



**AGENDA  
BELOIT CITY COUNCIL  
100 State Street, Beloit WI 53511  
City Hall Forum – 7:00 p.m.  
Monday, July 18, 2011**

1. CALL TO ORDER AND ROLL CALL
2. PLEDGE OF ALLEGIANCE
3. SPECIAL ORDER OF THE DAY/ANNOUNCEMENTS
  - a. Proclamation honoring Kristin Larson as **Ms. Wheelchair Wisconsin 2011**
  - b. Proclamation declaring August 2, 2011 as **National Night Out** (Jacobs)
  - c. Recognition of Beloit Fire Department Paramedics – **Wisconsin Emergency Medical Services Olympics** (Liggett)
4. PUBLIC HEARINGS
  - a. Public Hearing to Solicit Input on the Community Development, Housing, and Homeless Needs in the City for Inclusion in the **2012 Annual Action Plan** (Christensen)
5. CITIZENS' PARTICIPATION
6. CONSENT AGENDA

All items listed under the Consent Agenda are considered routine and will be enacted by one motion. There will be no separate discussion of these items unless a Council member so requests, in which event the item will be removed from the General Order of Business and considered at this point on the agenda.

  - a. Approval of the **Minutes** of the Regular and Special Meetings of July 5, 2011 (Houseman)
  - b. Resolution awarding **Public Works Contract C11-26, Cranston Road Reconstruction** (Flesch)
  - c. Resolution approving a renewal **Class "A" Beer License** for Daniel Jon McMahon, d/b/a Dick's Tackle and Bait, 901 Bayliss Avenue (Houseman)  
ABLCC recommendation for 4-0
  - d. Application for **Class "B" Beer and "Class B" Liquor License** for Eric Edward Rankins and Lisa Marie Campton Rankins d/b/a Steward's Grill, 443 East Grand Avenue (Houseman) Refer to ABLCC
7. ORDINANCES- none
8. APPOINTMENTS
9. COUNCILOR ACTIVITIES AND UPCOMING EVENTS

## 10. CITY MANAGER'S PRESENTATION

- a. Presentation of **2010 Audit Report** (York)

## 11. REPORTS FROM BOARDS AND CITY OFFICERS - none

## 12. ADJOURNMENT

\*\* Please note that, upon reasonable notice, at least 24 hours in advance, efforts will be made to accommodate the needs of disabled individuals through appropriate aids and services. For additional information to request this service, please contact the City Clerk's Office at 364-6680, 100 State Street, Beloit, WI 53511.

Dated: July 13, 2011  
Rebecca S. Houseman  
City of Beloit City Clerk  
<http://www.ci.beloit.wi.us>

You can watch this meeting live on Charter PEG channel 98 or digital channel 992. Meetings are rebroadcast during the week of the Council meeting on Tuesday at 1:00 p.m., Thursday at 8:30 a.m. and Friday at 1:00 p.m.
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**HONORING KRISTIN LARSON  
ON HER RECOGNITION AS MS. WHEELCHAIR WISCONSIN**

**WHEREAS**, Ms. Wheelchair Wisconsin is a program of achievement, advocacy, opportunity, and empowerment for women who use wheelchairs; and

**WHEREAS**, Ms. Wheelchair Wisconsin gives women with disabilities the opportunity to advocate and represent people with disabilities in the State of Wisconsin; and

**WHEREAS**, Kristin Larson is a Beloit native; and

**WHEREAS** Kristin was diagnosed with lupus and a secondary complication of transverse myelitis at age 17, causing paralysis; and

**WHEREAS**, Kristin remained optimistic and turned her physical disability into an educational and inspiring ability to spread awareness of lupus and other disabilities due to chronic illness; and

**WHEREAS**, Kristin has been an advocate for the Lupus Foundation of America since 2009, and the table host for YWCA's Circle of Women Empowerment Dinner since 2010, and was nominated for Ms. Wheelchair Wisconsin 2011 by one of her rehabilitation nurses; and

**WHEREAS**, Kristin received the title of Ms. Wheelchair Wisconsin 2011 due to her ability to communicate skillfully to the public about disabilities; and

**WHEREAS**, Kristin will use her title as Ms. Wheelchair Wisconsin 2011 to support her platform of raising awareness and support for medical research for individuals disabled due to chronic illness; and

**WHEREAS**, Kristin has participated in numerous events and speaking engagements since being titled Ms. Wheelchair Wisconsin 2011 in order to raise awareness for her platform; and

**WHEREAS**, Kristin will represent the State of Wisconsin the first week of August in Grand Rapids, Michigan as she competes on the national stage for Ms. Wheelchair America; and

**WHEREAS**, Kristin lives her life by her personal motto quoted from Eleanor Roosevelt: "The purpose of life is to live it, to taste experience to the utmost, to reach out eagerly and without fear for newer and richer experience."

**NOW, THEREFORE, THE CITY COUNCIL PRESIDENT OF THE CITY OF БЕЛОIT** does hereby proclaim July 18, 2011 as

**"KRISTIN LARSON DAY"**

in honor and recognition of her optimism, determination, positive attitude, and extreme advocacy for people with disabilities, as she continues her reign as Ms. Wheelchair Wisconsin 2011.

Presented this 18<sup>th</sup> day of July, 2011.

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Kevin D. Leavy, Council President

**ATTEST:**

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Rebecca S. Houseman, City Clerk

**WHEREAS**, The National Association of Town Watch (NATW) is sponsoring a unique nationwide crime, drug and violence prevention program on August 2, 2011 entitled "National Night Out," and

**WHEREAS**, the "28th Annual National Night Out" provides a unique opportunity for the City of Beloit to join forces with thousands of other communities across the country in promoting cooperative, police-community crime prevention efforts; and

**WHEREAS**, the Beloit Police Department, Beloit Crime Stoppers and Neighborhood Housing Services play a vital role in assisting our community through joint crime, drug and violence prevention efforts in Beloit, Wisconsin and are supporting "National Night Out 2011" locally; and

**WHEREAS**, it is essential that all citizens of Beloit be aware of the importance of crime prevention programs and the impact that their participation can have on reducing crime, drugs and violence in Beloit; and

**WHEREAS**, police-community partnerships, neighborhood safety, awareness and cooperation are important themes of the "National Night Out" program.

**NOW, THEREFORE, THE CITY COUNCIL PRESIDENT OF THE CITY OF BELOIT** does hereby proclaim Tuesday, August 2, 2011 as "**NATIONAL NIGHT OUT**" in Beloit, and encourages residents to acknowledge the event with their neighbors by hosting block parties, cookouts, youth programs and other such activities that strengthen and promote neighborhood spirit and police-community partnerships.

Presented this 18th day of July, 2011.

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Kevin D. Leavy, President  
Beloit City Council

ATTEST:

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Rebecca S. Houseman  
City Clerk

# CITY OF БЕЛОIT

## REPORTS AND PRESENTATIONS TO CITY COUNCIL

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**Topic:** Public Hearing to Solicit Input on Community Development, Housing and Homeless Needs in the City for Incorporation in the 2012 Annual Action Plan

**Date:** July 18, 2011

**Presenter(s):** Julie Christensen

**Department:** Community Development

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### Overview/Background Information:

The Department of Housing and Urban Development requires that we provide an opportunity each year for citizens to give input on public housing, community development, homeless and housing needs.

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### Key Issues (maximum of 5):

1. Each year, the City is required to prepare an Annual Action Plan in order to qualify to receive its CDBG funding. The first public step in that process is to solicit input from the City on public housing, community development, homeless and housing needs.
  2. No action will be taken tonight. The information provided tonight will be incorporated into the 2012 Annual Action Plan and will also be provided to the Community Development Authority when they meet to discuss 2012 CDBG allocations.
  3. In November, the City Council will approve the 2012 Annual Action Plan, which includes the 2012 CDBG budget.
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### Conformance to Strategic Plan (List key goals this action would support and briefly discuss its impact on the City's mission.):

- o Consideration of this request supports Strategic Goal #4.
- 

### Sustainability (Briefly comment on the sustainable long term impact of this policy or program related to how it will impact both the built and natural environment utilizing the four following eco-municipality guidelines.):

- **Reduce dependence upon fossil fuels** – Not applicable
  - **Reduce dependence on chemicals and other manufacturing substances that accumulate in nature** – Not Applicable
  - **Reduce dependence on activities that harm life sustaining eco-systems** – Not Applicable
  - **Meet the hierarchy of present and future human needs fairly and efficiently** – The goal is to identify the needs of the community and use CDBG funds to meet those needs as fairly and efficiently as possible.
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### Action required/Recommendation:

No Action – Hold Public Hearing Only

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### Fiscal Note/Budget Impact:

Not Applicable

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### Attachments:

Public Hearing Notice

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CITY HALL • 100 STATE STREET • BELOIT, WI 53511

## PUBLIC NOTICE

The City of Beloit is in the process of preparing its 2012 Annual Action Plan for submittal to the Department of Housing and Urban Development. This plan allows the City to maintain its eligibility for Community Development Block Grant funding.

The following public hearing will be held to give citizens and other interested parties an opportunity to give input on community development, housing, public housing and homeless needs in the City.

**City Council:** Monday, July 18, 2011, at 7:00 PM or as soon thereafter as the matter can be heard, in The Forum, Beloit City Hall, 100 State Street, Beloit.

**The public is invited to attend these hearings.**

**We are interested in your opinion.**

For further information, call Teri Downing in the Community Development Department at (608) 364-6705 or via e-mail at [downingt@ci.beloit.wi.us](mailto:downingt@ci.beloit.wi.us).



**PROCEEDINGS OF THE BELOIT CITY COUNCIL**  
**100 State Street, Beloit WI 53511**  
**Tuesday, July 5, 2011**

Presiding: Kevin D. Leavy  
Present: Sheila De Forest, Charles Haynes, David F. Luebke, Mark Spreitzer, and James Van De Bogart  
Absent: Eric Newnham

1. The meeting was called to order at 7:04 p.m.

2. SPECIAL ORDER OF THE DAY/ANNOUNCEMENTS

- a. **Certificates to Landlords who completed the Landlord Training Program** were presented by Housing Services Director Tom Clippert and Councilor De Forest. Mr. Clippert introduced Dick Adams who spoke on behalf of the Beloit Property Management Association. Mr. Adams indicated the purpose of the organization was to train and educate local landlords. He said that 10 people will receive certificates for completing all of the classes, which included 40 hours of classroom work. He invited the Council and the public to attend the BPMA meetings on the third Tuesday of each month at Dominico's Restaurant. Councilor De Forest presented Certificates to the following landlords: Richard Adams, Kristy Bleiski, Tom Brogan, Gary Fields, Susan Fields, Leon Foxen, Sr., Joe Hansen, Edward Laughlin, Andrew Milner, and James Wilpolt.

3. PUBLIC HEARINGS

- a. Resolution approving an amendment to the **2011 Community Development Block Grant Budget (CDBG)** and Action Plan Budget was presented by Mr. Clippert. He explained that federal funding has been decreased by approximately \$116,000 and the approved plan needs to be amended to reflect that. Councilor De Forest recused herself from participating. President Leavy opened and closed the public hearing without participation. Councilor Luebke moved to adopt, second by Councilor Haynes. President Leavy asked if the Council could receive a report regarding the increase in fair housing complaints and asked if the Community Development Department is following up with the goals and achievements of each organization. Mr. Clippert indicated that he could provide such a report and that the organizations are monitored for compliance with agreements and federal regulations. The motion carried 5-0-1 with Councilor De Forest abstaining. File 8503
- b. Resolution approving an amendment to the **2011 HOME Budget**. Mr. Clippert explained that this amendment would allow the City to rehabilitate a home and sell it to a Rock County family whose income is low/moderate. President Leavy opened and closed the public hearing without participation. Councilor Van De Bogart moved to adopt, second by Councilor De Forest. Motion carried 6-0. File 8503

4. CITIZENS' PARTICIPATION

- a. Michael Zoril, 1756 Carlyle Road, spoke regarding the NorthStar Development Agreement. He stated that he would like to see clauses added to the agreement requiring the company to hire a certain percentage of employees who live in Beloit and create a relocation program to encourage employees to live in the City. He also indicated that Fat Wallet had contributed \$40,000 to the Gantry Plaza project and said he would like to see the remaining funding provided by private donations. He also said he would donate to the project. He said that the City should focus on needs, such as public safety, instead of wants.
- b. Dave Siekierski, 1632 Garfield Avenue, and owner of the business at 324 State Street, spoke in favor of the Gantry Plaza project. He indicated that the project would continue to draw new people, businesses, and customers to Beloit and the Downtown. He said that the brick road recently installed was a great piece to the puzzle and that the Gantry would help to complete the vision of Downtown business owners.

5. CONSENT AGENDA

Councilor Spreitzer moved to adopt, second by Councilor Luebke. Motion carried that the following items from the Consent Agenda be accepted, approved, adopted or referred and acted upon as required by state and local codes.

- a. **Minutes** of the Regular Meeting of June 20, 2011 were approved.
- b. Resolution awarding **Public Works Contract C11-20**, Barrett Place Curb Replacement was adopted. File 8504
- c. Application for renewal **Class "A" Beer License** for Daniel Jon McMahon, d/b/a Dick's Tackle and Bait, 901 Bayliss Avenue was referred to ABLCC. File 8497

## 6. ORDINANCES

- a. Proposed Ordinance to repeal and recreate Section 1.13 of the Code of General Ordinances of the City of Beloit pertaining to **City Electoral Ward Boundaries** and to repeal and recreate Section 1.14 pertaining to **Polling Places** was given first reading. City Clerk Rebecca Houseman explained that every ten years, after the Census, the US Census Bureau releases data and every jurisdiction must redistrict to adjust their ward, supervisory, and legislative boundaries to accommodate shifts in population. She noted that she served on the 2011 County Redistricting Ad Hoc Technical Committee and the committee developed a tentative County Supervisory District plan. She said the jurisdictions in Rock County have 60 days from the date of approval of the County's plan to develop ward plans and have them approved by the governing body. She indicated that after the ward plans are approved, the County has another 60 days to solidify the County Supervisory District map before the State redraws the Assembly and Senate Districts. She noted that the number of polling places had been reduced from 10 to 9, which will save around \$6,000 in 2012. She also said that new polling places include the Beloit Public Library, the Historical Society, and Todd Elementary School and that a public information campaign regarding the major changes in election law and wards and polling places will occur prior to the first election in 2012. Councilor De Forest moved to suspend the rules to allow for the first and second readings, second by Councilor Haynes. The motion carried 6-0. Councilor Haynes moved to enact, second by Councilor Luebke. Councilor De Forest said she was excited about the massive post card mailing and the planned advertisements in local newspapers to provide information to voters. She also asked if additional staff is needed due to the passage of the new Voter ID bill. Ms. Houseman noted that the public information piece will start in 2011 and that 1-2 temporary workers will be needed for one to two weeks prior to the first two elections to accommodate the phone calls regarding all the changes. Councilor Spreitzer indicated that he was happy that voters would no longer have to cross the river to vote. Councilor Luebke thanked the staff for cleaning up the ward boundaries and polling places. The motion carried 6-0. File 5826 Ordinance 3447

## 7. APPOINTMENTS – none

## 8. COUNCILOR ACTIVITIES AND UPCOMING EVENTS

- a. Councilor De Forest indicated that she was privileged to attend a town hall meeting for the Parks, Recreation and Open Space Plan and encouraged people who did not receive a survey to contact the Councilors to obtain a survey. She also said she enjoyed the Sympathy Orchestra and Fireworks at Riverside Park to celebrate the Fourth of July and thanked North American Tool for sponsoring the fireworks.
- b. Councilor Luebke indicated that the Fourth of July event reflected how wonderful Beloit's parks are and thanked Beloit 2020 for its contribution to the improvements in Riverside Park. He indicated that he would like to publicly thank City Manager Arft, City Attorney Casper, and Economic Development Director Janke for working to bring the NorthStar Development to Beloit.
- c. Councilor Spreitzer indicated that he also attended the town hall meeting regarding the Parks, Recreation and Open Space Plan and was excited about the different suggestions given in the meeting. He also indicated that he enjoyed the Beloit Snappers Baseball game and fireworks and the Symphony performance and Fireworks at Riverside Park over the holiday weekend.
- d. President Leavy congratulated Councilor Newnham for being an extra in the Transformers movie. He also indicated that he had the opportunity to attend the Back to Beloit event, where Jim and Cheryl Caldwell presented a documentary about the African American migration to Beloit. He said that proceeds from the sale of the documentary would go to the Beloit Historical Society and Back to Beloit, which provides college scholarships to local youth.

## 9. CITY MANAGER'S PRESENTATION – none

## 10. REPORTS FROM BOARDS AND CITY OFFICERS

- a. Resolution authorizing the City Manager to Enter into a **Development Agreement** with NorthStar Medical Radioisotopes, LLC. Economic Development Director Andrew Janke gave a review of the project and said that they propose to develop a production facility in Beloit. He said that the process utilizes a stable non-radioactive isotope as a source material, which produces significantly less waste by-products. He said that



there was no reactor or highly radioactive material used in the process and that the facility would be licensed by the Wisconsin Department of Natural Resources. He said the project would involve the construction of an 82,000 square-foot production facility on the west of Gateway Boulevard north of the Gateway Business Park. The company will be investing \$194 million into the facility, which plans to begin production by 2013. He said that the company plans to create over 150 jobs by 2016. He said that the City of Beloit and the State of Wisconsin both offered incentive packages to attract the development. Councilor Luebke moved to adopt, second by Councilor Haynes. Councilor Van De Bogart asked how the Wisconsin job creation tax credit would work, and Mr. Janke indicated that the state would verify employment over the course of three years and provide a percentage of the total tax credit to the Company based on the number of Wisconsin residents it employs. Councilor De Forest indicated that she was encouraged by the Company's commitment to working with the City to hire qualified residents from Beloit and the surrounding area. She said that after her research on the development and the 90-minute discussion during the workshop, she believes that this development is in the best interest of the City and its residents. Councilor Spreitzer echoed these comments. Mr. Janke explained that this development could spur additional development in the medical field in the area, just as what happened with the food cluster in the Gateway. Councilor Spreitzer asked about Section 7.c. in the development agreement, and Mr. Janke indicated that the section referred to up to a triple payment in the last year if the TID runs out before the developer has received the full tax benefit. Manager Arft indicated that there was not a likely scenario where the City would have to pay an additional payment in the future. Councilor Haynes inquired as to how much of the \$194 million investment would be the building and how much would be personal property. Mr. Janke indicated that the state assesses manufacturing and the City did not feel comfortable providing an estimated assessment for this unique use. Manager Arft clarified a previous comment regarding a requirement to hire from within the City limits. He indicated that the City has never required a private company to require residency of employees because the development agreement is a contract is between the developers and the City. He also indicated that the company is committed to advertising these jobs in Beloit and working with the City to encourage relocation of other employees. Councilor Luebke indicated that he supports the agreement and the project because of the commitments made by the developers. The motion carried 6-0. File 8505

- b. Resolution awarding **Contract C11-24**, Gantry and Gantry Plaza. City Engineer Mike Flesch explained that this was the second bidding of the project and that three bids were received. He said that funding for the project was coming from the 2010 Capital Improvements Budget, the Tax Increment District (TID) 5, and a private donation from the Fat Wallet Charitable Foundation. Councilor Luebke moved to adopt, second by Councilor Haynes. Councilor .Van De Bogart asked about the re-engineering of the project and the painting process, and Mr. Flesch indicated that the City staff discussed some of the details and lighting with a structural engineer to redesign the structure in a more cost-efficient manner. He indicated that the additional paint process would add cost but would last for several decades. Councilor De Forest asked Downtown Beloit Association (DBA) Executive Director Kathleen Braatz to explain the public participation process, and Ms. Braatz indicated that the DBA went through an extensive process to develop and redevelop the project. Ms. Braatz said that Beloit had just won the Main Street Award, which is an once-in-a-lifetime award, and that constructing the Gantry feature would allow businesses to see with their eyes and then invest. Ms. Braatz also indicated that this is a historic year for Fat Wallet and that they are being great stewards by donating \$40,000 to this project. Councilor De Forest asked Mr. Flesch to reiterate the funding sources, and he said that the project would be paid for by the taxes from the downtown businesses who wanted the project and a private donation. Councilor Haynes indicated that the downtown was improving by leaps and bounds and this project would continue those improvements. Councilor Spreitzer asked if this project would have any impact on the Farmers' Market, about the future maintenance costs, how long the structure would last, and about creating a large feature in the relative small space. Councilor Spreitzer also said that he recognized that this has been a long process, but he has done a lot of research and was prepared to defend the public process and the project. Mr. Flesch indicated that they have allowed for pedestrian access through the construction and would work only Monday through Friday. He said that an additional coat of paint would be needed in 25-30 years and said that it was difficult to visualize the structure from a set of plans but it would create the sense of a place that the downtown businesses desire. The motion carried 6-0.

11. At 8:14 p.m. Councilor De Forest moved to adjourn, second by Councilor Spreitzer. The motion carried 6-0.

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Rebecca S. Houseman, City Clerk

[www.ci.beloit.wi.us](http://www.ci.beloit.wi.us)

Date approved by Council:



**PROCEEDINGS OF THE BELOIT CITY COUNCIL**  
**Special Meeting**  
**July 5, 2011**  
**8:00 p.m.**

Presiding: Kevin D. Leavy  
Present: Sheila De Forest, Charles Haynes, Dave F. Luebke, Mark Spreitzer, James Van De Bogart  
Absent: Eric Newnham

1. The meeting was called to order at 8:14 p.m. in the City Hall Forum.
2. Council adjourned into closed session at 8:14 p.m. on a motion by Councilor De Forest and a second by Councilor Luebke pursuant to Wis. Stats. 19.85 (1)(b) for the purpose of hearing a report from the City Manager on personnel matters related to the **Public Works Investigation**. Motion carried.
3. Council did not reconvene

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Rebecca S. Houseman  
City Clerk

[www.ci.beloit.wi.us](http://www.ci.beloit.wi.us)

Date Approved by Council:

**RESOLUTION  
AWARDING CONTRACT C11-26  
CRANSTON ROAD RECONSTRUCTION**

**WHEREAS**, five competitive bids were received, the low bid being from Rock Road, Companies Inc., and,

**WHEREAS**, Rock Road Companies, Inc. is a qualified bidder, therefore,

**IT IS RESOLVED**, that Contract C11-26 Cranston Road Reconstruction, be, and hereby is, awarded to Rock Road Companies Inc., Janesville, Wisconsin, in the following amounts:

Rock Road Companies, Inc.  
P.O. Box 1779  
Janesville, WI 53547

Base Bid	\$ 1,088,884.17
Allowance for Change Orders and/or Extra Work	<u>\$ 163,331.83</u>
<b>TOTAL PROJECT COST</b>	<b>\$ 1,252,216.00</b>

**AND IT IS FURTHER RESOLVED**, that the amount of \$1,252,216.00, be, and hereby is, funded as follows:

<b>P5312573-5514-2011 Cranston Road</b>	\$ 1,252,216.00
<b>TOTAL</b>	<hr/> <b>\$ 1,252,216.00</b>

Dated at Beloit, Wisconsin this 18th day of July, 2011.

City Council of the City of Beloit

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Kevin D. Leavy, President

ATTEST:

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Rebecca S. Houseman, City Clerk

# CITY OF BELOIT

## REPORTS AND PRESENTATIONS TO CITY COUNCIL

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**Topic:** Award of Construction Contract for C11-26 Cranston Road Reconstruction

**Date:** July 18, 2011

**Presenter(s):** Mike Flesch, City Engineer      **Department(s):** Public Works/ Engineering

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**Overview/Background Information:**

This project will construct new concrete pavement on Cranston Road between the Milwaukee Road frontage road and the IC&E Railroad tracks; add bikelanes and sidewalks along with new street lighting for the length of the project. Minor repairs to the storm and sanitary sewers will also be completed.

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**Key Issues (maximum of 5):**

1. Five bids were received for this project. The low bid of \$1,088,884.17 was from Rock Road Companies, Inc. and is 17.1% less than the engineer's estimate of \$1,313,464.50.
  2. Rock Road Companies, Inc. is considered a responsible bidder for this project.
  3. The costs for this project are as follows: \$1,088,884.17 for construction, \$163,331.83 for Change Orders or extra work, for a total of \$1,252,216.00.
  4. No properties will be special assessed for this project.
- 

**Conformance to Strategic Plan (List key goals this action would support and briefly discuss its impact on the City's mission.):**

1. **Develop a high quality community through the responsible stewardship and enhancement of City resources to further Beloit's resurgence as a gem of the Rock River Valley.**
    - This project repairs deteriorated streets thereby improving the area.
- 

**Sustainability (Briefly comment on the sustainable long term impact of this policy or program related to how it will impact both the built and natural environment utilizing the four following eco-municipality guidelines.):**

- **Reduce dependence upon fossil fuels**  
N/A
  - **Reduce dependence on chemicals and other manufacturing substances that accumulate in nature**  
N/A
  - **Reduce dependence on activities that harm life sustaining eco-systems**  
The improved pavement will reduce airborne dust and noise.
  - **Meet the hierarchy of present and future human needs fairly and efficiently**  
N/A
- 

**If any of the four criteria are not applicable to your specific policy or program, an N/A should be entered in that space.**

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**Action required/Recommendation:**

The Engineering Division recommends awarding this Public Works Contract to Rock Road Companies, Inc. in the amount of \$1,088,884.17.

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**Fiscal Note/Budget Impact:**

Adequate funding is available in the 2011 Capital Improvement Plan.

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**RESOLUTION APPROVING RENEWAL CLASS "A" BEER LICENSE**

**WHEREAS**, an renewal application has been received for a Class "A" Beer License for Daniel Jon McMahon, d/b/a Dick's Tackle & Bait; and

**WHEREAS**, the Alcohol Beverage License Control & Advisory Committee recommends approval of Class "A" Beer License:

**NOW, THEREFORE, BE IT RESOLVED** that the Class "A" Beer License for Daniel Jon McMahon, d/b/a Dick's Tackle & Bait, 901 Bayliss Avenue is hereby approved.

Dated this 18th day of July 2011.

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Kevin D. Leavy, City Council President

Attest:

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Rebecca S. Houseman, City Clerk



**ALCOHOL BEVERAGE LICENSE CONTROL COMMITTEE  
RECOMMENDATION**

**TO:** Beloit City Council  
**FROM:** Alcohol Beverage License Control Committee  
**DATE:** July 13, 2011  
**SUBJECT:** Dick's Tackle & Bait

The Alcohol Beverage License Control Committee recommends approval of the Class "A" Beer License application of Daniel Jon McMahon, d/b/a Dick's Tackle & Bait, 902 Bayliss Avenue, for the license period ending June 30, 2012.

Recommendation for approval carried 4-0.

Rebecca Houseman  
City Clerk

# RENEWAL ALCOHOL BEVERAGE LICENSE APPLICATION

Submit to municipal clerk. Read instructions on reverse side.

For the license period beginning: 7-1-11 ending: 6-30-12  
(MM DD YYYY) (MM DD YYYY)

TO THE GOVERNING BODY of the:  Town of  Village of  City of Beloit

County of Rock Aldermanic Dist. No. \_\_\_\_\_ (if required by ordinance)

CHECK ONE  Individual  Partnership  Limited Liability Company  
 Corporation/Nonprofit Organization

Complete A or B. All must complete C.

A. Individual or Partnership:

Full Name(s) (Last, First and Middle Name) McMahon Daniel Jon Home Address 1709 Chapman Ave Post Office & Zip Code Beloit WI 53511

B. Full Name of Corporation/Nonprofit Organization/Limited Liability Company

Address of Corporation/Limited Liability Company (if different from licensed premises)

All Officer(s) Director(s) and Agent of Corporation and Members/Managers and Agent of Limited Liability Company:

Title	Name (Inc. Middle Name)	Home Address	Post Office & Zip Code
President/Member			
Vice President/Member			
Secretary/Member			
Treasurer/Member			
Agent			
Directors/Managers			

C. 1. Trade Name Dick's Tackle + Bait Business Phone Number 608 362-8712  
 2. Address of Premises 901 Bayless Ave Post Office & Zip Code Beloit WI 53511

3. Does the applicant understand that they must purchase alcohol beverages only from Wisconsin wholesalers?  Yes  No

4. Premises description: Describe building or buildings where alcohol beverages are to be sold and stored. The applicant must include all rooms including living quarters, if used, for the sales, service, and/or storage of alcohol beverages and records. (Alcohol beverages may be sold and stored only on the premises described.) One story building with storage in back

5. Legal description (omit if street address is given above): \_\_\_\_\_

6. a. Since filing of the last application, has the named licensee, any member of a partnership licensee, or any member, officer, director, manager or agent for either a limited liability company licensee, corporation licensee, or nonprofit organization licensee been convicted of any offenses (excluding traffic offenses not related to alcohol) for violation of any federal laws, any Wisconsin laws, any laws of other states, or ordinances of any county or municipality? If yes, complete reverse side  Yes  No

b. Are charges for any offenses presently pending (excluding traffic offenses not related to alcohol) against the named licensee or any other persons affiliated with this license? If yes, explain fully on reverse side  Yes  No

7. Except for questions 6a and 6b, have there been any changes in the answers to the questions as submitted by you on your last application for this license? If yes, explain.  Yes  No

8. Was the profit or loss from the sale of alcohol beverages for the previous year reported on the Wisconsin Income or Franchise Tax return of the licensee? If not, explain.  Yes  No

9. Does the applicant understand a Wisconsin Seller's Permit must be applied for and issued in the same name as that shown under Section A or B above? [phone (608) 266-2776]  Yes  No

10. Does the applicant understand that alcohol beverage invoices must be kept at the licensed premises for 2 years from the date of invoice and made available for inspection by law enforcement?  Yes  No

11. Is the applicant indebted to any wholesaler beyond 15 days for beer or 30 days for liquor?  Yes  No

READ CAREFULLY BEFORE SIGNING: Under penalty provided by law, the applicant states that each of the above questions has been truthfully answered to the best of the knowledge of the signers. Signers agree to operate this business according to law and that the rights and responsibilities conferred by the license(s), if granted, will not be assigned to another. (Individual applicants and each member of a partnership applicant must sign; corporate officer(s), members/managers of Limited Liability Companies must sign.)

## SUBSCRIBED AND SWORN TO BEFORE ME

this 2nd day of June, 20 11

Jillou J. Abrams  
(Clerk/Notary Public)

My commission expires 12-11-11

[Signature]  
(Officer of Corporation/Member/Manager of Limited Liability Company /Partner/Individual)

[Signature]  
(Officer of Corporation/Member/Manager of Limited Liability Company /Partner)

[Signature]  
(Additional Partner(s)/Member/Manager of Limited Liability Company if Any)

## TO BE COMPLETED BY CLERK

Date received and filed with municipal clerk <u>6-22-11</u>	Date reported to council/board <u>7-5-11</u>	Date license granted <u>7-18-11</u>
License number issued <u>N/A</u>	Date license issued	Signature of Clerk / Deputy Clerk

# ORIGINAL ALCOHOL BEVERAGE LICENSE APPLICATION

Submit to municipal clerk.

For the license period beginning 20 ending 6-30 20 12

TO THE GOVERNING BODY of the:  Town of  Village of  City of Beloit

County of Rock Aldermanic Dist. No. \_\_\_\_\_ (if required by ordinance)

Applicant's Wisconsin Seller's Permit Number: <u>456-102750018-02</u>	
Federal Employer Identification Number (FEIN): <u>90-0716651</u>	
LICENSE REQUESTED	
TYPE	FEE
<input type="checkbox"/> Class A beer	\$
<input checked="" type="checkbox"/> Class B beer	\$ <u>100</u>
<input type="checkbox"/> Wholesale beer	\$
<input type="checkbox"/> Class C wine	\$
<input type="checkbox"/> Class A liquor	\$
<input checked="" type="checkbox"/> Class B liquor	\$ <u>500</u>
<input type="checkbox"/> Reserve Class B liquor	\$
Publication fee	\$ <u>50</u>
<b>TOTAL FEE</b>	<b>\$ <u>650</u></b>

7/6/11 PAID

1. The named  INDIVIDUAL  PARTNERSHIP  LIMITED LIABILITY COMPANY  CORPORATION/NONPROFIT ORGANIZATION

hereby makes application for the alcohol beverage license(s) checked above.

2. Name (individual/partners give last name, first, middle; corporations/limited liability companies give registered name): BANKINS, ERIC EDWARD Compton BANKINS, LISA MARIE

An "Auxiliary Questionnaire," Form AT-103, must be completed and attached to this application by each individual applicant, by each member of a partnership, and by each officer, director and agent of a corporation or nonprofit organization, and by each member/manager and agent of a limited liability company. List the name, title, and place of residence of each person.

Title	Name	Home Address	Post Office & Zip Code
President/Member			
Vice President/Member			
Secretary/Member			
Treasurer/Member			
Agent			
Directors/Managers			

3. Trade Name Steward's Grill Business Phone Number \_\_\_\_\_  
 4. Address of Premises 443 East Grand Ave Post Office & Zip Code Beloit WI 53511

5. Is individual, partners or agent of corporation/limited liability company subject to completion of the responsible beverage server training course for this license period?  Yes  No
6. Is the applicant an employe or agent of, or acting on behalf of anyone except the named applicant?  Yes  No
7. Does any other alcohol beverage retail licensee or wholesale permittee have any interest in or control of this business?  Yes  No
8. (a) Corporate/limited liability company applicants only: Insert state \_\_\_\_\_ and date \_\_\_\_\_ of registration.  Yes  No  
 (b) Is applicant corporation/limited liability company a subsidiary of any other corporation or limited liability company?  Yes  No  
 (c) Does the corporation, or any officer, director, stockholder or agent or limited liability company, or any member/manager or agent hold any interest in any other alcohol beverage license or permit in Wisconsin?  Yes  No
- (NOTE: All applicants explain fully on reverse side of this form every YES answer in sections 5, 6, 7 and 8 above.)

9. Premises description: Describe building or buildings where alcohol beverages are to be sold and stored. The applicant must include all rooms including living quarters, if used, for the sales, service, and/or storage of alcohol beverages and records. (Alcohol beverages may be sold and stored only on the premises described.) 1st, 2nd floor + Basement

10. Legal description (omit if street address is given above): \_\_\_\_\_  Yes  No
11. (a) Was this premises licensed for the sale of liquor or beer during the past license year?  Yes  No  
 (b) If yes, under what name was license issued? Denali's Food & Spirits
12. Does the applicant understand they must file a Special Occupational Tax return (TTB form 5630.5) before beginning business? [phone 1-800-937-8864]  Yes  No
13. Does the applicant understand a Wisconsin Seller's Permit must be applied for and issued in the same name as that shown in Section 2, above? [phone (608) 266-2776]  Yes  No
14. Is the applicant indebted to any wholesaler beyond 15 days for beer or 30 days for liquor?  Yes  No

READ CAREFULLY BEFORE SIGNING: Under penalty provided by law, the applicant states that each of the above questions has been truthfully answered to the best of the knowledge of the signers. Signers agree to operate this business according to law and that the rights and responsibilities conferred by the license(s), if granted, will not be assigned to another. (Individual applicants and each member of a partnership applicant must sign; corporate officer(s), members/managers of Limited Liability Companies must sign.) Any lack of access to any portion of a licensed premises during inspection will be deemed a refusal to permit inspection. Such refusal is a misdemeanor and grounds for revocation of this license.

SUBSCRIBED AND SWORN TO BEFORE ME

this 6th day of July, 20 11

Jules J. Ahrens  
 (Clark/Notary Public)

[Signature]  
 (Officer of Corporation/Member/Manager of Limited Liability Company/Partner/Individual)  
[Signature]  
 (Officer of Corporation/Member/Manager of Limited Liability Company/Partner)

My commission expires 12-11-11

(Additional Partner(s)/Member/Manager of Limited Liability Company if Any)

TO BE COMPLETED BY CLERK

Date received and filed with municipal clerk <u>7-6-11</u>	Date reported to council/board	Date provisional license issued	Signature of Clerk / Deputy Clerk
Date license granted	Date license issued	License number issued	



# AUXILIARY QUESTIONNAIRE ALCOHOL BEVERAGE LICENSE APPLICATION

Submit to municipal clerk.

Individual's Full Name (please print) (last name) (first name) (middle name)			Social Security Number		
RANKINS ERIC EDWARD					
Home Address (street/route)		Post Office	City	State	Zip Code
447 Central Ave		Beloit	Beloit	WI	53541
Home Phone Number		Age	Date of Birth	Place of Birth	
608-365-6668				Beloit, WI	

The above named individual provides the following information as a person who is (check one):

- Applying for an alcohol beverage license as an individual.
- A member of a partnership which is making application for an alcohol beverage license.
- \_\_\_\_\_ of \_\_\_\_\_

(Officer/Director/Member/Manager/Agent) (Name of Corporation, Limited Liability Company or Nonprofit Organization)

which is making application for an alcohol beverage license.

The above named individual provides the following information to the licensing authority:

- How long have you continuously resided in Wisconsin prior to this date? 36 yrs
- Have you ever been convicted of any offenses (other than traffic unrelated to alcohol beverages) for violation of any federal laws, any Wisconsin laws, any laws of any other states or ordinances of any county or municipality?  Yes  No  
If yes, give law or ordinance violated, trial court, trial date and penalty imposed, and/or date, description and status of charges pending. (If more room is needed, continue on reverse side of this form.)
- Are charges for any offenses presently pending against you (other than traffic unrelated to alcohol beverages) for violation of any federal laws, any Wisconsin laws, any laws of other states or ordinances of any county or municipality?  Yes  No  
If yes, describe status of charges pending.
- Do you hold, are you making application for or are you an officer, director or agent of a corporation/nonprofit organization or member/manager/agent of a limited liability company holding or applying for any other alcohol beverage license or permit?  Yes  No  
If yes, identify. \_\_\_\_\_  
(Name, Location and Type of License/Permit)
- Do you hold and/or are you an officer, director, stockholder, agent or employe of any person or corporation or member/manager/agent of a limited liability company holding or applying for a wholesale beer license; brewery/winery permit or wholesale liquor manufacturer or rectifier permit in the State of Wisconsin?  Yes  No  
If yes, identify. \_\_\_\_\_  
(Name of Wholesale Licensee or Permittee) (Address By City and County)
- Named individual must list in chronological order last two employers.

Employer's Name	Employer's Address	Employed From	To
Duke and King Acquisition	12281 Nicolet Av South	1/09	6/11
Employer's Name	Employer's Address	Employed From	To
Culvers of Montley		6/07	1/09

The undersigned, being first duly sworn on oath, deposes and says that he/she is the person named in the foregoing application; that the applicant has read and made a complete answer to each question, and that the answers in each instance are true and correct. The undersigned further understands that any license issued contrary to Chapter 125 of the Wisconsin Statutes shall be void, and under penalty of state law, the applicant may be prosecuted for submitting false statements and affidavits in connection with this application.

Subscribed and sworn to before me

this 6th day of July, 2011

John J. Carrara  
(Clerk/Notary Public)

My commission expires 12-11-11

[Signature]  
(Signature of Named Individual)



Printed on Recycled Paper

# AUXILIARY QUESTIONNAIRE ALCOHOL BEVERAGE LICENSE APPLICATION

Submit to municipal clerk.

Individual's Full Name (please print) (last name)		(first name)	(middle name)	Social Security Number	
CAMPION RANKINS		LISA	MARIE		
Home Address (street/route)		Post Office	City	State	Zip Code
447 Central Ave		Beloit, WI	Beloit	WI	53511
Home Phone Number		Age	Date of Birth	Place of Birth	
608-365-6668				Beloit	

The above named individual provides the following information as a person who is (check one):

- Applying for an alcohol beverage license as an individual.
- A member of a partnership which is making application for an alcohol beverage license.
- \_\_\_\_\_ of \_\_\_\_\_  
(Officer/Director/Member/Manager/Agent) (Name of Corporation, Limited Liability Company or Nonprofit Organization)

which is making application for an alcohol beverage license.

The above named individual provides the following information to the licensing authority:

- How long have you continuously resided in Wisconsin prior to this date? 39 years
- Have you ever been convicted of any offenses (other than traffic unrelated to alcohol beverages) for violation of any federal laws, any Wisconsin laws, any laws of any other states or ordinances of any county or municipality?  Yes  No  
If yes, give law or ordinance violated, trial court, trial date and penalty imposed, and/or date, description and status of charges pending. (If more room is needed, continue on reverse side of this form.)
- Are charges for any offenses presently pending against you (other than traffic unrelated to alcohol beverages) for violation of any federal laws, any Wisconsin laws, any laws of other states or ordinances of any county or municipality?  Yes  No  
If yes, describe status of charges pending.
- Do you hold, are you making application for or are you an officer, director or agent of a corporation/nonprofit organization or member/manager/agent of a limited liability company holding or applying for any other alcohol beverage license or permit?  Yes  No  
If yes, identify. \_\_\_\_\_  
(Name, Location and Type of License/Permit)
- Do you hold and/or are you an officer, director, stockholder, agent or employe of any person or corporation or member/manager/agent of a limited liability company holding or applying for a wholesale beer license; brewery/winery permit or wholesale liquor manufacturer or rectifier permit in the State of Wisconsin?  Yes  No  
If yes, identify. \_\_\_\_\_  
(Name of Wholesale Licensee or Permittee) (Address By City and County)

6. Named individual must list in chronological order last two employers.

Employer's Name	Employer's Address	Employed From	To
Elderberry Tex Room	911 N Blackhawk Rockton IL	August 2009	Present
Rock County Christian School	947 Bushnell St Beloit WI	August 2007	May 2009

The undersigned, being first duly sworn on oath, deposes and says that he/she is the person named in the foregoing application; that the applicant has read and made a complete answer to each question, and that the answers in each instance are true and correct. The undersigned further understands that any license issued contrary to Chapter 125 of the Wisconsin Statutes shall be void, and under penalty of state law, the applicant may be prosecuted for submitting false statements and affidavits in connection with this application.

Subscribed and sworn to before me

this 5<sup>th</sup> day of July, 2011  
Jelena Adams  
(Notary Public)  
My commission expires 12-11-11

Lisa Marie Rankins  
(Signature of Named Individual)



Printed on Recycled Paper

July 18, 2011

**APPOINTMENT REVIEW COMMITTEE  
REPORT TO CITY COUNCIL  
APPOINTMENT RECOMMENDATION**

The undersigned Kevin D. Leavy, duly elected President of the Beloit City Council, subject to confirmation by the Beloit City Council, does hereby appoint the following citizen members to the vacancies and terms indicated below, said appointments being pursuant to nominations made and approved by the Appointment Review Committee at the regular meeting held July 11, 2011:

---

Kevin D. Leavy, President  
Beloit City Council

**Appointments**

**Alcohol Beverage License Control Committee**

**Mark Dax**, Hendricks Education Center (replacing Shannon Scharmer) as the School District of Beloit representative for the 2011-2012 school year

**Board of Review**

**Michael Zoril**, 1756 Carlyle Rd. (replacing William Robinzine) to an Alternate position for a term expiring December 31, 2014

**Business Improvement District (Downtown Beloit Association)**

**Mary Widder**, 1717 Emerson St. (replacing Rebecca Moffett) to a position of "Resident at Large" for a term expiring December 31, 2013

**Equal Opportunities and Human Relations Commission**

**Joe Hansen**, 2516 Clifcorn Dr. (replacing Kathryn Ingram) for a term expiring June 30, 2014

**Landmarks Commission**

Incumbent **Shari Carley** for a term expiring October 31, 2011

**Municipal Library Board**

**Missy Henderson**, 1705 Emerson St. (replacing Cindy Weber) as the School District of Beloit representative for the 2011-2012 school year

**Park, Recreation and Conservation Advisory Commission**

Incumbent **Tia Johnson**, representing the School District of Beloit for the 2011-2012 school year

**PLEASE ANNOUNCE THE FOLLOWING VACANCIES**

Alcohol Beverage License Control Committee (1 vacancy for resident)

Board of Appeals (1 vacancy as alternate)

Board of Ethics (1 vacancy for former City Councilor)

Board of Review (1 vacancy [as Alternate] for resident)

Disabled Parking Enforcement Assistance Council (3 vacancies for residents with disabled plates)

Equal Opportunities and Human Relations Commission (2 vacancies for residents)

Municipal Golf Committee (1 vacancy for youth representative)

**CITY OF BELOIT**  
**REPORT TO THE CITY COUNCIL**

**July 18, 2011**

Presented By:

Baker Tilly Virchow Krause, LLP  
Ten Terrace Court  
P.O. Box 7398  
Madison, WI 53707  
(800) 362-7301

Carla Gogin, CPA, Partner  
Joe Lightcap, CPA, Manager

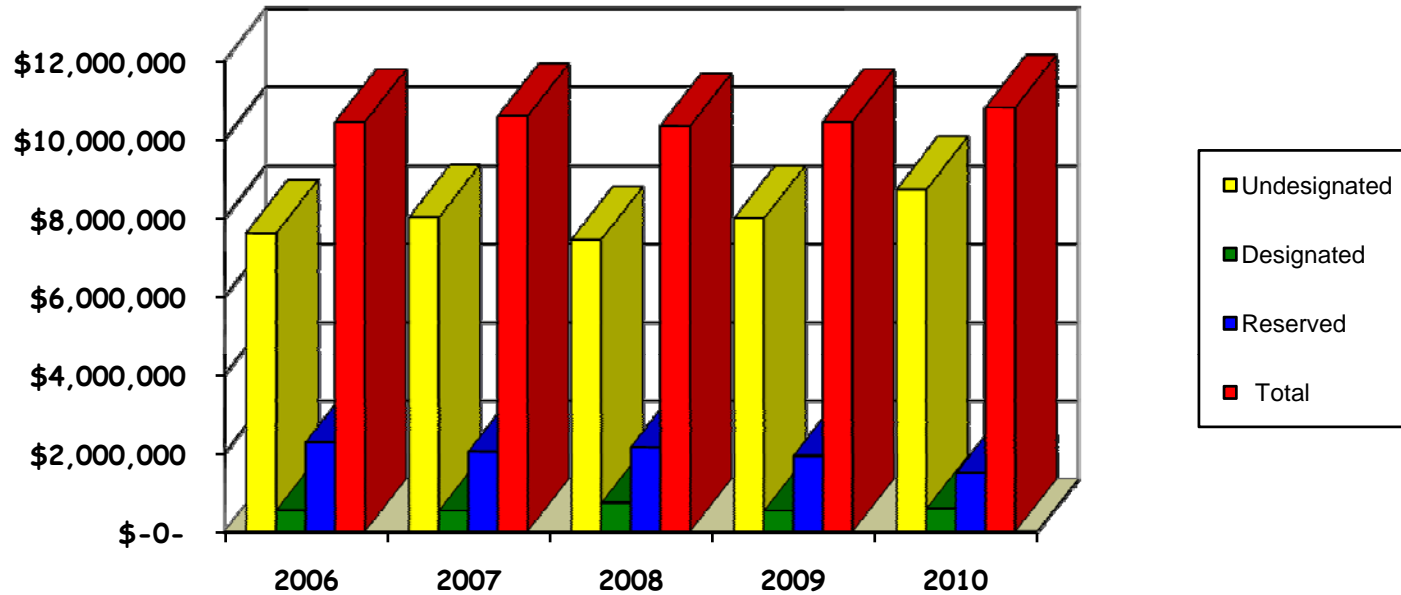
**CITY OF BELOIT  
2010 FINANCIAL STATEMENT HIGHLIGHTS**

<b>General Fund</b>	<b>2010</b>	<b>2009</b>
<b>Detail of General Fund - Fund Balance</b>		
Reserved	\$ 1,485,472	\$ 1,924,754
Designated	590,577	529,891
Undesignated	<u>8,724,137</u>	<u>7,990,029</u>
<b>Total General Fund - Fund Balance (Page 4)</b>	<b><u>\$ 10,800,186</u></b>	<b><u>\$ 10,444,674</u></b>
Undesignated general fund balance	<u>8,724,137</u>	<u>7,990,029</u>
Subsequent year operating budget (original)	30,142,264	29,692,398
Undesignated % of annual expenditures	<u>28.94%</u>	<u>26.91%</u>
<b>Summarized Income Statement</b>		
	<b>2010 Actual</b>	<b>2009 Actual</b>
Revenues and other financing sources	\$ 29,012,827	\$ 29,106,727
Expenditures and other financing uses	<u>(28,657,315)</u>	<u>(28,995,568)</u>
<b>NET REVENUES (EXPENDITURES) (Page 5)</b>	<b><u>\$ 355,512</u></b>	<b><u>\$ 111,159</u></b>
<b>General Obligation Debt</b>		
	<b>2010</b>	<b>2009</b>
Outstanding General Obligation Debt	\$ 59,928,253	\$ 59,831,026
Total G.O. Debt Capacity	<u>80,544,490</u>	<u>87,209,305</u>
<b>Percent of Debt Limit</b>	<u>74.40%</u>	<u>68.61%</u>
<b>Internal Service Funds</b>		
	<b>2010</b>	<b>2009</b>
<b>Internal Service Funds - Net Assets (Page 10)</b>	<b><u>\$ 214,573</u></b>	<b><u>\$ 1,571,996</u></b>
<b>Total Net Change in Net Assets (Page 10)</b>	<b><u>\$ (1,357,423)</u></b>	<b><u>\$ (1,903,877)</u></b>

# CITY OF BELOIT

## General Fund Balance

Actual 2006 - 2010



	2006	2007	2008	2009	2010
Undesignated	\$ 7,624,545	\$ 8,017,835	\$ 7,451,012	\$ 7,990,029	\$ 8,724,137
Designated	540,899	529,906	733,353	529,891	590,577
Reserved	2,272,741	2,031,796	2,149,150	1,924,754	1,485,472
<b>Total</b>	<b>\$ 10,438,185</b>	<b>\$ 10,579,537</b>	<b>\$ 10,333,515</b>	<b>\$ 10,444,674</b>	<b>\$ 10,800,186</b>
Net Increase (Decrease)	\$ 684,003	\$ 141,352	\$ (246,022)	\$ 111,159	\$ 355,512

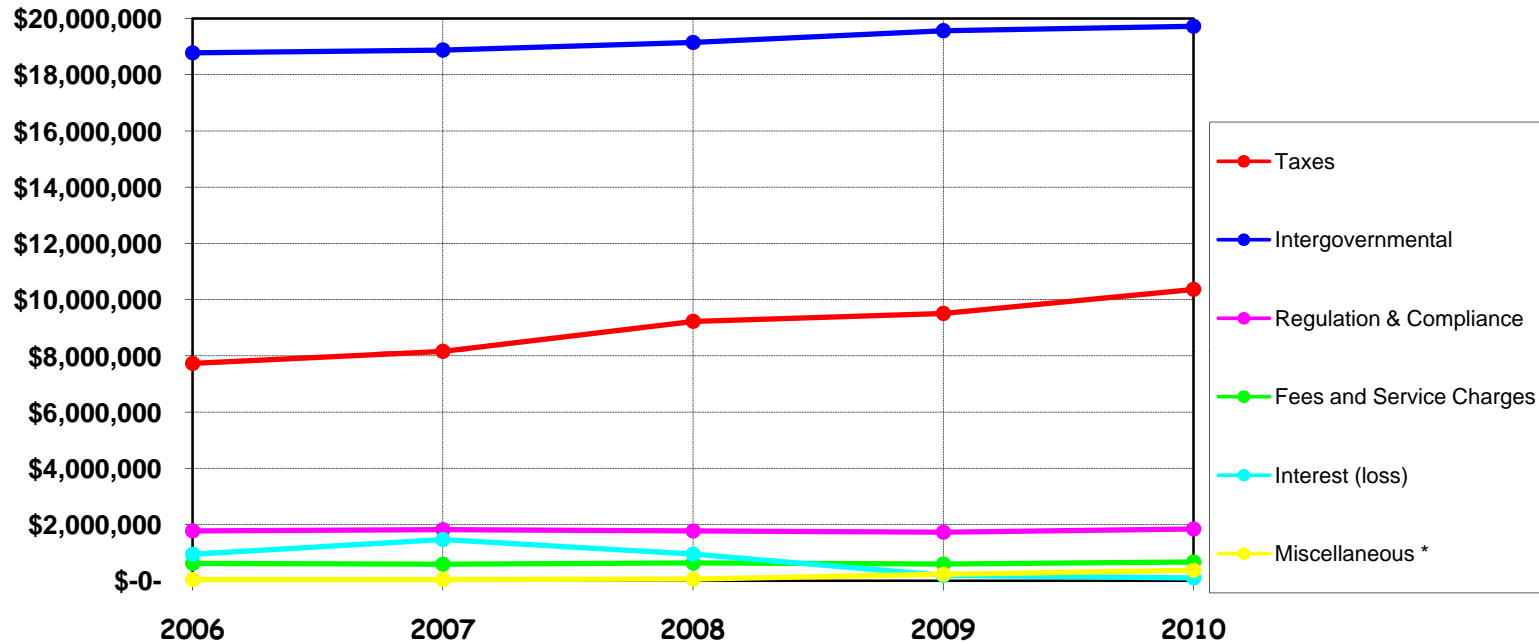
### What it means ,,,

Fund balances are segregated into three separate classifications. Reserved fund balances are amounts not available to pay current liabilities or are legally restricted for specific use. Designated fund balances represent funds set aside by the city to fund specific activities or amounts set aside to reduce subsequent years tax levies. Undesignated general fund balance represents the amount available for use after reserved and designated.

# CITY OF БЕЛОIT

## General and Debt Service Fund Revenues

Actual 2006 - 2010



	2006	2007	2008	2009	2010
Taxes	\$ 7,733,811	\$ 8,162,145	\$ 9,228,496	\$ 9,510,818	\$ 10,365,723
Intergovernmental	18,783,173	18,881,201	19,150,271	19,568,747	19,724,785
Regulation & Compliance	1,773,814	1,823,049	1,771,334	1,727,100	1,843,554
Fees and Service Charges	620,477	591,604	633,433	594,817	668,787
Interest (loss)	940,785	1,464,191	946,746	189,114	99,732
Miscellaneous *	44,459	43,182	57,550	229,352	373,768
Totals	<u>\$ 29,896,519</u>	<u>\$ 30,965,372</u>	<u>\$ 31,787,830</u>	<u>\$ 31,819,948</u>	<u>\$ 33,076,349</u>

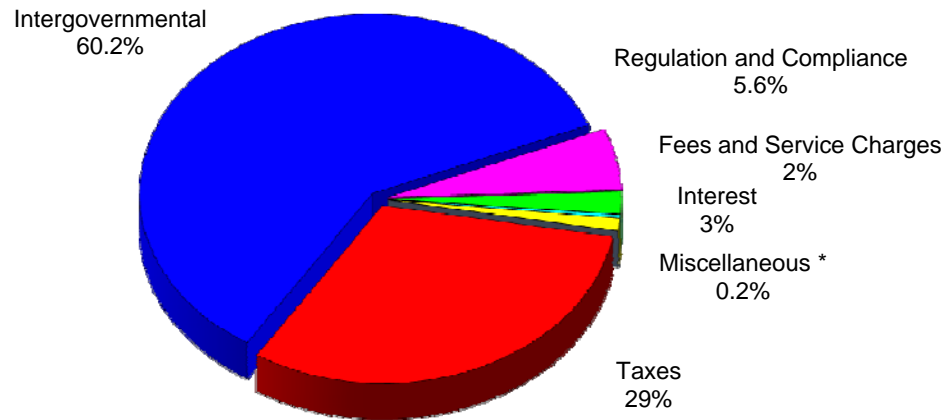
\* Miscellaneous includes Rent, Special Assessments and Other.



# CITY OF BELOIT

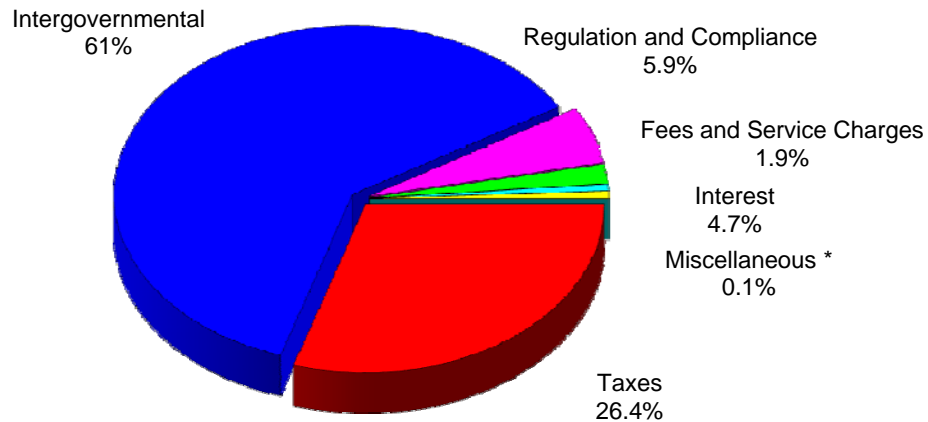
## 2010 General and Debt Service Fund Revenues

Total Revenues \$33,076,349



## 2009 General and Debt Service Fund Revenues

Total Revenues \$31,819,948

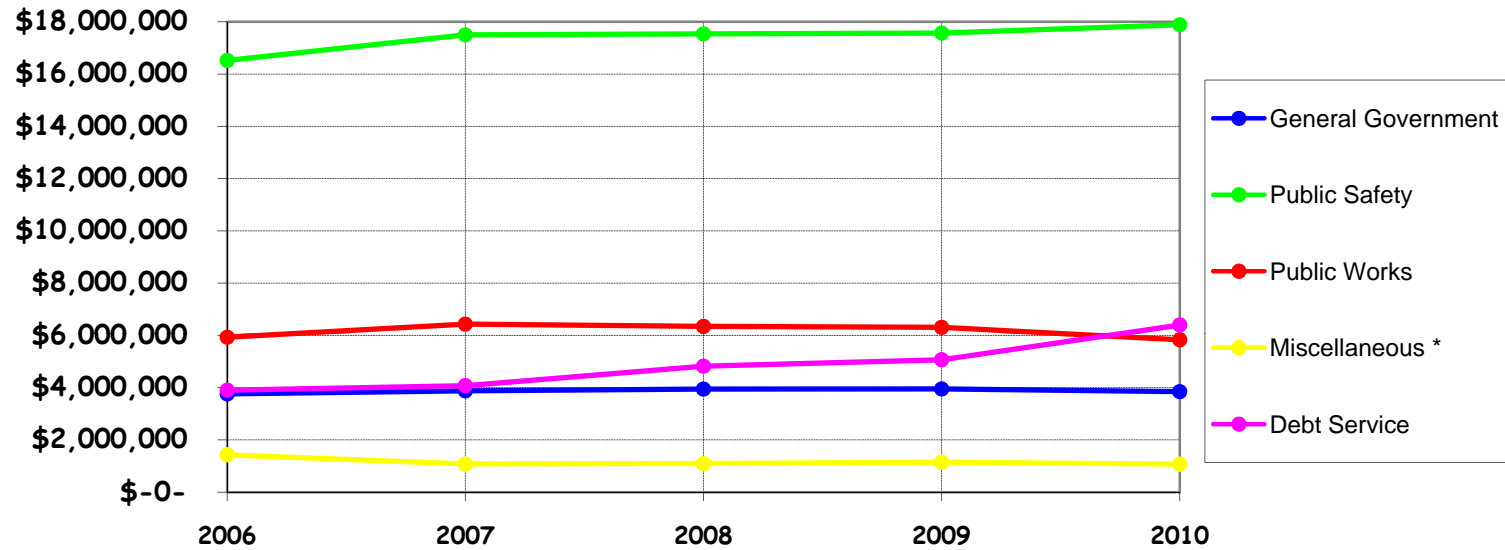


\* Miscellaneous includes Rent, Special Assessments and Other.

# CITY OF BELOIT

## General and Debt Service Fund Expenditures

Actual 2006 - 2010



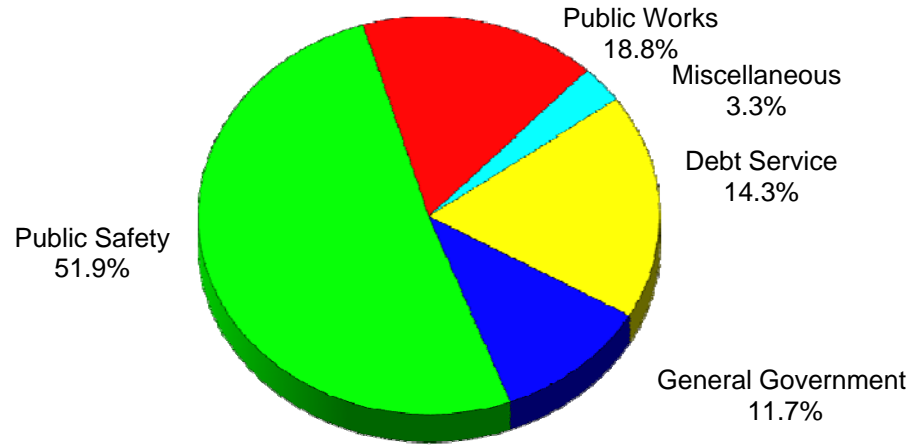
	2006	2007	2008	2009	2010
General Government	\$ 3,763,218	\$ 3,881,366	\$ 3,946,068	\$ 3,954,222	\$ 3,847,646
Public Safety	16,522,516	17,501,261	17,537,811	17,569,058	17,888,846
Public Works	5,934,680	6,433,311	6,349,194	6,312,555	5,836,211
Miscellaneous *	1,433,818	1,078,725	1,099,584	1,149,733	1,074,355
Debt Service	3,905,197	4,078,747	4,823,534	5,069,597	6,399,284
<b>Totals</b>	<b>\$ 31,559,429</b>	<b>\$ 32,973,410</b>	<b>\$ 33,756,191</b>	<b>\$ 34,055,165</b>	<b>\$ 35,046,342</b>

\* Miscellaneous includes Community Development and Public Health.

# CITY OF BELOIT

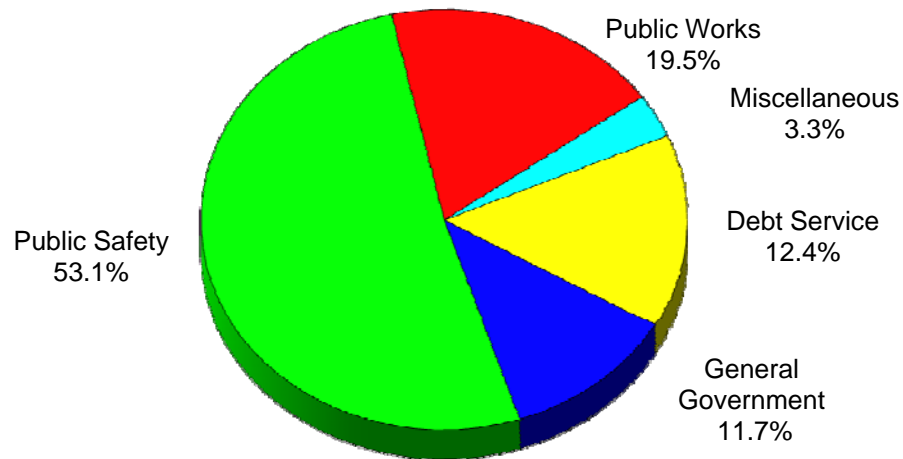
## 2010 General and Debt Service Fund Expenditures

Total Expenditures \$35,046,342



## 2009 General and Debt Service Fund Expenditures

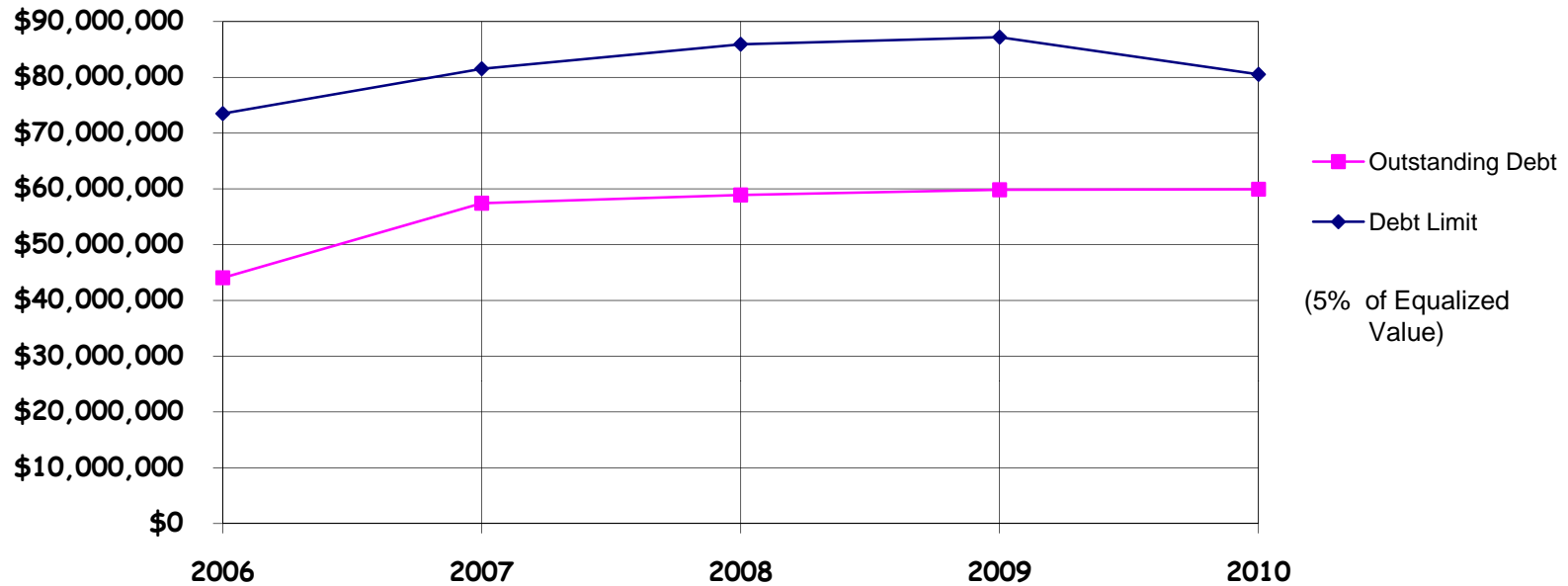
Total Expenditures \$34,055,165



# CITY OF BELOIT

## G. O. Debt vs. Capacity

Actual 2006 - 2010



	2006	2007	2008	2009	2010
Debt Limit	\$ 73,502,795	\$ 81,544,370	\$ 85,937,560	\$ 87,209,305	\$ 80,544,490
Outstanding Debt	44,065,226	57,424,706	58,895,499	59,831,026	59,928,253
Difference	\$ 29,437,569	\$ 24,119,664	\$ 27,042,061	\$ 27,378,279	\$ 20,616,237
% Available	40.05%	29.58%	31.47%	31.39%	25.60%
Equalized Value	\$ 1,470,055,900	\$ 1,630,887,400	\$ 1,718,751,200	\$ 1,744,186,100	\$ 1,610,889,800
Growth	\$ 82,439,500	\$ 160,831,500	\$ 87,863,800	\$ 25,434,900	\$ (133,296,300)
% Growth	5.94%	10.94%	5.39%	1.48%	-7.64%

**Beloit Water Utility**  
Baker Tilly Virchow Krause LLP

<b>Income Statement</b>	<u>2010</u>	<u>2009</u>
Water Sold (ccf)	2,425,210	2,343,472
Operating Revenues	\$ 5,029,628	\$ 4,690,251
Operating Expenses	2,938,664	3,421,439
Operating Income	2,090,964	1,268,812
Non-operating Revenues (Expenses)	(1,344,023)	(1,276,949)
Capital Contributions	1,093,837	990,083
Transfers In (Out)	-	-
Transfer - Tax Equivalent	(584,499)	(486,381)
Change in Net Assets	<u>\$ 1,256,279</u>	<u>\$ 495,565</u>
Water Rate of Return - Authorized 5.4 % in April 2008	5.30%	2.76%
Overall Debt Coverage Ratio - Minimum Required is 1.25	1.47	1.44
<b>Balance Sheet</b>		
Unrestricted Cash and Investments	1,476,316	1,618,613
Restricted Cash and Investments	6,899,491	3,680,008
Other Assets	1,203,411	1,349,591
Capital Assets (Net of Accumulated Depreciation)	33,469,166	32,098,597
Other Liabilities	429,326	352,638
Long-term Debt	31,898,599	28,929,991
Net Assets Invested in Capital Assets, Net of Related Debt	8,179,303	6,716,695
Restricted Net Assets	327,839	203,684
Unrestricted Net Assets	2,213,317	2,543,801
Total Net Assets	<u>\$ 10,720,459</u>	<u>\$ 9,464,180</u>
Months of Unrestricted Cash - Minimum target of 3 months	3.52	4.14
<i>This demonstrates the ability to pay current obligations.</i>		
Percentage of Capital Assets Financed through Earnings	24%	21%
<i>This demonstrates the portion of net plant not currently financed through debt</i>		

**Beloit Sewer Utility**  
Baker Tilly Virchow Krause LLP

<b>Income Statement</b>	<u>2010</u>	<u>2009</u>
Sewer Billed (ccf)	1,738,104	1,510,583
Operating Revenues	\$ 6,946,357	\$ 6,809,634
Operating Expenses	7,778,353	7,403,502
Operating Income	(831,996)	(593,868)
Non-operating Revenues (Expenses)	89,239	84,899
Capital Contributions	-	1,453,047
Transfers In (Out)	-	-
Change in Net Assets	<u>\$ (742,757)</u>	<u>\$ 944,078</u>
Overall Debt Coverage Ratio - Minimum Required was 1.10	n/a	n/a
The sewer revenue bonds were paid in full during 2009.		
<b>Balance Sheet</b>		
Unrestricted Cash and Investments	3,383,874	2,630,275
Restricted Cash and Investments	2,696,299	2,696,299
Other Assets	3,933,727	4,215,071
Capital Assets (Net of Accumulated Depreciation)	42,040,413	43,520,224
Other Liabilities	884,833	1,088,577
Long-term Debt	1,301,307	1,362,365
Net Assets Invested in Capital Assets, Net of Related Debt	40,739,106	42,157,859
Restricted Net Assets	2,696,299	2,696,299
Unrestricted Net Assets	6,432,768	5,756,769
Total Net Assets	<u>\$ 49,868,173</u>	<u>\$ 50,610,927</u>
Months of Unrestricted Cash - Minimum Target is 3 months	5.85	4.64
<i>This demonstrates the ability to pay current obligations.</i>		
Percentage of Capital Assets Financed through Earnings	97%	97%
<i>This demonstrates the portion of net plant not currently financed through debt</i>		

**Beloit Storm Sewer Utility**  
Baker Tilly Virchow Krause LLP

<b>Income Statement</b>	<u>2010</u>	<u>2009</u>
Single Family Unit Equivalents Billed	25,906	26,275
Operating Revenues	\$ 942,022	\$ 945,903
Operating Expenses	860,379	842,601
Operating Income	81,643	103,302
Non-operating Revenues (Expenses)	(55,151)	(36,210)
Capital Contributions	55,598	1,201,645
Transfers In (Out)	-	-
Change in Net Assets	<u>\$ 82,090</u>	<u>\$ 1,268,737</u>
Overall Debt Coverage Ratio - Minimum Required was 1.25 The storm sewer revenue bonds were issued during 2010.	5.94	n/a
<b>Balance Sheet</b>		
Unrestricted Cash and Investments	23,626	434,019
Restricted Cash and Investments	1,569,326	-
Other Assets	227,427	179,220
Capital Assets (Net of Accumulated Depreciation)	9,157,231	8,550,231
Other Liabilities	316,959	57,308
Long-term Debt	2,784,099	1,311,700
Net Assets Invested in Capital Assets, Net of Related Debt	7,861,027	7,238,531
Restricted Net Assets	114,320	-
Unrestricted Net Assets	(98,795)	555,931
Total Net Assets	<u>\$ 7,876,552</u>	<u>\$ 7,794,462</u>
Months of Unrestricted Cash - Minimum Target is 3 months <i>This demonstrates the ability to pay current obligations.</i>	0.30	5.51
Percentage of Capital Assets Financed through Earnings <i>This demonstrates the portion of net plant not currently financed through debt</i>	86%	85%

**Beloit Transit System**  
Baker Tilly Virchow Krause LLP

<b>Income Statement</b>	<u>2010</u>	<u>2009</u>
Ridership - tokens, fares and passes	159,000	165,000
Fares and Other Revenues	\$ 237,273	\$ 233,861
Federal Operating Subsidy	632,772	632,772
State Operating Subsidy	472,211	421,466
Local Operating Subsidy	67,125	78,615
General Property Taxes	519,980	530,980
Operating Expenses	2,123,271	2,031,543
Non-operating Expenses	30,357	21,534
Capital Contributions	261,099	1,227,221
Transfers In (Out)	-	-
Change in Net Assets	<u>\$ 36,832</u>	<u>\$ 1,071,838</u>
<b>Balance Sheet</b>		
Unrestricted Cash and Investments	360	-
Restricted Cash and Investments	-	177,859
Other Assets	945,318	2,056,755
Capital Assets (Net of Accumulated Depreciation)	5,577,302	5,279,309
Other Liabilities	817,449	1,728,403
Long-term Debt	742,270	859,091
Net Assets Invested in Capital Assets, Net of Related Debt	4,835,032	4,598,077
Restricted Net Assets	-	-
Unrestricted Net Assets	128,229	328,352
Total Net Assets	<u>\$ 4,963,261</u>	<u>\$ 4,926,429</u>
Months of Unrestricted Cash - Minimum Target is 3 months	0.02	-
<i>The transit system does not have a cash balance at year end due to the timing of final year end grant draws.</i>		
Percentage of Capital Assets Financed through Earnings	87%	87%
<i>This includes assets financed through federal capital grants which is 80% of the majority of the capital assets.</i>		



**CITY OF BELOIT**

REPORT ON INTERNAL CONTROL

December 31, 2010

PRELIMINARY DRAFT FOR DISCUSSION PURPOSES ONLY

# CITY OF BELOIT

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To the City Council  
City of Beloit  
Beloit, Wisconsin

In planning and performing our audit of the financial statements of the City of Beloit as of and for the year ended December 31, 2010, in accordance with auditing standards generally accepted in the United States of America, we considered its internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of its internal control. Accordingly, we do not express an opinion on the effectiveness of its internal control.

Our consideration of the City's internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

- > Internal Control Over Financial Reporting
- > Restatement
- > Internal Control Improvements

This communication is intended solely for the information and use of City management and the city council board and is not intended to be, and should not be, used by anyone other than the specified parties.

Madison, Wisconsin  
\_\_\_\_\_, 2011

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## **MATERIAL WEAKNESS – INTERNAL CONTROL OVER FINANCIAL REPORTING**

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As we reported to you last year, we are required to communicate to you about your internal controls. In theory, a properly designed system of internal control staffed with enough people with sufficient training would provide your organization with the ability to not only process and record monthly transactions, but also to prepare a complete set of annual financial statements. Most of our clients do a good job of processing and recording monthly transactions. However, very few have the skills or the time needed to prepare annual financial statements.

The definition of a material weakness in internal control includes consideration of the year end financial reporting process. To avoid the auditor reporting a material weakness in internal control, your system of controls would need to be able to accomplish the following:

1. Present the books and records to the auditor in such a condition that the auditor is not able to identify any material journal entries as a result of our audit procedures. This is very rare for most of our clients.
2. Be capable of preparing a complete set of year end financial statements for the auditor to test. Currently, almost all of our clients have us prepare the financial statement document. This includes drafting the individual fund statements, making conversion entries, drafting the government-wide statements, and preparing footnote disclosures. Your staff would need to be capable of presenting the auditor with a set of complete financial statements in such a condition that the auditor is not able to identify any material changes as a result of the audit.

To accomplish such a high level of internal control over financial reporting is a difficult task for most governments. Many large organizations, such as SEC companies, have been required by law to prepare their own statements for years, and are staffed appropriately to do so. Most governments operate with only enough staff to process monthly transactions and reports, and so rely on us to prepare certain year end audit entries and handle the year end financial reporting. Under the new auditing standards, we must, therefore, inform you that these are material weaknesses in your internal control.

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## **MATERIAL WEAKNESS – RESTATEMENT**

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During the current year, a restatement of the prior year financial statements was required to properly record TIF District No. 5 capital expenditures into TIF District No.5. These expenditures had been recorded in the Capital Improvement Program Fund in 2009. Despite the fact that the City's management discovered the error, under current auditing standards, such a restatement is considered to be a material weakness in internal control as the error was not caught prior to the issuance of the 2009 financial statements.

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## **MATERIAL WEAKNESS – INTERNAL CONTROL IMPROVEMENTS**

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As a result of our audit procedures, we are able to provide to you the following information about where your controls over transactions either do not exist, or could be improved.

Below is a list of potential controls that should be in place to achieve a higher level of reliability that errors or irregularities in your processes would be discovered by your staff. Our procedures identified that these controls do not currently exist for the City of Beloit. Keep in mind that some of these controls may not be practical due to your staff size or other reasons. However, we are required to communicate these to you. In addition, as you make changes within your organization, and we continue to rotate audit procedures, more controls of this kind will likely be communicated to you.

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**MATERIAL WEAKNESS – INTERNAL CONTROL IMPROVEMENTS (cont.)**

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***CONTROLS OVER ACCOUNTS PAYABLE/DISBURSEMENTS***

1. There should be an appropriate system for review and approval of vendors.
2. Additional controls regarding check printing and processing should be developed for those instances when your normal controls cannot be followed.

***CONTROLS OVER RECEIVABLES/REVENUE***

1. Utility accounts receivable balances should be reconciled to the billing system on a more regular basis.

***CONTROLS OVER INFORMATION TECHNOLOGY***

1. There should be a formal process in place for setting up new employees in the system, changing settings for existing employees, and eliminating access for terminated employees.
2. Access rights for the network and significant applications should be reviewed at least annually by an appropriate person. This is especially important without a formal process to set up, change, and eliminate users.
3. Security monitoring should be performed for access violations at the application and database levels and related threat events.

Because this is all relatively new information, a next step might be to have a designated person in your organization review these potential controls and make a suggestion on your community's ability and cost (including time) to implement some or all of them. We can assist with that process.

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**INFORMATIONAL POINTS**

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***TWO WAY COMMUNICATION REGARDING YOUR AUDIT***

As part of our audit of your financial statements, we are providing communications to you throughout the audit process. Auditing requirements provide for two-way communication and are important in assisting the auditor and you with more information relevant to the audit.

As this past audit is concluded, we use what we have learned to begin the planning process for next year's audit. It is important that you understand the following points about the scope and timing of our next audit:

- a. We address the significant risks of material misstatement, whether due to fraud or error, through our detailed audit procedures.
- b. We will obtain an understanding of the five components of internal control sufficient to assess the risk of material misstatement of the financial statements whether due to error or fraud, and to design the nature, timing, and extent of further audit procedures. We will obtain a sufficient understanding by performing risk assessment procedures to evaluate the design of controls relevant to an audit of financial statements and to determine whether they have been implemented. We will use such knowledge to:
  - > Identify types of potential misstatements.
  - > Consider factors that affect the risks of material misstatement.
  - > Design tests of controls, when applicable, and substantive procedures.

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## INFORMATIONAL POINTS (cont.)

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### *TWO WAY COMMUNICATION REGARDING YOUR AUDIT* (cont.)

We will not express an opinion on the effectiveness of internal control over financial reporting or compliance with laws, regulations, and provisions of contracts or grant programs. For audits done in accordance with *Government Auditing Standards*, our report will contain the following restriction: "This report is intended solely for the information and use of the client's management, others within the City, 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."

- c. The concept of materiality recognizes that some matters, either individually or in the aggregate, are important for fair presentation of financial statements in conformity with generally accepted accounting principles while other matters are not important. In performing the audit, we are concerned with matters that, either individually or in the aggregate, could be material to the financial statements. Our responsibility is to plan and perform the audit to obtain reasonable assurance that material misstatements, whether caused by errors or fraud, are detected.
- d. We address the significant risks or material noncompliance, whether due to fraud or error, through our detailed audit procedures.
- e. We will obtain an understanding of the five components of internal control sufficient to assess the risk of material noncompliance related to the federal and state awards whether due to error or fraud, and to design the nature, timing, and extent of further audit procedures. We will obtain a sufficient understanding by performing risk assessment procedures to evaluate the design of controls relevant to an audit of the federal and state awards and to determine whether they have been implemented. We will use such knowledge to:
  - > Identify types of potential noncompliance.
  - > Consider factors that affect the risks of material noncompliance.
  - > Design tests of controls, when applicable, and other audit procedures.

Our audit will be performed in accordance with U.S. generally accepted auditing standards, *Government Auditing Standards*, OMB Circular A-133, and the *State Single Audit Guidelines*.

We will not express an opinion on the effectiveness of internal control over financial reporting or compliance with laws, regulations, and provisions of contracts or grant programs. For audits done in accordance with OMB Circular A-133 and the *State Single Audit Guidelines*, our report will contain the following restriction: "This report is intended solely for the information and use of the client's management, others within the City, 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."

- f. The concept of materiality recognizes that some matters, either individually or in the aggregate, are important for reporting material noncompliance while other matters are not important. In performing the audit, we are concerned with matters that, either individually or in the aggregate, could be material to the entity's federal and state awards. Our responsibility is to plan and perform the audit to obtain reasonable assurance that material noncompliance, whether caused by error or fraud, is detected.

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## INFORMATIONAL POINTS (cont.)

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### *TWO WAY COMMUNICATION REGARDING YOUR AUDIT (cont.)*

We are very interested in your views regarding certain matters. Those matters are listed here:

- a. We typically will communicate with your top level of management unless you tell us otherwise.
- b. We understand that the city council has the responsibility to oversee the strategic direction of your organization, as well as the overall accountability of the entity. Management has the responsibility for achieving the objectives of the entity.
- c. We need to know your views about your organization's objectives and strategies, and the related business risks that may result in material misstatements.
- d. Which matters do you consider warrant particular attention during the audit, and are there any areas where you request additional procedures to be undertaken?
- e. Have you had any significant communications with regulators?
- f. Are there other matters that you believe are relevant to the audit of the financial statements?

Also, is there anything that we need to know about the attitudes, awareness, and actions of the City concerning:

- a. The City's internal control and its importance in the entity, including how those charged with governance oversee the effectiveness of internal control?
- b. The detection or the possibility of fraud?

We also need to know if you have taken actions in response to developments in financial reporting, laws, accounting standards, governance practices, or other related matters, or in response to previous communications with us.

With regard to the timing of our audit, here is some general information. If necessary, we may do preliminary financial audit work during the months of October-December, and sometimes early January. Our final financial fieldwork is scheduled during the spring to best coincide with your readiness and report deadlines. After fieldwork, we wrap up our financial audit procedures at our office and may issue drafts of our report for your review. Final copies of our report and other communications are issued after approval by your staff. This is typically 6-12 weeks after final fieldwork, but may vary depending on a number of factors. We typically perform the single audit fieldwork 4-6 weeks after the financial audit. After single audit fieldwork, we wrap up our single audit procedures at our office and then issue drafts of our report for your review. Final copies of our Report on Federal and State Awards are issued after approval by your staff. This is typically 4-6 weeks after final single audit fieldwork, but may vary depending upon a number of factors.

Keep in mind that while this communication may assist us with planning the scope and timing of the audit, it does not change the auditor's sole responsibility to determine the overall audit strategy and the audit plan, including the nature, timing, and extent of procedures necessary to obtain sufficient appropriate audit evidence.

We realize that you may have questions on what this all means, or wish to provide other feedback. We welcome the opportunity to hear from you.

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**INFORMATIONAL POINTS (cont.)**

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***GASB STATEMENT NO. 54: FUND BALANCE REPORTING***

Last year, we informed you that the Governmental Accounting Standards Board (GASB) had issued Statement No. 54, which changes governmental financial reporting. These changes will affect your financial statements for the year ended December 31, 2011, primarily the governmental fund's balance sheet presentation. No changes are necessary for proprietary fund types or government-wide statements. The major change is to the terminology used for fund balance reporting. The terms reserved, unreserved, designated, and undesignated are being replaced with the following categories: nonspendable, restricted, committed, assigned, and unassigned. The new categories are designed to promote more consistent financial reporting throughout the nation.

The GASB made these changes to fund balance reporting to make it easier for the reader of financial statements to determine the various levels of restrictions that exist for the future use of fund balance. In addition to the new method for displaying fund balances, the Statement also clarifies the definitions of the various governmental fund types. You have clarified your financial policies and have identified which fund types are applicable to each of your funds. All that remains is to show the new presentation in your 2011 financial statements next year. We will assist you with that as needed when that time comes.

***GASB STATEMENT NO. 61: THE FINANCIAL REPORTING ENTITY***

The Governmental Accounting Standards Board (GASB) has issued Statement No. 61, which changes governmental financial reporting for component units. These changes will affect your financial statements for the year ended December 31, 2013, primarily the government-wide financial statements, and possibly the fund financial statements.

This Statement modifies certain requirements for inclusion of component units in the financial reporting entity. For organizations that previously were required to be included as component units by meeting the fiscal dependency criterion, a financial benefit or burden relationship also would need to be present between the primary government and that organization for it to be included in the reporting entity as a component unit. Further, for organizations that do not meet the financial accountability criteria for inclusion as component units but that, nevertheless, should be included because the primary government's management determines that it would be misleading to exclude them, this Statement clarifies the manner in which that determination should be made and the types of relationships that generally should be considered in making the determination.

This Statement also amends the criteria for reporting component units as if they were part of the primary government (that is, blending) in certain circumstances. For component units that currently are blended based on the "substantively the same governing body" criterion, it additionally requires that (1) the primary government and the component unit have a financial benefit or burden relationship or (2) management (below the level of the elected officials) of the primary government have operational responsibility (as defined) for the activities of the component unit. New criteria also are added to require blending of component units whose total debt outstanding is expected to be repaid entirely or almost entirely with resources of the primary government. The blending provisions are amended to clarify that funds of a blended component unit have the same financial reporting requirements as a fund of the primary government. Lastly, additional reporting guidance is provided for blending a component unit if the primary government is a business-type activity that uses a single column presentation for financial reporting.

This Statement also clarifies the reporting of equity interests in legally separate organizations. It requires a primary government to report its equity interest in a component unit as an asset.

You will need to determine how these new requirements will affect your financial statements.



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## **INFORMATIONAL POINTS (cont.)**

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### ***ENTITY-WIDE INTERNAL CONTROL***

There is no formal risk assessment process taking place at the City. This should be done on a regular basis to identify areas of higher risk for misappropriation of assets or fraud.

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## **ECONOMIC CONDITIONS AND YOUR COMMUNITY**

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Economic conditions for the nation as a whole have declined in recent years. There has been widespread impact on federal, state, and local governments. To position your community for fiscal stability, you should continue to regularly evaluate many of the topics we've outlined in our letters from prior years, including:

- > Collateralized bank balances
- > Long term borrowing and refinancing plans in a tightening credit market
- > Cash flow impacts of an increase in delinquencies
- > Equalized value changes
- > Tax base impacts of slowed development
- > State budget issues

Suggested steps in proactively planning for these challenges include:

- > Preparing annual budgets that are realistic and accurate
- > Monitoring compliance with the annual budget based on financial records that are accurate and understandable
- > Making amendments to the budget when necessary and determining sources of revenues to cover additional appropriations
- > Developing a fund balance policy to ensure that your community has enough reserves on hand for emergency appropriations
- > Forecasting cash flows as a result of changing economic conditions and developing a plan to address significant issues
- > Forecasting capital needs and anticipated financing available
- > Monitoring your community's debt capacity compared to the limit established by the state
- > Exploring ways to confine costs, such as consolidation of services with other local governments or outsourcing
- > Developing investment policies that address collateralization of deposits and investments

Your community's long-term success is important. As a governing body, your involvement and understanding of your community's financial activities will help you make informed decisions regarding the future of your community. Please feel free to contact us if you have questions – we are happy to discuss these topics in further detail.

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## DEPARTMENTAL CONTROLS

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As part of our annual audit process, we focus our efforts on the primary accounting systems, internal controls, and procedures used by the City. This is in keeping with our goal to provide an audit opinion which states that the financial statements of the City are correct in all material respects.

In some cases, the primary system of accounting procedures and controls of the City are supported by smaller systems which are decentralized, and reside within a department or location. In many cases, those systems are as simple as handling cash collections and remitting those collections to the City treasurer. (For example, this would be the case in a typical municipal swimming pool.) In other cases, the department may send invoices or statements of amounts due, and track collections of those amounts in a standalone accounts receivable system. (For example, this would be the case in a typical municipal court.)

Generally, the more centralized a function is, the easier it is to design and implement accounting controls that provide some level of checks and balances. That is because you are able to divide certain tasks over the people available to achieve some segregation of duties. For those tasks that are decentralized, it is usually very difficult to provide for proper segregation of duties. Therefore, with one person being involved in most or all aspects of a transaction, you lose the ability to rely on the controls to achieve the safeguarding of assets and reliability of financial records.

As auditors, we are required to communicate with you on a variety of topics. Since there is now more emphasis on internal controls and management's responsibilities, we believe it is appropriate to make sure that you are informed about the lack of segregation of duties that may occur at departments or locations that handle cash or do miscellaneous billing. Examples in your City that fit this situation may include the following:

- Pavilion
- Senior Center
- Ice Arena
- Pool
- Boat Launch
- Picnic Shelters
- Parks and Grounds Rentals
- Baseball/Softball Field Rentals
- Recreation Activities
- Rotary River Center Rentals
- Golf Course
- Cemetery
- Transit
- Library
- Public Works – Recycling Containers and Materials
- Utilities Department – Testing and Meter Deposits
- Police Department

As you might expect, similar situations are common in most governments.

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**DEPARTMENTAL CONTROLS (cont.)**

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As auditors, we are required to focus on the financial statements at a highly summarized level and our audit procedures support our opinion on those financial statements. Departments or locations that handle relatively smaller amounts of money are not the primary focus of our audit. Yet, because of the lack of segregation of duties, the opportunity for loss is higher there than in centralized functions that have more controls.

Because management is responsible for designing and implementing controls and procedures to detect and prevent fraud, we believe that is important for us to communicate this information to you. We have no knowledge of any fraud that has occurred or is suspected to have occurred within the departments mentioned above. However, your role as the governing body is to assess your risk areas and determine that the appropriate level of controls and procedures are in place. As always, the costs of controls and staffing must be weighed against the perceived benefits of safeguarding your assets.

Without adding staff or splitting up the duties, your own day-to-day contact and knowledge of the operation are also important mitigating factors.

PRELIMINARY DRAFT FOR DISCUSSION PURPOSES ONLY

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## **REQUIRED COMMUNICATION WITH AUDIT COMMITTEE OR ITS EQUIVALENT**

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Professional standards require that we provide you with the following information related to our audit

***OUR RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA, GOVERNMENT AUDITING STANDARDS, OMB CIRCULAR A-133 AND THE STATE SINGLE AUDIT GUIDELINES***

The objective of a financial statement audit is the expression of an opinion on the financial statements. We conducted the audit in accordance with auditing standards generally accepted in the United States of America. These standards require that we plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements prepared by management with your oversight are free of material misstatement, whether caused by error or fraud. Our audit included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit does not relieve management or those charged with governance of their responsibilities.

We also considered 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.

As part of obtaining reasonable assurance about whether the City of Beloit's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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. Also, in accordance with OMB Circular A-133 and the State Single Audit Guidelines, we examined, on a test basis, evidence about the City of Beloit's compliance 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 applicable to each of its major federal and state programs for the purpose of expressing an opinion on the City of Beloit's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on the City of Beloit's compliance with those requirements.

***OTHER INFORMATION IN DOCUMENTS CONTAINING AUDITED FINANCIAL STATEMENTS***

Our responsibility does not extend beyond the audited financial statements identified in this report. We do not have any obligation to, and have not performed any, procedures to corroborate other information contained in client-prepared documents, such as official statements related to debt issues.

***PLANNED SCOPE AND TIMING OF THE AUDIT***

We performed the audit according to the planned scope and timing previously communicated to you in our Report on Internal Control dated June 24, 2010 and our meeting with you on July 19, 2010.

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**REQUIRED COMMUNICATION WITH AUDIT COMMITTEE OR ITS EQUIVALENT (cont.)**

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***QUALITATIVE ASPECTS OF THE ENTITY'S SIGNIFICANT ACCOUNTING PRACTICES******Accounting Policies***

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the City of Beloit are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2010. We noted no transactions entered into by the City of Beloit during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

***Accounting Estimates***

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Management's estimate of incurred but not recorded health insurance claims is based on historical claims. We evaluated the key factors and assumptions used to develop the incurred but not reported claim liability in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the Other Post-Employment Benefits (OPEB) liability is based on information provided to activities contracted by the City. We evaluated the key factors and assumptions used to develop the OPEB liability in determining that it is reasonable in relation to the financial statements taken as a whole.

***Financial Statement Disclosures***

The disclosures in the financial statements are neutral, consistent, and clear.

***DIFFICULTIES ENCOUNTERED IN PERFORMING THE AUDIT***

We encountered no significant difficulties in dealing with management in performing our audit.

***AUDIT ADJUSTMENTS***

Professional standards require us to accumulate all known and likely misstatement identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management.

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on the City of Beloit's financial reporting process. Matters underlying adjustments proposed by the auditor could potentially cause future financial statements to be materially misstated.

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**REQUIRED COMMUNICATION WITH AUDIT COMMITTEE OR ITS EQUIVALENT (cont.)**

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**AUDIT ADJUSTMENTS (cont.)**

Certain audit and bookkeeping adjustments we prepared were included in your financial statements. Copies of these adjustments are available from management.

In addition, the attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

The following audit adjustments, in our judgment, indicate matters that could have a significant effect on the City of Beloit's financial reporting process:

Record utility tax equivalent in General and Water Funds	\$ 584,499
Adjustments to cash	3,615,748
Record water plant contributed by township	200,016
Record water plant contributed by municipality	1,128,121
Record water depreciation	1,205,641
Record storm amortization of issuance costs, bond discounts, premiums and losses	68,974
Record water amortization of issuance costs, bond discounts, premiums and losses	236,798
Record interest on advance paid by water to sewer	136,230
Record joint metering charged by water to sewer	241,982
Adjustments to accounts payable	291,275
Record sewer depreciation	2,408,042
Adjustments to accounts receivable	228,558

**DISAGREEMENTS WITH MANAGEMENT**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

**CONSULTATIONS WITH OTHER INDEPENDENT ACCOUNTANTS**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

**MANAGEMENT REPRESENTATIONS**

We have requested certain representations from management that are included in the management representation letter. This letter is attached.

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**REQUIRED COMMUNICATION WITH AUDIT COMMITTEE OR ITS EQUIVALENT (cont.)**

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***INDEPENDENCE***

We are not aware of any relationships between Baker Tilly Virchow Krause, LLP and the City of Beloit that, in our professional judgment, may reasonably be thought to bear on our independence.

Relating to our audit of the financial statements for the year ended December 31, 2010, Baker Tilly Virchow Krause, LLP hereby confirms in accordance with the Code of Professional Conduct issued by the American Institute of Certified Public Accountants, that we are, in our professional judgment, independent with respect to the City of Beloit and provided no services to the City of Beloit other than the audit of the current year's financial statements and nonaudit services which in our judgment do not impair our independence.

- > Financial statement preparation
- > Adjusting journal entries
- > SEFA preparation

***OTHER AUDIT FINDINGS OR ISSUES***

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City of Beloit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the governing body, finance committee or equivalent and management and is not intended to be, and should not be, used by anyone other than the specified parties.

We welcome the opportunity to discuss the information included in this letter and any other matters. Thank you for allowing us to serve you.

PRELIMINARY DRAFT FOR DISCUSSION PURPOSES ONLY

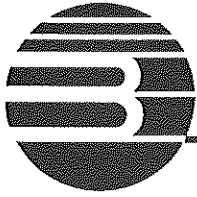
To the City Council  
 City of Beloit

SUMMARY OF PASSED ADJUSTING JOURNAL ENTRIES  
 FOR COMMUNICATION TO MANAGEMENT AND GOVERNING BODY  
 December 31, 2010

	Financial Statements Effect - Increase (Decrease) to Financial Statement Total				
	Total Assets	Total Liabilities	Total Revenues	Total Expenses/ Expenditures	Change in Net Assets/ Fund Balances
Governmental activities	\$ 55,440	\$ 79,262	\$ 62,857	\$ 86,679	\$ (23,822)
Business type activities	-0-	254,262	167,603	86,679	(254,282)
General Fund	55,440	86,679	55,440	86,679	(31,239)
Remaining Funds	-0-	(7,417)	7,417	-0-	7,417

PRELIMINARY DRAFT FOR DISCUSSION PURPOSES ONLY





June 27, 2011

Baker Tilly Virchow Krause, LLP  
Ten Terrace Court  
P.O. Box 7398  
Madison, WI 53707-7398

Dear Baker Tilly Virchow Krause, LLP:

We are providing this letter in connection with your audit of the financial statements of the City of Beloit as of December 31, 2010 and for the year then ended for the purpose of expressing an opinion as to whether the financial statements 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 and the respective changes in financial position and cash flows, where applicable, in conformity with accounting principles generally accepted in the United States of America. We confirm that we are responsible for the fair presentation of the previously mentioned financial statements in conformity with accounting principles generally accepted in the United States of America. We are also responsible for adopting sound accounting policies, establishing and maintaining internal control, and preventing and detecting fraud.

We confirm, to the best of our knowledge and belief, the following representations made to you during your audit.

1. The financial statements referred to above are fairly presented in conformity with accounting principles generally accepted in the United States of America. We have engaged you to advise us in fulfilling that responsibility. The financial statements include all properly classified funds of the oversight unit and all component units required by accounting principles generally accepted in the United States of America to be included in the financial reporting entity.
2. We have made available to you all –
  - a. Financial records and related data (and all audit or relevant monitoring reports, if any, received from funding sources.)
  - b. Minutes of the meetings of the City Council or summaries of actions of recent meetings for which minutes have not yet been prepared.

June 27, 2011

Page 2

3. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
4. There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements (or the schedule of expenditures of federal and state awards).
5. We believe the effects of the uncorrected financial statement misstatements summarized in the attached schedule are immaterial, both individually and in the aggregate, to the basic financial statements taken as a whole. In addition, you have recommended adjusting journal entries, and we are in agreement with those adjustments.
6. We acknowledge our responsibility for the design and implementation of programs and controls to prevent and detect fraud.
7. We have no knowledge of any fraud or suspected fraud affecting the entity involving:
  - a. Management,
  - b. Employees who have significant roles in internal control, or
  - c. Others where the fraud could have a material effect on the financial statements.
8. We have no knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, analysts, regulators, or others.
9. We have identified to you any previous financial audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
10. The City of Beloit has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or fund equity.

11. The following, if any, have been properly recorded or disclosed in the financial statements:
  - a. Related party transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties.
  - b. Guarantees, whether written or oral, under which the municipality is contingently liable.
  - c. All accounting estimates that could be material to the financial statements including the key factors and significant assumptions underlying those estimates and measurements. We believe the estimates and measurements are reasonable in the circumstances, consistently applied, and adequately disclosed.
12. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.
13. There are no –
  - a. Violations or possible violations of budget ordinances, provisions of contracts and grant agreements, laws or regulations including those pertaining to adopting and amending budgets, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, or for reporting on noncompliance.
  - b. Unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with Financial Accounting Standards Board (FASB) Statement No. 5, *Accounting for Contingencies*.
  - c. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by FASB Statement No. 5.
  - d. Reservations or designation of fund equity that were not properly authorized and approved.
  - e. Rates being charged to customers other than the rates as authorized by the applicable authoritative body.
  - f. Violations of restrictions placed on revenues as a result of bond resolution covenants such as revenue distribution or debt service funding.

14. The City of Beloit has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
15. The City of Beloit has complied with all aspects of contractual agreements that would have a material effect on the financial statement in the event of noncompliance.
16. We have followed all applicable laws and regulations in adopting, approving, and amending budgets.
17. The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
18. The financial statements properly classify all funds and activities.
19. All funds that meet the quantitative criteria in GASB Statement No. 34 and No. 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
20. Net asset components (invested in capital assets, net of related debt; restricted; and unrestricted) and fund balance reserves and designations are properly classified and, if applicable, approved.
21. Provisions for uncollectible receivables have been properly identified and recorded.
22. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
23. Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
24. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
25. Deposits and investment securities are properly classified as to risk, and investments are properly valued.
26. We have disclosed to you all potential derivative financial instruments such as contracts that could be assigned to someone else or net settled, interest rate swaps, collars or caps.
27. Capital assets, including infrastructure assets, are properly capitalized, reported, and, if applicable, depreciated.

28. We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
29. In regards to the nonattest services performed by you listed below, we have 1) made all management decisions and performed all management functions; 2) designated an individual with suitable skill, knowledge, or experience to oversee the services; 3) evaluated the adequacy and results of the services performed, and 4) accepted responsibility for the results of the services.
  - a. Financial statement preparation
  - b. Adjusting journal entries
  - c. SEFA preparation
30. With respect to federal and state award programs –
  - a. We are responsible for understanding and complying with and have complied with the requirements of the Single Audit Act Amendments of 1996, OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, the State Single Audit Guidelines, including requirements relating to preparation of the schedule of expenditures of federal and state awards.

30.(cont.)

- b. We have, in accordance with OMB Circular A-133, identified in the schedule of expenditures of federal and state awards, expenditures made during the audit period for all awards provided by federal and state agencies in the form of grants, federal and state cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, food commodities, direct appropriations, insurance and other assistance received for the purpose of administering federal and state programs. We have also made records available to you relating to such financial awards received directly, as well as indirectly, as pass-through awards.
- c. We acknowledge our responsibility for presenting the schedule of expenditures of federal awards (SEFA) in accordance with the requirements of OMB Circular A-133 §310.b, and we believe the SEFA, including its form and content, is fairly presented in accordance with the Circular. The methods of measurement and presentation of the SEFA have not changed from those used in the prior period and we have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the SEFA.
- d. We have identified and disclosed to you all of our government programs and related activities subject to OMB Circular A-133 and the State Single Audit Guidelines.
- e. We are responsible for understanding and complying with, and have complied with in all material respects, the requirements of laws, regulations, and the provisions of contracts and grant agreements related to each of our federal and state programs and have identified and disclosed to you the requirements of laws, regulations, and the provisions of contracts and grant agreements that are considered to have a direct and material effect on each major federal and state program.
- f. We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance requirements applicable to federal and state programs that provide reasonable assurance that we are administering our federal and state awards in compliance with laws, regulations, and the provisions of contracts and grant agreements that could have a material effect on our federal and state programs. We believe the internal control system is adequate and is functioning as intended. Also, no changes have been made in the internal control over compliance or other factors to the date of this letter that might significantly affect internal control, including any corrective action taken with regard to control deficiencies reported in the schedule of findings and questioned costs.
- g. We have made available to you all contracts and grant agreements (including amendments, if any) and any other correspondence relevant to the programs and related activities subject to the governmental audit requirement.

30.(cont.)

- h. We have received no requests from a federal or state agency to audit one or more specific programs as a major program.
- i. We have complied, in all material respects, with the compliance requirements, including when applicable, those set forth in the OMB Circular A-133 Compliance Supplement and the State Single Audit Guidelines, relating to federal and state awards and have identified and disclosed to you all amounts questioned and any known noncompliance with the requirements of federal and state awards, including the results of other audits or program reviews.
- j. We have disclosed to you all known noncompliance with the applicable compliance requirements subsequent to the period covered by the auditors' report.
- k. We are not aware of any instances of noncompliance with the applicable compliance requirements subsequent to the period covered by the auditors' report.
- l. We have disclosed any communications from grantors and pass-through entities concerning possible noncompliance with the applicable compliance requirements, if any, including communications received from the end of the period covered by the compliance audit to the date of the auditors' report.
- m. We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation agreements, and internal or external monitoring that directly relates to the objectives of the compliance audit, if any, including findings received and corrective actions taken up to the date of the auditors' report.
- n. Amounts claimed or used for matching were determined in accordance with relevant guidelines in OMB Circular A-87, *Cost Principles for State, Local, and Tribal Governments*, and OMB's *Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments*.
- o. We have disclosed to you our interpretation of compliance requirements that are subject to varying interpretations, if any.
- p. We have charged costs to federal and state awards in accordance with applicable cost principles.
- q. We have made available to you all documentation related to the compliance requirements, including information related to federal and state program financial reports and claims for advances and reimbursements.
- r. Federal and state program financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared.
- s. The copies of federal and state program financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective federal and state agency or pass-through entity, as applicable.

30.(cont.)

- t. We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by OMB Circular A-133 and the State Single Audit Guidelines and we have provided you with all information on the status of the follow-up on prior audit findings by federal and state awarding agencies and pass-through entities, including all management decisions.
- u. We are responsible for and have accurately prepared the auditee section of the Data Collection Form as required by OMB Circular A-133.
- v. We are responsible for preparing and implementing a corrective action plan for each audit finding.
- w. We have disclosed to you all contracts or other agreements with our service organizations, and we have disclosed to you all communications from the service organization relating to noncompliance at the service organizations.

To the best of our knowledge and belief, no events, including instances of noncompliance, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements or in the schedule of findings and questioned costs.

Sincerely,

CITY OF BELOIT

Signed: \_\_\_\_\_

  
Larry M. Arft, City Manager

Signed: \_\_\_\_\_

  
Paul E. York, Finance and Administrative Services Director



# City of Beloit

## Departmental Correspondence

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**To:** President Kevin Leavy and  
Beloit City Councilors

**From:** Paul E. York, Finance and Administrative Services Director

**Date:** July 13, 2011

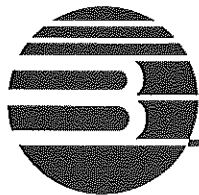
**Subject:** **2010 Audit Report**

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The City of Beloit's 2010 comprehensive annual financial report (CAFR) has been placed on the city's website. Hard copies of the report will be available and if you would prefer a hard copy, please let me know. The City's auditors, Baker Tilly Virchow Krause, LLP, will be presenting their report on the audit to the Council at the July 18, 2011 meeting. In addition to the CAFR, I have forwarded to you the required communications to the Council from the auditors regarding their Report on Internal Control. Staff has responded to this Report and a copy of our response is included.

If you should have any questions regarding any of this information please feel free to contact me.

Cc Larry N. Arft, City Manager



July 13, 2011

To the City Council  
City of Beloit  
Beloit, WI

In performing the audit of the city's financial statements each year, and in accordance with auditing standards generally accepted in the United States of America, the auditors are required to evaluate the city's internal control systems and communicate to the governing body any deficiencies in internal control which they believe to be material control weaknesses.

Because of these requirements, our auditors have prepared the attached Report on Internal Control which identifies those areas where they believe a control deficiency exists as of December 31, 2010. Also attached is management's response to their findings.

Respectfully submitted,

Paul E. York  
Finance and Administrative Services Director

Cc: Larry N. Arft, City Manager

**CITY OF BELOIT  
MANAGEMENT'S RESPONSE TO AUDITOR'S COMMENTS  
YEAR ENDED DECEMBER 31, 2010**

***Material Weakness - Internal Control Over Financial Reporting***

1. **Auditor's Recommendation:** We recommend that the city consider preparing its annual financial statements.

**Management's Response:** Given our current staffing complement it would be extremely difficult for the City to comply with this recommendation without the addition of professional staff within the finance department. For efficiency, cost effectiveness and convenience the City has always required as part of its annual financial audit engagement, that the auditor prepare its annual financial statements. With significant limitations placed on the City from a budget perspective there is no immediate plan to deviate from this practice.

***Material Weakness – Restatement***

1. **Auditor's Recommendation:** During the year accounting staff discovered that recording errors occurred for one of the projects included in the 2009 capital improvements budget. Expenditures were incorrectly accounted for in the capital improvements fund rather than the Tax Incremental District #5 special revenue fund. The amount of this discrepancy exceeded the City's materiality threshold and when this was disclosed to the auditors they recommended these recording errors be corrected and the prior year's financial statements be restated.

**Management's Response:** The entry was made to correct the recording errors and the prior year financial statements were restated to reflect this correction.

***Material Weakness-Internal Control Improvements***

*Controls Over Accounts Payable/Disbursements*

1. **Auditor's Recommendation:** There should be an appropriate system for review and approval of vendors.

**Management's Response:** The City currently requires all vendors to complete and submit an IRS Form W-9 to validate their authenticity. We are amenable to initiating alternative procedures for the review and approval of vendors as recommended by the auditors and it should be noted they have not made such recommendations.

2. **Auditor's Recommendation:** Additional controls regarding check printing and processing should be developed for those instances when normal controls cannot be followed.

**Management's Response:** The Accounting Division Director will approve cash disbursements in those instances when normal controls cannot be followed. We are amenable to implementing alternative procedures for check printing and processing as recommended by the auditors and it should be noted they have not made such recommendations.

*Controls Over Receivables/Revenues*

1. **Auditor's Recommendation:** Utility accounts receivable balances should be reconciled to the billing system on a more regular basis.

**Management's Response:** The City will develop a process to reconcile utility accounts receivable balances to the billing system on a quarterly basis.

*Controls Over Information Technology*

1. **Auditor's Recommendation:** There should be a formal process in place for setting up new employees in the system, changing settings for existing employees, and eliminating access for terminated employees.

**Management's Response:** Procedures have been established for setting up new employees in the system, changing settings for existing employees, and eliminating access for terminated employees.

2. **Auditor's Recommendation:** Access rights for the network and significant applications should be reviewed at least annually by an appropriate person.

**Management's Response:** In 2011, the Information Systems Division has the ability and will periodically review the network user access rights (NTFS permissions). The Information Systems Division does not have the ability to review the access rights of the City's significant applications because the lead department or division administers them.

3. **Auditor's Recommendation:** Security monitoring should be performed for access violations at the application and database levels and related threat events.

**Management's Response:** The Information Systems Division does not have the ability to review access violations at the application and database levels because the lead department or division administers them.