deferred revenue in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements. This amount is the change in the following deferred revenue categories.

Delinquent personal property taxes receivable	16,631
Accounts receivable	(202,471)
Loan receivable	282,539
Interest receivable	218,971
Special assessments receivable	264,637
Grants receivable	(144,389)

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.

(5,280)

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount of principal payments paid.

3,789,346

Issuing debt provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. This is the amount of debt issued during the year.

(4,365,000)

Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. This amount is the change in the following liabilities.

Compensated absences	55,236
Unfunded pension liability	(340,141)
Duty disability liability	(188,355)
Police and fire pension liability	147,393

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.

(7,533)

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	\$ (82,317)
Debt issuance costs on new debt	23,592
Amortization of premium	12,108
Amortization of debt issuance costs	(10,497)

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

(226,386)

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES

\$ 4,071,788

CITY OF EAU CLAIRE

STATEMENT OF NET ASSETS PROPRIETARY FUNDS December 31, 2006

	Business-type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Storm Water Utility
ASSETS			
Current assets:			
Cash and investments	\$ 2,957,667	\$ 7,851,329	\$ 1,696,181
Taxes receivable	373,396	318,321	70,436
Accounts receivable, net	1,338,585	1,323,903	520,466
Due from other funds	-	-	-
Due from other governments	507,291	943,279	-
Inventories	140,902	-	-
Prepaid items	6,868	-	-
Restricted cash and investments	265,376	132,100	-
Total Current Assets	5,590,085	10,568,932	2,287,083
Noncurrent assets:			
Restricted cash and investments	1,402,344	977,400	1,500,641
Deposit in insurance pools	-	-	-
Unamortized issuance costs	67,113	27,800	44,928
Special assessment receivable	849,117	866,216	-
Capital assets:			
Construction in progress	1,662,098	2,748,975	3,030,239
Land	284,274	109,339	14,709,053
Capital assets	67,770,678	64,419,604	35,008,294
Less accumulated depreciation	(17,907,750)	(21,680,058)	(8,550,971)
Total Capital Assets (Net of Accumulated Depreciation)	51,809,300	45,597,860	44,196,615
Total Noncurrent Assets	54,127,874	47,469,276	45,742,184
Total Assets	59,717,959	58,038,208	48,029,267

<u>Business-type Activities - Enterprise Funds</u>			Governmental
<u>Public</u>	<u>Other</u>		<u>Activities -</u>
<u>Transit</u>	<u>Enterprise</u>	<u>Totals</u>	<u>Internal</u>
	<u>Funds</u>		<u>Service Funds</u>
\$ 151,466	\$ 1,021,647	\$ 13,678,290	\$ 14,034,552
-	-	762,153	-
53,022	96,351	3,332,327	184,783
195	-	195	-
259,399	-	1,709,969	6,393
-	-	140,902	377,324
-	-	6,868	-
-	-	397,476	-
<u>464,082</u>	<u>1,117,998</u>	<u>20,028,180</u>	<u>14,603,052</u>
-	-	3,880,385	241,878
-	-	-	766,496
-	3,600	143,441	-
-	-	1,715,333	-
-	-	7,441,312	91,633
-	658,196	15,760,862	235,899
5,892,594	9,575,949	182,667,119	19,642,243
(3,565,894)	(4,547,284)	(56,251,957)	(9,338,353)
<u>2,326,700</u>	<u>5,686,861</u>	<u>149,617,336</u>	<u>10,631,422</u>
<u>2,326,700</u>	<u>5,690,461</u>	<u>155,356,495</u>	<u>11,639,796</u>
<u>2,790,782</u>	<u>6,808,459</u>	<u>175,384,675</u>	<u>26,242,848</u>

See accompanying notes to financial statements.

CITY OF EAU CLAIRE

STATEMENT OF NET ASSETS (cont.)
 PROPRIETARY FUNDS
 December 31, 2006

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Storm Water Utility</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 362,601	\$ 367,795	\$ 701,823
Accrued payroll and payroll taxes	69,095	64,692	8,922
Accrued compensated absences	126,839	107,934	4,297
Accrued interest	-	-	157,119
Deposits	20	-	-
Due to other funds	-	-	-
Current portion of advances	311,151	37,214	-
Current portion of general obligation debt	-	-	610,000
Current portion of revenue bonds	506,250	375,000	-
Current portion of unpaid claims	-	-	-
Liabilities payable from restricted assets:			
Current portion revenue bonds	168,750	125,000	-
Accrued interest	96,626	7,100	-
Total Current Liabilities	<u>1,641,332</u>	<u>1,084,735</u>	<u>1,482,161</u>
Noncurrent liabilities:			
Advances from other funds	3,696,526	816,993	-
Revenue bonds payable	7,780,000	505,000	-
General obligation debt	-	-	13,025,000
Unpaid claims	-	-	-
Deferred amount on refunding	(61,738)	-	-
Unamortized premium on debt	27,960	1,635	48,580
Total Noncurrent Liabilities	<u>11,442,748</u>	<u>1,323,628</u>	<u>13,073,580</u>
Total Liabilities	<u>13,084,080</u>	<u>2,408,363</u>	<u>14,555,741</u>
NET ASSETS			
Invested in capital assets, net of related debt	43,354,300	44,592,860	32,062,256
Restricted for:			
Restricted deposits	-	-	-
Debt service	1,078,344	528,400	-
Equipment replacement	324,000	449,000	-
Unrestricted	1,877,235	10,059,585	1,411,270
Total Net Assets	<u>\$ 46,633,879</u>	<u>\$ 55,629,845</u>	<u>\$ 33,473,526</u>

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

Net assets of business-type activities

<u>Business-type Activities - Enterprise Funds</u>			Governmental
Public	Other		Activities -
Transit	Enterprise	Totals	Internal
	Funds		Service Funds
\$ 91,750	\$ 45,624	\$ 1,569,593	\$ 289,259
86,795	14,200	243,704	25,083
121,592	21,668	382,330	32,274
8,963	-	166,082	-
29,506	-	29,526	-
73,679	22,910	96,589	-
-	140,000	488,365	-
33,122	-	643,122	-
-	-	881,250	-
-	-	-	220,000
-	-	293,750	-
-	-	103,726	-
<u>445,407</u>	<u>244,402</u>	<u>4,898,037</u>	<u>566,616</u>
-	300,000	4,813,519	-
-	-	8,285,000	-
232,440	-	13,257,440	-
-	-	-	1,075,806
-	-	(61,738)	-
-	-	78,175	-
<u>232,440</u>	<u>300,000</u>	<u>26,372,396</u>	<u>1,075,806</u>
<u>677,847</u>	<u>544,402</u>	<u>31,270,433</u>	<u>1,642,422</u>
2,061,138	5,686,861	127,757,415	10,631,422
-	-	-	1,008,374
-	-	1,606,744	-
-	-	773,000	-
<u>51,797</u>	<u>577,196</u>	<u>13,977,083</u>	<u>12,960,630</u>
<u>\$ 2,112,935</u>	<u>\$ 6,264,057</u>	<u>144,114,242</u>	<u>\$ 24,600,426</u>
		<u>89,302</u>	
		<u>\$ 144,203,544</u>	

See accompanying notes to financial statements.

CITY OF EAU CLAIRE

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
 PROPRIETARY FUNDS

For the Year Ended December 31, 2006

	Business-type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Storm Water Utility
Operating revenues:			
Charges for services	\$ 7,600,310	\$ 6,267,035	\$ 2,460,532
Rental of equipment	-	-	-
Other	-	28,313	-
Total operating revenues	<u>7,600,310</u>	<u>6,295,348</u>	<u>2,460,532</u>
Operating expenses:			
Personal services	1,805,664	1,943,435	296,301
Contractual services	308,001	949,582	157,745
Supplies and materials	356,045	436,924	13,638
Utilities	440,791	388,786	58,218
Depreciation	1,419,044	1,222,623	515,216
Administrative	384,077	465,408	381,330
Claims	-	-	-
Total operating expenses	<u>4,713,622</u>	<u>5,406,758</u>	<u>1,422,448</u>
Operating income (loss)	<u>2,886,688</u>	<u>888,590</u>	<u>1,038,084</u>
Non-operating revenues (expenses):			
Operating grants	-	-	-
Investment income	246,265	378,005	182,272
Net gain (loss) on disposal of capital assets	-	(818)	(14,163)
Interest expense	(695,470)	(100,551)	(620,080)
Amortization	(6,621)	(7,180)	(2,250)
Total non-operating revenue (expenses)	<u>(455,826)</u>	<u>269,456</u>	<u>(454,221)</u>
Income (loss) before transfers	2,430,862	1,158,046	583,863
Transfers from other funds	-	-	-
Transfers to other funds	(1,089,403)	(75,000)	(301,200)
Total transfers	<u>(1,089,403)</u>	<u>(75,000)</u>	<u>(301,200)</u>
Income (loss) before contributions	1,341,459	1,083,046	282,663
Capital contributions	542,390	540,063	505,753
Change in net assets	1,883,849	1,623,109	788,416
Net assets at beginning of year	<u>44,750,030</u>	<u>54,006,736</u>	<u>32,685,110</u>
Net assets at end of year	<u>\$ 46,633,879</u>	<u>\$ 55,629,845</u>	<u>\$ 33,473,526</u>

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

Change in net assets of business-type activities

Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
Public Transit	Other Enterprise Funds	Totals	
\$ 527,466	\$ 880,962	\$ 17,736,305	\$ 3,182,448
-	-	-	1,907,010
<u>184,503</u>	<u>54,622</u>	<u>267,438</u>	<u>267,154</u>
<u>711,969</u>	<u>935,584</u>	<u>18,003,743</u>	<u>5,356,612</u>
2,383,713	589,009	7,018,122	730,740
1,367,548	124,756	2,907,632	428,032
412,936	92,627	1,312,170	851,129
7,207	288,389	1,183,391	171,086
562,304	306,957	4,026,144	1,099,650
-	-	1,230,815	-
-	-	-	<u>2,510,030</u>
<u>4,733,708</u>	<u>1,401,738</u>	<u>17,678,274</u>	<u>5,790,667</u>
<u>(4,021,739)</u>	<u>(466,154)</u>	<u>325,469</u>	<u>(434,055)</u>
2,711,846	-	2,711,846	-
-	-	806,542	276,191
-	-	(14,981)	56,342
(12,307)	(15,382)	(1,443,790)	-
-	(1,600)	(17,651)	-
<u>2,699,539</u>	<u>(16,982)</u>	<u>2,041,966</u>	<u>332,533</u>
(1,322,200)	(483,136)	2,367,435	(101,522)
813,586	505,599	1,319,185	2,805
-	-	(1,465,603)	(337,100)
<u>813,586</u>	<u>505,599</u>	<u>(146,418)</u>	<u>(334,295)</u>
(508,614)	22,463	2,221,017	(435,817)
-	-	1,588,206	110,600
(508,614)	22,463	3,809,223	(325,217)
<u>2,621,549</u>	<u>6,241,594</u>		<u>24,925,643</u>
\$ 2,112,935	\$ 6,264,057		\$ 24,600,426
		(98,831)	
		<u>\$ 3,710,392</u>	

See accompanying notes to financial statements.

CITY OF EAU CLAIRE

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 For the Year Ended December 31, 2006

	Business-type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Storm Water Utility
CASH FLOWS FROM (USED BY)			
OPERATING ACTIVITIES			
Cash received from customers	\$ 7,595,543	\$ 6,352,005	\$ 2,409,842
Cash paid to suppliers for goods and services	(1,188,466)	(1,829,437)	(174,140)
Cash paid to employees for services	(1,805,665)	(1,943,435)	(296,301)
Claims paid	-	-	-
Repayment of insurance claims	-	-	-
Administrative charges	(304,308)	(387,708)	(376,524)
Net Cash Flows From (Used By) Operating Activities	<u>4,297,104</u>	<u>2,191,425</u>	<u>1,562,877</u>
CASH FLOWS FROM (USED BY) NONCAPITAL			
FINANCING ACTIVITIES			
Operating grants received	-	-	-
Principal paid on advances from other funds	(289,925)	(34,698)	-
Interest paid on advances from other funds	(315,876)	(64,446)	-
Transfers from other funds	-	-	-
Transfers to other funds	(1,089,403)	(75,000)	(301,200)
Net Cash Flows From (Used By) Noncapital Financing Activities	<u>(1,695,204)</u>	<u>(174,144)</u>	<u>(301,200)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income	246,265	378,005	182,272
Net Cash Flows From Investing Activities	<u>246,265</u>	<u>378,005</u>	<u>182,272</u>
CASH FLOWS FROM (USED BY) CAPITAL AND RELATED			
FINANCING ACTIVITIES			
Debt issued	-	-	760,000
Debt issuance costs	-	-	(8,251)
Debt retired	(650,000)	(485,000)	(540,000)
Special assessments received	97,691	125,380	182
Interest paid	(379,648)	(39,920)	(613,877)
Capital contributions	201,385	218,950	1,250
Acquisition and construction of capital assets	(2,473,124)	(2,306,295)	(2,284,947)
Proceeds from sale of equipment	-	-	-
Net Cash Flows From (Used By) Capital and Related Financing Activities	<u>(3,203,696)</u>	<u>(2,486,885)</u>	<u>(2,685,643)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(355,531)</u>	<u>(91,599)</u>	<u>(1,241,694)</u>
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>4,980,918</u>	<u>9,052,428</u>	<u>4,438,516</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 4,625,387</u>	<u>\$ 8,960,829</u>	<u>\$ 3,196,822</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS			
Cash and Cash Equivalents per Statement of Net Assets	\$ 2,957,667	\$ 7,851,329	\$ 1,696,181
Restricted Cash and Investments			
Current	265,376	132,100	-
Noncurrent	1,402,344	977,400	1,500,641
Cash and Cash Equivalents Per Statement of Cash Flows	<u>\$ 4,625,387</u>	<u>\$ 8,960,829</u>	<u>\$ 3,196,822</u>

<u>Business-type Activities - Enterprise Funds</u>			
<u>Public Transit</u>	<u>Other Enterprise Funds</u>	<u>Totals</u>	<u>Governmental Activities - Internal Service Funds</u>
\$ 724,301	\$ 947,711	\$ 18,029,402	\$ 5,256,978
(2,655,001)	(539,069)	(6,386,113)	(1,365,464)
(2,383,713)	(585,502)	(7,014,616)	(727,740)
-	-	-	(2,301,061)
-	-	-	84,958
-	-	(1,068,540)	-
<u>(4,314,413)</u>	<u>(176,860)</u>	<u>3,560,133</u>	<u>947,671</u>
3,681,560	-	3,681,560	-
-	(125,000)	(449,623)	-
-	(15,382)	(395,704)	-
813,586	505,599	1,319,185	2,805
-	-	(1,465,603)	(337,100)
<u>4,495,146</u>	<u>365,217</u>	<u>2,689,815</u>	<u>(334,295)</u>
-	-	806,542	276,191
-	-	806,542	276,191
-	-	760,000	-
-	-	(8,251)	-
(31,696)	-	(1,706,696)	-
-	-	223,253	-
(13,376)	-	(1,046,821)	-
-	-	421,585	110,600
(5,995)	(72,339)	(7,142,700)	(1,223,497)
-	-	-	96,367
<u>(51,067)</u>	<u>(72,339)</u>	<u>(8,499,630)</u>	<u>(1,016,530)</u>
129,666	116,018	(1,443,140)	(126,963)
<u>21,800</u>	<u>905,629</u>	<u>19,399,291</u>	<u>14,403,393</u>
<u>\$ 151,466</u>	<u>\$ 1,021,647</u>	<u>\$ 17,956,151</u>	<u>\$ 14,276,430</u>
\$ 151,466	\$ 1,021,647	\$ 13,678,290	\$ 14,034,552
-	-	397,476	-
-	-	3,880,385	241,878
<u>\$ 151,466</u>	<u>\$ 1,021,647</u>	<u>\$ 17,956,151</u>	<u>\$ 14,276,430</u>

See accompanying notes to financial statements.

CITY OF EAU CLAIRE

STATEMENT OF CASH FLOWS (cont.)
 PROPRIETARY FUNDS
 For the Year Ended December 31, 2006

	Business-type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Storm Water Utility
RECONCILIATION OF OPERATING INCOME (LOSS) TO			
NET CASH FLOWS FROM OPERATING ACTIVITIES			
Operating income (loss)	\$ 2,886,688	\$ 888,590	\$ 1,038,084
Adjustments to Reconcile Operating Income (Loss) to			
Net Cash Flows From Operating Activities			
Noncash items included in income			
Depreciation	1,419,044	1,222,623	515,216
Depreciation charged to other accounts	99,075	893	-
Change in assets and liabilities			
Taxes receivable	4,939	16,021	(5,359)
Accounts receivable	(108,781)	45,904	(45,331)
Due from other funds	-	-	-
Inventories	(9,860)	-	-
Prepaid items	531	-	-
Accounts payable	14,576	14,098	58,345
Due to other funds	-	-	-
Deposits	-	(6,161)	-
Accrued liabilities	(9,108)	9,457	1,922
Unpaid claims	-	-	-
	<u>\$ 4,297,104</u>	<u>\$ 2,191,425</u>	<u>\$ 1,562,877</u>
NET CASH FLOWS FROM (USED BY) OPERATING ACTIVITIES			

Non-cash capital, investing & financing activities:

The water, sewer, and storm water utilities received non-cash contributions of capital assets of \$353,442, \$175,634, and \$504,503, respectively.

<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental Activities - Internal Service Funds</u>
<u>Public Transit</u>	<u>Other Enterprise Funds</u>	<u>Totals</u>	
\$ (4,021,739)	\$ (466,154)	\$ 325,469	\$ (434,055)
562,304	306,957	4,026,144	1,099,650
-	-	99,968	-
-	-	15,601	-
10,118	12,127	(85,963)	(14,677)
(195)	-	(195)	-
-	-	(9,860)	24,148
-	-	531	-
16,670	(3,368)	100,321	115,187
(874,041)	(29,928)	(903,969)	-
2,407	-	(3,754)	-
(9,937)	3,506	(4,160)	9,267
-	-	-	148,151
<u>\$ (4,314,413)</u>	<u>\$ (176,860)</u>	<u>\$ 3,560,133</u>	<u>\$ 947,671</u>

See accompanying notes to financial statements.

CITY OF EAU CLAIRE

**STATEMENT OF NET ASSETS
FIDUCIARY FUNDS
December 31, 2006**

	<u>Tax Collection Agency Fund</u>
ASSETS	
Cash and investments	\$ 9,688,173
Taxes receivable	<u>44,983,256</u>
Total Assets	<u>54,671,429</u>
LIABILITIES	
Due to other taxing units	<u>54,671,429</u>
Total Liabilities	<u>54,671,429</u>
NET ASSETS	<u>\$ -</u>

See accompanying notes to financial statements.

CITY OF EAU CLAIRE

STATEMENT OF NET ASSETS
COMPONENT UNITS
December 31, 2006

	<u>Housing Authority</u>	<u>Other Component Units</u>	<u>Totals</u>
ASSETS			
CURRENT ASSETS			
Cash and investments	\$ 2,240,353	\$ 1,412,965	\$ 3,653,318
Receivables:			
Taxes	-	150,500	150,500
Notes receivable	-	2,777	2,777
Accounts, net	63,965	-	63,965
Due from primary government	25,449	-	25,449
Prepaid items	51,938	-	51,938
Total Current Assets	<u>2,381,705</u>	<u>1,566,242</u>	<u>3,947,947</u>
NONCURRENT ASSETS			
Restricted assets - cash and investments	1,256,516	-	1,256,516
Property held for resale	-	3,535,860	3,535,860
Construction in progress	4,505	-	4,505
Land	1,323,399	-	1,323,399
Capital assets	16,313,524	-	16,313,524
Less: accumulated depreciation	<u>(5,964,784)</u>	<u>-</u>	<u>(5,964,784)</u>
Total Noncurrent Assets	<u>12,933,160</u>	<u>3,535,860</u>	<u>16,469,020</u>
 Total Assets	 <u>\$ 15,314,865</u>	 <u>\$ 5,102,102</u>	 <u>\$ 20,416,967</u>
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	\$ 88,333	\$ 2,874	\$ 91,207
Accrued liabilities	30,969	-	30,969
Accrued compensated absences	45,461	-	45,461
Other liabilities	110,558	-	110,558
Unearned revenue	-	150,500	150,500
Current portion of long-term debt	<u>334,153</u>	<u>-</u>	<u>334,153</u>
Total Current Liabilities	<u>609,474</u>	<u>153,374</u>	<u>762,848</u>
NONCURRENT LIABILITIES			
Accrued compensated absences	1,526	-	1,526
Housing projects notes and bonds	1,036,923	-	1,036,923
Revenue bonds payable	70,000	-	70,000
Notes payable	18,023	-	18,023
Other loans payable	<u>723,855</u>	<u>-</u>	<u>723,855</u>
Total Noncurrent Liabilities	<u>1,850,327</u>	<u>-</u>	<u>1,850,327</u>
Total Liabilities	<u>2,459,801</u>	<u>153,374</u>	<u>2,613,175</u>
NET ASSETS			
Invested in capital assets, net of related debt	9,493,690	3,535,860	13,029,550
Restricted for:			
Replacement	1,142,201	-	1,142,201
Development costs	113,464	-	113,464
Taxes	851	-	851
Unrestricted	<u>2,104,858</u>	<u>1,412,868</u>	<u>3,517,726</u>
Total Net Assets	<u>\$ 12,855,064</u>	<u>\$ 4,948,728</u>	<u>\$ 17,803,792</u>

See accompanying notes to financial statements.

CITY OF EAU CLAIRE

**STATEMENT OF ACTIVITIES
COMPONENT UNITS**

For the Year Ended December 31, 2006

	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Assets		
					Housing Authority	Nonmajor Component Units	Totals
Housing Authority							
Housing projects	\$ 3,685,749	\$ 816,251	\$ 2,446,458	\$ 216,617	\$ (206,423)	\$ -	\$ (206,423)
Nonmajor Component Units	<u>314,024</u>	-	-	<u>188,173</u>	-	(125,851)	(125,851)
Total Component Units	<u>\$ 3,999,773</u>	<u>\$ 816,251</u>	<u>\$ 2,446,458</u>	<u>\$ 404,790</u>			
General revenues:							
Property taxes						140,700	140,700
Investment income					122,554	5,270	127,824
Gain on sale of capital assets					4,964	-	4,964
Miscellaneous					-	16,249	16,249
Total general revenues					<u>127,518</u>	<u>162,219</u>	<u>289,737</u>
Change in net assets					(78,905)	36,368	(42,537)
Net assets - beginning of year					<u>12,933,969</u>	<u>4,912,360</u>	<u>17,846,329</u>
Net assets - end of year					<u>\$ 12,855,064</u>	<u>\$ 4,948,728</u>	<u>\$ 17,803,792</u>

See accompanying notes to financial statements.

Notes to Financial Statements

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

CITY OF EAU CLAIRE

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December 31, 2006

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CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS December 31, 2006

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

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

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

Discretely Presented Component Units

Housing Authority of the City of Eau Claire

The government-wide financial statements include the Housing Authority of the City of Eau Claire (Housing Authority) as a component unit. The Housing Authority is a legally separate organization. The board of the Housing Authority is appointed by the Eau Claire City Council. Wisconsin Statutes provide for circumstances whereby the City can impose its will on the Housing Authority, and also create a potential financial benefit to or burden on the City. See Note III.J. As a major component unit, the Housing Authority's financial statements have been presented as a discrete column in the financial statements. The information presented is for the fiscal year ended December 31, 2006. Separately issued financial statements of the Housing Authority of the City of Eau Claire may be obtained from the Housing Authority's office, which is located at 203 South Farwell Street, P.O. Box 5148, Eau Claire, WI 54702-5148.

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS December 31, 2006

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

A. REPORTING ENTITY (cont.)

Discretely Presented Component Units (cont.)

Redevelopment Authority of the City of Eau Claire

The government-wide financial statements include the Redevelopment Authority of the City of Eau Claire (RDA) as a component unit. The RDA is a legally separate organization. The board of the RDA is appointed by the Eau Claire City Council. Wisconsin Statutes provide for circumstances whereby the City can impose its will on the RDA, and also create a potential financial benefit to or burden on the City. See Note III.J. As a nonmajor component unit, the RDA's financial statements have been combined with other nonmajor component units and presented as a separate column in the financial statements. The information presented is for the fiscal year ended December 31, 2006. Separately issued financial statements of the RDA of the City of Eau Claire may be obtained from the Finance Director's office, which is located at 203 South Farwell Street, P.O. Box 5148, Eau Claire, WI 54702-5148.

Business Improvement Districts (BIDs)

The government-wide financial statements include the Downtown Business Improvement District, West Grand Business Improvement District, Water Street Business Improvement District, and the North Barstow/Medical Business Improvement District as component units. The BIDs are legally separate organizations. The BID boards are appointed by the Eau Claire City Council. Wisconsin Statutes provide for circumstances whereby the City can impose its will on the BIDs, and also create a potential financial benefit to or burden on the City. See Note III.J. As nonmajor component units, the BIDs financial statements have been combined with other nonmajor component units and presented as a separate column in the financial statements. The information presented is for the fiscal year ended December 31, 2006. Separate financial statements are not issued by the Business Improvement Districts.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-Wide Financial Statements

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

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS December 31, 2006

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

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

Government-Wide Financial Statements (cont.)

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

Fund Financial Statements

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

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

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

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

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS December 31, 2006

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

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

Fund Financial Statements (cont.)

The City reports the following major governmental funds:

- General Fund – accounts for the City's primary operating activities. It is used to account for all financial resources except those required to be accounted for in another fund.
- General Debt Service Fund – accounts for resources accumulated and payments made for principal and interest on long-term debt other than TID or enterprise fund debt.

The City reports the following major enterprise funds:

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

The City reports the following non-major governmental and enterprise funds:

- Special Revenue Funds – used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.
 - Cemetery Maintenance
 - Hazardous Materials Response
 - Community Development
 - Home Grant
 - Economic Development
 - Community Enhancement
 - Public Library
 - City-County Health Department
 - Downtown Partners
 - Former Landfill Escrow

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS December 31, 2006

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

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

Fund Financial Statements (cont.)

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

Debt Service – TIF #4

Debt Service – TIF #6

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

TIF #5 Gateway Northwest Business Park

TIF #7 Soo Line Development

TIF #8 Downtown Development

Street Projects

Bridge Projects

Buildings and Equipment

Parks and Recreation Projects

Environmental Improvements – Landfill

Library Buildings and Equipment

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

Parking Utility

Hobbs Ice Center

Outdoor Pool

In addition, the City reports the following fund types:

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

Risk Management

Central Equipment

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

Tax Collection Fund

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

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

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

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

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

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

Fund Financial Statements (cont.)

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

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

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

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

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

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

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

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

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

Fund Financial Statements (cont.)

The enterprise funds follow all pronouncements of the Governmental Accounting Standards Board, and have elected not to follow Financial Accounting Standards Board pronouncements issued after November 30, 1989. The proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water Utility, Sewer Utility, Storm Water Utility, and Public Transit are charges to customers for sales and services. Special assessments are recorded as receivables and contribution revenue when levied. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Current rates in the water utility were approved by the Public Service Commission of Wisconsin and effective on October 1, 2006. Current sewer rates were approved by the City council in January 1, 1998. Current storm water utility rates were approved by the City council on November 11, 2005.

All Financial Statements

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

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY

1. Deposits and Investments

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

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

1. Time deposits in any credit union, bank, savings bank or trust company maturing in three years or less.
2. Bonds or securities of any county, city, drainage district, technical college district, village, town, or school district of the state. Also, bonds issued by a local exposition district, a local professional baseball park district, a local professional football stadium district, a local cultural arts district, or by the University of Wisconsin Hospitals and Clinics Authority.

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS December 31, 2006

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

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

1. Deposits and Investments (cont.)

3. Bonds or securities issued or guaranteed by the federal government.
4. The local government investment pool.
5. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
6. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
7. Repurchase agreements with public depositories, with certain conditions.

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

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

Custodial Credit Risk

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

Credit Risk

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

Concentration of Credit Risk

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

1. Limiting investments to avoid concentration in securities from a specific issuer or business sector (excluding U.S. agency securities and authorized pools).
2. Limiting investment in securities that have higher credit risks.

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS December 31, 2006

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

1. Deposits and Investments (cont.)

Concentration of Credit Risk (cont.)

3. Investing in securities with varying maturities.
4. Continuously investing a portion of the portfolio in readily available funds such as local government investment pools or overnight repurchase agreements to ensure that appropriate liquidity is maintained in order to meet ongoing obligations.

Interest Rate Risk

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

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

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on the same day if prior to 11:00 a.m. CST. At December 31, 2006, the fair value of the City's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

See Note III.A. for further information.

2. Receivables

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

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

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

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

2. Receivables (cont.)

Property tax calendar – 2006 tax roll:

Lien date and levy date	December 2006
Tax bills mailed	December 2006
Payment in full, or	January 31, 2007
First installment due	January 31, 2007
Second installment due	July 31, 2007
Personal property taxes in full	January 31, 2007
Tax sale – 2006 delinquent real estate taxes	October 2009

Accounts receivable have been shown net of an allowance for uncollectible accounts. Delinquent real estate taxes as of July 31 are paid in full by the county, which assumes the collection thereof. No provision for uncollectible accounts receivable has been made for the Water, Sewer, and Storm Water utilities because they have the right by law to place delinquent bills on the tax roll, and other delinquent bills are generally not significant.

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

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

The City has received federal and state grant funds for economic development and housing rehabilitation loan programs to various businesses and individuals. The City records a loan receivable when the loan has been made and funds have been disbursed. The amount recorded as economic development and housing rehabilitation loans receivable has been reduced by an allowance for uncollectible accounts of \$87,000.

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS December 31, 2006

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

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

2. Receivables (cont.)

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

3. Inventories and Prepaid Items

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

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

4. Restricted Assets

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

Funds on deposit with Wisconsin Municipal Insurance Company for payment of insurance claims are combined with twelve other participating governments. The City's deposit at year end was \$241,878. This amount is recorded as Restricted Assets in the Internal Service funds. See Note III.C. for additional information on restricted assets.

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS December 31, 2006

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

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

5. Capital Assets

Government-Wide Statements

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

Prior to January 2003, infrastructure assets of governmental funds were not capitalized. Upon implementing GASB No. 34, governmental units are required to account for all capital assets, including infrastructure, in the government-wide statements prospectively from the date of implementation. Retroactive reporting of all major general infrastructure assets is encouraged but not required until January 1, 2007, when GASB No. 34 requires the City to retroactively report all major general infrastructure assets acquired since January 1, 1980. The City has retroactively reported all network infrastructure acquired by its governmental fund types.

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, overhead, and an allowance for the cost of funds used during construction when significant. For tax-exempt debt, the amount of interest capitalized equals the interest expense incurred during construction netted against any interest revenue from temporary investment of borrowed fund proceeds. \$33,000 of net interest was capitalized during the current year. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

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

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

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS December 31, 2006

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

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

5. Capital Assets (cont.)

Fund Financial Statements

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

6. Other Assets

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

7. Compensated Absences

Under terms of employment, employees accumulate vacation, compensatory time, sick leave and other benefits at various rates depending on bargaining group and length of service. Payments for vacation, compensatory time, and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and compensatory time liabilities at December 31, 2006 are determined on the basis of current salary rates and include salary related payments.

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

8. Long-Term Obligations/Conduit Debt

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

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

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

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

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

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

The City has approved the issuance of industrial revenue bonds (IRB) for the benefit of private business enterprises. IRB's are secured by mortgages or revenue agreements on the associated projects, and do not constitute indebtedness of the City. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. The total amount of IRB's outstanding at the end of the year is approximately \$2,660,000, made up of two issues.

9. Claims and Judgments

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. Claims and judgments that would normally be liquidated with expendable available financial resources are recorded during the year as expenditures in the governmental funds. If they are not to be liquidated with expendable available financial resources, no liability is recognized in the governmental fund statements. The related expenditure is recognized when the liability is liquidated. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred. There were no significant claims or judgments at year end.

10. Equity Classifications

Government-Wide Statements

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

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

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

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

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS December 31, 2006

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

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

10. Equity Classifications (cont.)

Fund Statements

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

11. Prior Period Information

The basic financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended December 31, 2005, from which the summarized information was derived.

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

NOTE II – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

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

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

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS
December 31, 2006

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

A. BUDGETARY INFORMATION (cont.)

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

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

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

The City council approved proposed 2006 budgets for governmental and proprietary funds on November 15, 2005.

During 2006, additional appropriations were approved in the General, Economic Development, Downtown Partners, Hazardous Materials Response, Public Library, and City-County Health Department Funds. A summary of these council actions follows:

<u>Fund</u>	<u>Original Appropriation</u>	<u>Carryover of Appropriations</u>	<u>Grants and Donations</u>	<u>Other</u>	<u>Final Appropriation</u>
General fund	\$ 47,606,500	\$ 4,600	\$ 205,400	\$ 337,100	\$ 48,153,600
Economic Development	459,600	55,000	381,700	-	896,300
Downtown Partners	131,700	1,000	7,900	-	140,600
Hazardous Materials Response	189,700	47,000	-	-	236,700
Public Library	3,839,700	-	-	350,000	4,189,700
City-County Health	3,941,200	208,500	105,600	-	4,255,300

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

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

B. LIMITATIONS ON THE CITY TAX LEVY

As part of Wisconsin's Act 25 (2005), new legislation was passed that limits the City's future tax levies. Generally, the City is limited to its prior tax levy dollar amount (excluding TIF districts), increased by the greater of the percentage change in the City's equalized value due to new construction, or 2%. Changes in debt service from one year to the next are generally exempt from this limit. The levy limit begins with the 2005 levy collected in 2006 and is set to expire after the 2006 levy.

NOTE III – DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

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

Per statement of net assets	
Cash and investments	\$ 70,574,514
Restricted cash and investments	7,818,369
Per statement of net assets – fiduciary funds	<u>9,688,173</u>
Subtotal	88,081,056
Less: Housing Authority cash and investments	(2,240,353)
Housing Authority restricted assets – cash and investments	<u>(1,256,516)</u>
Total	<u>\$ 84,584,187</u>

Total cash and investments consist of the following:

Petty cash and cash on hand	\$ 5,258
Deposits with financial institutions	42,711,888
Investments	<u>41,867,041</u>
Total Cash and Investments	<u>\$ 84,584,187</u>

See Note III.J. for component unit information.

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS
December 31, 2006

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

A. DEPOSITS AND INVESTMENTS (cont.)

Deposits

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

	<u>Carrying Value</u>	<u>Bank Balance</u>	<u>Associated Risks</u>
Demand deposits	\$ 42,711,888	\$ 43,455,115	Custodial credit risk

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

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

The City maintains collateral agreements with its bank. At December 31, 2006, the bank had pledged various government securities in the amount of \$47,649,424 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	\$ 40,859,530	Concentration of credit risk, credit risk, interest rate risk
U.S. treasuries	243,900	Custodial credit risk, interest rate risk
Escrow account	241,878	Credit risk, interest rate risk
LGIP	<u>521,733</u>	Credit risk, interest rate risk
 Total Cash and Investments	 <u>\$ 41,867,041</u>	

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

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS
December 31, 2006

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

A. DEPOSITS AND INVESTMENTS (cont.)

Custodial Credit Risk

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

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

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

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

Credit Risk

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

As of December 31, 2006, the City's investments were rated as follows:

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

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

Local Government Investment Pool
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.

At December 31, 2006, the investment portfolio was concentrated as follows:

Issuer	Investment Type	Percentage of Portfolio
FHLMC	U.S. agencies – implicitly guaranteed	12%
FHLB	U.S. agencies – implicitly guaranteed	76%
FNMA	U.S. agencies – implicitly guaranteed	7%

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS
December 31, 2006

NOTE III – DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS (cont.)

Interest Rate Risk

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

As of December 31, 2006, the City's investments were as follows:

Investment	Maturity Date	Call Date	Fair Value
FFCB Callable	08/09/07	01/10/07	\$ 991,250
FHLMC One-Time Call	06/13/08	06/13/07	2,000,920
FHLMC One-Time Call	09/14/07	03/14/07	2,990,880
FHLB	03/23/07	N/A	2,996,700
FHLB Bullet	02/09/07	N/A	2,998,140
FHLB Bullet	06/13/07	N/A	2,983,140
FHLB Callable	08/03/07	02/03/07	1,986,880
FHLB Callable	03/28/08	03/28/07	2,995,320
FHLB Callable	07/23/08	01/23/07	1,981,260
FHLB Callable	12/30/08	03/30/07	1,971,880
FHLB One-Time Call	08/28/08	02/28/07	2,000,000
FHLB One-Time Call	03/01/07	02/01/07	1,996,260
FHLB One-Time Call	09/07/07	03/07/07	2,994,390
FHLB One-Time Call	01/11/08	01/11/07	1,990,620
FHLB One-Time Call	02/28/08	02/28/07	2,992,500
FHLB One-Time Call	09/26/08	09/26/07	1,996,880
FNMA One-Time Call	06/29/07	03/29/07	993,750
FNMA One-Time Call	05/08/08	05/08/07	1,998,760
U.S. Treasury Securities	10/01/08	N/A	243,900
Total			\$ 41,103,430

Investment	Fair Value	Weighted Average Maturity (Days)
Local Government Investment Pool	\$ 521,733	27
WMMIC Escrow Pool	241,878	N/A

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

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

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

B. RECEIVABLES

Receivables as of year end for the government's individual major funds and nonmajor funds, internal service, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

Governmental Activities				Amounts Not Expected to Be Collected Within One Year
Fund	Gross Receivables	Allowance For Uncollectibles	Net Receivables	
General	\$ 24,924,471	\$ -	\$ 24,924,471	\$ 442,188
Debt Service - General	7,409,896	-	7,409,896	3,829,697
Nonmajor Funds	12,914,240	123,834	12,790,406	5,701,894
Internal Service Funds	191,176	-	191,176	61,621

Business-Type Activities				Amounts Not Expected to Be Collected Within One Year
Fund	Gross Receivables	Allowance For Uncollectibles	Net Receivables	
Water Utility	\$ 3,068,389	\$ -	\$ 3,068,389	\$ 824,629
Sewer Utility	3,451,719	-	3,451,719	849,775
Storm Water Utility	591,952	1,050	590,902	-
Public Transit	312,421	-	312,421	2,157
Nonmajor Funds	96,351	-	96,351	90

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

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS
December 31, 2006

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

B. RECEIVABLES (cont.)

	Unavailable	Unearned	Totals
Property taxes receivable	\$ -	\$ 28,112,781	\$ 28,112,781
Delinquent property taxes receivable	138,760	-	138,760
Investment interest receivable	229,833	-	229,833
Accounts receivable	656,654	-	656,654
Loans receivable	6,288,692	-	6,288,692
Interest on special assessments	306,557	-	306,557
Special assessments not yet due	7,268,987	-	7,268,987
Grant receivable	486,453	-	486,453
Total Deferred/Unearned Revenue for Governmental Funds	\$ 15,375,936	\$ 28,112,781	\$ 43,488,717

Notes Receivable

At December 31, 2006 the General fund had one note receivable totaling \$25,000. This note will be paid by the Chippewa Valley Incubation Center which used the proceeds to partially fund a loan pool that is designed to provide beginning businesses with loans to purchase machinery and equipment.

The Community Development Special Revenue fund has notes receivable of \$2,840,470 at December 31, 2006, with maturities to the year 2020. These loans include \$858,079 for five small industry and economic development loans and \$1,982,391 for loans to residential and light commercial property owners for rehabilitation projects. The rehabilitation loan balance includes 192 loans which are all required to be secured by a lien on the property. Some loans can be deferred until the property is sold. Interest on these loans is either lower than market or zero. The City discontinued the small industry loan program in 1989.

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

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

C. RESTRICTED ASSETS

The following represent the balances of the restricted assets:

Long Term Debt Accounts

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

Equipment Replacement Account

The water and sewer utility established an equipment replacement account to be used for significant mechanical equipment replacement as required by the Wisconsin Department of Natural Resources.

Following is a list of restricted assets at December 31, 2006:

	Governmental Activities	Business-Type Activities
Restricted Assets		
Redemption account	\$ -	\$ 2,004,220
Replacement account	-	773,000
TID #5 construction account	1,584,515	-
Street Projects construction account	368,703	-
Buildings and Equipment construction account	88,896	-
Storm Water construction account	-	1,500,641
Insurance claims account	241,878	-
Total Restricted Assets	2,283,992	4,277,861
Less: Restricted Assets Not Funded by Revenues		
Construction accounts	(2,042,114)	(1,500,641)
Less: Current Liabilities Payable From Restricted Assets	-	(397,476)
Less: Insurance claims account	(241,878)	-
Total Restricted Net Assets as Reported	\$ -	\$ 2,379,744

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS
December 31, 2006

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

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2006 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities				
Capital Assets Not Being Depreciated:				
Construction in progress	\$ 12,718,342	\$ 11,107,282	\$ 7,313,635	\$ 16,511,989
Land	<u>14,629,314</u>	<u>438,362</u>	<u>-</u>	<u>15,067,676</u>
Total Capital Assets Not Being Depreciated	<u>\$ 27,347,656</u>	<u>\$ 11,545,644</u>	<u>\$ 7,313,635</u>	<u>\$ 31,579,665</u>
Capital Assets Being Depreciated:				
Land improvements	\$ 4,239,076	\$ 864,682	\$ -	\$ 5,103,758
Buildings	18,656,884	430,200	-	19,087,084
Machinery and equipment	23,839,978	2,369,743	1,122,818	25,086,903
Infrastructure	<u>111,899,828</u>	<u>6,774,046</u>	<u>-</u>	<u>118,673,874</u>
Total Capital Assets Being Depreciated	<u>158,635,766</u>	<u>10,438,671</u>	<u>1,122,818</u>	<u>167,951,619</u>
Less: Accumulated Depreciation for:				
Land improvements	(902,668)	(247,320)	-	(1,149,988)
Buildings	(9,142,526)	(464,786)	-	(9,607,312)
Machinery and equipment	(12,041,416)	(1,950,859)	1,082,792	(12,909,483)
Infrastructure	<u>(44,514,192)</u>	<u>(3,736,477)</u>	<u>-</u>	<u>(48,250,669)</u>
Total Accumulated Depreciation	<u>(66,600,802)</u>	<u>(6,399,442)</u>	<u>1,082,792</u>	<u>(71,917,452)</u>
Capital Assets, Being Depreciated, Net	<u>\$ 92,034,964</u>	<u>\$ 4,039,229</u>	<u>\$ 40,026</u>	<u>\$ 96,034,167</u>

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS
December 31, 2006

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

D. CAPITAL ASSETS (cont.)

Depreciation expense was charged to functions as follows:

Governmental Activities

General government	\$ 288,535
Public safety	605,769
Public works, which includes the depreciation of infrastructure	3,979,653
Health services	100,339
Culture and recreation	1,372,563
Development	<u>52,583</u>

Total Governmental Activities Depreciation Expense \$ 6,399,442

	Beginning Balance	Additions	Deletions	Ending Balance
Business-Type Activities				
Capital Assets Not Being Depreciated:				
Construction in progress	\$ 8,338,583	\$ 5,995,151	\$ 6,892,422	\$ 7,441,312
Land	<u>15,599,320</u>	<u>161,542</u>	<u>-</u>	<u>15,760,862</u>
 Total Capital Assets Not Being Depreciated	 <u>\$ 23,937,903</u>	 <u>\$ 6,156,693</u>	 <u>\$ 6,892,422</u>	 <u>\$ 23,202,174</u>
 Other Capital Assets				
Improvements	\$ 2,961,897	\$ 5,310	\$ -	\$ 2,967,207
Buildings	30,065,176	70,887	-	30,136,063
Distribution and collection systems	125,792,217	9,219,139	359,429	134,651,927
Source of supply system	889,335	-	-	889,335
Machinery and equipment	<u>13,897,839</u>	<u>124,748</u>	<u>-</u>	<u>14,022,587</u>
 Total Capital Assets Being Depreciated	 <u>173,606,464</u>	 <u>9,420,084</u>	 <u>359,429</u>	 <u>182,667,119</u>

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS
December 31, 2006

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

D. CAPITAL ASSETS (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
Less: Accumulated depreciation for:				
Improvements	\$ (1,297,644)	\$ (122,748)	\$ 1,871	\$ (1,418,521)
Buildings	(13,723,513)	(728,782)	-	(14,452,295)
Distribution and collection systems	(28,829,832)	(2,310,247)	331,248	(30,808,831)
Source of supply system	(608,663)	(20,627)	-	(629,290)
Machinery and equipment	(8,033,487)	(909,533)	-	(8,943,020)
Total Accumulated Depreciation	(52,493,139)	(4,091,937)	333,119	(56,251,957)
Total capital assets, being depreciated, net	\$ 121,113,325	\$ 5,328,147	\$ 26,310	\$ 126,415,162

Depreciation expense was charged to functions as follows:

Business-Type Activities

Water	\$ 1,419,044
Sewer	1,222,623
Storm Water	515,216
Public Transit	562,304
Parking Utility	190,757
Hobbs Ice Center	65,185
Outdoor Pool	51,015
Other	99,968
Total Business – Type Activities Depreciation Expense	\$ 4,126,112

The amount of depreciation expense charged to "other" above is the amount charged for joint metering in 2006. Depreciation expense does not agree to increases in accumulated depreciation due to cost of removal and a contribution of capital assets from the city.

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

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

E. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General fund	Special Revenue – Public Library	\$ 16,227
General fund	Special Revenue – City-County Health	19,416
General fund	Special Revenue – Community Enhancement	66,679
General fund	Special Revenue – Home Grant	36,415
General fund	Special Revenue – Community Development	1,616
General fund	Enterprise – Public Transit	73,679
General fund	Enterprise – Hobbs Ice Center	22,910
Enterprise – Public Transit	Special Revenue – Public Library	<u>195</u>
Subtotal – Fund financial statements		237,137
Less: Fund eliminations		<u>(140,743)</u>
Total interfunds		96,394
Interfund advances		5,301,884
Adjustment to reflect internal service fund activities related to enterprise funds		<u>(89,302)</u>
Total – Government-Wide Statement of Net Assets		<u>\$ 5,308,976</u>

These interfunds resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. All amounts are expected to be repaid within one year.

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

The general fund is advancing funds to the water utility, sewer utility, and the outdoor pool fund. The general fund is charging the other funds interest on the advances based on the balance outstanding before the principal payment for the current year. The interest rate on the water utility advances is 5.8% – 7.7%. The rate being charged on the sewer utility advance is 7.25%. The rate being charged to the outdoor pool is 2.875% – 3.35%.

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS
December 31, 2006

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

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

The following is a schedule of interfund advances:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Amount Not Due Within One Year</u>
General fund	Water Utility	\$ 4,007,677	\$ 3,696,526
General fund	Sewer Utility	854,207	816,993
General fund	Outdoor Pool – non-major	<u>440,000</u>	<u>300,000</u>
Total – Government-Wide Statement of Net Assets and Financial Statements		<u>\$ 5,301,884</u>	<u>\$ 4,813,519</u>

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

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

<u>Years</u>	<u>Advances</u>		<u>Totals</u>
	<u>Principal</u>	<u>Interest</u>	
2007	\$ 488,365	\$ 368,135	\$ 856,500
2008	523,843	338,376	862,219
2009	551,186	306,271	857,457
2010	430,530	274,416	704,946
2011	462,018	242,927	704,945
2012 - 2016	2,131,926	708,879	2,840,805
2017 - 2020	<u>714,016</u>	<u>105,915</u>	<u>819,931</u>
Totals	<u>\$ 5,301,884</u>	<u>\$ 2,344,919</u>	<u>\$ 7,646,803</u>

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS
December 31, 2006

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

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

The 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 Enhancement	\$ 95,000	To fund general fund special events
	Community Development	22,990	To fund coalition for youth
	Water Utility	1,089,403	Payment in lieu of tax
	Sewer Utility	75,000	To pay back contributed capital
	Storm Water Utility	301,200	Fund street cleaning costs
Special Revenue			
Cemetery Maintenance	General fund	217,480	Operating subsidy
Downtown Partners	Economic Development	87,700	Operating subsidy
City-County Health	Community Development	55,527	Fund code enforcement project
Debt Service			
Debt Service - General	General fund	2,731,055	Debt service payments
Capital Projects			
Buildings and Equipment	General fund	859,900	Fund various projects
Buildings and Equipment	Community Development	125,317	Fund comprehensive plan/home ownership program
Street Projects	General fund	900,000	Fund street construction
Bridges	General fund	100,000	Fund bridge renovations
Parks and Recreation	General fund	150,000	Fund park development projects
Parks and Recreation	Community Enhancement	144,000	Fund park development projects
Parks and Recreation	Community Development	20,472	Fund park development projects
TID #8 Downtown Development	Risk Management	242,100	Debt service payments
Library Buildings and Equipment	Public Library	618,700	Fund facility improvements
Environmental Improvement	Risk Management	95,000	Fund environmental projects

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS
December 31, 2006

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

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

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Principal Purpose</u>
Enterprise			
Parking Utility	General fund	\$ 100,000	Subsidize parking ramp renovations
Public Transit	General fund	1,500	Coin sorter
Public Transit	General fund	812,086	Operating subsidy
Hobbs Ice Center	General fund	78,880	Operating subsidy
Hobbs Ice Center	General fund	45,000	Subsidize facilities improvements
Hobbs Ice Center	Community Enhancement	40,800	Subsidize facilities improvements
Outdoor Pool	General fund	195,919	Operating subsidy
Outdoor Pool	General fund	45,000	Subsidize facility improvements
Internal Service			
Central Equipment	Hazardous materials	<u>2,805</u>	Fund vehicle purchase
Subtotal – Fund Financial Statements		9,252,834	
Less: Fund eliminations		<u>(9,106,416)</u>	
Total – Government-Wide Statement of Activities		<u>\$ 146,418</u>	

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

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

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

F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2006 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
GOVERNMENTAL ACTIVITIES					
Bonds and Notes Payable:					
General obligation bonds	\$ 48,955,000	\$ 4,365,000	\$ 3,755,000	\$ 49,565,000	\$ 4,275,000
State trust fund notes	145,838	-	34,346	111,492	35,719
Sub-total	<u>49,100,838</u>	<u>4,365,000</u>	<u>3,789,346</u>	<u>49,676,492</u>	<u>4,310,719</u>
Other Liabilities					
Vested compensated absences	2,102,892	2,193,110	2,248,346	2,047,656	2,047,656
Police and fire pensions	737,461	-	147,393	590,068	114,594
State retirement fund	9,032,760	675,980	335,839	9,372,901	607,306
Duty disability	3,830,026	555,886	367,531	4,018,381	394,855
Unpaid self-insurance claims	<u>1,147,655</u>	<u>1,417,973</u>	<u>1,269,822</u>	<u>1,295,806</u>	<u>220,000</u>
Total Other Liabilities	<u>16,850,794</u>	<u>4,842,949</u>	<u>4,368,931</u>	<u>17,324,812</u>	<u>3,384,411</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 65,951,632</u>	<u>\$ 9,207,949</u>	<u>\$ 8,158,277</u>	<u>\$ 67,001,304</u>	<u>\$ 7,695,130</u>
BUSINESS-TYPE ACTIVITIES					
Bonds and Notes Payable:					
General obligation bonds	\$ 13,415,000	\$ 760,000	\$ 540,000	\$ 13,635,000	\$ 610,000
State trust fund notes	297,258	-	31,696	265,562	33,122
Revenue bonds	<u>10,595,000</u>	<u>-</u>	<u>1,135,000</u>	<u>9,460,000</u>	<u>1,175,000</u>
Sub-total	<u>24,307,258</u>	<u>760,000</u>	<u>1,706,696</u>	<u>23,360,562</u>	<u>1,818,122</u>
Other Liabilities:					
Vested compensated absences	<u>389,450</u>	<u>445,866</u>	<u>452,986</u>	<u>382,330</u>	<u>382,330</u>
Total Business-Type Activities Long-Term Liabilities	<u>\$ 24,696,708</u>	<u>\$ 1,205,866</u>	<u>\$ 2,159,682</u>	<u>\$ 23,742,892</u>	<u>\$ 2,200,452</u>

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS
December 31, 2006

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

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt

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

In accordance with Wisconsin Statutes, total general obligation indebtedness of the City may not exceed five percent of the equalized value of taxable property within the City's jurisdiction. The debt limit as of December 31, 2006, was \$189,999,640. Total general obligation debt outstanding at year end was \$63,577,054.

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebted- ness</u>	<u>Balance 12-31-06</u>
Governmental Activities					
General Obligation Bonds					
Corporate purpose	09/01/96	04/01/07	4.8-5.1%	\$ 2,950,000	\$ 295,000
Corporate purpose	08/01/97	04/01/17	4.9-5.35%	5,185,000	2,060,000
Tax incremental bonds	08/01/97	04/01/17	4.9-5.35%	5,815,000	3,855,000
Corporate purpose	09/15/98	04/01/18	4.45-4.5%	6,650,000	3,680,000
Corporate purpose	09/01/99	04/01/19	4.65-5.5%	6,450,000	3,205,000
Tax incremental bonds	09/01/99	04/01/16	4.65-5.5%	395,000	295,000
Corporate purpose	08/01/00	04/01/20	5.0-5.5%	4,730,000	3,170,000
Tax incremental bonds	08/08/00	04/01/20	5.0-5.5%	1,780,000	1,550,000
Corporate purpose	08/15/01	04/01/21	4.13-5.0%	8,700,000	6,625,000
Corporate purpose	08/27/02	10/01/15	2.85-3.875%	4,120,000	2,145,000
Corporate purpose	08/27/02	10/01/22	3.7-4.7%	3,700,000	2,710,000
Tax incremental bonds	09/15/03	04/01/09	2.75-4.0%	900,000	750,000
Corporate purpose	09/15/03	04/01/14	3.625-4.8%	9,870,000	8,910,000
Corporate purpose	09/15/03	04/01/14	3.5-3.75%	4,405,000	3,815,000
Corporate purpose	09/01/04	04/01/14	3.5-3.625%	6,270,000	5,635,000
Tax incremental bonds	09/09/04	04/01/14	6.28%	570,000	570,000
Corporate purpose	06/01/05	04/01/25	3.5-4.25%	5,850,000	5,605,000
Tax incremental bonds	12/01/05	04/01/19	3.7-4.0%	3,000,000	3,000,000
Tax incremental bonds	06/01/05	04/01/22	3.7-4.1%	200,000	200,000
Corporate purpose	08/01/06	04/01/26	4.125-5.0%	5,125,000	5,125,000
			Subtotal		<u>63,200,000</u>
Less: Enterprise portion of G.O. Bonds					<u>(13,635,000)</u>
Total – Governmental Activities – G.O. Bonds					<u>49,565,000</u>

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS
December 31, 2006

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 12-31-06</u>
Governmental Activities					
General Obligation Debt					
State trust fund note	05/14/04	03/15/09	4%	\$ 180,000	\$ <u>111,492</u>
Total Governmental Activities – General Obligation Debt					<u>49,676,492</u>
Business-Type Activities					
General Obligation Debt					
State trust fund note	08/27/03	3/15/13	4.5%	\$ 320,000	\$ 265,562
Plus: Enterprise portion of G.O. Bonds					<u>13,635,000</u>
Total Business-Type Activities General Obligation Debt					<u>13,900,562</u>
Total General Obligation Debt					<u>\$ 63,577,054</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>
2007	\$ 4,310,719	\$ 2,097,201	\$ 643,122	\$ 622,040
2008	3,852,140	1,896,820	679,584	588,472
2009	4,013,633	1,735,906	711,169	558,747
2010	3,470,000	1,580,742	757,796	527,085
2011	3,675,000	1,430,645	789,497	493,340
2012 – 2016	16,775,000	4,855,739	4,449,394	1,890,358
2017 – 2021	10,225,000	1,747,645	4,460,000	803,415
2022 – 2026	3,355,000	251,850	1,410,000	107,836
Totals	<u>\$ 49,676,492</u>	<u>\$ 15,596,548</u>	<u>\$ 13,900,562</u>	<u>\$ 5,591,293</u>

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS
December 31, 2006

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

F. LONG-TERM OBLIGATIONS (cont.)

Revenue Debt

Business-type activities revenue bonds are payable only from revenues derived from the operation of the water and sewer utilities.

Revenue debt payable at December 31, 2006 consists of the following:

Business-type Activities Revenue Debt

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebted- ness</u>	<u>Balance 12-31-06</u>
<u>Water Utility</u>					
Revenue bonds	09/01/96	10/01/10	5-5.5%	\$ 1,000,000	\$ 430,000
Revenue bonds	08/01/97	10/01/16	5.15-5.4%	3,500,000	2,410,000
Revenue bonds	08/15/01	10/01/16	4-4.8%	4,615,000	3,880,000
Revenue bonds	09/15/03	10/01/17	2.5-4.3%	2,310,000	<u>1,735,000</u>
				Total Water Utility	<u>8,455,000</u>
<u>Sewer Utility</u>					
Revenue bonds	08/27/02	10/01/08	2.5-3.0%	\$ 2,845,000	<u>1,005,000</u>
				Total Sewer Utility	<u>1,005,000</u>
					<u>\$ 9,460,000</u>

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Business-type Activities Revenue Debt</u>		<u>Totals</u>
	<u>Principal</u>	<u>Interest</u>	
2007	\$ 1,175,000	\$ 414,904	\$ 1,589,904
2008	1,210,000	373,736	1,583,736
2009	730,000	328,781	1,058,781
2010	765,000	297,039	1,062,039
2011	800,000	262,933	1,062,933
2012 – 2016	4,640,000	726,255	5,366,255
2017	<u>140,000</u>	<u>6,020</u>	<u>146,020</u>
Totals	<u>\$ 9,460,000</u>	<u>\$ 2,409,668</u>	<u>\$ 11,869,668</u>

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS December 31, 2006

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

F. LONG-TERM OBLIGATIONS (cont.)

Other Debt Information

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

A statutory mortgage lien upon the City's system and any additions, improvements and extensions thereto is created by Section 66.066 of the Wisconsin Statutes as provided for in the ordinances creating the revenue bond issue. The City's system and the earnings of the system remain subject to the lien until payment in full of the principal and interest on the bonds.

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

The City has never defaulted on any of its prior outstanding indebtedness. Short-term debt is not issued for operational purposes.

Deferred Amount on Refunding

Deferred amounts on refunding arise from advance refunding of debt. The difference between the cost of the securities placed in trust for future payment of refunded debt and the net carrying value of that debt is deferred and amortized as a component of interest expense over the shorter of the term of the refunding issue or the original term of the refunded debt. The unamortized amount is reported as a deduction from debt payable in the government-wide and proprietary fund statements. Amortization for 2006 was \$9,146, all of which is for the Water Utility.

G. LEASE DISCLOSURES

The City has no material leases as lessee or lessor.

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS
December 31, 2006

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

H. NET ASSETS/FUND BALANCES

Net assets reported on the government wide statement of net assets at December 31, 2006 includes the following:

Governmental Activities

Invested in capital assets, net of related debt	
Construction in progress	\$ 16,511,989
Land	15,067,676
Other capital assets, net of accumulated depreciation	96,034,167
Less: related long-term debt outstanding (excluding unspent capital related debt proceeds)	<u>(46,231,988)</u>
Total Invested in Capital Assets	81,381,844
Restricted	
Restricted deposits	1,008,374
Unspent grant proceeds	462,335
Restricted for new loans	1,777,941
Restricted per RCU agreement	337,285
Debt service	<u>16,027,390</u>
Total Restricted	19,613,325
Unrestricted	<u>32,529,957</u>
Total Governmental Activities Net Assets	<u>\$ 133,525,126</u>

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

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

H. NET ASSETS/FUND BALANCES (cont.)

Governmental Activities (cont.)

Governmental fund balances reported on the fund financial statements at December 31, 2006 include the following:

Reserved	
Major Funds	
General Fund	
Notes receivable	\$ 25,000
Prepaid items and inventories	42,748
Advances to other funds (noncurrent portion)	<u>4,813,519</u>
Total	<u>\$ 4,881,267</u>
General Debt Service Fund	
Reserved for debt service	<u>\$ 6,670,884</u>
Non-Major Funds	
Debt Service – TIF No. 4	
Reserved for TID No. 4 debt service	\$ 1,168,530
Debt Service – TIF No. 6	
Reserved for TID No. 6 debt service	749,411
Special Revenue – Economic Development	
Reserved for grant proceeds	462,335
Special Revenue – Home Grant	
Reserved for grant proceeds	11,743
Capital Projects – TIF No. 8 Downtown Development	
Reserved for capital contracts	130,166
Capital Projects – TIF No. 5 Gateway NW Business Park	
Reserved for bond construction	1,584,515

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS
December 31, 2006

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

H. NET ASSETS/FUND BALANCES (cont.)

Governmental Activities (cont.)

Capital Projects - Street Projects	
Reserved for capital contracts	\$ 548,007
Reserved for bond construction	368,703
Total	<u>916,710</u>
Capital Projects – Bridge Projects	
Reserved for capital contracts	133,306
Capital Projects – Buildings and Equipment	
Reserved for capital contracts	215,067
Reserved for bond construction	88,896
Total	<u>303,963</u>
Capital Projects – Parks and Recreation Projects	
Reserved for capital contracts	40,464
Capital Projects – Environmental Improvements - Landfill	
Reserved for capital contracts	7,935
Reserved for environmental remediation	337,285
Total	<u>345,220</u>
Capital Projects – Library Buildings and Equipment	
Reserved for capital contracts	<u>43,095</u>
Total reserved fund balance – nonmajor funds	<u>\$ 5,889,458</u>
Unreserved, undesignated	
Major Funds	
General fund	<u>\$ 3,668,023</u>
Unreserved, designated	
Major Funds	
General fund designated for	
Working capital	\$ 3,700,000
Subsequent year expenditures	<u>3,023,752</u>
Total	<u>\$ 6,723,752</u>
Debt Service – General designated for	
Subsequent year expenditures	<u>\$ 114,400</u>

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS
December 31, 2006

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

H. NET ASSETS/FUND BALANCES (cont.)

Unreserved, designated

Non-Major Funds

Special Revenue Funds designated for
Cemetery Maintenance

	- Subsequent year expenditures	\$ 142,442
Hazardous Materials Response	- Subsequent year expenditures	206,657
Community Development	- Subsequent year expenditures	240,495
Economic Development	- Economic development	950,000
	- Subsequent year expenditures	3,550,672
	- Code compliance loans	100,000
	- Downtown facade loans	10,000
Community Enhancement	- Subsequent year expenditures	14,799
Public Library	- Library funds	68,291
	- Subsequent year expenditures	339,976
City-County Health Department	- Future expenditures	71,300
	- Subsequent year expenditures	634,679
Downtown Partners	- Subsequent year expenditures	64,290
	- Loft matching program	11,000
Subtotal – Special Revenue Funds		6,404,601

Debt Service Funds designated for
Debt Service TIF #4

	- Subsequent year expenditures	158,900
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Capital Projects Funds designated for

TIF #5 Gateway NW Business Park	- Subsequent year expenditures	1,323,962
TIF #7 Soo Line Development	- Subsequent year expenditures	152,360
TIF #8 Downtown Development	- Subsequent year expenditures	649,150
Street Projects	- Subsequent year expenditures	540,705
Bridge Projects	- Subsequent year expenditures	497,132
Buildings and Equipment	- Subsequent year expenditures	2,369,670
Parks and Recreation Projects	- Subsequent year expenditures	620,482
Environmental Improvements-Landfill	- Subsequent year expenditures	1,607,474
Library Buildings and Equipment	- Subsequent year expenditures	1,115,281
Subtotal – Capital Projects Funds		8,876,216

Total designations – nonmajor funds	\$ 15,439,717
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CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS
December 31, 2006

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

H. NET ASSETS/FUND BALANCES (cont.)

Business-Type Activities

Invested in capital assets, net of related debt	
Construction in progress	\$ 7,441,312
Land	15,760,862
Other capital assets, net of accumulated depreciation	126,415,162
Less: related long-term debt outstanding (excluding unspent capital related debt proceeds)	<u>(21,859,921)</u>
Total Invested in Capital Assets	<u>127,757,415</u>
Restricted	
Debt service payments	1,606,744
Equipment replacement	<u>773,000</u>
Total Restricted	<u>2,379,744</u>
Unrestricted	<u>14,066,385</u>
Total Business-Type Activities Net Assets	<u>\$ 144,203,544</u>

I. RESTATEMENT OF NET ASSETS

Governmental activities net assets have been restated due to property constructed in TIF districts not previously capitalized.

Governmental Activities

Net Assets at December 31, 2005 (as reported)	\$ 127,327,993
Add: Adjustment for TIF construction	<u>2,125,345</u>
Net Assets at January 1, 2006 (as restated)	<u>\$ 129,453,338</u>

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS
December 31, 2006

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

J. COMPONENT UNITS

Housing Authority

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

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

a. Basis of Accounting/Measurement Focus

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

b. Deposits and Investments

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

Petty cash and cash on hand	\$ 1,450
Deposits with financial institutions	467,060
Investments	1,771,843
Cash with escrow agent (pooled funds)	<u>1,256,516</u>
Total Cash and Investments	<u>\$ 3,496,869</u>

Reconciliation to financial statements:

Per statement of net assets	
Unrestricted cash and investments	\$ 2,240,353
Restricted cash and investments	<u>1,256,516</u>
Total	<u>\$ 3,496,869</u>

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS
December 31, 2006

NOTE III – DETAILED NOTES ON ALL FUNDS

J. COMPONENT UNITS (cont.)

b. Deposits and Investments (cont.)

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, 2006, 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	\$ 467,060	\$ 499,483	Custodial credit risk

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

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

Investments

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

	Carrying Value	Associated Risks
U.S. treasuries	\$ 1,018,096	Interest rate risk, custodial credit risk
Negotiable certificates of deposit	753,747	
Total Investments	\$ 1,771,843	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.

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS December 31, 2006

NOTE III – DETAILED NOTES ON ALL FUNDS

J. COMPONENT UNITS (cont.)

b. Deposits and Investments (cont.)

Custodial Credit Risk

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

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

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

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

Credit Risk

As of December 31, 2006, the Housing Authority had negotiable certificates of deposit that were not rated.

Interest Rate Risk

As of December 31, 2006, the Housing Authority's investments were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
US Treasuries	\$ 1,018,096	.137
Negotiable certificates of deposit	<u>753,747</u>	.928
Total Fair Value	<u>\$ 1,771,843</u>	

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS
December 31, 2006

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

J. COMPONENT UNITS (cont.)

c. Receivables

Accounts Receivable - tenants	\$	7,873	
Less: Allowance for Uncollectibles		(5,301)	
Interest receivable		85	
Due from other governments		56,789	
Other receivables		4,519	
		<u>4,519</u>	
Net Total Receivables	\$	<u>63,965</u>	

All receivables are expected to be collected within one year.

d. Capital asset activity for the year ended December 31, 2006 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital Assets Not Being Depreciated:				
Land	\$ 1,323,399	\$ -	\$ -	\$ 1,323,399
Construction work in progress	<u>-</u>	<u>4,505</u>	<u>-</u>	<u>4,505</u>
Total Capital Assets Not Being Depreciated	<u>\$ 1,323,399</u>	<u>\$ 4,505</u>	<u>\$ -</u>	<u>\$ 1,327,904</u>
Other Capital Assets				
Land improvements	\$ 785,427	\$ 4,625	\$ -	\$ 790,052
Buildings	14,639,100	426,928	403,844	14,662,184
Machinery and equipment	<u>808,630</u>	<u>86,051</u>	<u>33,393</u>	<u>861,288</u>
Total Capital Assets Being Depreciated	<u>16,233,157</u>	<u>517,604</u>	<u>437,237</u>	<u>16,313,524</u>
Less: Accumulated depreciation for:				
Land improvements	(281,014)	(28,191)	-	(309,205)
Buildings	(5,005,398)	(408,608)	184,145	(5,229,861)
Machinery and equipment	<u>(399,274)</u>	<u>(59,840)</u>	<u>33,395</u>	<u>(425,718)</u>
Total Accumulated Depreciation	<u>(5,685,686)</u>	<u>\$ 496,639</u>	<u>\$ 217,541</u>	<u>(5,964,784)</u>
Net Other Capital Assets	<u>\$ 10,547,471</u>			<u>\$ 10,348,740</u>

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS
December 31, 2006

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

J. COMPONENT UNITS (cont.)

e. Long-Term Obligations

Long-term obligations activity for the year ended December 31, 2006 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Bonds and Notes Payable:					
Revenue bonds	\$ 110,000	\$ -	\$ 20,000	\$ 90,000	\$ 20,000
Mortgage notes	1,368,259	-	283,836	1,084,423	305,962
Other loans/notes	<u>1,348,045</u>	-	<u>339,514</u>	<u>1,008,531</u>	<u>8,191</u>
Subtotal	2,826,304	-	643,350	2,182,954	334,153
Other Liabilities:					
Vested compensated absences	<u>51,360</u>	<u>41,920</u>	<u>46,293</u>	<u>46,987</u>	<u>45,461</u>
Total Long-Term Liabilities	<u>\$ 2,877,664</u>	<u>\$ 41,920</u>	<u>\$ 689,643</u>	<u>\$ 2,229,941</u>	<u>\$ 379,614</u>

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

Revenue debt payable at December 31, 2006 consists of the following:

Owen Rust Memorial Apartments

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

\$ 90,000

Total Revenue Debt

\$ 90,000

Debt service requirements to maturity are as follows:

	Principal	Interest
2007	\$ 20,000	\$ 4,725
2008	20,000	3,675
2009	25,000	2,625
2010	<u>25,000</u>	<u>1,313</u>
Totals	<u>\$ 90,000</u>	<u>\$ 12,338</u>

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS
December 31, 2006

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

J. COMPONENT UNITS (cont.)

e. Long-Term Obligations (cont.)

MORTGAGE NOTES

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

Mortgage notes payable at December 31, 2006 consists of the following:

Park Towers Apartments

Mortgage note payable to WHEDA in monthly installments of \$31,434 including interest at 7.53%, through March, 2010. Secured by the project's real estate. \$ 1,084,423

Total Mortgage Notes \$ 1,084,423

Debt service requirements to maturity are as follows:

	<u>Principal</u>	<u>Interest</u>
2007	\$ 305,962	\$ 71,241
2008	329,813	47,390
2009	355,523	21,680
2010	<u>93,125</u>	<u>1,170</u>
Totals	<u>\$ 1,084,423</u>	<u>\$ 141,481</u>

OTHER LOANS/NOTES PAYABLE

Other loans and notes payable at December 31, 2006 consist of the following:

Substantial Rehabilitation

1982 note payable to the City of Eau Claire Community Development Block Grant Program, requires monthly installment of \$777, which includes principal and interest at a rate of 5%, with a balloon payment in 2009. \$ 26,214

Park Towers Apartments

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

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

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

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

J. COMPONENT UNITS (cont.)

e. Long-Term Obligations (cont.)

Affordable Housing

2005 note payable to the City of Eau Claire HOME Investment Partnerships Program is non-interest bearing and will be forgiven on December 30, 2023, if the property remains in the name of the Housing Authority and is occupied primarily by low income persons. The note is due on demand, if conditions are not met.	\$ 213,237
2004 note payable to the City of Eau Claire HOME Investment Partnerships Program is non-interest bearing and will be forgiven on January 13, 2023, if the property remains in the name of the Housing Authority and is occupied primarily by low income persons. The note is due on demand, if conditions are not met.	150,000
2001 note payable to the City of Eau Claire HOME Investment Partnerships Program is non-interest bearing and will be forgiven on March 1, 2021, if the property remains in the name of the Housing Authority and is occupied primarily by low income persons. The note is due on demand, if conditions are not met.	120,618
1997 note payable to the City of Eau Claire Community Development Block Grant Program is non-interest bearing and will be forgiven on December 30, 2016, if the property remains in the name of the Housing Authority and is occupied primarily by low income persons. The note is due on demand, if conditions are not met.	150,000
1996 note payable to the City of Eau Claire HOME Investment Partnerships Program is non-interest bearing and will be forgiven on December 30, 2016, if the property remains in the name of the Housing Authority and is occupied primarily by low income persons. The note is due on demand, if conditions are not met.	<u>90,000</u>
Total Notes Payable	<u>\$ 1,008,531</u>

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS
December 31, 2006

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

J. COMPONENT UNITS (cont.)

e. Long-Term Obligations (cont.)

Debt service requirements to maturity are as follows:

	Principal	Interest
2007	\$ 8,191	\$ 1,133
2008	8,610	714
2009	9,413	40
	26,214	1,887
 Demand notes with no set payment schedule	 982,317	 -
 Totals	 \$ 1,008,531	 \$ 1,887

OTHER DEBT INFORMATION

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

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

f. Net Assets

Net assets reported on the statement of net assets at December 31, 2006 includes the following:

Invested in capital assets, net of related debt		\$ 1,323,399
Land		4,505
Construction in progress		10,348,740
Other capital assets, net of accumulated depreciation		(2,182,954)
Less: related long-term debt outstanding (excluding unspent capital related debt proceeds)		9,493,690
Total Invested in Capital Assets		
Restricted		1,142,201
Escrow for replacement		113,464
Escrow for development costs		851
Escrow for taxes		1,256,516
Total Restricted		
Unrestricted		2,104,858
Total Net Assets		\$ 12,855,064

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

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

J. COMPONENT UNITS (cont.)

g. Employee Retirement System

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

All eligible City and Housing Authority employees participate in the Wisconsin Retirement System (WRS), a cost-sharing, multiple-employer, defined benefit, public employee retirement system. All permanent employees expected to work at least 600 hours a year are eligible to participate in the WRS. Covered employees in the General category are required by statute to contribute 2.8% for Executives and Elected Officials, 4.9% for Protective Occupations with Social Security, and 3.3% for Protective Occupations without Social Security) to the plan. Employers may make these contributions to the plan on behalf of employees. Employers are required to contribute an actuarially determined amount necessary to fund the remaining projected cost of future benefits.

The payroll for Housing Authority employees covered by the WRS for the year ended December 31, 2006 was \$429,236; the employer's total payroll was \$438,697. The total required contribution for the year ended December 31, 2006 was \$44,641 or 10.4 percent of covered payroll. Of this amount, 100 percent was contributed for the current year. Total contributions for the years ending December 31, 2005 and 2004 were \$40,995 and \$42,959, respectively, equal to the required contributions for each year. The City of Eau Claire employees who work for the Housing Authority are covered under the City's plan.

Employees who retire at or after age 65 (62 for elected officials and 54 for protective occupation employees with less than 25 years of service, 53 for protective occupation employees with more than 25 years of service) are entitled to receive a retirement benefit. Employees may retire at age 55 (50 for protective occupation employees) and receive actuarially reduced benefits. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor. Final average earnings is the average of the employee's three highest years earnings. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and, by doing so, forfeit all rights to any subsequent benefit. For employees beginning participation on or after January 1, 1990 and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998, are immediately vested.

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

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

J. COMPONENT UNITS (cont.)

g. Employee Retirement System (cont.)

The WRS also provides death and disability benefits for employees. Eligibility and the amount of all benefits is determined under Chapter 40 of Wisconsin Statutes. The WRS issues an annual financial report which may be obtained by writing to the Department of Employee Trust Funds, P.O. Box 7931, Madison, WI 53707-7931.

h. Risk Management

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

Self-Insurance

The Housing Authority is insured for workers' compensation through the City of Eau Claire. The City of Eau Claire self-insures its workers' compensation exposure for the first \$300,000 of each occurrence. The City has purchased excess insurance from WMMIC for claims in excess of those amounts. Settled claims have not exceeded the commercial coverage in any of the past three years. Payments to the City's self-insurance program are based on historical cost estimates of amounts needed to pay prior and current year claims. See note IV.B. for further details.

i. Commitments

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

The Housing Authority provides housing for the Park Tower Apartments Fund pursuant to Section 8 of the United States Housing Act of 1974. Rentals are subsidized by the federal government through a housing assistance payments contract between WHEDA and the Housing Authority. Total assistance payments received from WHEDA were \$667,648 during 2006.

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS December 31, 2006

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

J. COMPONENT UNITS (cont.)

i. Commitments (cont.)

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

There is no project debt outstanding at year-end.

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

j. Related Parties

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

k. Economic Dependency

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

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS
December 31, 2006

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

J. COMPONENT UNITS (cont.)

Redevelopment Authority

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

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

a. Basis of Accounting

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

b. Deposits and Investments

The RDA 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 \$1,295,529. 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. Capital Assets

Capital asset held for resale activity for the year ended December 31, 2006 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets Not Being Depreciated:				
Property held for resale	\$ 3,389,496	\$ 399,743	\$ 253,379	\$ 3,535,860
Construction in progress	69,663	-	69,663	-
Total Capital Assets Not Being Depreciated	\$ 3,459,159	\$ 399,743	\$ 323,042	\$ 3,535,860

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS December 31, 2006

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

J. COMPONENT UNITS (cont.)

d. Net Assets

Net assets reported on the statement of net assets at December 31, 2006 includes the following:

Invested in capital assets	
Property held for resale	\$ 3,535,860
Unrestricted	<u>1,295,477</u>
Total Net Assets	<u>\$ 4,831,337</u>

e. Risk Management

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

f. Commitments

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

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.

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
December 31, 2006

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

J. 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:

Downtown	\$	<u>30,303</u>
West Grand	\$	<u>4,290</u>
Water Street	\$	<u>38,533</u>
North Barstow/Medical	\$	<u>44,310</u>

K. TAX INCREMENTAL FINANCING DISTRICTS

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

Debt service and capital project funds are maintained to account for tax increment and other revenues used to finance principal and interest payments on outstanding debt applicable to the districts. TID No. 4 was terminated during 2003. The City still maintains a debt service fund for TID No. 4. Surplus funds will be used to pay the remaining debt outstanding in TID No. 4.

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

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS December 31, 2006

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

K. TAX INCREMENTAL FINANCING DISTRICTS (cont.)

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

The following table summarizes the project and expenditures from creation of the districts through December 31, 2006.

Project Costs	TIF #4	TIF #5	TIF #6	TIF #7	TIF #8
Capital expenditures	\$ 7,060,286	\$ 5,275,795	\$ 1,130,255	\$ 1,529,140	\$ 9,839,257
Interest and fiscal charges	2,811,320	1,292,511	472,786	770,082	976,093
Tax refund	142,198	-	-	-	-
Bond issuance costs	62,670	25,342	2,160	5,710	5,998
Total project costs	10,076,474	6,593,648	1,605,201	2,304,932	10,821,348
Project Revenues					
Tax increments	8,809,213	2,462,811	1,058,669	512,889	366,740
Interest income and misc. revenue	1,569,690	644,314	148,840	319,403	934,323
Special assessments revenue	-	-	192,101	-	-
Total revenue	10,378,903	3,107,125	1,399,610	832,292	1,301,063
Net recoverable costs (refundable)	\$ (302,429)	\$ 3,486,523	\$ 205,591	\$ 1,472,640	\$ 9,520,285

NOTE IV – OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

All eligible City employees participate in the Wisconsin Retirement System (WRS), a cost-sharing, multiple-employer, defined benefit, public employee retirement system. All permanent employees expected to work at least 600 hours a year are eligible to participate in the WRS. Covered employees in the General category are required by statute to contribute 5.8% of their salary (2.8% for Executives and Elected Officials, 4.9% for Protective Occupations with Social Security, and 3.3% for Protective Occupations without Social Security) to the plan. Employers may make these contributions to the plan on behalf of employees. Employers are required to contribute an actuarially determined amount necessary to fund the remaining projected cost of future benefits.

The payroll for City employees covered by the WRS for the year ended December 31, 2006 was \$31,030,517; the employer's total payroll was \$32,782,130. The total required contribution for the year ended December 31, 2006 was \$4,567,459 or 14.7 percent of covered payroll. Of this amount, 100 percent was contributed by the employer for the current year. Total contributions for the years ending December 31, 2005 and 2004 were \$4,446,060 and \$4,354,298, respectively, equal to the required contributions for each year.

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS December 31, 2006

NOTE IV – OTHER INFORMATION

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 before becoming eligible for a retirement benefit may withdraw their contributions and, by doing so, forfeit all rights to any subsequent benefit. For employees beginning participation on or after January 1, 1990 and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998 are immediately vested.

The WRS also provides death and disability benefits for employees. Eligibility and the amount of all benefits is determined under Chapter 40 of Wisconsin Statutes. The WRS issues an annual financial report which may be obtained by writing to the Department of Employee Trust Funds, P.O. Box 7931, Madison, WI 53707-7931.

The pension related debt for the City as of December 31, 2006, was \$9,372,901. This liability was determined in accordance with provisions of GASB Statement No. 27 regarding pension-related debt. Depending on actuarial assumptions, this estimate can vary significantly.

In addition to the above mentioned retirement system, the State of Wisconsin administers an agent multiple-employer plan which covers 21 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 2006 was approximately \$119,451. Total estimated unfunded pension-related debt of this plan is approximately \$590,068 as of December 31, 2006, all of which relates to retirees and beneficiaries currently receiving benefits. Total cost for the year ended December 31, 2005 and 2004 was \$129,625 and \$143,297, respectively, equal to required contributions for each year. The rate of investment return is presently assumed to be 8%. The estimated remaining period of amortization is 11 years. This information is included in the above pension plan. The report can be obtained from the same address above.

The Wisconsin Retirement System also manages a duty disability plan under Section 40.65 of the Wisconsin Statutes. This plan pays lifetime disability benefits to police and fire employees who sustain on-the-job injuries that prevent them from continuing employment. The costs of this program are charged to the City as a percent of current police and fire wages. In 2006, 15 former employees participated in the program at a cost of \$635,997. The estimated present value of future costs for this program is \$3,762,031.

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS December 31, 2006

NOTE IV – OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Under an earlier provision of the law, employers were directly responsible for the administration of duty disability payments. During 2006, three former employees were paid a total of \$27,980. The estimated present value of future costs of these benefits is \$256,350.

B. RISK MANAGEMENT

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

Self Insurance

For workers' compensation claims, the uninsured risk of loss is \$300,000 per incident. The City has purchased excess insurance from WMMIC for claims in excess of those amounts. Settled claims have not exceeded the excess coverage in any of the past three years.

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

The unpaid claims liability of \$1,295,806 at December 31, 2006 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 liability at year end includes \$716,656 of potential workers compensation claims and \$579,150 for potential liability claims. Changes in unpaid claims liabilities in the current and prior year were:

Claims Liability

	Prior Year	Current Year
Unpaid claims – Beginning of Year	\$ 885,151	\$ 1,147,655
Current year claims and changes in estimates	1,108,316	1,417,973
Claim payments	(845,812)	(1,269,822)
Unpaid claims – End of Year	\$ 1,147,655	\$ 1,295,806

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS December 31, 2006

NOTE IV – OTHER INFORMATION (cont.)

B. RISK MANAGEMENT (cont.)

Public Entity Risk Pool

Transit Mutual Insurance Corporation of Wisconsin (TMICOW)

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

In 2006, the TMICOW is protected by a \$2,000,000 self-insurance limit and a \$5,000,000 excess insurance policy issued by General Reinsurance Corporation effective January 1, 2006 through December 31, 2006. TMICOW provides \$7,000,000 in first dollar liability coverage.

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

Initial contributions are determined in advance of each membership year. The board of directors may require that supplemental contributions be made by members to ensure adequate funds are available to meet the obligations applicable to the membership year. Members have a contractual obligation to fund any deficit attributable to a membership year during which they were a member. The City's share of this operation is 3.4%. A list of the other members and their share of participation is available in the TMICOW report which is available from TMICOW, P.O. Box 1772, Appleton, WI 54912-1772.

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 2006, with an annual cap of \$5 million. The policy is non-assessable, thereby limiting the City's commitment to a proportional share of a \$13,935,000 revenue bond issue sold by WMMIC to provide for the initial capitalization. The share of participation is determined on a basis of prior claim history and can be affected by acceptance of new members. The City's current share of participation is 4.30%.

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

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, 2006, the City had contracts for construction projects on which work had not been completed or billed. These commitments are normal ongoing construction including maintenance of streets, storm sewers, and utility mains. They also include major equipment ordered but not delivered. No reservations of retained earnings have been made for the proprietary fund amounts.

<u>Capital Projects</u>	
TIF #8 Downtown Development	\$ 130,166
Street Projects	548,007
Bridge Projects	133,306
Buildings and Equipment	215,067
Parks and Recreation Projects	40,464
Environmental Improvements - Landfill	7,935
Library Buildings & Equipment	<u>43,095</u>
Total Committed Construction	<u>\$ 1,118,040</u>

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

NOTE IV – OTHER INFORMATION (cont.)

C. COMMITMENTS AND CONTINGENCIES (cont.)

	<u>Proprietary Funds</u>	
Water Utility		\$ 146,025
Sewer Utility		73,816
Storm Water Utility		319,700
Hobbs Ice Center		250
Central Equipment		<u>226,858</u>
Total Committed Construction and Equipment		<u>\$ 766,649</u>

D. OTHER POSTEMPLOYMENT BENEFITS

In addition to providing pension benefits, the City provides certain contractually defined health care benefits for retired employees. Substantially all of the City's permanent employees may become eligible to receive an employer paid health care retirement benefit. Generally, the City will pay 100% of the lowest-priced single health policy between the age established by the Wisconsin Retirement System as normal retirement age and age sixty-five.

The cost of retiree health care benefits is recognized as an expenditure in the General fund as premiums are paid. During 2006, \$732,241 was paid on behalf of 107 retired employees.

As of December 31, 2006 the estimated present value of future costs to provide retiree health care benefits for current participants is \$6,721,197. This liability is adjusted annually based on estimated health care costs and actual levels of participation.

E. CONTINGENT LIABILITIES

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

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

CITY OF EAU CLAIRE

NOTES TO FINANCIAL STATEMENTS December 31, 2006

NOTE IV – OTHER INFORMATION (cont.)

F. RELATED PARTIES

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

In April, 1991, the City, Xcel, the Industrial Development Corporation, and Gateway signed an agreement to provide Gateway with loans up to \$960,000 (increased to \$3,000,000 in 1995) for the acquisition and development of industrial property. As of December 31, 2006, 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 \$28,875 for the year ended December 31, 2006.

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

The eight perpetual directors consist of representatives or appointees of the following: Eau Claire City Manager, Eau Claire City Council President, Redevelopment Authority, Eau Claire County Board, Downtown Business Improvement District, West Grand Business Improvement District, Regional Arts Council and Eau Claire City Council. Downtown Eau Claire, Incorporated is funded by the City of Eau Claire and the Downtown Business Improvement District. The City of Eau Claire has contributed \$87,700, the Downtown Business Improvement District contributed \$25,000 and the North Barstow/Medical Business Improvement District contributed \$5,000 in 2006 for a budget of \$117,700.

F. SUBSEQUENT EVENTS

On April 24, 2007 the City Council approved resolutions authorizing the following borrowings:

- General obligation bonds, series 2007A for \$10,940,000.
- General obligation refunding bonds, series 2007B for \$12,210,000.
- Waterworks system revenue bonds, series 2007C for \$2,000,000.

All three bond series were issued on May 1, 2007.

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, 2006

	2006			
	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 22,480,200	\$ 22,480,200	\$ 22,450,014	\$ (30,186)
Special assessments	65,000	65,000	76,182	11,182
Intergovernmental	12,395,700	12,656,000	12,686,810	30,810
Licenses & permits	1,446,300	1,446,300	1,647,940	201,640
Fines, forfeitures and penalties	725,000	725,000	766,142	41,142
Charges for services	1,910,900	1,915,900	2,373,561	457,661
Charges for services - intergovernmental	2,563,500	2,563,500	2,584,808	21,308
Investment income	1,245,700	1,245,700	2,080,708	835,008
Miscellaneous	34,000	71,900	94,096	22,196
Total Revenues	<u>42,866,300</u>	<u>43,169,500</u>	<u>44,760,261</u>	<u>1,590,761</u>
EXPENDITURES				
Current				
City council	127,900	127,900	112,985	14,915
Administrative services	1,127,100	1,138,900	1,113,749	25,151
Legal	423,500	421,700	420,190	1,510
Finance	2,296,300	2,323,900	2,177,540	146,360
Human resources	727,800	761,100	761,066	34
Planning and development	1,182,200	1,183,700	1,107,827	75,873
Police	12,587,600	12,955,700	12,955,663	37
Fire	8,662,700	9,252,500	9,252,421	79
Public works	7,886,200	7,836,000	7,069,791	766,209
Parks and recreation	4,136,400	4,195,400	4,168,537	26,863
Miscellaneous	1,898,100	1,404,900	462,476	942,424
Total Expenditures	<u>41,055,800</u>	<u>41,601,700</u>	<u>39,602,245</u>	<u>1,999,455</u>
Excess of revenues over expenditures	<u>1,810,500</u>	<u>1,567,800</u>	<u>5,158,016</u>	<u>3,590,216</u>
Other financing sources (uses)				
Transfers from other funds	2,129,600	2,154,400	1,583,593	(570,807)
Transfers to other funds	(6,550,700)	(6,551,900)	(6,236,820)	315,080
Sale of capital assets	14,700	14,700	37,931	23,231
Total other financing sources (uses)	<u>(4,406,400)</u>	<u>(4,382,800)</u>	<u>(4,615,296)</u>	<u>(232,496)</u>
Net change in fund balances	(2,595,900)	(2,815,000)	542,720	3,357,720
FUND BALANCE - Beginning of Year	<u>14,730,322</u>	<u>14,730,322</u>	<u>14,730,322</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 12,134,422</u>	<u>\$ 11,915,322</u>	<u>\$ 15,273,042</u>	<u>\$ 3,357,720</u>

See accompanying notes to required supplementary information.

CITY OF EAU CLAIRE

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2006

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.

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

Major Funds - Governmental

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

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

CITY OF EAU CLAIRE
GENERAL FUND
COMPARATIVE BALANCE SHEET
December 31, 2006 and 2005

ASSETS	<u>2006</u>	<u>2005</u>
Cash and short term investments	\$ 10,558,648	\$ 8,889,471
Receivables:		
Taxes:		
Current	22,833,966	22,133,853
Delinquent personal property	<u>112,859</u>	<u>101,363</u>
Total taxes	<u>22,946,825</u>	<u>22,235,216</u>
Accounts	1,085,902	1,123,707
Notes receivable	25,000	25,000
Special assessments:		
Installment	8,874	6,889
Interest	<u>623,046</u>	<u>337,268</u>
Total receivables	24,689,647	23,728,080
Inventories and prepayments	42,748	522,036
Due from other funds	236,942	1,025,084
Due from other governments	234,824	76,261
Advance to other funds	<u>5,301,884</u>	<u>5,751,507</u>
Total assets	<u>\$ 41,064,693</u>	<u>\$ 39,992,439</u>

	<u>2006</u>	<u>2005</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	\$ 389,586	\$ 415,260
Accrued liabilities	1,285,630	1,529,192
Deposits	327,955	332,379
Due to other governments	31,771	49,423
Due to component unit	4,402	34,834
Deferred revenue	<u>23,752,307</u>	<u>22,901,029</u>
Total liabilities	<u>25,791,651</u>	<u>25,262,117</u>
Fund balance:		
Reserved:		
For notes receivable	25,000	25,000
For prepaid items and inventories	42,748	522,036
For advances to other funds	<u>4,813,519</u>	<u>5,301,884</u>
Total reserved	<u>4,881,267</u>	<u>5,848,920</u>
Unreserved:		
Designated:		
For working capital	3,700,000	3,700,000
For subsequent year expenditures	<u>3,023,752</u>	<u>2,359,964</u>
Total designated	<u>6,723,752</u>	<u>6,059,964</u>
Undesignated	<u>3,668,023</u>	<u>2,821,438</u>
Total unreserved	<u>10,391,775</u>	<u>8,881,402</u>
Total fund balance	<u>15,273,042</u>	<u>14,730,322</u>
Total liabilities and fund balance	<u>\$ 41,064,693</u>	<u>\$ 39,992,439</u>

CITY OF EAU CLAIRE

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

For the Year Ended December 31, 2006

With Comparative Actual Totals for Year Ended December 31, 2005

	2006			2005	
	Budgeted Amounts		Actual	Variance with Final Budget	Actual
	Original	Final			
TAXES					
Real and personal property	\$ 22,082,600	\$ 22,082,600	\$ 22,078,994	\$ (3,606)	\$ 21,066,208
Mobile home fees	100,000	100,000	79,463	(20,537)	79,093
Payment in lieu of taxes:					
Other	291,600	291,600	288,372	(3,228)	296,675
Interest on delinquent personal property taxes	6,000	6,000	3,185	(2,815)	11,886
Total taxes	22,480,200	22,480,200	22,450,014	(30,186)	21,453,862
SPECIAL ASSESSMENTS					
Current	65,000	65,000	75,918	10,918	74,455
Installment	-	-	264	264	3,142
Total special assessments	65,000	65,000	76,182	11,182	77,597
INTERGOVERNMENTAL					
Federal aid	-	140,400	193,339	52,939	95,563
State aid:					
Shared taxes	7,483,200	7,382,800	7,382,860	60	7,388,560
Medical transportation	-	114,200	127,113	12,913	100,105
Municipal services	600,000	600,000	645,604	45,604	639,862
Utility tax	248,200	248,200	226,404	(21,796)	208,372
Local streets	2,800,000	2,800,000	2,778,599	(21,401)	2,723,324
Expenditure restraint program	901,900	901,900	906,477	4,577	861,079
Fire insurance	120,000	120,000	134,643	14,643	130,596
Underground tank inspections	10,000	10,000	11,216	1,216	11,768
Police training	21,400	21,400	20,200	(1,200)	16,345
Conservation and development	-	35,000	-	(35,000)	-
Other	211,000	282,100	260,355	(21,745)	286,444
Total intergovernmental	12,395,700	12,656,000	12,686,810	30,810	12,462,018
LICENSES AND PERMITS					
Television franchise	704,000	704,000	775,963	71,963	743,309
Licenses	246,300	246,300	309,432	63,132	273,495
Permits	496,000	496,000	562,545	66,545	524,300
Total licenses and permits	1,446,300	1,446,300	1,647,940	201,640	1,541,104

CITY OF EAU CLAIRE

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

For the Year Ended December 31, 2006

With Comparative Actual Totals for Year Ended December 31, 2005

	2006			Variance with Final Budget	2005
	Budgeted Amounts		Actual		Actual
	Original	Final			
FINES, FORFEITURES AND PENALTIES					
Parking violation fines	\$ 415,000	\$ 415,000	\$ 379,980	\$ (35,020)	\$ 388,599
County court fines	300,000	300,000	378,834	78,834	381,104
Other fines or forfeitures	10,000	10,000	7,328	(2,672)	16,447
Total fines and forfeitures	<u>725,000</u>	<u>725,000</u>	<u>766,142</u>	<u>41,142</u>	<u>786,150</u>
PUBLIC CHARGES FOR SERVICES					
General government	54,000	54,000	67,017	13,017	46,472
Police and fire	1,150,900	1,155,900	1,523,107	367,207	1,245,707
Public works	213,000	213,000	334,799	121,799	124,261
Parks and recreation	493,000	493,000	448,638	(44,362)	505,590
Total charges for services	<u>1,910,900</u>	<u>1,915,900</u>	<u>2,373,561</u>	<u>457,661</u>	<u>1,922,030</u>
CHARGES FOR SERVICES - INTERGOVERNMENTAL					
Communication center reimbursement	1,031,000	1,031,000	1,000,092	(30,908)	995,848
Storm water management charge	376,500	376,500	376,524	24	361,848
Sewer utility charge	387,700	387,700	387,708	8	372,648
Water utility service charge	507,400	507,400	507,372	(28)	488,316
Other service charges	260,900	260,900	313,112	52,212	247,988
Total charges for services - intergovernmental	<u>2,563,500</u>	<u>2,563,500</u>	<u>2,584,808</u>	<u>21,308</u>	<u>2,466,648</u>
INVESTMENT INCOME					
Investment interest	850,000	850,000	1,674,600	824,600	914,077
Interest on advance to other funds	395,700	395,700	395,704	4	424,709
Interest on special assessments	-	-	10,388	10,388	9,162
Other interest	-	-	16	16	1,689
Total investment income	<u>1,245,700</u>	<u>1,245,700</u>	<u>2,080,708</u>	<u>835,008</u>	<u>1,349,637</u>
MISCELLANEOUS					
Rental:					
Rental of land and buildings	<u>26,000</u>	<u>26,000</u>	<u>32,038</u>	<u>6,038</u>	<u>31,672</u>
Total rental	<u>26,000</u>	<u>26,000</u>	<u>32,038</u>	<u>6,038</u>	<u>31,672</u>

CITY OF EAU CLAIRE

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

For the Year Ended December 31, 2006

With Comparative Actual Totals for Year Ended December 31, 2005

	2006			2005	
	Budgeted Amounts		Actual	Variance with Final Budget	Actual
	Original	Final			
Other:					
Donations	\$ -	\$ 5,300	\$ 7,130	\$ 1,830	\$ 6,967
Other reimbursements and refunds	8,000	40,600	54,928	14,328	69,679
Total other	8,000	45,900	62,058	16,158	76,646
Total miscellaneous	34,000	71,900	94,096	22,196	108,318
Total revenues	42,866,300	43,169,500	44,760,261	1,590,761	42,167,364
OTHER FINANCING SOURCES:					
Transfers from other funds	959,600	984,400	494,190	(490,210)	413,905
Transfer from water utility - PILOT	1,170,000	1,170,000	1,089,403	(80,597)	1,117,278
Sale of capital assets	14,700	14,700	37,931	23,231	67,276
Total other financing sources	2,144,300	2,169,100	1,621,524	(547,576)	1,598,459
TOTAL REVENUES AND OTHER FINANCING SOURCES	\$ 45,010,600	\$ 45,338,600	\$ 46,381,785	\$ 1,043,185	\$ 43,765,823

CITY OF EAU CLAIRE

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

For the Year Ended December 31, 2006
With Comparative Actual Totals for Year Ended December 31, 2005

	2006			2005	
	Budgeted Amounts		Actual	Variance with Final Budget	Actual
	Original	Final			
EXPENDITURES					
General government:					
City council	\$ 127,900	\$ 127,900	\$ 112,985	\$ 14,915	\$ 108,621
Administrative services	432,800	447,400	388,096	59,304	413,188
Information services	694,300	691,500	725,653	(34,153)	681,770
Legal	423,500	421,700	420,190	1,510	367,177
Finance:					
Administration	274,600	273,400	269,930	3,470	243,832
Accounting	559,600	582,000	540,285	41,715	520,145
Assessing	605,400	614,400	582,083	32,317	542,557
Customer services	653,500	651,000	599,985	51,015	572,414
Elections	203,200	203,100	185,257	17,843	104,655
Total finance	<u>2,296,300</u>	<u>2,323,900</u>	<u>2,177,540</u>	<u>146,360</u>	<u>1,983,603</u>
Human resources:					
Purchasing	216,200	218,400	200,743	17,657	197,050
Personnel administration	511,600	542,700	560,323	(17,623)	484,631
Total human resources	<u>727,800</u>	<u>761,100</u>	<u>761,066</u>	<u>34</u>	<u>681,681</u>
Planning and development:					
Community planning	492,600	490,400	417,922	72,478	483,422
Inspection and zoning	689,600	693,300	689,905	3,395	631,171
Total planning and development	<u>1,182,200</u>	<u>1,183,700</u>	<u>1,107,827</u>	<u>75,873</u>	<u>1,114,593</u>
Insurance and retirement:					
Liability and health insurance	-	-	-	-	739,794
Disability settlement	28,000	-	-	-	28,025
Total insurance and retirement	<u>28,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>767,819</u>
Total general government	<u>5,912,800</u>	<u>5,957,200</u>	<u>5,693,357</u>	<u>263,843</u>	<u>6,118,452</u>

CITY OF EAU CLAIRE

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

For the Year Ended December 31, 2006
With Comparative Actual Totals for Year Ended December 31, 2005

	2006			Variance with Final Budget	2005
	Budgeted Amounts		Actual		Actual
	Original	Final			
PUBLIC SAFETY					
Police:					
Administration	\$ 534,000	\$ 558,800	\$ 536,035	\$ 22,765	\$ 495,410
Administrative services	1,304,600	1,407,500	1,372,964	34,536	1,323,211
Patrol services	7,359,300	7,569,700	7,618,626	(48,926)	7,243,027
Investigative services	1,934,000	1,969,800	2,017,378	(47,578)	1,893,186
Central communications	1,455,700	1,449,900	1,410,660	39,240	1,369,597
Total police	12,587,600	12,955,700	12,955,663	37	12,324,431
Fire:					
Administration	528,700	580,900	557,641	23,259	479,402
Suppression and rescue	7,784,700	8,315,800	8,358,686	(42,886)	7,698,483
Prevention and inspection	349,300	355,800	336,094	19,706	252,408
Total fire	8,662,700	9,252,500	9,252,421	79	8,430,293
Total public safety	21,250,300	22,208,200	22,208,084	116	20,754,724
PUBLIC WORKS					
Administration	227,300	226,600	231,422	(4,822)	284,213
Operations	6,040,100	5,989,400	5,511,714	477,686	5,668,570
Engineering	1,618,800	1,620,000	1,326,655	293,345	1,265,168
Total public works	7,886,200	7,836,000	7,069,791	766,209	7,217,951
CULTURE AND RECREATION					
Administration	344,600	344,200	306,914	37,286	298,291
Park maintenance	2,447,200	2,475,400	2,626,267	(150,867)	2,447,301
Forestry	446,700	481,200	459,334	21,866	387,877
Recreation and playgrounds	897,900	894,600	776,022	118,578	786,028
Total parks and recreation	4,136,400	4,195,400	4,168,537	26,863	3,919,497

CITY OF EAU CLAIRE

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

For the Year Ended December 31, 2006
With Comparative Actual Totals for Year Ended December 31, 2005

	2006			2005	
	Budgeted Amounts		Actual	Variance with Final Budget	Actual
	Original	Final			
MISCELLANEOUS					
Payments to other organizations	\$ 506,400	\$ 522,200	\$ 321,133	\$ 201,067	\$ 309,065
Implementation reserve	276,900	409,600	-	409,600	-
Allowance for transition positions	74,300	193,000	-	193,000	-
Contractual services	40,800	40,700	26,654	14,046	24,714
Insurance	870,400	138,100	33,500	104,600	28,600
Special assessments	100,000	100,000	79,869	20,131	100,177
Illegal taxes and refunds	-	-	-	-	34,447
Annexation rebates	1,300	1,300	1,320	(20)	-
Total miscellaneous	1,870,100	1,404,900	462,476	942,424	497,003
Total expenditures	41,055,800	41,601,700	39,602,245	1,999,455	38,507,627
Other financing uses:					
Transfers to other funds:					
Special revenue fund	206,600	206,600	217,480	(10,880)	216,804
Debt service fund	2,865,000	2,865,000	2,731,055	133,945	2,735,233
Capital project funds	2,009,900	2,009,900	2,009,900	-	2,110,800
Proprietary funds	1,469,200	1,470,400	1,278,385	192,015	1,150,683
Total other financing uses	6,550,700	6,551,900	6,236,820	315,080	6,213,520
Total expenditures and other financing uses	\$ 47,606,500	\$ 48,153,600	\$ 45,839,065	\$ 2,314,535	\$ 44,721,147

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, 2006
With Comparative Actual Totals for Year Ended December 31, 2005

	2006			2005	
	Budgeted Amounts		Actual	Variance with Final Budget	Actual
	Original	Final			
REVENUES					
Special assessments	\$ 1,400,000	\$ 1,400,000	\$ 1,900,906	\$ 500,906	\$ 2,075,180
Charges for services	-	-	48,500	48,500	-
Investment income	340,000	340,000	625,448	285,448	536,573
Other	-	-	-	-	4,446
Total Revenues	<u>1,740,000</u>	<u>1,740,000</u>	<u>2,574,854</u>	<u>834,854</u>	<u>2,616,199</u>
EXPENDITURES					
Current					
General government	24,100	24,100	2,244	21,856	2,236
Debt Service					
Principal retirement	3,254,400	3,254,400	3,254,346	54	3,276,502
Interest and fiscal charges	<u>1,414,900</u>	<u>1,414,900</u>	<u>1,306,732</u>	<u>108,168</u>	<u>1,245,740</u>
Total Expenditures	<u>4,693,400</u>	<u>4,693,400</u>	<u>4,563,322</u>	<u>130,078</u>	<u>4,524,478</u>
Excess (deficiency) of revenues over expenditures	<u>(2,953,400)</u>	<u>(2,953,400)</u>	<u>(1,988,468)</u>	<u>964,932</u>	<u>(1,908,279)</u>
Other financing sources					
Premium on long term debt issued	-	-	55,312	55,312	-
Transfers from other funds	<u>2,865,000</u>	<u>2,865,000</u>	<u>2,731,055</u>	<u>(133,945)</u>	<u>2,735,233</u>
Total other financing sources	<u>2,865,000</u>	<u>2,865,000</u>	<u>2,786,367</u>	<u>(78,633)</u>	<u>2,735,233</u>
Net change in fund balances	<u>(88,400)</u>	<u>(88,400)</u>	<u>797,899</u>	<u>886,299</u>	<u>826,954</u>
FUND BALANCE - Beginning of Year	<u>5,987,385</u>	<u>5,987,385</u>	<u>5,987,385</u>	<u>-</u>	<u>5,160,431</u>
FUND BALANCE - END OF YEAR	<u>\$ 5,898,985</u>	<u>\$ 5,898,985</u>	<u>\$ 6,785,284</u>	<u>\$ 886,299</u>	<u>\$ 5,987,385</u>

Nonmajor Funds - Governmental

Special Revenue Funds

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

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

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

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

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

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

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

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

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

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

Nonmajor Funds – Governmental (cont.)

Debt Service Funds

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

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

Capital Projects Funds

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

The **TIF #7 Soo Line Development Area** fund accounts for public improvements in the downtown area on the site of the former Soo Line depot, as well as City-owned property on Railroad Street, part of Doty Street, and the L.E. Philips Memorial Public Library.

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

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

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

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

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

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

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

CITY OF EAU CLAIRE

COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2006

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Totals
ASSETS				
Cash and investments	\$ 7,080,630	\$ 2,076,841	\$ 12,713,201	\$ 21,870,672
Receivables				
Taxes	4,268,400	217,061	905,983	5,391,444
Accounts	379,188	-	53,462	432,650
Notes	6,288,692	-	-	6,288,692
Special assessments	-	21,962	-	21,962
Prepaid items	47,624	-	-	47,624
Due from other governments	206,936	-	448,722	655,658
Restricted assets:				
Construction account	-	-	2,042,114	2,042,114
 Total Assets	 <u>\$ 18,271,470</u>	 <u>\$ 2,315,864</u>	 <u>\$ 16,163,482</u>	 <u>\$ 36,750,816</u>
LIABILITIES				
Accounts payable	\$ 216,663	\$ -	\$ 2,380,827	\$ 2,597,490
Accrued liabilities	239,321	-	833	240,154
Deposits	69,161	-	-	69,161
Due to other governments	20,477	-	-	20,477
Due to other funds	140,548	-	-	140,548
Due to component unit	21,047	-	-	21,047
Deferred revenues	<u>10,685,574</u>	<u>239,023</u>	<u>1,408,167</u>	<u>12,332,764</u>
 Total Liabilities	 <u>11,392,791</u>	 <u>239,023</u>	 <u>3,789,827</u>	 <u>15,421,641</u>
FUND BALANCES				
Reserved:				
Grant proceeds	474,078	-	-	474,078
Debt service	-	1,917,941	-	1,917,941
Capital contracts	-	-	1,118,040	1,118,040
Environmental remediation	-	-	337,285	337,285
Bond construction	-	-	2,042,114	2,042,114
Designated:				
Designated for economic development	950,000	-	-	950,000
Designated for library funds	68,291	-	-	68,291
Designated for future expenditures	71,300	-	-	71,300
Designated for subsequent year expenditures	5,194,010	158,900	8,876,216	14,229,126
Designated for loft matching program	11,000	-	-	11,000
Designated for downtown facade loans	10,000	-	-	10,000
Designated for code compliance loans	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>100,000</u>
Total Fund Balances	<u>6,878,679</u>	<u>2,076,841</u>	<u>12,373,655</u>	<u>21,329,175</u>
 Total Liabilities and Fund Balances	 <u>\$ 18,271,470</u>	 <u>\$ 2,315,864</u>	 <u>\$ 16,163,482</u>	 <u>\$ 36,750,816</u>

CITY OF EAU CLAIRE

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS For the Year Ended December 31, 2006

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Totals
Revenues:				
Taxes	\$ 5,209,312	\$ 199,712	\$ 808,104	\$ 6,217,128
Special assessments	-	10,981	-	10,981
Intergovernmental	1,823,417	1,818	1,033,502	2,858,737
Licenses and permits	290,261	-	-	290,261
Fines and forfeitures	133,376	-	-	133,376
Charges for services	350,353	-	-	350,353
Charges for services - intergovernmental	1,811,671	-	-	1,811,671
Miscellaneous:				
Investment income	211,750	108,865	654,794	975,409
Loan repayments	733,701	-	-	733,701
Building rental	82,466	-	-	82,466
Gifts and donations	50,518	-	194,675	245,193
Other	182,021	-	172,000	354,021
Total revenues	10,878,846	321,376	2,863,075	14,063,297
Expenditures:				
Current:				
General government	-	190	-	190
Public safety	204,156	-	-	204,156
Public works	66,756	-	-	66,756
Health services	4,401,531	-	-	4,401,531
Culture and recreation	3,308,776	-	15,330	3,324,106
Development	2,771,777	-	-	2,771,777
Capital Outlay	-	-	13,407,724	13,407,724
Debt Service:				
Principal retirement	-	190,000	345,000	535,000
Interest and fiscal charges	-	106,067	660,155	766,222
Total expenditures	10,752,996	296,257	14,428,209	25,477,462

CITY OF EAU CLAIRE

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS For the Year Ended December 31, 2006

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Totals
Excess (deficiency) of revenues over expenditures	\$ 125,850	\$ 25,119	\$ (11,565,134)	\$ (11,414,165)
Other financing sources (uses):				
Long term debt issued	-	-	4,365,000	4,365,000
Transfers from other funds	360,707	-	3,255,489	3,616,196
Transfers to other funds	(1,213,311)	-	-	(1,213,311)
Sale of capital assets	103	-	-	103
Total other financing sources (uses)	<u>(852,501)</u>	<u>-</u>	<u>7,620,489</u>	<u>6,767,988</u>
Net changes in fund balances	(726,651)	25,119	(3,944,645)	(4,646,177)
Fund balances at beginning of year	<u>7,605,330</u>	<u>2,051,722</u>	<u>16,318,300</u>	<u>25,975,352</u>
Fund balances at end of year	<u>\$ 6,878,679</u>	<u>\$ 2,076,841</u>	<u>\$ 12,373,655</u>	<u>\$ 21,329,175</u>

CITY OF EAU CLAIRE

COMBINING BALANCE SHEET -
NONMAJOR SPECIAL REVENUE FUNDS
December 31, 2006

	<u>Cemetery Maintenance</u>	<u>Hazardous Materials Response</u>	<u>Community Development</u>	<u>Home Grant</u>
ASSETS				
Cash and investments	\$ 156,213	\$ 249,019	\$ 193,599	\$ -
Receivables:				
Taxes	-	-	-	-
Accounts	8,204	13,109	-	-
Notes	-	-	2,840,470	1,766,878
Prepaid items	-	-	-	-
Due from other governments	-	-	89,322	72,127
	<u>-</u>	<u>-</u>	<u>89,322</u>	<u>72,127</u>
 Total Assets	 <u>\$ 164,417</u>	 <u>\$ 262,128</u>	 <u>\$ 3,123,391</u>	 <u>\$ 1,839,005</u>
LIABILITIES				
Accounts payable	\$ 9,724	\$ 42,362	\$ 18,478	\$ 12,196
Accrued liabilities	4,047	-	5,068	630
Deposits	-	-	-	-
Due to other governments	-	-	7,360	-
Due to other funds	-	-	1,616	36,415
Due to component unit	-	-	9,904	11,143
Deferred revenues	8,204	13,109	2,840,470	1,766,878
	<u>21,975</u>	<u>55,471</u>	<u>2,882,896</u>	<u>1,827,262</u>
 Total Liabilities	 <u>21,975</u>	 <u>55,471</u>	 <u>2,882,896</u>	 <u>1,827,262</u>
FUND BALANCES				
Reserved:				
Grant proceeds	-	-	-	11,743
Designated:				
Designated for economic development	-	-	-	-
Designated for library funds	-	-	-	-
Designated for future expenditures	-	-	-	-
Designated for subsequent year expenditures	142,442	206,657	240,495	-
Designated for loft matching program	-	-	-	-
Designated for downtown facade loans	-	-	-	-
Designated for code compliance loans	-	-	-	-
	<u>142,442</u>	<u>206,657</u>	<u>240,495</u>	<u>11,743</u>
 Total Fund Balances	 <u>142,442</u>	 <u>206,657</u>	 <u>240,495</u>	 <u>11,743</u>
 Total Liabilities and Fund Balances	 <u>\$ 164,417</u>	 <u>\$ 262,128</u>	 <u>\$ 3,123,391</u>	 <u>\$ 1,839,005</u>

<u>Economic Development</u>	<u>Community Enhancement</u>	<u>Public Library</u>	<u>City-County Health Department</u>	<u>Downtown Partners</u>	<u>Former Landfill Escrow</u>	<u>Totals</u>
\$ 5,085,364	\$ -	\$ 468,704	\$ 785,432	\$ 77,565	\$ 64,734	\$ 7,080,630
-	-	2,711,500	1,556,900	-	-	4,268,400
2,500	81,478	198,423	75,474	-	-	379,188
1,659,678	21,666	-	-	-	-	6,288,692
-	-	-	47,624	-	-	47,624
-	-	4,324	41,163	-	-	206,936
<u>\$ 6,747,542</u>	<u>\$ 103,144</u>	<u>\$ 3,382,951</u>	<u>\$ 2,506,593</u>	<u>\$ 77,565</u>	<u>\$ 64,734</u>	<u>\$ 18,271,470</u>
\$ 6,216	\$ -	\$ 48,993	\$ 67,226	\$ 195	\$ 11,273	\$ 216,663
6,141	-	93,100	128,255	2,080	-	239,321
-	-	-	15,700	-	53,461	69,161
-	-	-	13,117	-	-	20,477
-	66,679	16,422	19,416	-	-	140,548
-	-	-	-	-	-	21,047
<u>1,662,178</u>	<u>21,666</u>	<u>2,816,169</u>	<u>1,556,900</u>	<u>-</u>	<u>-</u>	<u>10,685,574</u>
<u>1,674,535</u>	<u>88,345</u>	<u>2,974,684</u>	<u>1,800,614</u>	<u>2,275</u>	<u>64,734</u>	<u>11,392,791</u>
462,335	-	-	-	-	-	474,078
950,000	-	-	-	-	-	950,000
-	-	68,291	-	-	-	68,291
-	-	-	71,300	-	-	71,300
3,550,672	14,799	339,976	634,679	64,290	-	5,194,010
-	-	-	-	11,000	-	11,000
10,000	-	-	-	-	-	10,000
100,000	-	-	-	-	-	100,000
<u>5,073,007</u>	<u>14,799</u>	<u>408,267</u>	<u>705,979</u>	<u>75,290</u>	<u>-</u>	<u>6,878,679</u>
<u>\$ 6,747,542</u>	<u>\$ 103,144</u>	<u>\$ 3,382,951</u>	<u>\$ 2,506,593</u>	<u>\$ 77,565</u>	<u>\$ 64,734</u>	<u>\$ 18,271,470</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, 2006

	Cemetery Maintenance	Hazardous Materials Response	Community Development	Home Grant	Economic Development
Revenues:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	180,069	433,844	295,585	-
Licenses and permits	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Charges for services	159,876	1,276	-	-	-
Charges for services - intergovernmental	-	-	-	-	-
Miscellaneous:					
Investment income	-	8,310	-	-	198,800
Loan repayments	-	-	557,395	10,569	160,737
Building rental	-	-	-	-	82,466
Gifts and donations	-	-	-	-	-
Other	-	-	-	-	41,287
Total revenues	<u>159,876</u>	<u>189,655</u>	<u>991,239</u>	<u>306,154</u>	<u>483,290</u>
Expenditures:					
Current:					
Public safety	-	204,156	-	-	-
Public works	-	-	-	-	-
Health services	377,356	-	-	-	-
Culture and recreation	-	-	-	-	-
Development	-	-	808,153	313,279	767,637
Total expenditures	<u>377,356</u>	<u>204,156</u>	<u>808,153</u>	<u>313,279</u>	<u>767,637</u>
Excess (deficiency) of revenues over expenditures	(217,480)	(14,501)	183,086	(7,125)	(284,347)
Other financing sources (uses):					
Transfers from other funds	217,480	-	-	-	-
Transfers to other funds	-	(2,805)	(224,306)	-	(87,700)
Sale of capital assets	-	-	-	-	-
Total other financing sources (uses)	<u>217,480</u>	<u>(2,805)</u>	<u>(224,306)</u>	<u>-</u>	<u>(87,700)</u>
Net change in fund balances	-	(17,306)	(41,220)	(7,125)	(372,047)
Fund balances at beginning of year	<u>142,442</u>	<u>223,963</u>	<u>281,715</u>	<u>18,868</u>	<u>5,445,054</u>
Fund balances at end of year	<u>\$ 142,442</u>	<u>\$ 206,657</u>	<u>\$ 240,495</u>	<u>\$ 11,743</u>	<u>\$ 5,073,007</u>

Community Enhancement	Public Library	City-County Health Department	Downtown Partners	Former Landfill Escrow	Totals
\$ 1,014,312	\$ 2,658,300	\$ 1,536,700	\$ -	\$ -	\$ 5,209,312
-	4,407	909,512	-	-	1,823,417
-	-	290,261	-	-	290,261
-	133,376	-	-	-	133,376
-	5,975	116,470	-	66,756	350,353
-	642,154	1,169,517	-	-	1,811,671
-	2,530	2,110	-	-	211,750
5,000	-	-	-	-	733,701
-	-	-	-	-	82,466
-	17,648	-	32,870	-	50,518
-	121,231	19,503	-	-	182,021
<u>1,019,312</u>	<u>3,585,621</u>	<u>4,044,073</u>	<u>32,870</u>	<u>66,756</u>	<u>10,878,846</u>
-	-	-	-	-	204,156
-	-	-	-	66,756	66,756
-	-	4,024,175	-	-	4,401,531
-	3,308,776	-	-	-	3,308,776
<u>768,780</u>	<u>-</u>	<u>-</u>	<u>113,928</u>	<u>-</u>	<u>2,771,777</u>
<u>768,780</u>	<u>3,308,776</u>	<u>4,024,175</u>	<u>113,928</u>	<u>66,756</u>	<u>10,752,996</u>
250,532	276,845	19,898	(81,058)	-	125,850
-	-	55,527	87,700	-	360,707
(279,800)	(618,700)	-	-	-	(1,213,311)
-	103	-	-	-	103
<u>(279,800)</u>	<u>(618,597)</u>	<u>55,527</u>	<u>87,700</u>	<u>-</u>	<u>(852,501)</u>
(29,268)	(341,752)	75,425	6,642	-	(726,651)
<u>44,067</u>	<u>750,019</u>	<u>630,554</u>	<u>68,648</u>	<u>-</u>	<u>7,605,330</u>
<u>\$ 14,799</u>	<u>\$ 408,267</u>	<u>\$ 705,979</u>	<u>\$ 75,290</u>	<u>\$ -</u>	<u>\$ 6,878,679</u>

CITY OF EAU CLAIRE

COMBINING BALANCE SHEET -
NONMAJOR DEBT SERVICE FUNDS
December 31, 2006

	<u>Debt Service - TIF #4</u>	<u>Debt Service - TIF #6</u>	<u>Totals</u>
ASSETS			
Cash and investments	\$ 1,327,430	\$ 749,411	\$ 2,076,841
Receivables			
Taxes	-	217,061	217,061
Special assessments	-	21,962	21,962
	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 1,327,430</u>	<u>\$ 988,434</u>	<u>\$ 2,315,864</u>
LIABILITIES			
Deferred revenues	<u>\$ -</u>	<u>\$ 239,023</u>	<u>\$ 239,023</u>
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>-</u>	<u>239,023</u>	<u>239,023</u>
FUND BALANCES			
Reserved for:			
Debt service	1,168,530	749,411	1,917,941
Designated:			
Designated for subsequent year expenditures	<u>158,900</u>	<u>-</u>	<u>158,900</u>
Total Fund Balances	<u>1,327,430</u>	<u>749,411</u>	<u>2,076,841</u>
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities and Fund Balances	<u>\$ 1,327,430</u>	<u>\$ 988,434</u>	<u>\$ 2,315,864</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, 2006

	Debt Service - TIF #4	Debt Service - TIF #6	Totals
Revenues:			
Taxes	\$ -	\$ 199,712	\$ 199,712
Special assessments	-	10,981	10,981
Intergovernmental	-	1,818	1,818
Miscellaneous:			
Investment income	<u>69,872</u>	<u>38,993</u>	<u>108,865</u>
Total revenues	<u>69,872</u>	<u>251,504</u>	<u>321,376</u>
Expenditures:			
Current:			
General government	100	90	190
Debt Service:			
Principal retirement	140,000	50,000	190,000
Interest and fiscal charges	<u>55,460</u>	<u>50,607</u>	<u>106,067</u>
Total expenditures	<u>195,560</u>	<u>100,697</u>	<u>296,257</u>
Net change in fund balances	(125,688)	150,807	25,119
Fund balances at beginning of year	<u>1,453,118</u>	<u>598,604</u>	<u>2,051,722</u>
Fund balances at end of year	<u>\$ 1,327,430</u>	<u>\$ 749,411</u>	<u>\$ 2,076,841</u>

CITY OF EAU CLAIRE

COMBINING BALANCE SHEET -
NONMAJOR CAPITAL PROJECTS FUNDS
December 31, 2006

	TIF #5 Gateway NW Business Park	TIF #7 Soo Line Development	TIF #8 Downtown Development	Street Projects
ASSETS				
Cash and investments	\$ 1,807,318	\$ 152,360	\$ 891,829	\$ 2,575,495
Receivables				
Taxes	449,840	117,871	338,272	-
Accounts	-	-	-	-
Due from other governments	-	-	-	108,492
Restricted assets:				
Construction account	<u>1,584,515</u>	<u>-</u>	<u>-</u>	<u>368,703</u>
 Total Assets	 <u>\$ 3,841,673</u>	 <u>\$ 270,231</u>	 <u>\$ 1,230,101</u>	 <u>\$ 3,052,690</u>
LIABILITIES				
Accounts payable	\$ 483,356	\$ -	\$ 112,513	\$ 1,486,783
Accrued liabilities	-	-	-	-
Deferred revenues	<u>449,840</u>	<u>117,871</u>	<u>338,272</u>	<u>108,492</u>
 Total Liabilities	 <u>933,196</u>	 <u>117,871</u>	 <u>450,785</u>	 <u>1,595,275</u>
FUND BALANCES				
Reserved:				
Capital contracts	-	-	130,166	548,007
Environmental remediation	-	-	-	-
Bond construction	1,584,515	-	-	368,703
Designated:				
Designated for subsequent year expenditures	<u>1,323,962</u>	<u>152,360</u>	<u>649,150</u>	<u>540,705</u>
Total Fund Balances	<u>2,908,477</u>	<u>152,360</u>	<u>779,316</u>	<u>1,457,415</u>
 Total Liabilities and Fund Balances	 <u>\$ 3,841,673</u>	 <u>\$ 270,231</u>	 <u>\$ 1,230,101</u>	 <u>\$ 3,052,690</u>

Bridge Projects	Buildings and Equipment	Parks and Recreation Projects	Environmental Improvements- Landfill	Library Buildings & Equipment	Totals
\$ 743,889	\$ 2,668,046	\$ 715,117	\$ 1,953,268	\$ 1,205,879	\$ 12,713,201
-	-	-	-	-	905,983
-	-	53,462	-	-	53,462
-	6,889	333,341	-	-	448,722
-	88,896	-	-	-	2,042,114
<u>\$ 743,889</u>	<u>\$ 2,763,831</u>	<u>\$ 1,101,920</u>	<u>\$ 1,953,268</u>	<u>\$ 1,205,879</u>	<u>\$ 16,163,482</u>
\$ 113,451	\$ 83,309	\$ 54,171	\$ 574	\$ 46,670	\$ 2,380,827
-	-	-	-	833	833
-	6,889	386,803	-	-	1,408,167
<u>113,451</u>	<u>90,198</u>	<u>440,974</u>	<u>574</u>	<u>47,503</u>	<u>3,789,827</u>
133,306	215,067	40,464	7,935	43,095	1,118,040
-	-	-	337,285	-	337,285
-	88,896	-	-	-	2,042,114
<u>497,132</u>	<u>2,369,670</u>	<u>620,482</u>	<u>1,607,474</u>	<u>1,115,281</u>	<u>8,876,216</u>
<u>630,438</u>	<u>2,673,633</u>	<u>660,946</u>	<u>1,952,694</u>	<u>1,158,376</u>	<u>12,373,655</u>
<u>\$ 743,889</u>	<u>\$ 2,763,831</u>	<u>\$ 1,101,920</u>	<u>\$ 1,953,268</u>	<u>\$ 1,205,879</u>	<u>\$ 16,163,482</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, 2006

	TIF #5 Gateway NW Business Park	TIF #7 Soo Line Development	TIF #8 Downtown Development	Street Projects
Revenues:				
Taxes	\$ 449,030	\$ 84,451	\$ 274,623	\$ -
Intergovernmental	20,506	12,164	248,716	-
Miscellaneous:				
Investment income	234,335	10,240	60,759	105,702
Gifts and donations	-	-	10,000	4,185
Other	-	-	-	105,000
Total revenues	<u>703,871</u>	<u>106,855</u>	<u>594,098</u>	<u>214,887</u>
Expenditures:				
Current:				
Culture and recreation	-	-	-	-
Capital Outlay	2,587,937	65,000	1,879,312	5,645,396
Debt Service:				
Principal retirement	165,000	80,000	100,000	-
Interest and fiscal charges	262,277	81,215	316,663	-
Total expenditures	<u>3,015,214</u>	<u>226,215</u>	<u>2,295,975</u>	<u>5,645,396</u>
Excess (deficiency) of revenues over expenditures	(2,311,343)	(119,360)	(1,701,877)	(5,430,509)
Other financing sources				
Long-term debt issued	-	-	-	4,265,000
Transfers from other funds	-	-	242,100	900,000
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>242,100</u>	<u>5,165,000</u>
Net change in fund balances	(2,311,343)	(119,360)	(1,459,777)	(265,509)
Fund balances at beginning of year	<u>5,219,820</u>	<u>271,720</u>	<u>2,239,093</u>	<u>1,722,924</u>
Fund balances at end of year	<u>\$ 2,908,477</u>	<u>\$ 152,360</u>	<u>\$ 779,316</u>	<u>\$ 1,457,415</u>

Bridge Projects	Buildings and Equipment	Parks and Recreation Projects	Environmental Improvements- Landfill	Library Buildings & Equipment	Totals
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 808,104
93	357,013	395,010	-	-	1,033,502
26,270	74,198	36,570	67,640	39,080	654,794
-	2,575	177,915	-	-	194,675
-	67,000	-	-	-	172,000
<u>26,363</u>	<u>500,786</u>	<u>609,495</u>	<u>67,640</u>	<u>39,080</u>	<u>2,863,075</u>
-	-	-	-	15,330	15,330
244,193	1,025,238	1,703,591	56,641	200,416	13,407,724
-	-	-	-	-	345,000
-	-	-	-	-	660,155
<u>244,193</u>	<u>1,025,238</u>	<u>1,703,591</u>	<u>56,641</u>	<u>215,746</u>	<u>14,428,209</u>
(217,830)	(524,452)	(1,094,096)	10,999	(176,666)	(11,565,134)
-	100,000	-	-	-	4,365,000
<u>100,000</u>	<u>985,217</u>	<u>314,472</u>	<u>95,000</u>	<u>618,700</u>	<u>3,255,489</u>
<u>100,000</u>	<u>1,085,217</u>	<u>314,472</u>	<u>95,000</u>	<u>618,700</u>	<u>7,620,489</u>
(117,830)	560,765	(779,624)	105,999	442,034	(3,944,645)
<u>748,268</u>	<u>2,112,868</u>	<u>1,440,570</u>	<u>1,846,695</u>	<u>716,342</u>	<u>16,318,300</u>
<u>\$ 630,438</u>	<u>\$ 2,673,633</u>	<u>\$ 660,946</u>	<u>\$ 1,952,694</u>	<u>\$ 1,158,376</u>	<u>\$ 12,373,655</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, 2006
With Comparative Actual Totals for Year Ended December 31, 2005

	Cemetery Maintenance				
	2006			2005	
	Budgeted Amounts			Variance with	
Original	Final	Actual	Final Budget	Actual	
Revenues:					
Fines and forfeitures	\$ -	\$ -	\$ -	\$ -	\$ 20
Charges for services	178,000	178,000	159,876	(18,124)	188,898
Total revenues	178,000	178,000	159,876	(18,124)	188,918
Expenditures:					
Current:					
Health services	384,600	384,600	377,356	7,244	405,722
Excess (deficiency) of revenues over expenditures	(206,600)	(206,600)	(217,480)	(10,880)	(216,804)
Other financing sources (uses):					
Transfers from other funds	206,600	206,600	217,480	10,880	216,804
Total other financing sources (uses)	206,600	206,600	217,480	10,880	216,804
Net change in fund balances	-	-	-	-	-
Fund balances at beginning of year	142,442	142,442	142,442	-	142,442
Fund balances at end of year	\$ 142,442	\$ 142,442	\$ 142,442	\$ -	\$ 142,442

CITY OF EAU CLAIRE

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL
NONMAJOR GOVERNMENTAL FUNDS (WITH ANNUAL BUDGETS)
For the Year Ended December 31, 2006
With Comparative Actual Totals for Year Ended December 31, 2005

	Hazardous Materials Response				
	2006			2005	
	Budgeted Amounts		Actual	Variance with Final Budget	Actual
Original	Final				
Revenues:					
Intergovernmental	\$ 180,100	\$ 180,100	\$ 180,069	\$ (31)	\$ 180,069
Charges for services	3,000	3,000	1,276	(1,724)	5,156
Miscellaneous:					
Investment income	1,000	1,000	8,310	7,310	8,890
Total revenues	184,100	184,100	189,655	5,555	194,115
Expenditures:					
Current:					
Public safety	189,700	236,700	204,156	32,544	157,380
Excess (deficiency) of revenues over expenditures	(5,600)	(52,600)	(14,501)	38,099	36,735
Other financing sources (uses):					
Transfers to other funds	-	-	(2,805)	(2,805)	(156,067)
Total other financing sources (uses)	-	-	(2,805)	(2,805)	(156,067)
Net change in fund balances	(5,600)	(52,600)	(17,306)	35,294	(119,332)
Fund balances at beginning of year	223,963	223,963	223,963	-	343,295
Fund balances at end of year	\$ 218,363	\$ 171,363	\$ 206,657	\$ 35,294	\$ 223,963

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, 2006
With Comparative Actual Totals for Year Ended December 31, 2005

	Economic Development				
	2006			2005	
	Budgeted Amounts			Variance with	
	Original	Final	Actual	Final Budget	Actual
Revenues:					
Miscellaneous:					
Investment income	\$ 75,000	\$ 75,000	\$ 198,800	\$ 123,800	\$ 143,710
Loan repayments	140,400	140,400	160,737	20,337	184,271
Building rental	78,600	78,600	82,466	3,866	80,095
Other	35,900	35,900	41,287	5,387	37,892
Total miscellaneous	<u>329,900</u>	<u>329,900</u>	<u>483,290</u>	<u>153,390</u>	<u>445,968</u>
Total revenues	<u>329,900</u>	<u>329,900</u>	<u>483,290</u>	<u>153,390</u>	<u>445,968</u>
Expenditures:					
Current:					
Development	371,900	808,600	767,637	40,963	413,127
Total expenditures	<u>371,900</u>	<u>808,600</u>	<u>767,637</u>	<u>40,963</u>	<u>413,127</u>
Excess (deficiency) of revenues over expenditures	<u>(42,000)</u>	<u>(478,700)</u>	<u>(284,347)</u>	<u>194,353</u>	<u>32,841</u>
Other financing sources (uses):					
Transfers to other funds	<u>(87,700)</u>	<u>(87,700)</u>	<u>(87,700)</u>	<u>-</u>	<u>(287,700)</u>
Total other financing sources (uses)	<u>(87,700)</u>	<u>(87,700)</u>	<u>(87,700)</u>	<u>-</u>	<u>(287,700)</u>
Net change in fund balances	(129,700)	(566,400)	(372,047)	194,353	(254,859)
Fund balances at beginning of year	<u>5,445,054</u>	<u>5,445,054</u>	<u>5,445,054</u>	<u>-</u>	<u>5,699,913</u>
Fund balances at end of year	<u>\$ 5,315,354</u>	<u>\$ 4,878,654</u>	<u>\$ 5,073,007</u>	<u>\$ 194,353</u>	<u>\$ 5,445,054</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, 2006
With Comparative Actual Totals for Year Ended December 31, 2005

	Community Enhancement				
	2006			2005	
	Budgeted Amounts			Variance with	
	Original	Final	Actual	Final Budget	Actual
Revenues:					
Taxes	\$ 1,020,000	\$ 1,020,000	\$ 1,014,312	\$ (5,688)	\$ 1,039,099
Miscellaneous:					
Loan repayments	5,000	5,000	5,000	-	5,000
Other	-	-	-	-	84
Total revenues	<u>1,025,000</u>	<u>1,025,000</u>	<u>1,019,312</u>	<u>(5,688)</u>	<u>1,044,183</u>
Expenditures:					
Current:					
Development	<u>789,900</u>	<u>789,900</u>	<u>768,780</u>	<u>21,120</u>	<u>768,781</u>
Excess of revenues over expenditures	235,100	235,100	250,532	15,432	275,402
Other financing uses:					
Transfers to other funds	<u>(279,800)</u>	<u>(279,800)</u>	<u>(279,800)</u>	<u>-</u>	<u>(245,600)</u>
Total other financing uses	<u>(279,800)</u>	<u>(279,800)</u>	<u>(279,800)</u>	<u>-</u>	<u>(245,600)</u>
Net change in fund balances	(44,700)	(44,700)	(29,268)	15,432	29,802
Fund balances at beginning of year	<u>44,067</u>	<u>44,067</u>	<u>44,067</u>	<u>-</u>	<u>14,265</u>
Fund balances at end of year	<u>\$ (633)</u>	<u>\$ (633)</u>	<u>\$ 14,799</u>	<u>\$ 15,432</u>	<u>\$ 44,067</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, 2006
With Comparative Actual Totals for Year Ended December 31, 2005

	Public Library				
	2006			2005	
	Budgeted Amounts			Variance with	
	Original	Final	Actual	Final Budget	Actual
Revenues:					
Taxes	\$ 2,658,300	\$ 2,658,300	\$ 2,658,300	\$ -	\$ 2,694,300
Intergovernmental	16,000	16,000	4,407	(11,593)	5,740
Fines and forfeitures	128,000	128,000	133,376	5,376	130,695
Charges for services	32,600	32,600	5,975	(26,625)	6,816
Charges for services - intergovernmental	638,300	638,300	642,154	3,854	648,679
Miscellaneous:					
Investment income	-	-	2,530	2,530	1,830
Gifts and donations	16,000	16,000	17,648	1,648	27,246
Other	187,500	187,500	121,231	(66,269)	112,035
Total miscellaneous	203,500	203,500	141,409	(62,091)	141,111
Total revenues	3,676,700	3,676,700	3,585,621	(91,079)	3,627,341
Expenditures:					
Current:					
Culture and recreation	3,571,000	3,571,000	3,308,776	262,224	3,244,750
Excess of revenues over expenditures	105,700	105,700	276,845	171,145	382,591
Other financing sources (uses):					
Transfers to other funds	(268,700)	(618,700)	(618,700)	-	(145,900)
Sale of capital assets	200	200	103	(97)	1,419
Total other financing sources (uses)	(268,500)	(618,500)	(618,597)	(97)	(144,481)
Net change in fund balances	(162,800)	(512,800)	(341,752)	171,048	238,110
Fund balances at beginning of year	750,019	750,019	750,019	-	511,909
Fund balances at end of year	\$ 587,219	\$ 237,219	\$ 408,267	\$ 171,048	\$ 750,019

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, 2006
With Comparative Actual Totals for Year Ended December 31, 2005

	City-County Health Department				
	2006			2005	
	Budgeted Amounts			Variance with	
Original	Final	Actual	Final Budget	Actual	
Revenues:					
Taxes	\$ 1,536,700	\$ 1,536,700	\$ 1,536,700	\$ -	\$ 1,507,900
Intergovernmental	766,200	889,700	909,512	19,812	970,190
Licenses and permits	316,500	316,500	290,261	(26,239)	287,999
Charges for services	101,000	106,700	116,470	9,770	97,155
Charges for services - intergovernmental	1,065,000	1,072,300	1,169,517	97,217	1,140,571
Miscellaneous:					
Investment income	1,000	1,000	2,110	1,110	800
Other	18,900	18,900	19,503	603	28,520
Total miscellaneous	19,900	19,900	21,613	1,713	29,320
Total revenues	3,805,300	3,941,800	4,044,073	102,273	4,033,135
Expenditures:					
Current:					
Health services	3,916,200	4,230,300	4,024,175	206,125	3,982,312
Capital Outlay	-	-	-	-	59,889
Total expenditures	3,916,200	4,230,300	4,024,175	206,125	4,042,201
Excess of revenues over expenditures	(110,900)	(288,500)	19,898	308,398	(9,066)
Other financing sources (uses):					
Transfers from other funds	51,000	51,000	55,527	4,527	53,001
Transfers to other funds	(25,000)	(25,000)	-	25,000	-
Total other financing sources	26,000	26,000	55,527	29,527	53,001
Net change in fund balances	(84,900)	(262,500)	75,425	337,925	43,935
Fund balances at beginning of year	630,554	630,554	630,554	-	586,619
Fund balances at end of year	\$ 545,654	\$ 368,054	\$ 705,979	\$ 337,925	\$ 630,554

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, 2006
With Comparative Actual Totals for Year Ended December 31, 2005

	Downtown Partners				
	2006			2005	
	Budgeted Amounts		Actual	Variance with Final Budget	Actual
Original	Final				
Miscellaneous:					
Gifts and donations	\$ 25,000	\$ 32,900	\$ 32,870	\$ (30)	\$ 33,300
Total revenues	25,000	32,900	32,870	(30)	33,300
Expenditures:					
Current:					
Development	131,700	140,600	113,928	26,672	114,857
Excess (deficiency) of revenues over expenditures	(106,700)	(107,700)	(81,058)	26,642	(81,557)
Other financing sources					
Transfers from other funds	87,700	87,700	87,700	-	87,700
Net change in fund balances	(19,000)	(20,000)	6,642	26,642	6,143
Fund balances at beginning of year	68,648	68,648	68,648	-	62,505
Fund balances at end of year	\$ 49,648	\$ 48,648	\$ 75,290	\$ 26,642	\$ 68,648

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, 2006
With Comparative Actual Totals for Year Ended December 31, 2005

	Former Landfill Escrow				
	2006			2005	
	Budgeted Amounts Original	Final	Actual	Variance with Final Budget	Actual
Miscellaneous:					
Charges for services	\$ 150,000	\$ 150,000	\$ 66,756	\$ (83,244)	\$ 131,487
Total revenues	150,000	150,000	66,756	(83,244)	131,487
Expenditures:					
Current:					
Public works	150,000	150,000	66,756	83,244	131,487
Net change in fund balances	-	-	-	-	-
Fund balances at beginning of year	-	-	-	-	-
Fund balances at end of year	\$ -	\$ -	\$ -	\$ -	\$ -

CITY OF EAU CLAIRE

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL
NONMAJOR GOVERNMENTAL FUNDS (WITH ANNUAL BUDGETS)
For the Year Ended December 31, 2006
With Comparative Actual Totals for Year Ended December 31, 2005

	Debt Service - TIF #4				
	2006			2005	
	Budgeted Amounts			Variance with	
Original	Final	Actual	Final Budget	Actual	
Revenues:					
Miscellaneous:					
Investment income	\$ 30,000	\$ 30,000	\$ 69,872	\$ 39,872	\$ 75,562
Total miscellaneous	30,000	30,000	69,872	39,872	75,562
Total revenues	<u>30,000</u>	<u>30,000</u>	<u>69,872</u>	<u>39,872</u>	<u>75,562</u>
Expenditures:					
Current:					
General government	1,300	1,300	100	1,200	142,291
Debt Service:					
Principal retirement	140,000	140,000	140,000	-	2,310,000
Interest and fiscal charges	56,000	56,000	55,460	540	120,564
Total expenditures	<u>197,300</u>	<u>197,300</u>	<u>195,560</u>	<u>1,740</u>	<u>2,572,855</u>
Net change in fund balances	(167,300)	(167,300)	(125,688)	41,612	(2,497,293)
Fund balances at beginning of year	<u>1,453,118</u>	<u>1,453,118</u>	<u>1,453,118</u>	-	<u>3,950,411</u>
Fund balances at end of year	<u>\$ 1,285,818</u>	<u>\$ 1,285,818</u>	<u>\$ 1,327,430</u>	<u>\$ 41,612</u>	<u>\$ 1,453,118</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, 2006
With Comparative Actual Totals for Year Ended December 31, 2005

	Debt Service - TIF #6				
	2006			2005	
	Budgeted Amounts			Variance with	
Original	Final	Actual	Final Budget	Actual	
Revenues:					
Taxes:					
Real and personal property	\$ 210,000	\$ 210,000	\$ 199,712	\$ (10,288)	\$ 210,351
Special assessments	11,000	11,000	10,981	(19)	10,981
Intergovernmental	1,000	1,000	1,818	818	2,479
Miscellaneous:					
Investment income	10,500	10,500	38,993	28,493	22,790
Total revenues	232,500	232,500	251,504	19,004	246,601
Expenditures:					
Current:					
General government	1,000	1,000	90	910	93
Debt Service:					
Principal retirement	50,000	50,000	50,000	-	50,000
Interest and fiscal charges	50,700	50,700	50,607	93	53,038
Total expenditures	101,700	101,700	100,697	1,003	103,131
Net change in fund balances	130,800	130,800	150,807	20,007	143,470
Fund balances at beginning of year	598,604	598,604	598,604	-	455,134
Fund balances at end of year	\$ 729,404	\$ 729,404	\$ 749,411	\$ 20,007	\$ 598,604

Nonmajor Enterprise Funds

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

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

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

CITY OF EAU CLAIRE

COMBINING STATEMENT OF NET ASSETS -
NONMAJOR ENTERPRISE FUNDS
December 31, 2006

	<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	\$ 825,480	\$ 113,408	\$ 82,759	\$ 1,021,647
Accounts receivable, net	3,185	91,220	1,946	96,351
Total current assets	<u>828,665</u>	<u>204,628</u>	<u>84,705</u>	<u>1,117,998</u>
Noncurrent assets:				
Unamortized issuance cost	-	-	3,600	3,600
Capital assets:				
Land	653,196	5,000	-	658,196
Capital assets	5,363,347	2,222,530	1,990,072	9,575,949
Less accumulated depreciation	<u>(2,921,419)</u>	<u>(944,611)</u>	<u>(681,254)</u>	<u>(4,547,284)</u>
Total capital assets (net of accumulated depreciation)	<u>3,095,124</u>	<u>1,282,919</u>	<u>1,308,818</u>	<u>5,686,861</u>
Total noncurrent assets	<u>3,095,124</u>	<u>1,282,919</u>	<u>1,312,418</u>	<u>5,690,461</u>
Total assets	<u>\$ 3,923,789</u>	<u>\$ 1,487,547</u>	<u>\$ 1,397,123</u>	<u>\$ 6,808,459</u>
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 12,864	\$ 31,593	\$ 1,167	\$ 45,624
Accrued payroll and payroll taxes	3,596	9,880	724	14,200
Accrued compensated absences	8,407	13,261	-	21,668
Due to other funds	-	22,910	-	22,910
Current portion of advances	-	-	140,000	140,000
Total current liabilities	<u>24,867</u>	<u>77,644</u>	<u>141,891</u>	<u>244,402</u>
Noncurrent liabilities:				
Advances from other funds	-	-	300,000	300,000
Total liabilities	<u>24,867</u>	<u>77,644</u>	<u>441,891</u>	<u>544,402</u>
NET ASSETS				
Invested in capital assets, net of related debt	3,095,124	1,282,919	1,308,818	5,686,861
Unrestricted (Deficit)	803,798	126,984	(353,586)	577,196
Total net assets	<u>\$ 3,898,922</u>	<u>\$ 1,409,903</u>	<u>\$ 955,232</u>	<u>\$ 6,264,057</u>

CITY OF EAU CLAIRE

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS NONMAJOR ENTERPRISE FUNDS For the Year Ended December 31, 2006

	<u>Parking Utility</u>	<u>Hobbs Ice Center</u>	<u>Outdoor Pool</u>	<u>Total Nonmajor Enterprise Funds</u>
Operating revenues:				
Charges for services	\$ 227,065	\$ 443,141	\$ 210,756	\$ 880,962
Other	<u>459</u>	<u>34,084</u>	<u>20,079</u>	<u>54,622</u>
Total operating revenues	<u>227,524</u>	<u>477,225</u>	<u>230,835</u>	<u>935,584</u>
Operating expenses:				
Personal services	138,903	271,855	178,251	589,009
Contractual services	61,677	39,352	23,727	124,756
Supplies and materials	3,601	46,966	42,060	92,627
Utilities	48,123	197,932	42,334	288,389
Depreciation	<u>190,757</u>	<u>65,185</u>	<u>51,015</u>	<u>306,957</u>
Total operating expenses	<u>443,061</u>	<u>621,290</u>	<u>337,387</u>	<u>1,401,738</u>
Operating loss	<u>(215,537)</u>	<u>(144,065)</u>	<u>(106,552)</u>	<u>(466,154)</u>
Non-operating revenues (expenses):				
Interest expense	-	-	(15,382)	(15,382)
Amortization	<u>-</u>	<u>-</u>	<u>(1,600)</u>	<u>(1,600)</u>
Total non-operating revenue (expenses)	<u>-</u>	<u>-</u>	<u>(16,982)</u>	<u>(16,982)</u>
Loss before operating transfers	(215,537)	(144,065)	(123,534)	(483,136)
Transfers from other funds	<u>100,000</u>	<u>164,680</u>	<u>240,919</u>	<u>505,599</u>
Change in net assets	(115,537)	20,615	117,385	22,463
Net assets at beginning of year	<u>4,014,459</u>	<u>1,389,288</u>	<u>837,847</u>	<u>6,241,594</u>
Net assets at end of year	<u>\$ 3,898,922</u>	<u>\$ 1,409,903</u>	<u>\$ 955,232</u>	<u>\$ 6,264,057</u>

CITY OF EAU CLAIRE

**COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
For the Year Ended December 31, 2006**

	Parking Utility	Hobbs Ice Center	Outdoor Pool	Total Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 225,690	\$ 492,058	\$ 229,963	\$ 947,711
Cash paid to suppliers for goods and services	(107,050)	(324,709)	(107,310)	(539,069)
Cash paid to employees for services	(139,321)	(268,390)	(177,791)	(585,502)
Net Cash Flows From Operating Activities	<u>(20,681)</u>	<u>(101,041)</u>	<u>(55,138)</u>	<u>(176,860)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Principal paid on advances from other funds	-	-	(125,000)	(125,000)
Interest paid on advances from other funds	-	-	(15,382)	(15,382)
Transfers from other funds	100,000	164,680	240,919	505,599
Net Cash Flows From Noncapital Financing Activities	<u>100,000</u>	<u>164,680</u>	<u>100,537</u>	<u>365,217</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	-	(29,844)	(42,495)	(72,339)
Net Cash Flows From Capital and Related Financing Activities	<u>-</u>	<u>(29,844)</u>	<u>(42,495)</u>	<u>(72,339)</u>
Net Increase in Cash and Cash Equivalents	79,319	33,795	2,904	116,018
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>746,161</u>	<u>79,613</u>	<u>79,855</u>	<u>905,629</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 825,480</u>	<u>\$ 113,408</u>	<u>\$ 82,759</u>	<u>\$ 1,021,647</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH FLOWS FROM OPERATING ACTIVITIES				
Operating loss	\$ (215,537)	\$ (144,065)	\$ (106,552)	\$ (466,154)
Adjustments to Reconcile Operating Loss to Net Cash Flows From Operating Activities				
Noncash items included in income				
Depreciation	190,757	65,185	51,015	306,957
Change in assets and liabilities				
Accounts receivable	(1,834)	14,833	(872)	12,127
Accounts payable	6,352	(10,531)	811	(3,368)
Due to other funds	-	(29,928)	-	(29,928)
Other current liabilities	(419)	3,465	460	3,506
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ (20,681)</u>	<u>\$ (101,041)</u>	<u>\$ (55,138)</u>	<u>\$ (176,860)</u>

Internal Service Funds

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

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

CITY OF EAU CLAIRE

COMBINING STATEMENT OF NET ASSETS - INTERNAL SERVICE FUNDS December 31, 2006

	Risk Management	Central Equipment	Totals
ASSETS			
Current assets:			
Cash and investments	\$ 7,225,464	\$ 6,809,088	\$ 14,034,552
Accounts receivable, net	184,783	-	184,783
Due from other governments	-	6,393	6,393
Inventories	-	377,324	377,324
Total Current Assets	7,410,247	7,192,805	14,603,052
Noncurrent assets:			
Escrow account	241,878	-	241,878
Deposit in insurance pools	766,496	-	766,496
Capital assets:			
Construction in progress	-	91,633	91,633
Land	-	235,899	235,899
Land improvements	-	16,677	16,677
Buildings	-	5,710,107	5,710,107
Equipment	-	119,201	119,201
Rental equipment	-	13,796,258	13,796,258
Less accumulated depreciation	-	(9,338,353)	(9,338,353)
Total capital assets (net of accumulated depreciation)	-	10,631,422	10,631,422
Total Noncurrent Assets	1,008,374	10,631,422	11,639,796
Total Assets	\$ 8,418,621	\$ 17,824,227	\$ 26,242,848
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 132,064	\$ 157,195	\$ 289,259
Accrued payroll and payroll taxes	5,271	19,812	25,083
Accrued compensated absences	3,293	28,981	32,274
Current portion of unpaid claims	220,000	-	220,000
Total Current Liabilities	360,628	205,988	566,616
Noncurrent liabilities:			
Unpaid claims	1,075,806	-	1,075,806
Total Noncurrent Liabilities	1,075,806	-	1,075,806
Total Liabilities	1,436,434	205,988	1,642,422
NET ASSETS			
Invested in capital assets	-	10,631,422	10,631,422
Restricted for deposits	1,008,374	-	1,008,374
Unrestricted	5,973,813	6,986,817	12,960,630
Total Net Assets	\$ 6,982,187	\$ 17,618,239	\$ 24,600,426

CITY OF EAU CLAIRE

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
For the Year Ended December 31, 2006

	Risk Management	Central Equipment	Totals
Operating revenues:			
Charges for services	\$ 2,598,993	\$ 583,455	\$ 3,182,448
Rental of equipment	-	1,907,010	1,907,010
	<u>2,598,993</u>	<u>2,490,465</u>	<u>5,089,458</u>
Total charges for services			
Other:			
Repayment of insurance claims	76,651	-	76,651
Building rental	-	181,298	181,298
Miscellaneous	-	9,205	9,205
	<u>76,651</u>	<u>190,503</u>	<u>267,154</u>
Total operating revenues	<u>2,675,644</u>	<u>2,680,968</u>	<u>5,356,612</u>
Operating expenses:			
Personal services	125,997	604,743	730,740
Contractual services	22,949	405,083	428,032
Supplies and materials	3,396	847,733	851,129
Utilities	596	170,490	171,086
Depreciation	-	1,099,650	1,099,650
Claims	2,510,030	-	2,510,030
	<u>2,662,968</u>	<u>3,127,699</u>	<u>5,790,667</u>
Total operating expenses			
Operating income (loss)	<u>12,676</u>	<u>(446,731)</u>	<u>(434,055)</u>
Non-operating revenues (expenses):			
Investment income	276,191	-	276,191
Net gain on disposal of capital assets	-	56,342	56,342
	<u>276,191</u>	<u>56,342</u>	<u>332,533</u>
Total non-operating revenues (expenses)			
Income (loss) before transfers	288,867	(390,389)	(101,522)
Transfers in	-	2,805	2,805
Transfers out	(337,100)	-	(337,100)
Total transfers	<u>(337,100)</u>	<u>2,805</u>	<u>(334,295)</u>
Income (loss) before contributions	(48,233)	(387,584)	(435,817)
Capital contributions	-	110,600	110,600
Change in net assets	(48,233)	(276,984)	(325,217)
Total net assets - beginning	<u>7,030,420</u>	<u>17,895,223</u>	<u>24,925,643</u>
Total net assets - ending	<u>\$ 6,982,187</u>	<u>\$ 17,618,239</u>	<u>\$ 24,600,426</u>

CITY OF EAU CLAIRE

COMBINING STATEMENT OF CASH FLOWS INTERNAL SERVICE FUNDS

For the Year Ended December 31, 2006

	<u>Risk Management</u>	<u>Central Equipment</u>	<u>Totals</u>
Cash flows from operating activities:			
Cash received from customers	\$ 2,567,510	\$ 2,689,468	\$ 5,256,978
Cash payments to suppliers for goods and services	(25,451)	(1,340,013)	(1,365,464)
Cash payments to employees for services	(127,293)	(600,447)	(727,740)
Claims paid	(2,301,061)	-	(2,301,061)
Repayment of insurance claims	84,958	-	84,958
	<u>198,663</u>	<u>749,008</u>	<u>947,671</u>
Net cash provided by operating activities			
Cash flows from (used by) noncapital financing activities:			
Transfers from other funds	-	2,805	2,805
Transfers to other funds	(337,100)	-	(337,100)
	<u>(337,100)</u>	<u>2,805</u>	<u>(334,295)</u>
Net cash provided by noncapital financing activities			
Cash flows from investing activities:			
Investment income	276,191	-	276,191
	<u>276,191</u>	<u>-</u>	<u>276,191</u>
Cash flows from (used by) capital and related financing activities:			
Capital contributions	-	110,600	110,600
Acquisition and construction of capital assets	-	(1,223,497)	(1,223,497)
Proceeds from sale of equipment	-	96,367	96,367
	<u>-</u>	<u>96,367</u>	<u>96,367</u>
Net cash used for capital and related financing activities			
	<u>-</u>	<u>(1,016,530)</u>	<u>(1,016,530)</u>
Net increase in cash and cash equivalents			
	137,754	(264,717)	(126,963)
Cash and cash equivalents at beginning of year			
	<u>7,329,588</u>	<u>7,073,805</u>	<u>14,403,393</u>
Cash and cash equivalents at end of year			
	<u>\$ 7,467,342</u>	<u>\$ 6,809,088</u>	<u>\$ 14,276,430</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS			
Cash and Cash Equivalents per Statement of Net Assets	\$ 7,225,464	\$ 6,809,088	\$ 14,034,552
Restricted Cash and Investments	241,878	-	241,878
	<u>7,467,342</u>	<u>6,809,088</u>	<u>14,276,430</u>
Cash and Cash Equivalents Per Statement of Cash Flows	<u>\$ 7,467,342</u>	<u>\$ 6,809,088</u>	<u>\$ 14,276,430</u>

CITY OF EAU CLAIRE

COMBINING STATEMENT OF CASH FLOWS (cont'd)
INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2006

	<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)	\$ 12,676	\$ (446,731)	\$ (434,055)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	-	1,099,650	1,099,650
Change in assets and liabilities:			
Accounts receivable	(23,177)	8,500	(14,677)
Inventories	-	24,148	24,148
Accounts payable	60,818	54,369	115,187
Accrued liabilities	195	9,072	9,267
Unpaid claims	<u>148,151</u>	<u>-</u>	<u>148,151</u>
Total adjustments	<u>185,987</u>	<u>1,195,739</u>	<u>1,381,726</u>
Net cash provided by operating activities	<u>\$ 198,663</u>	<u>\$ 749,008</u>	<u>\$ 947,671</u>

Non-cash capital, investing & financing activities: None

Agency Funds

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

CITY OF EAU CLAIRE

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES AGENCY FUND For the Year Ended December 31, 2006

<u>Tax Collection Fund</u>	<u>Balance Jan. 1, 2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance Dec. 31, 2006</u>
Assets:				
Cash and cash equivalents	\$ 9,999,015	\$ 71,225,751	\$ 71,536,593	\$ 9,688,173
Taxes receivable	<u>44,631,158</u>	<u>64,670,125</u>	<u>64,318,027</u>	<u>44,983,256</u>
Total assets	<u>\$ 54,630,173</u>	<u>\$ 135,895,876</u>	<u>\$ 135,854,620</u>	<u>\$ 54,671,429</u>
Liabilities:				
Due to other governments	<u>\$ 54,630,173</u>	<u>\$ 54,671,429</u>	<u>\$ 54,630,173</u>	<u>\$ 54,671,429</u>

Nonmajor Component Units

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

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

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

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

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

CITY OF EAU CLAIRE

COMBINING STATEMENT OF NET ASSETS
NONMAJOR COMPONENT UNITS
For the Year Ended December 31, 2006

	<u>Redevelopment Authority</u>	<u>Downtown Business Improvement District</u>	<u>West Grand Business Improvement District</u>	<u>Water Street Business Improvement District</u>	<u>North Barstow/ Medical Business Improvement District</u>	<u>Totals</u>
ASSETS						
Cash and short term investments	\$ 1,295,529	\$ 30,303	\$ 4,290	\$ 38,533	\$ 44,310	\$ 1,412,965
Receivables:						
Taxes	-	81,000	12,000	9,500	48,000	150,500
Notes receivable	-	-	2,777	-	-	2,777
Property held for resale	<u>3,535,860</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,535,860</u>
 Total assets	 <u>\$ 4,831,389</u>	 <u>\$ 111,303</u>	 <u>\$ 19,067</u>	 <u>\$ 48,033</u>	 <u>\$ 92,310</u>	 <u>\$ 5,102,102</u>
LIABILITIES						
Accounts payable	\$ 52	\$ 1,802	\$ 750	\$ 270	\$ -	\$ 2,874
Unearned revenue	<u>-</u>	<u>81,000</u>	<u>12,000</u>	<u>9,500</u>	<u>48,000</u>	<u>150,500</u>
 Total liabilities	 <u>52</u>	 <u>82,802</u>	 <u>12,750</u>	 <u>9,770</u>	 <u>48,000</u>	 <u>153,374</u>
NET ASSETS						
Invested in capital assets, net of related debt	3,535,860	-	-	-	-	3,535,860
Unrestricted	<u>1,295,477</u>	<u>28,501</u>	<u>6,317</u>	<u>38,263</u>	<u>44,310</u>	<u>1,412,868</u>
 Total net assets	 <u>\$ 4,831,337</u>	 <u>\$ 28,501</u>	 <u>\$ 6,317</u>	 <u>\$ 38,263</u>	 <u>\$ 44,310</u>	 <u>\$ 4,948,728</u>

CITY OF EAU CLAIRE

COMBINING BALANCE SHEET
 COMPONENT UNITS - GOVERNMENTAL
 December 31, 2006

	<u>Downtown Business Improvement District</u>	<u>West Grand Business Improvement District</u>	<u>Water Street Business Improvement District</u>	<u>North Barstow/ Medical Business Improvement District</u>	<u>Totals</u>
ASSETS					
Cash and short term investments	\$ 30,303	\$ 4,290	\$ 38,533	\$ 44,310	\$ 117,436
Receivables:					
Taxes	81,000	12,000	9,500	48,000	150,500
Notes receivable	-	2,777	-	-	2,777
Total assets	\$ 111,303	\$ 19,067	\$ 48,033	\$ 92,310	\$ 270,713
LIABILITIES AND FUND BALANCES					
Accounts payable	\$ 1,802	\$ 750	\$ 270	\$ -	\$ 2,822
Deferred revenue	81,000	14,777	9,500	48,000	153,277
Total liabilities	82,802	15,527	9,770	48,000	156,099
Fund balances:					
Designated for subsequent years expenditures	28,501	3,540	38,263	44,310	114,614
Total fund balances	28,501	3,540	38,263	44,310	114,614
Total liabilities and fund balances	\$ 111,303	\$ 19,067	\$ 48,033	\$ 92,310	\$ 270,713
Amounts reported for governmental activities in the statement of net assets are different because:					
Fund balance at year end	\$ 28,501	\$ 3,540	\$ 38,263	\$ 44,310	\$ 114,614
Notes receivable are long-term assets that are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	-	2,777	-	-	2,777
Net assets at year end	\$ 28,501	\$ 6,317	\$ 38,263	\$ 44,310	\$ 117,391

CITY OF EAU CLAIRE

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

	<u>Downtown Business Improvement District</u>	<u>West Grand Business Improvement District</u>	<u>Water Street Business Improvement District</u>	<u>North Barstow/ Medical Business Improvement District</u>	<u>Totals</u>
Revenues:					
Taxes:					
Special assessments	\$ 71,000	\$ 12,000	\$ 9,500	\$ 48,200	\$ 140,700
Miscellaneous:					
Investment income	1,970	270	1,420	1,610	5,270
Other	<u>173</u>	<u>1,666</u>	<u>600</u>	<u>-</u>	<u>2,439</u>
Total revenues	<u>73,143</u>	<u>13,936</u>	<u>11,520</u>	<u>49,810</u>	<u>148,409</u>
Expenditures:					
Contractual services	44,520	10,705	6,089	5,000	66,314
Supplies and materials	<u>15,536</u>	<u>-</u>	<u>248</u>	<u>500</u>	<u>16,284</u>
Total expenditures	<u>60,056</u>	<u>10,705</u>	<u>6,337</u>	<u>5,500</u>	<u>82,598</u>
Net change in fund balances	13,087	3,231	5,183	44,310	65,811
Fund balances at beginning of year	<u>15,414</u>	<u>309</u>	<u>33,080</u>	<u>-</u>	<u>48,803</u>
Fund balances at end of year	<u>\$ 28,501</u>	<u>\$ 3,540</u>	<u>\$ 38,263</u>	<u>\$ 44,310</u>	<u>\$ 114,614</u>
Reconciliation of net change in fund balances to change in net assets:					
Net change in fund balances	\$ 13,087	\$ 3,231	\$ 5,183	\$ 44,310	\$ 65,811
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	-	-	-	-	-
Repayment of principal on loans recognized as revenue on fund statements	<u>-</u>	<u>(1,666)</u>	<u>-</u>	<u>-</u>	<u>(1,666)</u>
Change in net assets	<u>\$ 13,087</u>	<u>\$ 1,565</u>	<u>\$ 5,183</u>	<u>\$ 44,310</u>	<u>\$ 64,145</u>

STATISTICAL SECTION (Unaudited)

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

FINANCIAL TRENDS - TABLES 1-4

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

REVENUE CAPACITY - TABLES 5-21

These schedules contain information to help the reader assess the city's most significant local revenue source, the property tax, as well as other significant revenue sources which include the water and sewer utility charges for services.

DEBT CAPACITY - TABLES 22-28

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

DEMOGRAPHIC AND ECONOMIC INFORMATION - TABLES 29-30

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

OPERATING INFORMATION - TABLES 31-37

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

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

CITY OF EAU CLAIRE

TABLE 1
NET ASSETS BY COMPONENT
LAST FOUR FISCAL YEARS
(Accrual Basis of Accounting)

	2003	2004	2005	2006
Governmental activities				
Invested in capital assets, net of related debt	\$ 76,620,258	\$ 80,228,082	\$ 81,263,800	\$ 81,381,844
Restricted	14,619,800	16,788,904	18,133,306	19,613,325
Unrestricted	<u>38,307,037</u>	<u>34,715,716</u>	<u>30,056,232</u>	<u>32,529,957</u>
Total governmental activities net assets	<u>129,547,095</u>	<u>131,732,702</u>	<u>129,453,338</u>	<u>133,525,126</u>
Business-type activities				
Invested in capital assets, net of related debt	105,722,026	118,330,734	123,247,987	127,757,415
Restricted	3,332,207	1,496,244	2,366,744	2,379,744
Unrestricted	<u>13,332,743</u>	<u>14,853,887</u>	<u>14,878,421</u>	<u>14,066,385</u>
Total business-type activities net assets	<u>122,386,976</u>	<u>134,680,865</u>	<u>140,493,152</u>	<u>144,203,544</u>
Primary government				
Invested in capital assets, net of related debt (1)	182,342,284	198,558,816	203,161,318	207,924,943
Restricted	17,952,007	18,285,148	20,500,050	21,993,069
Unrestricted (1)	<u>51,639,780</u>	<u>49,569,603</u>	<u>46,285,122</u>	<u>47,810,658</u>
Total primary government net assets	<u>\$ 251,934,071</u>	<u>\$ 266,413,567</u>	<u>\$ 269,946,490</u>	<u>\$ 277,728,670</u>

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

Source: City of Eau Claire Comprehensive Annual Financial Reports

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

CITY OF EAU CLAIRE

TABLE 2
CHANGES IN NET ASSETS
LAST FOUR FISCAL YEARS
(Accrual Basis of Accounting)

Expenses	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Governmental activities:				
General government	\$ 8,520,660	\$ 7,643,250	\$ 7,857,938	\$ 6,493,902
Public safety	20,070,417	20,202,687	21,546,332	23,034,101
Public works	10,173,302	11,221,813	12,396,508	11,316,945
Health services	4,023,159	4,175,651	4,409,322	4,436,211
Culture and recreation	9,283,774	7,522,475	7,406,964	8,105,219
Development	2,931,989	2,267,591	3,653,040	2,359,672
Interest and fiscal charges	1,791,084	2,054,281	2,053,323	2,106,598
Total governmental activities expense	<u>56,794,385</u>	<u>55,087,748</u>	<u>59,323,427</u>	<u>57,852,648</u>
Business-type activities				
Water Utility	5,010,412	5,143,065	5,424,169	5,439,753
Sewer Utility	5,089,211	5,158,959	5,349,773	5,558,045
Storm Water Utility	1,628,456	1,482,635	1,823,011	2,064,283
Public Transit	3,982,644	4,103,773	4,427,330	4,770,055
Parking Utility	408,357	391,267	419,801	445,732
Hobbs Ice Center	503,345	519,838	564,079	621,290
Outdoor Pool	367,367	319,825	343,552	354,369
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>
Total primary government expenses	<u>\$ 73,784,177</u>	<u>\$ 72,207,110</u>	<u>\$ 77,675,142</u>	<u>\$ 77,106,175</u>

CITY OF EAU CLAIRE

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

Program Revenues	2003	2004	2005	2006
Governmental activities:				
Charges for services				
General government	\$ 2,944,928	\$ 2,799,799	\$ 2,971,400	\$ 3,131,097
Public safety	3,582,224	3,083,516	2,813,376	3,460,345
Public works	85,827	118,378	177,977	396,987
Health services	1,388,975	1,602,248	1,748,238	1,769,891
Culture and recreation	1,564,306	1,449,973	1,325,314	1,360,404
Development	153,510	157,355	89,976	746,569
Operating grants and contributions				
General government	45,361	41,955	6,392	22,444
Public safety	928,224	750,303	579,467	670,279
Health services	820,384	966,021	965,115	895,312
Culture and recreation	34,994	24,091	33,060	12,205
Development	1,578,390	1,556,887	1,366,682	802,334
Capital grants and contributions				
General government	2,251,173	1,750,962	1,534,745	2,122,452
Public safety	68,470	57,458	-	-
Public works	4,225,663	3,728,343	3,928,050	2,969,172
Culture and recreation	309,737	749,940	731,287	1,005,338
Total governmental activities program revenues	19,982,166	18,837,229	18,271,079	19,364,829
Business-type activities				
Charges for services				
Water Utility	6,984,333	6,831,621	7,150,409	7,600,310
Sewer Utility	5,999,089	5,811,267	6,123,231	6,267,035
Storm Water Utility	1,725,264	1,935,282	2,098,370	2,460,532
Public Transit	471,698	470,600	503,024	527,466
Parking Utility	229,664	218,569	215,356	227,065
Hobbs Ice Center	340,292	379,206	423,376	443,141
Outdoor Pool	200,252	173,359	214,616	210,756
Operating grants and contributions				
Public Transit	2,360,794	2,400,631	2,466,457	2,711,846
Capital grants and contributions				
Water Utility	143,673	2,921,683	1,051,304	542,390
Sewer Utility	204,277	2,370,025	609,332	540,063
Storm Water Utility	27,381	5,187,007	1,975,066	505,753
Total business-type activities program revenues	18,686,717	28,699,250	22,830,541	22,036,357
Total primary government program revenues	38,668,883	47,536,479	41,101,620	41,401,186
Net (Expense) Revenue				
Governmental activities	(36,812,219)	(36,250,519)	(41,052,348)	(38,487,819)
Business-type activities	1,696,925	11,579,888	4,478,826	2,782,830
Total primary government net expense	\$ (35,115,294)	\$ (24,670,631)	\$ (36,573,522)	\$ (35,704,989)

CITY OF EAU CLAIRE

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

	2003	2004	2005	2006
General Revenues and Other Changes in Net Assets				
Governmental activities				
Property taxes	\$ 25,854,470	\$ 26,155,386	\$ 27,478,504	\$ 28,709,747
Intergovernmental revenues	10,392,649	9,388,956	9,378,496	9,390,895
Investment income	1,697,609	2,057,061	2,703,261	4,167,233
Gain on sale of capital assets	-	-	-	38,033
Miscellaneous	-	-	45,493	107,281
Transfers	<u>132,732</u>	<u>454,863</u>	<u>20,295</u>	<u>146,418</u>
Total governmental activities	<u>38,077,460</u>	<u>38,056,266</u>	<u>39,626,049</u>	<u>42,559,607</u>
Business-type activities				
Investment income	365,909	308,078	616,911	806,542
Miscellaneous	93,558	292,347	236,053	267,438
Transfers	<u>(132,732)</u>	<u>(454,863)</u>	<u>(20,295)</u>	<u>(146,418)</u>
Total business-type activities	<u>326,735</u>	<u>145,562</u>	<u>832,669</u>	<u>927,562</u>
Total primary government	<u>38,404,195</u>	<u>38,201,828</u>	<u>40,458,718</u>	<u>43,487,169</u>
Change in Net Assets				
Governmental activities	1,265,241	1,805,747	(1,426,299)	4,071,788
Business-type activities	<u>2,023,660</u>	<u>11,725,450</u>	<u>5,311,495</u>	<u>3,710,392</u>
Total primary government	<u>\$ 3,288,901</u>	<u>\$ 13,531,197</u>	<u>\$ 3,885,196</u>	<u>\$ 7,782,180</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)

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General Fund										
Reserved	\$ 8,642,522	\$ 8,211,975	\$ 7,995,975	\$ 7,545,087	\$ 7,356,078	\$ 7,012,649	\$ 6,367,325	\$ 6,384,041	\$ 5,848,920	\$ 4,881,267
Unreserved										
Designated	6,348,123	6,660,899	5,715,176	5,803,373	5,647,871	4,714,450	6,709,720	6,323,236	6,059,964	6,723,752
Undesignated	1,152,930	1,428,405	2,283,597	2,275,016	1,490,100	2,478,426	2,896,215	2,978,369	2,821,438	3,668,023
Total General Fund	<u>16,143,575</u>	<u>16,301,279</u>	<u>15,994,748</u>	<u>15,623,476</u>	<u>14,494,049</u>	<u>14,205,525</u>	<u>15,973,260</u>	<u>15,685,646</u>	<u>14,730,322</u>	<u>15,273,042</u>
All Other Governmental Funds										
Reserved	9,780,380	8,612,266	8,443,833	8,075,525	12,031,043	13,144,563	16,775,820	16,720,328	15,295,775	12,560,342
Unreserved										
Designated										
Special revenue funds	7,292,089	7,378,861	7,773,716	2,621,225	2,291,594	2,315,500	7,350,482	7,362,168	7,197,264	6,404,601
Debt service funds	229,000	229,000	624,600	624,600	550,800	588,992	-	623,900	255,700	273,300
Capital projects funds	6,879,174	6,704,276	5,764,998	-	61,700	54,800	10,012,054	7,445,000	9,213,998	8,876,216
Undesignated	219,900	(533,996)	1,818,023	15,551,302	17,156,627	16,558,038	-	-	-	-
Total All Other Governmental Funds	<u>24,400,543</u>	<u>22,390,407</u>	<u>24,425,170</u>	<u>26,872,652</u>	<u>32,091,764</u>	<u>32,661,893</u>	<u>34,138,356</u>	<u>32,151,396</u>	<u>31,962,737</u>	<u>28,114,459</u>
Total All Funds	<u>\$40,544,118</u>	<u>\$38,691,686</u>	<u>\$40,419,918</u>	<u>\$42,496,128</u>	<u>\$46,585,813</u>	<u>\$46,867,418</u>	<u>\$50,111,616</u>	<u>\$47,837,042</u>	<u>\$46,693,059</u>	<u>\$43,387,501</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)

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Revenues										
Property taxes	\$ 18,290	\$ 20,557	\$ 21,910	\$ 23,591	\$ 23,468	\$ 25,920	\$ 25,841	\$ 26,164	\$ 27,600	\$ 28,667
Special assessments	-	-	515	-	2,214	2,249	2,339	2,341	2,164	1,988
Intergovernmental	17,157	15,977	16,494	16,012	16,351	16,474	17,163	15,903	16,303	15,546
Licenses and permits	1,153	1,275	1,272	1,906	1,598	1,712	1,788	1,827	1,829	1,938
Fines and forfeitures	529	629	618	610	644	787	850	980	917	900
Charges for services	4,012	5,065	5,525	5,660	6,532	6,787	6,007	6,136	6,607	7,169
Investment income	2,908	2,749	2,319	3,232	2,733	385	1,573	1,578	2,548	3,682
Miscellaneous	2,430	1,758	2,044	2,542	3,336	3,192	1,230	1,960	1,465	1,509
Total revenues	46,479	48,010	50,697	53,553	56,876	57,506	56,791	56,889	59,433	61,399
Expenditures										
General government	4,615	4,587	4,729	5,106	5,301	5,559	5,760	5,877	6,263	5,696
Public safety	14,285	15,451	16,048	16,487	17,635	18,724	19,536	19,933	20,912	22,412
Public works	6,170	6,593	6,781	8,362	7,531	7,684	7,003	7,210	7,350	7,137
Health services	2,927	3,006	3,285	3,383	3,510	3,668	3,918	4,172	4,388	4,402
Culture and recreation	5,252	5,461	5,699	6,140	6,566	6,841	7,211	7,117	7,164	7,493
Development	2,325	2,745	2,351	2,218	2,844	2,773	2,374	3,022	4,162	2,772
Miscellaneous	200	223	401	503	441	418	421	428	497	462
Capital outlay	12,089	13,807	11,886	11,043	11,976	9,127	8,293	12,622	9,458	13,408
Debt service										
Principal	2,800	2,499	2,414	2,599	3,029	8,724	5,070	3,509	5,882	3,789
Interest	1,159	1,624	1,727	1,927	2,154	2,387	1,752	1,992	1,991	2,073
Total expenditures	51,822	55,996	55,321	57,768	60,987	65,905	61,338	65,882	68,067	69,644
Other financing sources (uses)										
Debt issued	11,000	6,650	6,845	6,510	8,700	9,861	13,585	5,460	7,290	4,365
Premium on debt issued	-	-	-	-	-	-	-	-	-	55
Payment to refunding agent	-	-	-	-	-	-	(2,469)	-	-	-
Transfers in	6,125	5,700	6,051	5,808	6,346	6,814	7,176	8,111	7,761	7,931
Transfers out	(6,968)	(6,691)	(6,634)	(6,498)	(7,368)	(7,548)	(6,818)	(7,261)	(7,630)	(7,450)
Transfers from Component Unit	-	-	-	35	-	25	-	-	-	-
Transfers to Component Unit	-	-	(461)	(222)	(411)	(1,735)	-	-	-	-
Sale of capital assets	125	45	118	242	258	147	1,239	408	69	38
Total other financing sources (uses)	10,282	5,704	5,919	5,875	7,525	7,564	12,713	6,718	7,490	4,939
Net change in fund balances	\$ 4,939	\$ (2,282)	\$ 1,295	\$ 1,660	\$ 3,414	\$ (835)	\$ 8,166	\$ (2,275)	\$ (1,144)	\$ (3,306)
Debt service as a percentage of noncapital expenditures	10.0%	9.8%	9.5%	9.7%	10.6%	19.6%	13.1%	10.5%	13.6%	10.6%

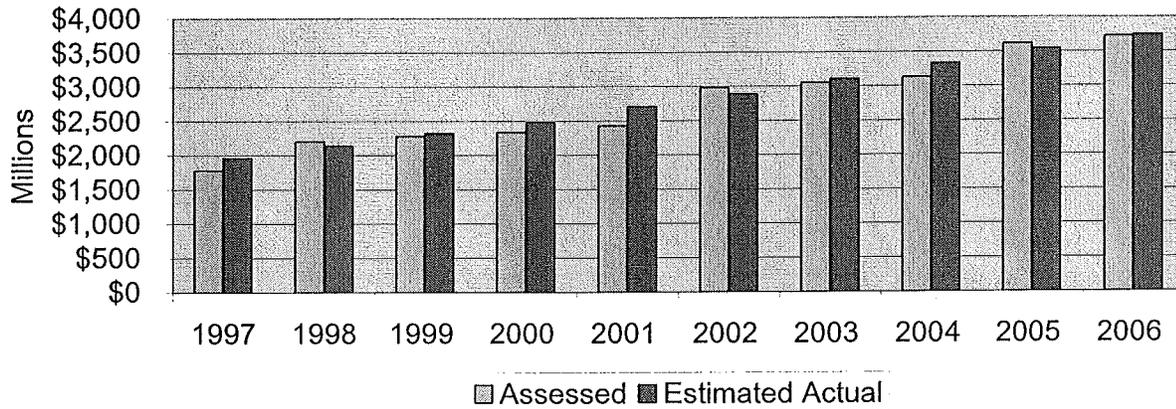
Source: City of Eau Claire Comprehensive Annual Financial Reports

CITY OF EAU CLAIRE

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

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
ALL PROPERTY										
Real property:										
Assessed value	\$1,678,145	\$2,071,849	\$2,146,317	\$2,224,512	\$2,309,955	\$2,841,850	\$2,913,967	\$2,997,305	\$3,480,302	\$3,589,140
Estimated actual value (1)	1,841,479	2,007,308	2,187,062	2,361,217	2,574,728	2,750,365	2,966,933	3,192,523	3,405,414	3,614,093
Personal property:										
Assessed value	\$105,471	\$133,486	\$131,294	\$110,929	\$119,618	\$139,844	\$134,989	\$131,225	\$135,230	\$129,985
Estimated actual value	116,957	132,942	133,993	119,040	133,993	138,930	138,430	138,038	140,683	126,950
Total:										
Assessed value	\$1,783,616	\$2,205,335	\$2,277,611	\$2,335,442	\$2,429,573	\$2,981,694	\$3,048,956	\$3,128,530	\$3,615,532	\$3,719,125
Estimated actual value	1,958,436	2,140,250	2,321,055	2,480,574	2,706,974	2,889,295	3,105,363	3,330,561	3,546,277	3,741,043
Ratio of total assessed to total estimated actual value	91.07%	103.04%	98.13%	94.15%	89.75%	103.20%	98.18%	93.93%	101.95%	99.41%

ASSESSED / ESTIMATED ACTUAL VALUE
 ALL PROPERTY



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

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

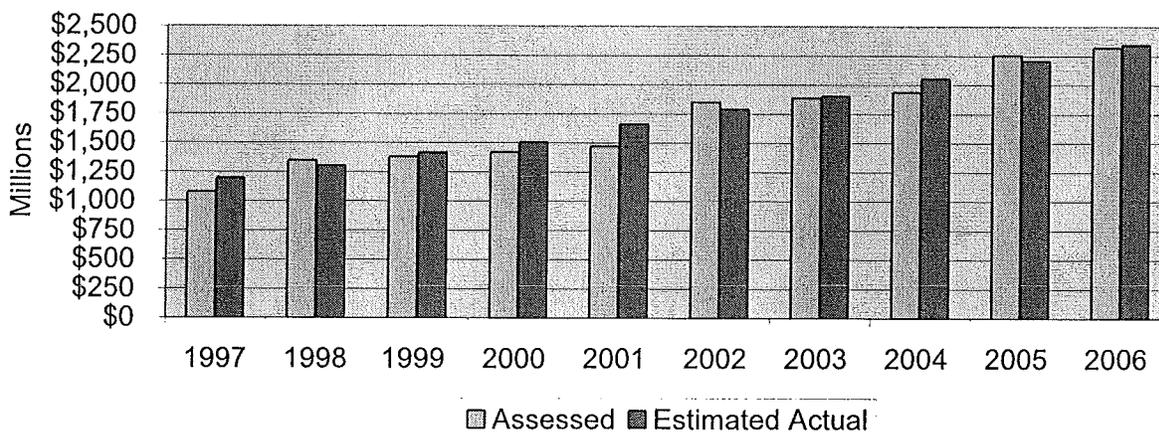
Source: City of Eau Claire Assessor's Office, Statement of Changes in Equalized Values by Class & Item, as compiled by the Wisconsin Department of Revenue

CITY OF EAU CLAIRE

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

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
RESIDENTIAL										
Real property:										
Assessed value	\$1,076,577	\$1,345,786	\$1,379,766	\$1,418,484	\$1,468,692	\$1,848,411	\$1,884,731	\$1,936,665	\$2,253,489	\$2,318,380
Estimated actual value	1,197,482	1,300,087	1,415,248	1,504,694	1,658,487	1,790,786	1,902,182	2,051,612	2,205,284	2,344,449
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	\$1,076,577	\$1,345,786	\$1,379,766	\$1,418,484	\$1,468,692	\$1,848,411	\$1,884,731	\$1,936,665	\$2,253,489	\$2,318,380
Estimated actual value	1,197,482	1,300,087	1,415,248	1,504,694	1,658,487	1,790,786	1,902,182	2,051,612	2,205,284	2,344,449
Total all classes:										
Assessed value	\$1,689,647	\$1,783,616	\$2,205,335	\$2,335,150	\$2,429,573	\$2,981,695	\$3,048,956	\$3,128,530	\$3,615,532	\$3,719,125
Estimated actual value	1,722,952	1,958,436	2,140,250	2,480,574	2,708,721	2,889,295	3,105,363	3,330,561	3,546,277	3,741,043
Residential property as a percentage of total:										
Assessed value	63.72%	75.45%	62.56%	60.74%	60.45%	61.99%	61.81%	61.90%	62.33%	62.34%
Estimated actual value	69.50%	66.38%	66.13%	60.66%	61.23%	61.98%	61.25%	61.60%	62.19%	62.67%
Number of parcels	17,955	18,186	18,217	18,447	18,814	19,004	19,087	19,313	19,678	19,838
Number of parcels with improvements	15,758	15,943	16,193	16,413	16,729	17,034	17,219	17,513	17,745	17,993

**ASSESSED / ESTIMATED ACTUAL VALUE
RESIDENTIAL PROPERTY**



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

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

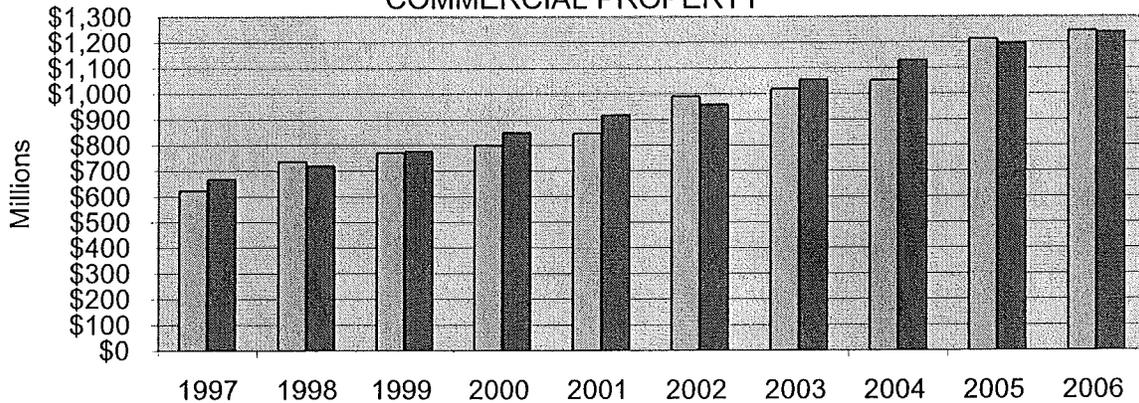
Source: City of Eau Claire Assessor's Office, Statement of Changes in Equalized Values by Class & Item, as compiled by the Wisconsin Department of Revenue

CITY OF EAU CLAIRE

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

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
COMMERCIAL										
Real property:										
Assessed value	\$533,437	\$626,208	\$665,623	\$707,721	\$746,582	\$872,022	\$903,427	\$939,329	\$1,095,829	\$1,132,143
Estimated actual value	569,608	610,037	668,550	752,655	810,573	841,406	936,814	1,011,523	1,071,374	1,128,558
Personal property:										
Assessed value	\$88,982	\$109,341	\$104,514	\$90,341	\$99,819	\$117,363	\$115,716	\$113,637	\$117,645	\$113,661
Estimated actual value	98,873	109,459	106,647	96,120	106,647	117,100	118,345	119,796	123,600	110,476
Total commercial:										
Assessed value	\$622,419	\$735,549	\$770,137	\$798,062	\$846,401	\$989,385	\$1,019,143	\$1,052,966	\$1,213,474	\$1,245,804
Estimated actual value	668,481	719,496	775,197	848,775	917,220	958,506	1,055,159	1,131,319	1,194,974	1,239,034
Total all classes:										
Assessed value	\$1,689,647	\$1,783,616	\$2,205,335	\$2,335,150	\$2,429,573	\$2,981,694	\$3,048,956	\$3,128,530	\$3,615,532	\$3,719,125
Estimated actual value	1,722,952	1,958,436	2,140,250	2,480,573	2,706,974	2,889,294	3,105,363	3,330,561	3,546,277	3,741,043
Commercial property as a percentage of total:										
Assessed value	36.84%	41.24%	34.92%	34.18%	34.84%	33.18%	33.43%	33.66%	33.56%	33.50%
Estimated actual value	38.80%	36.74%	36.22%	34.22%	33.88%	33.17%	33.98%	33.97%	33.70%	33.12%
Number of parcels										
Number of parcels with improvements	2,483	2,528	2,559	2,601	2,635	2,634	2,669	2,692	2,719	2,739

ASSESSED / ESTIMATED ACTUAL VALUE
 COMMERCIAL PROPERTY



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

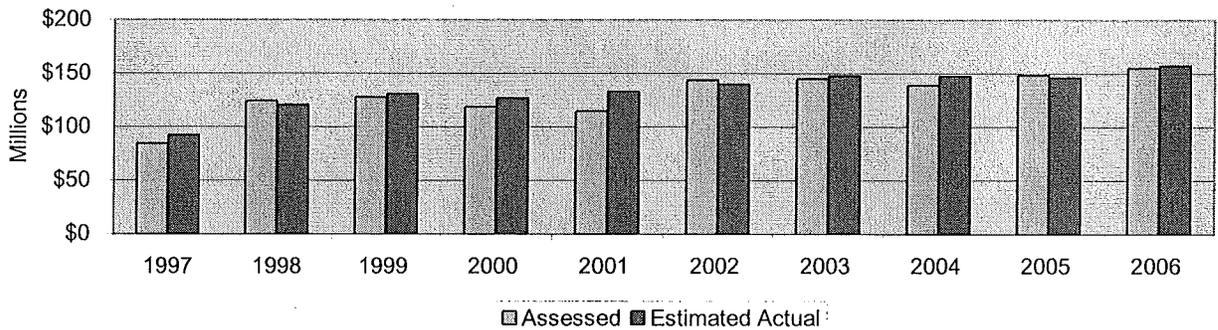
Source: City of Eau Claire Assessor's Office, Statement of Changes in Equalized Values by Class & Item, as compiled by the Wisconsin Department of Revenue.

CITY OF EAU CLAIRE

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

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
INDUSTRIAL										
Real property:										
Assessed value	\$68,131	\$99,854	\$100,928	\$98,016	\$94,681	\$121,417	\$125,809	\$121,311	\$130,984	\$138,617
Estimated actual value	74,090	97,185	103,264	103,868	105,668	118,173	127,937	129,389	128,756	141,086
Personal property:										
Assessed value	\$16,489	\$24,145	\$26,780	\$20,588	\$19,799	\$22,481	\$19,272	\$17,588	\$17,585	\$16,324
Estimated actual value	18,084	23,483	27,346	22,920	27,346	21,830	20,085	18,242	17,263	16,474
Total industrial:										
Assessed value	\$84,620	\$123,999	\$127,708	\$118,604	\$114,480	\$143,898	\$145,081	\$138,899	\$148,569	\$154,941
Estimated actual value	92,174	120,668	130,610	126,788	133,014	140,003	148,022	147,631	146,019	157,560
Total all classes:										
Assessed value	\$1,689,647	\$1,783,616	\$2,205,335	\$2,335,150	\$2,429,573	\$2,981,694	\$3,048,956	\$3,128,530	\$3,615,532	\$3,719,125
Estimated actual value	1,722,952	1,958,436	2,140,250	2,480,574	2,708,721	2,889,295	3,105,363	3,330,561	3,546,277	3,741,043
Industrial property as a percentage of total:										
Assessed value	5.01%	6.95%	5.79%	5.08%	4.71%	4.83%	4.76%	4.44%	4.11%	4.17%
Estimated actual value	5.35%	6.16%	6.10%	5.11%	4.91%	4.85%	4.77%	4.43%	4.12%	4.21%
Number of parcels	101	104	99	100	107	107	103	96	95	97
Number of parcels with improvements	84	87	84	84	92	92	92	89	88	89

**ASSESSED / ESTIMATED ACTUAL VALUE
INDUSTRIAL PROPERTY**



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

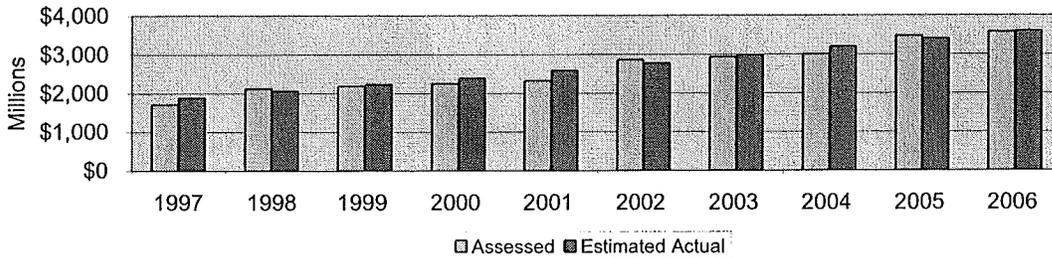
Source: City of Eau Claire Assessor's Office, Statement of Changes in Equalized Values by Class & Item, as compiled by the Wisconsin Department of Revenue.

CITY OF EAU CLAIRE

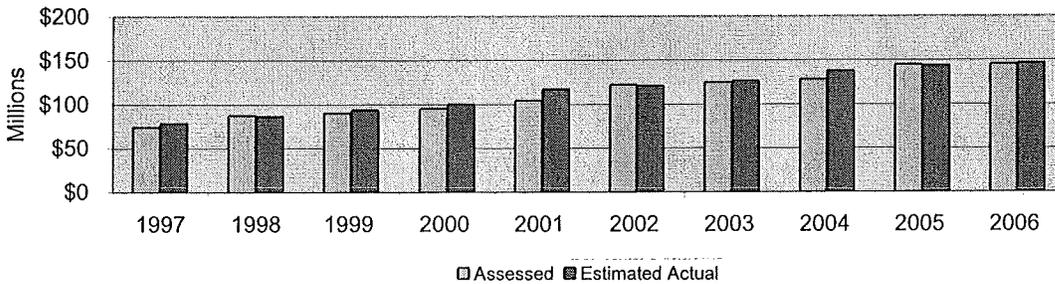
TABLE 9
**ASSESSED AND ESTIMATED ACTUAL VALUE
 OF TAXABLE PROPERTY BY COUNTY**
 Last Ten Fiscal Years
 (Dollars in Thousands)

PORTION OF CITY IN:	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
EAU CLAIRE COUNTY										
Assessed value	\$1,709,671	\$2,117,731	\$2,187,453	\$2,240,430	\$2,325,108	\$2,859,598	\$2,924,407	\$3,000,387	\$3,471,029	\$3,573,733
Estimated actual value	1,880,032	2,054,047	2,227,487	2,380,504	2,590,133	2,768,468	2,978,826	3,192,926	3,402,896	3,594,685
Ratio of assessment	90.94%	103.10%	98.20%	94.12%	89.77%	103.29%	98.17%	93.97%	102.00%	99.42%
CHIPPEWA COUNTY										
Assessed value	\$73,945	\$87,604	\$90,157	\$95,012	\$104,200	\$122,097	\$124,549	\$128,143	\$144,504	\$145,392
Estimated actual value	78,404	86,203	93,568	100,069	116,841	120,827	126,537	137,635	143,381	146,358
Ratio of assessment	94.31%	101.63%	96.35%	94.95%	89.18%	101.05%	98.43%	93.10%	100.78%	99.34%

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



**ASSESSED / ESTIMATED ACTUAL VALUE
 CHIPPEWA COUNTY**



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

CITY OF EAU CLAIRE

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

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
TID #2 equalized valuation:										
Base	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Increment	6,042	6,221	0	0	0	0	0	0	0	0
Total TID #2	\$6,042	\$6,221	\$0							
TID #3 equalized valuation:										
Base	\$204	\$204	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Increment	35,793	39,464	0	0	0	0	0	0	0	0
Total TID #3	\$35,997	\$39,668	\$0							
TID #4 equalized valuation:										
Base	\$256	\$256	\$256	\$256	\$256	\$256	\$256	\$0	\$0	\$0
Increment	25,707	51,902	59,058	60,240	62,127	69,529	74,346	0	0	0
Total TID #4	\$25,963	\$52,158	\$59,314	\$60,496	\$62,383	\$69,785	\$74,602	\$0	\$0	\$0
TID #5 equalized valuation:										
Base	\$0	\$130	\$130	\$130	\$130	\$130	\$130	\$130	\$1,000	\$1,000
Increment	0	0	1,190	1,425	2,821	15,589	21,755	21,395	22,058	20,703
Total TID #5	\$0	\$130	\$1,320	\$1,555	\$2,951	\$15,719	\$21,885	\$21,525	\$23,058	\$21,703
TID #6 equalized valuation:										
Base	\$0	\$986	\$986	\$986	\$986	\$986	\$986	\$986	\$986	\$986
Increment	0	0	2,221	2,308	2,871	5,301	6,932	8,503	9,072	9,254
Total TID #6	\$0	\$986	\$3,207	\$3,294	\$3,857	\$6,287	\$7,918	\$9,489	\$10,058	\$10,240
TID #7 equalized valuation:										
Base	\$0	\$115	\$115	\$115	\$115	\$115	\$115	\$115	\$115	\$329
Increment	0	0	0	875	3,174	3,333	3,508	3,634	3,713	3,894
Total TID #7	\$0	\$115	\$115	\$990	\$3,289	\$3,448	\$3,623	\$3,749	\$3,828	\$4,223
TID #8 equalized valuation:										
Base	\$0	\$0	\$0	\$0	\$0	\$10,441	\$10,441	\$10,441	\$10,441	\$10,441
Increment	0	0	0	0	0	0	0	236	3,683	12,661
Total TID #8	\$0	\$0	\$0	\$0	\$0	\$10,441	\$10,441	\$10,677	\$14,124	\$23,102
ALL PROPERTY										
All property - w/o TIDs	\$1,890,434	\$2,040,972	\$2,257,099	\$2,414,238	\$2,634,494	\$2,783,614	\$2,986,894	\$3,285,121	\$3,495,209	\$3,681,775
Base valuation - TIDs	460	1,691	1,487	1,487	1,487	11,928	11,928	11,672	12,542	12,756
All property - w/o TID increment	1,890,894	2,042,663	2,258,586	2,415,725	2,635,981	2,795,542	2,998,822	3,296,793	3,507,751	3,694,531
Increment valuation - TIDs	67,542	97,587	62,469	64,848	70,993	93,752	106,541	33,768	38,526	46,512
Equalized valuation - all property	\$1,958,436	\$2,140,250	\$2,321,055	\$2,480,573	\$2,706,974	\$2,889,294	\$3,105,363	\$3,330,561	\$3,546,277	\$3,741,043

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

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

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

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

CITY OF EAU CLAIRE

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

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
City Property Located in Eau Claire County (Eau Claire Area School District)										
City	\$5.876	\$5.576	\$5.994	\$6.286	\$6.658	\$6.070	\$6.424	\$6.422	\$5.895	\$6.006
Library	0.921	0.812	0.995	0.988	0.974	0.854	0.880	0.851	0.753	0.724
Health	0.626	0.531	0.540	0.536	0.536	0.448	0.469	0.469	0.422	0.418
Eau Claire School Dist.	12.673	11.085	11.588	12.760	13.376	11.111	11.311	10.694	11.391	9.954
Vocational District	1.938	1.685	1.754	1.858	1.950	1.762	1.838	1.817	1.593	1.620
Eau Claire County	4.914	4.400	3.517	2.977	3.268	3.095	3.154	3.298	3.078	3.095
State Forestry	0.220	0.194	0.204	0.212	0.223	0.194	0.204	0.213	0.196	0.189
Gross Tax Rate	27.168	24.283	24.592	25.617	26.985	23.534	24.280	23.764	23.328	22.006
Less State Credit	2.474	1.921	1.833	1.805	1.853	1.600	1.616	1.577	1.323	1.325
Net Tax Rate	\$ 24.694	\$ 22.362	\$ 22.759	\$ 23.812	\$ 25.132	\$ 21.934	\$ 22.664	\$ 22.187	\$ 22.005	\$ 20.681

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

City	\$0	\$0	\$5.576	\$5.994	\$6.286	\$6.070	\$6.424	\$6.422	\$5.895	\$6.006
Library	0	0	0.812	0.995	0.988	0.854	0.880	0.851	0.753	0.724
Health	0	0	0.531	0.540	0.536	0.448	0.469	0.469	0.422	0.418
Eau Claire School Dist.	0	0	10.203	11.782	11.598	10.184	11.190	11.650	9.791	9.718
Vocational District	0	0	1.685	1.754	1.858	1.762	1.838	1.817	1.593	1.620
Eau Claire County	0	0	4.400	3.517	2.977	3.095	3.154	3.298	3.078	3.095
State Forestry	0	0	0.194	0.204	0.212	0.194	0.204	0.213	0.196	0.189
Gross Tax Rate	0	0	23.401	24.786	24.455	22.607	24.159	24.720	21.728	21.770
Less State Credit	0.000	0.000	1.921	1.833	1.805	1.600	1.616	1.577	1.323	1.325
Net Tax Rate	\$ -	\$ -	\$ 21.480	\$ 22.953	\$ 22.650	\$ 21.007	\$ 22.543	\$ 23.143	\$ 20.405	\$ 20.445

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

Source: City of Eau Claire Annual Program of Services

(Continued)

CITY OF EAU CLAIRE

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

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
City Property Located in Chippewa County (Eau Claire Area School District)										
City	\$5.876	\$5.576	\$5.994	\$6.286	\$6.658	\$6.070	\$6.424	\$6.422	\$5.895	\$6.006
Library	0.921	0.812	0.995	0.988	0.974	0.854	0.880	0.851	0.753	0.724
Health	0.626	0.531	0.540	0.536	0.536	0.448	0.469	0.469	0.422	0.418
Eau Claire School Dist.	12.219	11.246	11.811	12.648	13.466	11.258	11.282	10.793	11.528	9.961
Vocational District	1.868	1.709	1.787	1.841	1.963	1.801	1.833	1.834	1.612	1.621
Chippewa County	4.098	3.808	3.816	3.773	4.197	3.673	3.652	3.840	3.438	3.408
State Forestry	0.212	0.197	0.208	0.211	0.224	0.198	0.203	0.215	0.198	0.189
Gross Tax Rate	25.820	23.879	25.151	26.283	28.018	24.302	24.743	24.424	23.846	22.327
Less State Credit	2.599	2.075	1.957	1.825	1.759	1.606	1.631	1.578	1.318	1.313
Net Tax Rate	\$ 23.221	\$ 21.804	\$ 23.194	\$ 24.458	\$ 26.259	\$ 22.696	\$ 23.112	\$ 22.846	\$ 22.528	\$ 21.014
City Property Located in Chippewa County (Chippewa Falls Area School District)										
City	\$5.342	\$5.876	\$5.576	\$5.994	\$6.286	\$6.070	\$6.424	\$6.422	\$5.895	\$6.006
Library	0.943	0.921	0.812	0.995	0.988	0.854	0.880	0.851	0.753	0.724
Health	0.634	0.626	0.531	0.540	0.536	0.448	0.469	0.469	0.422	0.418
Chippewa Falls School Dist.	14.605	10.188	10.132	9.994	10.430	9.849	9.445	9.693	8.463	8.240
Vocational District	1.892	1.868	1.709	1.787	1.841	1.801	1.833	1.834	1.612	1.621
Chippewa County	3.956	4.098	3.808	3.816	3.773	3.673	3.652	3.840	3.438	3.408
State Forestry	0.206	0.212	0.197	0.208	0.211	0.198	0.203	0.215	0.198	0.189
Gross Tax Rate	27.578	23.789	22.765	23.334	24.065	22.893	22.906	23.324	20.781	20.606
Less State Credit	1.887	2.599	2.075	1.957	1.825	1.606	1.631	1.578	1.318	1.313
Net Tax Rate	\$ 25.691	\$ 21.190	\$ 20.690	\$ 21.377	\$ 22.240	\$ 21.287	\$ 21.275	\$ 21.746	\$ 19.463	\$ 19.293

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	2006 Equalized Value	2006 Rank	2006 Percentage of Total Equalized Value	1997 Equalized Value	1997 Rank	1997 Percentage of Total Equalized Value
Oakwood Hills Mall	\$ 69,812	1	1.77%	\$ 33,868	1	1.58%
Keystone Corporation	35,655	2	0.90%	16,038	4	0.75%
Carnation Corporation - Nestle Food	30,864	3	0.78%	14,856	5	0.69%
Hutchinson Technology, Inc.	24,812	4	0.63%	30,793	2	
Luther Hospital	23,131	5	0.59%	-		
Royal Credit Union	21,889	6	0.55%	-		
Midelfort Clinic	19,558	7	0.49%	28,655	3	1.34%
Marshfield Clinic	18,434	8	0.47%	-		
Menard Inc.	18,370	9	0.46%	10,977	8	0.51%
Phillips Properties (1)	16,522	10	0.42%	10,822	9	0.51%
Sam's Club - Walmart	-			12,352	6	0.58%
Dayton Hudson Corporation	-			12,016	7	0.56%
Pope and Talbot	-			10,356	10	0.48%
Principal Taxpayers total	<u>\$ 279,047</u>			<u>\$ 180,733</u>		
TOTAL CITY EQUALIZED VALUE	<u>\$ 3,951,641</u>			<u>\$ 2,140,250</u>		

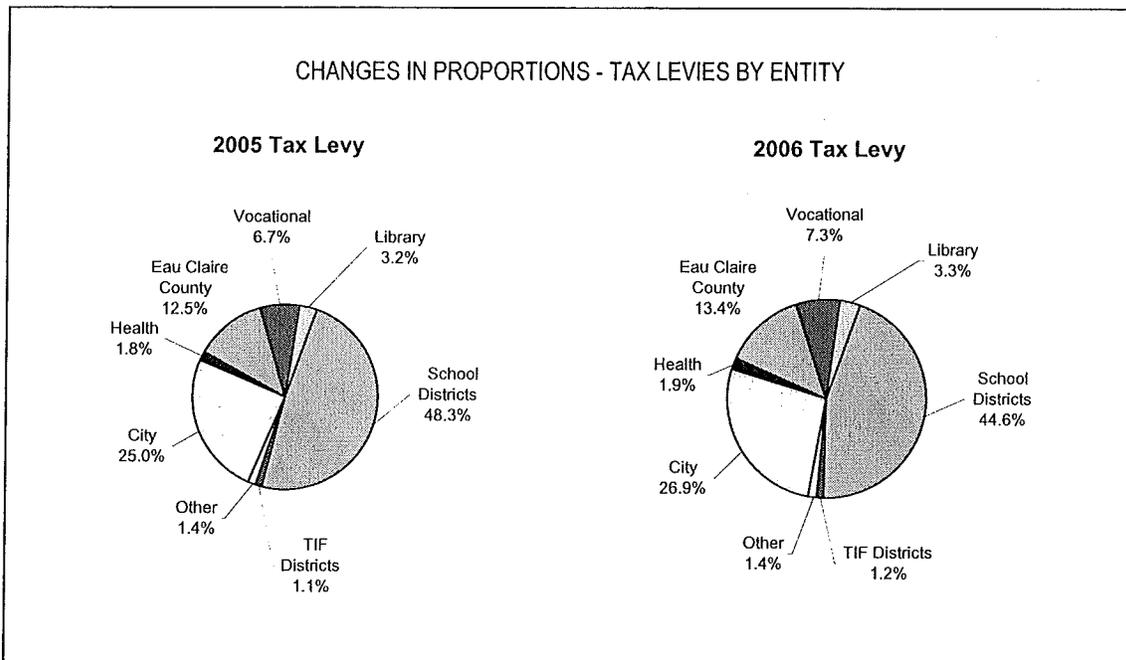
(1) NOTE: Equalization is based on both Eau Claire and Chippewa Counties as of January 1 of the fiscal year listed.

Sources: City of Eau Claire Assessor's Office, Clerk's Statement of Assessments, Statistical Report:
Eau Claire and Chippewa Counties

CITY OF EAU CLAIRE

**TABLE 13
GROSS TAX LEVY BY TAXING ENTITY
Last Ten Fiscal Years
(Dollars in Thousands)**

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
City	\$ 10,118	\$ 11,737	\$ 13,284	\$ 14,296	\$ 15,750	\$ 17,512	\$ 18,915	\$ 19,887	\$ 21,081	\$ 22,058
TIF Districts	1,656	2,423	1,492	1,548	1,703	2,259	2,518	749	905	1,008
Library	1,585	1,710	2,206	2,247	2,305	2,464	2,592	2,637	2,694	2,658
Health	1,078	1,117	1,196	1,219	1,268	1,291	1,379	1,453	1,508	1,537
Eau Claire School District	21,749	23,293	25,595	28,857	31,391	31,828	33,130	32,959	40,550	36,385
Chippewa Falls School District										
District	35	34	30	31	111	115	34	34	32	31
Altoona School District (1)	0	12	74	105	117	113	129	145	139	137
Vocational District	3,332	3,548	3,890	4,223	4,615	5,088	5,410	5,629	5,699	5,951
Eau Claire County	8,099	8,875	7,486	6,495	7,401	8,569	8,917	9,818	10,595	10,947
Chippewa County	303	334	336	350	427	429	430	462	462	464
State Forestry- Eau Claire County	376	411	445	476	518	554	596	638	681	674
State Forestry- Chippewa County	16	17	19	20	23	24	25	28	29	27
Total tax levy	\$48,347	\$53,511	\$56,053	\$59,867	\$65,629	\$70,246	\$74,075	\$74,439	\$84,375	\$81,877
City percent of total levy	20.93%	21.93%	23.70%	23.88%	24.00%	24.93%	25.53%	26.72%	24.98%	26.94%



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

Sources: City of Eau Claire Annual Program of Services, Annual Tax Levy Certification Forms from the Board of Education, Vocational School and Counties.

CITY OF EAU CLAIRE

TABLE 14
REAL AND PERSONAL PROPERTY TAX
LEVIES AND COLLECTIONS
Last Ten Fiscal Years
(Dollars in Thousands)

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Total tax levy	\$10,119	\$11,737	\$13,284	\$14,296	\$15,750	\$17,512	\$18,915	\$19,888	\$21,081	\$22,058
Current tax collections (1)	10,104	11,720	13,180	14,206	15,579	17,329	19,186	19,565	20,781	21,777
Collection of delinquent personal property taxes from prior years	17	171	102	102	141	153	228	331	286	162
Total tax collections (2)	<u>\$10,121</u>	<u>\$11,891</u>	<u>\$13,282</u>	<u>\$14,308</u>	<u>\$15,720</u>	<u>\$17,482</u>	<u>\$19,414</u>	<u>\$19,896</u>	<u>\$21,067</u>	<u>\$21,939</u>
Percent of current collections to tax levy	99.9%	99.9%	99.2%	99.4%	98.9%	99.0%	101.4%	98.4%	98.6%	98.7%
Percent of total tax collections to tax levy	100.0%	101.3%	100.0%	100.1%	99.8%	99.8%	102.6%	100.0%	99.9%	99.5%
Total delinquent taxes outstanding	\$50	\$38	\$43	\$57	\$61	\$95	\$114	\$83	\$101	\$113

(1) 1998 includes transfer of excess TIF taxes.

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

Source: City of Eau Claire Comprehensive Annual Financial Reports

CITY OF EAU CLAIRE

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

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Total assessments levied each fiscal period: (1)										
General fund	\$1,472	\$691	\$563	\$457	\$365	\$130	\$137	\$157	\$75	\$89
Business Improvement Districts	68	68	74	74	74	74	75	91	92	141
Debt Service	0	756	1,017	1,160	1,289	1,525	1,566	1,663	1,657	1,516
Water Utility	233	214	87	86	101	142	193	191	105	90
Sewer Utility	210	219	95	104	120	183	242	238	122	104
Delinquent utility bills	437	469	442	420	450	587	526	581	521	561
 Total assessments levied	 \$2,420	 \$2,417	 \$2,278	 \$2,301	 \$2,399	 \$2,641	 \$2,739	 \$2,921	 \$2,572	 \$2,501
 Current collections	 \$2,420	 \$2,417	 \$2,278	 \$2,301	 \$2,399	 \$2,641	 \$2,739	 \$2,921	 \$2,572	 \$2,501
Delinquent collections	1	2	0	0	0	0	0	0	0	0
 Total collections	 \$2,421	 \$2,419	 \$2,278	 \$2,301	 \$2,399	 \$2,641	 \$2,739	 \$2,921	 \$2,572	 \$2,501
 Delinquent S/A outstanding	 \$58	 \$56	 \$56	 \$0						

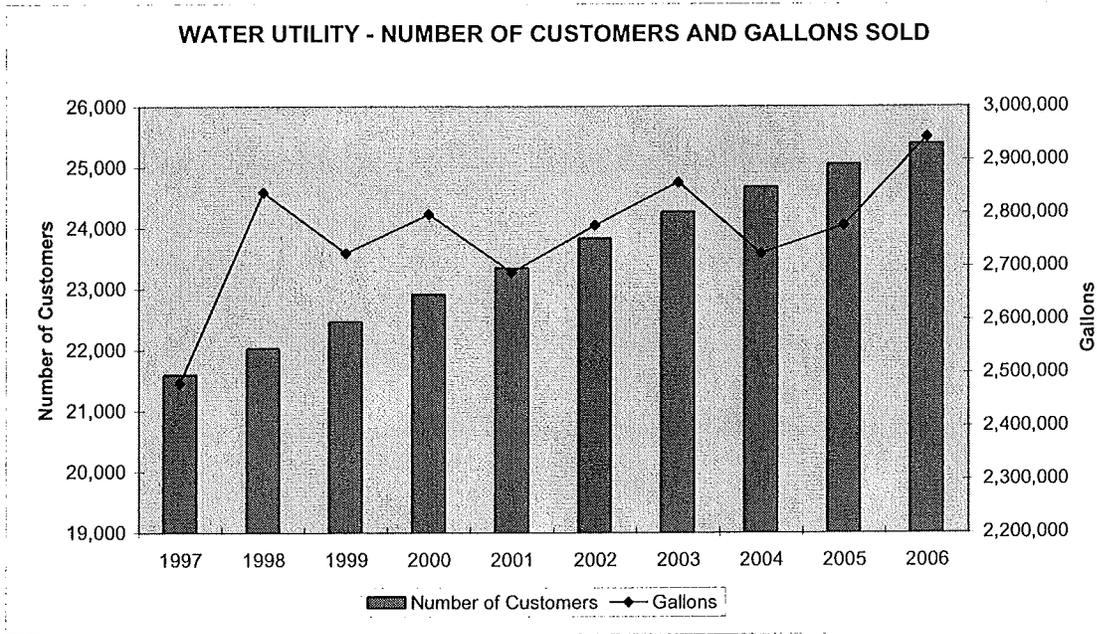
(1) NOTE: Includes current interest due on installment special assessments.

Sources: City of Eau Claire Comprehensive Annual Financial Report; Statement of Taxes

CITY OF EAU CLAIRE

TABLE 16
WATER UTILITY CUSTOMER SUMMARY
LAST TEN FISCAL YEARS

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Number of customers										
Residential	19,089	19,464	19,851	20,254	20,650	21,115	21,535	21,921	22,264	22,560
Commercial	2,259	2,303	2,342	2,373	2,407	2,424	2,436	2,453	2,484	2,519
Industrial	87	96	102	105	108	110	110	110	110	111
Public	162	166	173	181	184	187	189	191	194	199
Total	21,597	22,029	22,468	22,913	23,349	23,836	24,270	24,675	25,052	25,389
Gallons (thousands)										
Residential	1,090,933	1,269,242	1,148,110	1,198,843	1,204,880	1,149,851	1,342,086	1,213,839	1,257,567	1,371,987
Commercial	645,015	702,248	709,245	681,275	704,283	710,863	703,999	688,356	706,237	694,466
Industrial	544,750	632,586	655,984	700,216	572,885	693,336	581,087	594,416	555,940	616,834
Public	199,913	234,432	210,948	216,808	206,609	222,951	230,292	227,438	256,643	259,278
Total	2,480,611	2,838,508	2,724,287	2,797,142	2,688,657	2,777,001	2,857,464	2,724,049	2,776,387	2,942,565



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>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
General Metered Service										
Quarterly Service Charge										
5/8 inch meter	\$ 12.30	\$ 12.30	\$ 12.30	\$ 12.30	\$ 13.95	\$ 13.95	\$ 14.37	\$ 14.37	\$ 14.37	\$ 15.60
3/4 inch meter	12.30	12.30	12.30	12.30	13.95	13.95	14.37	14.37	14.37	15.60
1 inch meter	18.00	18.00	18.00	18.00	21.00	21.00	21.63	21.63	21.63	22.80
1 1/4 inch meter	24.00	24.00	24.00	24.00	27.00	27.00	27.81	27.81	27.81	30.00
1 1/2 inch meter	30.00	30.00	30.00	30.00	33.00	33.00	33.99	33.99	33.99	36.60
2 inch meter	52.00	52.00	52.00	52.00	54.00	54.00	55.62	55.62	55.62	55.80
3 inch meter	90.00	90.00	90.00	90.00	96.00	96.00	98.88	98.88	98.88	99.00
4 inch meter	105.00	105.00	105.00	105.00	120.00	120.00	123.60	123.60	123.60	129.00
6 inch meter	189.00	189.00	189.00	189.00	207.00	207.00	213.21	213.21	213.21	225.00
8 inch meter	300.00	300.00	300.00	300.00	309.00	309.00	318.27	318.27	318.27	339.00
10 inch meter	450.00	450.00	450.00	450.00	450.00	450.00	463.50	463.50	463.50	489.00
12 inch meter	576.00	576.00	576.00	576.00	582.00	582.00	599.46	599.46	599.46	639.00
Volume rate (per 100 cubic feet)										
First 7,500 cubic feet	\$ 0.97	\$ 0.97	\$ 0.97	\$ 0.97	\$ 1.17	\$ 1.17	\$ 1.21	\$ 1.21	\$ 1.21	\$ 1.31
Next 742,500 cubic feet	0.86	0.86	0.86	0.86	1.01	1.01	1.04	1.04	1.04	1.13
Over 750,000 cubic feet	0.53	0.53	0.53	0.53	0.67	0.67	0.69	0.69	0.69	0.79
Public Fire Protection										
Quarterly Service Charge										
5/8 inch meter	\$ 8.20	\$ 8.20	\$ 8.20	\$ 8.20	\$ 9.18	\$ 9.18	\$ 9.46	\$ 9.46	\$ 9.46	\$ 9.46
3/4 inch meter	8.20	8.20	8.20	8.20	9.18	9.18	9.46	9.46	9.46	9.46
1 inch meter	20.50	20.50	20.50	20.50	22.80	22.80	23.48	23.48	23.48	23.48
1 1/4 inch meter	30.75	30.75	30.75	30.75	33.90	33.90	34.92	34.92	34.92	34.92
1 1/2 inch meter	41.00	41.00	41.00	41.00	45.90	45.90	47.28	47.28	47.28	47.28
2 inch meter	66.00	66.00	66.00	66.00	73.50	73.50	75.71	75.71	75.71	75.71
3 inch meter	123.00	123.00	123.00	123.00	138.00	138.00	142.14	142.14	142.14	142.14
4 inch meter	205.00	205.00	205.00	205.00	228.00	228.00	234.84	234.84	234.84	234.84
6 inch meter	408.00	408.00	408.00	408.00	459.00	459.00	472.77	472.77	472.77	472.77
8 inch meter	653.00	653.00	653.00	653.00	732.00	732.00	753.96	753.96	753.96	753.96
10 inch meter	980.00	980.00	980.00	980.00	1,101.00	1,101.00	1,134.03	1,134.03	1,134.03	1,134.03
12 inch meter	1,306.00	1,306.00	1,306.00	1,306.00	1,467.00	1,467.00	1,511.01	1,511.01	1,511.01	1,511.01

Source: Customer Services - City of Eau Claire

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

CITY OF EAU CLAIRE
TABLE 18
WATER UTILITY - TEN LARGEST CUSTOMERS
CURRENT YEAR AND NINE YEARS AGO

<u>Customer</u>	2006		
	<u>Gallons Billed</u>	<u>Amount Billed</u>	<u>% of Total</u>
Hutchinson Technology	182,351,928	\$ 211,062	6.2%
Nestles Food Company	149,753,340	187,000	5.1%
Cascade Tissue	132,267,344	160,802	4.5%
University of Wisconsin-Eau Claire	80,887,224	182,408	2.7%
American Phoenix	51,664,360	58,724	1.8%
3M	40,799,660	50,107	1.4%
Sacred Heart Hospital	40,551,324	53,089	1.4%
Luther Midelfort-Mayo Health	38,635,696	55,885	1.3%
Eau Claire School District	33,310,684	57,952	1.1%
Huebsch Laundry Company	13,051,104	18,979	0.4%
Subtotal (ten largest)	763,272,664	1,036,008	25.9%
All other customers	2,179,292,336	6,015,803	74.1%
Grand Totals	2,942,565,000	\$ 7,051,811	100.0%

<u>Customer</u>	1997		
	<u>Gallons Billed</u>	<u>Amount Billed</u>	<u>% of Total</u>
Pope & Talbot (Cascade Tissue)	191,832,080	\$ 196,314	7.8%
Nestle Food USA	162,610,712	137,865	6.6%
University of Wisconsin-Eau Claire	84,014,612	105,903	3.4%
American Phoenix	58,040,312	50,624	2.4%
Luther Midelfort-Mayo Health	37,756,048	45,687	1.5%
Sacred Heart Hospital	31,894,720	37,680	1.3%
Eau Claire School District	30,180,304	42,665	1.2%
Hutchinson Technology	21,840,104	26,347	0.9%
Oakwood Mall	16,590,640	22,511	0.7%
W.L. Gore	15,492,576	18,092	0.6%
Subtotal (ten largest)	650,252,108	683,688	26.5%
All other customers	1,799,257,892	3,376,459	73.5%
Grand Totals	2,449,510,000	\$ 4,060,147	100.0%

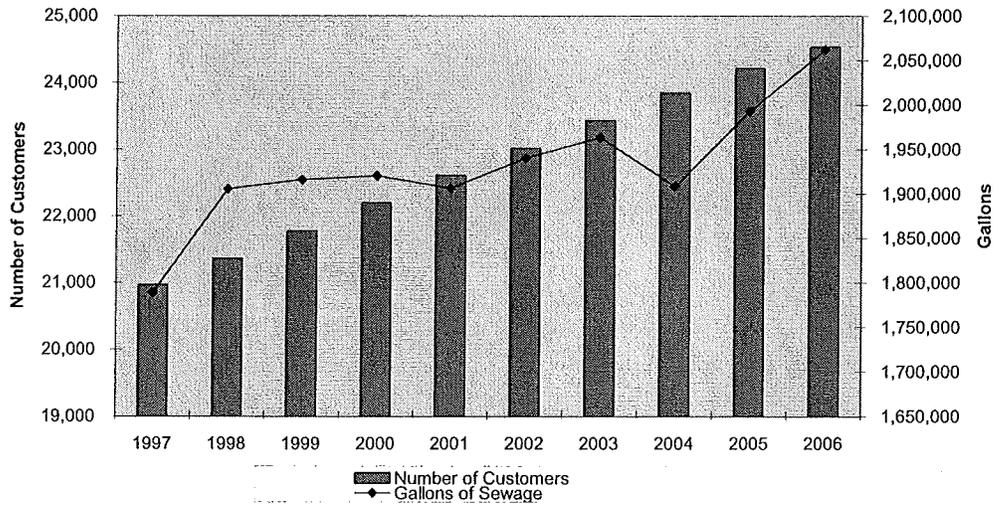
Source: Customer Services - City of Eau Claire

CITY OF EAU CLAIRE

TABLE 19
SEWER UTILITY CUSTOMER SUMMARY
LAST TEN FISCAL YEARS

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Number of customers										
Residential	18,596	18,951	19,316	19,697	20,078	20,479	20,891	21,279	21,616	21,911
Commercial	2,152	2,185	2,222	2,255	2,280	2,282	2,289	2,315	2,341	2,365
Industrial	79	85	89	91	93	93	92	92	93	94
Public	139	141	147	153	156	158	159	161	164	166
Total	20,966	21,362	21,774	22,196	22,607	23,012	23,431	23,847	24,214	24,536
Gallons (thousands)										
Residential	896,473	921,117	910,597	935,340	957,711	954,338	985,693	983,564	982,929	989,805
Commercial	600,133	635,590	634,185	617,395	628,365	620,180	642,469	590,527	613,281	609,161
Industrial	164,396	209,958	237,705	240,671	204,831	244,237	209,427	221,503	275,062	348,936
Public	127,536	138,403	133,152	126,492	115,112	121,267	125,447	112,455	121,395	113,783
Total	1,788,538	1,905,068	1,915,639	1,919,898	1,906,019	1,940,022	1,963,036	1,908,049	1,992,667	2,061,685

**SEWER UTILITY - NUMBER OF CUSTOMERS AND
GALLONS OF SEWAGE**



Sources: Customer Services - City of Eau Claire

CITY OF EAU CLAIRE

TABLE 20
SEWER UTILITY CUSTOMER RATES
LAST TEN FISCAL YEARS

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
General Metered Service										
Quarterly Minimum Charge	\$ 15.84	\$ 16.32	\$ 16.32	\$ 16.32	\$ 16.32	\$ 16.32	\$ 16.32	\$ 16.32	\$ 16.32	\$ 16.32
Volume rate (per 100 cubic feet)	\$ 1.98	\$ 2.04	\$ 2.04	\$ 2.04	\$ 2.04	\$ 2.04	\$ 2.04	\$ 2.04	\$ 2.04	\$ 2.04

Sources: Customer Services - City of Eau Claire

CITY OF EAU CLAIRE
TABLE 21
SEWER UTILITY - TEN LARGEST CUSTOMERS
CURRENT YEAR AND NINE YEARS AGO

<u>Customer</u>	2006		
	<u>Gallons Billed</u>	<u>Amount Billed</u>	<u>% of Total</u>
Hutchinson Technology	169,098,428	\$ 461,178	8.2%
Nestles Food Company	107,336,504	292,736	5.2%
University of Wisconsin-Eau Claire	64,215,800	175,134	3.1%
3M	37,706,680	102,836	1.8%
Luther Midelfort-Mayo Health	33,790,944	92,157	1.6%
Sacred Heart Hospital	32,985,238	89,960	1.6%
Eau Claire School District	15,078,932	41,124	0.7%
Huebsch Laundry Co.	13,051,104	35,594	0.6%
Oakwood Village	11,605,968	31,653	0.6%
Chippewa Valley Technical College	7,103,008	19,372	0.3%
Subtotal (ten largest)	491,972,606	1,341,744	23.9%
All other customers	1,569,712,394	4,281,033	76.1%
Grant Totals	2,061,685,000	\$ 5,622,777	100.0%

<u>Customer</u>	1997		
	<u>Gallons Billed</u>	<u>Amount Billed</u>	<u>% of Total</u>
Nestles Food Company	96,553,200	\$ 255,582	5.3%
University of Wisconsin-Eau Claire	77,078,000	204,030	4.2%
Luther Midelfort-Mayo Health	35,472,578	93,898	2.0%
Sacred Heart Hospital	25,943,511	68,674	1.4%
Eau Claire School District	23,472,467	62,133	1.3%
Hutchinson Technology	21,121,556	55,910	1.2%
Oakwood Mall	16,392,533	43,392	0.9%
Huebsch Laundry Co.	15,060,867	39,867	0.8%
Oakwood Village	12,306,111	32,575	0.7%
W.L. Gore	11,258,533	29,802	0.6%
Subtotal (ten largest)	334,659,356	885,863	18.4%
All other customers	1,483,483,644	3,966,919	81.6%
Grant Totals	1,818,143,000	\$ 4,852,782	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			
1997	\$ 29,970	\$ -	\$ 213	\$ -	\$ -	\$ 16,110	\$ 46,293	3.60%	\$ 774
1998	34,145	-	189	-	-	14,985	49,319	3.50%	816
1999	38,600	-	166	-	-	14,250	53,016	3.58%	867
2000	42,535	-	142	-	-	13,480	56,157	3.56%	910
2001	39,365	-	118	8,865	-	14,345	62,693	3.88%	1,005
2002	37,600	2,000	95	9,750	-	12,655	62,100	3.71%	982
2003	45,670	-	71	10,990	320	12,740	69,791	4.05%	1,092
2004	47,465	-	227	12,140	320	11,685	71,837	4.01%	1,124
2005	48,955	-	146	13,415	297	10,595	73,408	4.06%	1,136
2006	49,565	-	111	13,635	266	9,460	73,037	3.87%	1,123

Source: City of Eau Claire Comprehensive Annual Financial Reports

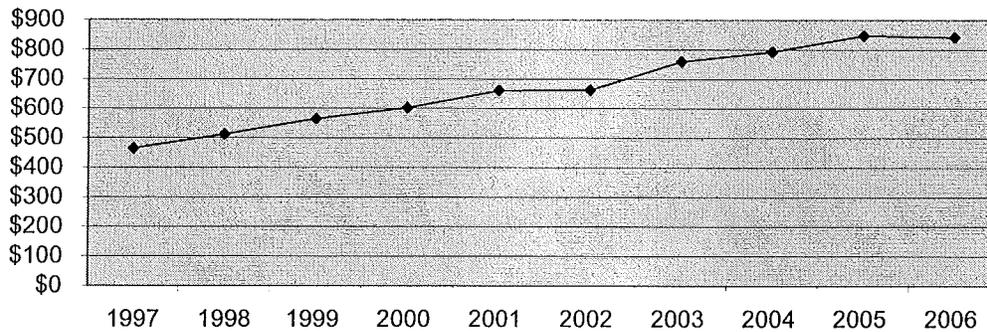
Note: Personal income data and population data can be found on Table 29.

CITY OF EAU CLAIRE

TABLE 23
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
Last Ten Fiscal Years
(Dollars in Thousands)

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Population	59,832	60,449	61,150	61,704	62,368	63,214	63,882	63,897	64,632	65,056
Equalized valuation	\$2,140,250	\$2,321,055	\$2,480,574	\$2,706,974	\$2,889,295	\$3,105,363	\$3,330,561	\$3,546,277	\$3,741,043	\$3,951,641
General obligation bonds	29,970	34,145	38,600	42,535	48,230	47,350	56,660	59,605	62,370	63,200
Promissory Notes	-	-	-	-	-	2,000	-	-	-	-
State trust fund loans	213	189	166	142	118	95	391	547	443	377
Total long-term debt (1)	\$ 30,183	\$ 34,334	\$ 38,766	\$ 42,677	\$ 48,348	\$ 49,445	\$ 57,051	\$ 60,152	\$ 62,813	\$ 63,577
Resources on hand for payment of debt	\$ 2,379	\$ 3,362	\$ 4,232	\$ 5,571	\$ 7,208	\$ 7,590	\$ 8,560	\$ 9,566	\$ 8,039	\$ 8,856
Net long-term debt	\$ 27,804	\$ 30,972	\$ 34,534	\$ 37,106	\$ 41,140	\$ 41,855	\$ 48,491	\$ 50,586	\$ 54,774	\$ 54,721
Percent of net long-term debt to equalized value	1.30%	1.33%	1.39%	1.37%	1.42%	1.35%	1.46%	1.43%	1.46%	1.38%
Net long-term debt per capita (not in thousands)	\$465	\$512	\$565	\$601	\$660	\$662	\$759	\$792	\$847	\$841

LONG-TERM DEBT PER CAPITA



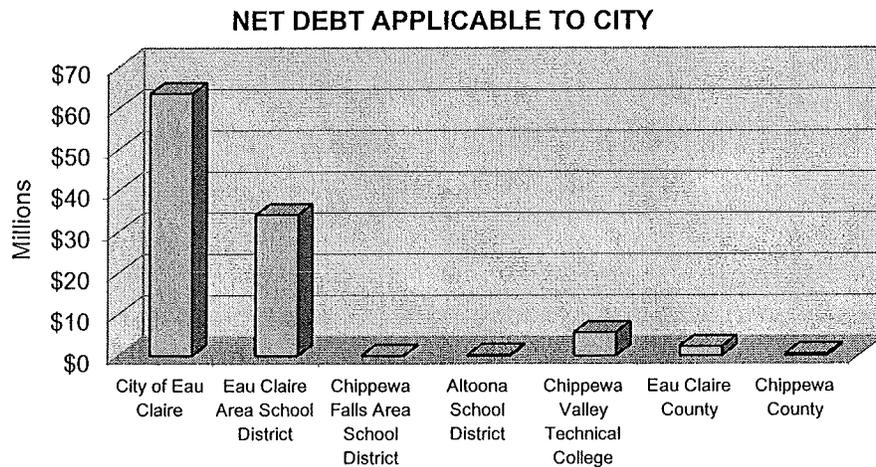
(1) NOTE: Includes General Long-Term Debt and Enterprise General Obligation Debt. Other enterprise debt and accrued employee absences are not included.

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

CITY OF EAU CLAIRE

TABLE 24
SCHEDULE OF DIRECT AND INDIRECT
GENERAL OBLIGATION DEBT
December 31, 2006

Governmental Unit	<u>Total Debt</u>	Estimated Percentage Applicable To City (1)	Net Debt Applicable To City
Direct debt:			
City of Eau Claire	\$ 63,577,054	100.00%	\$ 63,577,054
Indirect debt:			
Eau Claire Area School District	45,675,934	74.77%	34,153,765
Chippewa Falls Area School District	3,475,000	0.18%	6,402
Altoona School District	7,532,343	2.93%	220,880
Chippewa Valley Technical College	27,975,000	20.04%	5,606,442
Eau Claire County	3,651,922	61.39%	2,241,878
Chippewa County	<u>12,621,597</u>	3.54%	<u>446,592</u>
Total indirect debt	<u>100,931,796</u>		<u>42,675,959</u>
Total direct and indirect debt	<u>\$ 164,508,850</u>		<u>\$ 106,253,013</u>
Indirect debt per capita			\$ 656
Indirect debt as a % of equalized value			1.08%
Total direct and indirect debt per capita			\$ 1,633
Total direct and indirect debt as a % of equalized value			2.69%



(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.

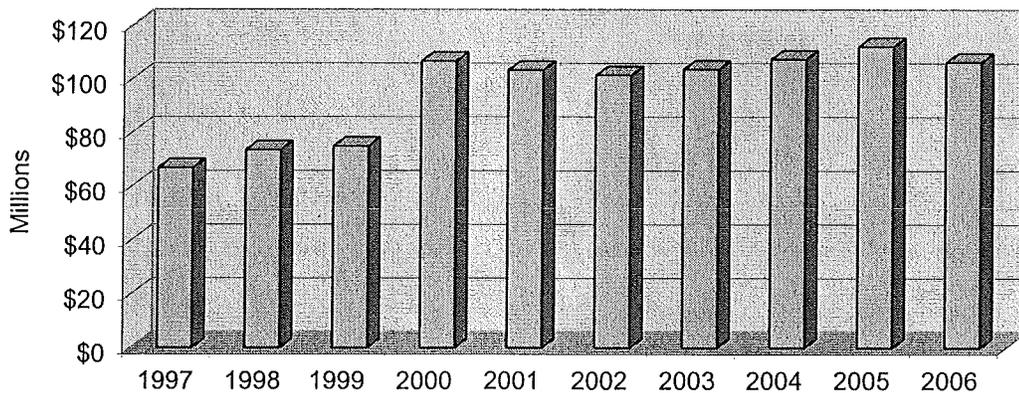
Sources: City of Eau Claire Comprehensive Annual Financial Report
Financial Officers of the overlapping School Districts and Counties

CITY OF EAU CLAIRE

TABLE 25
SCHEDULE OF DIRECT AND INDIRECT
GENERAL OBLIGATION DEBT
Last Ten Fiscal Years
(Dollars in Thousands)

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Total debt applicable to City	\$66,865	\$73,564	\$74,929	\$106,623	\$103,233	\$101,371	\$103,629	\$107,321	\$112,127	\$106,253
Direct debt:										
General City	\$30,183	\$34,334	\$38,766	\$42,677	\$48,348	\$49,445	\$57,051	\$60,152	\$62,813	\$63,577
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	\$27,988	\$26,808	\$24,992	\$52,325	\$44,755	\$41,859	\$35,544	\$36,605	\$39,569	\$34,154
Percent	75.46%	76.28%	75.81%	75.98%	74.79%	74.93%	75.74%	75.01%	74.69%	74.77%
Chippewa Falls Area School District	\$64	\$53	\$48	\$165	\$132	\$31	\$23	\$15	\$10	\$6
Percent	0.32%	0.26%	0.25%	0.82%	0.76%	0.22%	0.22%	0.20%	0.19%	0.18%
Altoona School District	\$16	\$137	\$316	\$309	\$300	\$269	\$271	\$256	\$248	\$221
Percent	0.48%	2.44%	3.27%	3.34%	3.24%	3.02%	3.19%	3.10%	3.02%	2.93%
C.V. Technical College	\$2,360	\$4,324	\$3,732	\$3,977	\$3,959	\$4,438	\$5,834	\$5,939	\$5,901	\$5,606
Percent	22.36%	22.54%	22.04%	21.78%	20.85%	20.95%	21.07%	20.57%	20.48%	20.04%
Eau Claire County	\$6,254	\$7,907	\$6,637	\$6,550	\$5,177	\$4,752	\$4,355	\$3,848	\$3,083	\$2,242
Percent	61.86%	62.80%	62.05%	62.06%	60.78%	61.13%	61.64%	61.42%	61.27%	61.39%
Chippewa County	\$0	\$0	\$438	\$619	\$563	\$577	\$551	\$506	\$503	\$447
Percent	0.00%	0.00%	4.38%	4.49%	4.08%	4.03%	4.04%	3.90%	3.74%	3.54%

TOTAL DEBT APPLICABLE TO CITY



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

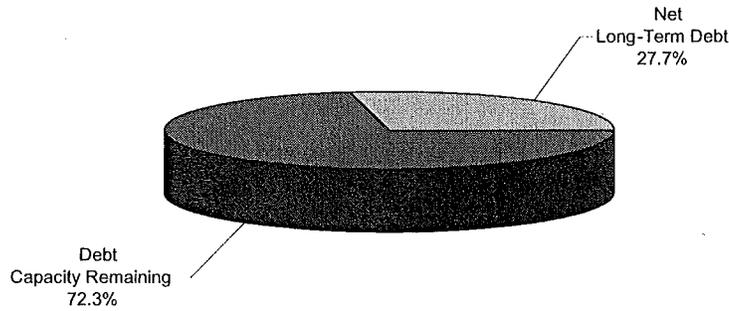
Source: City of Eau Claire Schedule of Long-Term Debt

CITY OF EAU CLAIRE

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

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Equalized valuation	\$2,140,250	\$2,321,055	\$2,480,574	\$2,706,974	\$2,889,295	\$3,105,363	\$3,330,561	\$3,546,277	\$3,741,043	\$3,951,641
Legal debt percentage	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%
Legal debt limit	\$107,013	\$116,053	\$124,029	\$135,349	\$144,465	\$155,268	\$166,528	\$177,314	\$187,052	\$197,582
Resources on hand for payment of debt	\$2,379	\$3,362	\$4,232	\$5,571	\$7,208	\$7,590	\$8,560	\$9,566	\$8,039	\$8,856
Net long-term debt	\$27,804	\$30,972	\$34,534	\$37,106	\$41,140	\$41,855	\$48,491	\$50,586	\$54,774	\$54,721
Legal debt margin	\$79,209	\$85,080	\$89,495	\$98,243	\$103,325	\$113,413	\$118,037	\$126,728	\$132,278	\$142,861
Legal debt margin as a percentage of the debt limit	74%	73%	72%	73%	72%	73%	71%	71%	71%	72%

2006 LEGAL DEBT MARGIN



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>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
<u>WATER UTILITY</u>										
Operating revenue	\$5,122	\$5,615	\$5,911	\$6,105	\$6,460	\$6,519	\$6,986	\$6,846	\$7,150	\$7,600
Operating expense (1)	\$2,090	\$2,237	\$2,359	\$2,678	\$2,900	\$2,743	\$2,984	\$3,012	\$3,337	\$3,295
Income available for debt service	\$3,032	\$3,378	\$3,552	\$3,427	\$3,560	\$3,776	\$4,002	\$3,834	\$3,813	\$4,305
Debt service current year (2)	\$1,047	\$1,100	\$989	\$987	\$944	\$1,003	\$978	\$1,065	\$1,058	\$1,063
Coverage	2.90	3.07	3.59	3.47	3.77	3.76	4.09	3.60	3.60	4.05
Debt service for highest principal and interest year in retirement schedule	\$1,100	\$989	\$988	\$988	\$1,034	\$1,034	\$1,077	\$1,078	\$1,078	\$1,078
Coverage on highest year	2.76	3.42	3.60	3.47	3.44	3.65	3.72	3.56	3.54	3.99
<u>SEWER UTILITY</u>										
Operating revenue	\$5,302	\$5,765	\$5,869	\$5,906	\$5,721	\$5,814	\$6,025	\$5,833	\$6,156	\$6,295
Operating expense (1)	\$3,117	\$3,026	\$3,551	\$3,488	\$3,718	\$3,628	\$3,804	\$3,817	\$3,887	\$4,184
Income available for debt service	\$2,185	\$2,739	\$2,318	\$2,418	\$2,003	\$2,186	\$2,221	\$2,016	\$2,269	\$2,111
Debt service current year (2)	\$904	\$900	\$535	\$531	\$533	\$533	\$513	\$518	\$522	\$521
Coverage	2.42	3.04	4.33	4.55	3.76	4.10	4.33	3.89	4.35	4.05
Debt service for highest principal and interest year in retirement schedule	\$904	\$544	\$544	\$544	\$544	\$528	\$528	\$528	\$528	\$528
Coverage on highest year	2.42	5.03	4.26	4.44	3.68	4.14	4.21	3.82	4.30	4.00

(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)

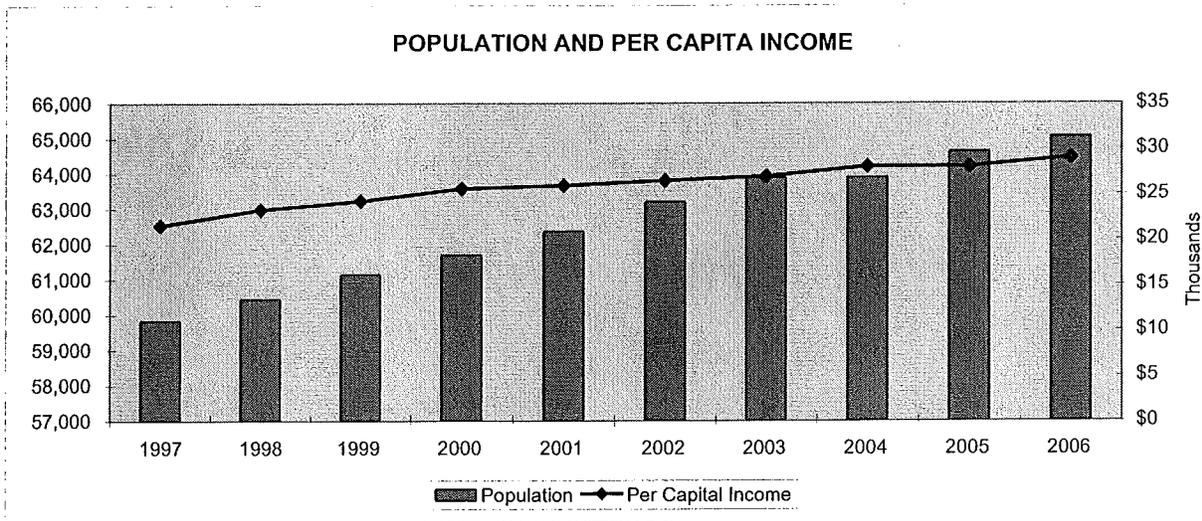
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Transfers to Debt Service fund	\$1,608	\$1,109	\$1,463	\$1,588	\$1,751	\$1,985	\$2,147	\$2,334	\$2,735	\$2,731
Total expenditures and other financing uses	\$33,827	\$34,115	\$35,478	\$38,381	\$39,538	\$40,592	\$41,359	\$42,666	\$44,721	\$45,839
Percent of debt transfers to expenditures and other financing uses	4.8%	3.3%	4.1%	4.1%	4.4%	4.9%	5.2%	5.5%	6.1%	6.0%

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)

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Population	59,832	60,449	61,150	61,704	62,368	63,214	63,882	63,897	64,632	65,056
Consumer price index (1)	160.2	163.1	166.6	172.2	177.1	179.9	184.0	188.9	195.3	201.6
Per capita income (2)	\$22	\$23	\$24	\$26	\$26	\$26	\$27	\$28	\$28	\$29
Personal income	\$1,287,704	\$1,407,857	\$1,481,420	\$1,579,190	\$1,617,826	\$1,673,970	\$1,721,173	\$1,789,372	\$1,809,696	\$1,886,624
Area in square miles	31.90	32.00	32.23	32.59	32.33	33.00	33.29	33.32	33.59	33.85
Number of business properties	1,400	1,410	1,425	1,445	1,455	1,460	1,480	1,495	1,494	1,507
Acres devoted to business	3,003	3,013	3,080	3,110	3,135	3,139	3,180	3,190	3,192	3,209
Miles of street	337.0	339.6	346.0	345.9	350.2	352.2	355.0	358.5	361.5	366.0



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

(2) Through 2005, U.S. Bureau of Economic Analysis; 2006 is estimated.

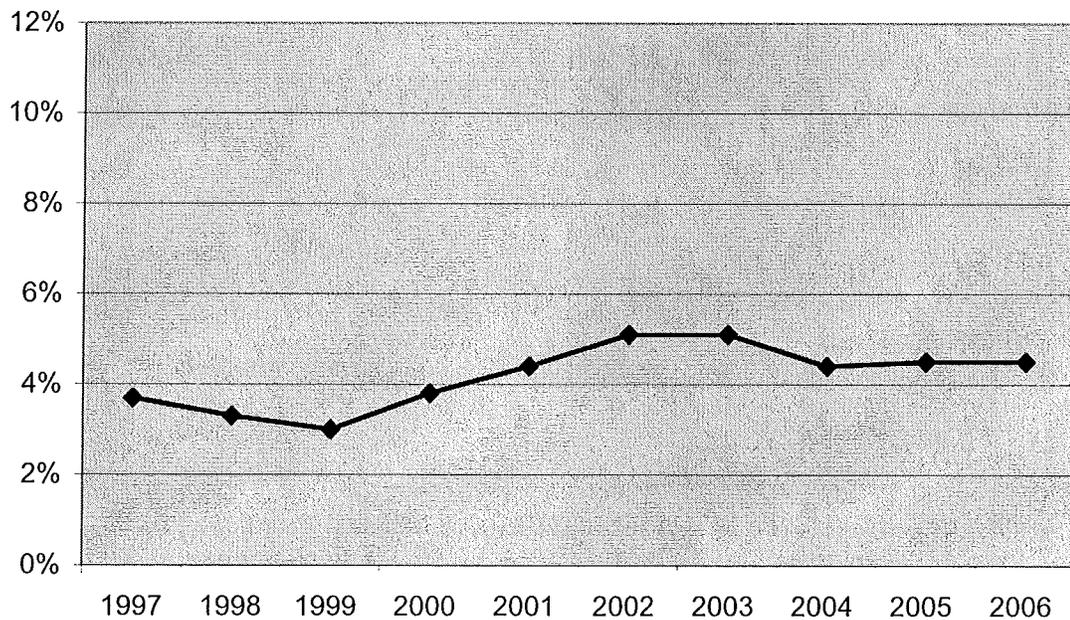
Sources: City of Eau Claire Department of Community Development
City of Eau Claire Public Works Department

CITY OF EAU CLAIRE

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

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Number of residential parcels	17,955	18,186	18,217	18,447	18,814	19,004	19,087	19,313	19,678	19,838
Vacancy rates (per cent):										
Residential	3.00	3.00	3.00	3.00	3.50	3.75	3.75	4.25	4.75	4.80
Commercial	8.50	9.00	7.00	7.00	8.80	8.00	7.75	9.60	5.60	5.50
Industrial	3.50	4.50	2.00	2.00	6.50	8.50	8.00	13.80	20.80	17.70
Unemployment rate E.C. Metro Area	3.7%	3.3%	3.0%	3.8%	4.4%	5.1%	5.1%	4.4%	4.5%	4.5%

METRO AREA UNEMPLOYMENT RATE



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	2006			1997		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Menard's Inc.	4,500	1	12%	1,000	5	3%
Luther Midelfort, Mayo Health System	3,900	2	11%	1,264	2	4%
Eau Claire Area School District	1,827	3	5%	1,300	1	4%
Hutchinson Technology	1,766	4	5%	1,150	4	3%
University of Wisconsin - Eau Claire	1,300	5	4%	1,219	3	4%
Sacred Heart Hospital	1,300	6	4%	819	7	2%
CVTC	1,090	7	3%	-		
United Health Group	695	8	2%	-		
Marshfield Clinic	600	9	2%	-		
City of Eau Claire	586	10	2%	-		
Brotoloc/Heyde Health Care	-			857	6	3%
State of Wisconsin	-			600	9	2%
Eau Claire County	-			674	8	2%
Pope & Talbot	-			585	10	2%
Total Principal Employers	17,564		49%	9,468		28%
TOTAL EMPLOYEES	36,097			33,299		

Sources : Bond OS

U.S. Department of Labor

Wisconsin Department of Workforce Development, Office of Economic Advisors

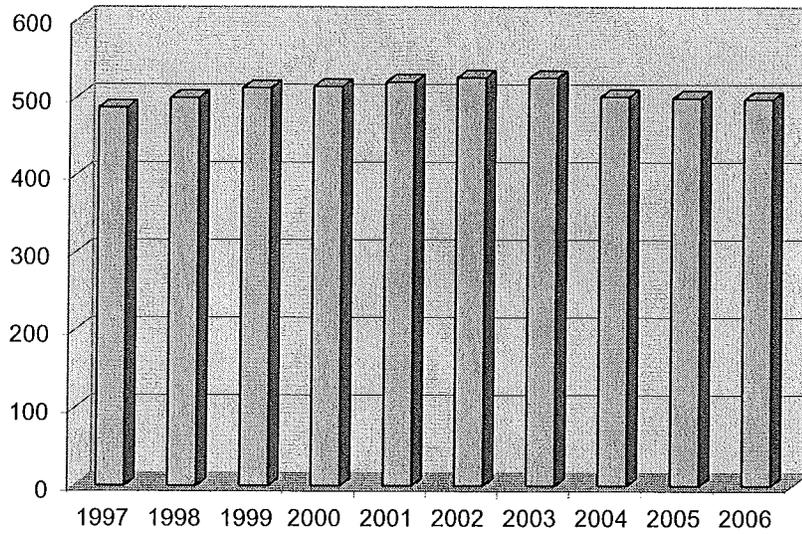
Note : 2006 numbers are preliminary

CITY OF EAU CLAIRE

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

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
General Government	61.6	62.6	65.8	66.8	69.9	71.9	71.4	66.9	66.3	66.0
Public Works	66.0	68.5	72.0	73.5	73.0	74.0	71.0	64.0	62.0	62.0
Parks & Recreation	39.8	39.8	40.8	40.8	40.8	40.8	40.8	37.8	38.8	37.8
Public Safety	213.0	222.0	222.0	224.0	227.0	228.0	228.0	222.0	222.0	222.0
Enterprise Funds	96.3	96.2	101.3	100.8	101.3	102.8	105.8	102.0	101.8	101.7
Internal Service Funds	10.0	10.0	10.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0
Total Employees	486.6	499.1	511.9	513.9	519.9	525.4	524.9	500.7	498.9	497.5

NUMBER OF CITY EMPLOYEES - LAST TEN YEARS



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>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Compensatory leave	545	610	666	736	630	543	456	541	688	561
Vacation leave	5,313	5,398	5,792	5,574	5,992	5,729	12,534	12,607	5,448	7,180
	5,858	6,008	6,458	6,310	6,622	6,272	12,990	13,148	6,136	7,741
Sick leave	37,630	37,268	37,261	37,241	36,917	37,227	36,240	38,024	35,764	43,214
Total compensatory, vacation, and sick leave	43,488	43,276	43,719	43,551	43,539	43,499	49,230	51,172	41,900	50,955

NOTE: Unused compensatory and vacation leave are paid upon retirement and the value of accrued time is included as a liability on the Statement of Net Assets.

Sick leave is paid only as used during employment.

CITY OF EAU CLAIRE

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

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General government										
Size of the City in square miles	31.90	32.00	32.23	32.59	32.33	33.00	33.29	33.32	33.59	33.85
Population	59,832	60,449	61,150	61,704	62,368	63,214	63,882	63,897	64,632	65,056
Number of City employees	486.6	499.1	511.9	513.9	519.9	525.4	524.9	500.7	498.9	497.5
Community Development										
Building permits issued	1,441	1,516	1,431	1,479	1,443	1,340	1,452	1,375	1,175	1,255
Police										
Calls for service	33,361	33,262	33,006	33,071	33,371	32,490	31,545	31,717	31,048	30,750
Adult arrests	4,641	4,768	4,601	3,610	4,311	5,039	4,589	5,309	5,697	6,171
Fire										
EMS responses	2,703	2,728	3,151	3,251	3,471	3,774	3,908	4,191	4,559	4,741
Fire responses	203	197	207	170	160	144	211	182	204	201
Fire inspections	4,548	4,552	4,736	5,526	5,752	5,840	5,910	5,950	6,071	6,148
Public Works										
Miles of street plowed/maintained	309	312	310	307	319	319	319	323	326	333
Vehicles in fleet	239	252	250	252	252	258	262	282	284	315
Parks & Recreation										
Neighborhood playground program attendance	16,489	15,501	15,559	15,582	14,353	13,141	11,904	12,774	13,063	11,625
Hobbs Ice Arena - rented hours	3,663	3,338	3,338	4,825	3,206	4,631	3,794	3,952	3,425	3,554
Outdoor Pool attendance	64,894	69,074	69,227	60,442	71,192	62,101	60,141	45,961	62,151	58,025
Library										
Volumes in collection	252,110	259,135	273,034	270,931	267,617	292,957	297,877	292,957	294,077	297,799
Circulation	833,103	794,304	826,937	843,187	969,344	1,084,708	1,314,267	1,354,595	1,387,388	1,367,066
Health Department										
Environmental Health Inspections	5,758	5,946	5,907	5,575	5,269	5,700	5,383	5,120	5,145	5,387
Number of lab analyses	28,939	19,985	23,454	24,383	21,590	21,415	21,151	24,002	23,351	24,507
Public Health Nurse visits	7,559	7,185	6,679	7,206	7,259	6,129	4,719	5,396	5,507	5,022
Water										
Meters in service	21,792	22,289	23,303	23,004	24,500	24,110	24,467	24,783	25,176	25,424
Average daily consumption (1,000 gallons)	6,988	6,711	7,993	7,663	7,366	7,608	7,828	7,463	7,606	8,067
Sewer										
Sewer customers	20,964	21,362	21,774	22,196	22,607	23,012	23,431	23,847	24,214	24,536
Stormwater										
ERU rate	n/a	\$ 25.00	\$ 27.00	\$ 29.00	\$ 33.00	\$ 36.00	\$ 41.00	\$ 43.00	\$ 47.00	\$ 53.00
Transit										
Total route miles	572,941	660,222	726,843	966,306	1,055,167	1,023,548	1,113,066	1,010,582	1,045,132	1,066,727
Passengers	664,709	872,116	877,984	896,873	938,718	927,129	971,414	956,610	1,010,644	1,030,374

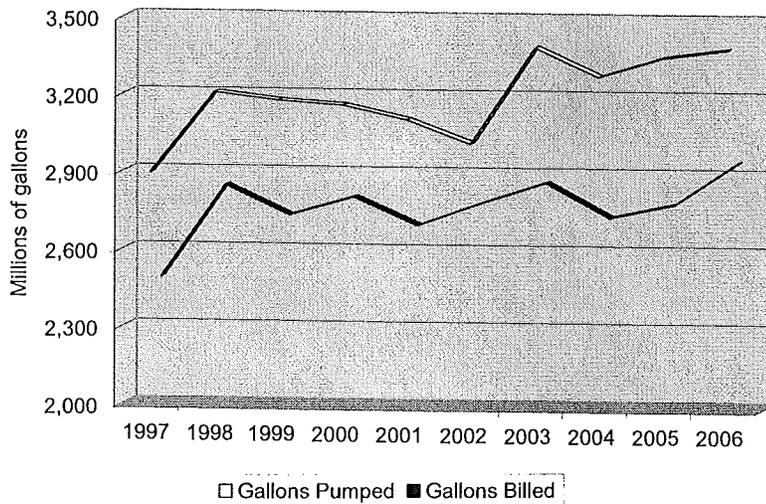
Source: Various City Department records and Program of Services

CITY OF EAU CLAIRE

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

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Average number of water customers	21,597	22,029	22,468	22,913	23,349	23,836	24,270	24,675	25,052	25,389
Total gallons pumped (in thousands)	2,904,112	3,220,545	3,191,406	3,175,349	3,120,404	3,028,641	3,404,126	3,292,365	3,367,293	3,399,614
Total gallons billed (in thousands)	2,480,611	2,838,508	2,724,287	2,797,142	2,688,657	2,777,001	2,857,464	2,724,099	2,776,387	2,942,565
Percent of water billed	85.42%	88.14%	85.36%	88.09%	86.16%	91.69%	83.94%	82.74%	82.45%	86.56%
Miles of main	319	322	330	335	336	340	341	350	351	357
Number of fire hydrants	2,864	3,007	3,060	3,136	3,230	3,277	3,337	3,395	3,445	3,530
Residential customer 's average quarterly water bill	\$34.61	\$34.61	\$37.74	\$37.74	\$40.86	\$40.86	\$41.50	\$42.20	\$42.20	\$45.73

WATER - PUMPED AND BILLED



Source: Public Service Commission Reports

CITY OF EAU CLAIRE

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

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Police										
Patrol units	24	24	24	24	21	21	21	21	21	21
Unmarked vehicles	10	10	16	16	14	14	14	14	14	14
Fire										
Number of fire stations	6	6	6	6	6	6	6	6	6	6
Firefighting vehicles	9	9	10	10	10	10	10	10	10	10
Ambulances	4	5	5	5	5	5	5	5	5	5
Public Works										
Miles of streets	337.0	339.6	346.0	345.9	350.2	352.2	355.0	358.5	361.5	366.0
Number of traffic signs installed/straightened	1697	2093	1389	1372	1103	1426	1089	915	688	673
Vehicles in fleet	239	252	250	252	252	258	262	282	284	315
Parks & Recreation										
Number of parks	21	21	26	26	29	31	32	33	36	36
Number of playgrounds	20	20	23	19	19	19	17	17	18	20
Outdoor pool	1	1	1	1	1	1	1	1	1	1
Indoor ice skating facilities	2	2	2	2	2	2	2	2	2	2
Water										
Water hydrants	2,864	3,007	3,060	3,136	3,230	3,277	3,337	3,395	3,445	3,530
Storage capacity (1)	13.7	13.7	13.7	15	15	15	15.5	15.5	15.5	15.5
Sewer										
Miles of sewers	266	280	285	290	285	290	290	297	306	316
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	13	12	12	12	12	12	11	11
Transit										
Number of buses	18	24	24	24	24	22	22	22	22	22

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

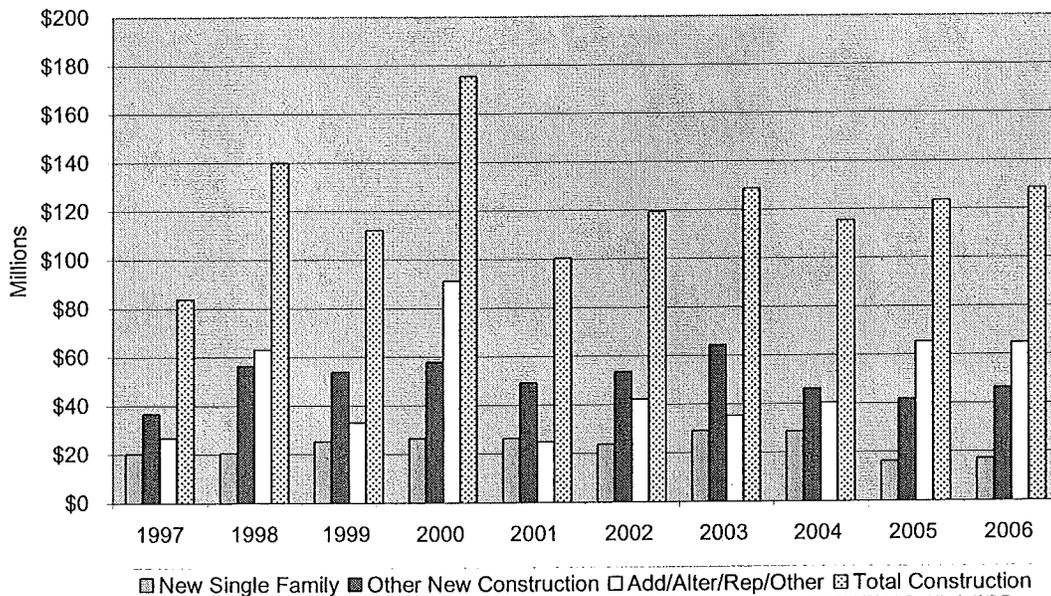
Sources: City department records
City of Eau Claire Program of Services
City of Eau Claire Comprehensive Annual Financial Report

CITY OF EAU CLAIRE

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

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
New single family dwellings: # of units	167	174	188	189	170	156	192	188	102	104
Value	\$20,372	\$20,536	\$25,294	\$26,432	\$26,303	\$23,757	\$29,076	\$28,697	\$16,396	\$17,293
Other new construction	\$36,688	\$56,421	\$53,827	\$57,946	\$49,208	\$53,440	\$64,368	\$46,270	\$41,809	\$46,396
Additions/alterations/repairs & all other types of const.	\$26,796	\$63,023	\$33,003	\$91,173	\$24,864	\$42,237	\$35,292	\$40,488	\$65,363	\$64,867
Total construction valuation	\$83,856	\$139,980	\$112,124	\$175,551	\$100,375	\$119,434	\$128,736	\$115,455	\$123,568	\$128,556
Number of permits	1,441	1,516	1,431	1,479	1,443	1,340	1,452	1,375	1,175	1,255

CONSTRUCTION TRENDS



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

CITY OF EAU CLAIRE

TABLE 37
INSURANCE COVERAGES
December 31, 2006

	<u>Coverage Limits</u>	<u>Deductible or Self-Insured Retention (SIR)</u>
Worker's Compensation	Statutory	\$300,000 per occurrence
Commercial general liability:		
Bodily injury and property damage liability	\$5,000,000	\$200,000 (SIR) per occurrence \$400,000 (SIR) annual aggregate
Boiler and machinery	\$50,000,000	\$5,000
Fire and extended coverage	\$167,431,125	\$25,000
Inland marine - all risks (contractor's equipment)	\$3,595,245	\$500
Money and securities - broad form coverage	\$10,000	\$1,000
Public official liability insurance (includes police)	\$5,000,000	\$200,000 (SIR) per occurrence \$400,000 (SIR) annual aggregate
Automobile and truck insurance (excluding Transit):		
Bodily injury and property damage liability	\$5,000,000	\$200,000 (SIR) per occurrence \$400,000 (SIR) annual aggregate
Uninsured motorists	\$50,000	\$200,000 (SIR) per occurrence \$400,000 (SIR) annual aggregate
Comprehensive	\$8,550,752	\$5,000
Collision	\$8,550,752	\$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