

CITY OF БЕЛОIT

Beloit, Wisconsin

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended
December 31, 2004

Prepared By:

DEPARTMENT OF FINANCE AND ADMINISTRATIVE SERVICES

Paul E. York, Director

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CITY OF BELOIT

COMPREHENSIVE ANNUAL FINANCIAL REPORT December 31, 2004

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May 10, 2005

To the City Council and
Citizens of the City of Beloit, Wisconsin

It is our pleasure to submit to you the *Comprehensive Annual Financial Report* (CAFR) of the City of Beloit for the fiscal year ended December 31, 2004. Wisconsin State Statutes and the Municipal Code of the City of Beloit requires at the end of the fiscal year a full and complete examination of all books and accounts of the City be made by a competent public accountant and that the report be filed with the City Clerk as a matter of public record. This CAFR fulfills that requirement.

This report consists of management's representations concerning the finances of the City of Beloit. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. Management has established a comprehensive internal control framework that is designed to provide sufficient reliable information for the preparation of the City of Beloit's financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP). Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable rather than absolute, assurance that the financial statements are free of any material misstatements of fact.

Virchow Krause & Company, LLP, Certified Public Accountants and Consultants, have audited and issued an unqualified opinion on the City of Beloit's financial statements for the fiscal year ended December 31, 2004. The independent auditor's report is located at the front of the financial section of this report.

This CAFR is presented in four main sections: introductory, financial, statistical and compliance. The introductory section includes this transmittal letter, the current Certificate of Achievement for Excellence in Financial Reporting, the government's organization chart and a list of the City's principal officials as of December 31, 2004. The financial section includes the independent auditors' report, MD&A, the basic financial statements and notes that provide additional information on the City's financial position and operating results. The statistical section includes selected unaudited financial and demographic information, generally presented on a multi-year basis. The compliance section contains the auditor's report on internal controls and compliance related to an audit performed in accordance with *Government Auditing Standards*. It has also been prepared in conformity with the provisions of the Single Audit Act of 1984 and Amendments of 1996, the U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*.

To the City Council and
Citizens of the City of Beloit, Wisconsin

May 10, 2005

PROFILE of the GOVERNMENT

Beloit is situated midway along the Wisconsin/Illinois border and is located west of Interstate Highway 90, which travels south to Chicago and north to Madison, and is directly connected to Milwaukee via Interstate Highway 43. The City covers approximately 17 square miles. It is home to 36,058 residents as well as more than 88 industrial firms, 850 retail establishments, several corporate headquarters, a minor league baseball team, several museums and an internationally acclaimed college that bears the community's name.

The City was officially founded in 1836, incorporated as a village February 24, 1846 and incorporated as a city by the State of Wisconsin on March 31, 1856. The citizens adopted the Council-Manager form of government in 1929. The City Council is the policy making and legislative body. The Council consists of seven members that are elected at large for two-year staggered terms. At the first meeting following each general City election, the Council selects, by majority vote of its members, its president and vice-president for the ensuing Council year. The President acts as the presiding officer of the Council and in his/her absence the Vice-President presides. The Council, in its legislative role, adopts all ordinances and resolutions and establishes the general policies for the City. The Council also sets the tax rate and adopts the annual budget.

The City Manager is appointed by the Council to act as the executive and administrative head of the City. The Manager serves at the pleasure of the Council, carries out its policies, directs business procedures, and has the power of appointment and removal of all employees. Duties and responsibilities of the Manager include preparation, submission and administration of the annual budget, advising Council on the affairs of the City, enforcement of the ordinances and direction and supervision of all departments. The City provides typical municipal services including general administrative services, police, fire, public health, public works, sanitation, parks and recreation, planning and economic development, transit system and water and sewer utilities.

This report includes all of the funds and component units of the City of Beloit. The criteria used in determining the reporting entity is 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, the public library, the health department, community development, and the Home Grant. The report also includes the City's enterprise funds that account for the water and sewer utilities, ambulance services, cemeteries, transit, and the Krueger-Haskell municipal golf course funds. Internal service funds provide information on the operations of the risk management and the centralized equipment functions.

To the City Council and
Citizens of the City of Beloit, Wisconsin

May 10, 2005

Financial data for the Community Development Authority and the Business Improvement District is included in the reporting entity by discrete presentation because they are component units of the City. The Community Development Authority was formed to engage in the development and operation of low-income housing. The United States Department of Housing and Urban Development (HUD) regulates such projects. The Business Improvement District was created to fund a downtown management and development program.

The annual budget provides the foundation for the City of Beloit's financial planning and control. The Council is required to adopt a budget no later than November 15 for the ensuing fiscal year. The budget is prepared by fund, function and department. Once adopted, transfers among departments or supplemental appropriations require approval of the Council. The Manager is authorized to make adjustments within departments.

ECONOMIC CONDITION

The City of Beloit's local economy is very dependent on manufacturing and industry. There are more than 88 manufacturing and industrial firms located within the city as well as over 850 retail establishments and several corporate headquarters. The City of Beloit offers a diversified employment base in such areas as metal fabrication, food processing, medical services, bio-technology, retail and education. It is home to Beloit College; founded in 1846 it is Wisconsin's oldest college in continuing operation and is internationally renowned for its scholastic excellence. Although the City's economy has grown at a much slower pace than that of surrounding communities the fact that we have a diversified employment base and the college has helped to mitigate the impact of recent economic downturns.

We continue to remain optimistic of the City's economic future and devote considerable time and resources to economic development efforts. The City currently has eight active Tax Increment Districts with over 400 acres of land under City control that is available for development. With rail service readily available and being located at the intersections of Interstates 90/39 that serves Chicago to the southeast and Madison to the north and Interstate 43 that provides a direct link northeast to Milwaukee, the City is being marketed as a site for becoming one of the major distribution centers of the Midwest.

To the City Council and
Citizens of the City of Beloit, Wisconsin

May 10, 2005

LONG-TERM FINANCIAL PLANNING

For budgetary and planning purposes the City has policy guidelines establishing the appropriate levels and uses of unreserved, undesignated general fund balance (15% of operating revenues or three months average expenditures whichever is greater). The unreserved, undesignated general fund balance falls within these guidelines.

MAJOR INITIATIVES

One of the more significant challenges facing the City is in the area of economic development with business retention, expansion and job creation being key components of the plan. In 2000 and 2002 the City purchased over 700 acres of farmland for the purpose of converting it into a business and industrial park. This area is now referred to as the Gateway Business Park. It is a mixed-use development located at the confluence of Interstate 90/39 and Interstate 43. The park has land use designated for industrial, multi-family and single family residential. The Gateway was designed to attract high quality industrial, distribution and corporate office development. Major project costs to develop the park are being financed through a Tax Increment District (TID) and include: land acquisition, site preparation, storm and sanitary sewers, street construction, and extension of water, gas and electric utilities. All major infrastructure improvements were completed in July 2003 officially opening the park. One 40,000 square-foot building has been completed which added \$3.2 million of increment value to the TID in 2004. Gateway Estates, a 100 unit multi-family development is nearing completion and is estimated to add \$6.23 million of new increment to the TID. Hawks Ridge Apartments, a 320 unit multi-family development is expected to add increment to the TID. There are sixteen single-family homes currently under construction and when the subdivision is complete is expected to accommodate a total of 406 dwelling units.

Another project expected to have a profound financial impact on the City is the proposed development of an Indian gaming casino along Interstate Highway 90. The project consists of a proposed 100,000 square foot casino and support area, a 35,000 square foot conference/convention center, several restaurants, a child care center and a gift shop all to be constructed on 26 acres of tribal trust land. Adjacent to the Tribal land is property in fee simple where it is proposed to construct a 500 room hotel, a 2,000 seat theater, and a 68,000 square foot water park. The project application is currently being evaluated by the Bureau of Indian Affairs. We expect them to render a decision in late summer of 2005. If approved by the BIA the project then moves to the Wisconsin Governor's office for final action. If all approvals are timely received it is expected this project will begin in the spring of 2006. When fully completed, this facility has the potential to provide over \$145,000,000 in revenue to the City over a 10 year period.

To the City Council and
Citizens of the City of Beloit, Wisconsin

May 10, 2005

AWARDS and ACKNOWLEDGEMENTS

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 Beloit for its CAFR document for the fiscal year ended December 31, 2003. This was the City's second year in receiving this prestigious national award recognizing conformity with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, the government must publish an easily readable and efficiently organized CAFR that satisfied both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for only a period of one year. We believe that our current report continues to conform to the Certificate of Achievement program's requirements and we will be submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the government also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the fiscal year beginning January 1, 2004. In order to qualify for this award, a governmental unit must publish a budget document judged to be proficient as a policy document, a financial plan, an operations guide and a communication device. This award is also valid for only one year. The City has received this award each year since 1999. We believe our current budget continues to conform to program requirements and have submitted it to the GFOA to determine its eligibility of another award.

To the City Council and
Citizens of the City of Beloit, Wisconsin

May 10, 2005

The preparation of the CAFR would not have been possible without the efficient and dedicated services of the entire staff of the Department of Finance and Administrative Services. We would like to express our appreciation to all the members of the department who assisted and contributed to the preparation of this report. Credit also must be given to the City Council for their support for maintaining the highest standards of professionalism in the management of the City of Beloit's finances.

Respectfully submitted,

Larry N. Arft
City Manager

Paul E. York
Finance and Administrative Services Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Beloit,
Wisconsin

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2003

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.



Nancy L. Zielke

President

Jeffrey R. Emer

Executive Director

CITY COUNCIL MEMBERS

Terrence Monahan, President
Marty Densch, Vice-President
Douglas Eddy
Kevin Leavy
Chad Murry
Joel Patch
James Van De Bogart

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CITY MANAGER

Larry Arft

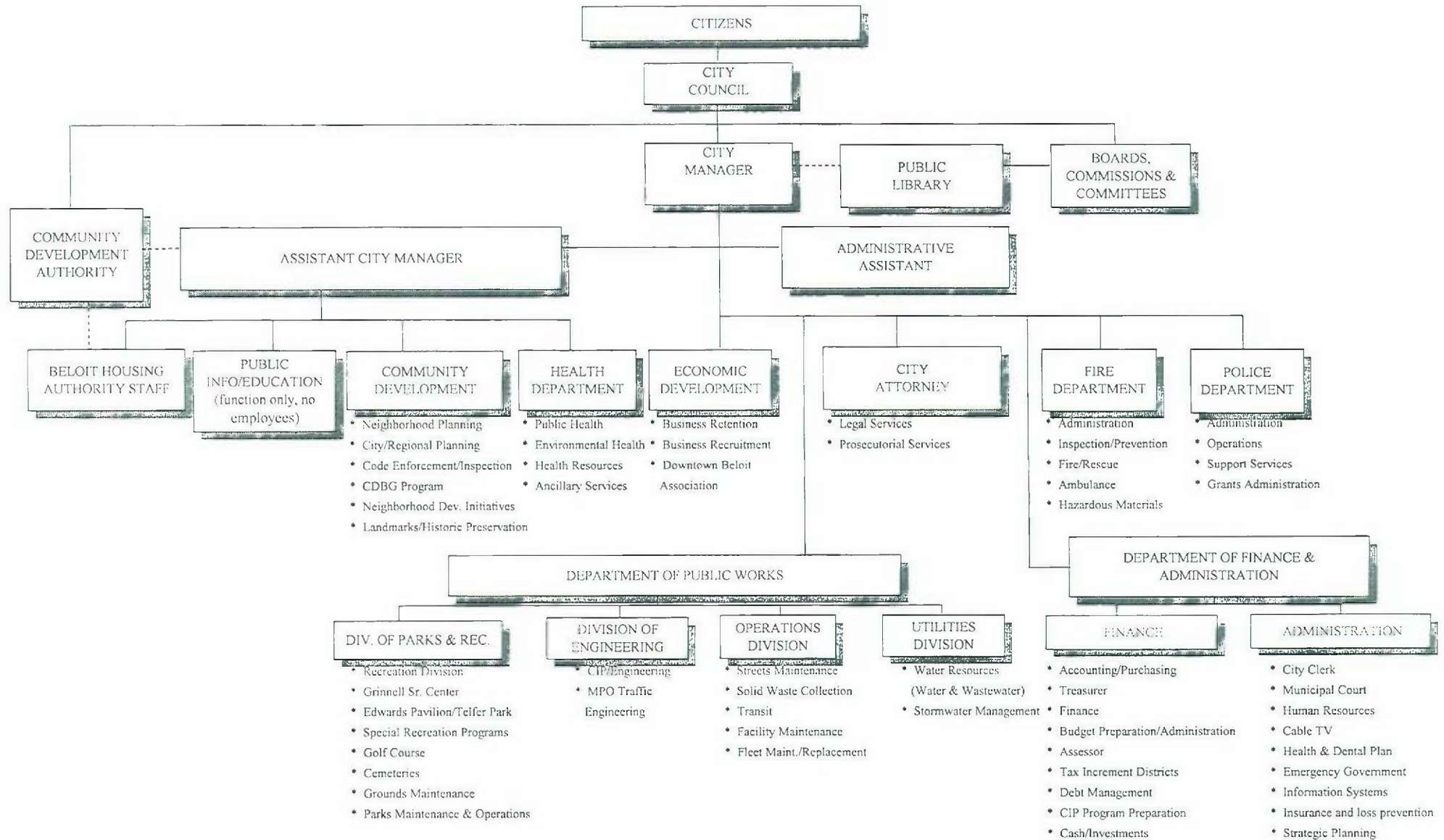
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DEPARTMENT HEADS

Steve Gregg – Assistant City Manager
Dave Botts –Public Works Director
Julie Christensen, Community Development Director
Linda Dalton – Acting Health Director
Richard Holm – City Attorney
Andrew Janke –Economic Development Director
Brad Liggett – Fire Chief
Sam Lathrop – Police Chief
Paul York –Finance & Administrative Services Director

CITY OF БЕЛОIT ORGANIZATIONAL CHART



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INDEPENDENT AUDITORS' REPORT

To the City Council
City of Beloit
Beloit, 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 Beloit, Wisconsin, as of and for the year ended December 31, 2004, which collectively comprise the city's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Beloit'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 of America. 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, based on our audit, 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 Beloit, Wisconsin at December 31, 2004, and the respective changes in financial position and cash flows, where applicable, 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 issued a report on our consideration of the City of Beloit's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. 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.

To the City Council
City of Beloit
Beloit, Wisconsin

The management's discussion and analysis and budgetary comparison information on pages xii through xxiv and 67 through 73 are not a required part of the basic financial statements but are 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 an opinion on the financial statements that collectively comprise the City of Beloit'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 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 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 Beloit. The information has not been audited by us and, accordingly, we express no opinion on such information.

Virchow, Krause & Company, LLP

Madison, Wisconsin
April 12, 2005

CITY OF BELOIT, WISCONSIN

MANAGEMENT'S DISCUSSION AND ANALYSIS For Year Ended December 31, 2004

As management of the City of Beloit, Wisconsin, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2004. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal which can be found in the introductory section of this report.

FINANCIAL HIGHLIGHTS

- On the government wide basis, the City's total assets at December 31, 2004, were \$191.8 million. Of this amount, \$108.7 million represents the City's investment in capital assets; net of depreciation and other assets totaled \$83.1 million.
- The City's total assets exceeded its liabilities at December 31, 2004, by \$84.9 million (total net assets). This is an increase of \$2.9 million or 3.5% from the prior year. Of this amount, \$38.8 million represents the City's investment in capital assets, net of related debt, \$20.1 million is restricted and \$25.9 million is unrestricted and available to meet the City's ongoing obligation to citizens and creditors.
- The business-type activities net assets at December 31, 2004, totaled \$57.6 million, which represents an increase of \$1,338,485 or 2.4% from the prior year. Of this amount, \$39.9 million represents the City's investment in capital assets, net of related debt, \$9.3 million is restricted and \$8.5 million is unrestricted.
- Total liabilities at December 31, 2004, were \$106.9 million a decrease of \$1 million from the prior year and of this amount \$89.3 million are long-term liabilities.
- At December 31, 2004, the City's governmental funds reported combined ending fund balances of \$32.7 million, a decrease of \$1.2 million from the prior year. Of this amount, \$18.6 million or 57% is unreserved, undesignated fund balance and is available for spending at the government's discretion.
- At December 31, 2004, the unreserved and undesignated fund balance for the general fund was \$7,682,408 or 27.7% of total general fund expenditures and other financing uses.
- The City's total debt decreased \$2.5 million from the prior year largely as a result of debt maturities that occurred during the year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

CITY OF БЕЛОIT, WISCONSIN

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.) For Year Ended December 31, 2004

OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)

Government-Wide Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private – sector business.

The *statement of net assets* presents information on all of the City'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. To assess the overall health of the City one must consider additional non-financial factors such as changes in the City's property tax base and the condition of the City's infrastructure.

The *statement of activities* presents information showing how the City's net assets changed during the fiscal year. All changes in net assets are reported when 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 only result in cash flows in the future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government; economic development; library; public safety; public works; public health; and community development. The business-type activities of the City of Beloit include the water and sewer utilities which are considered to be major funds.

The government wide statements include not only the City of Beloit itself (known as the primary government), but also two component units that are separate legal entities for which the City of Beloit is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government.

The government-wide financial statements can be found on pages 1 to 3 of this report.

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, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

CITY OF BELOIT, WISCONSIN

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.) For Year Ended December 31, 2004

OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains 26 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, general debt service fund, TIF district no. 9 – debt service fund, and capital improvements – capital projects fund, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, 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.

The basic governmental fund financial statements can be found on pages 4 to 6 of this report.

Proprietary Funds – Proprietary funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Proprietary funds are reported using the full accrual basis of accounting method. The City's business-type funds are the same as the business-type activities reported in the government-wide statements but provide more detail and additional information, such as cash flows. The City uses enterprise funds to account for its water and sewer utilities which are considered to be major funds. Data from the other proprietary funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major proprietary funds is provided in the form of combining statements elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 7 to 11 of this report.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on page 12 of this report.

CITY OF BELOIT, WISCONSIN

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.) For Year Ended December 31, 2004

OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 15 to 66 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, required supplementary information presents a detailed budgetary comparison schedule for the general fund to demonstrate compliance with the budget. These schedules can be found on pages 67 to 73 of this report. The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information and can be found on pages 74 to 81 of this report.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

An analysis of the City's financial position begins with a review of the Statement of Net Assets and the Statement of Activities. These two statements report the City's net assets and changes therein. It should be noted that the financial position can also be affected by non-financial factors, including economic conditions, population growth and new regulations.

As noted earlier, net assets may serve over time as a useful indicator of City's financial position. In the case of the City of Beloit, assets exceeded liabilities by \$84.9 million as of December 31, 2004.

The largest portion of the City's net assets, \$38.8 million (approximately 46%), reflects its investments in capital assets (e.g., land, building, equipment, improvements, and infrastructure), less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide service to citizens; consequently these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

CITY OF BELOIT, WISCONSIN

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.)

For Year Ended December 31, 2004

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (cont.)

CITY OF BELOIT'S NET ASSETS

(in millions)

	Governmental Activities		Business-Type Activities		Total	
	2003	2004	2003	2004	2003	2004
Current and other assets	\$ 61.5	\$ 62.1	\$ 23.6	\$ 21.0	\$ 85.2	\$ 83.1
Capital assets	25.4	28.2	79.5	80.5	104.8	108.7
Total Assets	<u>86.9</u>	<u>90.3</u>	<u>103.1</u>	<u>101.5</u>	<u>190.0</u>	<u>191.8</u>
Long-term liabilities	46.0	47.8	41.1	41.5	87.1	89.3
Other liabilities	15.5	15.2	5.3	2.4	20.8	17.6
Total Liabilities	<u>61.5</u>	<u>63.0</u>	<u>46.4</u>	<u>43.9</u>	<u>107.9</u>	<u>106.9</u>
Net assets:						
Invested in capital assets, Net of related debt(deficit)	(1.8)	(1.1)	40.8	39.9	39.0	38.8
Restricted	10.4	10.9	3.3	9.2	13.7	20.1
Unrestricted (deficit)	<u>16.8</u>	<u>17.5</u>	<u>12.6</u>	<u>8.5</u>	<u>29.4</u>	<u>26.0</u>
Total Net Assets	<u>\$ 25.4</u>	<u>\$ 27.3</u>	<u>\$ 56.7</u>	<u>\$ 57.6</u>	<u>\$ 82.1</u>	<u>\$ 84.9</u>

An additional portion of the City's net assets (approximately 23%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets \$26 million may be used to meet the government's ongoing obligation to citizens and creditors.

At the end of the fiscal year the City is able to report positive balances in all categories of net assets for the government as a whole and a deficit in only the capital assets, net of related debt category for governmental activities. The same situation held true for the previous year. The deficit in capital assets net of related debt will be eliminated when the city retroactively reports its infrastructure.

There was an increase in total net assets of \$2.9 million during the year largely a result of the \$9.4 million addition to capital assets in the governmental funds for capital equipment added and projects completed during the year.

Governmental activities increased the City of Beloit's net assets by \$1.6 million, accounting for approximately 55% of the total growth in net assets. The key element of this increase is related to capital contributions in the amount of \$581,565.

CITY OF BELOIT, WISCONSIN

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.)
For Year Ended December 31, 2004

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (cont.)

CITY OF BELOIT'S CHANGES IN NET ASSETS (in millions)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2003	2004	2003	2004	2003	2004
REVENUES						
Program Revenues:						
Charges for services	\$ 5.2	\$ 5.6	\$ 9.3	\$ 13.2	\$ 14.5	\$ 18.8
Operating grants & contributions	3.6	4.3	0.8	0.9	4.4	5.2
Capital grants & contributions	3.7	1.8	3.4	1.1	7.1	2.9
General Revenues:						
Property taxes	10.5	11.0	0.6	0.5	11.1	11.5
Other taxes	0.1	0.1	-	-	0.1	0.1
Intergovernmental	19.6	18.7	-	-	19.6	18.7
Investment income	0.7	0.6	0.5	0.6	1.2	1.2
Gain on the sale of assets	0.3	-	-	-	0.3	-
Miscellaneous	1.7	0.3	-	0.1	1.7	0.3
Transfers	-	0.3	-	(0.3)	-	-
Total Revenues	<u>45.4</u>	<u>42.7</u>	<u>14.6</u>	<u>16.1</u>	<u>60.0</u>	<u>58.7</u>
EXPENSES						
General government	4.9	5.0	-	-	4.9	5.0
Public safety	15.6	16.0	-	-	15.6	16.0
Public works	11.9	11.4	-	-	11.9	11.4
Public health	2.1	1.8	-	-	2.1	1.8
Community development	3.1	2.8	-	-	3.1	2.8
Library	1.7	1.8	-	-	1.7	1.8
Interest & fiscal charges	2.8	2.3	-	-	2.8	2.3
Water utility	-	-	0.6	3.9	0.6	3.9
Sewer utility	-	-	7.4	7.8	7.4	7.8
Other non-major proprietary funds	-	-	3.0	3.0	3.0	3.0
Total Expenses	<u>42.1</u>	<u>41.1</u>	<u>11.0</u>	<u>14.7</u>	<u>53.1</u>	<u>55.8</u>
Change in net assets	3.3	1.6	3.6	1.3	6.9	2.9
Net Assets - January 1	<u>22.4</u>	<u>25.7</u>	<u>52.7</u>	<u>56.3</u>	<u>75.1</u>	<u>82.0</u>
Net Assets - December 31	<u>\$ 25.7</u>	<u>\$ 27.3</u>	<u>\$ 56.3</u>	<u>\$ 57.6</u>	<u>\$ 82.0</u>	<u>\$ 84.9</u>

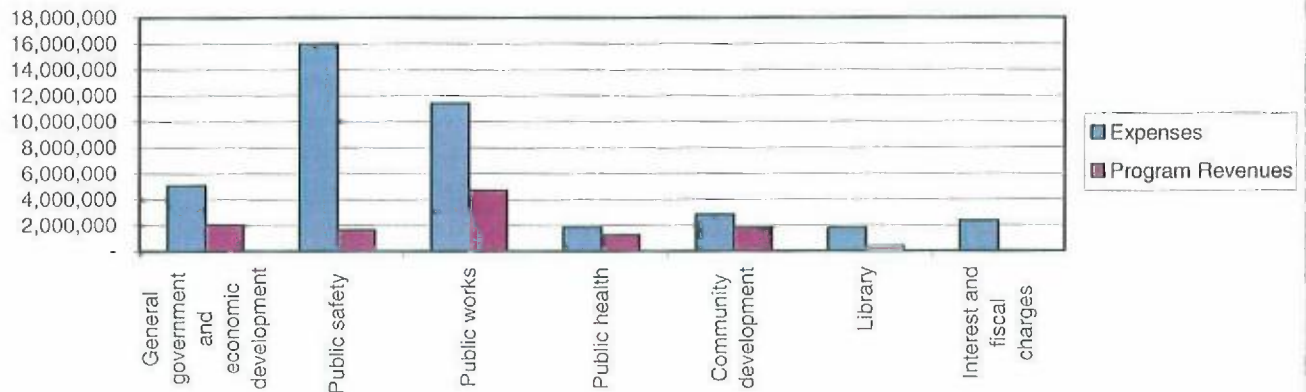
It should be noted that general government also includes economic development and public safety includes both police and fire. The business-type charges for services and water utility expenses increased substantially in 2004. This is a result of the water utility being on-line for one full year.

CITY OF BELOIT, WISCONSIN

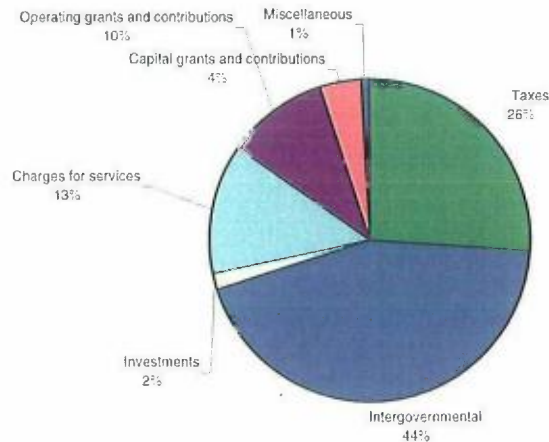
MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.)
For Year Ended December 31, 2004

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (cont.)

Expenses and Program Revenues - Governmental Activities



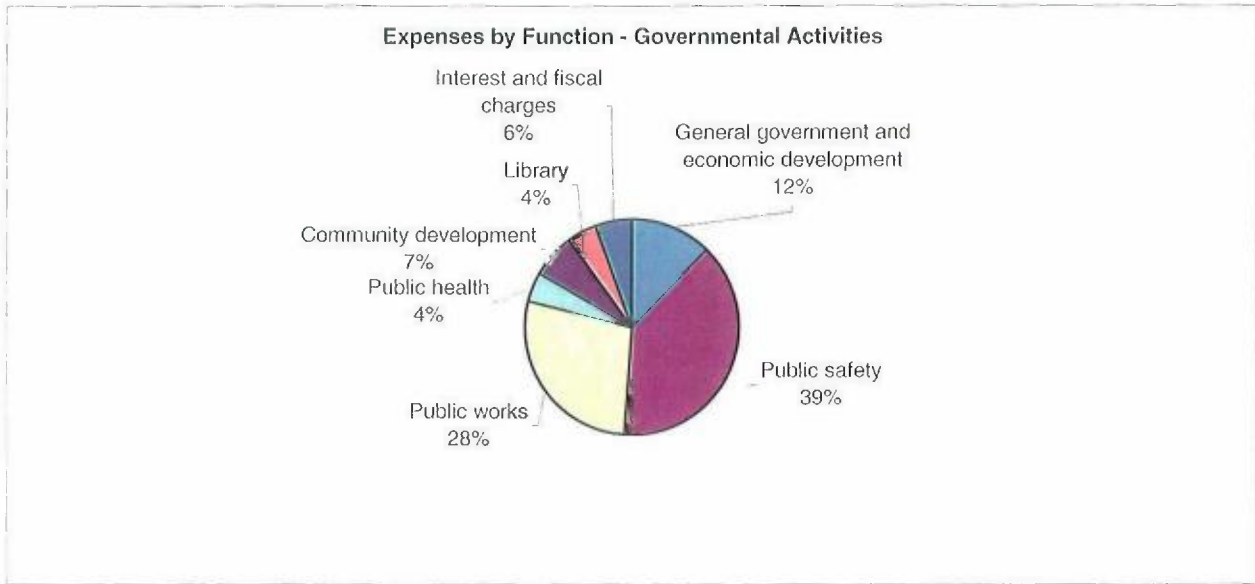
Revenue by Source - Governmental Activities



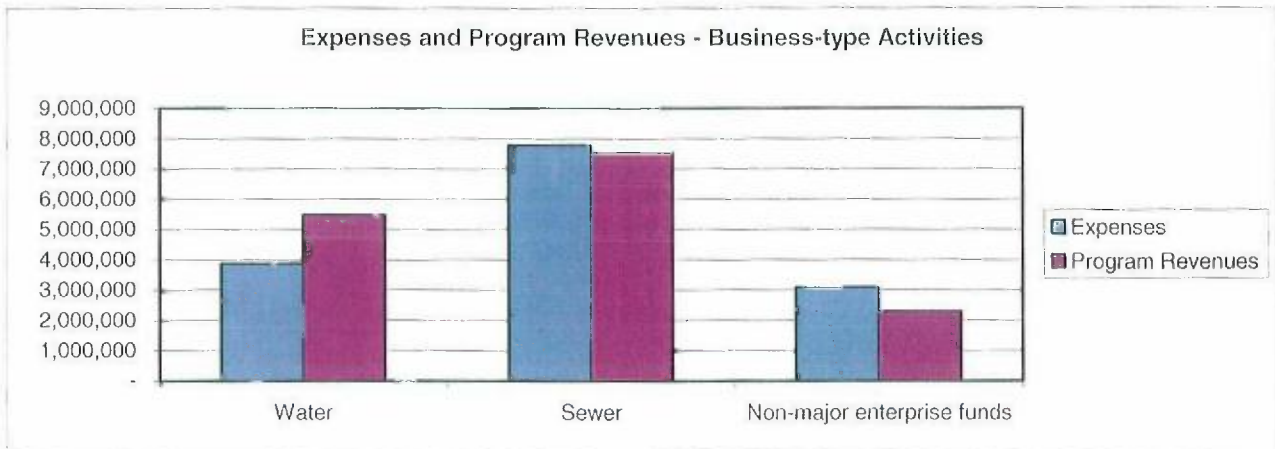
CITY OF BELOIT, WISCONSIN

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.)
For Year Ended December 31, 2004

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (cont.)



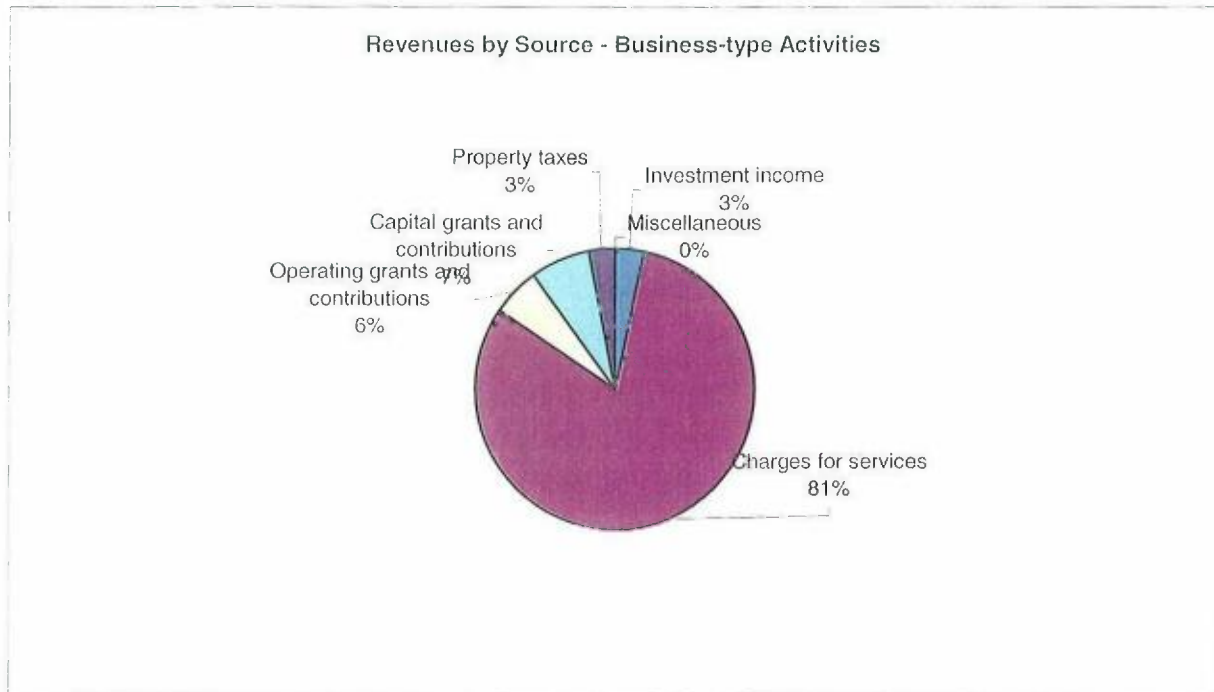
Business-type activities increased the City's net assets by \$1,338,485 accounting for 46% of the total growth in net assets, capital contributions of \$1,097,293 accounted for the majority of this increase.



CITY OF BELOIT, WISCONSIN

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.)
For Year Ended December 31, 2004

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (cont.)



FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

Governmental Funds

The focus of the City of Beloit's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Major governmental funds consist of the general fund, general debt service fund, TIF district no. 9-debt service fund and capital improvements-capital projects fund.

As of December 31, 2004, the City of Beloit's governmental funds reported combined ending fund balances of \$32,712,762 this is a decrease of \$1,227,904 from the previous year. Approximately 57% of this total or \$18,574,859 constitutes unreserved, undesignated fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved or designated to indicate that it is not available for new spending because it has already been committed 1) to liquidate contracts and purchase orders of the prior period (\$2.5 million), 2) to pay debt service (\$3.5 million), 3) for non-current receivables/advances (\$7.5 million) and the balance for other restricted purposes (\$414,709).

CITY OF BELOIT, WISCONSIN

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.) For Year Ended December 31, 2004

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS (cont.)

Governmental Funds (cont.)

General Fund: The general fund is the main operating fund of the City. As of December 31, 2004, the total fund balance of the general fund was \$10,326,247, of which \$7,682,408 was unreserved and undesignated. This unreserved and undesignated fund balance represents 27.7% of total 2004 general fund expenditures. The total fund balance decreased \$1,121,795 from the previous year. This decrease is largely the result of a drawdown of the general fund unreserved and undesignated fund balance to establish the Neighborhood Development Initiative Program (\$500,000) in order to fund neighborhood housing rehabilitation projects and capital improvement projects (\$483,510).

General Debt Service Fund: The general debt service fund has a fund balance of \$5,015,564 all of which is reserved for the payment of debt service.

Tax Incremental District No. 9 – Debt Service: The district accounts for expenditures outlined in the TID project plan and related revenues and proceeds from long term borrowing. The district has a negative fund balance of \$4,911,567 and is scheduled to close in 2021. Any remaining fund balance after that date will be distributed proportionately to the overlying districts and the general fund.

Capital Improvements – Capital Projects: This fund accounts for proceeds from long-term borrowing and other resources to be used for capital improvement projects. The fund balance as of December 31, 2004 is \$10,461,145 a decrease of \$1,090,450 from the previous year.

The aggregate other governmental funds column includes various special revenue funds and debt service funds that are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. The cumulative fund balances for these accounts is \$11,821,373.

Proprietary Funds

The City of Beloit's major proprietary funds consist of the water and sewer utility funds. Water and sewer activities are supported solely by fees assessed to users of the City provided water and sewer services. Revenues generated by these funds are sufficient to provide for annual operating costs as well as long-term debt service payments as prescribed by the bond agreements.

The sewer utility was created by the City of Beloit in 1895 and the City began operating the water utility in November 2003 when it purchased the utility from Alliant Energy (Wisconsin Power and Light). The City provides water and sewer service to properties located within the municipality and some of the surrounding communities. In 2004 the City served an average of approximately 15,000 water and sewer customers. The City maintains and operates eight wells, three booster pumping stations, one central wastewater treatment facility and four elevated water towers. The City owns and maintains 200 miles of water mains, 1,578 fire hydrants, and 15,000 water meters. The City owns and maintains 163 miles of sanitary sewer mains.

CITY OF БЕЛОIT, WISCONSIN

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.) For Year Ended December 31, 2004

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS (cont.)

Proprietary Funds (cont.)

The net assets of the City's Enterprise Funds increased \$822,009 to \$57,077,505 at December 31, 2004. The water and sewer utility's operating expenses in 2004 were \$2,842,312 higher than in 2003. This is due primarily to the acquisition of the water utility.

Utility operating revenues generated mostly by user fees, increased \$4,029,067 from the prior year. Again, the increase is largely the result of the water system acquisition.

GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original budget and final amended budget are related to additional appropriation amounts authorized by the Council in the amount of \$364,603. These additional appropriations were for accrued payroll and encumbrances outstanding at the end of the previous fiscal year. Although increases in the total budget appropriations were adopted for certain departments, overall general fund operating expenditures were \$39,804 less than final budgeted amounts. Actual revenues and other financing sources were less than budgeted revenues by \$205,069.

CAPITAL ASSETS

As of December 31, 2004, the City had invested a total of \$108.6 million in capital assets (net of accumulated depreciation). This represents an increase in net book value of \$3.8 million or 3.6% from the last fiscal year and is largely the result of the City's investment in governmental activities. The City did not retroactively report their infrastructure assets as of December 31, 2004.

CITY OF БЕЛОIT'S CAPITAL ASSETS NET OF ACCUMULATED DEPRECIATION (in millions)

	Governmental Activities		Business-Type Activities		Total	
	2003	2004	2003	2004	2003	2004
Land	\$ 3.6	\$ 3.3	\$ 3.4	\$ 3.4	\$ 6.9	\$ 6.7
Land improvements	-	0.1	0.3	0.2	0.3	0.3
Buildings	10.1	9.8	5.3	5.5	15.5	15.3
Machinery & equipment	7.2	7.1	11.4	11.7	18.5	18.8
Other improvements	1.4	2.1	-	-	1.4	2.1
Water plant & equipment	-	-	9.7	10.0	9.8	10.0
Sewer plant & equipment	-	-	49.4	47.3	49.4	47.3
Infrastructure	3.1	5.4	-	-	3.1	5.4
Construction in progress	-	0.4	-	2.3	-	2.7
Totals	<u>\$ 25.4</u>	<u>\$ 28.2</u>	<u>\$ 79.5</u>	<u>\$ 80.4</u>	<u>\$ 104.9</u>	<u>\$ 108.6</u>

Additional information on the City of Beloit's capital assets can be found in note IV.D. of this report.

CITY OF BELOIT, WISCONSIN

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.) For Year Ended December 31, 2004

LONG-TERM OBLIGATIONS

During 2004, the City issued \$8,059,158 in bonds and notes and retired debt of \$10,481,982 resulting in \$73,672,557 in outstanding general obligation and revenue bonds and notes payable at the end of 2004. This results in a per capita general obligation debt of \$901. Of the general obligation and revenue bonded debt, \$32,128,176 is to be repaid with general property taxes over a period of years.

Under Wisconsin State Statutes, Chapter 67, the City's aggregate general obligation indebtedness may not exceed 5% of the equalized value of taxable property located in the City. The net amount of debt that is applicable to the statutory limit is \$32,489,150 which is 50.4% of the maximum allowed (\$64,467,305). The general obligation notes and bonds issued in 2004 received an A rating from Standard and Poor's.

CITY OF BELOIT'S OUTSTANDING DEBT GENERAL OBLIGATION AND REVENUE BONDS (in millions)

	Governmental Activities		Business-Type Activities		Total	
	2003	2004	2003	2004	2003	2004
General obligation bonds	\$ 31.1	\$ 32.1	\$ 0.3	\$ 0.3	\$ 31.4	\$ 32.4
Revenue bonds	-	-	44.7	41.2	44.7	41.2
Debt Outstanding	<u>\$ 31.1</u>	<u>\$ 32.1</u>	<u>\$ 45.0</u>	<u>\$ 41.5</u>	<u>\$ 76.1</u>	<u>\$ 73.6</u>

Additional information on the City of Beloit's long-term debt can be found in footnote IV.F. of this report.

CURRENTLY KNOWN FACTS/ECONOMIC CONDITIONS

The City's proximity to the Chicago metropolitan area to the southeast and Madison to the north via Interstates 90/39, and Milwaukee to the northeast via Interstate 43 provides the City with a unique opportunity to serve the Midwest as a center for industry and manufacturing. However, as with most cities that are dependent on manufacturing and industry the City of Beloit has been impacted by the sluggish economy over the past several years. The City does offer a diversified employment base which has helped to mitigate the impact of recent economic events on City operations. The unemployment rate as of December 31, 2004 for the Janesville-Beloit, WI MSA was 5.3% which is a decrease of 0.3% from the prior year. This compared to an unemployment rate of 4.3% for the State of Wisconsin and 5.4% nationally.

CITY OF BELOIT, WISCONSIN

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.)
For Year Ended December 31, 2004

REQUESTS FOR INFORMATION

The Comprehensive Annual Financial Report (CAFR) is designed to provide our citizens, customers, investors and creditors with a general overview of the City's finances. If you have questions about this report or need additional information, please contact the City of Beloit, Attn: Director of Finance, 100 State Street, Beloit, Wisconsin, 53511.

General information relating to the City of Beloit, Wisconsin, can be found at the City's website, <http://www.ci.beloit.wi.us>

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CITY OF BELOIT

STATEMENT OF NET ASSETS
December 31, 2004

	Primary Government			Component Units
	Governmental Activities	Business- Type Activities	Totals	
ASSETS				
Cash and investments	\$ 37,795,537	\$ 3,629,077	\$ 41,424,614	\$ 725,330
Receivables (net of allowance for uncollectibles)				
Taxes	11,223,689	618,208	11,841,897	-
Delinquent personal property taxes	50,593	-	50,593	-
Accounts	1,037,323	3,545,474	4,582,797	8,029
Special assessments	264,456	-	264,456	88,089
Loans	3,363,849	-	3,363,849	-
Accrued interest	136,831	37,010	173,841	-
Other	291,319	450,425	741,744	-
Due from other governmental units	661,752	101,005	762,757	4,745
Internal balances - interfunds	(496,739)	496,739	-	-
Internal balances - advances	347,123	(347,123)	-	-
Due from component unit	123,093	-	123,093	-
Inventories	349,217	184,235	533,452	-
Prepaid items	571,996	4,050	576,046	150
Lease receivable from primary government	-	-	-	13,473,579
Restricted assets:				
Temporarily restricted:				
Cash and investments	-	11,757,157	11,757,157	1,679,521
Deposit with risk pool	1,575,475	-	1,575,475	-
Receivable from mutual insurance company	181,696	-	181,696	-
Other assets	210,060	533,130	743,190	-
Land held for resale	4,442,765	-	4,442,765	-
Capital assets:				
Land	3,302,034	3,369,124	6,671,158	414,539
Construction in progress	359,830	2,335,731	2,695,561	28,763
Capital assets net of depreciation	24,532,096	74,753,183	99,285,279	3,389,370
Total Assets	90,323,995	101,467,425	191,791,420	19,812,115
LIABILITIES				
Accounts payable	1,893,149	1,134,419	3,027,568	43,401
Accrued liabilities	287,630	572,318	859,948	23,499
Claims payable	1,959,822	-	1,959,822	-
Due to primary government	-	-	-	123,093
Due to other governments	-	-	-	25,299
Other liabilities	21	10,353	10,374	15,216
Unearned revenues	11,125,914	643,958	11,769,872	88,139
Deposits	-	-	-	31,675
Noncurrent liabilities				
Due within one year	5,187,281	3,932,033	9,119,314	-
Due in more than one year	42,620,679	37,563,793	80,184,472	15,092,794
Total Liabilities	63,074,496	43,856,874	106,931,370	15,443,116
NET ASSETS				
Invested in capital assets, net of related debt	(1,118,825)	39,876,034	38,757,209	3,832,672
Restricted for debt service	6,171,010	9,258,839	15,429,849	441,126
Restricted for grant programs	4,692,863	-	4,692,863	-
Unrestricted	17,504,451	8,475,678	25,980,129	95,201
Total Net Assets	\$ 27,249,499	\$ 57,610,551	\$ 84,860,050	\$ 4,368,999

CITY OF BELOIT

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2004

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government				
City Council, Manager, Attorney	\$ 612,189	\$ 20,388	\$ -	\$ -
Finance and Administrative Services	4,202,312	1,915,701	6,432	-
Community Development	2,819,663	172,899	1,618,584	-
Economic Development	232,040	68,227	-	-
Public Safety				
Police Services	9,689,839	1,226,210	264,767	-
Fire Services	6,279,879	63,229	51,742	-
Health	1,816,663	91,599	1,141,821	-
Public works	11,396,417	1,966,409	934,887	1,779,114
Library	1,766,186	63,308	290,298	-
Interest and fiscal charges	2,322,088	-	-	-
Total Governmental Activities	41,137,276	5,587,970	4,308,531	1,779,114
Business-Type Activities:				
Water	3,863,256	4,469,255	-	1,000,492
Sewer	7,775,483	7,503,078	-	18,074
Other non-major enterprise funds	3,081,295	1,263,756	944,628	78,727
Total Business-Type Activities	14,720,034	13,236,089	944,628	1,097,293
Total Primary Government	\$ 55,857,310	\$ 18,824,059	\$ 5,253,159	\$ 2,876,407
Component Units:				
Community Development Authority	\$ 5,456,708	\$ 311,598	\$ 3,794,103	\$ -
Business Improvement District	170,671	150,403	-	-
Total Component Units	\$ 5,627,379	\$ 462,001	\$ 3,794,103	\$ -

General Revenues:

Taxes

Property taxes, levied for general purposes

Property taxes, levied for debt service

Property taxes, levied for other

Other taxes

Intergovernmental revenues not restricted to specific programs

Investment income

Miscellaneous

Transfers

Total General Revenues and Transfers

Change in net assets

NET ASSETS - Beginning (as restated)

NET ASSETS - ENDING

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			Component Units
Governmental Activities	Business-Type Activities	Totals	
\$ (591,801)	\$ -	\$ (591,801)	\$ -
(2,280,179)	-	(2,280,179)	-
(1,028,180)	-	(1,028,180)	-
(163,813)	-	(163,813)	-
(8,198,862)	-	(8,198,862)	-
(6,164,908)	-	(6,164,908)	-
(583,243)	-	(583,243)	-
(6,716,007)	-	(6,716,007)	-
(1,412,580)	-	(1,412,580)	-
(2,322,088)	-	(2,322,088)	-
<u>(29,461,661)</u>	<u>-</u>	<u>(29,461,661)</u>	<u>-</u>
-	1,606,491	1,606,491	-
-	(254,331)	(254,331)	-
-	<u>(794,184)</u>	<u>(794,184)</u>	-
-	557,976	557,976	-
(29,461,661)	557,976	(28,903,685)	-
-	-	-	(1,351,007)
-	-	-	<u>(20,268)</u>
			(1,371,275)
4,689,377	-	4,689,377	-
3,079,460	-	3,079,460	-
3,193,143	503,520	3,696,663	-
114,248	-	114,248	-
18,667,021	-	18,667,021	-
640,920	561,506	1,202,426	1,011,093
347,364	15,483	362,847	4,132
300,000	<u>(300,000)</u>	-	-
<u>31,031,533</u>	<u>780,509</u>	<u>31,812,042</u>	<u>1,015,225</u>
1,569,872	1,338,485	2,908,357	(356,050)
<u>25,679,627</u>	<u>56,272,066</u>	<u>81,951,693</u>	<u>4,725,049</u>
<u>\$ 27,249,499</u>	<u>\$ 57,610,551</u>	<u>\$ 84,860,050</u>	<u>\$ 4,368,999</u>

See accompanying notes to financial statements.

CITY OF BELOIT

BALANCE SHEET - GOVERNMENTAL FUNDS
December 31, 2004

	General	General Debt Service	TIF District No. 9 - Debt Service	Capital Improvements	Non-Major Governmental Funds	Total Governmental Funds
ASSETS						
Cash and investments	\$ 8,267,269	\$ 2,446,296	\$ 1,791	\$ 7,786,423	\$ 15,724,124	\$ 34,225,903
Receivables						
Taxes	4,911,748	2,752,289	-	74,245	3,485,407	11,223,689
Delinquent personal property taxes	50,593	-	-	-	-	50,593
Accounts	497,837	-	-	73,718	465,768	1,037,323
Special assessments	-	-	-	191,551	72,905	264,456
Loans	-	-	-	-	3,363,849	3,363,849
Accrued interest	136,831	-	-	-	-	136,831
Other	36,731	-	242,756	11,832	-	291,319
Due from other governmental units	-	-	-	305,112	356,640	661,752
Due from other funds	436,365	-	-	-	-	436,365
Due from component unit	-	-	-	-	123,093	123,093
Inventories	349,217	-	-	-	-	349,217
Prepaid items	14,899	-	-	-	-	14,899
Advances to other funds	2,761,363	2,944,443	-	3,681,843	-	9,387,649
TOTAL ASSETS	\$ 17,462,853	\$ 8,143,028	\$ 244,547	\$ 12,124,724	\$ 23,591,786	\$ 61,566,938
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 955,318	\$ -	\$ -	\$ 619,956	\$ 285,612	\$ 1,860,886
Due to other funds	-	-	-	-	400,058	400,058
Other liabilities	-	-	-	-	21	21
Deferred revenue	6,181,288	3,127,464	242,756	1,043,623	6,957,554	17,552,685
Advances from other funds	-	-	4,913,358	-	4,127,168	9,040,526
Total Liabilities	7,136,606	3,127,464	5,156,114	1,663,579	11,770,413	28,854,176
Fund Balances						
Reserved for:						
Delinquent personal property taxes	50,593	-	-	-	-	50,593
Inventories	349,217	-	-	-	-	349,217
Prepaid items	14,899	-	-	-	-	14,899
Noncurrent receivables/advances	1,886,365	2,569,268	-	2,946,647	-	7,402,280
Debt service	-	2,446,296	-	-	1,067,901	3,514,197
Encumbrances	-	-	-	907,974	1,555,978	2,463,952
Unreserved and designated, reported in:						
General fund - surplus applied to 2005	342,765	-	-	-	-	342,765
Unreserved and undesignated (deficit), reported in:						
General fund	7,682,408	-	-	-	-	7,682,408
Special revenue funds	-	-	-	-	5,733,357	5,733,357
Debt service funds	-	-	-	-	(2,721,092)	(2,721,092)
Capital projects funds	-	-	(4,911,567)	6,606,524	6,185,229	7,880,186
Total Fund Balances	10,326,247	5,015,564	(4,911,567)	10,461,145	11,821,373	32,712,762
TOTAL LIABILITIES AND FUND BALANCES	\$ 17,462,853	\$ 8,143,028	\$ 244,547	\$ 12,124,724	\$ 23,591,786	

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

Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds.	28,155,214
Land held for resale is not reported in the funds.	4,442,765
Some receivables that are not currently available are reported as deferred revenue in the fund financial statements but are recognized as revenue when earned in the government-wide statements. This also includes unamortized cost of issuance.	6,636,831
Internal service funds are reported in the statement of net assets as governmental funds	2,928,367
Some liabilities, including long-term debt, are not due and payable in the current period and, therefore, are not reported in the funds. See Note II.A.	(47,626,440)

NET ASSETS OF GOVERNMENTAL ACTIVITIES **\$ 27,249,499**

See accompanying notes to financial statements.

CITY OF BELOIT

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (DEFICITS) - GOVERNMENTAL FUNDS
For the Year Ended December 31, 2004

	General	General Debt Service	TIF No. 9 Debt Service	Capital Improvements	Non-Major Governmental Funds	Total Governmental Funds
REVENUES						
Taxes	\$ 4,401,660	\$ 3,079,460	\$ 6,773	\$ -	\$ 3,355,344	\$ 10,843,237
Intergovernmental	18,799,774	-	1,624	1,028,837	3,416,074	23,246,309
Licenses and permits	586,960	-	-	-	52,814	639,774
Fines, forfeitures and penalties	944,868	-	-	7,914	-	952,782
Fees and service charges	808,111	-	-	-	143,626	951,737
Rent	58,103	-	-	-	-	58,103
Special assessments	-	-	-	183,671	-	183,671
Investment income (loss)	141,064	63,906	-	142,568	379,318	726,856
Public charges for services	-	-	-	-	1,757,120	1,757,120
Donations	-	-	-	-	13,531	13,531
Other	325,000	71,296	-	-	1,620,120	2,016,416
Total Revenues	<u>26,065,540</u>	<u>3,214,662</u>	<u>8,397</u>	<u>1,362,990</u>	<u>10,737,947</u>	<u>41,389,536</u>
EXPENDITURES						
Current:						
General government	3,677,018	-	-	-	1,001	3,678,019
Community development	1,204,900	-	-	-	1,966,369	3,171,269
Public safety	15,515,966	-	-	-	466,215	15,982,181
Public health	598,921	-	-	-	1,235,435	1,834,356
Public works	5,733,152	-	-	-	1,708,334	7,441,486
Parks, recreation, and education	-	-	-	-	1,779,022	1,779,022
Capital Outlay	-	-	-	5,532,309	3,131,643	8,663,952
Debt Service:						
Principal retirement	61,397	2,833,728	-	-	1,234,161	4,129,286
Interest and fiscal charges	5,323	1,022,834	176,692	43,350	1,364,595	2,612,794
Total Expenditures	<u>26,796,677</u>	<u>3,856,562</u>	<u>176,692</u>	<u>5,575,659</u>	<u>12,886,775</u>	<u>49,292,365</u>
Excess (deficiency) of revenues over expenditures	<u>(731,137)</u>	<u>(641,900)</u>	<u>(168,295)</u>	<u>(4,212,669)</u>	<u>(2,148,828)</u>	<u>(7,902,829)</u>
OTHER FINANCING SOURCES (USES)						
Debt issued	292,852	2,937,214	-	2,349,761	2,592,339	8,172,166
Capital lease issued	-	-	-	-	934,549	934,549
Premium on debt	-	52,776	-	-	-	52,776
Payments to escrow agent	-	(2,904,746)	-	-	-	(2,904,746)
Sale of city property	-	-	-	4,464	158,952	163,416
Transfers in	300,000	510,354	-	1,003,274	500,000	2,313,628
Transfers out	(983,510)	-	-	(235,280)	(838,074)	(2,056,864)
Total Other Financing Sources (Uses)	<u>(390,658)</u>	<u>595,598</u>	<u>-</u>	<u>3,122,219</u>	<u>3,347,766</u>	<u>6,674,925</u>
Net Change in Fund Balances	(1,121,795)	(46,302)	(168,295)	(1,090,450)	1,198,938	(1,227,904)
FUND BALANCES (DEFICIT) - Beginning (as restated)	<u>11,448,042</u>	<u>5,061,866</u>	<u>(4,743,272)</u>	<u>11,551,595</u>	<u>10,622,435</u>	<u>33,940,666</u>
FUND BALANCES (DEFICIT) - ENDING	<u>\$ 10,326,247</u>	<u>\$ 5,015,564</u>	<u>\$ (4,911,567)</u>	<u>\$ 10,461,145</u>	<u>\$ 11,821,373</u>	<u>\$ 32,712,762</u>

See accompanying notes to financial statements.

CITY OF БЕЛОIT

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, 2004

Net change in fund balances - total governmental funds	\$ (1,227,904)
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of net assets the cost of these assets is capitalized and they are depreciated over their estimated useful lives with depreciation expense reported in the statement of activities.

Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements	8,663,952
Less: Some items reported as capital outlay but not capitalized	(4,372,456)
Depreciation is reported in the government-wide statements	(1,580,803)
Capital contributions reported in the government-wide statements (infrastructure)	581,565
Change in land held for resale	904,554

Net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins) is to decrease net assets.	(485,444)
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Receivables not currently available are reported as deferred revenue in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements.	409,044
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Debt and lease issues provide current financial resources to governmental funds, but issuing these obligations increases long-term liabilities in the statement of net assets. Repayment of 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 by which payments (\$6,742,889 G.O. debt, other debt \$61,396 and \$88,173 capital leases) were less than issues (\$7,879,314 G.O. debt, other debt \$292,852 and \$934,549 capital leases).	(2,214,247)
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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.	307,497
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Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	
Compensated absences	(147,289)
Accrued interest on debt	(3,283)

Internal service funds are used by management to charge the costs of insurance, printing services, engineering and equipment maintenance to other funds. The increase in net assets of the internal service funds is reported in the governmental activities.	734,686
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CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$ <u>1,569,872</u>
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See accompanying notes to financial statements.

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CITY OF БЕЛОIT

STATEMENT OF NET ASSETS - PROPRIETARY FUNDS
December 31, 2004

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water Utility	Sewer Utility	Non-Major Enterprise Funds	Totals	
ASSETS					
Current Assets					
Cash and investments	\$ 1,105,687	\$ 2,406,848	\$ 116,542	\$ 3,629,077	\$ 3,569,634
Receivables					
Taxes	-	-	618,208	618,208	-
Customer accounts	963,744	2,418,892	162,838	3,545,474	-
Accrued interest	-	37,010	-	37,010	-
Other	57,119	393,306	-	450,425	-
Due from other governmental units	-	-	101,005	101,005	-
Current portion of advance	-	142,333	-	142,333	-
Inventories	47,839	-	136,396	184,235	-
Prepaid items	4,050	-	-	4,050	557,097
Restricted Assets					
Bond redemption account	276,295	1,977,115	-	2,253,410	-
Replacement account	-	4,468,747	-	4,468,747	-
Total Current Assets	<u>2,454,734</u>	<u>11,844,251</u>	<u>1,134,989</u>	<u>15,433,974</u>	<u>4,126,731</u>
Non-Current Assets					
Restricted Assets					
Bond reserve account	1,926,000	3,109,000	-	5,035,000	-
Deposit with risk pool	-	-	-	-	1,575,475
Receivable from mutual insurance company	-	-	-	-	181,696
Total Restricted Assets	<u>1,926,000</u>	<u>3,109,000</u>	<u>-</u>	<u>5,035,000</u>	<u>1,757,171</u>
Capital Assets					
Land	712,842	1,386,282	1,270,000	3,369,124	-
Construction in progress	2,335,731	-	-	2,335,731	-
Land improvements	-	-	702,418	702,418	-
Buildings	4,495,723	64,967,992	2,682,296	72,146,011	-
Machinery, equipment, and vehicles	13,225,889	1,022,372	3,380,375	17,628,636	67,165
Infrastructure	12,144,226	12,098,100	-	24,242,326	-
Less: accumulated depreciation	<u>(6,315,721)</u>	<u>(30,333,755)</u>	<u>(3,316,732)</u>	<u>(39,966,208)</u>	<u>(28,419)</u>
Total Capital Assets, Net	<u>26,598,690</u>	<u>49,140,991</u>	<u>4,718,357</u>	<u>80,458,038</u>	<u>38,746</u>
Other Assets					
Advances to other funds	-	1,657,667	-	1,657,667	-
Unamortized debt issuance costs	<u>331,183</u>	<u>201,947</u>	<u>-</u>	<u>533,130</u>	<u>-</u>
Total Other Assets	<u>331,183</u>	<u>1,859,614</u>	<u>-</u>	<u>2,190,797</u>	<u>-</u>
Total Non-Current Assets	<u>28,855,873</u>	<u>54,109,605</u>	<u>4,718,357</u>	<u>87,683,835</u>	<u>1,795,917</u>
TOTAL ASSETS	<u>31,310,607</u>	<u>65,953,856</u>	<u>5,853,346</u>	<u>103,117,809</u>	<u>5,922,648</u>

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water Utility	Sewer Utility	Non-Major Enterprise Funds	Totals	
LIABILITIES					
Current Liabilities					
Accounts payable	\$ 406,031	\$ 662,542	\$ 65,846	\$ 1,134,419	\$ 32,263
Claims payable	-	-	-	-	1,959,822
Due to other funds	-	-	36,307	36,307	-
Compensated absences	12,959	101,006	-	113,965	-
Current maturities of general obligation debt	-	-	64,853	64,853	143,000
Current maturities of other obligations	-	100,312	-	100,312	-
Current portion of advances	142,333	-	-	142,333	-
Deferred revenue	-	-	643,958	643,958	-
Other current liabilities	-	-	10,353	10,353	-
Current Liabilities Payable From Restricted Assets					
Current maturities of revenue debt	580,000	3,072,903	-	3,652,903	-
Accrued interest	179,628	392,690	-	572,318	-
Total Current Liabilities	1,320,951	4,329,453	821,317	6,471,721	2,135,085
Noncurrent Liabilities					
General obligation debt, less current maturities	-	-	296,121	296,121	326,150
Compensated absences	7,095	62,101	107,532	176,728	-
Other long-term debt	-	54,402	-	54,402	-
Revenue debt, less current maturities	24,065,000	13,465,504	-	37,530,504	-
Unamortized loss on advance refunding	-	(493,962)	-	(493,962)	-
Advances from other funds	1,657,667	-	347,123	2,004,790	-
Total Long-Term Debt	25,729,762	13,088,045	750,776	39,568,583	326,150
Total Liabilities	27,050,713	17,417,498	1,572,093	46,040,304	2,461,235
NET ASSETS					
Invested in capital assets, net of related debt	2,374,873	33,143,778	4,357,383	39,876,034	38,746
Restricted	96,667	9,162,172	-	9,258,839	-
Unrestricted	1,788,354	6,230,408	(76,130)	7,942,632	3,422,667
TOTAL NET ASSETS	\$ 4,259,894	\$ 48,536,358	\$ 4,281,253	\$ 57,077,505	\$ 3,461,413
Amounts reported for business-type activities in the statement of net assets are different because:					
Portion of internal service fund net assets reported in the business-type activities				533,046	
NET ASSETS OF BUSINESS TYPE ACTIVITIES				\$ 57,610,551	

See accompanying notes to financial statements.

CITY OF BELOIT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND
NET ASSETS - PROPRIETARY FUNDS
For the Year Ended December 31, 2004

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water Utility	Sewer Utility	Non-Major Enterprise Funds	Totals	
OPERATING REVENUES					
Charges for services	\$ 4,343,260	\$ 7,319,500	\$ 1,225,471	\$12,888,231	\$10,005,659
Other	125,995	183,578	38,285	347,858	-
Total Operating Revenues	<u>4,469,255</u>	<u>7,503,078</u>	<u>1,263,756</u>	<u>13,236,089</u>	<u>10,005,659</u>
OPERATING EXPENSES					
Operation and maintenance	1,122,785	3,298,116	2,882,635	7,303,536	1,489,071
Contractual services	844,509	840,578	-	1,685,087	7,614,377
Depreciation	800,765	2,343,921	228,317	3,373,003	7,555
Total Operating Expenses	<u>2,768,059</u>	<u>6,482,615</u>	<u>3,110,952</u>	<u>12,361,626</u>	<u>9,111,003</u>
Operating Income (loss)	<u>1,701,196</u>	<u>1,020,463</u>	<u>(1,847,196)</u>	<u>874,463</u>	<u>894,656</u>
NONOPERATING REVENUES (EXPENSES)					
Intergovernmental revenues	-	-	944,628	944,628	-
Investment income	189,073	346,787	25,646	561,506	10,900
Interest expense	(1,087,187)	(881,305)	(14,800)	(1,983,292)	(47,487)
Amortization of debt issuance expense	(20,708)	(44,892)	-	(65,600)	-
General property taxes	-	-	503,520	503,520	-
Amortization of loss on early retirement of debt	-	(109,740)	-	(109,740)	-
Loss on investment in CVMIC	-	-	-	-	(41,395)
Miscellaneous nonoperating income	-	15,483	-	15,483	-
Miscellaneous nonoperating expense	-	(325,000)	-	(325,000)	-
Total Nonoperating Revenues (Expenses)	<u>(918,822)</u>	<u>(998,667)</u>	<u>1,458,994</u>	<u>(458,495)</u>	<u>(77,982)</u>
Income (loss) before contributions and transfers	782,374	21,796	(388,202)	415,968	816,674
Capital contributions	2,074,097	18,074	78,727	2,170,898	-
Transfers in	-	-	-	-	43,236
Transfers out	(300,000)	(1,073,605)	-	(1,373,605)	-
Change in Net Assets	2,556,471	(1,033,735)	(309,475)	1,213,261	859,910
TOTAL NET ASSETS - Beginning (as restated)	<u>1,703,423</u>	<u>49,570,093</u>	<u>4,590,728</u>		<u>2,601,503</u>
TOTAL NET ASSETS - ENDING	<u>\$ 4,259,894</u>	<u>\$48,536,358</u>	<u>\$ 4,281,253</u>		<u>\$ 3,461,413</u>

Amounts reported for business-type activities in the Statement of Activities are different because:

Portion of internal service funds change in net assets reported in business-type activities

125,224

**CHANGE IN NET ASSETS OF
BUSINESS-TYPE ACTIVITIES**

\$ 1,338,485

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CITY OF BELOIT

STATEMENT OF CASH FLOWS -
 PROPRIETARY FUND TYPES
 For the Year Ended December 31, 2004

	Business-Type Activities - Enterprise Funds			Totals	Governmental Activities - Internal Service Fund
	Water Utility	Sewer Utility	Non-Major Enterprise Funds		
CASH FLOWS FROM OPERATING ACTIVITIES					
Received from customers	\$ 3,970,191	\$ 7,085,292	\$ 1,343,206	\$ 12,398,689	\$ 10,008,639
Paid to suppliers for goods and services	(1,349,878)	(2,417,810)	(1,527,581)	(5,295,269)	(8,498,824)
Payments to employees for services	(452,677)	(1,337,074)	(1,339,624)	(3,129,375)	(699,270)
Net Cash Flows from Operating Activities	<u>2,167,636</u>	<u>3,330,408</u>	<u>(1,523,999)</u>	<u>3,974,045</u>	<u>810,545</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Operating grants received	-	-	900,318	900,318	-
Operating transfers	(300,000)	(1,073,605)	-	(1,373,605)	43,236
Property taxes received	-	-	503,520	503,520	-
Non-capital advance (and repayment)	-	(1,800,000)	26,693	(1,773,307)	(62,688)
Net Cash Flows from Noncapital Financing Activities	<u>(300,000)</u>	<u>(2,873,605)</u>	<u>1,430,531</u>	<u>(1,743,074)</u>	<u>(19,452)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Advances from other funds - capital related	1,800,000	-	-	1,800,000	-
Debt retired	(565,000)	(3,027,683)	(121,270)	(3,713,953)	(130,900)
Interest paid	(1,089,070)	(945,285)	(14,801)	(2,049,156)	(46,509)
Proceeds from issuance of new debt	-	-	179,844	179,844	-
Acquisition and construction of capital assets	(2,047,922)	(443,011)	(33,096)	(2,524,029)	-
Construction grants received	-	-	75,777	75,777	-
Contributions received for construction	-	18,074	-	18,074	-
Capital paid from (to) city	-	(325,000)	-	(325,000)	-
Net Cash Flows from Capital and Related Financing Activities	<u>(1,901,992)</u>	<u>(4,722,905)</u>	<u>86,454</u>	<u>(6,538,443)</u>	<u>(177,409)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Non-cash equivalents purchased	-	(350,852)	-	(350,852)	-
Non-cash equivalents sold	-	722,183	-	722,183	-
Investment income	189,073	460,197	25,646	674,916	9,922
Net Cash Flows from Investing Activities	<u>189,073</u>	<u>831,528</u>	<u>25,646</u>	<u>1,046,247</u>	<u>9,922</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>154,717</u>	<u>(3,434,574)</u>	<u>18,632</u>	<u>(3,261,225)</u>	<u>623,606</u>
CASH AND CASH EQUIVALENTS - Beginning	<u>3,153,265</u>	<u>12,121,646</u>	<u>97,910</u>	<u>15,372,821</u>	<u>2,946,028</u>
CASH AND CASH EQUIVALENTS - Ending	<u>\$ 3,307,982</u>	<u>\$ 8,687,072</u>	<u>\$ 116,542</u>	<u>\$ 12,111,596</u>	<u>\$ 3,569,634</u>

	Business-Type Activities - Enterprise Funds			Totals	Governmental Activities - Internal Service Fund
	Water Utility	Sewer Utility	Non-Major Enterprise Funds		
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES					
Operating income (Loss)	\$ 1,701,196	\$ 1,020,463	\$ (1,847,196)	\$ 874,463	\$ 894,656
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows From Operating Activities					
Nonoperating income	-	15,483	-	15,483	-
Depreciation expense	840,142	2,343,921	228,317	3,412,380	7,555
Changes in Assets and Liabilities					
Accounts receivable	(538,441)	(433,269)	59,730	(911,980)	2,980
Inventories	21,026	-	2,935	23,961	2,497
Prepaid items	(4,050)	-	-	(4,050)	(39,326)
Accounts payable	144,517	360,200	(13,198)	491,519	(33,559)
Due to other funds	-	-	(31,447)	(31,447)	-
Accrued compensated absences	3,246	23,610	54,705	81,561	-
Other current liabilities	-	-	2,435	2,435	-
Deferred revenue	-	-	19,720	19,720	-
Claims payable	-	-	-	-	(24,258)
NET CASH FLOWS FROM OPERATING ACTIVITIES	\$ 2,167,636	\$ 3,330,408	\$ (1,523,999)	\$ 3,974,045	\$ 810,545

**RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS**

Cash and investments - statement of net assets	\$ 1,105,687	\$ 2,406,848	\$ 116,542	\$ 3,629,077	\$ 3,569,634
Restricted cash and investments - statement of net assets:					
Bond redemption account	276,295	1,977,115	-	2,253,410	-
Replacement account	-	4,468,747	-	4,468,747	-
Bond reserve account	1,926,000	3,109,000	-	5,035,000	-
Less: Non-cash equivalents	-	(3,274,638)	-	(3,274,638)	-
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 3,307,982	\$ 8,687,072	\$ 116,542	\$ 12,111,596	\$ 3,569,634

NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES

During 2004, \$2,074,097 of water capital assets were contributed by the City.

During 2004, there was a decrease of \$41,395 in what CVMIC owes the city which resulted in a loss on the investment.

CITY OF BELOIT

**STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
December 31, 2004**

	<u>Agency Fund</u>
	<u>Tax Collection Fund</u>
ASSETS	
Cash and investments	\$ 7,324,647
Property taxes receivable	<u>15,052,229</u>
TOTAL ASSETS	<u>\$ 22,376,876</u>
LIABILITIES	
Accounts payable	\$ 20,671
Due to other taxing units	<u>22,356,205</u>
TOTAL LIABILITIES	<u>\$ 22,376,876</u>

CITY OF БЕЛОIT

STATEMENT OF NET ASSETS - COMPONENT UNITS
December 31, 2004

	Major Community Development Authority	Non-Major Business Improvement District	Totals
ASSETS			
Current Assets			
Cash and investments	\$ 645,437	\$ 79,893	\$ 725,330
Receivables			
Accounts	8,029	-	8,029
Special assessments	-	88,089	88,089
Due from other governmental units	4,745	-	4,745
Prepaid items	150	-	150
Total Current Assets	<u>658,361</u>	<u>167,982</u>	<u>826,343</u>
Non-Current Assets			
Restricted Assets			
Cash and investments	1,679,521	-	1,679,521
Total Restricted Assets	<u>1,679,521</u>	<u>-</u>	<u>1,679,521</u>
Capital Assets			
Land	414,539	-	414,539
Construction in progress	28,763	-	28,763
Buildings	3,724,451	-	3,724,451
Machinery, equipment, and vehicles	4,260,887	-	4,260,887
Less: Accumulated depreciation	(4,595,968)	-	(4,595,968)
Total Capital Assets, Net	<u>3,832,672</u>	<u>-</u>	<u>3,832,672</u>
Other assets			
Lease receivable from primary government	13,473,579	-	13,473,579
Total Other Assets	<u>13,473,579</u>	<u>-</u>	<u>13,473,579</u>
Total Non-Current Assets	<u>18,985,772</u>	<u>-</u>	<u>18,985,772</u>
Total Assets	<u>19,644,133</u>	<u>167,982</u>	<u>19,812,115</u>
LIABILITIES			
Current Liabilities			
Accounts payable	38,205	5,196	43,401
Accrued liabilities	15,491	-	15,491
Accrued taxes	8,008	-	8,008
Due to primary government	73,685	49,408	123,093
Due to other governments	25,299	-	25,299
Other liabilities	15,216	-	15,216
Unearned revenues	50	88,089	88,139
Deposits	31,675	-	31,675
Total Current Liabilities	<u>207,629</u>	<u>142,693</u>	<u>350,322</u>
Noncurrent Liabilities			
Compensated absences	9,606	-	9,606
Lease revenue bonds payable	15,083,188	-	15,083,188
Total Noncurrent Liabilities	<u>15,092,794</u>	<u>-</u>	<u>15,092,794</u>
Total Liabilities	<u>15,300,423</u>	<u>142,693</u>	<u>15,443,116</u>
NET ASSETS			
Invested in capital assets, net of related debt	3,832,672	-	3,832,672
Restricted	441,126	-	441,126
Unrestricted	69,912	25,289	95,201
TOTAL NET ASSETS	<u>\$ 4,343,710</u>	<u>\$ 25,289</u>	<u>\$ 4,368,999</u>

See accompanying notes to financial statements.

CITY OF BELOIT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS - COMPONENT UNITS Year Ended December 31, 2004

	<u>Major</u> Community Development Authority	<u>Non-major</u> Business Improvement District	<u>Totals</u>
OPERATING REVENUES			
Charges for services	\$ 209,982	\$ 71,762	\$ 281,744
Other	101,616	78,641	180,257
Total Operating Revenues	<u>311,598</u>	<u>150,403</u>	<u>462,001</u>
OPERATING EXPENSES			
Operation and maintenance	4,082,149	170,671	4,252,820
Depreciation	390,840	-	390,840
Taxes	8,008	-	8,008
Total Operating Expenses	<u>4,480,997</u>	<u>170,671</u>	<u>4,651,668</u>
Operating Loss	<u>(4,169,399)</u>	<u>(20,268)</u>	<u>(4,189,667)</u>
NONOPERATING REVENUES (EXPENSES)			
Intergovernmental revenues	3,794,103	-	3,794,103
Investment income	1,009,764	1,329	1,011,093
Interest expense	(975,711)	-	(975,711)
Miscellaneous nonoperating income	4,132	-	4,132
Total Nonoperating Revenues (Expenses)	<u>3,832,288</u>	<u>1,329</u>	<u>3,833,617</u>
Change in Net Assets	(337,111)	(18,939)	(356,050)
TOTAL NET ASSETS - BEGINNING (as restated)	<u>4,680,821</u>	<u>44,228</u>	<u>4,725,049</u>
TOTAL NET ASSETS - ENDING	<u>\$ 4,343,710</u>	<u>\$ 25,289</u>	<u>\$ 4,368,999</u>

See accompanying notes to financial statements

CITY OF BELOIT

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CITY OF BELOIT

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CITY OF BELOIT

NOTES TO FINANCIAL STATEMENTS December 31, 2004

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of Beloit, Wisconsin conform to generally accepted accounting principles as applicable to governmental units.

A. REPORTING ENTITY

This report includes all of the funds of the City of Beloit. 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 officials of the primary government are 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. Blended component units, although legally separate entities, are, in substance, part of the government's operations and are reported with similar funds of the primary government. The component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the government.

Included within the reporting entity:

City of Beloit Community Development Authority

The government-wide financial statements include the City of Beloit Community Development Authority ("CDA") as a component unit. The CDA is a legally separate organization. The board of the CDA is appointed by the city council. Wisconsin Statutes provide for circumstances whereby the city can impose their will on the CDA, and also create a potential financial benefit to or burden on the city (see Note IV.J.). As a component unit, the CDA's financial statements are shown as a discrete column (proprietary) in the financial statements. The information presented is for the fiscal year ended December 31, 2004. Additional information may be obtained from the CDA's office at 220 Portland Avenue, Beloit, Wisconsin 53511.

CITY OF BELOIT

NOTES TO FINANCIAL STATEMENTS December 31, 2004

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

A. REPORTING ENTITY (cont.)

City of Beloit Business Improvement District (the "district")

The district was created under the provisions of Wisconsin Statute Section 66.608. The district, created in 1989, is a legally separate entity with a separate thirteen member board appointed by the city manager and approved by the city council. Wisconsin Statutes provide circumstances whereby the city can impose its will on the district, and also create a potential financial benefit to or burden on the city. The members serve staggered terms as designated by the city council. A majority of the members own or occupy real property in the district. The district has its own budgetary authority and assessment capabilities (see Note IV.J.). As a component unit, the district's financial statements are shown as a discrete column (proprietary) in the financial statements. The information presented is for the fiscal year ended December 31, 2004. Separately issued financial statements of the district may be obtained from the City of Beloit Business Improvement District, 136 W. Grand, Suite 100, P.O. Box 291, Beloit, WI 53511.

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.

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.

CITY OF BELOIT

NOTES TO FINANCIAL STATEMENTS

December 31, 2004

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

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

Fund Financial Statements (cont.)

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 proprietary fund that the city believes is particularly important to financial statement users may be reported as a major fund.

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 – accounts for resources accumulated and payments made for principal and interest on long-term debt other than TIF or enterprise fund debt.

TIF District No. 9 – Debt Service Fund – accounts for expenditures outlined in the TID project plan and related revenues and proceeds from long-term borrowing.

Capital Improvements – Capital Projects Fund – accounts for proceeds from long-term borrowing and other resources to be used for capital improvement projects.

The city reports the following major enterprise funds:

Water Utility – accounts for operations of the water system

Sewer Utility – accounts for operations of the sewer system

CITY OF BELOIT

NOTES TO FINANCIAL STATEMENTS December 31, 2004

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 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.

Rental Rehab (WRRP/HOME)	Recreation
Health	Community Development
Community Development Block Grant	Library
TIF District No. 8	Library Multi-Year Grants
TIF District No. 10	Police
TIF District No. 11	Solid Waste
TIF District No. 12	Perpetual Care
Fire Multi-Year Grants	Neighborhood Development Initiative
DPW Multi-Year Grants	

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.

TIF District No. 3
TIF District No. 5
TIF District No. 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.

Fleet Replacement
Computer Replacement

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.

Golf Course
Cemeteries
Ambulance
Transit System

CITY OF BELOIT

NOTES TO FINANCIAL STATEMENTS
December 31, 2004

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

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

Fund Financial Statements (cont.)

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.

Equipment Operations	Health Insurance
Duplicating Services	City Engineer
General Liability Insurance	

Agency funds are used to account for assets held by the city in a trustee capacity for other governmental units for tax collections.

Tax Collections

**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.

CITY OF BELOIT

NOTES TO FINANCIAL STATEMENTS December 31, 2004

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

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

Fund Financial Statements

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

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

Intergovernmental aids and grants are recognized as revenues in the period the city is entitled 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.

CITY OF BELOIT

NOTES TO FINANCIAL STATEMENTS December 31, 2004

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

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

Fund Financial Statements (cont.)

Proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note. The agency fund only presents a statement of net assets since it does not have a measurement focus.

The enterprise funds follow all pronouncements of the Governmental Accounting Standards Board, and have elected not to follow Financial Accounting Standards Board 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 and sewer funds are charges to customers for sales and services. 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.

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.
3. Bonds or securities issued or guaranteed by the federal government.
4. The local government investment pool.

CITY OF BELOIT

NOTES TO FINANCIAL STATEMENTS December 31, 2004

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

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

1. Deposits and Investments (cont.)

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.

Additional restrictions may arise from local charters, ordinances, resolutions and grant resolutions.

Investment of most trust funds including the cemetery perpetual care fund, is regulated by Chapter 881 of the Wisconsin Statutes. This section gives broad authority to use such funds to acquire various kinds of investments including stocks, bonds and debentures.

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

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2004, 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 IV.A. for further information.

2. Receivables

Property Taxes

Property taxes are levied in December on the assessed value as of the prior January 1. In addition to property taxes for the city, taxes are collected for and remitted to the state and county governments as well as the local school district 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 BELOIT

NOTES TO FINANCIAL STATEMENTS December 31, 2004

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

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

2. Receivables (cont.)

Property Taxes (cont.)

Property tax calendar – 2004 tax roll:

Lien date and levy date	December 2004
Tax bills mailed	December 2004
Payment in full, or	January 31, 2005
First installment due	January 31, 2005
Second installment due	March 31, 2005
Third installment due	May 31, 2005
Fourth installment due	July 31, 2005
Personal property taxes in full	January 31, 2005
Tax sale – 2004 delinquent real estate taxes	October 2007

Uncollectible Accounts

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 water and sewer utilities because they have the right by law to place delinquent bills on the tax roll.

Interfund Loans

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.

Loans

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 \$38,949.

CITY OF BELOIT

NOTES TO FINANCIAL STATEMENTS December 31, 2004

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

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

2. Receivables (cont.)

Loans (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

Governmental fund inventory, if material, are recorded at cost based on an average cost 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, 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.

5. Capital Assets

Government-Wide Statements

In the government-wide financial statements, fixed assets are accounted for as capital assets. Capital assets are defined by the government as assets with an initial cost of more than \$10,000 for general capital assets and infrastructure, 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. For the year ended December 31, 2004, the city has not retroactively reported its infrastructure networks.

CITY OF БЕЛОIT

NOTES TO FINANCIAL STATEMENTS December 31, 2004

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

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

5. Capital Assets (cont.)

Government-Wide Statements (cont.)

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. No 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:

Land Improvements	25 Years
Buildings	5-53 Years
Machinery, Equipment and Vehicles	4-45 Years
Sewer Mains	100 Years
Sewer Treatment Facility	30 Years
Water Mains	77 Years
Infrastructure	20-50 Years

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. For the government-wide and the proprietary fund type financial statements, debt issuance costs are deferred and amortized over the term of the debt issue.

CITY OF BELOIT

NOTES TO FINANCIAL STATEMENTS December 31, 2004

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

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

7. Compensated Absences

Under terms of employment, employees are granted sick leave and vacations in varying amounts. Only benefits considered to be vested are disclosed in these statements.

All vested vacation and sick leave pay is accrued when incurred in the government-wide, proprietary, and fiduciary 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, or are payable with expendable available resources.

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2004 are determined on the basis of current salary rates and include salary related payments.

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 debts (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.

For the government-wide statements and proprietary fund statements, significant bond premiums and discounts are deferred and amortized over the life of the issue using either the straight-line or effective interest 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.

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 \$1,101,845 made up of three issues.

CITY OF BELOIT

NOTES TO FINANCIAL STATEMENTS December 31, 2004

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

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

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.
- 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."

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.

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.

CITY OF BELOIT

NOTES TO FINANCIAL STATEMENTS December 31, 2004

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

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

11. Basis for Existing Rates

Water Utility

The water utility was authorized current rates by the Public Service Commission (PSC) effective November 17, 2003 and is allowed to earn a 7% rate of return.

Sewer Utility

Current sewer rates were approved by the council and effective on November 1, 2003.

NOTE II – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE STATEMENT OF NET ASSETS

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that “some liabilities, including long-term debt, are not due and payable in the current period, and accordingly, are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities—both current and long-term—are reported in the statement of net assets.” The details of this \$47,626,440 difference in liabilities is as follows:

Bonds and notes payable	\$ 31,659,026
Unamortized debt premium/discount/loss on advance refunding	(257,525)
Compensated absences	1,987,343
Other debt	476,387
Capital leases	13,473,579
Accrued interest	<u>287,630*</u>
Net Adjustment to Reduce Fund Balance – Total Governmental Funds to Arrive at Net Assets – Governmental Activities	<u>\$ 47,626,440</u>

* This amount is included in other accrued liabilities on the Statement of Net Assets.

CITY OF BELOIT

NOTES TO FINANCIAL STATEMENTS December 31, 2004

NOTE III – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

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.

Wisconsin Statute 65.90 requires that an annual budget be adopted for all funds. Budgetary comparisons are not required for proprietary funds. A budget has been adopted for all funds with the exception of the following special revenue funds: Rental rehab (WRRP/HOME), community development, library multi-year grant and perpetual care.

All city departments are required to submit their annual budget requests for the ensuing year to the city manager by August 25. The Department of Finance, acting as staff for the city manager, reviews the requests in detail with the departments during August, September, and October. After all of the requests have been reviewed, the city manager submits the proposed budget to the city council. The city's ordinances require that this be done on or before October 15.

All adopted budgets for the governmental funds are prepared in accordance with the modified accrual basis of accounting. All adopted budgets for proprietary funds are prepared in accordance with the accrual basis of accounting, except for the treatment of depreciation and capital outlays. For budget purposes, capital outlays are included as expenditures whereas for accounting purposes, depreciation is included as an expense.

The legal level of control for each budget is by department, as defined. Once the budget is adopted, transfers of appropriations among departments require approval by the city council and are permitted at any time during the year. Supplemental appropriations for the purpose of public emergencies may be made from unanticipated revenues received or surplus, as defined, by resolution adopted by a vote by the city council.

Every appropriation lapses at December 31, to the extent that it has not been expended, encumbered or administratively carried over to the next year. Operating account appropriations which are administratively carried forward are reviewed and approved by the city council. An appropriation for a capital expenditure or a major repair continues in force until the purpose for which it was made has been accomplished or abandoned.

The budgeted amounts presented include any amendments made. The city manager may authorize transfers of budgeted amounts within departments. Transfers between departments and changes to the overall budget must be approved by a two-thirds council action. Supplemental appropriations during the year were as follows:

<u>Fund</u>	<u>Amount</u>
General Fund	\$ 364,603
Capital Improvements	1,250,000
Special Revenue Fund – TIF District No. 8	<u>55,000</u>
Total	<u>\$ 1,669,603</u>

CITY OF BELOIT

NOTES TO FINANCIAL STATEMENTS
December 31, 2004

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

A. BUDGETARY INFORMATION (cont.)

Appropriations lapse at year end unless specifically carried over. There were no carryovers to 2004. Budgets are adopted at the department level of expenditure.

B. EXCESS EXPENDITURES OVER APPROPRIATIONS

The following individual funds had an excess of expenditures over appropriations at the legal level of budgeting control for the year ended December 31, 2004:

		<u>Excess</u>
Debt Service (Major Funds)		
General debt service	\$	462,052
TIF District No. 9		2,165
 Special Revenue		
TIF District No. 10		947,643
TIF District No. 11		250
TIF District No. 12		11,102
Police		10,113
 Debt Service		
TIF District No. 3		17,953
TIF District No. 5		268,566
TIF District No. 6		189,363

C. DEFICIT BALANCES

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

As of December 31, 2004, the following individual funds held a deficit balance:

<u>Fund</u>	<u>Amount</u>	<u>Reason</u>
Debt Service – TIF District No. 9	\$ 4,911,567	Excess expenditures over revenues
Special Revenue – TIF District No. 11	32,333	Excess expenditures over revenues
Special Revenue – TIF District No. 12	511,102	Excess expenditures over revenues
Special Revenue – Fire Multi-Year Grants	4,641	Excess expenditures over revenues
Debt Service – TIF District No. 3	1,095,896	Excess expenditures over revenues
Debt Service – TIF District No. 6	1,625,196	Excess expenditures over revenues

CITY OF BELOIT

NOTES TO FINANCIAL STATEMENTS December 31, 2004

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

C. DEFICIT BALANCES (cont.)

Tax incremental district deficits are anticipated to be funded with future incremental taxes levied over the life of the districts. Other fund deficits are anticipated to be funded with future contributions, general tax revenues, or long-term borrowing.

NOTE IV – DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

Total cash and investments in the combined balance sheet consist of the following:

Petty cash and cash on hand	\$ 7,903
Deposits	8,830,486
Investments	<u>51,668,029</u>
Total cash and investments	<u>\$ 60,506,418</u>
Per statement of net assets – cash and investments	\$ 41,424,614
Per statement of net assets – restricted cash and investments	11,757,157
Per statement of net assets – fiduciary funds	<u>7,324,647</u>
Total cash and investments	<u>\$ 60,506,418</u>

Deposits

At December 31, 2004, the carrying amount of the city's deposits was \$8,830,486 and the bank balance was \$7,842,766. The difference between the carrying amount and the bank balance represents outstanding checks and deposits in transit.

Of the bank balance \$3,298,087 was covered by federal depository insurance and collateral (Category 1), and \$4,544,679 was uninsured and uncollateralized.

Deposits in local and area banks 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 computing the amounts in Category 1 above.

CITY OF BELOIT

NOTES TO FINANCIAL STATEMENTS December 31, 2004

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

A. DEPOSITS AND INVESTMENTS (cont.)

Deposits (cont.)

The city has obtained collateral from the local bank for \$3,098,087 which is included in Category 1.

Fluctuating cash flows during the year due to tax collections, receipt of state aids and/or proceeds from borrowing may have resulted in uninsured balances during the year significantly exceeding uninsured amounts at year end.

Investments

The city's investments are categorized to give an indication of the level of custodial credit risk assumed by the entity at year end. Category 1 includes items that are insured or registered or evidenced by securities held by the city or its agent in the city's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counter party's trust department or agent in the city's name. Category 3 includes uninsured and unregistered investments, with securities held by the counterparty or its trust department or agent, but not in the city's name.

	Category			Total	Carrying Amount
	1	2	3		
Commercial paper	\$ -	\$ -	\$ 1,591,539	\$ 1,591,539	\$ 1,591,539
U.S. government securities	34,048,786	-	4,056,498	38,105,284	38,061,586
Sub-Totals	\$ 34,048,786	\$ -	\$ 5,648,037	\$ 39,696,823	39,653,125
Local government investment pool					3,308,910
Raymond James mutual fund					1,079,269
Marshall & Ilsley – Trust					
Company – mutual fund					380,232
Marshall & Ilsley – Trust					
Company – money market funds					7,246,493
Total Investments					\$ 51,668,029

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

\$34,048,786 of the city's investments have coverage from the Securities Investor Protection Corporation (SIPC) and other insurance. These amounts are reported in Category 1.

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 БЕЛОIT

NOTES TO FINANCIAL STATEMENTS
December 31, 2004

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

B. RECEIVABLES

Accounts receivables not expected to be collected within one year as follows:

General Fund – delinquent personal property taxes	\$ 50,593
Capital Projects – Capital improvement – special assessments	191,551
Special Revenue – TIF District No. 10 – special assessments	72,905
Nonmajor Governmental Funds – loans	<u>3,363,849</u>
Governmental Activities – Total Amount Not Expected to be Collected Within One Year	<u>\$ 3,678,898</u>

Revenues of the city are reported net of uncollectible amounts. Total uncollectible amounts related to revenues of the current period are as follows:

Governmental Fund Types – accounts receivable	\$ 41,404
Governmental Fund Types – municipal court receivable	2,290,005
Governmental Fund Types – economic development loans	38,949
Business Type – ambulance receivables	<u>396,531</u>
Total Uncollectibles	<u>\$ 2,766,889</u>

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

	Unavailable	Unearned	Totals
Property taxes receivable	\$ -	\$ 11,125,914	\$ 11,125,914
Loans receivable	3,363,849	-	3,363,849
Grants receivable – noncurrent	66,191	-	66,191
Accounts receivable – noncurrent	588,557	-	588,557
Interest on TIF advances	1,985,369	-	1,985,369
Investment income – noncurrent	136,832	-	136,832
Special assessments	<u>285,973</u>	-	<u>285,973</u>
Total Deferred/Unearned Revenue for Governmental Funds	<u>\$ 6,426,771</u>	<u>\$ 11,125,914</u>	<u>\$ 17,552,685</u>

CITY OF BELOIT

NOTES TO FINANCIAL STATEMENTS
December 31, 2004

NOTE IV – 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.
- Reserve – Used to report resources set aside to make up potential future deficiencies in the redemption account.

Equipment Replacement Account

The 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, 2004:

	<u>Water</u>	<u>Sewer</u>
Bond redemption account	\$ 276,295	\$ 1,977,115
Equipment replacement account	-	4,468,747
Bond reserve account	<u>1,926,000</u>	<u>3,109,000</u>
Total Enterprise Fund Restricted Assets	<u>\$ 2,202,295</u>	<u>\$ 9,554,862</u>

CITY OF BELOIT

NOTES TO FINANCIAL STATEMENTS December 31, 2004

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

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2004 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital Assets Not Being Depreciated:				
Land	\$ 3,568,162	\$ -	\$ 266,128	\$ 3,302,034
Construction in progress	-	359,830	-	359,830
	3,568,162	359,830	266,128	3,661,864
Total Capital Assets Not Being Depreciated				
	3,568,162	359,830	266,128	3,661,864
Capital Assets Being Depreciated:				
Land improvements	101,854	-	-	101,854
Buildings	13,378,493	-	-	13,378,493
Machinery, equipment, and vehicles	13,803,036	1,241,973	894,538	14,150,471
Other improvements	2,709,507	786,167	-	3,495,674
Infrastructure	3,172,645	2,485,092	-	5,657,737
	33,165,535	4,513,232	894,538	36,784,229
Total Capital Assets Being Depreciated				
	33,165,535	4,513,232	894,538	36,784,229
Less: Accumulated Depreciation for:				
Land improvements	50,418	4,583	-	55,001
Buildings	3,244,373	302,221	-	3,546,594
Machinery, equipment, and vehicles	6,639,560	1,093,483	675,231	7,057,812
Other improvements	1,301,476	75,251	-	1,376,727
Infrastructure	103,179	112,820	-	215,999
	11,339,006	1,588,358	675,231	12,252,133
Total Accumulated Depreciation				
	11,339,006	1,588,358	675,231	12,252,133
Total Governmental Activities Capital Assets, Net of Depreciation				
	\$ 25,394,691			\$ 28,193,960

Depreciation expense was charged to functions as follows:

Governmental Activities

Finance and administrative services	\$ 137,096
Finance and administrative services (internal service)	7,555
Community development	8,441
Public safety – police	171,586
Public safety – fire	194,879
Health	1,177
Public works, which includes the depreciation of infrastructure	1,038,450
Library	29,174
	1,588,358
Total Governmental Activities Depreciation Expense	\$ 1,588,358

CITY OF БЕЛОIT

NOTES TO FINANCIAL STATEMENTS
December 31, 2004

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

D. CAPITAL ASSETS (cont.)

Business-Type Activities	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets Not Being Depreciated:				
Land	\$ 3,369,124	\$ -	\$ -	\$ 3,369,124
Construction in progress	-	2,335,731	-	2,335,731
Total Capital Assets Not Being Depreciated	<u>3,369,124</u>	<u>2,335,731</u>	<u>-</u>	<u>5,704,855</u>
Other Capital Assets:				
Land improvements	702,418	-	-	702,418
Buildings	6,786,019	392,000	-	7,178,019
Machinery, equipment, and vehicles	16,694,793	965,043	31,200	17,628,636
Sewer mains	11,881,334	216,766	-	12,098,100
Sewer treatment facility	64,925,078	42,914	-	64,967,992
Water mains	11,574,440	569,786	-	12,144,226
Total Capital Assets Being Depreciated	<u>112,564,082</u>	<u>2,186,509</u>	<u>31,200</u>	<u>114,719,391</u>
Less: Accumulated depreciation for:				
Land improvements	441,319	22,372	-	463,691
Buildings	1,413,069	275,761	-	1,688,830
Machinery, equipment, and vehicles	5,358,025	703,133	101,486	5,959,672
Sewer mains	2,853,222	119,701	-	2,972,923
Sewer treatment facility	24,585,519	2,168,971	-	26,754,490
Water mains	1,816,879	309,723	-	2,126,602
Total Accumulated Depreciation	<u>36,468,033</u>	<u>3,599,661</u>	<u>101,486</u>	<u>39,966,208</u>
Total Business-Type Capital Assets, Net of Depreciation	<u>\$ 79,465,173</u>			<u>\$ 80,458,038</u>

CITY OF BELOIT

NOTES TO FINANCIAL STATEMENTS
December 31, 2004

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

D. CAPITAL ASSETS (cont.)

Depreciation expense was charged to functions as follows:

Business-Type Activities

Water	\$ 800,765
Sewer	2,343,921
Transit	196,492
Golf Course	28,309
Cemetery	<u>3,516</u>
Total Business-Type Activities	
Depreciation Expense	<u>\$ 3,373,003</u>

The difference between what is reported in the notes (\$3,599,661) and the income statement (\$3,373,003) is related to cost of removal and salvage.

E. INTERFUND RECEIVABLES/PAYABLES, ADVANCES, AND TRANSFERS

Interfund Receivables/Payables

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General fund	Special Revenue – TIF District No. 11	\$ 32,333
General fund	Special Revenue – DPW multi-year grants	18,699
General fund	Special Revenue – Community development	111,269
General fund	Special Revenue – Solid waste	237,757
General fund	Enterprise – Ambulance	<u>36,307</u>
Sub-total – Fund financial statements		436,365
Add: Allocation of internal service funds		533,046
Less: Fund eliminations		<u>(400,058)</u>
Total		<u>\$ 569,353</u>
Governmental activities	Business-Type Activities	\$ (533,046)
Add: Business-type activities	Governmental Activities	<u>36,307</u>
Total – Government-Wide Statement of Net Assets		<u>\$ (496,739)</u>

All amounts are due within one year.

The principal purpose of these interfunds is for deficit cash balances at year end. All remaining balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

CITY OF BELOIT

NOTES TO FINANCIAL STATEMENTS December 31, 2004

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

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

Interfund Receivables/Payables (cont.)

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

Advances

The general fund, general debt service fund, and the capital improvement program funds are advancing funds to various tax incremental districts. The amount advanced is determined by the deficiency of revenues over expenditures and other financing sources since the district's inception. The general fund is also advancing funds to the Golf Course and Cemetery. The sewer utility is also advancing funds to the water utility. A repayment schedule has been included for the sewer utility's advance to the water utility. In addition, TIF No. 5 is repaying the general fund \$250,000 over the next three years and \$124,998 in the fourth year. No other repayment schedules have been established for these advances.

The debt service fund and capital improvements program fund are charging interest to TIF District No. 9 at a rate of 5%. The advance from the general fund to TIF District No. 5 also represents interest. The sewer utility is charging 5% on its advance to the water utility. These amounts are shown as deferred revenue in the governmental advancing funds.

The following is a schedule of interfund advances:

Receivable Fund	Payable Fund	Principal	Interest	Totals	Amount Not Due in One Year
General fund	Debt Service – TIF district No. 9	\$ 194,157	\$ -	\$ 194,157	\$ 194,157
General fund	Special Revenue – TIF district No. 12	511,102	-	511,102	511,102
General fund	Debt Service – TIF district No. 3	113,631	-	113,631	-
General fund	Debt Service – TIF district No. 5	-	874,998	874,998	624,998
General fund	Debt Service – TIF district No. 6	720,352	-	720,352	720,352
General fund	Enterprise – Golf course fund	221,976	-	221,976	221,976
General fund	Enterprise – Cemetery operating fund	125,147	-	125,147	125,147
General debt service fund	Debt Service – TIF district No. 3	982,265	-	982,265	982,265
General debt service fund	Debt Service – TIF district No. 6	367,626	-	367,626	367,626
General debt service fund	Debt Service – TIF district No. 9	1,219,377	375,175	1,594,552	1,594,552

CITY OF BELOIT

NOTES TO FINANCIAL STATEMENTS
December 31, 2004

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

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

Advances (cont.)

Receivable Fund	Payable Fund	Principal	Interest	Totals	Amount Not Due in One Year
Capital improvement program	Debt Service – TIF district No. 6	\$ 557,194	\$ -	\$ 557,194	\$ 557,194
Capital improvement program	Debt Service – TIF district No. 9	2,389,453	735,196	3,124,649	3,124,649
Enterprise – Sewer utility	Enterprise – Water utility	<u>1,800,000</u>	<u>-</u>	<u>1,800,000</u>	<u>1,657,667</u>
Sub-Totals		9,202,280	1,985,369	11,187,649	10,681,685
Less: Fund eliminations		<u>(8,855,157)</u>	<u>(1,985,369)</u>	<u>(10,840,526)</u>	<u>(10,225,793)</u>
Totals		<u>\$ 347,123</u>	<u>\$ -</u>	<u>\$ 347,123</u>	<u>\$ 347,123</u>
Governmental Activities – Business-type activities				\$ 347,123	
Less: Business-type activities – Governmental activities				<u>-</u>	
Total Government-wide Statement of Net Assets				<u>\$ 347,123</u>	

The principal purpose of these advances is due to expenditures/expenses exceeding revenues.

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

The water utility received an advance from the sewer utility in the amount of \$1,800,000 at 5% for 120 months. The final maturity is December, 2014.

	Balance 1-1-04	Increases	Decreases	Balance 12-31-04
Advance from sewer utility	\$ -	\$ 1,800,000	\$ -	\$ 1,800,000
Totals	<u>\$ -</u>	<u>\$ 1,800,000</u>	<u>\$ -</u>	<u>\$ 1,800,000</u>

CITY OF BELOIT

NOTES TO FINANCIAL STATEMENTS
December 31, 2004

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

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

Advances (cont.)

Advance repayment requirements to maturity are as follows:

<u>Years</u>	<u>Business-Type Activities – Revenue Debt</u>	
	<u>Principal</u>	<u>Interest</u>
2005	\$ 142,333	\$ 86,768
2006	149,616	79,485
2007	157,271	71,831
2008	165,317	63,785
2009	173,775	55,326
2010 – 2014	<u>1,011,688</u>	<u>133,820</u>
Totals	<u>\$ 1,800,000</u>	<u>\$ 491,015</u>

Transfers

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Purpose</u>
General fund	Water utility	\$ 300,000	Payment in lieu of tax
Debt Service – General debt service	Capital Projects – Capital improvement program	235,280	Unused bond proceeds
Debt Service – General debt service	Special Revenue – TIF District No. 8	185,172	Debt service
Debt Service – General debt service	Special Revenue – TIF District No. 10	14,351	Debt service
Debt Service – General debt service	Special Revenue – TIF District No. 11	75,551	Debt service
Capital Projects – Capital improvements	Special Revenue – TIF District No. 11	563,000	Reallocation of prior year bond proceeds
Capital Projects – Capital improvements	General fund	440,274	Capital projects
Water utility	Sewer utility	1,073,605	Capital assets
Special Revenue – Neighborhood development initiative	General fund	500,000	Establish a new fund
Internal Service – Duplicating services	General fund	43,236	Close fund
Sub-Total – Fund Financial Statements		3,430,469	
Less: Fund eliminations		<u>(3,130,469)</u>	
Total – Government-wide Statement of Net Assets		<u>\$ 300,000</u>	

CITY OF BELOIT

NOTES TO FINANCIAL STATEMENTS December 31, 2004

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

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

Transfers (cont.)

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.

In the fund financial statements, total transfers out of \$3,430,469 are greater than total transfers in of \$2,356,864 because the sewer utility transferred capital assets of \$1,073,605 which the water utility reported as capital contributions.

F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2004 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
GOVERNMENTAL ACTIVITIES					
Bonds and Notes Payable:					
General Obligation Debt					
General	\$ 30,522,601	\$ 7,879,314	\$ 6,742,889	\$ 31,659,026	\$ 3,480,146
Internal service	600,050	-	130,900	469,150	143,000
Add/(Subtract) Deferred Amounts For:					
(Discounts)	(84,721)	-	(5,484)	(79,237)	-
Premiums	-	52,776	1,319	51,457	-
Loss on advance refunding	-	(229,745)	-	(229,745)	-
Sub-total	<u>31,037,930</u>	<u>7,702,345</u>	<u>6,869,624</u>	<u>31,870,651</u>	<u>3,623,146</u>
Other Liabilities					
Compensated Absences					
Sick leave	744,857	311,771	263,883	792,745	277,461
Vacation	1,095,197	1,194,598	1,095,197	1,194,598	1,194,598
Other Debt					
Alliant	74,931	292,852	51,396	316,387	82,076
Town of Turtle	170,000	-	10,000	160,000	10,000
Capital Leases					
Payable to component unit	12,539,030	934,549	-	13,473,579	-
Equipment	88,173	-	88,173	-	-
Total Other Liabilities	<u>14,712,188</u>	<u>2,733,770</u>	<u>1,508,649</u>	<u>15,937,309</u>	<u>1,564,135</u>
Total Governmental Activities					
Long-Term Liabilities	<u>\$ 45,750,118</u>	<u>\$ 10,436,115</u>	<u>\$ 8,378,273</u>	<u>\$ 47,807,960</u>	<u>\$ 5,187,281</u>

CITY OF BELOIT

NOTES TO FINANCIAL STATEMENTS
December 31, 2004

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

F. LONG-TERM OBLIGATIONS (cont.)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
BUSINESS-TYPE ACTIVITIES					
Bonds and Notes Payable:					
General obligation debt	\$ 302,400	\$ 179,844	\$ 121,270	\$ 360,974	\$ 64,853
Revenue bonds	44,670,330	-	3,486,923	41,183,407	3,652,903
Add/(Subtract) Deferred Amounts For:					
Refundings (Losses)	<u>(603,702)</u>	<u>-</u>	<u>(109,740)</u>	<u>(493,962)</u>	<u>-</u>
Sub-total	<u>44,369,028</u>	<u>179,844</u>	<u>3,498,453</u>	<u>41,050,419</u>	<u>3,717,756</u>
Other Liabilities:					
Other Debt					
Compensated absences	250,367	234,691	194,365	290,693	113,965
Alliant	<u>260,474</u>	<u>-</u>	<u>105,760</u>	<u>154,714</u>	<u>100,312</u>
Sub-total	<u>510,841</u>	<u>234,691</u>	<u>300,125</u>	<u>445,407</u>	<u>214,277</u>
Total Business-Type Activities					
Long-Term Liabilities	<u>\$ 44,879,869</u>	<u>\$ 414,535</u>	<u>\$ 3,798,578</u>	<u>\$ 41,495,826</u>	<u>\$ 3,932,033</u>

General Obligation Debt

All general obligation notes and bonds payable are backed by the full faith and credit of the city. Notes and bonds in the governmental funds will be retired by future property tax levies or tax increments accumulated by the debt service fund. 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, 2004, was \$64,467,305. Total general obligation debt outstanding at year end was \$32,489,150.

	<u>Date of Issue</u>	<u>Due Date</u>	<u>Interest Rates</u>	<u>Original Indebted- ness</u>	<u>Balance 12-31-04</u>
Governmental Activities – General Obligation Debt					
General obligation insurance bond	4-21-87	4-1-07	8.30-8.70%	\$ 1,575,475	\$ 469,150
Special assessment B bonds	12-1-96	4-1-06	4.90-5.40	280,000	60,000
General obligation promissory notes Series 1996C	10-1-96	4-1-06	4.30-5.25	600,000	120,000

CITY OF BELOIT

NOTES TO FINANCIAL STATEMENTS
December 31, 2004

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

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

	Date of Issue	Due Date	Interest Rates	Original Indebted- ness	Balance 12-31-04
Governmental Activities – General Obligation Debt (cont.)					
General obligation corporate purpose bonds Series 1997B	4-1-97	4-1-12	4.875-5.00	\$ 5,475,000	\$ 725,000
General obligation corporate purpose bonds Series 1999A	5-1-99	5-1-12	4.15-4.20	2,735,000	2,035,000
General obligation promissory notes Series 1999B	5-1-99	5-1-09	4.00-4.20	1,766,000	1,225,497
General obligation corporate Purpose bonds Series	6-1-00	12-1-14	4.70-5.55	3,285,000	2,285,000
General obligation promissory notes	6-1-00	12-1-09	5.10-5.35	1,620,000	990,000
General obligation refunding bonds Series 2001A	3-1-01	10-1-14	4.00-4.70	3,141,100	2,520,000
General obligation promissory notes Series 2001B	6-1-01	12-1-10	3.50-4.50	721,080	526,569
General obligation corporate purpose bonds Series 2001C	6-1-01	12-1-15	4.25-4.875	2,710,000	2,227,042
General obligation corporate purpose bonds Series 2002A	5-1-02	11-1-17	3.50-4.80	1,790,000	1,590,000
General obligation corporate purpose bonds Series 2002B	5-1-02	11-1-11	3.00-4.35%	860,000	690,475
General obligation corporate purpose bonds Series 2003A	4-1-03	4-1-12	3.00-4.60	3,150,000	3,075,000
General obligation promissory notes series 2003B	4-1-03	4-1-11	2.00-3.80	2,753,366	2,004,653
Taxable general obligation refunding bonds Series 2003C	2-1-03	3-1-12	4.00-4.750	3,770,000	3,605,000
General obligation promissory notes series 2004A	3-1-04	3-1-12	2.25-3.00	4,134,790	4,134,790
General obligation corporate purpose bonds series 2004B	3-1-04	3-1-24	2.00-4.35	3,845,000	<u>3,845,000</u>
Total Governmental Activities – General Obligation Debt					<u>\$ 32,128,176</u>

CITY OF BELOIT

NOTES TO FINANCIAL STATEMENTS December 31, 2004

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

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

	Date of Issue	Due Date	Interest Rates	Original Indebted- ness	Balance 12-31-04
Business-Type Activities – General Obligation Debt					
General obligation promissory notes Series 1999B	5-1-99	5-1-09	4.00-4.30	\$ 34,000	4 24,504
General obligation promissory notes Series 2001B	6-1-01	12-1-10	3.50-4.50	213,297	148,431
General obligation corporate purpose bonds Series 2001C	6-1-01	12-1-15	4.25-4.875	35,510	32,958
General obligation corporate purpose bonds Series 2002B	5-1-02	11-1-11	3.00-4.35	5,112	4,526
General obligation promissory notes Series 2003B	4-1-03	4-1-11	2.00-3.80	109,634	80,347
General obligation promissory notes Series 2004A	3-1-04	3-1-12	2.25-3.00	70,209	70,208
Total Business-Type Activities – General Obligation Debt					<u>\$ 360,974</u>

Debt service requirements to maturity are as follows:

Years	Governmental Activities General Obligation Debt		Business-Type Activities General Obligation Debt	
	Principal	Interest	Principal	Interest
2005	\$ 3,623,146	\$ 1,241,400	\$ 64,854	\$ 12,488
2006	3,323,344	1,104,749	52,581	10,618
2007	3,022,593	980,636	47,632	8,930
2008	2,745,092	872,186	49,908	7,199
2009	2,844,648	765,317	50,352	5,374
2010 – 2014	10,342,999	2,395,837	92,001	7,245
2015 – 2019	4,401,354	861,002	3,646	178
2020	1,825,000	149,969	-	-
Totals	<u>\$ 32,128,176</u>	<u>\$ 8,371,096</u>	<u>\$ 360,974</u>	<u>\$ 52,032</u>

Capital Leases

Refer to Note IV.G.

CITY OF BELOIT

NOTES TO FINANCIAL STATEMENTS December 31, 2004

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

F. LONG-TERM OBLIGATIONS (cont.)

Other Debt Information

Estimated payments of compensated absences and other commitments 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 utility 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.

Advance Refunding

On March 1, 2004, the City issued \$4,205,000 in general obligation bonds with an average interest rate of 2.56 percent to pay for capital projects (\$502,682), a current refunding (\$873,824-see note below), and to advance refund \$2,675,000 of outstanding bonds with an average interest rate of 4.95 percent. The net proceeds of \$2,904,745 (after payment of \$69,498 in underwriting fees, insurance, and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1997 general obligation corporate purpose bonds. As a result, the bonds are considered to be defeased and the liability for those bonds has been removed from these financial statements.

The cash flow requirements on the refunded bonds and notes prior to the advance refunding was \$3,318,360 from 2005 through 2012. The cash flow requirements on the 2004 general obligation promissory notes are \$3,251,125 from 2005 through 2012.

Current Refunding

As stated above, on March 1, 2004, the City issued \$4,205,000 in general obligation corporate purpose bonds with an average interest rate of 2.56 percent, a portion of which was used to current refund \$873,824 of outstanding bonds with an average interest rate of 4.65 percent. The net proceeds of \$873,824 were used to current refund the 2005-2007 maturities on the 1997A notes.

The cash flow requirements on the refunded bonds and notes prior to the current refunding was \$948,365 from 2005 through 2007. The cash flow requirements on the 2004 refunding notes are \$914,488 from 2005 through 2007.

Refundings

The advance and current year refundings resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$155,109.

CITY OF BELOIT

NOTES TO FINANCIAL STATEMENTS
December 31, 2004

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

F. LONG-TERM OBLIGATIONS (cont.)

Other Debt – Governmental Activities

In June of 2000, January 2001, May 2002, and August 2004, the city received loans from Alliant Energy – Wisconsin Power and Light in the amounts of \$35,800, \$47,600, \$58,002, and \$292,852 respectively. All of the loans are at 3% interest for 60 months. Payments are due monthly. The final maturity is July 2005, February 2006, July 2007, and July 2009.

In May 1999, the City of Beloit and the Town of Turtle entered a Cooperative Boundary Plan. Under this plan, the City of Beloit is obligated to pay the Town of Turtle \$10,000 per year until December 31, 2021. The original amount owed was \$200,000.

	Balance 1-1-04	Increases	Decreases	Balance 12-31-04
Alliant	\$ 74,931	\$ 292,852	\$ 51,396	\$ 316,387
Town of Turtle	170,000	-	10,000	160,000
Total Other Debt	<u>\$ 244,931</u>	<u>\$ 292,852</u>	<u>\$ 61,396</u>	<u>\$ 476,387</u>

Debt service requirements to maturity are as follows:

Years	Governmental Activities – Other Debt	
	Principal	Interest
2005	\$ 92,076	\$ 8,342
2006	81,329	6,032
2007	75,449	3,947
2008	71,053	2,091
2009	46,480	366
2010 – 2014	50,000	-
2015 – 2019	50,000	-
2020	10,000	-
Totals	<u>\$ 476,387</u>	<u>\$ 20,778</u>

Revenue Debt

Revenue bonds are payable only from revenues derived from the operations of the responsible proprietary fund.

	Date of Issue	Due Date	Interest Rates	Original Indebted- Ness	Balance 12-31-04
Sewer Utility					
Revenue bonds	1-1-96	1-1-09	4.50-5.00%	\$ 31,090,000	\$ 15,640,000
Clean water fund loan	1-14-98	5-1-07	3.97%	2,609,530	898,407
Total Sewer Utility Revenue Debt					<u>16,538,407</u>
Water Utility					
Revenue bonds	11-12-03	11-1-28	2.00-5.00%	\$ 25,210,000	24,645,000
Total Revenue Bonds					<u>\$ 41,183,407</u>

CITY OF BELOIT

NOTES TO FINANCIAL STATEMENTS
December 31, 2004

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

F. LONG-TERM OBLIGATIONS (cont.)

Revenue Debt (cont.)

Debt service requirements to maturity are as follows:

Years	Business-Type Activities – Revenue Debt	
	Principal	Interest
2005	\$ 3,652,903	\$ 1,881,174
2006	3,834,318	1,724,253
2007	4,041,186	1,556,189
2008	3,925,000	1,378,770
2009	4,160,000	1,195,220
2010 – 2014	3,760,000	4,738,713
2015 – 2019	4,845,000	3,898,640
2020 – 2024	6,370,000	2,640,000
2025 – 2028	6,595,000	849,000
Totals	<u>\$ 41,183,407</u>	<u>\$ 19,861,959</u>

Other Debt Proprietary Funds

The sewer utility received a loan from Alliant Energy – Wisconsin Power and Light in the amount of \$520,000 at 3% interest for 60 months. Payments are due monthly. The final maturity is July, 2006.

	Balance 1-1-04	Increases	Decreases	Balance 12-31-04
Alliant	\$ 260,474	\$ -	\$ 105,760	\$ 154,714
Totals	<u>\$ 260,474</u>	<u>\$ -</u>	<u>\$ 105,760</u>	<u>\$ 154,714</u>

Debt service requirements to maturity are as follows:

Years	Business-Type Activities – Other Debt	
	Principal	Interest
2005	\$ 100,312	\$ 3,162
2006	54,402	819
Totals	<u>\$ 154,714</u>	<u>\$ 3,981</u>

G. LEASE DISCLOSURES

	Balance 1-1-04	Increases	Decreases	Balance 12-31-04
Capital Leases				
Governmental Activities (to Note IV.F.)	<u>\$ 12,627,203</u>	<u>\$ 934,549</u>	<u>\$ 88,173</u>	<u>\$ 13,473,579</u>

CITY OF BELOIT

NOTES TO FINANCIAL STATEMENTS

December 31, 2004

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

G. LEASE DISCLOSURES (cont.)

Lessee – Community Development Authority

The city through TIF No. 10 is obligated to make lease payments to the Community Development Authority of Beloit (CDA) to retire debt issued by the CDA for TIF purposes.

Each lease obligation is directly attributable to the underlying debt issues noted.

Lessee – Capital Asset Capital Leases

The Lease Rental Payments are expressly limited to: (i) tax increments generated by the tax incremental district No. 10, (ii) special assessments, as may be levied by the city for eligible projects, (iii) proceeds from a portion of land sales as provided in the Development Agreement by and among the city, the Authority, the BEDC and MLG Investments 2000, LLC (the "Development Agreement") and the Lease; and (iv) gas and electric reimbursement amounts generated by the tax incremental district No. 10; (the "Rental Payments").

The future minimum lease payments are required as follows:

Calendar <u>Year</u>	
2005	\$ 736,279
2006	736,276
2007	1,076,615
2008	1,351,932
2009	1,316,392
2010	1,343,140
2011	1,355,285
2012	1,363,141
2013	1,338,938
2014	1,386,077
2015	1,433,082
2016	1,387,519
2017	1,387,475
2018	1,333,606
2019	1,279,200
2020	1,253,485
2021	4,200,926
2022	4,200,000
2023	4,200,000
2024	<u>4,200,000</u>
Sub-Total	36,879,368
Less: Reserve funds to be applied to final principal payment of the 2001A, 2002A, and 2002B bonds	(1,282,000)
Less: Amount representing capitalized interest	(323,535)
Less: Amount representing interest	<u>(21,800,254)</u>
Present Value of Minimum Lease Payments	<u>\$ 13,473,579</u>

CITY OF BELOIT

NOTES TO FINANCIAL STATEMENTS

December 31, 2004

NOTE IV – 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, 2004 includes the following:

Governmental Activities

Invested in capital assets, net of related debt	
Land	\$ 3,302,034
Construction in progress	359,830
Other capital assets, net of accumulated depreciation	24,532,096
Less: Related long-term debt outstanding	(30,675,528)
Less: Capital leases – payable to component unit	(3,637,866)
Add: Unspent capital bond proceeds	4,802,410
Add: Unamortized debt discount/premium/issuance costs and loss on advance refunding	198,199
Total Invested in Capital Assets (deficit)	<u>(1,118,825)</u>
Restricted	
General debt service	5,103,109
Rental rehab (WRRP/HOME)	898,663
Health	133,967
Community Development Block Grant	2,925,987
Fire – multi-year grants	10,124
DPW – multi-year grants	80,424
Community development	527,651
Police	116,047
TIF District No. 5 debt service	1,067,901
Total Restricted	<u>10,863,873</u>
Unrestricted	<u>17,504,451</u>
Total Governmental Activities Net Assets	<u>\$ 27,249,499</u>

CITY OF BELOIT

NOTES TO FINANCIAL STATEMENTS December 31, 2004

NOTE IV – 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, 2004 include the following:

Reserved	
Major Funds	
General Fund	
Delinquent personal property taxes	\$ 50,593
Inventories	349,217
Prepaid items	14,899
Advances to other funds	<u>1,886,365</u>
Total	<u>\$ 2,301,074</u>
General Debt Service Fund	
Advances to other funds	\$ 2,569,268
Debt service	<u>2,446,296</u>
Total	<u>\$ 5,015,564</u>
Capital Improvement Program	
Advances to other funds	\$ 2,946,647
Encumbrances	<u>907,974</u>
Total	<u>\$ 3,854,621</u>
Non-Major Fund	
Special Revenue Funds	
TIF District No. 8 – encumbrances	\$ 840,677
TIF District No. 10 – encumbrances	9,350
Five multi-year grants	79,965
Debt Service Fund – TIF No. 5 – debt service	1,067,901
Capital Projects Fund – fleet replacement – encumbrances	<u>625,986</u>
Total	<u>\$ 2,623,879</u>
Unreserved (deficit)	
Major Funds	
General Fund	
Debt service – TIF District No. 9	\$ 7,682,408
Capital projects – capital Improvements	(4,911,567)
	<u>6,606,524</u>
Total	<u>\$ 9,377,365</u>

CITY OF BELOIT

NOTES TO FINANCIAL STATEMENTS

December 31, 2004

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

H. NET ASSETS/FUND BALANCES (cont.)

Governmental Activities (cont.)

Unreserved (deficit) (cont.)

Non-Major Funds

Special Revenue Funds

Rental rehab (WRRP/HOME)	\$ 165,750
Health	133,967
Community Development Block Grant	453,914
TIF District No. 8	(83,884)
TIF District No. 10	2,426,946
TIF District No. 11	(32,333)
TIF District No. 12	(511,102)
Fire – multi-year grants	(84,606)
DPW – multi-year grants	80,424
Community development	368,788
Library	800,448
Police	116,047
Solid waste	119,641
Perpetual care	1,578,611
Neighborhood development initiative	<u>200,746</u>

Total	<u>\$ 5,733,357</u>
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Debt Service Funds

TIF District No. 3	\$ (1,095,896)
TIF District No. 6	<u>(1,625,196)</u>

Total	<u>\$ (2,721,092)</u>
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Capital Projects Funds

TIF District No. 3	\$ 5,686,024
TIF District No. 6	<u>499,205</u>

Total	<u>\$ 6,185,229</u>
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Unreserved (designated)

Major Fund

General Fund – surplus applied to 2005	<u>\$ 342,765</u>
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CITY OF BELOIT

NOTES TO FINANCIAL STATEMENTS

December 31, 2004

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

H. NET ASSETS/FUND BALANCES (cont.)

Business-Type Activities

	<u>Water</u>	<u>Sewer</u>	<u>Other Proprietary Funds</u>	<u>Totals</u>
Invested in capital assets, net of related debt				
Land	\$ 712,842	\$ 1,386,282	\$ 1,270,000	\$ 3,369,124
Other capital assets, net of accumulated depreciation	25,885,848	47,754,709	3,448,357	77,088,914
Less: related long-term debt outstanding (excluding unspent capital related debt proceeds)	<u>(24,223,817)</u>	<u>(15,997,213)</u>	<u>(360,974)</u>	<u>(40,582,004)</u>
Total Invested in Capital Assets	<u>2,374,873</u>	<u>33,143,778</u>	<u>4,357,383</u>	<u>39,876,034</u>
Restricted				
Redemption account	\$ 276,295	\$ 1,977,115	\$ -	\$ 2,253,410
Replacement account	-	4,468,747	-	4,468,747
Reserve account	1,926,000	3,109,000	-	5,035,000
Less: Restricted assets not funded by revenues	<u>(1,926,000)</u>	-	-	<u>(1,926,000)</u>
Less: Current liabilities payable from restricted assets	<u>(179,628)</u>	<u>(392,690)</u>	-	<u>(572,318)</u>
Total Restricted Net Assets	<u>96,667</u>	<u>9,162,172</u>	-	<u>9,258,839</u>
Unrestricted	<u>1,788,354</u>	<u>6,230,408</u>	<u>(76,130)</u>	<u>7,942,632</u>
Total Business-Type Activities Net Assets	<u>\$ 4,259,894</u>	<u>\$ 48,536,358</u>	<u>\$ 4,281,253</u>	<u>\$ 57,077,505</u>

I. RESTATEMENT OF FUND BALANCE/NET ASSETS

General Debt Service Fund and Other Governmental Funds

Fund balance has been restated in the general debt service fund and the TIF District No. 6 fund to adjust for revenues receipted in the debt service fund in prior years. These revenues should have been receipted in TIF No. 6 to offset its debt service costs.

General debt service fund balance – December 31, 2003 (as reported)	\$ 5,504,126
Less: Prior year revenue	<u>(442,260)</u>
Fund Balance – January 1, 2004 (as restated)	<u>\$ 5,061,866</u>
Other governmental funds – December 31, 2003 (as reported)	\$ 10,180,175
Add: Prior year revenue TIF District No. 6	<u>442,260</u>
Fund Balance – January 1, 2004 (as restated)	<u>\$ 10,622,435</u>

CITY OF BELOIT

NOTES TO FINANCIAL STATEMENTS December 31, 2004

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

I. RESTATEMENT OF FUND BALANCE/NET ASSETS (cont.)

Governmental Activity

Net assets have been restated to reflect the balance of compensated absences attributable to the proprietary funds.

Governmental activities – December 31, 2003 (as reported)	\$ 25,429,260
Add: Compensated absences allocated to the enterprise funds	<u>250,367</u>
Net Assets – January 1, 2004 (as restated)	<u>\$ 25,679,627</u>

Business-Type Activities – Enterprise Funds

Net assets have been restated to reflect the balance of compensated absences attributable to the proprietary funds. In addition, the water utility booked accumulated depreciation as of January 1, 2004 on a water tower constructed and contributed in a prior period but not recorded in 2003.

Business-type activities – December 31, 2003 (as reported)	\$ 56,663,318
Less: Compensated absences	(203,972)
Accumulated depreciation on tower	<u>(187,280)</u>
Net Assets – January 1, 2004 (as restated)	<u>\$ 56,272,066</u>
Water Utility Net Assets – December 31, 2003 (as reported)	\$ 1,907,511
Less: Accumulated depreciation on tower	(187,280)
Compensated absences	<u>(16,808)</u>
Net Assets – January 1, 2004 (as restated)	<u>\$ 1,703,423</u>
Sewer utility net assets – December 31, 2003 (as reported)	\$ 49,709,590
Less: Compensated absences	<u>(139,497)</u>
Net Assets – January 1, 2004 (as restated)	<u>\$ 49,570,093</u>
Other Proprietary Funds Net Assets– December 31, 2003 (as reported)	\$ 4,638,395
Add: Transit compensated absences	<u>(47,667)</u>
Net Assets – January 1, 2004 (as restated)	<u>\$ 4,590,728</u>

CITY OF BELOIT

NOTES TO FINANCIAL STATEMENTS

December 31, 2004

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

J. COMPONENT UNITS

This report contains the City of Beloit Community Development Authority ("CDA") and the City of Beloit's Business Improvement District ("district") which are included as component units. Financial information is presented as a discrete 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.

Community Development Authority

a. Basis of Accounting/Measurement Focus

The CDA prepares its financial statements in accordance with generally accepted accounting principles. The accounting records are kept on the accrual basis of accounting and flow of economic resources measurement focus. The CDA has elected not to adopt the provisions of GASB No. 20, paragraph 7, which states that all FASB statements and interpretations issued after November 30, 1989, can be applied.

b. Cash and Investments

The CDA's investments are categorized in the following categories based on the descriptions used in Note IV.A.

	1	2	3	Total	Amount
Cash and investments	\$ 100,000	\$ -	\$ 555,049	\$ 655,049	\$ 645,437
U.S. government securities	-	-	1,679,521	1,679,521	1,679,521
Totals	\$ 100,000	\$ -	\$ 2,234,570	\$ 2,334,570	\$ 2,324,958

c. Restricted Assets

Restricted assets at December 31, 2004, consist of the following:

Cash and cash equivalents – bond redemption and construction accounts	<u>\$ 1,679,521</u>
---	---------------------

d. Capital Assets

The useful life assigned to buildings is 40 years. Machinery and equipment is assigned useful lives ranging from 5-10 years. The change in capital assets for 2004 is as follows:

CITY OF BELOIT

NOTES TO FINANCIAL STATEMENTS
December 31, 2004

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

J. COMPONENT UNITS (cont.)

Community Development Authority (cont.)

d. Capital Assets (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets Not Being Depreciated:				
Land	\$ 414,539	\$ -	\$ -	\$ 414,539
Construction in progress	111,406	9,248	91,891	28,763
Total Capital Assets Not Being Depreciated	<u>525,945</u>	<u>9,248</u>	<u>91,891</u>	<u>443,302</u>
Capital Assets Being Depreciated:				
Buildings	3,643,214	81,237	-	3,724,451
Furniture, equipment, and machinery-dwellings	176,595	9,669	-	186,264
Furniture, equipment, and machine- administrative	259,130	22,728	7,327	274,531
Building and land improvements	-	33,804	-	33,804
Leasehold improvements	3,766,288	-	-	3,766,288
Total Capital Assets Being Depreciated	<u>7,845,227</u>	<u>147,438</u>	<u>7,327</u>	<u>7,985,338</u>
Less: Accumulated Depreciation	<u>4,212,455</u>	<u>390,839</u>	<u>7,326</u>	<u>4,595,968</u>
Total Capital Assets, Net of Depreciation	<u>\$ 4,158,717</u>			<u>\$ 3,832,672</u>

e. Long-Term Obligations

Lease Revenue Debt

The following is a summary of the lease revenue bond transactions for the year ended December 31, 2004.

	Balance 1-1-04	Increases	Decreases	Balance 12-31-04
Lease revenue bonds	<u>\$ 14,843,755</u>	<u>\$ 239,433</u>	<u>\$ -</u>	<u>\$ 15,083,188</u>

Title of Issue	Date of Issue	Due Date	Interest Rates	Original Indebted- Ness	Balance 12-31-04
2000A Lease Revenue Bonds	12-27-00	03-01-24	11.50%	\$ 1,500,092	\$ 2,263,188
2001 Lease Revenue Bonds	05-30-01	03-01-20	4.20-5.375%	1,930,000	1,930,000
2002A Lease Revenue Bonds	07-15-02	03-01-20	4.90-5.60%	7,345,000	7,345,000
2002B Lease Revenue Bonds	07-15-02	03-01-14	6.35-7.20%	3,545,000	3,545,000
Totals					<u>\$ 15,083,188</u>

CITY OF BELOIT

NOTES TO FINANCIAL STATEMENTS December 31, 2004

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

J. COMPONENT UNITS (cont.)

Community Development Authority (cont.)

e. Long-Term Obligations (cont.)

Lease Revenue Debt (cont.)

Debt service requirements to maturity are as follows:

Calendar Year	Principal	Interest	Totals
2005	\$ -	\$ 736,279	\$ 736,279
2006	-	736,276	736,276
2007	350,000	726,615	1,076,615
2008	655,000	696,932	1,351,932
2009	660,000	656,392	1,316,392
2010	730,000	613,140	1,343,140
2011	790,000	565,285	1,355,285
2012	850,000	513,141	1,363,141
2013	880,000	458,938	1,338,938
2014	985,000	401,077	1,386,077
2015	1,090,000	343,082	1,433,082
2016	1,100,000	287,519	1,387,519
2017	1,160,000	227,475	1,387,475
2018	1,170,000	163,606	1,333,606
2019	1,180,000	99,200	1,279,200
2020	1,220,000	33,485	1,253,485
2021	664,479	3,540,521	4,205,000
2022	593,479	3,606,521	4,200,000
2023	530,686	3,669,314	4,200,000
2024	474,544	3,725,456	4,200,000
Totals	<u>\$ 15,083,188</u>	<u>\$ 21,800,254</u>	<u>\$ 36,883,442</u>

The Series 2000A Taxable Capital Appreciation Lease Revenue Bonds are deep discount financial instruments which are issued in such denominations as will result in the total amount received by the purchaser at maturity being equal to \$5,000 or any integral multiple thereof. As such, a portion of the appreciation in value of each certificate "accretes" to each certificate annually. Accretion of the certificates recorded as a long-term obligation payable at maturity of the certificates totaled \$523,663 at December 31, 2004.

f. Employee Retirement System

All eligible authority employees participate in the Wisconsin Retirement System ("system"), a cost-sharing defined benefit multiple-employer public employee retirement system (PERS). All authority employees are considered to be city employees. Refer to Note V.A. for details.

CITY OF BELOIT

NOTES TO FINANCIAL STATEMENTS
December 31, 2004

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

J. COMPONENT UNITS (cont.)

Community Development Authority (cont.)

g. Lease Disclosures

Refer to Note IV.G.

h. Net Assets

Net assets at December 31, 2004 includes the following:

Invested in capital assets, net of related debt	
Land	\$ 414,539
Construction in progress	28,763
Other capital assets, net of accumulated depreciation	<u>3,389,370</u>
Total Invested in Capital	<u>3,832,672</u>
Restricted	
Section 8 Rental Voucher program	199,234
Low Rent Public Housing	<u>241,892</u>
Total Restricted	<u>441,126</u>
Unrestricted	
Lease receivables	<u>69,912</u>
Total Net Assets	<u><u>\$ 4,343,710</u></u>

i. Restatement of Net Assets

Net assets has been restated in the Community Development Authority to adjust for forgiven debt in the Low Rent Public Housing Fund.

Net Assets – December 31, 2003 (as reported)	\$ 4,043,959
Add: Forgiven debt	<u>636,862</u>
Net Assets – January 1, 2004 (as restated)	<u><u>\$ 4,680,821</u></u>

CITY OF БЕЛОIT

NOTES TO FINANCIAL STATEMENTS
December 31, 2004

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

J. COMPONENT UNITS (cont.)

City of Beloit Business Improvement District

a. Basis of Accounting/Measurement Focus

The Business Improvement District prepares its financial statements in accordance with generally accepted accounting principles. The accounting records are kept on the accrual basis of accounting and the flow of economic resources focus. The district has elected not to adopt the provisions of GASB No. 20, paragraph 7, which states that all FASB statements and interpretations issued after November 30, 1989, can be applied.

b. Cash and Investments

The BID's investments are categorized in the following categories based on the descriptions used in Note IV.A.

	Category			Total	Carrying Amount
	1	2	3		
Total cash and investments	\$ 82,620	\$ -	\$ -	\$ 82,620	\$ 79,893

NOTE V – OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

All eligible city employees participate in the Wisconsin Retirement System (System), a cost-sharing multiple-employer defined benefit public employee retirement system (PERS). All permanent employees expected to work over 600 hours a year are eligible to participate in the System. Covered employees in the General category are required by statute to contribute 5.0% of their salary (2.6% for Executives and Elected Officials, 4.5% for Protective Occupations with Social Security, and 3.2% for Protective Occupations without Social Security) to the plan. Employers generally 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.

CITY OF BELOIT

NOTES TO FINANCIAL STATEMENTS

December 31, 2004

NOTE V – OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

The payroll for city employees covered by the system for the year ended December 31, 2004 was \$18,984,097; the employer's total payroll was \$19,629,724. The total required contribution for the year ended December 31, 2004 was \$2,704,657 or 14.25 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, 2003 and 2002 were \$2,373,638 and \$2,439,960, respectively, equal to the required contributions for each year.

Employees who retire at or after age 65 (62 for elected officials and 55 for protective occupation employees) 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 System also provides death and disability benefits for employees. Eligibility for and the amount of all benefits is determined under Chapter 40 of Wisconsin Statutes. The System 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.

Protective employees of the city hired prior to 1948 are covered under the city's Police and Firemen's Pension Funds established under Chapter 62 of the Wisconsin Statutes. The city has not obtained an actuarial valuation of these pension plans which were assumed by the Wisconsin Retirement Fund as of April 1, 1978. The total city contribution to the fund during 2004 was \$101,564.

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; and health care of its employees. All of these risks 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. However, other risks, such as health care of its employees, liability claims, and worker's compensation are accounted for and financed by the city in the internal service funds.

CITY OF BELOIT

NOTES TO FINANCIAL STATEMENTS

December 31, 2004

NOTE V – OTHER INFORMATION (cont.)

B. RISK MANAGEMENT (cont.)

Self Insurance

The city has a limited risk management program for employee health and dental benefits with claims processed by a third party claims administrator on behalf of the city. The claims are being paid out of the internal service fund, and are funded by allocations charged to other funds. Interfund premiums are based on claims experience. As a part of the plan a reinsurance policy has been purchased which picks up claims in excess of \$150,000 per individual up to a maximum of \$1 million. Total amounts charged back to the various departments during the year were \$7,035,680.

The estimated liability for self-funded losses is based on reported claims for the year and those received subsequent to year end. The estimated liability for self insured losses for this program consisted of the following at December 31, 2004:

Reported and Known Claims	\$ 652,125
Incurred but not Reported Claims	<u>1,131,757</u>
Total	<u>\$ 1,783,882</u>

Changes in the claims payable follow:

	Balance January 1	Incurred Claims	Claims Paid	Balance December 31
2003	\$ 1,639,147	\$ 6,127,545	\$ 6,065,600	\$ 1,701,092
2004	1,701,092	6,873,332	6,790,542	1,783,882

Public Entity Risk Pool

***Wisconsin Municipal Insurance Commission (WMIC)
Cities and Villages Mutual Insurance Company (CVMIC)***

The WMIC is an intergovernmental cooperation commission created by contract under Section 66.30 of the Wisconsin Statutes. It was created in August, 1987 for the purpose of facilitating the organization, establishment and capitalization of the CVMIC, and has numerous cities and villages as members.

The CVMIC is a municipal mutual insurance company established on September 19, 1987 under Section 611.23 of the Wisconsin Statutes. The CVMIC provides liability insurance coverage to the cities and villages which make up the membership of the WMIC.

CITY OF БЕЛОIT

NOTES TO FINANCIAL STATEMENTS

December 31, 2004

NOTE V – OTHER INFORMATION (cont.)

B. RISK MANAGEMENT (cont.)

Public Entity Risk Pool (cont.)

Wisconsin Municipal Insurance Commission (WMIC) Cities and Villages Mutual Insurance Company (CVMIC) (cont.)

The WMIC provided for the capitalization of the CVMIC through the issuance of \$28,645,000 of WMIC revenue bonds, dated November 11, 1987 and refinanced on December 15, 1997 in the amount of \$22,800,000. The bonds are due in varying installments starting in 1998 and ending in 2007. Interest rates vary from 5.74% to 6.47%. The underlying security for the revenue bonds are general obligation bonds of each of the cities and villages participating in the enterprise. Each city and village assumed a proportionate share of the revenue bond obligation and delivered its general obligation bond in that proportionate amount to the WMIC. The principal and interest payments made by each municipality to the WMIC on its general obligation bond provides the revenue stream to make the principal and interest payments on the WMIC revenue bonds.

The CVMIC is self-insured up to a maximum of \$2,000,000 of each insurance risk. Losses paid by CVMIC plus administrative expenses will be recovered through premiums to the participating pool of municipalities. The city's share of such losses is approximately 3.72%.

Management of each organization consists of a board of directors or officers comprised of representatives elected by each of three classes of participants based on population. The city does not exercise any control over the activities of the agencies beyond the election of the officers and board.

Financial statements of WMIC and CVMIC are available from: Cities and Village Mutual Insurance Company, 1250 South Sunnyslope Road, Suite 105, Brookfield, WI 53005.

The city shows the general obligation bond that it owes to WMIC in the insurance internal service fund (business-type activities column of government-wide statement of net assets) in the amount of \$469,150. The city has a receivable from WMIC of \$181,696 which represents assets available to retire the city's share of the debt. The initial investment in WMIC is refundable upon withdrawal from the commission and has been reported at the original amount of \$1,575,475 in the insurance internal service fund.

The city pays an annual premium to the mutual for its general liability insurance, which provides coverage up to \$5,000,000 per occurrence, less the city's retained liability. The city's retained liability is limited to \$50,000 per occurrence and an annual aggregate limit of \$200,000. An actuarially determined estimate has been recorded for this liability, as well as for claims incurred but not reported at December 31, 2004. A total liability of approximately \$175,940 at December 31, 2004 was recorded as claims payable in the internal service fund.

CITY OF BELOIT

NOTES TO FINANCIAL STATEMENTS
December 31, 2004

NOTE V – OTHER INFORMATION (cont.)

B. RISK MANAGEMENT (cont.)

Public Entity Risk Pool (cont.)

Transit Mutual Insurance Corporation of Wisconsin (TMI)

The Transit Mutual Insurance Corporation of Wisconsin is a joint effort of 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 2004, TMI is protected by a \$1,250,000 self-insurance policy. In addition to TMI protection, the City of Beloit, combined together with other members of Wisconsin Municipal Transit Insurance Commission, are covered by a \$5,000,000 excess insurance policy issued by General

CITY OF BELOIT

NOTES TO FINANCIAL STATEMENTS December 31, 2004

NOTE V – OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS

The city provides post-retirement health insurance benefits for all eligible employees. Eligibility and benefits are based on city policies and contractual agreements. General service employees may convert accumulated sick leave to pay for health care premiums. Protective service employees have benefits paid by the city for the life of the employee after retirement. The amount charged back to the various departments is recognized as an expenditure in that particular fund. Funding for those costs is provided out of the current operating budget of the city. The contributions are financed on a pay as you go basis. Total expenditures charged back to the various departments during the year were \$1,528,835. The number of police and fire participants currently receiving the benefits is 179. The estimated outstanding balance at year end for police and fire to be paid in the future is \$42,759,751. The number of other city employees currently receiving post retirement benefits at their own expense is five (5). The estimated outstanding balance at year end for other city employees to be paid in the future is \$43,904 paid from accumulated sick leave conversions and is included in the long-term obligations in the governmental activities column.

E. BOND COVENANT DISCLOSURES

The following information is provided as required by the resolution creating the 1996 sewer revenue bonds and 2003 water revenue bonds.

INSURANCE

The utility is covered under the following insurance policies of the city during 2004:

<u>Type</u>	<u>Insurer</u>	<u>Coverage</u>
General Liability	CVMIC/City of Beloit	\$ 5,000,000
Auto Liability	CVMIC/City of Beloit	\$ 10,000,000
Umbrella Liability	CVMIC/City of Beloit	\$ 5,000,000
Workers Compensation	CVMIC	\$ 1,000,000
Employers Liability	CVMIC	\$ 1,000,000
Fire – Extended	Local Government Property Insurance Fund	\$ 123,369,759

CITY OF BELOIT

NOTES TO FINANCIAL STATEMENTS
December 31, 2004

NOTE V -- OTHER INFORMATION (cont.)

E. BOND COVENANT DISCLOSURES (cont.)

SALES

The following is the customer count and water volume basis for water and wastewater revenues as of December 31, 2004:

	Water – 2004		Sewer – 2004	
	Customers	CCF (000)	Customers	CCF (000)
Residential	13,951	1,068	12,202	1,003
Commercial	1,382	718	1,199	624
Industrial	10	316	10	265
Public Authority	59	76	-	-
Totals	<u>15,402</u>	<u>2,178</u>	<u>13,411</u>	<u>1,892</u>

DEBT COVERAGE

The revenue bond resolutions require revenue less operating expenses excluding depreciation and tax equivalent (defined net earnings) to exceed 1.25 times the corresponding principal and interest. This coverage requirement was not met by the sewer utility during 2004; sewer cash reserves are available for future debt service payments, if necessary.

	Sewer – 2004	Water – 2004
Operating revenues	\$ 7,503,078	\$ 4,469,255
Investment income	346,787	189,073
Miscellaneous non-operating income	15,483	-
Operating expenses excluding depreciation	<u>(4,138,694)</u>	<u>(1,967,294)</u>
Defined Earnings	<u>\$ 3,726,654</u>	<u>\$ 2,691,034</u>
Annual debt service on revenue bonds	\$ 3,876,307	\$ 1,657,770
Coverage factor	<u>x 1.25</u>	<u>x 1.25</u>
Required Net Earnings	<u>\$ 4,845,384</u>	<u>\$ 2,072,213</u>

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF BELOIT

**SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended December 31, 2004**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
TAXES				
Current Levy	\$ 4,526,762	\$ 4,526,762	\$ 4,521,644	\$ (5,118)
Mobile home taxes	27,600	27,600	23,515	(4,085)
In lieu of taxes	15,000	15,000	8,489	(6,511)
Prior year tax collection/rescinded taxes	47,000	47,000	(195,931)	(242,931)
Motel tax	35,000	35,000	43,943	8,943
Total Taxes	<u>4,651,362</u>	<u>4,651,362</u>	<u>4,401,660</u>	<u>(249,702)</u>
INTERGOVERNMENTAL				
Shared aidable revenue	16,612,245	16,612,245	16,599,324	(12,921)
Fire distribution fee	47,131	47,131	50,722	3,591
Expenditure restraint payment	455,129	455,129	455,130	1
State highway aids	1,367,758	1,367,758	1,360,653	(7,105)
State aid - connecting streets	285,873	285,873	276,603	(9,270)
Municipal service payment	19,879	19,879	18,514	(1,365)
Computer exemption aid	44,834	44,834	38,828	(6,006)
Total Intergovernmental Revenues	<u>18,832,849</u>	<u>18,832,849</u>	<u>18,799,774</u>	<u>(33,075)</u>
LICENSES AND PERMITS				
Licenses				
Liquor - malt permits	35,855	35,855	37,367	1,512
Cable TV	260,000	260,000	261,574	1,574
Other licenses	15,432	15,432	14,740	(692)
Total Licenses	<u>311,287</u>	<u>311,287</u>	<u>313,681</u>	<u>2,394</u>
Permits				
Construction permits	119,600	119,600	145,438	25,838
Health permits	63,325	63,325	91,599	28,274
Other permits	25,510	25,510	31,850	6,340
Underground storage tank inspection	9,000	9,000	4,392	(4,608)
Total Permits	<u>217,435</u>	<u>217,435</u>	<u>273,279</u>	<u>55,844</u>
Total Licenses and Permits	<u>528,722</u>	<u>528,722</u>	<u>586,960</u>	<u>58,238</u>

CITY OF BELOIT

**SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended December 31, 2004**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
FINES, FORFEITURES AND PENALTIES				
Municipal court costs	\$ 70,000	\$ 70,000	\$ 84,735	\$ 14,735
Nontraffic fines	370,000	370,000	342,286	(27,714)
Traffic fines	100,000	100,000	129,434	29,434
Parking fines	187,000	187,000	224,223	37,223
False alarms	2,500	2,500	16,950	14,450
Penalties on taxes	114,000	114,000	119,799	5,799
Other	22,150	22,150	27,441	5,291
Total Fines, Forfeitures and Penalties	<u>865,650</u>	<u>865,650</u>	<u>944,868</u>	<u>79,218</u>
FEES AND SERVICE CHARGES				
Animal shelter	3,925	3,925	4,617	692
Recreation				
Other recreation	13,725	13,725	16,554	2,829
Telfer Park and Rivercenter	25,580	25,580	32,626	7,046
Swimming pool	30,604	30,604	26,672	(3,932)
Total Recreation	<u>69,909</u>	<u>69,909</u>	<u>75,852</u>	<u>5,943</u>
Other General Revenue				
Fire inspection fees	57,000	57,000	48,628	(8,372)
Telephone commission	200	200	-	(200)
Property transfer certificates	31,000	31,000	26,834	(4,166)
In-house fees	10,000	10,000	20,388	10,388
Hazardous material response	5,000	5,000	2,509	(2,491)
Donations and miscellaneous	89,755	89,755	62,547	(27,208)
Riverfest activity	41,900	41,900	31,037	(10,863)
Nutrition coordinator	15,144	15,144	10,341	(4,803)
Recovery of public owned property	5,000	5,000	-	(5,000)
Recoveries from city	45,000	45,000	503,363	458,363
Miscellaneous police revenues	28,100	28,100	21,995	(6,105)
Total Other General Revenue	<u>328,099</u>	<u>328,099</u>	<u>727,642</u>	<u>399,543</u>
Total Fees and Service Charges	<u>401,933</u>	<u>401,933</u>	<u>808,111</u>	<u>406,178</u>

CITY OF BELOIT

**SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended December 31, 2004**

	Budgeted Amounts		Actual	Variance with Final Budget -
	Original	Final		
RENT	\$ 76,593	\$ 76,593	\$ 58,103	\$ (18,490)
INVESTMENT INCOME	456,000	456,000	141,064	(314,936)
OTHER				
Sewer utility reimbursement	325,000	325,000	325,000	-
Total Other	325,000	325,000	325,000	-
Total Revenues	26,138,109	26,138,109	26,065,540	(72,569)
OTHER FINANCING SOURCES				
Debt issued	-	292,852	292,852	-
Sale of city property	132,500	132,500	-	(132,500)
Transfers in - tax equivalent	300,000	300,000	300,000	-
Total Other Financing Sources	432,500	725,352	592,852	(132,500)
TOTAL REVENUES AND OTHER FINANCING SOURCES	\$ 26,570,609	\$ 26,863,461	\$ 26,658,392	\$ (205,069)

CITY OF BELOIT

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended December 31, 2004

CURRENT EXPENDITURES	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
GENERAL GOVERNMENT				
City Council, Manager, Attorney				
Council	\$ 61,825	\$ 61,825	\$ 58,756	\$ 3,069
Police and fire commission	19,375	19,375	8,711	10,664
City manager	209,606	209,983	200,710	9,273
City attorney	378,062	379,738	347,075	32,663
Total City Council, Manager and Attorney	<u>668,868</u>	<u>670,921</u>	<u>615,252</u>	<u>55,669</u>
Finance and Administrative Services				
Personnel and labor relations	292,392	292,392	287,946	4,446
Municipal court	267,660	268,038	270,148	(2,110)
Computer information systems	333,257	333,257	338,010	(4,753)
Records and elections	348,559	349,085	340,076	9,009
Property appraisal	337,393	339,495	332,049	7,446
Collections	154,999	154,999	130,797	24,202
Accounting	408,943	407,093	369,648	37,445
Financial management	107,100	121,176	159,708	(38,532)
Refunds and adjustments	5,000	5,000	2,725	2,275
Cable TV	69,545	85,800	81,517	4,283
Contingency appropriation	150,000	19,000	-	19,000
Insurance	277,724	277,724	270,150	7,574
Compensation adjustment	17,000	522	-	522
City hall operation	469,492	472,292	478,992	(6,700)
Total Finance and Administrative Services	<u>3,239,064</u>	<u>3,125,873</u>	<u>3,061,766</u>	<u>64,107</u>
Total General Government	<u>3,907,932</u>	<u>3,796,794</u>	<u>3,677,018</u>	<u>119,776</u>
COMMUNITY DEVELOPMENT				
City planning	334,414	335,738	329,900	5,838
Economic development	156,013	171,737	171,555	182
Bartlet museum	14,500	14,500	14,500	-
Code enforcement	694,390	694,390	688,945	5,445
Total Community Development	<u>1,199,317</u>	<u>1,216,365</u>	<u>1,204,900</u>	<u>11,465</u>

CITY OF BELOIT

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended December 31, 2004

CURRENT EXPENDITURES	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
PUBLIC SAFETY				
Police Department				
Staff services	\$ 9,266,772	\$ 9,309,313	\$ 9,297,585	\$ 11,728
Total Police Department	9,266,772	9,309,313	9,297,585	11,728
Fire Department				
Staff services	407,858	418,593	398,396	20,197
Inspection and prevention	151,809	158,568	159,611	(1,043)
Fire fighting and rescue	5,531,070	5,570,725	5,659,196	(88,471)
Emergency government	2,100	2,100	1,178	922
Total Fire Department	6,092,837	6,149,986	6,218,381	(68,395)
Total Public Safety	15,359,609	15,459,299	15,515,966	(56,667)
PUBLIC HEALTH				
Public health nursing	500,100	501,877	430,313	71,564
Environmental	92,306	92,761	96,944	(4,183)
Community resources	79,307	79,663	71,664	7,999
Total Public Health	671,713	674,301	598,921	75,380
PUBLIC WORKS				
DPW engineering				
DPW administration and engineering	346,231	347,473	335,701	11,772
Electrical	440,753	733,605	676,242	57,363
Environmental	54,500	54,500	39,048	15,452
Total DPW engineering	841,484	1,135,578	1,050,991	84,587
DPW operations				
Streets and sanitation	2,583,978	2,585,581	2,538,527	47,054
Central stores	58,332	58,332	57,543	789
Total DPW operations	2,642,310	2,643,913	2,596,070	47,843
DPW storm water				
Storm water	24,777	24,777	12,624	12,153
Total DPW stormwater	24,777	24,777	12,624	12,153
DPW parks and recreation				
Parks	1,054,854	1,094,854	1,217,574	(122,720)
Recreation	248,185	248,565	271,652	(23,087)
Beloit Snappers	43,000	43,000	42,999	1
Edwards pavilion	158,316	178,316	207,047	(28,731)
Senior center	119,246	119,584	114,932	4,652
Rotary river center	26,953	26,953	31,963	(5,010)
Swimming pools	150,698	150,698	187,300	(36,602)
Total DPW parks and recreation	1,801,252	1,861,970	2,073,467	(211,497)
Total Public Works	5,309,823	5,666,238	5,733,152	(66,914)

See accompanying notes to required supplementary information.

CITY OF BELOIT

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
DEBT SERVICE				
Principal	61,397	61,397	61,397	-
Interest	5,323	5,323	5,323	-
Total Debt Service	66,720	66,720	66,720	-
Total Expenditures	26,515,114	26,879,717	26,796,677	83,040
OTHER FINANCING USES				
Transfers Out	\$ 940,274	\$ 940,274	\$ 983,510	\$ (43,236)
Total Other Financing Uses	940,274	940,274	983,510	(43,236)
TOTAL EXPENDITURES AND OTHER FINANCING USES	\$ 27,455,388	\$ 27,819,991	\$ 27,780,187	\$ 39,804

CITY OF BELOIT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION December 31, 2004

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.

Excess expenditures over appropriations are as follows:

	<u>Amended Budget</u>	<u>Actual Expenditures</u>	<u>Excess</u>
<u>General Fund</u>			
Fire department	\$ 6,149,986	\$ 6,218,381	\$ 68,395
DPW parks and recreation	1,861,970	2,073,467	211,497
Transfers out	940,274	983,510	43,236

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

CITY OF BELOIT

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
December 31, 2004

	Special Revenue Funds				
	Rental Rehab (WRRRP/HOME)	Health	Community Development Block Grant	TIF District No. 8	TIF District No. 10
ASSETS					
Cash and investments	\$ 62,298	\$ 43,094	\$ 371,829	\$ 851,636	\$ 2,437,967
Taxes receivable	-	-	-	33,374	114,029
Accounts receivable	-	6,017	-	-	-
Special assessments receivable	-	-	-	-	72,905
Loan receivable	732,913	-	2,472,073	-	-
Due from component unit	-	-	-	-	-
Due from other governmental units	130,557	116,834	94,158	-	-
TOTAL ASSETS	\$ 925,768	\$ 165,945	\$ 2,938,060	\$ 885,010	\$ 2,624,901
LIABILITIES AND FUND BALANCES					
Accounts payable	\$ 27,105	\$ 11,350	\$ 12,052	\$ 94,843	\$ 1,671
Due to other funds	-	-	-	-	-
Other liabilities	-	-	21	-	-
Deferred revenues	732,913	20,628	2,472,073	33,374	186,934
Advances from other funds	-	-	-	-	-
Total Liabilities	760,018	31,978	2,484,146	128,217	188,605
Fund Balances					
Reserved for					
Debt service	-	-	-	-	-
Encumbrances	-	-	-	840,677	9,350
Unreserved					
Designated for subsequent year's expenditures	165,750	133,967	453,914	-	2,426,946
Undesignated (deficit)	-	-	-	(83,884)	-
Total Fund Balances	165,750	133,967	453,914	756,793	2,436,296
TOTAL LIABILITIES AND FUND BALANCES	\$ 925,768	\$ 165,945	\$ 2,938,060	\$ 885,010	\$ 2,624,901

Special Revenue Funds							
TIF District No. 11	TIF District No. 12	Fire Multi-Year Grants	DPW Multi-Year Grants	Community Development	Library	Police	Solid Waste
\$ -	\$ -	\$ 3,124	\$ 67,287	\$ 373,270	\$ 819,352	\$ 111,493	\$ -
52,462	-	-	24,974	-	1,457,885	115,425	30,725
-	-	-	32,800	-	-	5,583	397,645
-	-	-	-	-	-	-	-
-	-	-	-	158,863	-	-	-
-	-	-	-	123,093	-	-	-
-	-	14,765	-	-	-	326	-
<u>\$ 52,462</u>	<u>\$ -</u>	<u>\$ 17,889</u>	<u>\$ 125,061</u>	<u>\$ 655,226</u>	<u>\$ 2,277,237</u>	<u>\$ 232,827</u>	<u>\$ 428,370</u>
\$ -	\$ -	\$ 7,765	\$ 964	\$ 16,306	\$ 18,904	\$ 1,355	\$ 40,247
32,333	-	-	18,699	111,269	-	-	237,757
-	-	-	-	-	-	-	-
52,462	-	14,765	24,974	158,863	1,457,885	115,425	30,725
-	511,102	-	-	-	-	-	-
<u>84,795</u>	<u>511,102</u>	<u>22,530</u>	<u>44,637</u>	<u>286,438</u>	<u>1,476,789</u>	<u>116,780</u>	<u>308,729</u>
-	-	-	-	-	-	-	-
-	-	79,965	-	-	-	-	-
-	-	-	80,424	368,788	800,448	116,047	119,641
(32,333)	(511,102)	(84,606)	-	-	-	-	-
<u>(32,333)</u>	<u>(511,102)</u>	<u>(4,641)</u>	<u>80,424</u>	<u>368,788</u>	<u>800,448</u>	<u>116,047</u>	<u>119,641</u>
<u>\$ 52,462</u>	<u>\$ -</u>	<u>\$ 17,889</u>	<u>\$ 125,061</u>	<u>\$ 655,226</u>	<u>\$ 2,277,237</u>	<u>\$ 232,827</u>	<u>\$ 428,370</u>

CITY OF BELOIT

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS (cont.)
December 31, 2003

	Special Revenue Funds		Debt Service Funds		
	Perpetual Care	Neighborhood Development Initiative	TIF District No. 3	TIF District No. 5	TIF District No. 6
ASSETS					
Cash and investments	\$ 1,554,888	\$ 210,689	\$ -	\$ 1,942,899	\$ 19,976
Taxes receivable	-	-	363,763	773,528	519,242
Accounts receivable	23,723	-	-	-	-
Special assessments receivable	-	-	-	-	-
Loan receivable	-	-	-	-	-
Due from component unit	-	-	-	-	-
Due from other governmental units	-	-	-	-	-
TOTAL ASSETS	\$ 1,578,611	\$ 210,689	\$ 363,763	\$ 2,716,427	\$ 539,218
LIABILITIES AND FUND BALANCES					
Accounts payable	\$ -	\$ 9,943	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-
Other liabilities	-	-	-	-	-
Deferred revenues	-	-	363,763	773,528	519,242
Advances from other funds	-	-	1,095,896	874,998	1,645,172
Total Liabilities	-	9,943	1,459,659	1,648,526	2,164,414
Fund Balances					
Reserved for					
Debt Service	-	-	-	1,067,901	-
Encumbrances	-	-	-	-	-
Unreserved					
Designated for subsequent year's expenditures	1,578,611	200,746	-	-	-
Undesignated (deficit)	-	-	(1,095,896)	-	(1,625,196)
Total Fund Balances	1,578,611	200,746	(1,095,896)	1,067,901	(1,625,196)
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,578,611	\$ 210,689	\$ 363,763	\$ 2,716,427	\$ 539,218

<u>Capital Projects Funds</u>		Total
<u>Fleet Replacement</u>	<u>Computer Replacement</u>	<u>Nonmajor Governmental Funds</u>
\$ 6,349,663	\$ 504,659	\$ 15,724,124
-	-	3,485,407
-	-	465,768
-	-	72,905
-	-	3,363,849
-	-	123,093
-	-	356,640
<u>\$ 6,349,663</u>	<u>\$ 504,659</u>	<u>\$ 23,591,786</u>
\$ 37,653	\$ 5,454	\$ 285,612
-	-	400,058
-	-	21
-	-	6,957,554
-	-	4,127,168
<u>37,653</u>	<u>5,454</u>	<u>11,770,413</u>
-	-	1,067,901
625,986	-	1,555,978
5,686,024	499,205	12,630,511
-	-	(3,433,017)
<u>6,312,010</u>	<u>499,205</u>	<u>11,821,373</u>
<u>\$ 6,349,663</u>	<u>\$ 504,659.00</u>	<u>\$ 23,591,786</u>

CITY OF BELOIT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2004

	Special Revenue Funds					
	Rental Rehab (WRRP/HOME)	Health	Community Development Block Grant	TIF District No. 8	TIF District No. 10	TIF District No. 11
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ 33,383	\$ -	\$ 54,392
Intergovernmental	390,519	1,152,662	881,050	-	-	64
Licenses and permits	-	-	26,502	-	-	-
Fees and service charges	-	-	107,075	-	-	-
Investment income	7,990	-	-	6,975	26,304	13,414
Public charges for services	-	-	-	-	-	-
Donations	-	6,456	-	-	-	-
Other	45,880	24,009	333,507	19,900	56,311	-
Total Revenues	<u>444,389</u>	<u>1,183,127</u>	<u>1,348,134</u>	<u>60,258</u>	<u>82,615</u>	<u>67,870</u>
EXPENDITURES						
Current						
General government	-	-	-	-	-	-
Community development	395,052	-	1,199,912	-	-	-
Public safety	-	-	-	-	-	-
Public health	-	1,235,435	-	-	-	-
Public works	-	-	-	-	-	-
Parks, recreation, and education	-	-	-	-	-	-
Capital Outlay	-	-	1,229	1,314,465	219,908	250
Debt Service						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	28,521	935,124	-
Total Expenditures	<u>395,052</u>	<u>1,235,435</u>	<u>1,201,141</u>	<u>1,342,986</u>	<u>1,155,032</u>	<u>250</u>
Excess (deficiency) of revenues over expenditures	<u>49,337</u>	<u>(52,308)</u>	<u>146,993</u>	<u>(1,282,728)</u>	<u>(1,072,417)</u>	<u>67,620</u>
OTHER FINANCING SOURCES (USES)						
Debt issued	-	-	-	1,918,521	48,420	-
Capital lease issued	-	-	-	-	934,549	-
Sale of city property	-	-	-	22,000	-	-
Transfer in	-	-	-	-	-	-
Transfer out	-	-	-	(185,172)	(14,351)	(638,551)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,755,349</u>	<u>968,618</u>	<u>(638,551)</u>
Net Change in Fund Balances	49,337	(52,308)	146,993	472,621	(103,799)	(570,931)
FUND BALANCES (DEFICIT) - Beginning of Year	<u>116,413</u>	<u>186,275</u>	<u>306,921</u>	<u>284,172</u>	<u>2,540,095</u>	<u>538,598</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ 165,750</u>	<u>\$ 133,967</u>	<u>\$ 453,914</u>	<u>\$ 756,793</u>	<u>\$ 2,436,296</u>	<u>\$ (32,333)</u>

Special Revenue Funds

TIF District No. 12	Fire Multi-Year Grants	DPW Multi-Year Grants	Recreation	Community Development	Library	Library Multi-Year Grants	Police	Solid Waste	Perpetual Care
\$ -	\$ -	\$ 23,974	\$ -	\$ -	\$ 1,457,885	\$ -	\$ 143,759	\$ 1,241	\$ -
-	-	71,235	-	4,800	290,298	-	239,398	193,164	-
-	-	25,752	-	-	-	-	-	560	-
-	-	-	-	-	36,551	-	-	-	-
-	180	10	297	15,662	29,671	-	846	-	84,215
-	-	-	47,215	-	22,515	-	116,459	1,570,931	-
-	-	-	-	-	-	-	7,075	-	-
-	1,020	-	-	69,618	4,242	-	8,345	-	14,495
-	1,200	120,971	47,512	90,080	1,841,162	-	515,882	1,765,896	98,710
-	-	-	-	-	-	-	-	-	-
-	-	-	-	72,151	-	-	-	-	-
-	14,765	-	-	-	-	-	451,450	-	-
-	-	-	-	-	-	-	-	-	-
-	-	77,219	-	-	-	-	-	1,631,115	-
-	-	-	49,374	-	1,729,648	-	-	-	-
500,000	-	134	-	-	22,428	1,222	35,345	-	-
-	-	9,159	-	-	-	-	-	-	-
11,102	-	841	-	-	-	-	-	-	-
511,102	14,765	87,353	49,374	72,151	1,752,076	1,222	486,795	1,631,115	-
(511,102)	(13,565)	33,618	(1,862)	17,929	89,086	(1,222)	29,087	134,781	98,710
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
(511,102)	(13,565)	33,618	(1,862)	17,929	89,086	(1,222)	29,087	134,781	98,710
-	8,924	46,806	1,862	350,859	711,362	1,222	86,960	(15,140)	1,479,901
\$ (511,102)	\$ (4,641)	\$ 80,424	\$ -	\$ 368,788	\$ 800,448	\$ -	\$ 116,047	\$ 119,641	\$ 1,578,611

CITY OF BELOIT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS (cont.)
 For the Year Ended December 31, 2004

	Special Revenue Funds			
	Neighborhood Development Initiative	Debt Service Funds		
		TIF	TIF	TIF
		District No. 3	District No. 5	District No. 6
REVENUES				
Taxes	\$ -	\$ 396,746	\$ 760,466	\$ 483,498
Intergovernmental	-	8,617	138,624	45,643
Licenses and permits	-	-	-	-
Fees and service charges	-	-	-	-
Investment income	-	-	51,087	-
Public charges for services	-	-	-	-
Donations	-	-	-	-
Other	-	25,788	-	73,710
Total Revenues	-	431,151	950,177	602,851
EXPENDITURES				
Current				
General government	-	-	501	500
Community development	299,254	-	-	-
Public safety	-	-	-	-
Public health	-	-	-	-
Public works	-	-	-	-
Parks, recreation, and education	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service				
Principal retirement	-	61,935	662,244	500,823
Interest and fiscal charges	-	1,666	107,491	279,850
Total Expenditures	299,254	63,601	770,236	781,173
Excess (deficiency) of revenues over expenditures	(299,254)	367,550	179,941	(178,322)
OTHER FINANCING SOURCES (USES)				
Debt issued	-	-	371,578	253,820
Capital lease issued	-	-	-	-
Sale of city property	-	-	-	-
Transfer in	500,000	-	-	-
Transfer out	-	-	-	-
Total Other Financing Sources (Uses)	500,000	-	371,578	253,820
Net Change in Fund Balances	200,746	367,550	551,519	75,498
FUND BALANCES (DEFICIT) - Beginning of Year	-	(1,463,446)	516,382	(1,700,694)
FUND BALANCES (DEFICIT) - END OF YEAR	\$ 200,746	\$ (1,095,896)	\$ 1,067,901	\$ (1,625,196)

<u>Capital Projects Funds</u>		Total
Fleet	Computer	Nonmajor
<u>Replacement</u>	<u>Replacement</u>	<u>Governmental</u>
		<u>Funds</u>
\$ -	\$ -	\$ 3,355,344
-	-	3,416,074
-	-	52,814
-	-	143,626
131,010	11,657	379,318
-	-	1,757,120
-	-	13,531
<u>765,947</u>	<u>177,348</u>	<u>1,620,120</u>
<u>896,957</u>	<u>189,005</u>	<u>10,737,947</u>
-	-	1,001
-	-	1,966,369
-	-	466,215
-	-	1,235,435
-	-	1,708,334
-	-	1,779,022
965,767	70,895	3,131,643
-	-	1,234,161
-	-	<u>1,364,595</u>
<u>965,767</u>	<u>70,895</u>	<u>12,886,775</u>
<u>(68,810)</u>	<u>118,110</u>	<u>(2,148,828)</u>
-	-	2,592,339
-	-	934,549
136,952	-	158,952
-	-	500,000
-	-	<u>(838,074)</u>
<u>136,952</u>	<u>-</u>	<u>3,347,766</u>
68,142	118,110	1,198,938
<u>6,243,868</u>	<u>381,095</u>	<u>10,622,435</u>
<u>\$ 6,312,010</u>	<u>\$ 499,205</u>	<u>\$ 11,821,373</u>

CITY OF BELOIT

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL DEBT SERVICE (MAJOR FUND) For the Year Ended December 31, 2004

	Final Budget	Actual	Variance
REVENUES			
Taxes	\$ 3,079,460	\$ 3,079,460	\$ -
Investment income	80,000	63,906	(16,094)
Other	-	71,296	71,296
Total Revenues	<u>3,159,460</u>	<u>3,214,662</u>	<u>55,202</u>
EXPENDITURES			
Debt Service			
Principal retirement	2,430,985	2,833,728	(402,743)
Interest and fiscal charges	963,525	1,022,834	(59,309)
Total Expenditures	<u>3,394,510</u>	<u>3,856,562</u>	<u>(462,052)</u>
Deficiency of revenues over expenditures	<u>(235,050)</u>	<u>(641,900)</u>	<u>(406,850)</u>
OTHER FINANCING SOURCES (USES)			
Debt issued	112,500	2,937,214	2,824,714
Premium on debt	-	52,776	52,776
Payments to escrow agent	-	(2,904,746)	(2,904,746)
Transfers in	65,555	510,354	444,799
Total Other Financing Sources (Uses)	<u>178,055</u>	<u>595,598</u>	<u>417,543</u>
Net Change in Fund Balance	(56,995)	(46,302)	10,693
FUND BALANCE - Beginning	<u>5,061,866</u>	<u>5,061,866</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 5,004,871</u>	<u>\$ 5,015,564</u>	<u>\$ 10,693</u>

CITY OF BELOIT

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
(DEFICIT) - BUDGET AND ACTUAL - TIF NO. 9 DEBT SERVICE FUND (MAJOR FUND)
For the Year Ended December 31, 2004

	Final Budget	Actual	Variance
REVENUES			
Taxes	\$ 143,456	\$ 6,773	\$ (136,683)
Intergovernmental	31,071	1,624	(29,447)
Total Revenues	<u>174,527</u>	<u>8,397</u>	<u>(166,130)</u>
EXPENDITURES			
Debt Service			
Interest and fees	174,527	176,692	(2,165)
Total Expenditures	<u>174,527</u>	<u>176,692</u>	<u>(2,165)</u>
Net Change in Fund Balance	-	(168,295)	(168,295)
FUND BALANCE (DEFICIT) - Beginning	<u>-</u>	<u>(4,743,272)</u>	<u>(4,743,272)</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ -</u>	<u>\$ (4,911,567)</u>	<u>\$ (4,911,567)</u>

CITY OF BELOIT

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - CAPITAL IMPROVEMENTS FUND (MAJOR FUND) For the Year Ended December 31, 2004

	Final Budget	Actual	Variance
REVENUES			
Intergovernmental	\$ 3,929,800	\$ 1,028,837	\$ (2,900,963)
Fines, forfeitures and penalties	-	7,914	7,914
Special assessments	575,000	183,671	(391,329)
Investment income	-	142,568	142,568
Other	151,150	-	(151,150)
Total Revenues	<u>4,655,950</u>	<u>1,362,990</u>	<u>(3,292,960)</u>
EXPENDITURES			
Capital Outlay	20,208,251	5,532,309	14,675,942
Debt Service			
Interest and fiscal charges	613,869	43,350	570,519
Total Expenditures	<u>20,822,120</u>	<u>5,575,659</u>	<u>15,246,461</u>
Excess (deficiency) of revenues over expenditures	<u>(16,166,170)</u>	<u>(4,212,669)</u>	<u>11,953,501</u>
OTHER FINANCING SOURCES (USES)			
Debt issued	8,306,950	2,349,761	(5,957,189)
Sale of city property	-	4,464	4,464
Transfers in	2,500,000	1,003,274	(1,496,726)
Transfers out	-	(235,280)	(235,280)
Total Other Financing Sources (Uses)	<u>10,806,950</u>	<u>3,122,219</u>	<u>(7,684,731)</u>
Net Change in Fund Balance	(5,359,220)	(1,090,450)	4,268,770
FUND BALANCE - Beginning	<u>11,551,595</u>	<u>11,551,595</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 6,192,375</u>	<u>\$ 10,461,145</u>	<u>\$ 4,268,770</u>

CITY OF BELOIT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL - HEALTH
 For the Year Ended December 31, 2004

	Final Budget	Actual	Variance
REVENUES			
Intergovernmental	\$ 1,464,908	\$ 1,152,662	\$ (312,246)
Donations	2,500	6,456	3,956
Other	25,000	24,009	(991)
Total Revenues	<u>1,492,408</u>	<u>1,183,127</u>	<u>(309,281)</u>
EXPENDITURES			
Current			
Public Health	<u>1,492,408</u>	<u>1,235,435</u>	<u>256,973</u>
Total Expenditures	<u>1,492,408</u>	<u>1,235,435</u>	<u>256,973</u>
Net Change in Fund Balance	-	(52,308)	(52,308)
FUND BALANCE - Beginning	<u>186,275</u>	<u>186,275</u>	-
FUND BALANCE - ENDING	<u>\$ 186,275</u>	<u>\$ 133,967</u>	<u>\$ (52,308)</u>

CITY OF BELOIT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - COMMUNITY DEVELOPMENT BLOCK GRANT

For the Year Ended December 31, 2004

	Final Budget	Actual	Variance
REVENUES			
Intergovernmental	\$ 883,000	\$ 881,050	\$ (1,950)
Licenses and permits	25,000	26,502	1,502
Fees and service charges	125,000	107,075	(17,925)
Other	350,000	333,507	(16,493)
Total Revenues	<u>1,383,000</u>	<u>1,348,134</u>	<u>(34,866)</u>
EXPENDITURES			
Current			
Community development	1,467,982	1,199,912	268,070
Capital Outlay	1,300	1,229	71
Total Expenditures	<u>1,469,282</u>	<u>1,201,141</u>	<u>268,141</u>
Net Change in Fund Balance	(86,282)	146,993	233,275
FUND BALANCE - Beginning	<u>306,921</u>	<u>306,921</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 220,639</u>	<u>\$ 453,914</u>	<u>\$ 233,275</u>

CITY OF BELOIT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE (DEFICIT) - BUDGET AND ACTUAL - TIF DISTRICT NO. 8
For the Year Ended December 31, 2004

	Final Budget	Actual	Variance
REVENUES			
Taxes	\$ 32,267	33,383	\$ 1,116
Investment income	-	6,975	6,975
Other	-	19,900	19,900
Total Revenues	<u>32,267</u>	<u>60,258</u>	<u>27,991</u>
EXPENDITURES			
Capital Outlay	2,405,212	1,314,465	1,090,747
Debt Service			
Other interest and fiscal charges	-	28,521	(28,521)
Total Expenditures	<u>2,405,212</u>	<u>1,342,986</u>	<u>1,062,226</u>
Excess (Deficiency) of Revenues Over Expenditures	(2,372,945)	(1,282,728)	1,090,217
OTHER FINANCING SOURCES (USES)			
Debt issued	1,965,600	1,918,521	(47,079)
Sale of city property	-	22,000	22,000
Transfer out	(50,933)	(185,172)	(134,239)
Total Other Financing Sources (Uses)	<u>1,914,667</u>	<u>1,755,349</u>	<u>(159,318)</u>
Net Change in Fund Balance	(458,278)	472,621	930,899
FUND BALANCE - Beginning	<u>284,172</u>	<u>284,172</u>	<u>-</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ (174,106)</u>	<u>\$ 756,793</u>	<u>\$ 930,899</u>

CITY OF BELOIT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - TIF DISTRICT NO. 10 For the Year Ended December 31, 2004

	Final Budget	Actual	Variance
REVENUES			
Investment income	\$ -	\$ 26,304	\$ 26,304
Other	-	56,311	56,311
Total Revenues	<u>-</u>	<u>82,615</u>	<u>82,615</u>
EXPENDITURES			
Capital Outlay	207,389	219,908	(12,519)
Debt Service			
Interest and fiscal charges	-	935,124	(935,124)
Total Expenditures	<u>207,389</u>	<u>1,155,032</u>	<u>(947,643)</u>
Deficiency of Revenues Over Expenditures	<u>(207,389)</u>	<u>(1,072,417)</u>	<u>(865,028)</u>
OTHER FINANCING SOURCES (USES)			
Debt issued	50,000	48,420	(1,580)
Capital lease issued	-	934,549	934,549
Transfers out	(14,500)	(14,351)	149
Total Other Financing Sources (Uses)	<u>35,500</u>	<u>968,618</u>	<u>933,118</u>
Net Change in Fund Balance	(171,889)	(103,799)	68,090
FUND BALANCE - Beginning	<u>2,540,095</u>	<u>2,540,095</u>	-
FUND BALANCE - ENDING	<u>\$ 2,368,206</u>	<u>\$ 2,436,296</u>	<u>\$ 68,090</u>

CITY OF BELOIT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (DEFICIT) - BUDGET AND ACTUAL - TIF DISTRICT NO. 11 For the Year Ended December 31, 2004

	Final Budget	Actual	Variance
REVENUES			
Taxes	\$ 90,547	\$ 54,392	(36,155)
Intergovernmental	-	64	64.00
Investment income	-	13,414	13,414
Total Revenues	-	67,870	67,870
EXPENDITURES			
Capital Outlay	-	250	(250)
Total Expenditures	-	250	(250)
Excess of Revenues Over Expenditures	-	67,620	67,620
OTHER FINANCING USES			
Transfers out	(14,616)	(638,551)	(623,935)
Total Other Financing Uses	(14,616)	(638,551)	(623,935)
Net Change in Fund Balance	(14,616)	(570,931)	(556,315)
FUND BALANCE - Beginning	538,598	538,598	-
FUND BALANCE (DEFICIT) - ENDING	\$ 523,982	\$ (32,333)	\$ (556,315)

CITY OF BELOIT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE (DEFICIT) - BUDGET AND ACTUAL - TIF DISTRICT NO. 12
For the Year Ended December 31, 2004

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Investment income	\$ -	\$ -	\$ -
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES			
Capital Outlay	500,000	500,000	-
Debt Service			
Interest and fiscal charges	<u>-</u>	<u>11,102</u>	<u>(11,102)</u>
Total Expenditures	<u>500,000</u>	<u>511,102</u>	<u>(11,102)</u>
Deficiency of Revenues Over Expenditures	(500,000)	(511,102)	(11,102)
FUND BALANCE - Beginning	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ (500,000)</u>	<u>\$ (511,102)</u>	<u>\$ (11,102)</u>

CITY OF BELOIT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (DEFICIT) - BUDGET AND ACTUAL - FIRE MULTI-YEAR GRANTS For the Year Ended December 31, 2004

	Final Budget	Actual	Variance
REVENUES			
Investment income	\$ -	\$ 180	\$ 180
Intergovernmental	120,000	-	(120,000)
Other	-	1,020	1,020
Total Revenues	<u>120,000</u>	<u>1,200</u>	<u>(118,800)</u>
EXPENDITURES			
Current			
Public safety	<u>120,000</u>	<u>14,765</u>	<u>105,235</u>
Total Expenditures	<u>120,000</u>	<u>14,765</u>	<u>105,235</u>
Net Change in Fund Balance	-	(13,565)	(13,565)
FUND BALANCE - Beginning	<u>8,924</u>	<u>8,924</u>	<u>-</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ 8,924</u>	<u>\$ (4,641)</u>	<u>\$ (13,565)</u>

CITY OF BELOIT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - DPW MULTI-YEAR GRANTS For the Year Ended December 31, 2004

	Final Budget	Actual	Variance
REVENUES			
Taxes	\$ 23,974	\$ 23,974	\$ -
Intergovernmental	103,614	71,235	(32,379)
Licenses and permits	-	25,752	25,752
Investment income	-	10	10
Total Revenues	<u>127,588</u>	<u>120,971</u>	<u>(6,617)</u>
EXPENDITURES			
Current			
Public works	127,588	77,219	50,369
Capital Outlay	-	134	(134)
Debt Service			
Interest and fiscal charges	-	10,000	(10,000)
Total Expenditures	<u>127,588</u>	<u>87,353</u>	<u>40,235</u>
Net Change in Fund Balance	-	33,618	33,618
FUND BALANCE - Beginning	<u>46,806</u>	<u>46,806</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 46,806</u>	<u>\$ 80,424</u>	<u>\$ 33,618</u>

CITY OF BELOIT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - RECREATION For the Year Ended December 31, 2004

	Final Budget	Actual	Variance
REVENUES			
Investment income	\$ -	\$ 297	\$ 297
Public charges for services	80,430	47,215	(33,215)
Total Revenues	<u>80,430</u>	<u>47,512</u>	<u>(32,918)</u>
EXPENDITURES			
Current			
Parks, recreation and education	<u>79,449</u>	<u>49,374</u>	<u>30,075</u>
Net Change in Fund Balance	981	(1,862)	(2,843)
FUND BALANCE - Beginning	<u>1,862</u>	<u>1,862</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 2,843</u>	<u>\$ -</u>	<u>\$ (2,843)</u>

CITY OF БЕЛОIT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - LIBRARY For the Year Ended December 31, 2004

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Taxes	\$ 1,457,885	\$ 1,457,885	\$ -
Intergovernmental	288,000	290,298	2,298
Fees and service charges	27,500	36,551	9,051
Investment income	20,000	29,671	9,671
Public charges for services	51,793	22,515	(29,278)
Other	4,189	4,242	53
Total Revenues	<u>1,849,367</u>	<u>1,841,162</u>	<u>(8,205)</u>
EXPENDITURES			
Current			
Parks, recreation and education	1,824,367	1,729,648	94,719
Capital Outlay	25,000	22,428	2,572
Total Expenditures	<u>1,849,367</u>	<u>1,752,076</u>	<u>97,291</u>
Net Change in Fund Balance	-	89,086	89,086
FUND BALANCE - Beginning	<u>711,362</u>	<u>711,362</u>	-
FUND BALANCE - ENDING	<u>\$ 711,362</u>	<u>\$ 800,448</u>	<u>\$ 89,086</u>

CITY OF BELOIT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL - POLICE
 For the Year Ended December 31, 2004

	Final Budget	Actual	Variance
REVENUES			
Taxes	\$ 133,473	\$ 143,759	\$ 10,286
Intergovernmental	232,694	239,398	6,704
Investment income	-	846	846
Public charges for services	110,515	116,459	5,944
Donations	-	7,075	7,075
Other	-	8,345	8,345
Total Revenues	<u>476,682</u>	<u>515,882</u>	<u>39,200</u>
EXPENDITURES			
Current			
Public safety	441,580	451,450	(9,870)
Capital Outlay	<u>35,102</u>	<u>35,345</u>	<u>(243)</u>
Total Expenditures	<u>476,682</u>	<u>486,795</u>	<u>(10,113)</u>
Net Change in Fund Balance	-	29,087	29,087
FUND BALANCE - Beginning	<u>86,960</u>	<u>86,960</u>	-
FUND BALANCE - ENDING	<u>\$ 86,960</u>	<u>\$ 116,047</u>	<u>\$ 29,087</u>

CITY OF BELOIT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (DEFICIT) - BUDGET AND ACTUAL - SOLID WASTE For the Year Ended December 31, 2004

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Taxes	\$ -	\$ 1,241	\$ 1,241
Intergovernmental	179,940	193,164	13,224
Licenses & permits	-	560	560
Public charges for services	<u>1,573,284</u>	<u>1,570,931</u>	<u>(2,353)</u>
Total Revenues	<u>1,753,224</u>	<u>1,765,896</u>	<u>12,672</u>
EXPENDITURES			
Current			
Public works	<u>1,753,164</u>	<u>1,631,115</u>	<u>122,049</u>
Net Change in Fund Balance	60	134,781	134,721
FUND BALANCE (DEFICIT) - Beginning	<u>(15,140)</u>	<u>(15,140)</u>	<u>-</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ (15,080)</u>	<u>\$ 119,641</u>	<u>\$ 134,721</u>

CITY OF BELOIT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 - BUDGET AND ACTUAL - NEIGHBORHOOD DEVELOPMENT INITIATIVE
 For the Year Ended December 31, 2004

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES	\$ -	\$ -	-
EXPENDITURES			
Current			
Conservation and development	<u>500,000</u>	<u>299,254</u>	<u>200,746</u>
Total Expenditures	<u>500,000</u>	<u>299,254</u>	<u>200,746</u>
Deficiency of Revenues Over Expenditures	<u>(500,000)</u>	<u>(299,254)</u>	<u>200,746</u>
OTHER FINANCING SOURCES			
Transfers in	<u>500,000</u>	<u>500,000</u>	<u>-</u>
Total Other Financing Sources	<u>500,000</u>	<u>500,000</u>	<u>-</u>
Net Change in Fund Balance	-	200,746	200,746
FUND BALANCE - Beginning	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ 200,746</u>	<u>\$ 200,746</u>

CITY OF BELOIT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE (DEFICIT) - BUDGET AND ACTUAL - TIF DISTRICT NO. 3
For the Year Ended December 31, 2004

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Taxes	\$ 344,795	\$ 396,746	\$ 51,951
Intergovernmental	7,560	8,617	1,057
Other	-	25,788	25,788
Total Revenues	<u>352,355</u>	<u>431,151</u>	<u>78,796</u>
EXPENDITURES			
Debt Service			
Principal retirement	45,648	61,935	(16,287)
Interest and fiscal charges	-	1,666	(1,666)
Total Expenditures	<u>45,648</u>	<u>63,601</u>	<u>(17,953)</u>
Excess of Revenues Over Expenditures	306,707	367,550	60,843
FUND BALANCE (DEFICIT) - Beginning	<u>(1,463,446)</u>	<u>(1,463,446)</u>	<u>-</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ (1,156,739)</u>	<u>\$ (1,095,896)</u>	<u>\$ 60,843</u>

CITY OF BELOIT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL - TIF DISTRICT NO. 5
 For the Year Ended December 31, 2004

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Taxes	\$ 590,718	\$ 760,466	\$ 169,748
Intergovernmental	156,070	138,624	(17,446)
Investment income	-	51,087	51,087
Total Revenues	<u>746,788</u>	<u>950,177</u>	<u>203,389</u>
EXPENDITURES			
Current			
General Government	-	501	(501)
Debt Service			
Principal retirement	371,520	662,244	(290,724)
Interest and fiscal charges	<u>130,150</u>	<u>107,491</u>	<u>22,659</u>
Total Expenditures	<u>501,670</u>	<u>770,236</u>	<u>(268,566)</u>
Excess of Revenues Over Expenditures	245,118	179,941	(65,177)
OTHER FINANCING SOURCES			
Debt issued	-	<u>371,578</u>	<u>371,578</u>
Net Change in Fund Balance	245,118	551,519	306,401
FUND BALANCE - Beginning	<u>516,382</u>	<u>516,382</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 761,500</u>	<u>\$ 1,067,901</u>	<u>\$ 306,401</u>

CITY OF BELOIT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE (DEFICIT) - BUDGET AND ACTUAL - TIF DISTRICT NO. 6
 For the Year Ended December 31, 2004

	Final Budget	Actual	Variance
REVENUES			
Taxes	\$ 153,000	\$ 483,498	\$ 330,498
Intergovernmental	388,192	45,643	(342,549)
Other	50,618	73,710	23,092
Total Revenues	<u>591,810</u>	<u>602,851</u>	<u>11,041</u>
EXPENDITURES			
Current			
General Government	-	500	(500)
Debt Service			
Principal retirement	320,204	500,823	(180,619)
Interest and fiscal charges	271,606	279,850	(8,244)
Total Expenditures	<u>591,810</u>	<u>781,173</u>	<u>(189,363)</u>
Deficiency of Revenues Over Expenditures	-	(178,322)	(178,322)
OTHER FINANCING SOURCES			
Debt issued	-	253,820	253,820
Net Change in Fund Balance	-	75,498	75,498
FUND BALANCE (DEFICIT) - Beginning	<u>(1,700,694)</u>	<u>(1,700,694)</u>	<u>-</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ (1,700,694)</u>	<u>\$ (1,625,196)</u>	<u>\$ 75,498</u>

CITY OF BELOIT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - FLEET REPLACEMENT For the Year Ended December 31, 2004

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Investment income	\$ 510,455	\$ 131,010	\$ (379,445)
Other	<u>839,545</u>	<u>765,947</u>	<u>(73,598)</u>
Total Revenues	<u>1,350,000</u>	<u>896,957</u>	<u>(453,043)</u>
EXPENDITURES			
Capital Outlay	<u>1,267,000</u>	<u>965,767</u>	<u>301,233</u>
Deficiency of Revenues Over Expenditures	83,000	(68,810)	(151,810)
OTHER FINANCING SOURCES			
Sale of city property	<u>-</u>	<u>136,952</u>	<u>136,952</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>136,952</u>	<u>136,952</u>
Net Change in Fund Balance	83,000	68,142	(14,858)
FUND BALANCE - Beginning	<u>6,243,868</u>	<u>6,243,868</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 6,326,868</u>	<u>\$ 6,312,010</u>	<u>\$ (14,858)</u>

CITY OF БЕЛОIT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - COMPUTER REPLACEMENT
For the Year Ended December 31, 2004

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Investment income	\$ 10,000	\$ 11,657	\$ 1,657
Other	<u>177,355</u>	<u>177,348</u>	<u>(7)</u>
Total Revenues	<u>187,355</u>	<u>189,005</u>	<u>1,650</u>
EXPENDITURES			
Capital Outlay	<u>102,675</u>	<u>70,895</u>	<u>31,780</u>
Net Change in Fund Balance	84,680	118,110	33,430
FUND BALANCE - Beginning	<u>381,095</u>	<u>381,095</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 465,775</u>	<u>\$ 499,205</u>	<u>\$ 33,430</u>

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CITY OF BELOIT

COMBINING STATEMENT OF NET ASSETS - NONMAJOR PROPRIETARY FUNDS
December 31, 2004

	Enterprise Funds				Totals
	Golf Course	Cemeteries	Ambulance	Transit System	
ASSETS					
Current Assets					
Cash and investments	\$ 985	\$ 364	\$ -	\$ 115,193	\$ 116,542
Accounts receivables					
Taxes	-	119,786	138,422	360,000	618,208
Customer accounts	-	7,711	120,970	34,157	162,838
Due from other governmental units	-	-	-	101,005	101,005
Inventories	-	-	-	136,396	136,396
Total Current Assets	<u>985</u>	<u>127,861</u>	<u>259,392</u>	<u>746,751</u>	<u>1,134,989</u>
Capital Assets					
Land	816,000	322,000	-	132,000	1,270,000
Land improvements	666,970	35,448	-	-	702,418
Buildings	280,988	120,153	-	2,281,155	2,682,296
Machinery, equipment, and vehicles	56,742	43,028	-	3,280,605	3,380,375
Less: accumulated depreciation	(662,078)	(111,386)	-	(2,543,268)	(3,316,732)
Net Capital Assets	<u>1,158,622</u>	<u>409,243</u>	<u>-</u>	<u>3,150,492</u>	<u>4,718,357</u>
Total Assets	<u>1,159,607</u>	<u>537,104</u>	<u>259,392</u>	<u>3,897,243</u>	<u>5,853,346</u>
LIABILITIES					
Current Liabilities					
Accounts payable	9,754	4,378	10,070	41,644	65,846
Due to other funds	-	-	36,307	-	36,307
Current maturities of general obligation debt	23,203	8,987	-	32,663	64,853
Deferred revenue	-	145,536	138,422	360,000	643,958
Other current liabilities	10,353	-	-	-	10,353
Total Current Liabilities	<u>43,310</u>	<u>158,901</u>	<u>184,799</u>	<u>434,307</u>	<u>821,317</u>
Noncurrent Liabilities					
General obligation debt	94,396	25,889	-	175,836	296,121
Compensated absences	14,392	13,377	26,936	52,827	107,532
Advances from other funds	221,976	125,147	-	-	347,123
Total Noncurrent Liabilities	<u>330,764</u>	<u>164,413</u>	<u>26,936</u>	<u>228,663</u>	<u>750,776</u>
Total Liabilities	<u>374,074</u>	<u>323,314</u>	<u>211,735</u>	<u>662,970</u>	<u>1,572,093</u>
NET ASSETS					
Invested in capital assets, net of related debt	1,041,023	374,367	-	2,941,993	4,357,383
Unrestricted (deficit)	(255,490)	(160,577)	47,657	292,280	(76,130)
TOTAL NET ASSETS	<u>\$ 785,533</u>	<u>\$ 213,790</u>	<u>\$ 47,657</u>	<u>\$ 3,234,273</u>	<u>\$ 4,281,253</u>

CITY OF BELOIT

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
 FUND NET ASSETS - NONMAJOR PROPRIETARY FUNDS
 For the Year Ended December 31, 2004

	Enterprise Funds				Totals
	Golf Course	Cemeteries	Ambulance	Transit System	
OPERATING REVENUES					
Charges for services	\$ 315,517	\$ 124,389	\$ 631,395	\$ 154,170	\$ 1,225,471
Other	1,430	5,774	-	31,081	38,285
Total Operating Revenues	<u>316,947</u>	<u>130,163</u>	<u>631,395</u>	<u>185,251</u>	<u>1,263,756</u>
OPERATING EXPENSES					
Operation and maintenance	343,393	241,463	791,417	1,506,362	2,882,635
Depreciation	28,309	3,516	-	196,492	228,317
Total Operating Expenses	<u>371,702</u>	<u>244,979</u>	<u>791,417</u>	<u>1,702,854</u>	<u>3,110,952</u>
Operating Income (Loss)	<u>(54,755)</u>	<u>(114,816)</u>	<u>(160,022)</u>	<u>(1,517,603)</u>	<u>(1,847,196)</u>
NONOPERATING REVENUES (EXPENSES)					
Intergovernmental revenues	-	-	4,247	940,381	944,628
Investment income	(4,186)	25,746	960	3,126	25,646
Interest expense	(4,666)	(1,403)	-	(8,731)	(14,800)
General property taxes	-	-	106,614	396,906	503,520
Total Nonoperating Revenues (Expenses)	<u>(8,852)</u>	<u>24,343</u>	<u>111,821</u>	<u>1,331,682</u>	<u>1,458,994</u>
Income (Loss) Before Contributions	(63,607)	(90,473)	(48,201)	(185,921)	(388,202)
Capital contributions	-	-	-	78,727	78,727
Change in Net Assets	(63,607)	(90,473)	(48,201)	(107,194)	(309,475)
TOTAL NET ASSETS - Beginning	<u>849,140</u>	<u>304,263</u>	<u>95,858</u>	<u>3,341,467</u>	<u>4,590,728</u>
TOTAL NET ASSETS - Ending	<u>\$ 785,533</u>	<u>\$ 213,790</u>	<u>\$ 47,657</u>	<u>\$ 3,234,273</u>	<u>\$ 4,281,253</u>

CITY OF BELOIT

STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUND
For the Year Ended December 31, 2004

	Enterprise Funds				Totals
	Golf Course	Cemeteries	Ambulance	Transit System	
CASH FLOWS FROM OPERATING ACTIVITIES					
Received from customers	\$ 316,947	\$ 152,495	\$ 689,975	\$ 183,789	\$ 1,343,206
Paid to suppliers for goods and services	(250,867)	(152,183)	(198,492)	(926,039)	(1,527,581)
Payments to employees for services	(73,665)	(83,720)	(603,314)	(578,925)	(1,339,624)
Net Cash Provided by Operating Activities	(7,585)	(83,408)	(111,831)	(1,321,175)	(1,523,999)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Operating grants received	-	-	4,247	896,071	900,318
Property taxes received	-	-	106,614	396,906	503,520
Non-capital advance (and repayment)	(17,669)	44,362	-	-	26,693
Net Cash Used by Noncapital Financing Activities	(17,669)	44,362	110,861	1,292,977	1,430,531
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Debt retired	(59,692)	(12,052)	-	(49,526)	(121,270)
Interest paid	(4,666)	(1,404)	-	(8,731)	(14,801)
Proceeds from issuance of new debt	94,783	23,004	-	62,057	179,844
Acquisition and construction of capital assets	-	-	-	(33,096)	(33,096)
Construction grants received	-	-	-	75,777	75,777
Net Cash Provided (Used) by Capital and Related Financing Activities	30,425	9,548	-	46,481	86,454
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment income (loss)	(4,186)	25,746	960	3,126	25,646
Net Cash Provided (Used) by Investing Activities	(4,186)	25,746	960	3,126	25,646
Net Increase (Decrease) in Cash and Cash Equivalents	985	(3,752)	(10)	21,409	18,632
CASH AND CASH EQUIVALENTS - Beginning	-	4,116	10	93,784	97,910
CASH AND CASH EQUIVALENTS - Ending	\$ 985	\$ 364	\$ -	\$ 115,193	\$ 116,542
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES					
Operating income (Loss)	\$ (54,755)	\$ (114,816)	\$ (160,022)	\$ (1,517,603)	\$ (1,847,196)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows From Operating Activities					
Nonoperating income	-	-	-	-	-
Depreciation expense	28,309	3,516	-	196,492	228,317
Change in non-cash Components of Working Capital					
Accounts receivable	-	2,612	58,580	(1,462)	59,730
Inventories	-	-	-	2,935	2,935
Accounts payable	7,194	(7,817)	(5,878)	(6,697)	(13,198)
Due to other funds	-	-	(31,447)	-	(31,447)
Accrued compensated absences	14,392	13,377	26,936	-	54,705
Other current liabilities	(2,725)	-	-	5,160	2,435
Deferred revenue	-	19,720	-	-	19,720
NET CASH FLOWS FROM OPERATING ACTIVITIES	\$ (7,585)	\$ (83,408)	\$ (111,831)	\$ (1,321,175)	\$ (1,523,999)

NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITY

None

CITY OF BELOIT

ENTERPRISE FUND - BELOIT MASS TRANSIT
 DETAILED SCHEDULE OF REVENUES AND EXPENSES - REGULATORY BASIS
 For the Year Ended December 31, 2004

	2004
REVENUE	
401 - Passenger fares for transit service	\$ 154,170
407 - Non-transportation revenue	
Advertising	22,152
Investment Income	3,126
Charter and miscellaneous	8,929 *
409 - Local operating assistance - city levy	396,906
409 - Local operating assistance - inter-government	62,279
411 - State operating assistance	471,258
413 - Federal operating assistance	406,844
Capital contributions	78,727
Total Revenue	1,604,391
EXPENSES - BY OBJECT CLASS TOTAL	
501 - Labor	578,925
502 - Fringe benefits	545,625
503 - Services	116,331
504 - Materials and supplies	157,524
505 - Utilities	37,641
506 - Casualty and liability costs	42,994
508 - Purchased transportation services	12,111
509 - Miscellaneous	15,211
509 - Interest expense	8,731
513 - Depreciation	196,492
Total Expenses	1,711,585
EXCESS EXPENSES OVER REVENUES FOR THE YEAR	\$ (107,194)

* Contra expense for state subsidy purposes.

CITY OF BELOIT

RECONCILIATION OF REVENUES AND EXPENSES TO WISDOT AND FEDERAL
 RECOGNIZED REVENUES AND EXPENSES
 For the Year Ended December 31, 2004

	<u>Per WisDOT Guidelines</u>	<u>Per Federal Guidelines</u>
Beloit Revenues	\$ 1,604,391	\$ 1,604,391
Less Unrecognized Revenues		
Advertising Revenue	-	22,152
Charter Revenue	8,929	8,929
Investment income	3,126	3,126
Local Operating Assistance	459,185	459,185
State Operating Assistance	471,258	471,258
Federal Operating Assistance	406,844	406,844
Capital Contributions	1 78,727	78,727
ADJUSTED REVENUES	<u>\$ 176,322</u>	<u>\$ 154,170</u>
 Total Expenses	 \$ 1,711,585	 \$ 1,711,585
Less Non-Recognized Expenses		
Interest	8,731	8,731
Depreciation	196,492	196,492
Less Contra Expenses		
Charter Revenue	8,929	8,929
Capital Contributions for Operating Expenses	2 38,431	38,431
RECOGNIZED EXPENSES	<u>\$ 1,459,002</u>	<u>\$ 1,459,002</u>
RECOGNIZED EARNINGS (DEFICITS)	<u>\$ (1,282,680)</u>	<u>\$ (1,304,832)</u>
 1 - Capital contributions - assets capitalized	 47,982	
Capital contributions - expensed	30,745	
Total capital contributions	<u>78,727</u>	
 2 - Capital contributions - expensed	 30,745	
Federal share	80%	
Federal and local share of expenses	<u>38,431</u>	

CITY OF BELOIT

COMPUTATION OF THE DEFICIT DISTRIBUTION AMONG THE SUBSIDY GRANTORS
For the Year Ended December 31, 2004

<i>STATE FUNDS</i>		
WisDOT Recognized Deficit		<u>\$ 1,282,680</u>
WisDOT Recognized Expenses	<u>\$ 1,459,002</u>	
32.3% of WisDOT Recognized Expenses		<u>\$ 471,258</u>
WisDOT Contract Amount		<u>\$ 471,258</u>
Local Operating Subsidy	<u>\$ 459,185</u>	
5 Times Operating Subsidy		<u>\$ 2,295,925</u>
State Share – Least of the Four		<u>\$ 471,258</u>
 <i>FEDERAL SECTION 9 FUNDS</i>		
Federally Recognized Deficit	<u>\$ 1,304,832</u>	
50% of Federal Deficit		<u>\$ 652,416</u>
Federal Recognized Deficit	<u>\$ 1,304,832</u>	
Less: State share	<u>471,258</u>	
Local Share		<u>\$ 833,574</u>
Maximum Federal Share Per Grant Award		<u>\$ 406,844</u>
Federal Section 9 Share – Least of the Three		<u>\$ 406,844</u>

CITY OF BELOIT

COMBINING STATEMENT OF NET ASSETS - INTERNAL SERVICE FUNDS
December 31, 2004

	Equipment Operations	General Liability Insurance	Health Insurance	Totals
ASSETS				
Current Assets				
Cash and investments	\$ 293,835	\$ 235,733	\$ 3,040,066	\$ 3,569,634
Prepaid items	-	557,097	-	557,097
Total Current Assets	<u>293,835</u>	<u>792,830</u>	<u>3,040,066</u>	<u>4,126,731</u>
Restricted Assets				
Deposit with risk pool	-	1,575,475	-	1,575,475
Receivable from mutual insurance company	-	181,696	-	181,696
Total Restricted Assets	<u>-</u>	<u>1,757,171</u>	<u>-</u>	<u>1,757,171</u>
Capital Assets				
Machinery, equipment, and vehicles	67,165	-	-	67,165
Less: Accumulated depreciation	(28,419)	-	-	(28,419)
Net Capital Assets	<u>38,746</u>	<u>-</u>	<u>-</u>	<u>38,746</u>
Total Assets	<u>332,581</u>	<u>2,550,001</u>	<u>3,040,066</u>	<u>5,922,648</u>
LIABILITIES				
Current Liabilities				
Accounts payable	14,281	10,057	7,925	32,263
Claims payable	-	175,940	1,783,882	1,959,822
Current portion of long-term debt	-	143,000	-	143,000
Total Current Liabilities	<u>14,281</u>	<u>328,997</u>	<u>1,791,807</u>	<u>2,135,085</u>
Noncurrent Liabilities				
General obligation debt payable	-	326,150	-	326,150
Total Noncurrent Liabilities	<u>-</u>	<u>326,150</u>	<u>-</u>	<u>326,150</u>
Total Liabilities	<u>14,281</u>	<u>655,147</u>	<u>1,791,807</u>	<u>2,461,235</u>
NET ASSETS				
Invested in capital assets	38,746	-	-	38,746
Unrestricted	279,554	1,894,854	1,248,259	3,422,667
TOTAL NET ASSETS	<u>\$ 318,300</u>	<u>\$ 1,894,854</u>	<u>\$ 1,248,259</u>	<u>\$ 3,461,413</u>

CITY OF BELOIT

**COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS -
INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2004**

	Equipment Operations	Duplicating Services	General Liability Insurance	Health Insurance	City Engineer	Totals
OPERATING REVENUES						
Charges for services	\$ 947,166	\$ 36,907	\$ 576,197	\$ 8,161,473	\$ 283,916	\$ 10,005,659
Total Operating Revenue	<u>947,166</u>	<u>36,907</u>	<u>576,197</u>	<u>8,161,473</u>	<u>283,916</u>	<u>10,005,659</u>
OPERATING EXPENSES						
Operation and maintenance	1,061,019	18,661	107,180	-	302,211	1,489,071
Contractual services	17,477	-	242,738	7,346,545	7,617	7,614,377
Depreciation	7,555	-	-	-	-	7,555
Total Operating Expenses	<u>1,086,051</u>	<u>18,661</u>	<u>349,918</u>	<u>7,346,545</u>	<u>309,828</u>	<u>9,111,003</u>
Operating Income (Loss)	<u>(138,885)</u>	<u>18,246</u>	<u>226,279</u>	<u>814,928</u>	<u>(25,912)</u>	<u>894,656</u>
NONOPERATING REVENUES (EXPENSES)						
Investment income	10,900	-	-	-	-	10,900
Interest expense	-	(978)	(46,509)	-	-	(47,487)
Loss on investment in CVMIC	-	-	(41,395)	-	-	(41,395)
Total Nonoperating Revenues (Expenses)	<u>10,900</u>	<u>(978)</u>	<u>(87,904)</u>	<u>-</u>	<u>-</u>	<u>(77,982)</u>
Income (loss) before transfers	(127,985)	17,268	138,375	814,928	(25,912)	816,674
Transfers	-	43,236	-	-	-	43,236
Change in Net Assets	(127,985)	60,504	138,375	814,928	(25,912)	859,910
TOTAL NET ASSETS (DEFICIT) - Beginning	<u>446,285</u>	<u>(60,504)</u>	<u>1,756,479</u>	<u>433,331</u>	<u>25,912</u>	<u>2,601,503</u>
TOTAL NET ASSETS - ENDING	<u>\$ 318,300</u>	<u>\$ -</u>	<u>\$ 1,894,854</u>	<u>\$ 1,248,259</u>	<u>\$ -</u>	<u>\$ 3,461,413</u>

CITY OF BELOIT

STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUND
For the Year Ended December 31, 2004

	Equipment Operations	Duplicating Services	General Liability Insurance	Health Insurance	City Engineer	Totals
CASH FLOWS FROM OPERATING ACTIVITIES						
Received from customers	\$ 947,166	\$ 36,907	\$ 579,177	\$ 8,161,473	\$ 283,916	\$ 10,008,639
Paid to suppliers for goods and services	(754,432)	(1,713)	(406,633)	(7,255,830)	(80,216)	(8,498,824)
Payments to employees for services	(348,564)	(14,764)	(104,935)	-	(231,007)	(699,270)
Net Cash Provided (Used) by Operating Activities	(155,830)	20,430	67,609	905,643	(27,307)	810,545
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Non-capital advance (repayment)	-	(62,688)	-	-	-	(62,688)
Operating transfers in	-	43,236	-	-	-	43,236
Net Cash Provided (Used) by Noncapital Financing Activities	-	(19,452)	-	-	-	(19,452)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Debt retired	-	-	(130,900)	-	-	(130,900)
Interest paid	-	-	(46,509)	-	-	(46,509)
Net Cash Provided (Used) by Capital and Related Financing Activities	-	-	(177,409)	-	-	(177,409)
CASH FLOWS FROM INVESTING ACTIVITIES						
Investment income	\$ 10,900	\$ (978)	\$ -	\$ -	\$ -	\$ 9,922
Net Cash Provided (Used) by Investing Activities	10,900	(978)	-	-	-	9,922
Net Increase (Decrease) in Cash and Cash Equivalents	(144,930)	-	(109,800)	905,643	(27,307)	623,606
CASH AND CASH EQUIVALENTS - Beginning	438,765	-	345,533	2,134,423	27,307	2,946,028
CASH AND CASH EQUIVALENTS - Ending	\$ 293,835	\$ -	\$ 235,733	\$ 3,040,066	\$ -	\$ 3,569,634
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES						
Operating income (Loss)	\$ (138,885)	\$ 18,246	\$ 226,279	\$ 814,928	\$ (25,912)	\$ 894,656
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows From Operating Activities						
Depreciation expense	7,555	-	-	-	-	7,555
Change in non-cash Components of Working Capital						
Accounts receivable	-	-	2,980	-	-	2,980
Inventories	-	2,497	-	-	-	2,497
Prepaid items	-	-	(39,326)	-	-	(39,326)
Accounts payable	(24,500)	(313)	(15,276)	7,925	(1,395)	(33,559)
Claims payable	-	-	(107,048)	82,790	-	(24,258)
NET CASH FLOWS FROM OPERATING ACTIVITIES	\$ (155,830)	\$ 20,430	\$ 67,609	\$ 905,643	\$ (27,307)	\$ 810,545

NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITY

During the year, there was a decrease of \$41,395 in what CVMIC owes the city which resulted in a loss on the investment.

CITY OF BELOIT

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - TAX COLLECTIONS For the Year Ended December 31, 2004

	<u>Balance</u> <u>January 1, 2004</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>December 31, 2004</u>
TAX COLLECTIONS				
Assets				
Cash and investments	\$ 7,718,644	\$ 7,324,647	\$ 7,718,644	\$ 7,324,647
Property taxes receivable	<u>14,516,060</u>	<u>15,052,229</u>	<u>14,516,060</u>	<u>15,052,229</u>
TOTAL ASSETS	<u>\$ 22,234,704</u>	<u>\$ 22,376,876</u>	<u>\$ 22,234,704</u>	<u>\$ 22,376,876</u>
Liabilities				
Accounts payable	\$ 605,419	\$ 20,671	\$ 605,419	\$ 20,671
Due to other taxing units	<u>21,629,285</u>	<u>22,356,205</u>	<u>21,629,285</u>	<u>22,356,205</u>
TOTAL LIABILITIES	<u>\$ 22,234,704</u>	<u>\$ 22,376,876</u>	<u>\$ 22,234,704</u>	<u>\$ 22,376,876</u>

CITY OF BELOIT

COMBINING STATEMENT OF NET ASSETS - COMMUNITY DEVELOPMENT AUTHORITY
December 31, 2004

	<u>Major</u>	<u>Major</u>	<u>Major</u>	
	Section 8 Rental Voucher Program	Low Rent Public Housing	Leases Receivable	<u>Totals</u>
ASSETS				
Current Assets				
Cash and investments	\$ 296,543	\$ 348,894	\$ -	\$ 645,437
Receivables				
Accounts	-	8,029	-	8,029
Due from other funds	-	19,208	-	19,208
Due from other governmental units	-	4,745	-	4,745
Prepaid items	75	75	-	150
Lease receivable from primary government	-	-	13,473,579	13,473,579
Total Current Assets	<u>296,618</u>	<u>380,951</u>	<u>13,473,579</u>	<u>14,151,148</u>
Restricted Assets				
Cash and investments	-	-	1,679,521	1,679,521
Capital Assets				
Land	-	414,539	-	414,539
Buildings	-	3,724,451	-	3,724,451
Machinery, equipment, and vehicles	7,000	4,253,887	-	4,260,887
Construction in progress	-	28,763	-	28,763
Less: Accumulated depreciation	<u>(7,000)</u>	<u>(4,588,968)</u>	-	<u>(4,595,968)</u>
Net Capital Assets	<u>-</u>	<u>3,832,672</u>	<u>-</u>	<u>3,832,672</u>
Total Assets	<u>296,618</u>	<u>4,213,623</u>	<u>15,153,100</u>	<u>19,663,341</u>
LIABILITIES				
Current Liabilities				
Accounts payable	5,274	32,931	-	38,205
Accrued liabilities	15,491	-	-	15,491
Accrued taxes	-	8,008	-	8,008
Due to other funds	19,208	-	-	19,208
Due to primary government	29,554	44,131	-	73,685
Due to other governments	25,299	-	-	25,299
Deferred revenues	-	50	-	50
Deposits	-	31,675	-	31,675
Other liabilities	-	15,216	-	15,216
Total Current Liabilities	<u>94,826</u>	<u>132,011</u>	<u>-</u>	<u>226,837</u>
NONCURRENT LIABILITIES				
Compensated absences	2,558	7,048	-	9,606
Lease revenue bonds payable	-	-	15,083,188	15,083,188
Total Noncurrent Liabilities	<u>2,558</u>	<u>7,048</u>	<u>15,083,188</u>	<u>15,092,794</u>
Total Liabilities	<u>97,384</u>	<u>139,059</u>	<u>15,083,188</u>	<u>15,319,631</u>
NET ASSETS				
Invested in capital assets, net of related debt	-	3,832,672	-	3,832,672
Restricted	199,234	241,892	-	441,126
Unrestricted	-	-	69,912	69,912
TOTAL NET ASSETS	<u>\$ 199,234</u>	<u>\$ 4,074,564</u>	<u>\$ 69,912</u>	<u>\$ 4,343,710</u>

CITY OF BELOIT

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
 FUND NET ASSETS - COMMUNITY DEVELOPMENT AUTHORITY
 Year Ended December 31, 2004

	<u>Major</u>	<u>Major</u>	<u>Major</u>	
	Section 8	Low Rent	Lease	
	Rental	Public	Receivable	
	Voucher	Housing		Totals
	Program			
OPERATING REVENUES				
Charges for services	\$ -	\$ 209,982	\$ -	\$ 209,982
Other	-	101,616	-	101,616
Total Operating Revenues	<u>-</u>	<u>311,598</u>	<u>-</u>	<u>311,598</u>
OPERATING EXPENSES				
Operation and maintenance	3,258,294	823,855	-	4,082,149
Depreciation	-	390,840	-	390,840
Taxes	-	8,008	-	8,008
Total Operating Expenses	<u>3,258,294</u>	<u>1,222,703</u>	<u>-</u>	<u>4,480,997</u>
Operating Income (Loss)	<u>(3,258,294)</u>	<u>(911,105)</u>	<u>-</u>	<u>(4,169,399)</u>
NONOPERATING REVENUES (EXPENSES)				
Intergovernmental revenues	3,257,324	536,779	-	3,794,103
Investment income	4,093	4,864	1,000,807	1,009,764
Interest expense	-	-	(975,711)	(975,711)
Miscellaneous nonoperating income	4,132	-	-	4,132
Total Nonoperating Revenues (Expenses)	<u>3,265,549</u>	<u>541,643</u>	<u>25,096</u>	<u>3,832,288</u>
Change in Net Assets	7,255	(369,462)	25,096	(337,111)
NET ASSETS - BEGINNING	<u>191,979</u>	<u>4,444,026</u>	<u>44,816</u>	<u>4,680,821</u>
NET ASSETS - ENDING	<u>\$ 199,234</u>	<u>\$ 4,074,564</u>	<u>\$ 69,912</u>	<u>\$ 4,343,710</u>

CITY OF BELOIT

COMBINING STATEMENT OF CASH FLOWS - COMMUNITY DEVELOPMENT AUTHORITY
For the Year Ended December 31, 2004

	Major Section 8 Rental Voucher Program	Major Low Rent Public Housing	Major Leases Receivable	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Received from customers	\$ -	\$ 321,587	\$ -	\$ 321,587
Paid to suppliers for goods and services	(2,959,220)	(645,055)	-	(3,604,275)
Payments to employees for services	(276,023)	(179,614)	-	(455,637)
Payments to city for tax equivalent	-	(8,489)	-	(8,489)
Net Cash Flows From Operating Activities	<u>(3,235,243)</u>	<u>(511,571)</u>	<u>-</u>	<u>(3,746,814)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Operating grants received	3,257,324	480,483	-	3,737,807
Non-capital (advance) and repayment	-	-	(695,116)	(695,116)
Net Cash Flows From Non-Capital Financing Activities	<u>3,257,324</u>	<u>480,483</u>	<u>(695,116)</u>	<u>3,042,691</u>
CASH FLOWS FROM CAPITAL AND FINANCING ACTIVITIES				
Interest paid	-	-	(736,278)	(736,278)
Capital grants received	14,510	56,296	-	70,806
Acquisition and construction of fixed assets	-	(60,205)	-	(60,205)
Net Cash Flows From Capital and Related Financing Activities	<u>14,510</u>	<u>(3,909)</u>	<u>(736,278)</u>	<u>(725,677)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income	8,225	4,864	761,374	774,463
Net Cash Flows From Investing Activities	<u>8,225</u>	<u>4,864</u>	<u>761,374</u>	<u>774,463</u>
Net Change in Cash and Cash Equivalents	44,816	(30,133)	(670,020)	(655,337)
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>251,727</u>	<u>379,027</u>	<u>2,349,541</u>	<u>2,980,295</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 296,543</u>	<u>\$ 348,894</u>	<u>\$ 1,679,521</u>	<u>\$ 2,324,958</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income (loss)	\$ (3,258,294)	\$ (911,105)	\$ -	\$ (4,169,399)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities				
Depreciation	-	390,840	-	390,840
Change in Assets and Liabilities				
Accounts receivable	-	732	-	732
Prepayments	533	533	-	1,066
Due from other funds	-	11,136	-	11,136
Accounts payable and accrued liabilities	5,237	(7,013)	-	(1,776)
Due to other funds	19,451	(1,451)	-	18,000
Other current liabilities	(2,170)	6,386	-	4,216
Deferred revenues	-	(1,629)	-	(1,629)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ (3,235,243)</u>	<u>\$ (511,571)</u>	<u>\$ -</u>	<u>\$ (3,746,814)</u>

NONCASH CAPITAL AND FINANCING ACTIVITIES

Accretion of interest on the Taxable Capital Appreciation Lease Revenue Bonds was \$239,433.
Capitalized interest applied to lease receivable and interest was \$934,549.

CITY OF БЕЛОIT, WISCONSIN
GENERAL FUND EXPENDITURES AND OTHER USES BY FUNCTION
LAST TEN YEARS

Fiscal Year	General Government	Community and Economic Development	Public Safety	Public Health	Public Works	Public Library	Debt Service	Other Financing Uses	Total
1995	\$ 3,022,818	\$ 930,780	\$ 11,959,533	\$ 553,824	\$ 5,160,376	\$ 22,088	\$ -	\$ -	\$ 21,649,419
1996	3,143,129	1,065,683	11,731,551	557,596	5,698,960	20,557	-	-	22,217,476
1997	3,256,972	1,068,343	11,921,746	537,159	5,676,842	-	-	-	22,461,062
1998	3,254,352	1,075,442	11,817,939	519,038	5,863,120	-	-	-	22,529,891
1999	3,576,839	1,059,866	12,078,211	554,446	6,000,512	-	-	-	23,269,874
2000	4,283,361	1,169,805	12,693,971	565,699	6,087,639	-	-	-	24,800,475
2001	3,502,891	1,113,413	13,115,048	592,554	6,563,762	-	-	-	24,887,668
2002	3,701,878	1,101,631	13,584,606	635,098	6,573,761	-	34,237	922,907	26,554,118
2003	3,706,735	1,129,068	14,810,211	642,848	5,419,876	-	40,430	775,000	26,524,168
2004	3,677,018	1,204,900	15,515,966	598,921	5,733,152	-	66,720	983,510	27,780,187

CITY OF БЕЛОIT, WISCONSIN
GENERAL FUND REVENUES AND OTHER SOURCES BY SOURCE
LAST TEN YEARS

Fiscal Year	Taxes	Intergovernmental Revenues	Licenses & Permits	Fines & Forfeitures	Fees & Service Charges	Rent	Special Assessments	Investments	Other	Other Financing Sources	Total
1995	\$ 2,995,071	\$ 17,144,512	\$ 368,788	\$ 394,832	\$ 845,511	\$ 35,704	\$ -	\$ 268,526	\$ 50,000	\$ -	\$ 22,102,944
1996	2,356,752	17,449,694	442,129	533,294	1,019,079	43,259	7,548	254,814	50,000	-	22,156,569
1997	2,912,767	17,494,797	461,422	547,039	1,674,219	20,231	-	505,235	50,000	-	23,665,710
1998	3,513,796	17,911,271	475,816	663,124	1,241,898	17,942	-	466,418	50,000	-	24,340,265
1999	3,902,586	18,246,652	507,868	772,097	1,143,771	25,660	741	53,408	521,442	-	25,174,225
2000	3,843,206	19,035,503	522,705	784,800	1,245,737	33,036	-	545,648	150,000	-	26,160,635
2001	4,059,780	19,424,412	527,722	817,194	1,266,891	73,652	-	376,012	170,437	-	26,716,100
2002	4,027,785	19,435,874	593,274	907,809	1,403,057	82,679	-	690,008	423,351	162,080	27,725,917
2003	4,592,209	19,390,494	599,810	879,297	510,351	112,476	-	(288,788)	250,000	298,675	26,344,524
2004	4,401,660	18,799,774	586,960	944,868	808,111	58,103	-	141,064	325,000	592,852	26,658,392

**CITY OF BELOIT, WISCONSIN
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN YEARS**

Fiscal Year	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Tax Collections to Tax Levy	Outstanding Delinquent Taxes	Percent of Outstanding Delinquent Taxes to Levy
1995	\$ 7,109,004	\$ 6,897,156	97.02%	\$ 736,397	\$ 7,633,553	107.38%	\$ 12,448	0.18%
1996	7,500,352	7,229,589	96.39%	804,782	8,034,371	107.12%	17,776	0.24%
1997	7,950,727	7,701,074	96.86%	-	7,701,074	96.86%	-	0.00%
1998	8,924,659	8,924,659	100.00%	-	8,924,659	100.00%	-	0.00%
1999	8,785,172	8,785,172	100.00%	-	8,785,172	100.00%	-	0.00%
2000	8,457,234	8,457,234	100.00%	-	8,457,234	100.00%	-	0.00%
2001	8,909,377	8,909,377	100.00%	-	8,909,377	100.00%	-	0.00%
2002	9,391,862	9,391,862	100.00%	-	9,391,862	100.00%	-	0.00%
2003	9,944,939	9,944,939	100.00%	-	9,944,939	100.00%	-	0.00%
2004	10,278,170	10,278,170	100.00%	-	10,278,170	100.00%	-	0.00%

Note: In Wisconsin, the municipality sells all of its delinquent taxes to the County.

**CITY OF БЕЛОIT, WISCONSIN
ASSESSED AND EQUALIZED VALUES OF TAXABLE PROPERTY
LAST TEN YEARS**

Fiscal Year	Real Property		Personal Property		Total		Ratio of Assessed to Equalized Value
	Assessed Value	Equalized Value	Assessed Value	Equalized Value	Assessed Value	Equalized Value	
1995	\$ 583,129,520	\$ 693,159,464	\$ 41,125,600	\$ 48,885,536	\$ 624,255,120	\$ 742,045,000	84.13%
1996	796,862,663	787,854,300	54,732,337	54,113,600	851,595,000	841,967,900	101.14%
1997	843,113,475	849,263,200	55,008,365	55,409,600	898,121,840	904,672,800	99.28%
1998	912,088,769	912,336,900	61,731,306	61,748,100	973,820,075	974,085,000	99.97%
1999	966,767,079	958,544,800	56,224,081	55,745,900	1,022,991,160	1,014,290,700	100.86%
2000	1,009,314,836	992,148,600	61,071,594	60,032,900	1,070,386,430	1,052,181,500	101.73%
2001	1,053,829,976	1,050,710,100	62,973,634	62,787,200	1,116,803,610	1,113,497,300	100.30%
2002	1,102,471,972	1,105,534,700	59,851,828	60,018,100	1,162,323,800	1,165,552,800	99.72%
2003	1,166,829,000	1,169,090,800	54,811,020	54,920,000	1,221,640,020	1,224,010,800	99.81%
2004	1,256,176,700	1,235,035,100	54,701,730	54,311,000	1,310,878,430	1,289,346,100	101.67%

Note : Information obtained from the Statistical Reports of Property Values, Wisconsin Department of Revenue, Bureau of Property Tax.

Wisconsin State Statute 70.05 required assessed valuation to be within 10% of full value at least once during a four year period consisting of the current and three previous years.

**CITY OF BELOIT, WISCONSIN
GROSS PROPERTY TAX RATES (1) - DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN YEARS**

<u>Tax Year</u>	<u>City of Beloit</u>	<u>Rock County</u>	<u>State of Wisconsin</u>	<u>Beloit School District</u>	<u>Technical College</u>	<u>State Credit</u>	<u>Total</u>
1995	\$11.17	\$6.89	\$0.24	\$21.46	\$2.06	(\$2.36)	\$39.46
1996	9.34	5.60	0.20	13.35	1.60	(2.48)	27.61
1997	9.93	5.67	0.20	13.23	1.45	(2.29)	28.19
1998	9.02	5.77	0.20	12.81	1.48	(2.09)	27.19
1999	8.26	6.04	0.20	12.01	1.56	(2.00)	26.07
2000	8.32	6.31	0.20	11.23	1.62	(1.90)	25.78
2001	8.41	5.81	0.20	11.29	1.69	(1.76)	25.64
2002	8.56	5.89	0.20	10.68	1.72	(1.63)	25.42
2003	8.41	5.98	0.20	10.67	1.82	(1.47)	25.61
2004	7.89	5.82	0.20	10.27	1.72	(1.34)	24.55

(1) Per \$1,000 of property valuation

**CITY OF БЕЛОIT, WISCONSIN
SPECIAL ASSESSMENT BILLINGS AND COLLECTIONS
LAST TEN YEARS**

Fiscal Year	Total Billings	Total Collections	Percent of Billings Collected	Outstanding Delinquent Billings	Percent of Outstanding Assessments to Billings
1995	\$ 216,520	\$ 212,571	98.18%	\$ 3,950	1.82%
1996	344,410	338,220	98.20%	6,190	1.80%
1997	247,487	237,956	96.15%	9,531	3.85%
1998	433,960	425,628	98.08%	8,331	1.92%
1999	423,553	419,690	99.09%	3,863	0.91%
2000	405,384	402,226	99.22%	3,158	0.78%
2001	403,152	400,997	99.47%	2,155	0.53%
2002	304,158	299,674	98.53%	4,483	1.47%
2003	165,694	163,215	98.50%	2,479	1.50%
2004	129,218	44,524	34.46%	84,694	65.54%

Note: 2004 delinquent special assessments will be added to the property tax bills which are due July 31, 2005

CITY OF BELOIT, WISCONSIN
 COMPUTATION OF LEGAL DEBT MARGIN
 December 31, 2004

Equalized value of taxable property		<u>\$ 1,289,346,100</u>
Statutory debt limit, 5 percent of equalized value		\$ 64,467,305
Amount applicable to debt limit:		
Total net general bonded debt	\$ 32,128,176	
Total general bonded debt payable from enterprise funds	<u>360,974</u>	
		<u>\$ 32,489,150</u>
Legal debt margin		<u>\$ 31,978,155</u>

Note: Wisconsin State Statutes limit the City's general obligation indebtedness to 5% of the equalized value of taxable property within the City's jurisdiction.

CITY OF BELOIT, WISCONSIN
RATIO OF NET GENERAL BONDED DEBT TO EQUALIZED AND ASSESSED VALUES
AND NET BONDED DEBT PER CAPITA
LAST TEN YEARS

Fiscal Year	Estimated Population (1)	Equalized Value	Assessed Value	Total General Obligation Debt	TIF Debt *	Net General Obligation Debt	Bonded Debt Per Capita		Bonded Debt to Equalized Valuation		Bonded Debt to Assessed Valuation	
							Total	Net	Total	Net	Total	Net
1995	35,891	\$ 742,045,000	\$ 624,255,120	\$ 18,606,100	\$ 5,655,000	\$ 12,951,100	\$ 518	\$ 361	2.51%	1.75%	2.98%	2.07%
1996	36,087	841,967,900	851,595,000	20,130,450	6,058,627	14,071,823	558	390	2.39%	1.67%	2.36%	1.65%
1997	36,195	904,672,800	898,121,840	25,469,025	7,241,570	18,227,455	704	504	2.82%	2.01%	2.84%	2.03%
1998	36,204	974,085,000	973,820,075	23,723,550	6,811,660	16,911,890	655	467	2.44%	1.74%	2.44%	1.74%
1999	36,226	1,014,290,700	1,022,991,160	25,504,475	7,691,424	17,813,051	704	492	2.51%	1.76%	2.49%	1.74%
2000	35,775	1,052,181,500	1,070,386,430	26,795,975	8,687,373	18,108,602	749	506	2.55%	1.72%	2.50%	1.69%
2001	35,931	1,113,497,300	1,116,803,610	27,309,000	7,824,590	19,484,410	760	542	2.45%	1.75%	2.45%	1.74%
2002	35,918	1,165,552,800	1,162,323,800	27,680,900	7,110,620	20,570,280	771	573	2.37%	1.76%	2.38%	1.77%
2003	35,826	1,224,010,800	1,221,640,020	31,425,050	7,284,326	24,140,724	877	674	2.57%	1.97%	2.57%	1.98%
2004	36,058	1,289,346,100	1,310,878,430	32,489,150	7,958,317	24,530,833	901	680	2.52%	1.90%	2.48%	1.87%

* TIF debt included in general bonded debt.

(1) Wisconsin Department of Administration

CITY OF BELOIT, WISCONSIN
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR
GENERAL BONDED DEBT TO TOTAL GENERAL FUND EXPENDITURES
LAST TEN YEARS

Fiscal Year	General Obligation Debt Service (1)			Total General Fund Expenditures	Percent of Debt Service to General Fund Expenditures
	Principal	Interest	Total		
1995	\$ 1,961,500	\$ 1,058,391	\$ 3,019,891	\$ 21,649,419	13.95%
1996	2,179,000	1,179,467	3,358,467	22,217,476	15.12%
1997	2,338,100	1,012,335	3,350,435	22,461,062	14.92%
1998	2,283,100	1,331,591	3,614,691	22,529,891	16.04%
1999	2,352,258	1,112,229	3,464,487	23,269,874	14.89%
2000	3,459,751	1,264,604	4,724,355	24,800,475	19.05%
2001	3,721,850	1,344,988	5,066,838	24,887,668	20.36%
2002	3,265,162	1,485,696	4,750,858	26,554,118	17.89%
2003	7,201,078	1,244,366	8,445,444	26,524,168	31.84%
2004	2,833,728	1,022,834	3,856,562	27,780,187	13.88%

(1) General obligation bonds reported in the enterprise funds with a governmental commitment are excluded.

CITY OF BELOIT, WISCONSIN
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
December 31, 2004

Name of Governmental Unit	Net Debt Outstanding	Percentage Applicable to this Governmental Unit	Share of Debt
Direct Debt: (1)			
City of Beloit			
General Bonded Debt	\$ 32,489,150	100.00%	\$ 32,489,150
Overlapping Debt: (2)			
Rock County	23,455,000	16.06%	3,767,459
Beloit School District	16,523,559	94.47%	15,610,335
Blackhawk Technical College	27,065,000	13.32%	3,605,166
Turner School District	7,050,000	5.73%	403,683
Clinton School District	16,135,061	0.31%	50,680
			<u>23,437,324</u>
Total Direct and Overlapping Debt	<u>\$ 122,717,770</u>		<u>\$ 79,363,798</u>

(1) Includes all debt which is being repaid by general property taxes

(2) Overlapping debt is not bonded debt of the City of Beloit on either a direct or contingent basis but represents the share of debt overlapping governmental entities which residents of the City of Beloit are obligated to pay through direct tax levies of these respective governmental entities.

**CITY OF БЕЛОIT, WISCONSIN
REVENUE BOND COVERAGE--SEWER UTILITY FUND
LAST TEN YEARS**

Fiscal Year	Gross Revenue (1)	Operating Expenses(2)	Net Revenue Available for Debt Service	Debt Service Requirements (3)			Coverage (4)
				Principal	Interest	Total	
1995	\$ 8,087,949	\$ 5,529,033	\$ 2,558,916	\$ 950,000	\$ 2,091,538	\$ 3,041,538	0.84
1996	8,293,262	3,959,212	4,334,050	1,050,000	2,028,838	3,078,838	1.41
1997	8,379,713	4,083,300	4,296,413	1,200,000	1,959,537	3,159,537	1.36
1998	10,016,565	4,221,312	5,795,253	1,250,000	1,880,338	3,130,338	1.85
1999	8,934,831	4,132,916	4,801,915	1,375,000	1,797,212	3,172,212	1.51
2000	10,459,356	4,226,982	6,232,374	1,510,000	1,705,088	3,215,088	1.94
2001	9,432,034	4,156,001	5,276,033	1,900,000	1,603,162	3,503,162	1.51
2002	9,600,571	4,026,390	5,574,181	2,050,000	1,474,913	3,524,913	1.58
2003	8,109,063	3,667,383	4,441,680	2,771,360	1,089,480	3,860,840	1.15
2004	7,865,348	4,138,694	3,726,654	2,921,923	954,384	3,876,307	0.96

(1) Total revenues including non-operating revenues.

(2) Total operating expenses exclusive of depreciation.

(3) Includes principal and interest payments only on sewer revenue bonds exclusive of general obligation debt.

(4) Required coverage ratio is 1.25.

**CITY OF BELOIT, WISCONSIN
REVENUE BOND COVERAGE--WATER UTILITY FUND (4)
THIS YEAR COMPARED TO LAST YEAR**

Fiscal Year	Gross Revenue (1)	Operating Expenses(2)	Net Revenue Available for Debt Service	Debt Service Requirements (3)			Coverage (5)
				Principal	Interest	Total	
2003	\$ 357,578	\$ 337,108	\$ 20,470	\$ -	\$ -	\$ -	-
2004	\$ 4,658,328	\$ 1,967,294	\$ 2,691,034	\$ 565,000	\$ 1,092,770	\$ 1,657,770	1.62

- (1) Total revenues including non-operating revenues
- (2) Total operating expenses exclusive of depreciation
- (3) There were no scheduled debt payments due in 2003.
- (4) The City purchased the water utility from Alliant Energy (Wisconsin Power and Light) on November 17, 2003.

CITY OF BELOIT, WISCONSIN
 PRINCIPAL TAXPAYERS
 December 31, 2004

Rank	Taxpayer	Type of Business	2003 Assessed Valuation	2004 Assessed Valuation	Percentage of Total Assessed Valuation
1	ABC Supply/Hendricks	Wholesale Distribution	\$ 23,201,440	\$ 28,174,400	2.15%
2	Frito Lay Inc	Food Processor	17,819,500	16,258,000	1.24%
3	Woodman's	Retail Grocer	12,290,350	13,971,030	1.07%
4	Wal-Mart Stores, Inc.	Retailer	12,206,740	13,402,790	1.02%
5	George Hormel & Co.	Food Processor	10,438,600	12,375,600	0.94%
6	Beloit Clinic	Health Services	7,932,690	10,178,080	0.78%
7	Reynolds Aluminum	Manufacturer of Auto Wheels	10,097,400	10,168,200	0.78%
8	Genencor International Wisconsin Inc	Mfg of Food & Bev Additives	9,160,800	9,472,300	0.72%
9	Kerry Ingredients	Mfg of Food Additives	10,610,700	9,456,000	0.72%
10	McGuire/Morgan Square	Developer of Commercial Prop.	6,714,400	7,863,300	0.60%
11	First National Bank/Centre One Bancorp	Financial Institution	7,121,530	7,486,740	0.57%
12	Bombardier Motor Corporation	Mfg of Recreational Equipment	6,519,200	6,477,100	0.49%
13	Lee Gunderson	Nursing Home/Assisted Living	5,110,680	5,340,780	0.41%
14	Roger Bryden/RVB	Auto Dealership	4,037,680	5,268,730	0.40%
15	Blackhawk State Bank	Financial Institution	3,727,060	4,740,370	0.36%
16	Coltec Industries Inc/Enpro	Mfg of Industrial Engines	5,244,400	4,673,900	0.36%
17	Scoville Apartments	Senior Apartments	4,793,850	4,609,760	0.35%
18	McBain Enterprises/Amusement Brokers	New for 2004	3,908,220	4,226,810	0.32%
19	Shopko Stores Inc	Retail Sales	4,223,870	4,211,130	0.32%
20	Cub Foods	Retail Food Sales	3,980,490	4,161,050	0.32%
21	The Hotel Investments, LLC	Hotel/Restaurant	2,569,780	4,089,100	0.31%
22	Pilot Oil/Canterbury Joint Vent.	Truck Plaza	3,989,500	3,987,300	0.30%
23	Metso Paper USA/Willowbrook LLC	Service Co. of Paper Making Eq	9,017,850	3,757,030	0.29%
24	Calvin Akin	Conventional Apartments	5,720,000	3,598,800	0.27%
25	Wildwood Theaters	Movie Theater	3,459,740	3,568,430	0.27%
	Totals		\$ 193,896,470	\$ 201,516,730	15.39%

CITY OF БЕЛОIT, WISCONSIN
 PROPERTY VALUE, CONSTRUCTION and BANK DEPOSITS
 December 31, 2004

Fiscal Year	Property Value			Commercial Construction (1)		Residential Construction (1)		Bank Deposits (2)
	Commercial	Residential	Total	Number of Permits	Value	Number of Permits	Value	
2003	\$ 417,304,220	\$ 804,335,800	\$ 1,221,640,020	140	\$ 18,041,941	607	\$ 13,073,921	\$ 483,535,000
2004	445,312,230	865,566,200	1,310,878,430	115	8,558,497	618	11,537,791	505,218,000

(1) Source: City of Beloit, Department of Community Development
 (2) Source: FDIC as of June 30.

CITY OF BELOIT, WISCONSIN
MISCELLANEOUS STATISTICS
December 31, 2004

Date of Incorporation	1836
Form of Government	Council/Manager
Number of Employees (Excluding Fire and Police):	
Classified (includes casuals)	314
Exempt	87
Area in Square Miles	17.6
City of Beloit Facilities and Services:	
Miles of Streets	179.5
Number of Street Lights	2,018
Culture and Recreation:	
Community Centers	1
Parks	31
Park Acreage	837
Swimming Pools	1
Tennis Courts	11
Golf Courses	1
Fire Protection:	
Number of Stations	3
Number of Fire Personnel and Officers	65
Number of Calls Answered	6,972
Number of Inspections Conducted	1,970
Police Protection:	
Number of Stations	1
Number of Police Personnel and Officers	102
Number of Patrol Units	32
Number of Law Violations:	
Physical Arrests	10,218
Traffic Violations	4,510
Parking Violations	8,574
Sewerage System:	
Miles of Storm Drains	170
Miles of Sanitary Sewers	163
Number of Treatment Plants	1
Number of Service Connections	13,411
Daily Average Treatment in Gallons	5.2 MGD
Maximum Daily Capacity for Treatment in Gallons	11 MGD
Water System:	
Miles of Mains	173
Number of Service Connections	15,402
Number of Fire Hydrants	1,590
Daily Average Consumption in Gallons	6.1 MGD
Maximum Daily Capacity in Gallons	16.8 MGD
Facilities and Services not Included in the Reporting Entity:	
Cable Television System:	
Miles of Service	103
Education:	
Number of Elementary Schools	12
Number of Secondary Schools	3
Number of Students	7,042
Hospitals:	
Number of Hospitals	1
Number of Patient Beds	246

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the City Council
City of Beloit
Beloit, Wisconsin

We have audited the 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 Beloit, Wisconsin as of and for the year ended December 31, 2004, which collectively comprise the City of Beloit's basic financial statements and have issued our report thereon dated April 12, 2005.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Beloit's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Beloit's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. We noted certain matters that we reported to management of the City of Beloit in a separate letter dated April 12, 2005.

To the City Council
City of Beloit

This report is intended solely for the information and use of the City of Beloit management, federal and state awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties.

Virchow, Krause: Company, LLP

Madison, Wisconsin
April 12, 2005

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
AND THE STATE SINGLE AUDIT GUIDELINES AND THE
SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

To the City Council
City of Beloit
Beloit, Wisconsin

Compliance

We have audited the compliance of the City of Beloit, Wisconsin with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the *State Single Audit Guidelines* that are applicable to each of its major federal and major state programs for the year ended December 31, 2004. The City of Beloit's major federal and major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and major state programs is the responsibility of the City of Beloit's management. Our responsibility is to express an opinion on the City of Beloit's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and the *State Single Audit Guidelines*. Those standards, OMB Circular A-133 and the *State Single Audit Guidelines* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or major state program occurred. An audit includes examining, on a test basis, evidence about the City of Beloit's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City of Beloit's compliance with those requirements.

In our opinion, the City of Beloit complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal and major state programs for the year ended December 31, 2004.

To the City Council
City of Beloit

Internal Control Over Compliance

The management of the City of Beloit is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered the City of Beloit's internal control over compliance with requirements that could have a direct and material effect on a major federal or major state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the *State Single Audit Guidelines*.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control over compliance that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal or major state program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

Schedule of Expenditures of Federal and State Awards

We have audited the 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 Beloit, Wisconsin as of and for the year ended December 31, 2004, which collectively comprise the City of Beloit's basic financial statements and have issued our report thereon dated April 12, 2005. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City of Beloit's basic financial statements. The accompanying schedules of expenditures of federal and state awards are presented for purposes of additional analysis as required by OMB Circular A-133 and the *State Single Audit Guidelines* and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the City of Beloit's management, federal and state awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties.

Virchow, Kreuse: Company, LLP

Madison, Wisconsin
April 12, 2005

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CITY OF BELOIT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2004

Federal Agency/Pass-Through Agency/Program Title	CFDA Number	Revenues				Expendi- tures Grantor Share
		Grantor Share			Total Revenues	
		(Accrued) Deferred Beginning Balance	Cash Received (Returned)	Accrued (Deferred) Ending Balance		
U.S. Department of Housing and Urban Development						
Community Development Block Grants/Entitlement Grants Passed Through City of Janesville	14.218	\$ (429,717)	\$ 1,244,808	\$ 94,158	\$ 909,249	\$ 909,249
Home Investment Partnerships Program	14.239	-	259,962	130,557	390,519	390,519
Community Development Block Grants/Brownfields Economic Development Incentive	14.246					
EDl - Neighborhood Initiative - Shore Drive		-	33,568	8,680	42,248	42,248
EDl - Special Project Grant No. B-03-SP-WI-0862		-	122,470	30,798	153,268	153,268
EDl - Special Project Grant No. B-02-SP-WI-0771		-	200,000	-	200,000	200,000
Total Community Development Block Grant/Brownfields Economic Development Incentive		-	356,038	39,478	395,516	395,516
Public and Indian Housing	14.850	-	362,840	-	362,840	362,840
Section 8 Housing Choice Vouchers	14.871	13,940	3,243,634	-	3,257,574	3,257,574
Public Housing Capital Fund	14.872					
WI39-PO64-501-00		(1,237)	37,681	-	36,444	36,444
WI39-PO64-501-01		(7,833)	68,206	-	60,373	60,373
WI39-PO64-501-02		(963)	37,060	3,974	40,071	40,071
WI39-PO64-501-03		-	28,422	76	28,498	28,498
WI39-PO64-502-03		-	7,858	695	8,553	8,553
Total Public Housing Capital Fund		(10,033)	179,227	4,745	173,939	173,939
Total U.S. Department of Housing and Urban Development		(425,810)	5,646,509	268,938	5,489,637	5,489,637
U.S. Department of Justice						
Passed Through Wisconsin Department of Administration Juvenile Accountability Incentive Block Grants	16.523	(4,459)	17,447	5,583	18,571	18,571
Passed through Rock County Byrne Formula Grant Program	16.579	-	42,026	327	42,353	42,353
Passed Through Wisconsin Department of Administration Local Law Enforcement Block Grant	16.592	-	17,098	(2,568)	14,530	14,530
Passed through Rock County Bulletproof Vest Partnership Program	16.607	-	4,334	-	4,334	4,334
Community Prosecution & Project Safe Neighborhood	16.609	2,713	17,287	-	20,000	20,000
Total U.S. Department of Justice		(1,746)	98,192	3,342	99,788	99,788
U.S. Department of Transportation						
Federal Transit Cluster						
Passed Through Wisconsin Department of Transportation Federal Transit Capital Investment Grants 5307/5309	20.500	(23,320)	75,777	26,270	78,727	78,727
Federal Transit Formula Grants	20.507	-	406,844	-	406,844	406,844
Total Federal Transit Cluster		(23,320)	482,621	26,270	485,571	485,571
Passed Through Illinois Department of Transportation Highway Planning and Construction	20.505	(8,706)	13,957	6,563	11,814	11,814

See notes to schedules of expenditures of federal and state awards.

CITY OF BELOIT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2004

Federal Agency/Pass-Through Agency/Program Title	CFDA Number	Revenues				Expendi- tures Grantor Share
		Grantor Share				
		(Accrued) Deferred Beginning Balance	Cash Received (Returned)	Accrued (Deferred) Ending Balance	Total Revenues	
U.S. Department of Transportation (cont.)						
Passed Through Wisconsin Department of Transportation						
State and Community Highway Safety	20.600					
Speed Enforcement		\$ -	\$ 7,739	\$ -	\$ 7,739	\$ 7,739
Summer Traffic Enforcement		-	7,740	-	7,740	7,740
Alcohol Enforcement		-	1,588	-	1,588	1,588
Safe Communities Coalition		-	38,933	-	38,933	38,933
Alcohol Enforcement		-	5,000	-	5,000	5,000
Total State and Community Highway Safety		-	61,000	-	61,000	61,000
Total U.S. Department of Transportation		(32,026)	557,578	32,833	558,385	558,385
U.S. Department of Health and Human Services						
Passed Through Wisconsin Department of Health and Family Services						
Immunization Grants	93.268	-	18,325	-	18,325	18,325
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	-	47,353	(20,628)	26,725	26,725
Temporary Assistance for Needy Families	93.558	-	740	-	740	740
Passed Through Rock County						
Child Welfare Services - State Grants	93.645	-	198	-	198	198
Foster Care - Title IV-E	93.658	-	1,489	-	1,489	1,489
Social Services Block Grant	93.667	-	1,435	-	1,435	1,435
Passed Through Wisconsin Department of Health and Family Services						
Medical Assistance Program - Personal Care	93.778	(216,185)	505,655	40,352	329,822	329,822
Medical Assistance Program		-	2,045	-	2,045	2,045
Medical Assistance Program - Community Deficit Reduction Program		-	61,311	-	61,311	61,311
Passed Through Rock County						
Medical Assistance Program - Prenatal Care		-	34,332	-	34,332	34,332
Medical Assistance Program - Supportive Home Care		(98,229)	274,875	72,513	249,159	249,159
Total Medical Assistance Program		(314,414)	878,218	112,865	676,669	676,669
Passed Through Wisconsin Department of Health and Family Services						
Preventive Health and Health Services Block Grant	93.991	-	9,377	-	9,377	9,377
Passed Through Rock County						
Maternal and Child Health Services Block Grant to the States	93.994	-	31,843	-	31,843	31,843
Total U. S. Department of Health and Human Services		(314,414)	988,978	92,237	766,801	766,801
U.S. Department of Homeland Security						
Passed Through Wisconsin Department of Justice						
State Domestic Preparedness Equipment Support Program	97.004	-	-	14,765	14,765	14,765
Total U. S. Department of Homeland Security		-	-	14,765	14,765	14,765
TOTAL FEDERAL AWARDS		\$ (773,996)	\$ 7,291,257	\$ 412,115	\$ 6,929,376	\$ 6,929,376

See notes to schedules of expenditures of federal and state awards.

CITY OF BELOIT

SCHEDULE OF EXPENDITURES OF STATE AWARDS
For the Year Ended December 31, 2004

State Agency/Pass-Through Agency/Program Title	State Number	Revenues				Total Revenues	Expendi- tures Grantor Share
		Grantor Share					
		(Accrued) Deferred Beginning Balance	Cash Received (Returned)	Accrued (Deferred) Ending Balance			
Wisconsin Department of Natural Resources							
Stormwater Utility Development	370.658	\$ -	\$ 70,888	\$ 1,391	\$ 72,279	\$ 72,279	
Brownfield Site	370.687	(4,800)	4,800	-	-	-	
Environmental Aids-Sustainable Urban Development Zones	370.688	-	7,323	-	7,323	7,323	
Total Wisconsin Department of Natural Resources		(4,800)	83,010	1,391	79,601	79,601	
Wisconsin Department of Transportation							
Transit Operating Aids	395.104						
2002 Operating Aids		(2,535)	-	2,535	-	-	
2003 Operating Aids		(27,837)	-	27,837	-	-	
2004 Operating Aids		-	426,948	44,310	471,258	471,258	
Total Transit Operating Aids		(30,372)	426,948	74,682	471,258	471,258	
Highway Research, Planning and Construction							
Highway Administration	395.202	(26,920)	57,872	23,678	54,630	54,630	
Transportation Facilities Economic Assistance and Development Program	395.510	(24,000)	24,000	272,922	272,922	272,922	
Total Wisconsin Department of Transportation		(81,292)	508,820	371,282	798,810	798,810	
Wisconsin Department of Health and Family Services							
Cancer - Clean Indoor Air	435.150	(220)	7,494	-	7,274	7,274	
Maternal and Child Health Services Block Grant	435.158	-	13,578	-	13,578	13,578	
Consolidated Contract - MCH	435.159	-	2,045	-	2,045	2,045	
Ambulance Funding Assistance Grant	435.162	-	4,247	-	4,247	4,247	
Passed Through Rock County Social Services							
Community Options Program	435.367	-	30,904	-	30,904	30,904	
Medical Assistance - State Funded	435.382	-	79,024	-	79,024	79,024	
Community Integration Program	435.384	-	115,651	-	115,651	115,651	
Brighter Future Initiative	435.540	(1,780)	11,843	3,966	14,029	14,029	
Community and Mental Health Services	435.551	-	6,606	-	6,606	6,606	
Total Wisconsin Department of Health and Family Services		(2,000)	271,392	3,966	273,358	273,358	
Wisconsin Department of Justice							
Law Enforcement Training	455.231	-	5,451	-	5,451	5,451	
Total Wisconsin Department of Justice		-	5,451	-	5,451	5,451	
Wisconsin Department of Administration							
Office of Justice Assistance							
Beat Patrol	505.603	-	59,783	-	59,783	59,783	
Total Wisconsin Department of Administration - Office of Justice Assistance		-	59,783	-	59,783	59,783	
TOTAL STATE AWARDS		\$ (68,092)	\$ 928,457	\$ 376,639	\$ 1,217,004	\$ 1,217,004	

See notes to schedules of expenditures of federal and state awards.

CITY OF BELOIT

NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS For the Year Ended December 31, 2004

NOTE 1 – REPORTING ENTITY

This Report on Federal and State Awards includes all of the funds of the City of Beloit. The reporting entity for the city is based upon criteria established by the Governmental Accounting Standards Board.

The City of Beloit is the primary government according to GASB criteria, while the Beloit Community Development Authority (CDA) is a component unit.

Federal and state awards received directly by the CDA are included in this report.

State programs reported include only those programs required to be included by the *State Single Audit Guidelines*.

NOTE 2 – BASIS OF PRESENTATION

The accounting records for the grant programs are maintained on the modified accrual basis of accounting. Under the modified accrual basis, revenues are recorded when susceptible to accrual, i.e., 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. Expenditures are recorded when the liability is incurred. The accounting records for other grant programs are maintained on the accrual basis, i.e., when the revenue has been earned and the liability is incurred.

The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations and the State Single Audit Guidelines*.

NOTE 3 – COMMUNITY AIDS REPORTING SYSTEM

The Schedule of Federal and State Awards includes adjustments through the March 1, 2005 Community Aids Reporting System report.

CITY OF BELOIT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2004

SECTION I – SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? Yes X No
- Reportable condition(s) identified that are not considered to be material weaknesses? Yes X None Reported

Noncompliance material to the basic financial statements noted? Yes X No

FEDERAL OR STATE FINANCIAL AWARDS

Internal control over major programs:

- Material weakness(es) identified? Yes X No
- Reportable condition(s) identified that are not considered to be material weakness(es)? Yes X None Reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? Yes X No

Identification of major federal programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
14.218	Community Development Block Grants/Entitlement Grants
14.239	HOME Investment Partnerships Program
14.246	Community Development Block Grants/Brownfields Economic Development Incentive
20.500	Federal Transit – Capital Investment Grants
20.507	Federal Transit – Formula Grants

Dollar threshold used to distinguish between federal type A and type B programs: \$300,000

Federal Programs State Programs

Auditee qualified as low-risk auditee? X Yes No X Yes No

CITY OF BELOIT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2004

SECTION I – SUMMARY OF AUDITORS’ RESULTS (cont.)

Identification of major state programs:

<u>State ID Number</u>	<u>Number of State Program</u>
395.104	Transit Operating Aids

SECTION II – FINANCIAL STATEMENT FINDINGS

None noted.

SECTION III – FEDERAL AND STATE – FINDINGS AND QUESTIONED COSTS

None noted.

CITY OF BELOIT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2004

SECTION IV – OTHER ISSUES

1. Does the auditor's report or the notes to the financial statements include disclosure with regard to substantial doubt as to the auditee's ability to continue as a going concern? Yes X No
2. Does the audit report show audit issues (i.e., material non-compliance, non-material non-compliance, questioned costs, material weakness, reportable condition, management letter comment, excess revenue or excess reserve) related to grants/contracts with funding agencies that require audits to be in accordance with the *State Single Audit Guidelines*:
- | | | | | |
|--|---------------|-----|--------------|----|
| Department of Natural Resources | <u> </u> | Yes | <u> X </u> | No |
| Department of Transportation | <u> </u> | Yes | <u> X </u> | No |
| Department of Health and Family Services | <u> </u> | Yes | <u> X </u> | No |
| Department of Justice | <u> </u> | Yes | <u> X </u> | No |
| Department of Administration | <u> </u> | Yes | <u> X </u> | No |
3. Was a Management Letter or other document conveying audit comments issued as a result of this audit? X Yes No
4. Name and signature of partner Thomas A. Scheidegger
Thomas A. Scheidegger, CPA, Partner
5. Date of report April 12, 2005