

City of  
**BELOIT**, Wisconsin

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

for the year ended December 31, 2014



# **CITY OF BELOIT**

Beloit, Wisconsin

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

As of and for the Year Ended  
December 31, 2014

Prepared By:

DEPARTMENT OF FINANCE AND ADMINISTRATIVE SERVICES

Eric Miller, Director

Dawn DeuVall, Director of Accounting and Purchasing

# CITY OF BELOIT

## COMPREHENSIVE ANNUAL FINANCIAL REPORT As of and for the Year Ended December 31, 2014

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June 24, 2015

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

It is our pleasure to submit to you the comprehensive annual financial report (CAFR) of the City of Beloit for the fiscal year ended December 31, 2014. Wisconsin State Statutes, the Wisconsin Administrative Code, and the Municipal Code of the City of Beloit require that, at the end of the fiscal year, a full and complete examination of all books and accounts of the City be made by a certified public accountant and that the report be filed with the City Clerk as a matter of public record. This CAFR fulfills these requirements.

This CAFR was prepared by the City's finance department and consists of management's representations concerning the finances of the City of Beloit. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. Management has established a comprehensive internal control framework that is designed to provide sufficient reliable information for the preparation of the City of Beloit's financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP). The system of internal control has been designed to provide reasonable assurance that the financial statements will be free from material misstatement. The cost of an internal control should not exceed the anticipated benefit; therefore, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements of fact. To the best of our knowledge and belief, the presented financial information is complete and reliable in all material aspects and is reported in a manner that presents fairly the financial position and results of operations of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial position have been included in this CAFR.

In compliance with the above statutory requirements, the City has retained the services of Baker Tilly Virchow Krause, LLP, Certified Public Accountants, to audit all books and accounts of the City. They have concluded, based upon auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America, that the City's financial statements for the year ended December 31, 2014, are fairly presented in all material respects in accordance with GAAP. Their report is located at the beginning of the financial section of this CAFR.



To the City Council and  
Citizens of the City of Beloit, Wisconsin  
June 24, 2015

Management's discussion and analysis (MD&A) immediately follows the independent auditors report and provides a narrative introduction, overview and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

### ***PROFILE of the CITY OF БЕЛОIT***

Beloit is located in Rock County Wisconsin just north of the Wisconsin/Illinois border along Interstate Highway 39/90, which travels south to Chicago and north to the state capitol Madison, and is directly connected to Milwaukee to the east via Interstate Highway 43. The City covers approximately 17 square miles. The most recent estimate indicates the City is home to 36,805 residents as well as more than 90 industrial firms, 850 retail establishments, several corporate headquarters, a minor league baseball team, and several museums. The City is also home to Beloit College; founded in 1846 it is Wisconsin's oldest college in continuous operation and is internationally renowned for its scholastic excellence. The college's over 1,200 students come from nearly every state and 40 nations worldwide.

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

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

To the City Council and  
Citizens of the City of Beloit, Wisconsin  
June 24, 2015

This report includes all of the funds and component units of the City of Beloit. The criteria used in determining the reporting entity is consistent with criteria established by the Governmental Accounting Standards Board (GASB) as outlined in the Codification of Governmental Accounting and Financial Reporting Standards. This report includes the general fund, which accounts for the general administration of the City, and the special revenue funds relating to economic and community development, the public library, solid waste and recycling. The report also includes the City's enterprise funds that account for the water, storm water, and sanitary sewer utilities, ambulance services, cemeteries, transit, and the municipal golf course. Internal service funds provide information on the operations of the risk management, employee health benefits, and centralized equipment functions.

Financial data for the Beloit Public Library Foundation and Community Development Authority are included in the reporting entity by discrete presentation because they are component units of the City. The Beloit Public Library Foundation was formed to raise and provide support monies for the Beloit Public Library. The Community Development Authority was formed to engage in the development and operation of low-income housing. The United States Department of Housing and Urban Development (HUD) regulates such projects.

The annual budget provides the foundation for the City's financial planning and control. The budget is prepared by fund, function and department. Departmental budgets are prepared by department heads and are submitted each year in July for examination. After review by the Manager and budget committee, the proposed budget is prepared and submitted to the Council for consideration by their first meeting in October. Workshops and a public hearing are held by the Council in October. The Council normally adopts the budget by their first meeting in November for the ensuing fiscal year. Once adopted, transfers among departments or supplemental appropriations require approval of the Council; the Manager is authorized to make adjustments within departments. Budget to actual comparisons are provided in this CAFR for each governmental fund for which an annual budget has been adopted. This information can be found in the Required Supplementary Information and Supplementary Information sections of the CAFR beginning on page 89.

### ***ECONOMIC CONDITION / MAJOR INITIATIVES***

The local economy continues its recovery from the recent recession. The City's unemployment rate, at 6.4% in April, is the second highest in the State of Wisconsin. This is a significant improvement from a recession high rate of 18.3% in 2009. Although improving, the City still lags behind both the State and National averages which are 4.4% and 5.4% respectively. Fortunately, the City's large cluster of food processing industries continued to experience strong performance during this period. Several of these industries actually added employees and production lines in response to growing sales, despite the generally weak economy.

To the City Council and  
Citizens of the City of Beloit, Wisconsin  
June 24, 2015

The City's Tax Increment District No. 10 continues to be its major economic development driver. Several major employers are now located in the TID including Kerry America's headquarters, Diamond Foods Kettle Brands, and the Staples Order Fulfillment Center; collectively all development in the TID has added \$139 million to the City's tax base and has provided over 1,000 new jobs with more to come. NorthStar Medical Radioisotopes, Chicago Fittings, and Pratt Industries have all begun or completed new construction projects in the TID. We continue to remain optimistic about the City's economic future and devote considerable time and resources to economic development. The City currently has nine active Tax Increment Districts with over 1,200 acres of land available for development.

The City's economy historically and presently remains largely reliant on manufacturing and industry while offering a diversified employment base in the areas of metal fabrication, food processing, medical services, biotechnology, retail, and education. Located at the intersections of Interstates 90/39, that serves Chicago to the south and Madison to the north, and Interstate 43, providing a direct link east to Milwaukee, the City is marketed as the location of one of the Midwest's major distribution centers.

Additional economic and demographic data can be found in the MD&A and Statistical Sections of this report.

### ***LONG-TERM FINANCIAL PLANNING***

Each year the City prepares, as part of the budget process, a formal five year capital improvement plan for upgrades and replacement of public infrastructure and the management of related costs. This plan includes a funding methodology for each project utilizing the City's ability to borrow and other sources, primarily operating budgets and Federal and State grants. For budgetary and planning purposes, the City has policy guidelines establishing the appropriate levels and uses of unrestricted fund balance (15% of operating revenues or three months average expenditures whichever is greater). The City budgeted \$300,000 of its unrestricted general fund balance as a funding source for the budget year ending December 31, 2015, which was within these guidelines. The City also has a debt service policy, which is consistent with its long range Financial Management Plan that was approved in 1998. This Plan established bond-rating objectives, use of debt policies, and debt load indicators that are reviewed annually. Standard and Poor's has assigned an "A+" rating to the City's general obligation debt and Stormwater utility revenue bonded debt and an "A" for its Water and Sewer utility revenue bonded debt. The Stormwater utility and general obligation ratings were affirmed by Standard and Poor's on February 4, 2015 and February 25, 2015 respectively.

To the City Council and  
Citizens of the City of Beloit, Wisconsin  
June 24, 2015

### ***AWARDS and ACKNOWLEDGEMENTS***

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Beloit for its CAFR for the fiscal year ended December 31, 2013. This was the twelfth consecutive year the City has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

The City also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the fiscal year beginning January 1, 2015. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document had to be judged proficient as a policy document, a financial plan, an operations guide and a communication device. This is the seventeenth year the City has received this award and it too is valid for only one year.

The preparation of the CAFR would not have been possible without the efficient and dedicated service of the entire staff of the Finance and Administrative Services Department. We would like to express our appreciation to all the members of the department who assisted and contributed to the preparation of this report with particular recognition to Dawn DeuVall, Director of Accounting/Purchasing and Jessica Tison, Budget Analyst. Credit is also given to the City Council for their support in maintaining the highest standards of professionalism in the management of the City of Beloit's finances.

Respectfully submitted,



Lori S. Curtis Luther  
City Manager



Eric R. Miller  
Finance and Administrative Services Director



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of Beloit  
Wisconsin**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2013**

Executive Director/CEO

**City of Beloit, Wisconsin  
List of Elected and Appointed Officials  
December 31, 2014**

**CITY COUNCIL MEMBERS**

Mark Spreitzer - President  
Charles Haynes – Vice-President  
Sheila De Forest  
Regina Hendrix  
Ana Kelly  
Chuck Kincaid  
David F. Luebke

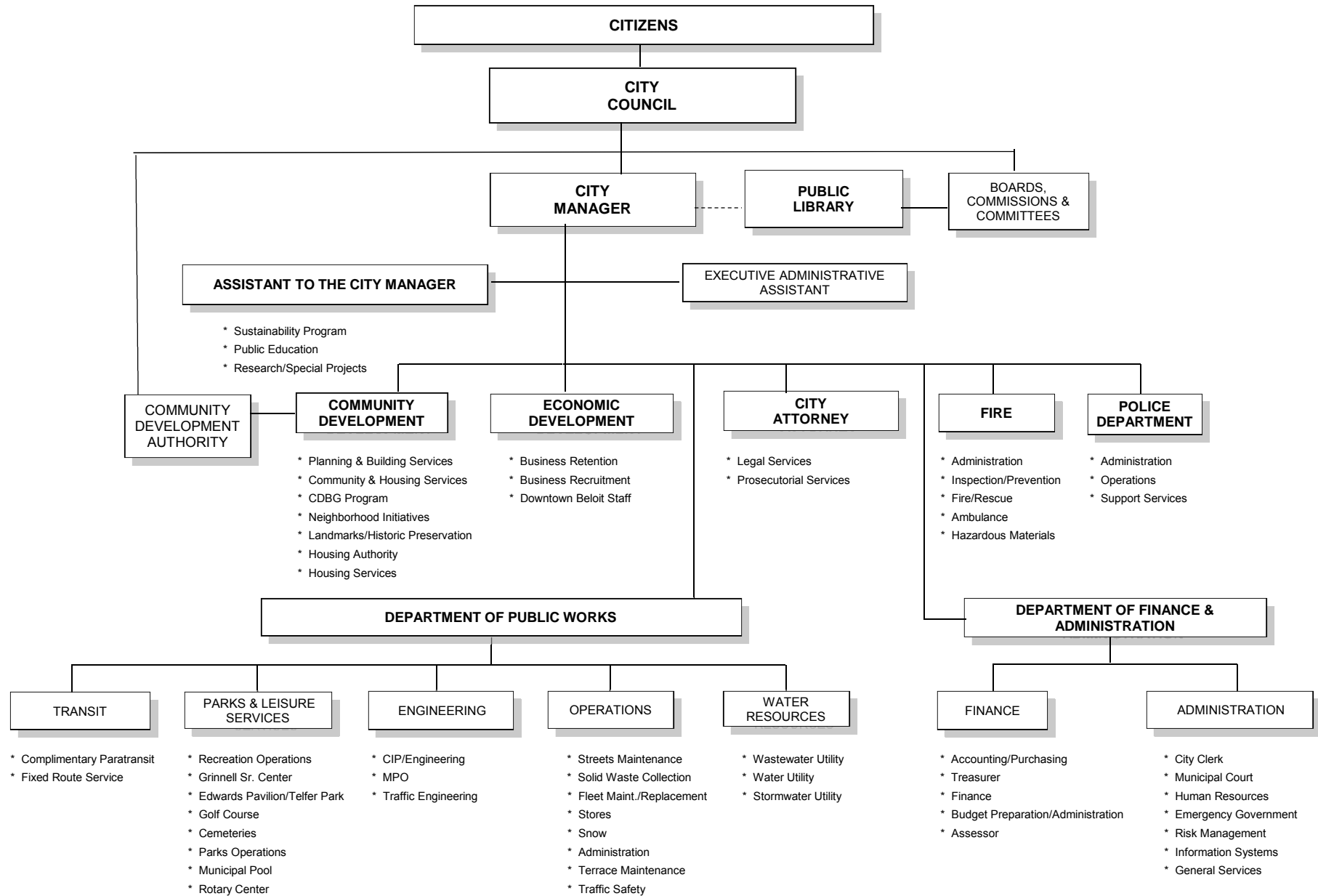
**CITY MANAGER**

Larry N. Arft

**DEPARTMENT DIRECTORS**

Beth Jacobsen – Assistant to the City Manager  
Gregory Boysen – Public Works Director  
Julie Christensen – Community Development Director  
Elizabeth Krueger – City Attorney  
Andrew Janke – Economic Development Director  
Bradley J. Liggett – Fire Chief  
Norm Jacobs – Police Chief  
Eric Miller – Finance & Administrative Services Director

# CITY OF БЕЛОIT, WISCONSIN ORGANIZATIONAL CHART 2014



## INDEPENDENT AUDITORS' REPORT

To the City Council  
City of Beloit  
Beloit, Wisconsin

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Beloit, Wisconsin, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City of Beloit's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

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

***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Beloit Public Library Foundation, Inc., or the limited liability corporations (LLCs) presented as component units of the City of Beloit Community Development Authority (CDA). The Beloit Public Library Foundation Inc. represents 1 percent, 3 percent and 1 percent, respectively, of the assets, net position and revenues of the discretely presented component units. The LLCs of the CDA represent 54 percent, 73 percent, and 11 percent, respectively, of the assets, net position, and operating revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Beloit Public Library Foundation, Inc., and the limited liability corporations (LLCs) presented as component units of the City of Beloit Community Development Authority (CDA), are based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Beloit Public Library Foundation, Inc., a component unit of the City of Beloit and the LLCs of the CDA were not audited in accordance with *Government Auditing Standards*.



To the City Council  
City of Beloit

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

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

### ***Opinions***

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Beloit, Wisconsin, as of December 31, 2014 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

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

To the City Council  
City of Beloit

*Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Beloit's basic financial statements. The Combining Statements and Schedules, Budget and Actual Schedules, Detailed Schedule of Revenues and Expenses to WisDOT and Federal Recognized Revenues and Expenses and the Computation of the Deficit Distribution Among the Subsidiary Grantors as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining Statements and Schedules, Budget and Actual Schedules, Detailed Schedule of Revenues and Expenses to WisDOT and Federal Recognized Revenues and Expenses and the Computation of the Deficit Distribution Among the Subsidiary Grantors are fairly stated in all material respects, in relation to the basic financial statements as a whole.

*Other Information*

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2015 on our consideration of the City of Beloit's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Beloit's internal control over financial reporting and compliance.

*Baker Tilly Virchow Krause, LLP*

Madison, Wisconsin  
June 24, 2015

# CITY OF БЕЛОIT, WISCONSIN

## MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.) (UNAUDITED) For Year Ended December 31, 2014

As management of the City of Beloit, Wisconsin, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2014. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, the basic financial statements, and related notes, all of which are contained in this comprehensive annual financial report (CAFR).

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### FINANCIAL HIGHLIGHTS

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- > The assets of the City of Beloit exceeded its liabilities as of December 31, 2014, by \$119,018,285 (*net position*). Of this amount, \$(4,800,118) is an unrestricted deficit.
  - > The City's total net position decreased \$2,552,064 largely due to an operating loss in the Sewer Utility and depreciation of the City's capital assets and infrastructure exceeding its reduction in outstanding debt related to those assets.
  - > As of December 31, 2014, the City's governmental funds reported combined ending fund balances of \$28,569,705, a decrease of \$18,274 from the prior year. Of this amount, \$3,920,577 or 13.7% is unassigned and is available for spending at the government's discretion. The decrease in fund balance was mostly due to a negative change in fund balance of \$792,286 in the Equipment Replacement Fund.
  - > As of December 31, 2014, the unassigned fund balance for the general fund was \$7,762,537 or 25.2% of total general fund expenditures.
  - > The business-type activities total net position at December 31, 2014 was \$70,859,751, which represents a decrease of \$872,332 from the prior year. Of this amount, \$57,555,475 represents the business-type activities net investment in capital assets.
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### OVERVIEW OF THE FINANCIAL STATEMENTS

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The discussion and analysis provided here is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This CAFR also includes supplementary information intended to provide additional detail to support the basic financial statements themselves.

#### Government-Wide Statements

The **government-wide financial statements** are designed to provide information about the City as a whole using the economic resources measurement focus and the accrual basis of accounting, in a manner similar to those of a private-sector business.

# CITY OF BELOIT, WISCONSIN

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.)  
(UNAUDITED)  
For Year Ended December 31, 2014

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## **OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)**

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### **Government-Wide Statements (cont.)**

The **statement of net position** presents information on all of the City's assets, liabilities and deferred inflows/outflows of resources, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. Additionally, to assess the overall financial health of the City one must also consider non-financial factors such as changes in the City's property tax base and the condition of the City's infrastructure.

The **statement of activities** presents information showing how the City's net position changed during the year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

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

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

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

### **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. These are explained in more detail as follows:

**Governmental Funds** – Most of the City's basic services are included in governmental funds. Fund based statements for these funds focus on how resources flow into and out of those funds and the balances left at year end that are available for future spending. These funds are reported on the modified accrual basis of accounting, this measures cash and other liquid assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term or current financial resources view that helps the reader determine the financial resources that can be spent in the near future to finance the City's programs and services.

# CITY OF BELOIT, WISCONSIN

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.)  
(UNAUDITED)  
For Year Ended December 31, 2014

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## OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)

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### Fund Financial Statements (cont.)

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

The City maintains 23 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general fund, general debt service fund, equipment replacement fund, TIF district No. 10 – special revenue fund, and capital improvements – capital projects fund, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this CAFR.

The City adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The governmental funds financial statements can be found on pages 4 to 6 of this CAFR.

**Proprietary Funds** – The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government wide financial statements. The City uses enterprise funds to account for its water, storm water, and sewer utilities, transit system, ambulance service, cemeteries, and golf course. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its fleet of vehicles and for its general liability and health insurance programs. Because internal service funds predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide statements.

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

The basic proprietary fund financial statements can be found on pages 8 to 12 of this CAFR.

# CITY OF BELOIT, WISCONSIN

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.)  
(UNAUDITED)  
For Year Ended December 31, 2014

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## **OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)**

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### **Fund Financial Statements (cont.)**

**Agency Funds** – Agency funds are used to account for resources held for the benefit of parties outside the government. Agency funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support city programs or services. The accounting used for agency funds is much like that used for proprietary funds.

The basic agency fund financial statements can be found on page 13 of this CAFR.

**Other Information** – In addition to the basic financial statements and accompanying notes, this CAFR also presents certain required supplementary information. This other information provides detailed budgetary comparison schedules for the general fund and TIF District No. 10 to demonstrate compliance with their budgets. These schedules and all other required supplementary information can be found on pages 89 to 97 of this CAFR. The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information and can be found on pages 98 to 103 of this CAFR.

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## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

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

As noted earlier, over time net position may serve as a useful indicator of the City's financial position. In the case of the City of Beloit, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$119,018,285 as of December 31, 2014. This is a decrease of \$2,552,064 from the previous year. This decrease is largely attributed to an operating loss in the Sewer Utility and depreciation of the City's capital assets and infrastructure exceeding its reduction in outstanding debt related to those assets.

# CITY OF BELOIT, WISCONSIN

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.)  
(UNAUDITED)  
For Year Ended December 31, 2014

## GOVERNMENT-WIDE FINANCIAL ANALYSIS (cont.)

The largest portion of the City of Beloit's net position (approximately 91%) reflects its investment in capital assets (e. g., land, buildings, machinery, improvements, construction in progress, and equipment) net of any debt used to acquire those assets that is still outstanding. The City uses these assets to provide services to its citizens; consequently, these assets are not available to fund City operations. Although the City of Beloit's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

### Summary of Net Position as of December 31 (\$ in millions)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>
Current and other assets	\$ 65.1	\$ 66.7	\$ 18.2	\$ 17.6	\$ 83.3	\$ 84.3
Capital assets	107.4	105.2	90.8	88.7	198.2	193.9
Total Assets	<u>172.5</u>	<u>171.9</u>	<u>109.0</u>	<u>106.3</u>	<u>281.5</u>	<u>278.2</u>
Deferred outflows of resources	1.1	1.4	0.2	0.1	1.3	1.5
Long-term liabilities	98.3	99.6	35.8	34.3	134.1	133.9
Other liabilities	4.6	4.5	1.1	0.6	5.7	5.1
Total Liabilities	<u>102.9</u>	<u>104.1</u>	<u>36.9</u>	<u>34.9</u>	<u>139.8</u>	<u>139.0</u>
Deferred inflows of resources	20.9	21.0	0.6	0.7	21.5	21.7
Net position:						
Net investment in capital assets,	53.4	55.5	58.3	57.5	106.3	107.8
Restricted	12.3	12.8	3.2	3.2	15.5	16.0
Unrestricted	<u>(15.9)</u>	<u>(20.1)</u>	<u>10.2</u>	<u>10.1</u>	<u>(0.2)</u>	<u>(4.8)</u>
Total Net Position	<u>\$ 49.8</u>	<u>\$ 48.2</u>	<u>\$ 71.7</u>	<u>\$ 70.8</u>	<u>\$ 121.6</u>	<u>\$ 119.0</u>

The net position section includes an adjustment for capital assets owned by the business-type activities, but financed by the debt of the governmental activities column. Columns may not total due to rounding.

An additional portion of the City's net position (approximately 13%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (deficit) is \$(4,800,118).

**Analysis of City Operations** – The following table provides a summary of the City's operations for the year ended December 31, 2014. Governmental activities decreased the City's net position by \$1.7 million and business-type activities decreased the City's net position by \$0.9 million.

# CITY OF BELOIT, WISCONSIN

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.)  
(UNAUDITED)  
For Year Ended December 31, 2014

## GOVERNMENT-WIDE FINANCIAL ANALYSIS (cont.)

### Summary of Changes in Net Position for the Fiscal Year Ended December 31 (\$ in millions)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2013	2014	2013	2014	2013	2014
<b>REVENUES</b>						
Program Revenues:						
Charges for services	\$ 6.1	\$ 5.9	\$ 14.9	\$ 15.0	\$ 21.0	\$ 20.9
Operating grants & contributions	2.1	1.4	-	1.2	2.1	2.6
Capital grants & contributions	0.1	0.2	0.2	0.7	0.3	0.9
General Revenues:						
Property taxes	20.8	20.5	0.6	0.6	21.4	21.1
Other taxes	0.7	0.6	-	-	0.7	0.6
Intergovernmental	20.5	22.0	1.2	-	21.7	22.0
Investment income (loss)	(0.4)	1.0	0.3	0.3	(0.1)	1.3
Gain on the sale of property	0.1	0.2	(0.1)	-	-	0.2
Miscellaneous	1.8	1.2	-	-	1.8	1.2
Total Revenues	<u>51.8</u>	<u>53.0</u>	<u>17.1</u>	<u>17.8</u>	<u>68.9</u>	<u>70.8</u>
<b>EXPENSES</b>						
General government	0.8	0.8	-	-	0.8	0.8
Finance and Administration	4.6	4.4	-	-	4.6	4.4
Community development	3.3	2.1	-	-	3.3	2.1
Economic development	0.3	0.4	-	-	0.3	0.4
Police services	15.9	15.3	-	-	15.9	15.3
Fire services	10.9	10.2	-	-	10.9	10.2
Public works	15.5	16.7	-	-	15.5	16.7
Library	2.2	2.3	-	-	2.2	2.3
Interest & fiscal charges	3.8	2.4	-	-	3.8	2.4
Water utility	-	-	5.1	4.6	5.1	4.6
Sewer utility	-	-	8.7	8.8	8.7	8.8
Other non-major proprietary funds	-	-	5.2	5.3	5.2	5.3
Total Expenses	<u>57.3</u>	<u>54.6</u>	<u>19.0</u>	<u>18.7</u>	<u>76.3</u>	<u>73.3</u>
<b>Change in net position before transfers</b>	(5.5)	(1.6)	(1.9)	(0.9)	(7.4)	(2.5)
Transfers	0.8	-	(0.8)	-	-	-
<b>Change in net position</b>	(4.7)	(1.6)	(2.7)	(0.9)	(7.4)	(2.5)
<b>Net position – beginning</b>	<u>54.5</u>	<u>49.8</u>	<u>74.5</u>	<u>71.7</u>	<u>129.0</u>	<u>121.5</u>
<b>Net position – ending</b>	<u>\$ 49.8</u>	<u>\$ 48.2</u>	<u>\$ 71.7</u>	<u>\$ 70.8</u>	<u>\$ 121.6</u>	<u>\$ 119.0</u>

Columns may not total due to rounding.



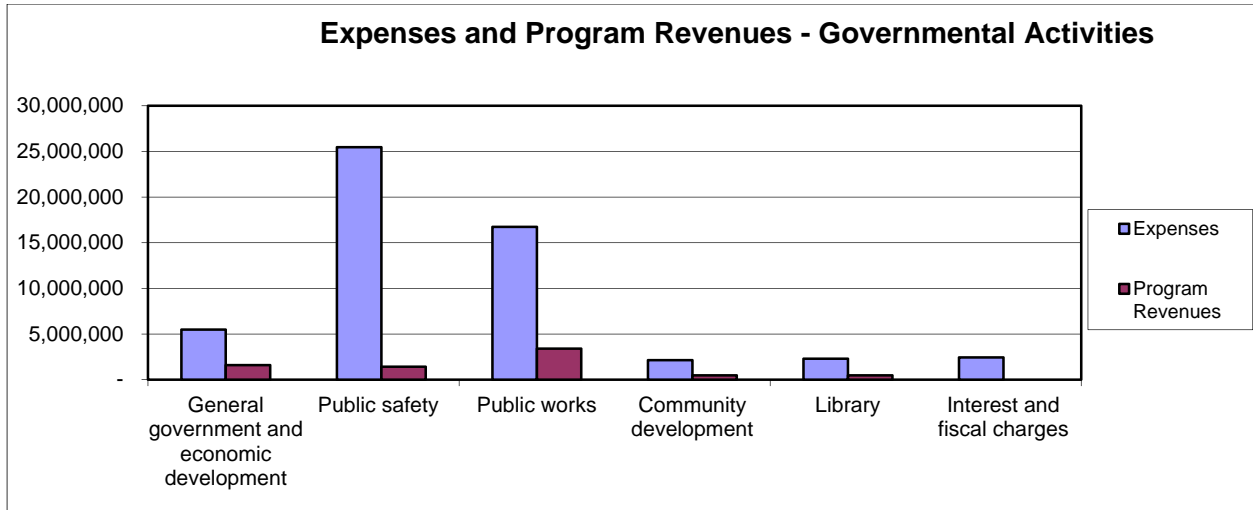
# CITY OF BELOIT, WISCONSIN

## MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.) (UNAUDITED)

For Year Ended December 31, 2014

### GOVERNMENT-WIDE FINANCIAL ANALYSIS (cont.)

For 2014, revenues increased by approximately \$1,900,000 or 3% and expenses decreased by approximately \$3,000,000 or 4% compared to the prior year. Water operating revenues decreased by \$77,000 in 2014 as a result of continued declines in consumption.

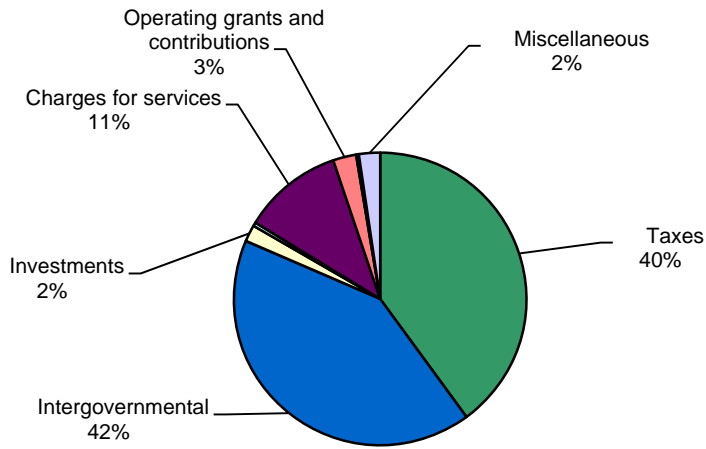


# CITY OF БЕЛОIT, WISCONSIN

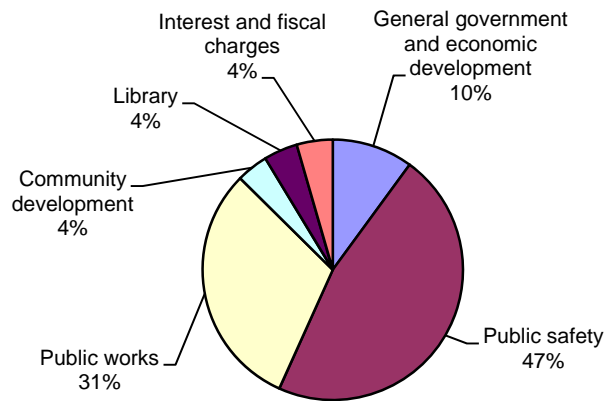
MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.)  
(UNAUDITED)  
For Year Ended December 31, 2014

## GOVERNMENT-WIDE FINANCIAL ANALYSIS (cont.)

### Revenue by Source - Governmental Activities



### Expenses by Function - Governmental Activities

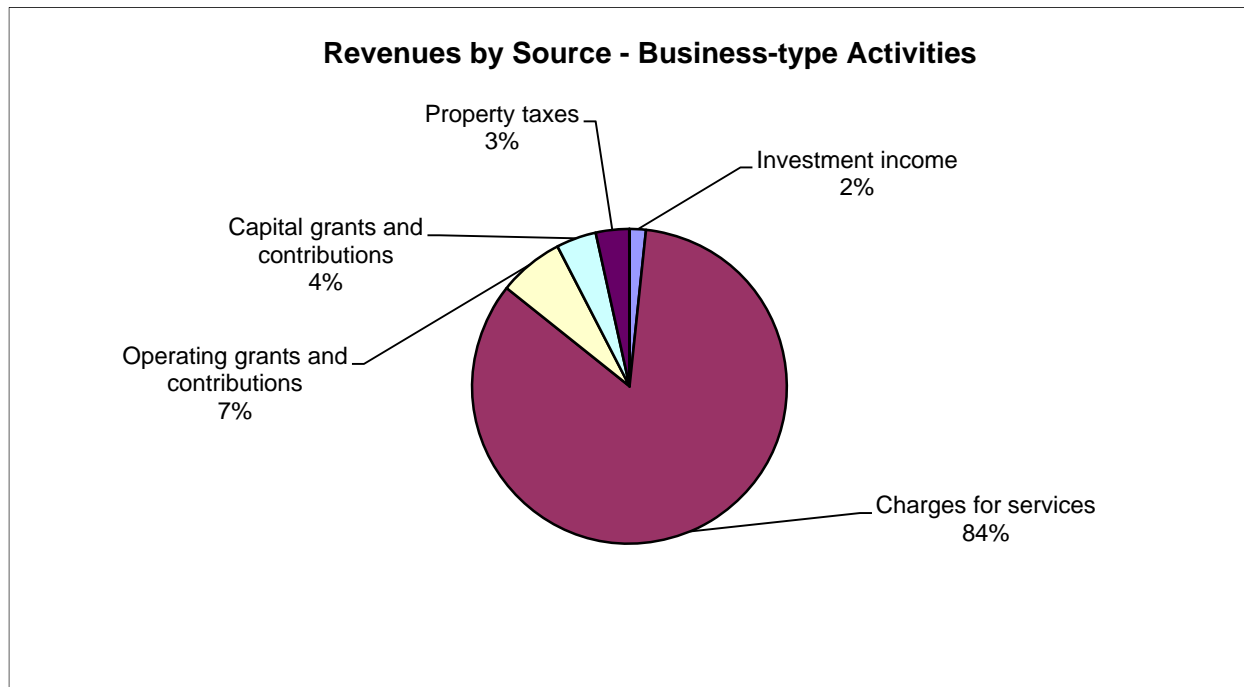
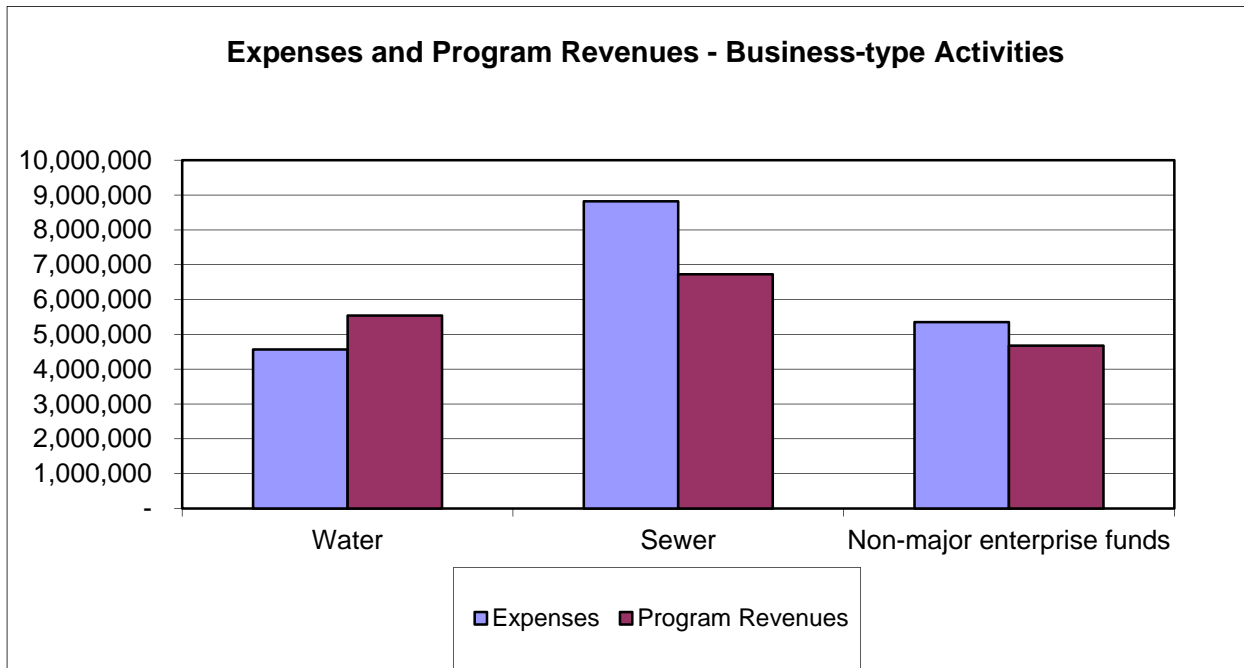


# CITY OF BELOIT, WISCONSIN

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.)  
(UNAUDITED)

For Year Ended December 31, 2014

## GOVERNMENT-WIDE FINANCIAL ANALYSIS (cont.)



# CITY OF BELOIT, WISCONSIN

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.)  
(UNAUDITED)  
For Year Ended December 31, 2014

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## FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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As was noted previously, the City uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. Fund accounting and financial reporting focuses on short-term spendable resources and balances of spendable resources available at year-end.

### Governmental Funds

The focus of the City of Beloit's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of December 31, 2014, the City of Beloit's governmental funds reported combined ending fund balances of \$28,569,705. This is a decrease of \$18,274 from the previous year. Approximately 13.7% of this total or \$3,920,577 constitutes unassigned fund balance, which is available for spending at the government's discretion. The decrease in fund balance was mostly due to a negative change in fund balance of \$792,286 in the Equipment Replacement Fund.

The remainder of fund balance is restricted, assigned or non-spendable. Restricted fund balance totals \$10,480,740 and can be used for only those purposes established by parties outside the government. The largest single component being \$2,810,900 restricted for economic development. Other restrictions in this category are for debt service, capital projects, grant programs, library operations, solid waste, cemetery perpetual care and park activities. Assigned fund balance totals \$12,084,859 and reflects the governments intended use of fund balances with such uses established by the City Council. This primarily includes funds assigned for capital projects and equipment replacement. The non-spendable portion of fund balance totals \$2,083,529 and is comprised primarily of advances to other funds, prepaids and supply inventories. Due to the inherent nature of these resources, they are considered non-spendable in their current form.

**General Fund:** The general fund is the primary operating fund of the City and is used to account for all financial resources except those required to be accounted for in another fund. The general fund has a detailed fund balance reserve policy that insures financial stability for the City of Beloit. The policy stipulates that the unrestricted fund balance will be either 15% of operating revenues or 3 months of estimated General Fund expenditures whichever is greater. As of December 31, 2014, the total fund balance of the general fund was \$10,134,357, of which \$8,062,537 was unrestricted (*assigned and unassigned*). This unrestricted fund balance represents 26.2% of general fund expenditures. The City's total general fund balance decreased \$282,012, from the prior year. The City budgeted a fund balance decrease of \$949,905.

# CITY OF BELOIT, WISCONSIN

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.)  
(UNAUDITED)  
For Year Ended December 31, 2014

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

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**Tax Increment Financing District No. 10:** This tax increment district accounts for expenditures outlined in the TID project plan and related revenues and proceeds from long-term borrowing. It includes the Gateway Business Park, a mixed-use project comprising over 1,227 acres of land.

Since its inception in 2000, the TID has accounted for over 1,000 new jobs and additional tax base valued in excess of \$139 million. The premier projects in the TID are Diamond Foods Kettle Brands, Kerry Americas Headquarters, and Staples Order Fulfillment facility. When combined, represent a tax base investment in excess of \$100 million. The district is scheduled to close in 2024. The annual tax increment of the TID exceeds \$4.3 million.

**General Debt Service Fund:** The general debt service fund is used to accumulate resources for the payments of general long-term debt principal, interest, and related costs. It has a fund balance of \$2,476,539 which is restricted for the payment of principal and interest on outstanding debt.

**Capital Improvements – Capital Projects:** This fund accounts for proceeds from long-term borrowing and other resources to be used for capital improvement projects. The fund balance as of December 31, 2014 is \$5,580,686 all of which is programmed to be used for capital projects and public infrastructure improvements. The City spent over \$3.7 million on capital improvement projects and maintenance last year including equipment/vehicles, highway, bridge and parks improvements.

**Equipment Replacement Fund:** The equipment replacement fund is used to accumulate resources for the purpose of replacing fleet vehicles and heavy equipment once their useful lives have been met. A depreciation schedule for each piece of equipment has been established and the user department makes an annual contribution to the fund for the future replacement of the equipment based on the annual depreciation contribution. For the past several years, due to limited budget resources, we have been unable to make contributions to this fund from the City's general fund. Contributions have continued to be made by the special revenue and enterprise funds. The fund balance as of December 31, 2014, was \$7,050,610, a decrease of \$792,286 from the prior year.

The aggregate non-major governmental funds column includes several special revenue and capital projects funds that are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. Most of these are the remaining tax incremental financing districts. The cumulative fund balances for these funds is \$2,637,124, an increase of \$508,659 from last year. There are three tax increment districts that have deficit fund balances as of December 31, 2014.

### Proprietary Funds

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

# CITY OF BELOIT, WISCONSIN

## MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.) (UNAUDITED) For Year Ended December 31, 2014

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

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**Water Utility:** The water utility realized operating income of \$2,139,613 in 2014 compared to \$2,026,059 in 2013. This represents a \$113,554 or 5.66 increase which is the result of a decrease in maintenance costs in 2014, offset by a decrease in sales. The change in net position in 2014 was an increase of \$620,887. The City serves 15,170 water customers and maintains eight wells and approximately 200 miles of water mains.

**Sewer Utility:** The sewer utility realized an operating loss of \$2,026,128 in 2014 compared to a loss of \$2,045,964 for 2013. This loss is largely the result of increased operating and maintenance costs and depreciation expense on plant and equipment. Operating revenues increased slightly in 2014 as a result of increased industrial billings. There was no change in the user fees assessed for sanitary sewer services. The rates for sewer services have not changed since 2003 and have not increased since the 1990's. Net position decreased \$1,575,158 due primarily to the increase in operating costs and depreciation. Cash flow remains positive for the sewer utility with an increase in cash and cash equivalents of \$310,676 from the prior year. The City serves 13,222 sewer customers with a wastewater treatment facility that has the capacity to treat 11 MGD of flow. The City maintains approximately 186 miles of sanitary sewer mains.

The net position of the City's Enterprise Funds as of December 31, 2014 was \$70,664,803. The water and sewer utility's net position accounted for \$57,153,714 or 81% of this total.

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### GENERAL FUND BUDGETARY HIGHLIGHTS

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The general fund final amended budget appropriations, which include expenditures and other financing uses, totaled \$31,182,515. The final actual expenditures and other financing uses of \$30,819,125 were \$363,390 less than the final budget appropriations.

The actual revenues and other financing sources were \$30,537,113, which were \$304,503 more than the final budgeted amount. Investment income in 2014 was \$257,634. Interest rates continue to remain at all-time historic lows without any sign of improvement in the near future. At \$6,950,211, the property tax levy is the second largest local source revenue in the general fund. Property taxes exceeded the final budget by \$13,157. The most significant revenue items in the general fund are the Aids to Local Government payments the City receives from the State of Wisconsin. In 2014, these payments totaled \$19,350,993. This represents 63% of total general fund revenues and other financing sources and is consistent with prior year's totals. Revenues and other financing sources were \$282,012 less than expenditures and other financing uses, which is the net change in fund balance for 2014. As was previously mentioned, a deficit of \$949,905 was budgeted for the general fund in 2014.

Some of the highlights of comparing the final budget to actual for the fiscal year include the following:

- > General government expenditures were \$417,638 less than budget largely related to reduced staffing costs, and using fewer contracted services in the Finance and Administrative Services department.
- > Actual expenditures for the Public Safety departments were \$167,622 more than the final budget amount. This was due mainly to increases in structural and equipment maintenance costs, as well as, retiree health insurance, overtime, and jail fees.

# CITY OF BELOIT, WISCONSIN

## MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.) (UNAUDITED) For Year Ended December 31, 2014

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### **GENERAL FUND BUDGETARY HIGHLIGHTS (cont.)**

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- > Public Works department expenditures were \$68,283 less than budget due to the supplemental appropriation to the snow and ice removal budget related to the severe winter weather.
- > Overall, general fund expenditures and other financing uses were \$363,390 less than final budgeted amounts.
- > Tax revenues were slightly higher than budget primarily due to additional tax collections and payment in lieu of taxes received from the Beloit Housing Authority.
- > The City's largest source of revenue for its general fund comes from funding it receives from the State of Wisconsin. In 2014 the City received \$19,350,993 in intergovernmental aid from the State to support municipal services and transportation. This amounts to 63% of total general fund revenues and other financing sources.
- > License and permit revenues were \$89,583 more than budget projections showing some positive signs of recovery from the recession.
- > Fines, forfeitures and penalties were \$129,060 less than budget largely due to decreased fines collected for non-traffic related offenses and parking violations.
- > Fees and charges departments make for services provided were \$30,153 more than budget largely due to increased fire inspection fees and miscellaneous charges.

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### **CAPITAL ASSETS**

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The City of Beloit's investment in capital assets for its governmental and business-type activities as of December 31, 2014, was \$193,866,139 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings, improvements, machinery, and equipment, park facilities, roads, bridges, highways and related fixtures and represents a decrease in net book value of \$4,422,556 from last year. This decrease is the result of current year depreciation exceeding current year additions to capital assets.

Major capital assets completed or started during the year include the following:

- > The City added over \$1.3 million in vehicles and equipment in 2014.
- > The City added over \$1.0 million of various improvements to its water and sewer utility funds including replacements and expansions to the water distribution system and the sewer collection system as well as customary infrastructures improvements to the water pollution control facility.

**CITY OF BELOIT, WISCONSIN**

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.)  
(UNAUDITED)  
For Year Ended December 31, 2014

**CAPITAL ASSETS (cont.)**

**Capital Assets  
Net of Accumulated Depreciation  
as of December 31  
(\$ in millions)**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2013</b>	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>	<b>2014</b>
Land	\$ 5.0	\$ 5.0	\$ 3.7	\$ 3.7	\$ 8.7	\$ 8.7
Construction in progress	-	-	-	0.9	-	0.9
Buildings	15.3	14.9	8.0	7.7	23.3	22.6
Machinery & equipment	10.7	10.5	3.6	3.9	14.3	14.4
Other improvements	2.7	2.5	-	-	2.7	2.5
Streets	56.9	55.9	-	-	56.9	55.9
Street lights	5.0	4.9	-	-	5.0	4.9
Traffic signals	0.9	0.8	-	-	0.9	0.8
Bridges	10.9	10.7	-	-	10.9	10.7
Storm sewer infrastructure	-	-	9.7	9.6	9.7	9.6
Water plant & equipment	-	-	28.3	27.6	28.3	27.6
Sewer plant & equipment	-	-	37.6	35.3	37.6	35.3
<b>Totals</b>	<b>\$ 107.4</b>	<b>\$ 105.2</b>	<b>\$ 90.9</b>	<b>\$ 88.7</b>	<b>\$ 198.3</b>	<b>\$ 193.9</b>

Columns may not total due to rounding.

Additional information on the City's capital assets can be found in note IV.D on pages 37-39 of this CAFR.



# CITY OF BELOIT, WISCONSIN

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.)  
(UNAUDITED)  
For Year Ended December 31, 2014

## **LONG-TERM OBLIGATIONS**

In 2014, the City issued \$9,285,000 in general obligation debt and retired general obligation and revenue bond debt of \$12,433,952 resulting in \$81,790,303 in outstanding general obligation and revenue bonds at the end of 2014. Of the total bonded debt outstanding, \$52,986,685 is backed by the full faith and credit of the government. Under Wisconsin State Statutes, the City's aggregate general obligation indebtedness may not exceed 5% of the equalized assessed value of taxable property located within the City. The total debt applicable to the statutory limit is 72% of the maximum allowed of \$73,584,810. The City's Stormwater utility revenue bonds and general obligation notes and bonds are rated "A+" and the Water and Sewer utility revenue bonds are rated "A" by Standard and Poor's. Both of these ratings were affirmed in 2014.

**Outstanding Long-Term Debt  
as of December 31  
(\$ in millions)**

	Governmental Activities		Business-Type Activities		Total	
	2013	2014	2013	2014	2013	2014
General obligation bonds	\$ 49.8	\$ 48.3	\$ 4.9	\$ 4.7	\$ 54.7	\$ 53
Revenue bonds	-	-	30.2	28.8	30.2	28.8
<b>Debt Outstanding</b>	<b>\$ 49.8</b>	<b>\$ 48.3</b>	<b>\$ 35.1</b>	<b>\$ 33.5</b>	<b>\$ 84.9</b>	<b>\$ 81.8</b>

Columns may not total due to rounding.

Additional information on the City of Beloit's long-term debt and capital leases can be found in footnote IV.F and IV.G on pages 42-50 of this CAFR.

## **CURRENTLY KNOWN FACTS/ECONOMIC CONDITIONS**

The City's economy historically and currently remains largely reliant on manufacturing and industry which are sectors of the economy that were most negatively impacted by the recent recession. As of late there have been improvements to the local economy and the City remains on a path to full recovery. In April 2009, the City's unemployment rate was 18.3%, which was the highest in the State. As of April 2015, the rate was 6.4%, which was second highest in the State. This trend is positive and has continued to improve, yet still lags behind both State and National averages which are 4.4% and 5.4% respectively.

Due to the City's proximity to metropolitan Chicago to the southeast and Madison to the north via Interstates 39/90, and Milwaukee to the east via Interstate 43, there is reason to be optimistic that the City's economy stands to continue to improve. Beloit has a unique opportunity to serve the Midwestern United States as a center for industry and manufacturing.

# CITY OF BELOIT, WISCONSIN

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.)  
(UNAUDITED)  
For Year Ended December 31, 2014

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## **CURRENTLY KNOWN FACTS/ECONOMIC CONDITIONS (cont.)**

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This fact has become obvious from the economic development activity and growth being realized in the City's Tax Increment District No.10 which is located at the intersection of these highways. Since its inception in 2000, TID No.10 has realized an additional tax base value in excess of \$139 million with over 1,000 new jobs. We are optimistic that this linkage will further enhance the development potential of TID #10 and provide additional economic development opportunities for the City.

Another project that will have a profound impact on the City's economy is the potential for an Indian gaming casino in the City. Three years ago, the Ho Chunk Nation entered into an Inter-governmental Agreement with the City and Rock County to construct and operate a gaming casino in the City. They have submitted an application to the United States Department of the Interior Bureau of Indian Affairs seeking approval to operate a full class III gaming casino in Beloit. If approved, the tribe plans to construct a 700,000 sq. ft. facility for the casino and a 300 room hotel, conference and convention facility. The projected total investment is expected to be close to \$200 million. Once operational the facility is expected to provide approximately 2,000 new jobs in the City. The City will receive impact fee payments amounting to several million dollars to cover the costs of new infrastructure improvements to serve the facility as well as a share of net gaming proceeds. It is estimated the net gaming proceeds could possibly total \$5 to \$7 million per year. Two years ago the City entered into a contract with the Ho Chunk Nation for the purchase of 41.6 acres of City owned land which is contiguous to the casino site which the tribe expects to develop as part of the casino project. These additional development opportunities will further add to the impact of the casino on the City's economy by creating more jobs and adding to the tax base.

In 2014, the City's tax base increased \$94,562,200 or 6.9% to \$1,471,696,200. Most of this increase occurred in commercial property values. Property values appear to be stabilizing in 2015, with some increase in net new construction value for the City. In addition, several commercial and manufacturing construction projects began or were completed in 2014 and early 2015.

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## **REQUESTS FOR INFORMATION**

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This CAFR is designed to provide our citizens, customers, investors, and creditors with a general overview of the City's finances. If you have questions concerning any of the information provided in this CAFR or need additional information, please contact the City of Beloit, Attn: Finance Director, 100 State Street, Beloit, Wisconsin, 53511.

General information relating to the City of Beloit, Wisconsin, is available on the City's website, <http://www.ci.beloit.wi.us>.

**CITY OF BELOIT**

STATEMENT OF NET POSITION  
As of December 31, 2014

	Primary Government			Component Units
	Governmental Activities	Business- type Activities	Totals	
<b>ASSETS</b>				
Cash and investments	\$ 25,899,749	\$ 7,799,246	\$ 33,698,995	\$ 1,359,160
Receivables (net of allowance for uncollectibles)				
Taxes	21,160,479	662,833	21,823,312	-
Delinquent personal property taxes	159,219	-	159,219	-
Accounts	1,330,204	3,634,579	4,964,783	41,349
Special assessments	997,115	-	997,115	-
Loans	4,110,689	-	4,110,689	-
Accrued interest	154,432	-	154,432	142
Other	93,896	487,114	581,010	-
Due from other governmental units	699,204	705,872	1,405,076	116,936
Internal balances - interfunds	554,325	(554,325)	-	-
Internal balances - advances	1,232,766	(1,232,766)	-	-
Due from component unit	256,578	-	256,578	-
Inventories	711,960	207,692	919,652	-
Financing costs	-	-	-	24,585
Tax credit fees	-	-	-	186,235
Prepaid items	539,786	92,711	632,497	648
Lease receivable from primary government	-	-	-	16,370,388
Restricted Assets				
Temporarily Restricted				
Cash and investments	-	5,706,788	5,706,788	2,923,177
Deposit with risk pool	1,575,475	-	1,575,475	-
Other assets	-	69,560	69,560	-
Land held for resale	7,263,549	-	7,263,549	-
Capital Assets				
Land	4,971,936	3,707,005	8,678,941	601,285
Construction in progress	73,673	859,429	933,102	-
Capital assets net of depreciation	100,119,778	84,134,318	184,254,096	18,230,604
Total Assets	<u>171,904,813</u>	<u>106,280,056</u>	<u>278,184,869</u>	<u>39,854,509</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Unamortized loss on advanced refunding	1,413,229	135,648	1,548,877	-
<b>LIABILITIES</b>				
Accounts payable	1,977,232	237,541	2,214,773	30,962
Accrued liabilities	428,380	211,161	639,541	731,020
Claims payable	2,013,788	-	2,013,788	-
Due to primary government	-	-	-	77,990
Due to other governmental units	113,274	-	113,274	-
Other liabilities	-	102,745	102,745	-
Deposits	-	-	-	93,829
Noncurrent liabilities				
Due within one year	8,914,055	2,263,747	11,177,802	2,460,000
Due in more than one year	90,704,341	32,077,926	122,782,267	17,249,803
Total Liabilities	<u>104,151,070</u>	<u>34,893,120</u>	<u>139,044,190</u>	<u>20,643,604</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unearned revenue	21,008,438	662,833	21,671,271	1,200,804
<b>NET POSITION (DEFICIT)</b>				
Net investment in capital assets	55,479,784	57,555,475	107,836,387	18,831,889
Restricted for debt service	2,048,472	481,083	2,529,555	-
Restricted for library operations	770,111	-	770,111	-
Restricted for replacement	-	2,731,400	2,731,400	-
Restricted for economic development	2,798,724	-	2,798,724	-
Restricted for grant programs	4,530,678	-	4,530,678	5,126,555
Restricted for solid waste	288,902	-	288,902	-
Restricted for cemetery perpetual care	2,236,895	-	2,236,895	-
Restricted for park activities	95,751	-	95,751	-
Unrestricted (deficit)	(20,090,783)	10,091,793	(4,800,118)	(5,948,343)
<b>TOTAL NET POSITION</b>	<u>\$ 48,158,534</u>	<u>\$ 70,859,751</u>	<u>\$ 119,018,285</u>	<u>\$ 18,010,101</u>

See accompanying notes to financial statements.

# CITY OF BELOIT

## STATEMENT OF ACTIVITIES For the Year Ended December 31, 2014

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
Governmental Activities				
General Government				
City Council, Manager, Attorney	\$ 772,449	\$ 24,937	\$ -	\$ -
Finance and Administrative Services	4,358,216	1,267,188	296,935	-
Community Development	2,143,055	270,531	207,794	-
Economic Development	355,466	-	-	-
Public Safety				
Police Services	15,311,616	1,307,662	205	-
Fire Services	10,153,177	49,148	60,432	-
Public works	16,731,753	2,742,229	502,098	160,386
Library	2,290,591	193,649	285,145	-
Interest and fiscal charges	2,437,125	-	-	-
Total Governmental Activities	54,553,448	5,855,344	1,352,609	160,386
Business-type Activities				
Water	4,567,804	5,465,477	-	74,718
Sewer	8,820,728	6,725,986	-	-
Golf course	525,648	399,747	-	-
Cemeteries	345,952	150,709	-	-
Ambulance	1,167,891	1,071,670	-	-
Storm sewer	989,043	950,477	19,928	-
Transit	2,323,523	246,266	1,175,835	660,000
Total Business-type Activities	18,740,589	15,010,332	1,195,763	734,718
Total Primary Government	\$ 73,294,037	\$ 20,865,676	\$ 2,548,372	\$ 895,104
<b>Component Units - Business-type Activities</b>				
Community Development Authority	\$ 5,906,455	\$ 243,885	\$ 3,618,724	\$ -
Beloit Public Library Foundation, Inc.	37,248	-	14,046	-
Total Component Units	\$ 5,943,703	\$ 243,885	\$ 3,632,770	\$ -

**General Revenues**

**Taxes**

Property taxes, levied for general purposes  
Property taxes, levied for debt service  
Property taxes, tax increment  
Property taxes, levied for other  
Other taxes

Intergovernmental revenues not restricted to  
specific programs

Investment income

Gain on sale of property

Miscellaneous

**Transfers**

Total General Revenues and Transfers

**Change in net position**

NET POSITION - Beginning

**NET POSITION - ENDING**

Net (Expense) Revenue and Changes in Net Position				
Primary Government				Component Units
Governmental Activities	Business-type Activities	Totals		
\$ (747,512)	\$ -	\$ (747,512)	\$ -	-
(2,794,093)	-	(2,794,093)	-	-
(1,664,730)	-	(1,664,730)	-	-
(355,466)	-	(355,466)	-	-
(14,003,749)	-	(14,003,749)	-	-
(10,043,597)	-	(10,043,597)	-	-
(13,327,040)	-	(13,327,040)	-	-
(1,811,797)	-	(1,811,797)	-	-
(2,437,125)	-	(2,437,125)	-	-
<u>(47,185,109)</u>	<u>-</u>	<u>(47,185,109)</u>	<u>-</u>	<u>-</u>
-	972,391	972,391	-	-
-	(2,094,742)	(2,094,742)	-	-
-	(125,901)	(125,901)	-	-
-	(195,243)	(195,243)	-	-
-	(96,221)	(96,221)	-	-
-	(18,638)	(18,638)	-	-
-	(241,422)	(241,422)	-	-
-	<u>(1,799,776)</u>	<u>(1,799,776)</u>	<u>-</u>	<u>-</u>
<u>(47,185,109)</u>	<u>(1,799,776)</u>	<u>(48,984,885)</u>	<u>-</u>	<u>-</u>
-	-	-	(2,043,846)	-
-	-	-	<u>(23,202)</u>	-
-	-	-	<u>(2,067,048)</u>	-
6,867,316	612,481	7,479,797	-	-
4,787,927	-	4,787,927	-	-
6,958,168	-	6,958,168	-	-
1,927,377	-	1,927,377	-	-
591,020	-	591,020	-	-
21,961,045	-	21,961,045	-	-
972,002	299,078	1,271,080	846,297	-
214,055	-	214,055	-	-
1,237,121	5,231	1,242,352	122,362	-
(10,654)	10,654	-	-	-
<u>45,505,377</u>	<u>927,444</u>	<u>46,432,821</u>	<u>968,659</u>	<u>-</u>
(1,679,732)	(872,332)	(2,552,064)	(1,098,389)	-
<u>49,838,266</u>	<u>71,732,083</u>	<u>121,570,349</u>	<u>19,108,490</u>	<u>-</u>
<u>\$ 48,158,534</u>	<u>\$ 70,859,751</u>	<u>\$ 119,018,285</u>	<u>\$ 18,010,101</u>	<u>-</u>

**CITY OF BELOIT**

**BALANCE SHEET - GOVERNMENTAL FUNDS**  
As of December 31, 2014

	General	TIF District No. 10	General Debt Service	Capital Improvements	Equipment Replacement	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>							
Cash and investments	\$ 7,215,132	\$ 1,008,390	\$ 715,300	\$ 2,501,597	\$ 6,037,979	\$ 7,256,342	\$ 24,734,740
Receivables							
Taxes	7,074,264	4,338,577	4,800,000	131,239	-	4,816,399	21,160,479
Delinquent personal property taxes	29,030	-	-	124,782	-	5,407	159,219
Accounts (net)	395,119	-	-	-	13,857	695,499	1,104,475
Special assessments	-	-	-	997,115	-	-	997,115
Loans	-	-	-	-	530,489	3,580,200	4,110,689
Accrued interest	72,466	-	-	-	16,976	17,748	107,190
Other	93,896	-	-	-	-	-	93,896
Due from other governmental units	-	-	-	582,143	-	117,061	699,204
Due from other funds	1,488,407	-	-	-	-	-	1,488,407
Due from component units	-	-	-	-	-	256,578	256,578
Inventories	711,960	-	-	-	-	-	711,960
Prepaid items	360,107	-	-	3,449	-	8,260	371,816
Advances to other funds	970,723	-	1,761,664	2,703,875	619,104	-	6,055,366
<b>TOTAL ASSETS</b>	<b>\$ 18,411,104</b>	<b>\$ 5,346,967</b>	<b>\$ 7,276,964</b>	<b>\$ 7,044,200</b>	<b>\$ 7,218,405</b>	<b>\$ 16,753,494</b>	<b>\$ 62,051,134</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>							
<b>Liabilities</b>							
Accounts payable	\$ 960,394	\$ 318,001	\$ 425	\$ 133,269	\$ 136,962	\$ 373,071	\$ 1,922,122
Due to other funds	-	-	-	72,813	-	644,192	717,005
Due to other government	113,274	-	-	-	-	-	113,274
Advances from other funds	-	-	-	-	-	4,465,539	4,465,539
<b>Total Liabilities</b>	<b>1,073,668</b>	<b>318,001</b>	<b>425</b>	<b>206,082</b>	<b>136,962</b>	<b>5,482,802</b>	<b>7,217,940</b>
<b>Deferred Inflows of Resources</b>							
Unearned revenue	6,960,990	4,338,577	4,800,000	131,239	-	4,777,632	21,008,438
Unavailable revenue	242,089	-	-	1,126,193	30,833	3,855,936	5,255,051
<b>Total Deferred Inflows of Resources</b>	<b>7,203,079</b>	<b>4,338,577</b>	<b>4,800,000</b>	<b>1,257,432</b>	<b>30,833</b>	<b>8,633,568</b>	<b>26,263,489</b>
<b>Fund Balances (Deficit)</b>							
Nonspendable	2,071,820	-	-	3,449	-	8,260	2,083,529
Restricted	-	690,389	2,476,539	1,196,750	-	6,117,062	10,480,740
Assigned	300,000	-	-	4,380,487	7,050,610	353,762	12,084,859
Unassigned (deficit)	7,762,537	-	-	-	-	(3,841,960)	3,920,577
<b>Total Fund Balances</b>	<b>10,134,357</b>	<b>690,389</b>	<b>2,476,539</b>	<b>5,580,686</b>	<b>7,050,610</b>	<b>2,637,124</b>	<b>28,569,705</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 18,411,104</b>	<b>\$ 5,346,967</b>	<b>\$ 7,276,964</b>	<b>\$ 7,044,200</b>	<b>\$ 7,218,405</b>	<b>\$ 16,753,494</b>	

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

Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds. See Note II.A.	105,156,327
Land held for resale is not reported in the funds	7,263,549
Some receivables that are not currently available are reported as deferred revenue in the fund financial statements but are recognized as revenue when earned in the government-wide statements. See Note IV.B.	5,255,051
Internal service funds are reported in the statement of net position as governmental funds	547,136
Some liabilities, including long-term debt, are not due and payable in the current period and, therefore, are not reported in the funds. See Note II.A.	(100,046,463)
A deferred charge on refunding represents a consumption of net position that applies to a future period and, therefore, is not reported in the funds.	1,413,229
<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b>\$ 48,158,534</b>

# CITY OF BELOIT

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS For the Year Ended December 31, 2014

	General	TIF District No. 10	General Debt Service
<b>REVENUES</b>			
Taxes	\$ 6,950,211	\$ 4,404,026	\$ 4,787,927
Intergovernmental	19,350,993	166,911	-
Licenses and permits	886,989	-	-
Fines, forfeitures and penalties	1,075,940	-	-
Fees and service charges	748,040	-	-
Rent	19,178	-	-
Special assessments	-	-	-
Investment income	257,634	15,612	1,592
Unrealized gain on investments	127,832	-	-
Public charges for services	-	-	-
Other	40,159	31,658	107,025
Total Revenues	29,456,976	4,618,207	4,896,544
<b>EXPENDITURES</b>			
Current			
General government	3,705,212	-	-
Community development	1,394,655	-	-
Public safety	19,442,554	-	-
Public works	6,276,704	-	-
Parks, recreation, and education	-	-	-
Capital Outlay	-	3,010,069	-
Debt Service			
Principal retirement	-	1,124,112	5,084,301
Interest and fiscal charges	-	641,700	1,436,609
Total Expenditures	30,819,125	4,775,881	6,520,910
Excess (deficiency) of revenues over (under) expenditures	(1,362,149)	(157,674)	(1,624,366)
<b>OTHER FINANCING SOURCES (USES)</b>			
Debt issued	-	-	-
Debt issued - refunding	-	-	5,366,243
Sale of city property	231,362	-	-
Payment to escrow agent	-	-	(5,643,847)
Debt premium	-	-	176,714
Transfers in	848,775	-	1,590,226
Transfers out	-	(275,746)	-
Total Other Financing Sources (Uses)	1,080,137	(275,746)	1,489,336
<b>Net Change in Fund Balances</b>	(282,012)	(433,420)	(135,030)
FUND BALANCES - Beginning	10,416,369	1,123,809	2,611,569
<b>FUND BALANCES - ENDING</b>	<b>\$ 10,134,357</b>	<b>\$ 690,389</b>	<b>\$ 2,476,539</b>

<u>Capital Improvements</u>	<u>Equipment Replacement</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ -	\$ 4,445,899	\$ 20,588,063
904,830	-	2,281,771	22,704,505
-	-	51,485	938,474
1,953	-	-	1,077,893
-	-	44,357	792,397
-	-	-	19,178
190,402	-	-	190,402
1,500	68,947	86,607	431,892
-	220,513	131,611	479,956
-	-	2,709,994	2,709,994
<u>574,312</u>	<u>767,192</u>	<u>710,350</u>	<u>2,230,696</u>
<u>1,672,997</u>	<u>1,056,652</u>	<u>10,462,074</u>	<u>52,163,450</u>
-	-	-	3,705,212
-	-	1,470,202	2,864,857
-	-	980,921	20,423,475
-	-	2,666,722	8,943,426
-	-	2,090,762	2,090,762
3,720,200	1,985,183	798,423	9,513,875
-	-	784,881	6,993,294
66,195	-	159,137	2,303,641
<u>3,786,395</u>	<u>1,985,183</u>	<u>8,951,048</u>	<u>56,838,542</u>
<u>(2,113,398)</u>	<u>(928,531)</u>	<u>1,511,026</u>	<u>(4,675,092)</u>
3,149,816	-	-	3,149,816
-	-	111,216	5,477,459
-	136,245	200,897	568,504
-	-	-	(5,643,847)
79,397	-	-	256,111
-	-	-	2,439,001
-	-	(1,314,480)	(1,590,226)
<u>3,229,213</u>	<u>136,245</u>	<u>(1,002,367)</u>	<u>4,656,818</u>
1,115,815	(792,286)	508,659	(18,274)
<u>4,464,871</u>	<u>7,842,896</u>	<u>2,128,465</u>	<u>28,587,979</u>
<u>\$ 5,580,686</u>	<u>\$ 7,050,610</u>	<u>\$ 2,637,124</u>	<u>\$ 28,569,705</u>



## CITY OF BELOIT

### RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES For the Year Ended December 31, 2014

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Net change in fund balances - total governmental funds	\$	(18,274)
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Amounts reported for governmental activities in the statement of activities are different because:

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

Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements		9,513,875
Less: Some items are reported as capital outlay but not capitalized		(7,983,814)
Depreciation is reported in the government-wide statements		(3,564,184)
Change in land held for resale		1,007,980

Net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins is to decrease net position.		(229,686)
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Receivables not currently available are reported as unearned revenue in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements.		134,099
--	--	---------

Debt and lease issues provide current financial resources to governmental funds, but issuing these obligations increases long-term liabilities in the statement of net position. Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which issues (\$8,627,275 G.O. debt) were less than payments/defeasances (\$10,161,066 G.O. debt, \$10,000 other debt, and \$1,981,008 capital leases).		3,524,799
Other post-employment benefit liability		(4,592,238)

Governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are amortized in the statement of activities.		124,564
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Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
Compensated absences		(18,583)
Accrued interest on debt		(29,092)

Internal service funds are used by management to charge the costs of insurance, printing services, engineering and equipment maintenance to other funds. The increase in net position of the internal service funds is reported in the governmental activities.		<u>450,822</u>
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<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b>\$</b>	<b><u>(1,679,732)</u></b>
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# CITY OF BELOIT

## STATEMENT OF NET POSITION - PROPRIETARY FUNDS As of December 31, 2014

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water Utility	Sewer Utility	Nonmajor Enterprise Funds	Totals	
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and investments	\$ 1,585,004	\$ 5,603,595	\$ 610,647	\$ 7,799,246	\$ 1,165,009
Receivables					
Taxes	-	-	662,833	662,833	-
Accounts	901,801	2,076,543	656,235	3,634,579	272,971
Other	70,080	413,200	3,834	487,114	-
Due from other governmental units	-	-	705,872	705,872	-
Inventories	67,978	-	139,714	207,692	-
Prepaid items	47,297	29,826	15,588	92,711	167,970
Restricted Assets					
Bond redemption account	383,039	110,789	44,466	538,294	-
Total Current Assets	3,055,199	8,233,953	2,839,189	14,128,341	1,605,950
<b>Noncurrent Assets</b>					
<b>Restricted Assets</b>					
Bond reserve account	2,310,629	-	126,444	2,437,073	-
Construction account	21	-	-	21	-
Replacement account	-	2,731,400	-	2,731,400	-
Deposit with risk pool	-	-	-	-	1,575,475
Total Restricted Assets	2,310,650	2,731,400	126,444	5,168,494	1,575,475
<b>Capital Assets</b>					
Land	1,050,724	1,386,281	1,270,000	3,707,005	-
Construction in progress	449,070	410,359	-	859,429	-
Land improvements	-	-	702,418	702,418	-
Buildings	5,449,135	71,364,546	4,845,648	81,659,329	-
Machinery, equipment, and vehicles	2,780,593	1,528,661	4,455,921	8,765,175	67,165
Infrastructure	41,066,332	17,321,676	12,394,926	70,782,934	-
Less: Accumulated depreciation	(16,127,514)	(54,490,495)	(7,157,529)	(77,775,538)	(58,105)
Total Capital Assets, Net	34,668,340	37,521,028	16,511,384	88,700,752	9,060
<b>Other Assets</b>					
Preliminary survey and engineering	-	69,560	-	69,560	-
Total Other Assets	-	69,560	-	69,560	-
Total Noncurrent Assets	36,978,990	40,321,988	16,637,828	93,938,806	1,584,535
Total Assets	40,034,189	48,555,941	19,477,017	108,067,147	3,190,485
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Unamortized loss on advance refunding	129,461	3,917	2,270	135,648	-

See accompanying notes to financial statements.

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water Utility	Sewer Utility	Nonmajor Enterprise Funds	Totals	
<b>LIABILITIES</b>					
Current Liabilities					
Accounts payable	\$ 27,716	\$ 134,485	\$ 75,340	\$ 237,541	\$ 55,423
Accrued liabilities	10,970	5,661	10,875	27,506	-
Claims payable	-	-	-	-	2,013,788
Due to other funds	-	-	749,273	749,273	22,129
Compensated absences	28,706	130,988	138,680	298,374	-
Current maturities of general obligation debt	171,897	94,037	229,987	495,921	-
Other current liabilities	-	-	7,574	7,574	-
Current Liabilities Payable From Restricted Assets					
Current maturities of revenue debt	1,270,000	144,452	55,000	1,469,452	-
Accrued interest	160,389	11,955	11,311	183,655	-
<b>Total Current Liabilities</b>	<b>1,669,678</b>	<b>521,578</b>	<b>1,278,040</b>	<b>3,469,296</b>	<b>2,091,340</b>
Noncurrent Liabilities					
General obligation debt, less current maturities	1,817,944	888,333	1,478,659	4,184,936	-
Compensated absences	23,831	134,941	39,207	197,979	-
Other post-employment benefits	19,259	85,063	76,693	181,015	-
Revenue debt, less current maturities	23,290,000	2,844,366	1,200,000	27,334,366	-
Unamortized premium	179,630	-	-	179,630	-
Deferred credits	95,171	-	-	95,171	-
Advances from other funds	-	-	1,232,766	1,232,766	357,061
<b>Total Noncurrent Liabilities</b>	<b>25,425,835</b>	<b>3,952,703</b>	<b>4,027,325</b>	<b>33,405,863</b>	<b>357,061</b>
<b>Total Liabilities</b>	<b>27,095,513</b>	<b>4,474,281</b>	<b>5,305,365</b>	<b>36,875,159</b>	<b>2,448,401</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unearned revenue	-	-	662,833	662,833	-
<b>NET POSITION (DEFICIT)</b>					
Net investment in capital assets	10,378,980	33,553,757	13,622,738	57,555,475	9,060
Restricted for debt service	222,650	98,834	159,599	481,083	-
Restricted for replacement	-	2,731,400	-	2,731,400	-
Unrestricted (deficit)	2,466,507	7,701,586	(271,248)	9,896,845	733,024
<b>TOTAL NET POSITION</b>	<b>\$ 13,068,137</b>	<b>\$ 44,085,577</b>	<b>\$ 13,511,089</b>	<b>\$ 70,664,803</b>	<b>\$ 742,084</b>
Amounts reported for business-type activities in the statement of net position are different because:					
Portion of internal service fund net position reported in the business-type activities as an interfund				194,948	
<b>NET POSITION OF BUSINESS-TYPE ACTIVITIES</b>				<b>\$ 70,859,751</b>	

See accompanying notes to financial statements.

**CITY OF БЕЛОIT**

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN  
NET POSITION - PROPRIETARY FUNDS  
For the Year Ended December 31, 2014

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water Utility	Sewer Utility	Nonmajor Enterprise Funds	Totals	
<b>OPERATING REVENUES</b>					
Charges for services	\$ 4,820,018	\$ 6,564,623	\$ 2,767,406	\$ 14,152,047	\$ 12,279,935
Other	645,459	161,363	51,463	858,285	1,665
Total Operating Revenues	<u>5,465,477</u>	<u>6,725,986</u>	<u>2,818,869</u>	<u>15,010,332</u>	<u>12,281,600</u>
<b>OPERATING EXPENSES</b>					
Operation and maintenance	1,467,579	5,032,308	4,403,599	10,903,486	10,967,219
Contractual services	601,254	1,103,476	345,288	2,050,018	764,738
Depreciation	1,257,031	2,616,330	496,679	4,370,040	2,941
Total Operating Expenses	<u>3,325,864</u>	<u>8,752,114</u>	<u>5,245,566</u>	<u>17,323,544</u>	<u>11,734,898</u>
Operating Income (Loss)	<u>2,139,613</u>	<u>(2,026,128)</u>	<u>(2,426,697)</u>	<u>(2,313,212)</u>	<u>546,702</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Intergovernmental revenues	-	-	1,175,835	1,175,835	-
Investment income	49,817	152,391	96,870	299,078	-
Interest expense	(992,045)	(103,021)	(126,165)	(1,221,231)	-
Amortization of debt discount and loss on refunding	(256,194)	(7,307)	(26,193)	(289,694)	-
General property taxes	-	-	612,481	612,481	-
Loss on early retirement of property	(2,000)	-	-	(2,000)	-
Interest subsidy received on Build America Bonds	-	-	19,928	19,928	-
Miscellaneous	-	5,231	-	5,231	-
Total Nonoperating Revenues (Expenses)	<u>(1,200,422)</u>	<u>47,294</u>	<u>1,752,756</u>	<u>599,628</u>	<u>-</u>
Income (loss) before contributions and transfers	939,191	(1,978,834)	(673,941)	(1,713,584)	546,702
Capital contributions - municipal	449,070	410,359	-	859,429	-
Capital contributions	74,718	-	660,000	734,718	-
Transfers in	6,683	-	-	6,683	-
Transfers out	(848,775)	(6,683)	-	(855,458)	-
<b>Change in Net Position</b>	<b>620,887</b>	<b>(1,575,158)</b>	<b>(13,941)</b>	<b>(968,212)</b>	<b>546,702</b>
TOTAL NET POSITION - Beginning	<u>12,447,250</u>	<u>45,660,735</u>	<u>13,525,030</u>		<u>195,382</u>
<b>TOTAL NET POSITION - ENDING</b>	<b>\$ 13,068,137</b>	<b>\$ 44,085,577</b>	<b>\$ 13,511,089</b>		<b>\$ 742,084</b>

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

Portion of internal service funds change in net position reported in business-type activities	<u>95,880</u>
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**CHANGE IN NET POSITION OF BUSINESS-TYPE ACTIVITIES** \$ (872,332)

**CITY OF BELOIT**

STATEMENT OF CASH FLOWS -  
 PROPRIETARY FUNDS  
 For the Year Ended December 31, 2014

	Business-type Activities - Enterprise Funds			Totals	Governmental Activities - Internal Service Funds
	Water Utility	Sewer Utility	Nonmajor Enterprise Funds		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Received from customers	\$ 5,659,874	\$ 6,919,824	\$ 2,818,219	\$ 15,397,917	\$ 12,087,125
Customer deposits received	(7,400)	-	-	(7,400)	-
Paid to suppliers for goods and services	(1,578,867)	(4,403,021)	(2,342,933)	(8,324,821)	(11,283,086)
Payments to employees for services	(645,527)	(1,814,056)	(2,459,102)	(4,918,685)	(572,190)
Net Cash Flows from Operating Activities	<u>3,428,080</u>	<u>702,747</u>	<u>(1,983,816)</u>	<u>2,147,011</u>	<u>231,849</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Implicit cash financing	-	-	749,273	749,273	-
Operating grants received	-	-	564,047	564,047	-
Transfers in (out)	(848,775)	-	-	(848,775)	-
Property taxes received	-	-	612,481	612,481	-
Noncapital advance (and repayment)	-	223,015	87,487	310,502	70,009
Net Cash Flows from Noncapital Financing Activities	<u>(848,775)</u>	<u>223,015</u>	<u>2,013,288</u>	<u>1,387,528</u>	<u>70,009</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Debt retired	(1,402,132)	(236,126)	(258,410)	(1,896,668)	-
Interest paid	(1,062,605)	(102,843)	(120,478)	(1,285,926)	-
Interest subsidy received on BABs	-	-	22,177	22,177	-
Proceeds from issuance of new debt	-	-	270,000	270,000	-
Debt issuance costs	(4,543)	(4,212)	(13,528)	(22,283)	-
Acquisition and construction of capital assets	(620,741)	(423,224)	(825,970)	(1,869,935)	-
Construction grants received	-	-	660,000	660,000	-
Contributions received for construction	32,176	-	-	32,176	-
Cost of removal of property retired	(9,564)	(1,072)	-	(10,636)	-
Capital advances from other funds receipts (payments)	(223,014)	-	-	(223,014)	-
Net Cash Flows from Capital and Related Financing Activities	<u>(3,290,423)</u>	<u>(767,477)</u>	<u>(266,209)</u>	<u>(4,324,109)</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Investment income	<u>49,817</u>	<u>152,391</u>	<u>96,871</u>	<u>299,079</u>	<u>-</u>
Net Cash Flows from Investing Activities	<u>49,817</u>	<u>152,391</u>	<u>96,871</u>	<u>299,079</u>	<u>-</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<u>(661,301)</u>	<u>310,676</u>	<u>(139,866)</u>	<u>(490,491)</u>	<u>301,858</u>
CASH AND CASH EQUIVALENTS - Beginning	<u>4,939,994</u>	<u>8,135,108</u>	<u>921,423</u>	<u>13,996,525</u>	<u>863,151</u>
<b>CASH AND CASH EQUIVALENTS - ENDING</b>	<u>\$ 4,278,693</u>	<u>\$ 8,445,784</u>	<u>\$ 781,557</u>	<u>\$ 13,506,034</u>	<u>\$ 1,165,009</u>

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water Utility	Sewer Utility	Nonmajor Enterprise Funds	Totals	
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Operating income (Loss)	\$ 2,139,613	\$ (2,026,128)	\$ (2,426,697)	\$ (2,313,212)	\$ 546,702
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows From Operating Activities					
Nonoperating income	-	5,231	-	5,231	-
Depreciation charged to other funds	118,719	-	-	118,719	-
Depreciation expense	1,257,031	2,616,330	496,679	4,370,040	2,941
Changes in Assets and Liabilities					
Accounts receivable	50,678	188,607	(650)	238,635	(194,475)
Inventories	(55,376)	-	(17,904)	(73,280)	-
Prepayments	(47,297)	(29,826)	(10,938)	(88,061)	(167,970)
Accounts payable	(55,754)	(55,273)	(35,503)	(146,530)	9,958
Deferred Debits	(500)	-	-	(500)	-
Accrued compensated absences	2,089	2,977	-	5,066	-
Deferred Credits	25,000	-	-	25,000	-
Other post-employment benefits	(1,357)	(5,994)	(5,540)	(12,891)	-
Due to other funds	-	-	-	-	22,129
Compensated absences	-	-	3,822	3,822	-
Customer deposits	(7,400)	-	-	(7,400)	-
Other current liabilities	2,634	6,823	12,915	22,372	-
Claims payable	-	-	-	-	12,564
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>\$ 3,428,080</b>	<b>\$ 702,747</b>	<b>\$ (1,983,816)</b>	<b>\$ 2,147,011</b>	<b>\$ 231,849</b>

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

Cash and investments - statement of net position	\$ 1,585,004	\$ 5,603,595	\$ 610,647	\$ 7,799,246	\$ 1,165,009
Restricted cash and investments - statement of net position					
Bond redemption account	383,039	110,789	44,466	538,294	-
Replacement account	-	2,731,400	-	2,731,400	-
Construction account	21	-	-	21	-
Bond reserve account	2,310,629	-	126,444	2,437,073	-
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 4,278,693</b>	<b>\$ 8,445,784</b>	<b>\$ 781,557</b>	<b>\$ 13,506,034</b>	<b>\$ 1,165,009</b>

**NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES**

During 2014, \$449,070 of water capital assets were contributed by the municipality.

During 2014, \$85,924 of water refunding bonds were issued to advance refund \$83,374 of debt and finance \$2,550 of issuance costs.

During 2014, \$6,683 of capital assets were paid for by sewer and transferred to water.

During 2014, \$410,359 of sewer capital assets were contributed by the municipality.

During 2014, \$79,706 of sewer refunding bonds were issued to advance refund \$77,341 of debt and finance \$2,365 of issuance costs.

During 2014, \$222,095 of storm sewer refunding bonds were issued to advance refund \$215,505 of debt and finance \$6,590 of issuance costs.

# CITY OF BELOIT

## STATEMENT OF ASSETS AND LIABILITIES AGENCY FUND As of December 31, 2014

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	<u>Agency Fund</u>
	<u>Tax Collection Fund</u>
<b>ASSETS</b>	
Cash and investments	\$ 7,749,693
Property taxes receivable	<u>16,513,505</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 24,263,198</u></b>
<b>LIABILITIES</b>	
Due to other taxing units	<u>\$ 24,263,198</u>
<b>TOTAL LIABILITIES</b>	<b><u>\$ 24,263,198</u></b>

See accompanying notes to financial statements.

## CITY OF BELOIT

### STATEMENT OF NET POSITION - COMPONENT UNITS

As of December 31, 2014

	Major Community Development Authority	Nonmajor Beloit Public Library Foundation, Inc.	Totals
<b>ASSETS</b>			
Current Assets			
Cash and investments	\$ 763,104	\$ 596,056	\$ 1,359,160
Receivables			
Accounts	41,251	98	41,349
Accrued interest	-	142	142
Lease receivable from primary government	2,460,000	-	2,460,000
Due from other governmental units	116,936	-	116,936
Financing costs	24,585	-	24,585
Tax credit fees	186,235	-	186,235
Prepaid items	648	-	648
Total Current Assets	3,592,759	596,296	4,189,055
Noncurrent Assets			
Restricted Assets			
Cash and investments	2,923,177	-	2,923,177
Capital Assets			
Land	601,285	-	601,285
Land improvements	561,467	-	561,467
Buildings	2,040,169	-	2,040,169
Building improvements	17,597,147	-	17,597,147
Machinery, equipment, furnishings and vehicles	783,996	-	783,996
Less: Accumulated depreciation	(2,752,175)	-	(2,752,175)
Total Capital Assets, Net	18,831,889	-	18,831,889
Other Assets			
Lease receivable from primary government	13,910,388	-	13,910,388
Total Noncurrent Assets	35,665,454	-	35,665,454
Total Assets	39,258,213	596,296	39,854,509
<b>LIABILITIES</b>			
Current Liabilities			
Accounts payable	30,962	-	30,962
Accrued liabilities	731,020	-	731,020
Due to primary government	77,990	-	77,990
Deposits	93,829	-	93,829
Lease revenue bonds payable	2,460,000	-	2,460,000
Total Current Liabilities	3,393,801	-	3,393,801
Noncurrent Liabilities			
Compensated absences	73,448	-	73,448
Loans payable	295,036	-	295,036
Other notes payable	761,319	-	761,319
Lease revenue bonds payable	16,120,000	-	16,120,000
Total Noncurrent Liabilities	17,249,803	-	17,249,803
Total Liabilities	20,643,604	-	20,643,604
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unearned revenue	1,200,804	-	1,200,804
<b>NET POSITION (DEFICIT)</b>			
Net investment in capital assets	18,831,889	-	18,831,889
Restricted for grant programs	5,120,255	6,300	5,126,555
Unrestricted (deficit)	(6,538,339)	589,996	(5,948,343)
<b>TOTAL NET POSITION</b>	<b>\$ 17,413,805</b>	<b>\$ 596,296</b>	<b>\$ 18,010,101</b>

See accompanying notes to financial statements.



## CITY OF BELOIT

### STATEMENT OF ACTIVITIES - COMPONENT UNITS For the Year Ended December 31, 2014

	Major	Nonmajor	
	Community Development Authority	Beloit Public Library Foundation, Inc.	Totals
<b>EXPENSES</b>			
Community development	\$ 4,888,490	\$ -	\$ 4,888,490
Library services	-	37,248	37,248
Total Expenses	4,888,490	37,248	4,925,738
<b>PROGRAM REVENUES</b>			
Charges for services	243,885	-	243,885
Operating grants and contributions	3,618,724	14,046	3,632,770
Other revenue	83,325	1,195	84,520
Total Program Revenues	3,945,934	15,241	3,961,175
Net Revenues (Expenses)	(942,556)	(22,007)	(964,563)
<b>GENERAL REVENUES (EXPENSES)</b>			
Investment income	806,950	39,347	846,297
Interest and amortization	(1,017,965)	-	(1,017,965)
Miscellaneous	37,842	-	37,842
Total General Revenues (Expenses)	(173,173)	39,347	(133,826)
Change in Net Position	(1,115,729)	17,340	(1,098,389)
TOTAL NET POSITION - Beginning	18,529,534	578,956	19,108,490
<b>TOTAL NET POSITION - ENDING</b>	<b>\$ 17,413,805</b>	<b>\$ 596,296</b>	<b>\$ 18,010,101</b>

# CITY OF BELOIT

## INDEX TO NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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### **NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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The accounting policies of the City of Beloit, Wisconsin (the "City") conform to generally accepted accounting principles as applicable to governmental units. The accepted standard setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board (GASB).

#### **A. REPORTING ENTITY**

This report includes all of the funds of the City. The reporting entity for the City consists of the primary government and its component units. Component units are legally separate organizations for which the primary government is financially accountable or other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if (1) it appoints a voting majority of the organization's governing body and is able to impose its will on that organization; (2) it appoints a voting majority of the organization's governing body and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government; (3) the organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. Certain legally separate, tax exempt organizations should also be reported as a component unit if all of the following criteria are met: (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; (2) the primary government, or its component units, is entitled to, or has the ability to access, a majority of the economic resources received or held by the separate organization; and (3) the economic resources received or held by an individual organization that the primary government, or its component units, is entitled to, or had the ability to otherwise access, are significant to the primary government.

Component units are reported using one of two methods, discrete presentation or blending. Generally, component units should be discretely presented in a separate column in the financial statements. A component unit should be reported as part of the primary government using the blending method if it meets any one of the following criteria: (1) the primary government and its component unit have substantively the same governing body and a financial benefit or burden relationship exists; (2) the primary government and the component unit have substantially the same governing body and management of the primary government has operational responsibility for the component unit; (3) the component unit serves or benefits, exclusively or almost exclusively, the primary government rather than its citizens; or (4) the total debt of the component unit will be paid entirely or almost entirely from resources of the primary government.

#### ***Discretely Presented Component Units***

##### ***City of Beloit Community Development Authority***

The government-wide financial statements include the City of Beloit Community Development Authority ("CDA") as a component unit. The CDA is a legally separate organization. The board of the CDA is appointed by the city council. Wisconsin Statutes provide for circumstances whereby the City can impose their will on the CDA, and also create a potential financial benefit to or burden on the City (see Note IV.1.). As a component unit, the CDA's financial statements are shown as a discrete column (proprietary) in the financial statements. The CDA's financial statements include transactions of two limited liability companies which are used to promote redevelopment of CDA properties. The information presented is for the fiscal year ended December 31, 2014. The CDA does not issue separate financial statements. Additional information may be obtained from the CDA's office.

# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

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#### A. REPORTING ENTITY (cont.)

##### *Discretely Presented Component Units* (cont.)

##### *City of Beloit Business Improvement District (the “district”)*

The district was created under the provisions of Wisconsin Statute Section 66.608. The district, created in 1989, is a legally separate entity with a separate thirteen member board appointed and approved by the city council. Wisconsin Statutes provide circumstances whereby the City can impose its will on the district, and also create a potential financial benefit to or burden on the City. The members serve staggered terms as designated by the city council. A majority of the members own or occupy real property in the district. The district has its own budgetary authority and assessment capabilities. The district's financial statements are not included in these financial statements as the activity of the district was deemed to be immaterial to the City. Separately issued financial statements of the district may be obtained from the City of Beloit Business Improvement District.

##### *Beloit Public Library Foundation, Inc. (the “Foundation”)*

The government-wide financial statements include the Beloit Public Library Foundation, Inc. as a component unit. The Foundation is a legally separate organization. The economic resources of the Foundation are held for the direct benefit of the City of Beloit library and are significant to the City. As a component unit, the Foundation's financial statements have been presented as a discrete column in the financial statements. The information presented is for the fiscal year ended December 31, 2014 (see Note IV.I.). Separately issued financial statements of the Foundation may be obtained from the Foundation's office.

#### B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

##### *Government-Wide Financial Statements*

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

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

# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

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

##### ***Fund Financial Statements***

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

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

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

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

The City reports the following major governmental funds:

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

TIF District No. 10 – Special Revenue Fund – accounts for receipts of district “incremental” property taxes and other revenues that are legally restricted or committed to supporting expenditures of the district.

General Debt Service – used to account for and report financial resources that are restricted, committed, or assigned to expenditure for the payment of principal and interest on long-term debt other than TIF or enterprise fund debt.

Capital Improvements – Capital Projects Fund – used to account for and report financial resources that are restricted, committed, or assigned to expenditures to be used for capital improvement projects.

Equipment Replacement – Capital Projects Fund – used to account for and report financial resources that are restricted, committed, or assigned to expenditures to be used for replacement of equipment and vehicles.

# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

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

##### ***Fund Financial Statements (cont.)***

The City reports the following major enterprise funds:

Water Utility – accounts for operations of the water system  
Sewer Utility – accounts for operations of the sewer system

The City reports the following nonmajor governmental and enterprise funds:

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

Rental Rehab (WRRP/HOME)	TIF District No. 14
Community Development Block Grant	Fire Multi-Year Grants
TIF District No. 5	DPW Multi-Year Grants
TIF District No. 6	Community Development
TIF District No. 8	Library
TIF District No. 9	Police
TIF District No. 11	Solid Waste
TIF District No. 12	Perpetual Care
TIF District No. 13	

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

Computer Replacement

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

Golf Course  
Cemeteries  
Ambulance  
Storm Sewer  
Transit System

# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

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

##### ***Fund Financial Statements (cont.)***

In addition, the City reports the following fund types:

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

- Equipment Operations
- General Liability Insurance
- Health Insurance
- Retiree Health Insurance

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

- Tax Collections

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

##### ***Government-Wide Financial Statements***

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

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

# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

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

##### ***Fund Financial Statements***

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

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

Intergovernmental aids and grants are recognized as revenues in the period the City is entitled to the resources and the amounts are available. Amounts owed to the City which are not available are recorded as receivables and unavailable revenues. Amounts received before eligibility requirements (excluding time requirements) are met and recorded as liabilities. Amounts received in advance of meeting time requirements are recorded as deferred inflows.

Special assessments are recorded as revenues when they become measurable and available as current assets. Annual installments due in future years are reflected as receivables and unavailable revenues. At December 31, 2014, there were \$1,654,803 of unrecorded anticipated future assessments which are not recorded as receivables because collection is subject to certain events occurring in the future and no formal repayment schedule has been established.

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

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

The proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water and sewer funds are charges to customers for sales and services. Special assessments are recorded as receivables and contribution revenue when levied. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.



# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

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

##### **All Financial Statements**

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

#### **D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY**

##### **1. Deposits and Investments**

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

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

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

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

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

# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

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#### **D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)**

##### **1. Deposits and Investments (cont.)**

The City has adopted an investment policy. That policy follows the state statute for allowable investments. The policy includes custodial credit risk, credit risk, and concentration of credit risk.

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

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2014, the fair value of the City's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

See Note IV.A. for further information.

##### **2. Receivables**

###### *Property Taxes*

Property taxes are levied in December on the assessed value as of the prior January 1. In addition to property taxes for the City, taxes are collected for and remitted to the state and county governments as well as the local school district and technical college district. Taxes for all state and local governmental units billed in the current year for the succeeding year are reflected as receivables and due to other taxing units on the accompanying statement of assets and liabilities – agency fund.

Property tax calendar – 2014 tax roll:

Lien date and levy date	December 2014
Tax bills mailed	December 2014
Payment in full, or	January 31, 2015
First installment due	January 31, 2015
Second installment due	March 31, 2015
Third installment due	May 31, 2015
Fourth installment due	July 31, 2015
Personal property taxes in full	January 31, 2015
Tax sale – 2014 delinquent real estate taxes	October 2017

# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

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#### **D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)**

##### **2. Receivables (cont.)**

###### *Uncollectible Accounts*

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

###### *Interfund Loans*

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

In the governmental fund financial statements, advances to other funds are offset equally by a nonspendable fund balance account which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation or by a restricted fund balance account, if the funds will ultimately be restricted when the advance is repaid.

###### *Loans*

The City has received federal and state grant funds for economic development and housing rehabilitation loan programs to various businesses and individuals. The City records a loan receivable when the loan has been made and funds have been disbursed. The amount recorded as economic development and housing rehabilitation loans receivable has been reduced by an allowance for uncollectible accounts of \$6,273.

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

##### **3. Inventories and Prepaid Items**

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

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

# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

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#### ***D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)***

##### ***4. Restricted Assets***

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

##### ***5. Capital Assets***

###### ***Government-Wide Statements***

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$10,000 for general capital assets and infrastructure, and an estimated useful life in excess of one year. All capital assets are valued at historical cost, or estimated historical cost, if actual amounts are unavailable. Donated capital assets are recorded at their estimated fair value at the date of donation.

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, overhead, and an allowance for the cost of funds used during construction when significant. For tax-exempt debt, the amount of interest capitalized equals the interest expense incurred during construction netted against any interest revenue from temporary investment of borrowed fund proceeds. There was no interest that was capitalized during the current year. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired, or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

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

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

###### ***Fund Financial Statements***

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

# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

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#### ***D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)***

##### ***6. Deferred Outflows of Resources***

A deferred outflow of resources represents a consumption of net position/fund balance that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that future time.

A deferred charge on refunding arises from advance refunding of debt. The difference between the cost of the securities placed in trust for future payments of the refunded debt and the net carrying value of the debt is deferred and amortized as a component of interest expense over the shorter of the term of the refunding issue or the original term of the refunded debt. The unamortized amount is reported as a deferred outflow of resources in the government-wide and proprietary fund financial statements.

##### ***7. Compensated Absences***

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

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

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2014 are determined on the basis of current salary rates and include salary related payments.

##### ***8. Long-Term Obligations/Conduit Debt***

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

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

For the government-wide statements and proprietary fund statements, significant bond premiums and discounts are amortized over the life of the issue using the effective interest method. The balance at year end is shown as an increase or decrease in the liability section of the statement of net position.

The City has approved the issuance of industrial revenue bonds (IRB) for the benefit of private business enterprises. IRB's are secured by mortgages or revenue agreements on the associated projects, and do not constitute indebtedness of the City. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. The total amount of IRB's outstanding at the end of the year is approximately \$239,365, made up of one issue.

# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

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#### **D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)**

##### **9. Deferred Inflows of Resources**

A deferred inflow of resources represents an acquisition of net position/fund balance that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time.

##### **10. Equity Classifications**

###### **Government-Wide Statements**

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

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

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

The amount is a reduction of “net investment in capital assets,” and an increase in “unrestricted” net position, shown only in the total column of \$5,198,872.

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

###### **Fund Statements**

Governmental fund balances are displayed as follows:

- a. Nonspendable – Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.
- b. Restricted – Consists of fund balances with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- c. Committed – Includes fund balance amounts that are constrained for specific purposes that are internally imposed by government through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (ordinance) of the City. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the City that originally created the commitment.

# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

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#### **D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)**

##### **10. Equity Classifications (cont.)**

###### **Fund Statements (cont.)**

- d. Assigned – Includes spendable fund balance amounts that are constrained by the City Council as established by city policy with the intent for the amounts to be used for specific purposes, but is neither restricted nor committed.
- e. Unassigned – Includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those purposes.

Proprietary fund equity is classified the same as in the government-wide statements.

The City considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents / contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the City would first use committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

It is the desire of the City to maintain adequate General Fund fund balance to mitigate current and future risks (e.g., revenue shortfalls and unanticipated expenditures) and to ensure stable tax rates. The City has adopted a financial standard to maintain a General Fund minimum unrestricted fund balance of 15% of operating revenue or three months of General Fund operating expenditures, whichever is greater.

See Note IV. H. for further information.

##### **11. Basis for Existing Rates**

###### *Water Utility*

The water utility was authorized current rates by the Public Service Commission (PSC) effective December 1, 2010 and is allowed to earn a 5.05% rate of return.

###### *Sewer Utility*

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

# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

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

Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds.

Land	\$ 4,971,936
Construction in progress	73,673
Land improvements	67,854
Buildings and improvements	20,930,395
Machinery and equipment	22,866,810
Other improvements	5,335,614
Infrastructure	90,997,611
Less: Accumulated depreciation	(40,078,506)
Less: Internal service fund capital assets, net of depreciation	<u>(9,060)</u>
 Capital Assets	 <u>\$ 105,156,327</u>

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “some liabilities, including long-term debt, are not due and payable in the current period, and accordingly, are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities—both current and long-term—are reported in the statement of net position.” The details of this \$100,046,463 difference in liabilities are as follows:

Bonds and notes payable	\$ 48,305,828
Unamortized debt premium	607,154
Compensated absences	2,445,774
Other post-employment benefit liabilities	31,482,826
Other debt	60,000
Capital leases	16,716,814
Accrued interest	<u>428,067*</u>
 Net Adjustment to Reduce Fund Balance – Total Governmental Funds to Arrive at Net Position – Governmental Activities	   <u>\$ 100,046,463</u>

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



# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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### NOTE III – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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#### **A. BUDGETARY INFORMATION**

A budget has been adopted for all funds with the exception of the Perpetual Care special revenue fund. Wisconsin Statute 65.90 requires that an annual budget be adopted for all funds.

#### **B. EXCESS EXPENDITURES OVER APPROPRIATIONS**

The City controls expenditures at the department level. Some individual departments experienced expenditures which exceeded appropriations. The detail of those items can be found in the City's year-end budget to actual report.

#### **C. DEFICIT BALANCES**

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

As of December 31, 2014, the following individual funds held a deficit balance:

<u>Fund</u>	<u>Amount</u>	<u>Reason</u>
Special Revenue – TIF District No. 6	\$ 114,263	Excess expenditures over revenues
Special Revenue – TIF District No. 8	1,168,999	Excess expenditures over revenues
Special Revenue – TIF District No. 9	2,558,698	Excess expenditures over revenues
Enterprise – Golf Course	167,700	Excess expenses over revenues
Internal Service – Retiree Health Insurance	304,983	Excess expenses over revenues
Internal Service – Health Insurance	702,006	Excess expenses over revenues

Tax incremental district deficits are anticipated to be funded with future incremental taxes levied over the life of the districts, which is 27 years for the districts created before October 1, 1995, and 23 years for districts created through September 30, 2004. Beginning October 1, 2004, the life of new districts varies by type of district (20-27) and may be extended in some cases. Other fund deficits are anticipated to be funded with future contributions, general tax revenues, or long-term borrowing.

#### **D. LIMITATIONS ON THE CITY'S TAX LEVY**

Wisconsin law limits the City's future tax levies. Generally, the City is limited to its prior tax levy dollar amount (excluding TIF districts), increased by the greater of the percentage change in the City's equalized value due to new construction, or zero percent. Changes in debt service from one year to the next are generally exempt from this limit with certain exceptions. The City is required to reduce its allowable levy by the estimated amount of fee revenue it collects for certain services, if those services were funded in 2013 by the property tax levy. Levies can be increased above the allowable limits if the amount is approved by referendum.

# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

### NOTE IV – DETAILED NOTES ON ALL FUNDS

#### A. DEPOSITS AND INVESTMENTS

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

	Carrying Value	Statement Balance	Associated Risks
Demand deposits	\$ 11,481,898	\$ 13,930,772	Custodial credit risk
U.S. agencies – implicitly guaranteed	3,921,590	3,921,590	Custodial credit risk, interest rate risk, credit risk, concentration of credit risk
U.S. agencies – explicitly guaranteed	239,660	239,660	Custodial credit risk, interest rate risk
Municipal bonds	6,243,676	6,243,676	Custodial credit risk, interest rate risk, credit risk, concentration of credit risk
Corporate bonds	7,446,835	7,446,835	Credit risk, custodial credit risk, concentration of credit risk, interest rate risk
Certificates of deposit	752,188	752,188	Custodial credit risk, interest rate risk, credit risk, concentration of credit risk
LGIP	17,060,996	17,060,996	Credit risk
Petty cash	8,633	-	N/A
Total Cash and Investments	\$ 47,155,476	\$ 49,595,717	
Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 33,698,995		
Restricted cash and investments	5,706,788		
Per statement of assets and liabilities – agency fund			
Cash and investments	7,749,693		
Total Cash and Investments	\$ 47,155,476		

# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

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#### **A. DEPOSITS AND INVESTMENTS (cont.)**

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts (including NOW accounts) and \$250,000 for demand deposit amounts (interest-bearing and noninterest bearing). In addition, if deposits are held in an institution outside of the state in which the government is located, insured amounts are further limited to a total of \$250,000 for the combined amount of all deposits.

Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the nature of this fund, recovery of material principal losses may not be significant to individual municipalities. This coverage has been considered in computing the amounts in Category 1 above.

The Securities Investor Protection Corporation (SIPC), created by the Securities Investor Protection Act of 1970, is an independent government-sponsored corporation (not an agency of the U.S. government).

SIPC membership provides account protection up to a maximum of \$500,000 per customer, of which \$100,000 may be in cash. Additionally, through Lloyds of London, City accounts have additional securities coverage of \$150 million per customer, subject to a \$600 million aggregate firm limit. \$500,000 of the City's investments are covered by SIPC.

The City maintains collateral agreements with its banks. At December 31, 2014, the banks had pledged various government securities in the amount of \$14,790,000 to secure the City's deposits.

#### ***Custodial Credit Risk***

For a deposit, custodial credit risk is the risk that in the event of a financial institution failure, the City's deposits may not be returned to the City.

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

As of December 31, 2014, the City had no bank balances exposed to custodial credit risk.

As of the December 31, 2014, the City had no investments exposed to custodial credit risk.

The City's investment policy states that securities will be held by a custodian designated by the Director of Finance and evidenced by safekeeping receipts. The policy does not address the risk for deposits.

# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

#### A. DEPOSITS AND INVESTMENTS (cont.)

##### **Credit Risk**

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

As of December 31, 2014, the City's investments were rated as follows:

Investment Type	Standard & Poor's	Fitch Ratings	Moody's Investor Service
U.S. agencies – implicitly guaranteed	AA+	N/A	AAA
Municipal bonds	AA	N/A	AA2 to AA3
Corporate bonds	A to AAA	N/A	A1 to AA3

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

LGIP – external pool  
Certificates of deposit

The City's investment policy states the City shall invest in those securities having a rating which is the highest or second highest rating category assigned by S&P Corp, Moody's investors service or similar nationally recognized rating agency.

##### **Concentration of Credit Risk**

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

As of December 31, 2014, of the City's total portfolio, 9.6% was invested in FHLB investments and 6.2% was invested in Wisconsin State Municipal bonds.

##### **Concentration of Credit Risk (by Dealer):**

Dealer	Fair Value	Percentage of Portfolio
Multi-Bank Securities, Inc.	\$ 5,870,055	16%
Vining Sparks	7,029,568	20
Coastal Securities	3,949,759	11
<b>Total Concentrated Investments</b>	<b>\$ 16,849,382</b>	<b>47%</b>

According to the City's investment policy, the City will diversify its investments by security type and institution. No more than 40% of the City of Beloit's total investment portfolio will be invested in a single security type or with a single financial institution. The portfolio is currently in compliance with the City's investment policy.

# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

#### A. DEPOSITS AND INVESTMENTS (cont.)

##### Interest Rate Risk

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

As of December 31, 2014, the City's investments were as follows:

Investment Type	Fair Value	Percentage of Portfolio	Maturity			
			Less than 1 Yr.	1 to 5 Yrs.	6 to 10 Yrs.	More Than 10
U.S. agencies – implicitly guaranteed	\$ 3,921,590	11%	\$ -	\$ 1,996,910	\$ -	\$ 1,924,680
U.S. agencies – explicitly guaranteed	239,660	1	-	239,660	-	-
Municipal Bonds	6,243,676	18	251,278	-	1,031,203	4,961,195
Corporate Bonds	7,446,835	21	2,048,320	4,847,225	551,290	-
Certificates of deposit	752,188	2	752,188	-	-	-
<b>Totals</b>	<b>\$ 18,603,949</b>		<b>\$ 3,051,786</b>	<b>\$ 7,083,795</b>	<b>\$ 1,582,493</b>	<b>\$ 6,885,875</b>

The City's investment policy does not specifically mention interest rate risk.

#### B. RECEIVABLES

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

General Fund – delinquent personal property taxes	\$ 29,030
Capital Projects – equipment replacement – loans	530,489
Capital Projects – capital improvement – special assessments	997,115
Nonmajor Governmental Funds – loans	<u>2,811,271</u>

Total Amount Not Expected to be Collected Within One Year	<u>\$ 4,367,905</u>
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Revenues of the City are reported net of uncollectible amounts. Total uncollectible amounts related to revenues of the current period are as follows:

	Total	Current Period
Governmental Fund Types – municipal court receivable	\$ 396,951	\$ (396,951)
Governmental Fund Types – economic development loans	6,273	-
Business Type – ambulance receivables	<u>108,319</u>	<u>(108,319)</u>
<b>Total Uncollectibles</b>	<u>\$ 511,543</u>	<u>\$ (505,270)</u>

## CITY OF BELOIT

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

##### **B. RECEIVABLES** (cont.)

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

	Unearned	Unavailable
Property taxes receivable for subsequent year	\$ 21,008,438	\$ -
Loans receivable	-	3,581,316
Accounts receivable – noncurrent	-	338,776
Investment income – noncurrent	-	77,902
Special assessments	-	1,149,369
Government grants	-	107,688
Total Unearned/Unavailable Revenue for Governmental Funds	\$ 21,008,438	\$ 5,255,051

##### **C. RESTRICTED ASSETS**

The following represent the balances of the restricted assets:

##### ***Long Term Debt Accounts***

- Redemption – Used to segregate resources accumulated for debt service payments over the next twelve months.
- Reserve – Used to report resources set aside to make up potential future deficiencies in the redemption account.

##### ***Equipment Replacement Account***

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

Following is a list of restricted assets at December 31, 2014:

	Water	Sewer	Storm
Bond redemption account	\$ 383,039	\$ 110,789	\$ 44,466
Equipment replacement account	-	2,731,400	-
Construction account	21	-	-
Bond reserve account	2,310,629	-	126,444
Total Enterprise Fund Restricted Assets	\$ 2,693,689	\$ 2,842,189	\$ 170,910

##### ***Impact Fee Account***

In 2014, the City received impact fees of \$1,544 which must be spent in accordance with local ordinance and state statutes. Any unspent funds must be refunded to the current property owner. As of December 31, 2014 the City had accumulated a total of \$95,751 in impact fees.

# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

#### D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2014 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental Activities</b>				
Capital assets not being depreciated				
Land	\$ 4,971,936	\$ -	\$ -	\$ 4,971,936
Construction in progress	-	73,673	-	73,673
Total Capital Assets Not Being Depreciated	4,971,936	73,673	-	5,045,609
Capital assets being depreciated				
Land improvements	67,854	-	-	67,854
Buildings	20,930,395	-	-	20,930,395
Machinery, equipment, and vehicles	22,980,001	1,417,468	1,530,659	22,866,810
Other improvements	5,335,614	-	-	5,335,614
Streets	69,144,891	38,920	-	69,183,811
Structures	405,684	-	-	405,684
Street lights	6,031,157	-	-	6,031,157
Traffic signals	2,562,159	-	-	2,562,159
Bridges	12,814,800	-	-	12,814,800
Total Capital Assets Being Depreciated	140,272,555	1,456,388	1,530,659	140,198,284
Less: Accumulated depreciation for				
Land improvements	(61,070)	-	-	(61,070)
Buildings	(5,587,858)	(395,488)	-	(5,983,346)
Machinery, equipment, and vehicles	(12,326,491)	(1,490,543)	(1,300,973)	(12,516,061)
Other improvements	(2,648,237)	(147,724)	-	(2,795,961)
Streets	(12,464,492)	(1,121,410)	-	(13,585,902)
Structures	(37,259)	(17,578)	-	(54,837)
Street lights	(1,048,483)	(115,898)	-	(1,164,381)
Traffic signals	(1,698,518)	(93,892)	-	(1,792,410)
Bridges	(1,939,946)	(184,592)	-	(2,124,538)
Total Accumulated Depreciation	(37,812,354)	(3,567,125)	(1,300,973)	(40,078,506)
Net Capital Assets Being Depreciated	102,460,201	(2,110,737)	229,686	100,119,778
Total Governmental Activities – Capital Assets, Net of Depreciation	\$ 107,432,137			\$ 105,165,387

# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

#### D. CAPITAL ASSETS (cont.)

Depreciation expense was charged to functions as follows:

#### Governmental Activities

Finance and administrative services	\$ 176,083
Finance and administrative services (internal service)	2,941
Public safety – police	246,721
Public safety – fire	257,147
Public works, which includes the depreciation of infrastructure	2,746,278
Library	<u>137,955</u>
Total Governmental Activities Depreciation Expense	<u>\$ 3,567,125</u>

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Business-type Activities</b>				
Capital assets not being depreciated				
Land	\$ 3,709,005	\$ -	\$ 2,000	\$ 3,707,005
Construction in progress	<u>-</u>	<u>859,429</u>	<u>-</u>	<u>859,429</u>
Total Capital Assets Not Being Depreciated	<u>3,709,005</u>	<u>859,429</u>	<u>2,000</u>	<u>4,566,434</u>
Other capital assets				
Land improvements	702,418	-	-	702,418
Buildings	10,347,690	-	-	10,347,690
Machinery, equipment, and vehicles	7,865,420	853,484	6,641	8,712,263
Sewer mains	17,278,889	47,445	4,657	17,321,677
Sewer treatment facility	71,155,744	248,479	39,677	71,364,546
Water mains	41,023,829	304,671	262,166	41,066,334
Storm infrastructure	<u>12,384,291</u>	<u>10,808</u>	<u>173</u>	<u>12,394,926</u>
Total Capital Assets Being Depreciated	<u>160,758,281</u>	<u>1,464,887</u>	<u>313,314</u>	<u>161,909,854</u>
Less: Accumulated depreciation for				
Land improvements	(668,913)	(15,437)	-	(684,350)
Buildings	(2,354,176)	(268,315)	-	(2,622,491)
Machinery, equipment, and Vehicles	(4,406,689)	(431,468)	6,641	(4,831,516)
Sewer mains	(4,265,485)	(166,609)	4,657	(4,427,437)
Sewer treatment facility	(46,563,193)	(2,385,327)	39,677	(48,908,843)
Water mains	(12,701,091)	(1,059,761)	262,166	(13,498,686)
Storm infrastructure	<u>(2,651,181)</u>	<u>(151,205)</u>	<u>173</u>	<u>(2,802,213)</u>
Total Accumulated Depreciation	<u>(73,610,728)</u>	<u>(4,478,122)</u>	<u>313,314</u>	<u>(77,775,536)</u>
Business-type Capital Assets, Net of Depreciation	<u>87,147,553</u>	<u>(3,013,235)</u>	<u>-</u>	<u>84,134,318</u>
Total Business-type Capital Assets, Net of Depreciation	<u>\$ 90,856,558</u>			<u>\$ 88,700,752</u>



## CITY OF BELOIT

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

#### **D. CAPITAL ASSETS (cont.)**

Depreciation expense was charged to functions as follows:

##### **Business-type Activities**

Water	\$ 1,257,031
Sewer	2,616,330
Storm	151,205
Transit	321,751
Golf Course	21,274
Cemetery	<u>2,450</u>
Total Business-type Activities	
Depreciation Expense	<u>\$ 4,370,041</u>

Depreciation expense may be different from business-type activity accumulated depreciation additions because of joint metering, salvage, cost of removal, internal allocators, or costs associated with the disposal of assets.

#### **E. INTERFUND RECEIVABLES/PAYABLES, ADVANCES, AND TRANSFERS**

##### **Interfund Receivables/Payables**

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Internal Service – General Liability Insurance	\$ 22,129
General	Special Revenue – TIF District No. 5	101,601
General	Special Revenue – Community Development	258,086
General	Special Revenue – Solid Waste	177,927
General	Capital Project – Capital Improvements	72,813
General	Special Revenue – Police	16,069
General	Special Revenue – Fire Multi-Year Grants	90,509
General	Enterprise – Transit System	<u>749,273</u>
Sub-total – Fund Financial Statements		1,488,407
Less: Allocation of Internal Service funds		(194,948)
Less: Fund eliminations		<u>(739,134)</u>
Total – Government-Wide Statement of Net Position		<u>\$ 554,325</u>

All amounts are due within one year.

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

**CITY OF BELOIT**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2014

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

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

**Advances**

The general debt service fund and the capital improvement program funds are advancing funds to various tax incremental districts. The amount advanced is determined by the deficiency of revenues over expenditures and other financing sources since the district's inception. The general fund is advancing funds to the Golf Course. The equipment replacement fund is advancing funds to the retiree health insurance fund, transit fund, and cemetery fund. The purpose of these advances is for deficit cash balances at year end. No repayment schedules have been established for these advances.

The following is a schedule of interfund advances:

Receivable Fund	Payable Fund	Totals	Amount Not Due in One Year
General	Enterprise – Golf course fund	\$ 970,723	\$ 970,723
Equipment replacement	Enterprise – Cemeteries	78,841	78,841
Equipment replacement	Enterprise – Transit system	183,202	183,202
Equipment replacement	Internal Service – Retiree health insurance	357,061	357,061
General debt service	Special revenue – TIF District No. 8	1,169,999	1,169,999
General debt service	Special Revenue – TIF District No. 9	591,665	591,665
Capital improvement program	Special Revenue – TIF District No. 6	450,000	450,000
Capital improvement program	Special Revenue – TIF District No. 9	<u>2,253,875</u>	<u>2,253,875</u>
Sub-Totals		6,055,366	6,055,366
Less: Fund eliminations		<u>(4,822,600)</u>	<u>(4,822,600)</u>
Totals		<u>\$ 1,232,766</u>	<u>\$ 1,232,766</u>

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

The water utility received an advance from the sewer utility in the amount of \$1,800,000 at 5% for 120 months. This advance was paid off in 2014.

	Balance 1-1-14	Increases	Decreases	Balance 12-31-14
Advance from sewer utility	\$ 223,015	\$ -	\$ 223,015	\$ -
Totals	<u>\$ 223,015</u>	<u>\$ -</u>	<u>\$ 223,015</u>	<u>\$ -</u>

**CITY OF BELOIT**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2014

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

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

**Transfers**

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Purpose</u>
General	Water Utility	\$ 848,775	Payment in lieu of tax
Debt Service – General Debt Service	Special Revenue – TIF District No. 5	457,790	Debt service
Debt Service – General Debt Service	Special Revenue – TIF District No. 6	493,235	Debt service
Debt Service – General Debt Service	Special Revenue – TIF District No. 8	125,244	Debt service
Debt Service – General Debt Service	Special Revenue – TIF District No. 9	17,650	Debt service
Debt Service – General Debt Service	Special Revenue – TIF District No. 10	275,746	Debt service
Debt Service – General Debt Service	Special Revenue – TIF District No. 11	73,610	Debt service
Debt Service – General Debt Service	Special Revenue – TIF District No. 12	62,738	Debt service
Debt Service – General Debt Service	Special Revenue – TIF District No. 13	84,213	Debt service
Total Debt Service – General		<u>1,590,226</u>	
Water Utility	Sewer Utility	<u>6,683</u>	Distribution of penalties
Sub-Total – Fund Financial Statements		2,445,684	
Less: Capital contributions from Governmental Activities to Business-type Activities		(859,429)	
Less: Fund eliminations		<u>(1,596,909)</u>	
Total – Government-wide Statement of Activities		<u>\$ (10,654)</u>	

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

# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

#### F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2014 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<b>GOVERNMENTAL ACTIVITIES</b>					
Bonds and Notes Payable					
General Obligation Debt					
General	\$ 49,839,619	\$ 8,627,275	\$ 10,161,066	\$ 48,305,828	\$ 4,848,174
Premium on debt	389,297	256,111	38,254	607,154	-
Sub-totals	<u>50,228,916</u>	<u>8,883,386</u>	<u>10,199,320</u>	<u>48,912,982</u>	<u>4,848,174</u>
Other Liabilities					
Compensated Absences					
Sick leave	1,023,955	112,106	145,837	990,224	140,331
Vacation	1,403,236	1,455,550	1,403,236	1,455,550	1,455,550
Other post-employment benefit liability	26,890,588	4,592,238	-	31,482,826	-
Other Debt					
Town of Turtle	70,000	-	10,000	60,000	10,000
Capital Leases					
Payable to component unit	18,269,381	-	1,898,993	16,370,388	2,460,000
Other capital leases	428,441	-	82,015	346,426	-
Total Other Liabilities	<u>48,085,601</u>	<u>6,159,894</u>	<u>3,540,081</u>	<u>50,705,414</u>	<u>4,065,881</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 98,314,517</u>	<u>\$ 15,043,280</u>	<u>\$ 13,739,401</u>	<u>\$ 99,618,396</u>	<u>\$ 8,914,055</u>

The liabilities for compensated absences and the other post employment benefit liability will be liquidated primarily from the General Fund.

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<b>BUSINESS-TYPE ACTIVITIES</b>					
Bonds and Notes Payable					
General obligation debt					
General obligation debt	\$ 4,859,952	\$ 657,725	\$ 836,820	\$ 4,680,857	\$ 495,921
Revenue bonds	27,110,000	-	1,295,000	25,815,000	1,325,000
CWFL revenue bond	3,129,884	-	141,066	2,988,818	144,452
Add/(Subtract) Deferred Amounts For					
Premiums	243,763	2,830	66,963	179,630	-
(Discounts)	(217,197)	-	(217,197)	-	-
Sub-total	<u>35,126,402</u>	<u>660,555</u>	<u>2,122,652</u>	<u>33,664,305</u>	<u>1,965,373</u>
Other Liabilities					
Compensated absences					
Compensated absences	465,545	277,235	246,427	496,353	298,374
Other post-employment benefit liability	193,906	-	12,891	181,015	-
Sub-total	<u>659,451</u>	<u>277,235</u>	<u>259,318</u>	<u>677,368</u>	<u>298,374</u>
Total Business-type Activities Long-Term Liabilities	<u>\$ 35,785,853</u>	<u>\$ 937,790</u>	<u>\$ 2,381,970</u>	<u>\$ 34,341,673</u>	<u>\$ 2,263,747</u>

# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

#### F. LONG-TERM OBLIGATIONS (cont.)

##### **General Obligation Debt**

All general obligation notes and bonds payable are backed by the full faith and credit of the City. Notes and bonds in the governmental funds will be retired by future property tax levies or tax increments accumulated by the debt service fund. Business-type activities debt is payable by revenues from user fees of those funds or, if the revenues are not sufficient, by future tax levies.

In accordance with Wisconsin Statutes, total general obligation indebtedness of the City may not exceed 5% of the equalized value of taxable property within the City's jurisdiction. The debt limit as of December 31, 2014, was \$73,584,810. Total general obligation debt outstanding at year end was \$52,986,685.

	Date of Issue	Due Date	Interest Rates	Original Indebted- ness	Balance 12-31-14
Governmental Activities – General Obligation Debt					
General obligation promissory notes Series 2006B	5-1-06	5-1-16	4.00%	\$ 639,754	\$ 155,406
General obligation corporate purpose bonds Series 2007A	6-1-07	6-1-27	4.00-4.75	11,249,589	1,057,853
General obligation corporate purpose bonds Series 2008	6-19-08	6-1-28	3.75-4.10	2,260,670	1,684,105
General obligation corporate purpose bonds Series 2009	5-28-09	5-1-29	1.10-4.60	7,057,000	2,155,000
General obligation refunding bonds Series 2009	11-5-09	12-1-15	2.00-3.25	1,325,363	236,496
General obligation refunding bonds Series 2011A	10-21-11	4-1-25	2.45	9,726,168	8,092,107
General obligation refunding bonds Series 2011B	12-8-11	3-1-25	1.00-4.10	4,280,000	3,305,000
2011 state trust fund loan	8-1-11	3-15-21	3.75	1,500,000	1,091,267
General obligation corporate purpose bonds Series 2012A	6-21-12	3-1-32	2.00-3.25	7,130,000	6,530,000
2012 state trust fund loan	10-1-12	3-15-17	2.50	330,000	253,290
General obligation refunding bonds Series 2013A	2-13-13	5-1-27	2.00-3.00	6,729,000	6,591,000
General obligation refunding bonds Series 2013C	2-13-13	5-1-21	0.55-2.50	885,000	840,000
General obligation corporate purpose bonds Series 2013D	6-13-13	4-1-33	2.00-3.38	7,485,000	7,085,000
2013 State trust fund loan	8-1-13	3-15-23	2.75	667,100	602,029
General obligation promissory notes Series 2014A	5-15-14	5-1-24	2.00-2.40	850,000	850,000
General obligation corporate purpose bonds Series 2014B	5-15-14	5-1-34	2.00-3.50	7,777,275	<u>7,777,275</u>
Total Governmental Activities – General Obligation Debt					<u>\$ 48,305,828</u>

## CITY OF BELOIT

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

#### F. LONG-TERM OBLIGATIONS (cont.)

##### General Obligation Debt (cont.)

	Date of Issue	Due Date	Interest Rates	Original Indebted- ness	Balance 12-31-14
Business-type Activities – General Obligation Debt					
General obligation promissory notes Series 2006B	5-1-06	5-1-16	4.00%	\$ 595,247	\$ 144,595
General obligation corporate purpose bonds Series 2007A	6-1-07	6-1-27	4.00-4.75	820,411	77,148
General obligation corporate purpose bonds Series 2008	6-19-08	6-1-28	3.75-4.10	1,954,330	1,455,893
General obligation corporate purpose bonds Series 2009	5-28-09	5-1-29	1.10-4.60	333,000	210,000
General obligation refunding bonds Series 2009	11-5-09	12-1-15	2.00-3.25	19,637	3,504
General obligation refunding bonds Series 2011A	10-21-11	4-1-25	2.45	1,353,832	1,157,893
General obligation corporate purpose bonds Series 2012A	6-21-12	3-1-32	2.00-3.25	110,000	110,000
2012 state trust fund loan	10-1-12	3-15-17	2.50	47,000	36,074
General obligation refunding bonds Series 2013A	2-13-13	5-1-27	2.00-3.00	601,000	589,000
General obligation corporate purpose bonds Series 2013D	6-13-13	4-1-33	2.00-3.38	250,000	230,000
2013 state trust fund loan	8-1-13	3-15-23	2.75	129,600	9,025
General obligation promissory notes Series 2014A	5-15-14	5-1-24	2.00-2.40	270,000	270,000
General obligation corporate purpose bonds Series 2014B	5-15-14	5-1-34	2.00-3.50	387,725	<u>387,725</u>
Total Business-type Activities – General Obligation Debt				<u>\$ 4,680,857</u>	

Debt service requirements to maturity are as follows:

Years	Governmental Activities General Obligation Debt		Business-type Activities General Obligation Debt	
	Principal	Interest	Principal	Interest
2015	\$ 4,848,174	\$ 1,380,991	\$ 495,921	\$ 143,937
2016	4,809,116	1,148,775	499,071	121,564
2017	4,905,622	1,017,832	427,258	107,486
2018	3,989,768	898,397	336,647	96,090
2019	3,987,136	794,353	346,922	86,041
2020 – 2024	15,038,058	2,644,723	1,617,992	291,052
2025 – 2029	8,327,954	919,181	937,046	65,843
2030 – 2034	<u>2,400,000</u>	<u>156,922</u>	<u>20,000</u>	<u>325</u>
Totals	<u>\$ 48,305,828</u>	<u>\$ 8,961,174</u>	<u>\$ 4,680,857</u>	<u>\$ 912,338</u>

**CITY OF BELOIT**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2014

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

**F. LONG-TERM OBLIGATIONS (cont.)**

**General Obligation Debt (cont.)**

**Advance Refundings**

On May 13, 2014, the City issued \$8,165,000 in general obligation refunding bonds with an average coupon rate of 2.66% to advance refund \$5,535,000 of outstanding 2007A bonds with an average coupon rate of 4.51%. Included in the bond issuance were \$2,396,522 of bond proceeds for capital projects. The net proceeds along with existing funds of the City were used to pay debt service requirements and to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the series 2007A bonds. The City remains responsible for \$1,731,200 of future principal and interest payments on the 2007A bonds. As a result, a portion of the 2007A bonds are considered to be defeased and the liabilities for those bonds have been removed from the statement of net position.

The cash flow requirements on the refunded bonds prior to the advance refunding was \$6,955,672 from 2015 through 2024. The cash flow requirements on the refunding bonds are \$6,604,794 from 2015 through 2024. The advance refunding resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$296,624.

**Capital Leases**

Refer to Note IV.G.

**Other Debt Information**

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

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

**Other Debt – Governmental Activities**

In May 1999, the City of Beloit and the Town of Turtle entered a Cooperative Boundary Plan. Under this plan, the City of Beloit is obligated to pay the Town of Turtle \$10,000 per year until December 31, 2020. The original amount owed was \$200,000.

	Balance 1-1-14	Increases	Decreases	Balance 12-31-14
Town of Turtle	\$ 70,000	\$ -	\$ 10,000	\$ 60,000
Total Other Debt	\$ 70,000	\$ -	\$ 10,000	\$ 60,000

**CITY OF BELOIT**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2014

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

**F. LONG-TERM OBLIGATIONS (cont.)**

**Other Debt – Governmental Activities (cont.)**

Debt service requirements to maturity are as follows:

<u>Years</u>	Governmental Activities – Other Debt	
	Principal	Interest
2015	\$ 10,000	-
2016	10,000	-
2017	10,000	-
2018	10,000	-
2019	10,000	-
2020	10,000	-
Totals	\$ 60,000	\$ -

**Revenue Debt**

Business-type activities revenue bonds are payable only from revenues derived from the operation of the responsible proprietary fund.

The water utility has pledged future sales revenues, net of specified operating expenses, to repay revenue bonds issued in 2007, 2009, 2010, and 2013. Proceeds from the bonds provided financing for the water systems. The bonds are payable solely from water revenues and are payable through 2030. Annual principal and interest payments on the bonds are expected to require 61% of net revenues. The total principal and interest remaining to be paid on the bonds is \$33,605,693. Principal and interest paid for the current year and total customer net revenues were \$2,232,212 and \$3,446,461, respectively.

The stormwater utility has pledged future sales revenues, net of specified operating expenses, to repay revenue bonds issued in 2010. Proceeds from the bonds provided financing for the stormwater system. The bonds are payable solely from stormwater revenues and are payable through 2030. Annual principal and interest payments on the bonds are expected to require 50% of net revenues. The total principal and interest remaining to be paid on the bonds is \$1,908,017. Principal and interest paid for the current year and total customer net revenues were \$123,694 and \$238,809, respectively.

The sewer utility has pledged future sales revenues, net of specified operating expenses, to repay a clean water fund loan issued in 2011. Proceeds from the loan provided financing for the sewer system. The loan is payable solely from sewer revenues and is payable through 2031. Annual principal and interest payments on the bonds are expected to require 29% of net revenues. The total principal and interest remaining to be paid on the loan is \$3,639,255. Principal and interest paid for the current year and total customer net revenues were \$214,490 and \$742,593, respectively.



**CITY OF BELOIT**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2014

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

**F. LONG-TERM OBLIGATIONS (cont.)**

**Revenue Debt (cont.)**

	Date of Issue	Due Date	Interest Rates	Original Indebted- Ness	Balance 12-31-14
Water Utility					
Refunding revenue bonds	1-24-07	11-1-16	4.00-4.50%	\$ 13,975,000	\$ 13,495,000
Revenue bonds	5-28-09	11-1-29	3.50-5.00	3,910,000	3,150,000
Revenue bonds	4-6-10	11-1-30	2.00-4.50	4,025,000	3,120,000
Refunding revenue bonds	2-13-13	11-1-19	2.00-3.00	5,745,000	<u>4,795,000</u>
Total Water Utility Revenue Debt					<u>24,560,000</u>
Stormwater Utility					
Revenue bonds	4-6-10	5-1-30	1.50-6.25	1,470,000	<u>1,255,000</u>
Total Stormwater Utility Revenue Debt					<u>1,255,000</u>
Total Revenue Bonds					<u>\$ 25,815,000</u>

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Business-type Activities – Revenue Debt</u>	
	<u>Principal</u>	<u>Interest</u>
2015	\$ 1,325,000	\$ 1,029,278
2016	1,360,000	996,674
2017	1,390,000	962,690
2018	1,420,000	927,604
2019	1,475,000	880,861
2020 – 2024	8,605,000	3,458,676
2025 – 2029	9,405,000	1,406,864
2030	<u>835,000</u>	<u>36,062</u>
Totals	<u>\$ 25,815,000</u>	<u>\$ 9,698,709</u>

**Clean Water Fund Loan Revenue Bond**

The sewer utility has entered into a loan agreement with the Wisconsin Department of Natural Resources for a loan up to and not exceeding \$3,481,777 at a fixed rate of 2.40% to fund the cost of constructing improvements to the City's sewerage system. The loan is payable from sewer revenues and are payable through 2031. As of December 31, 2014, the City has received \$3,397,674 in loan proceeds and paid \$141,066 and \$73,424 in principal and interest, respectively, in 2014.

	<u>Fund Retired By</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
CWFP Loan (No. 4139-05)	Sewer	\$ 3,129,884	\$ -	\$ 141,066	\$ 2,988,818	\$ 144,452

**CITY OF BELOIT**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2014

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

**F. LONG-TERM OBLIGATIONS (cont.)**

**Clean Water Fund Loan Revenue Bond (cont.)**

Annual debt service requirements to maturity for the revenue bond are as follows:

Year Ending	Principal	Interest	Business-Type Activities
2015	\$ 144,452	\$ 69,998	\$ 214,450
2016	147,919	66,490	214,409
2017	151,469	62,897	214,366
2018	155,104	59,218	214,322
2019	158,827	55,451	214,278
2020 – 2024	853,174	217,506	1,070,680
2025 – 2029	960,588	108,803	1,069,391
2030 – 2031	417,285	10,074	427,359
Totals	<u>\$ 2,988,818</u>	<u>\$ 650,437</u>	<u>\$ 3,639,255</u>

**Prior-Year Defeasance of Debt**

In prior years and the current year, the City defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. At December 31, 2014, \$8,135,000 of bonds outstanding are considered defeased. The bonds are callable on June 1, 2016.

**G. LEASE DISCLOSURES**

	Balance 1-1-14	Increases	Decreases	Balance 12-31-14
<b>Capital Leases</b>				
Governmental Activities (to Note IV.F.)				
Payable to component unit	\$ 18,269,381	\$ -	\$ 1,898,993	\$ 16,370,388
Other capital leases	428,441	-	82,015	346,426
Totals	<u>\$ 18,697,822</u>	<u>\$ -</u>	<u>\$ 1,981,008</u>	<u>\$ 16,716,814</u>

**Lessee – Community Development Authority**

The City, through TIF District No. 13, TIF District No. 10, TIF District No. 6, and TIF District No. 5, is obligated to make lease payments to the Community Development Authority of Beloit (CDA) to retire debt issued by the CDA for TIF purposes.

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

# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

#### G. LEASE DISCLOSURES (cont.)

##### **Lessee – Capital Asset Capital Leases**

The Lease Rental Payments are expressly limited to: (i) tax increments generated by the tax incremental district No. 13, tax incremental district No. 10, tax incremental district No. 6, and tax incremental district No. 5; (ii) special assessments, as may be levied by the City for eligible projects; (iii) proceeds from a portion of land sales as provided in the Development Agreement by and among the City, the Authority, and the Lease; and (iv) gas and electric reimbursement amounts generated by the tax incremental district No. 13, tax incremental district No. 10, tax incremental district No. 6, and tax incremental district No. 5 (the “Rental Payments”).

The future minimum lease payments are required as follows:

Calendar Year	TIF No. 13	TIF No. 10	TIF No. 6	TIF No. 5
2015	\$ 98,365	\$ 2,157,813	\$ 244,358	\$ 679,217
2016	101,928	2,127,318	260,483	692,246
2017	100,213	2,108,124	250,976	702,944
2018	103,141	2,075,193	256,035	1,330,042
2019	100,816	2,033,865	255,438	-
2020	103,295	1,989,800	-	-
2021	105,383	758,663	-	-
2022	107,055	736,194	-	-
2023	103,433	717,313	-	-
2024	99,675	706,513	-	-
2025	95,873	689,069	-	-
2026	91,980	-	-	-
Sub-Totals	<u>1,211,157</u>	<u>16,099,865</u>	<u>1,267,290</u>	<u>3,404,449</u>
Less: Reserve funds to be applied to final principal payment	(97,007)	(1,649,901)	(114,007)	(348,705)
Less: Amount representing interest	<u>(241,155)</u>	<u>(2,864,861)</u>	<u>(127,289)</u>	<u>(169,448)</u>
Present Value of Minimum Lease Payments	<u>\$ 872,995</u>	<u>\$ 11,585,103</u>	<u>\$ 1,025,994</u>	<u>\$ 2,886,296</u>
Total TIF No. 13, TIF No. 10, TIF No. 6, and TIF No. 5				<u><u>\$16,370,388</u></u>

## CITY OF BELOIT

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

#### G. LEASE DISCLOSURES (cont.)

##### Lessee – Other Capital Leases

In 2008, the City entered into a lease agreement to finance a lighting improvement project; heating, ventilating, and air conditioning improvement project; and a building envelope improvement project. The total lease amount was \$640,614. Only \$394,912 of assets were capitalized and are depreciable. The remaining amount was expensed in 2007.

Asset	Governmental Activities
Building improvements	\$ 394,912
Less: Accumulated depreciation	(286,311)
Total	\$ 108,601

The future minimum lease obligations and the net present value on these minimum lease payments as of December 31, 2014, are as follows:

	Principal	Interest	Governmental Activities
2015	\$ - *	\$ - *	\$ - *
2016	43,605	14,526	58,131
2017	45,433	12,697	58,130
2018	47,338	10,792	58,130
2019	49,323	8,807	58,130
2020 – 2022	160,727	13,663	174,390
	\$ 346,426	\$ 60,485	406,911
Less: Amount representing interest			(60,485)
Present Value of Minimum Lease Payments			\$ 346,426

\* The City made the 1/15/15 payment early on 12/17/14; therefore, there is no payment for 2015.

##### Lessee – Operating Lease

In 2012 the City entered into a four year lease agreement for the use of golf carts. Current year principal and interest payments totaled \$27,006 and \$3,154, respectively. Future principal and interest payments as of December 31, 2014 are as follows:

	Principal	Interest	Business-Type Activities
2015	\$ 27,697	\$ 2,463	\$ 30,160
2016	28,417	1,743	30,160
2017	49,452	318	49,770
Totals	\$ 105,566	\$ 4,524	\$ 110,090

# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

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#### **H. NET POSITION/FUND BALANCES**

Net position reported on the government wide statement of net position at December 31, 2014 includes the following:

#### **Governmental Activities**

##### Net investment in capital assets

Land	\$ 4,971,936
Construction in progress	73,673
Other capital assets, net of accumulated depreciation	100,119,778
Less: Related long-term debt outstanding	(37,030,579)
Less: Capital leases – payable to component unit	(14,676,043)
Less: Unamortized premium on debt	(607,154)
Add: Unamortized loss on advance refunding	1,413,229
Add: Unspent capital bond proceeds	1,214,944
Total Net Investment in Capital Assets	<u>55,479,784</u>

##### Restricted

General debt service	2,048,472
TIF District No. 10 – economic development	690,389
TIF District No. 11 – economic development	399,678
TIF District No. 12 – economic development	204,922
TIF District No. 13 – economic development	1,329,113
TIF District No. 14 – economic development	174,622
Rental rehab (WRRP/HOME) grant	1,102,658
Community Development Block Grant	2,712,207
Fire – multi-year grants	26,552
DPW – multi-year grants	208,476
Community development grants	431,785
Police grants	49,000
Library operations	770,111
Cemetery perpetual care	2,236,895
Solid waste	288,902
Park activities	95,751
Total Restricted	<u>12,769,533</u>

Unrestricted (deficit) (20,090,783)

Total Governmental Activities Net Position \$ 48,158,534

# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

#### H. NET POSITION/FUND BALANCES (cont.)

##### Governmental Activities (cont.)

Governmental fund balances reported on the fund financial statements at December 31, 2014 include the following:

	General	TIF District No. 10	General Debt Service	Capital Improvements	Equipment Replacement	Nonmajor Governmental Funds	Total Governmental Funds
<b>Fund Balances</b>							
<b>Nonspendable:</b>							
Delinquent personal property taxes	\$ 29,030	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 29,030
Inventories	711,960	-	-	-	-	-	711,960
Prepaid items	360,107	-	-	3,449	-	8,260	371,816
Advances to other funds	970,723	-	-	-	-	-	970,723
Total Nonspendable	<u>2,071,820</u>	<u>-</u>	<u>-</u>	<u>3,449</u>	<u>-</u>	<u>8,260</u>	<u>2,083,529</u>
<b>Restricted for:</b>							
Debt service	-	-	2,476,539	-	-	-	2,476,539
Capital projects	-	-	-	1,100,999	-	-	1,100,999
Economic development	-	690,389	-	-	-	2,120,511	2,810,900
Grant programs	-	-	-	-	-	723,091	723,091
Library operations	-	-	-	-	-	767,136	767,136
Solid waste	-	-	-	-	-	287,177	287,177
Cemetery perpetual care	-	-	-	-	-	2,219,147	2,219,147
Park activities	-	-	-	95,751	-	-	95,751
Total Restricted	<u>-</u>	<u>690,389</u>	<u>2,476,539</u>	<u>1,196,750</u>	<u>-</u>	<u>6,117,062</u>	<u>10,480,740</u>
<b>Assigned to:</b>							
Capital projects	-	-	-	4,380,487	7,050,610	353,762	11,784,859
Applied to subsequent year's expenditures	300,000	-	-	-	-	-	300,000
Total Assigned	<u>300,000</u>	<u>-</u>	<u>-</u>	<u>4,380,487</u>	<u>7,050,610</u>	<u>353,762</u>	<u>12,084,859</u>
<b>Unassigned:</b>	<u>7,762,537</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,841,960)</u>	<u>3,920,577</u>
Total Fund Balances	<u>\$ 10,134,357</u>	<u>\$ 690,389</u>	<u>\$ 2,476,539</u>	<u>\$ 5,580,686</u>	<u>\$ 7,050,610</u>	<u>\$ 2,637,124</u>	<u>\$ 28,569,705</u>

# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

#### H. NET POSITION/FUND BALANCES (cont.)

##### **Business-type Activities**

	Water	Sewer	Nonmajor Proprietary Funds	Totals
Net investment in capital assets				
Land	\$ 1,050,724	\$ 1,386,281	\$ 1,270,000	\$ 3,707,005
Construction in progress	449,070	410,359	-	859,429
Other capital assets, net of accumulated depreciation	33,168,546	35,724,388	15,241,384	84,134,318
Less: Related long-term debt outstanding (excluding unspent capital related debt proceeds)	(24,289,360)	(3,967,271)	(2,888,646)	(31,145,277)
Total Net Investment in Capital Assets	10,378,980	33,553,757	13,622,738	57,555,475
Restricted Net Position				
Construction account	21	-	-	21
Redemption account	383,039	110,789	44,466	538,294
Replacement account	-	2,731,400	-	2,731,400
Reserve account	2,310,629	-	126,444	2,437,073
Less: Restricted assets not funded by revenues	(2,310,650)	-	-	(2,310,650)
Less: Current liabilities payable from restricted assets	(160,389)	(11,955)	(11,311)	(183,655)
Total Restricted Net Position	222,650	2,830,234	159,599	3,212,483
Unrestricted (Deficit)	2,466,507	7,701,586	(271,248)	9,896,845
Total Enterprise Funds Net Position	\$ 13,068,137	\$ 44,085,577	\$ 13,511,089	70,664,803
Add: Portion of internal service funds net position allocated to business-type activities				194,948
Total Business-type Activities Net Position				\$ 70,859,751

**CITY OF BELOIT**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2014

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

***I. COMPONENT UNITS***

This report contains the City of Beloit Community Development Authority (“CDA”), the Beloit Apartments Redevelopment – Phase 1 and 2, LLC’s, component units of the CDA, and the Beloit Public Library Foundation, Inc. (“foundation”) which are included as component units. Financial information is presented as a discrete column in the statement of net position and statement of activities.

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

***Community Development Authority – Primary Government***

a. Basis of Accounting/Measurement Focus

The CDA prepares its financial statements in accordance with generally accepted accounting principles. The accounting records are kept on the accrual basis of accounting and flow of economic resources measurement focus.

b. Cash and Investments

The CDA's cash and investments (not including its component units) at year end were comprised of the following:

	<u>Carrying Value</u>	<u>Statement Balance</u>	<u>Associated Risks</u>
Demand deposits	\$ 616,026	\$ 716,167	Custodial credit risk
Mutual fund (U.S. agencies)	<u>2,209,612</u>	<u>2,209,612</u>	Credit risk, interest rate risk
<b>Total Cash and Investments</b>	<b><u>\$ 2,825,638</u></b>	<b><u>\$ 2,925,779</u></b>	
<b>Reconciliation to financial statements</b>			
<b>Per statement of net position</b>			
Unrestricted cash and investments	\$ 616,026		
Restricted cash and investments	<u>2,209,612</u>		
<b>Total Cash and Investments</b>	<b><u>\$ 2,825,638</u></b>		

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts (including NOW accounts) and \$250,000 for demand deposit amounts (interest-bearing and noninterest bearing). In addition, if deposits are held in an institution outside of the state in which the government is located, insured amounts are further limited to a total of \$250,000 for the combined amount of all deposits.



# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

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

##### **Community Development Authority – Primary Government** (cont.)

#### b. Cash and Investments (cont.)

Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the nature of this fund, recovery of material principal losses may not be significant to individual municipalities. This coverage has not been considered in calculating custodial credit risk.

Although the CDA has an investment policy, it does not discuss any of the risks below.

#### **Custodial Credit Risk**

For deposits, custodial credit risk is the risk that in the event of a financial institution failure, the CDA's deposits may not be returned to the CDA.

As of December 31, 2014, \$216,167 of the CDA's total bank balances of \$716,167 were exposed to custodial credit risk as follows:

Uninsured and uncollateralized	<u>\$ 216,167</u>
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#### **Credit Risk**

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

As of December 31, 2014, the CDA's investments were rated as follows:

Investment Type	Moody's Investor Service
Mutual Fund – U.S. Agencies	AAA

#### **Interest Rate Risk**

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

As of December 31, 2014, the CDA's investments were as follows:

Investment Type	Fair Value	Maturity (In months) Less than 1 month
Mutual Fund – U.S. Agencies	<u>\$ 2,209,612</u>	<u>\$ 2,209,612</u>

# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

#### I. COMPONENT UNITS (cont.)

##### Community Development Authority – Primary Government (cont.)

#### c. Restricted Assets

Restricted assets at December 31, 2014, consist of the following:

Cash and cash equivalents – bond redemption	<u>\$ 2,209,612</u>
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#### d. Capital Assets

The useful life assigned to buildings is 40 years. Machinery and equipment are assigned useful lives ranging from 5-10 years. The change in capital assets for 2014 are as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated				
Land	\$ 414,539	\$ -	\$ -	\$ 414,539
Capital assets being depreciated				
Buildings	835,189	-	-	835,189
Furniture, equipment, and machinery-dwellings	46,405	-	-	46,405
Furniture, equipment, and machine-administrative	167,196	-	-	167,196
Total Capital Assets Being Depreciated	1,048,790	-	-	1,048,790
Less: Accumulated Depreciation	(618,765)	(28,970)	-	(647,735)
Total Capital Assets, Net of Depreciation	\$ 844,564			\$ 815,594

#### e. Long-Term Obligations

##### Lease Revenue Bonds

The CDA has pledged future revenues from the City of Beloit resulting from TIF increments to repay \$24,915,000 in lease revenue bonds issued between 2007-2012. Proceeds from the bonds provided financing for infrastructure improvements and other TIF district investments. The bonds are payable solely from TIF increment revenues and are payable through 2026. Annual principal and interest payments on the bonds are expected to require 100% of TIF increment lease payments. The total principal and interest remaining to be paid on the bonds is \$21,982,752. Principal and interest paid for the current year and total pledged revenues were both \$3,123,038.

The following is a summary of the lease revenue bond transactions for the year ended December 31, 2014.

	Balance 1-1-14	Increases	Decreases	Balance 12-31-14
Lease revenue bonds	\$ 20,900,000	\$ -	\$ 2,320,000	\$ 18,580,000

**CITY OF BELOIT**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2014

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

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

**Community Development Authority – Primary Government (cont.)**

e. Long-Term Obligations (cont.)

**Lease Revenue Bonds (cont.)**

Title of Issue	Date of Issue	Due Date	Interest Rates	Original Indebted- Ness	Balance 12-31-14
2007A Lease Revenue Refunding Bonds	02-21-07	03-01-20	3.50-4.20%	\$ 8,915,000	\$ 7,060,000
2007B Lease Revenue Bonds	07-12-07	06-01-19	3.70-4.35%	2,015,000	1,140,000
2008A Lease Revenue Refunding Bonds	06-19-08	03-01-25	4.00-6.75%	2,640,000	2,185,000
2009A Lease Revenue Bonds	07-01-09	03-01-25	1.30-5.00%	5,340,000	3,990,000
2011A Lease Revenue Bonds	06-27-11	06-01-18	1.00-3.05%	3,175,000	1,875,000
2011B Lease Revenue Bonds	06-27-11	06-01-26	2.90-4.40%	1,165,000	970,000
2012A Lease Revenue Bonds	06-21-12	06-01-18	0.80-1.82%	1,665,000	1,360,000
Totals					<u>\$ 18,580,000</u>

Debt service requirements to maturity are as follows:

Calendar Year	Principal	Interest	Totals
2015	\$ 2,460,000	\$ 719,752	\$ 3,179,752
2016	2,550,000	631,973	3,181,973
2017	2,625,000	537,257	3,162,257
2018	3,335,000	429,410	3,764,410
2019	2,065,000	325,119	2,390,119
2020	1,855,000	238,095	2,093,095
2021	685,000	179,045	864,045
2022	700,000	143,249	843,249
2023	715,000	105,745	820,745
2024	740,000	66,187	806,187
2025	760,000	24,940	784,940
2026	90,000	1,980	91,980
Totals	<u>\$ 18,580,000</u>	<u>\$ 3,402,752</u>	<u>\$ 21,982,752</u>

# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

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

##### **Community Development Authority – Primary Government** (cont.)

f. Employee Retirement System

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

g. Lease Disclosures

Refer to Note IV.G.

h. Net Position

Net position at December 31, 2014 includes the following:

Net investment in capital assets	
Land	\$ 414,539
Other capital assets, net of accumulated depreciation	401,055
Total Net Investment in Capital Assets	<u>815,594</u>
Restricted	
Section 8 Rental Voucher Program	16,214
Low Rent Public Housing	5,104,041
Total Restricted	<u>5,120,255</u>
Unrestricted	<u>485,705</u>
Total Net Position	<u>\$ 6,421,554</u>

# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

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

##### ***Community Development Authority Component Unit - Beloit Apartments Redevelopment-Phase 1, LLC***

#### a. Nature of Business and Significant Accounting Policies

##### **Nature of Business**

Beloit Apartments Redevelopment – Phase 1, LLC (the company) was organized on January 14, 2009, as a limited liability company (LLC) formed under the Wisconsin Limited Liability Company Act (the Act). The company was formed to acquire, rehabilitate, and operate a 39 building, 65-unit duplex and single family home complex located on scattered sites in Beloit, Wisconsin, called Beloit Apartments Redevelopment, Phase 1 (the project). The project qualifies for low-income housing tax credits pursuant to Section 42 of the Internal Revenue Code (IRC). The original property, including the buildings and land, was acquired under a capital lease dated September 22, 2010. The company completed the rehabilitation of 14 units on various dates in December 2010 and completed the rehabilitation of the remaining 51 units on various dates from January through July of 2011.

The company consists of one managing member and three investor members, with rights, preferences, and privileges as described in the Amended and Restated Operating Agreement (operating agreement). Each member's liability for the debts and obligations of the company shall be limited to the maximum extent permitted by the Act and other applicable laws.

The company's income tax filings are subject to audit by various taxing authorities. Open periods subject to audit for federal and Wisconsin purposes are generally the previous three and four years of tax returns filed, respectively. There were no interest or penalties recorded for the period ended December 31, 2014.

The company shall be operated in a manner consistent with its treatment as a partnership for federal and state income tax purposes. Therefore, the accompanying financial statements do not include the personal or corporate assets and liabilities of the members, their obligation for income taxes on their distributive shares of the net income of the company or their rights to refunds on its net loss, nor any provision for income tax expense.

The operating agreement states that the company shall be perpetual unless sooner terminated in accordance with the operating agreement.

##### **Significant Accounting Policies**

A summary of significant accounting policies follows:

##### **Use of Estimates**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

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

##### **Community Development Authority Component Unit - Beloit Apartments Redevelopment-Phase 1, LLC** (cont.)

#### a. Nature of Business and Significant Accounting Policies (cont.)

##### **Significant Accounting Policies** (cont.)

###### **Cash and Cash Equivalents**

For purposes of reporting cash flows, the company considers all investments purchased with a maturity of three months or less to be cash equivalents, with the exception of cash not available to the project due to restrictions placed on it.

###### **Accounts Receivable and Revenue Recognition**

The company utilizes the direct write-off method of accounting for bad debts. The use of this method has no material effect on the financial statements. A receivable is considered past due if payments have not been received by the company for 10 days. Accounts are generally written off as uncollectible if no payments are received after 30 days. No fee is charged to customers for late payment.

Rental revenue is recognized when earned. The company leases apartments to eligible applicants under operating leases which are substantially all on a yearly basis.

###### **Rental Property**

Rental property is stated at cost. Depreciation of rental property is computed on the straight-line method based upon the following estimated useful lives of the assets:

	<u>Years</u>
Land and buildings under capital lease	98
Building improvements	40
Land improvements	15
Furnishings and equipment	5

Maintenance and repairs of rental property and equipment are charged to operations, and major improvements are capitalized. Upon retirement, sale, or other disposition of rental property and equipment, the cost and accumulated depreciation are eliminated from the accounts, and any resulting gain or loss is included in operations.

It is the company's policy to include amortization expense on assets acquired under capital leases with depreciation expense on owned assets.

###### **Impairment of Long-Lived Assets**

The company reviews long-lived assets, including rental property and intangible assets, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset. To date, there have been no such losses.

# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

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

##### **Community Development Authority Component Unit - Beloit Apartments Redevelopment-Phase 1, LLC** (cont.)

#### a. Nature of Business and Significant Accounting Policies (cont.)

##### **Significant Accounting Policies** (cont.)

###### **Financing Costs**

Financing costs incurred by the company totaled \$15,000. The company is amortizing these costs into interest expense on the straight-line method over 39 years and 9 months, the life of the loans. The use of the straight-line method rather than the effective interest method has no material effect on the financial statements.

Amortized costs included in interest expense amounted to \$377 for the year ended December 31, 2014.

###### **Tax Credit Fees**

In connection with obtaining an allocation of low-income housing tax credits, the company paid fees totaling \$114,034 to the Wisconsin Housing and Economic Development Authority (WHEDA). The company is amortizing these fees over the related tax credit compliance period of 15 years using the straight-line method.

###### **Unearned Revenue**

Governmental agencies have provided grant funding to the company to encourage the development of affordable housing. The company received funds under the Tax Credit Exchange Program (TCEP) (See Note I.h. in this section). The unearned revenue relating to this grant is recognized as other income in the statement of operations (shown as amortization of unearned revenue) under the straight-line method over the estimated useful lives of the underlying assets purchased or constructed.

###### **Current Vulnerability Due to Certain Concentrations**

The project's operations are concentrated in the low-income, public housing residential real estate market. In addition, the project operates in a heavily regulated environment. The operations of the project are subject to administrative directives, rules and regulations of federal, state and local regulatory agencies including, but not limited to, the Community Development Authority of the City of Beloit (CDA) under the Regulatory & Operating Agreement (R&O Agreement). Such administrative directives, rules and regulations are subject to change by an act of Congress or an administrative change mandated by the CDA. Such changes may occur with little or inadequate funding to pay for the related cost, including additional administrative burden to comply with a change.

###### **Subsequent Events**

These financial statements have not been updated for subsequent events occurring after April 6, 2015, which is the date these financial statements were available to be issued. The company has no responsibility to update these financial statements for events and circumstances occurring after this date.

# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

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

#### **Community Development Authority Component Unit - Beloit Apartments Redevelopment-Phase 1, LLC** (cont.)

b. Restricted Cash

Restricted cash is comprised of the following:

Replacement reserve	\$	15,334
Operating reserve		100,195
Tenants' security deposits		32,640
Rent-up reserve		<u>45,044</u>
 Total	 \$	 <u><u>193,213</u></u>

#### **Replacement Reserve**

The operating agreement and R&O Agreement require the company to make monthly deposits to the replacement reserve initially equal to \$300 per unit per year, and increasing annually by 3%. Disbursements are restricted to capital improvements and repairs of the project. Disbursements in excess of \$5,000 or 10% of the balance in the reserve at such time will require written approval of the investor members. Any funds remaining at the end of the compliance period shall be distributed to the members as provided for in the operating agreement.

Balance, beginning	\$	60,289
Monthly deposits		21,309
Interest earned		36
Withdrawals		<u>(66,300)</u>
 Balance, Ending	 \$	 <u><u>15,334</u></u>

#### **Operating Reserve**

The R&O Agreement and the operating agreement require the company to fund and maintain an operating reserve in the amount of \$100,000. To the extent funds in the reserve fall below the initial deposit, the managing member must replenish the reserve from available cash flow as defined in the operating agreement. Disbursements in excess of \$10,000 or 10% of the then balance of the reserve require written approval from the investor members.

Balance, beginning	\$	100,095
Interest earned		<u>100</u>
 Balance, Ending	 \$	 <u><u>100,195</u></u>



# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

---

#### I. COMPONENT UNITS (cont.)

##### **Community Development Authority Component Unit - Beloit Apartments Redevelopment-Phase 1, LLC (cont.)**

#### b. Restricted Cash (cont.)

##### **Rent-up Reserve**

The operating agreement requires the managing member to establish a rent-up reserve in the amount of \$45,000. The funds shall be used to pay for costs incurred during the initial lease-up period. Any funds remaining after the initial lease up period is completed shall be deposited in the operating reserve.

Balance, beginning	\$	45,022
Interest earned		<u>22</u>
Balance, Ending	\$	<u>45,044</u>

#### c. Rental Property, Net

Rental property, net is comprised of the following:

Land	\$	11,349
Land and buildings under capital lease		1,950,000
Building improvements		8,382,243
Land improvements		164,412
Furnishings and equipment		<u>260,764</u>
		10,768,768
Less: Accumulated depreciation		<u>1,108,242</u>
Total	\$	<u>9,660,526</u>

# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

#### I. COMPONENT UNITS (cont.)

##### **Community Development Authority Component Unit - Beloit Apartments Redevelopment-Phase 1, LLC (cont.)**

d. Mortgage and Other Notes Payable

Mortgage and other notes payable consists of the following:

CDA; managing member; non-recourse mortgage note payable under the capital lease described in Note I.e.; due in one installment on September 21, 2050, together with interest at 4.47% compounded annually; collateralized by a mortgage on the project's rental property; interest expense totaled \$100,670 for the year ended December 31, 2014; accrued interest was \$402,786 as of December 31, 2014.	\$ 1,950,000
CDA; non-recourse mortgage note in the original amount of \$500,000; non-interest bearing; due in one installment on September 21, 2040; collateralized by a mortgage on the project's rental property.	500,000
CDA; non-recourse mortgage note in the original amount of \$619,253; non-interest bearing; due in one installment on September 21, 2040; collateralized by a mortgage on the project's rental property.	430,559
CDA; non-recourse mortgage note in the original amount of \$350,000; due in one installment on September 23, 2040, together with interest at 4.0% compounded annually; collateralized by a security interest on the project's rental property; interest expense totaled \$15,045 for the year ended December 31, 2014; accrued interest was \$41,179 as of December 31, 2014.	350,000
City of Beloit; non-recourse mortgage note in the original amount of \$170,639; non-interest bearing; principal due in one installment on September 21, 2040; collateralized by a mortgage on the project's rental property; the mortgage note was not funded as of December 31, 2014.	-
<b>Total</b>	<b><u>\$ 3,230,559</u></b>

Repayment of principal on the mortgage and other notes payable as of December 31, 2014, is as follows:

Year Ending December 31,

2015	\$ -
2016	-
2017	-
2018	-
2019	-
Thereafter	3,230,559
<b>Total</b>	<b><u>\$ 3,230,559</u></b>

# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

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

##### ***Community Development Authority Component Unit - Beloit Apartments Redevelopment-Phase 1, LLC*** (cont.)

#### e. Capital Lease

The company has entered into a capital lease agreement with the CDA dated September 22, 2010, to operate and manage the project during the term of the capital lease in accordance with all applicable public housing requirements. Rental property recorded under this non-cancellable capital lease consists of:

Land	\$ 409,500
Buildings	<u>1,540,500</u>
Total	<u>\$ 1,950,000</u>

In accordance with accounting principles generally accepted in the United States of America, the land and building are capitalized as a single unit and amortized over the lease term of 98 years. Accumulated depreciation on the land and buildings under the capital lease was \$84,566 as of December 31, 2014.

Base rent under the lease was payable in a single installment of \$1,950,000 on September 22, 2010. The balance of unpaid base rent accrues interest at 4.47%, compounded annually (see Note I.d. in this section). Payments made by the company shall be applied first to accrued interest and then against the unpaid base rent amount. The base rent and all accrued interest thereon is due September 21, 2050. The capital lease obligation is secured by a mortgage note as described in Note I.d. The lease expires September 21, 2108.

In addition to the base rent and related interest payments, the company is obligated to make an annual payment in lieu of taxes (PILOT) to the City of Beloit (see Note I.g. in this section).

#### f. Members' Capital Contributions

The company has one managing member, the CDA, which has a .01% interest, and three investor members, BMO, First National Bank and Trust Company (FNB), and Blackhawk State Bank (BSB) which have 19.998%, 39.996%, and 39.996% interests, respectively.

The CDA is required to make capital contributions of \$100,000. Of this amount, there have been no contributions made as of December 31, 2014. The investor members are required to make capital contributions totaling \$6,439,817. All contributions were made as of December 31, 2014.

# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

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

##### ***Community Development Authority Component Unit - Beloit Apartments Redevelopment-Phase 1, LLC*** (cont.)

#### g. Related Party Transactions

##### **Accounts Payable**

Included in accounts payable are amounts owed to the CDA for reimbursement of operating expenses totaling \$46,402 as of December 31, 2014.

##### **Property Management Agreement**

The company has entered into a property management agreement with the CDA under which the company is obligated to pay a property management fee equal to 5% of gross residential rents on a monthly basis. The agreement is automatically renewed from year to year unless otherwise terminated. Property management fees totaled \$2,877 for the period ended December 31, 2014.

##### **Asset Management Fee**

The company is obligated to pay BMO an annual asset management fee of \$3,250. The fee is payable solely from cash flow as defined in the operating agreement, is cumulative, and accrues interest at the Prime Rate plus 3%. Included in accrued expenses are accrued asset management fees of \$3,250 as of December 31, 2014.

##### **PILOT**

The company and the CDA entered into a PILOT agreement with the City of Beloit, Wisconsin (the City), under which the company will make an annual PILOT payment to the City beginning in 2010 and ending in the final calendar year of the project's compliance period (2025). The PILOT shall be equal to 10% of the difference between the annual tenant's portion of the collected rents for all of the residential rental units in the buildings and the annual utility bills incurred by the company with respect to the project. The PILOT is required for as long as the land and building under capital lease constitutes property of the CDA that is exempt from taxation under the Wisconsin Statutes.

##### **Operating Deficit Guaranty**

The managing member is obligated, after all funds in the operating reserve account have been depleted, to fund operating deficits during the operating deficit guaranty period. The operating deficit guaranty period is defined as the period beginning with the date of achievement of breakeven operations and ending on the later of the third anniversary of the date of achievement of breakeven operations or when the project has maintained the operating reserve target amount of \$100,000 during the compliance period and the project has made all required deposits to the replacement reserve. The obligation to fund operating deficits shall be limited to \$145,000. Such loans are non-interest bearing and repayable solely from available cash flow as defined in the operating agreement. There was no operating deficit loans as of December 31, 2014.

# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

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

##### **Community Development Authority Component Unit - Beloit Apartments Redevelopment-Phase 1, LLC** (cont.)

#### g. Related Party Transactions (cont.)

##### **R&O Agreement**

The company has entered into an R&O Agreement with the CDA. Provisions of the agreement require the company to maintain all units as public housing units. The CDA is to pay operating subsidies to the company equal to the project expenses less project income. The agreement will expire upon the earliest to occur of the expiration of 40 years from the date of first occupancy (December 2050) or at the option of the project at the close of the first project year of which the CDA ceases to pay operating subsidies. Operating subsidies totaling \$143,907 were earned during the period ended December 31, 2014. Included in accounts receivable are operating subsidies of \$27,648 as of December 31, 2014.

#### h. Commitments and Contingencies

##### **Land Use Restriction Agreement (LURA)**

The company has entered into a LURA with the Wisconsin Housing and Economic Development Authority (WHEDA) as a condition to receiving an allocation of low-income housing tax credits. Under this agreement, the company must continuously comply with IRC Section 42 and other applicable sections of the IRC. The agreement places occupancy restrictions on rents and the minimum percent of units which shall be occupied by individuals or families whose income meets the requirements set under IRC Section 42. If the company fails to comply with this agreement or with the IRC, it may be ineligible for low-income housing tax credits, and the members may be required to recapture a portion of the tax credits previously claimed on their income tax returns. In addition, noncompliance may require an adjustment to the contributed capital of the investor member's. The company is obligated to certify tenant eligibility.

##### **Tax Credit Exchange Program (TCEP)**

The company has entered into a TCEP Subaward Agreement (Subaward Agreement) with WHEDA. Under the Subaward Agreement, the company was awarded and received grant funds totaling \$1,345,125, pursuant to Section 1602 of the American Recovery and Reinvestment Act of 2009. If the company fails to continuously comply with the guidelines of the Subaward Agreement, it may be required to refund up to the full amount of the grant funds received and reimburse WHEDA for the costs and fees incurred in connection with the recapture event. As a condition to making the Subaward Agreement, WHEDA required the owner to enter into a corporate guarantee. The Subaward Agreement terminates at the expiration of the low-income housing tax credit compliance period.

# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

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

##### ***Community Development Authority Component Unit - Beloit Apartments Redevelopment-Phase 2, LLC***

#### a. Nature of Business and Significant Accounting Policies

##### **Nature of Business**

Beloit Apartments Redevelopment – Phase 2, LLC (the company) was organized on March 5, 2010, as a limited liability company (LLC) formed under the Wisconsin Limited Liability Company Act (the Act). The company was formed to acquire, rehabilitate, develop, and operate a 66-unit project comprised of 41 elderly and 25 family residential units, located on scattered sites in Beloit, Wisconsin, called Beloit Apartments Redevelopment – Phase 2, LLC (the project). The project qualifies for low-income housing tax credits pursuant to Section 42 of the Internal Revenue Code (IRC). The original property, including the buildings and land, was acquired under a capital lease dated October 14, 2011. The company completed the rehabilitation of the existing structures on various dates from January through May of 2012. The new construction portion of the projects was placed in service on various dates in August and December 2012.

The company consists of one managing member and one investor member, with rights, preferences and privileges as described in the Amended and Restated Operating Agreement (operating agreement). Each member's liability for the debts and obligations of the company shall be limited to the maximum extent permitted by the Act and other applicable laws.

The company's income tax filings are subject to audit by various taxing authorities. Open periods subject to audit for federal and Wisconsin purposes are generally the previous three and four years of tax returns filed, respectively. There were no interest or penalties recorded for the period ended December 31, 2014.

The company shall be operated in a manner consistent with its treatment as a partnership for federal and state income tax purposes. Therefore, the accompanying financial statements do not include the personal or corporate assets and liabilities of the members, their obligation for income taxes on their distributive shares of the net income of the company or their rights to refunds on its net loss, nor any provision for income tax expense.

The operating agreement states that the company shall be perpetual unless sooner terminated in accordance with the operating agreement.

##### **Significant Accounting Policies**

A summary of significant accounting policies follows:

##### **Use of Estimates**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

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

##### **Community Development Authority Component Unit - Beloit Apartments Redevelopment-Phase 2, LLC** (cont.)

#### a. Nature of Business and Significant Accounting Policies (cont.)

##### **Significant Accounting Policies** (cont.)

###### **Cash and Cash Equivalents**

For purposes of reporting cash flows, the company considers all investments purchased with a maturity of three months or less to be cash equivalents, with the exception of cash not available to the company due to restrictions placed on it.

###### **Accounts Receivable and Revenue Recognition**

The company utilizes the direct write-off method of accounting for bad debts. The use of this method has no material effect on the financial statements. A receivable is considered past due if payments have not been received by the company for 10 days. Accounts are generally written off as uncollectible if no payments are received after 30 days. No fee is charged to customers for late payment.

Rental revenue is recognized when earned. The company leases apartments to eligible applicants under operating leases which are substantially all on a yearly basis.

###### **Rental Property**

Rental property is stated at cost. Depreciation of rental property is computed on the straight-line method based upon the following estimated useful lives of the assets:

	<u>Years</u>
Land and buildings under capital lease	98
Buildings and improvements	27.5
Land improvements	15
Furnishings and equipment	5

Maintenance and repairs of rental property and equipment are charged to operations, and major improvements are capitalized. Upon retirement, sale, or other disposition of rental property and equipment, the cost and accumulated depreciation are eliminated from the accounts, and any resulting gain or loss is included in operations.

It is the company's policy to include amortization expense on assets acquired under capital leases with depreciation expense on owned assets.

###### **Impairment of Long-Lived Assets**

The company reviews long-lived assets, including rental property and intangible assets, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset. To date, there have been no such losses.

# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

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#### I. COMPONENT UNITS (cont.)

##### **Community Development Authority Component Unit - Beloit Apartments Redevelopment-Phase 2, LLC (cont.)**

#### a. Nature of Business and Significant Accounting Policies (cont.)

##### **Significant Accounting Policies (cont.)**

###### **Financing Costs**

Financing costs incurred by the company totaled \$12,000. The company is amortizing these costs into interest expense on the straight-line method over 39 years and 9 months, the life of the loans. The use of the straight-line method rather than the effective interest method has no material effect on the financial statements. Amortized costs included in interest expense amounted to \$302 for the period ended December 31, 2014.

###### **Tax Credit Fees**

In connection with obtaining an allocation of low-income housing tax credits from the Wisconsin Housing and Economic Authority (WHEDA), the company incurred fees totaling \$128,263. The company is amortizing these fees over the related tax credit compliance period of 15 years using the straight-line method.

###### **Current Vulnerability Due to Certain Concentrations**

The project's operations are concentrated in the low-income, public housing residential real estate market. In addition, the project operates in a heavily regulated environment. The operations of the project are subject to administrative directives, rules and regulations of federal, state and local regulatory agencies including, but not limited to, the Community Development Authority of the City of Beloit (CDA) under the Regulatory & Operating Agreement (R&O Agreement). Such administrative directives, rules and regulations are subject to change by an act of Congress or an administrative change mandated by the CDA. Such changes may occur with little or inadequate funding to pay for the related cost, including additional administrative burden to comply with a change.

###### **Subsequent Events**

These financial statements have not been updated for subsequent events occurring after March 30, 2015, which is the date these financial statements were available to be issued. The company has no responsibility to update these financial statements for events and circumstances occurring after this date.

#### b. Restricted Cash

Restricted cash is comprised of the following:

Replacement reserve	\$	25,361
Operating reserve		190,317
ACC reserve		280,467
Tenants' security deposits		<u>24,207</u>
Total	\$	<u>520,352</u>



# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

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

##### **Community Development Authority Component Unit - Beloit Apartments Redevelopment-Phase 2, LLC** (cont.)

#### b. Restricted Cash (cont.)

##### **Replacement Reserve**

The operating agreement and R&O Agreement require the company to make monthly deposits to the replacement reserve initially equal to \$300 per unit per year, and increasing annually by 3%. Disbursements are restricted to capital improvements and repairs of the project. Disbursements in excess of \$5,000 in the aggregate in any given month will require written approval of the managing member and the asset manager. Any funds remaining at the end of the compliance period shall be distributed to the members as provided for in the operating agreement.

Balance, beginning	\$	25,348
Interest earned		<u>13</u>
Balance, Ending	\$	<u>25,361</u>

##### **Operating Reserve**

The R&O Agreement and the operating agreement require the company to fund and maintain an operating reserve in the amount of \$190,000 upon receipt of the investor member's third installment of project equity. Any excess amount remaining at the end of the compliance period shall be distributed to the members as provided for in the operating agreement, subject to consent by any lender or the United States Department of Housing and Urban Development (HUD). If the balance in the operating reserve falls below \$190,000, the company is obligated to replenish the operating reserve from cash flow or the proceeds of sales or refinancing. Disbursements require the approval of the managing member and the asset manager.

Balance, beginning	\$	190,127
Interest earned		<u>190</u>
Balance, Ending	\$	<u>190,317</u>

# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

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

**Community Development Authority Component Unit - Beloit Apartments Redevelopment-Phase 2, LLC** (cont.)

b. Restricted Cash (cont.)

**Annual Contributions Contract (ACC) Reserve**

The operating agreement and R & O Agreement require the company to fund an ACC reserve equal to \$280,000 upon the receipt of the investor member's third installment of project equity. Disbursements are to be used to pay operating and debt service deficits that directly result from the reduction or loss of a reduction in the projected HUD mixed finance subsidies. Funds may only be withdrawn with the approval of the managing member and asset manager. Any funds remaining at the end of the compliance period shall, subject to any required lender or HUD consent, be distributed to the members as provided for in the operating agreement.

Balance, beginning	\$ 280,186
Interest earned	<u>281</u>
Balance, Ending	<u><u>\$ 280,467</u></u>

c. Rental Property, Net

Rental property, net is comprised of the following:

Land	\$ 175,397
Land and buildings under capital lease	1,410,000
Buildings and improvements	9,214,904
Land improvements	397,055
Furnishings and equipment	<u>309,631</u>
	11,506,987
Less: Accumulated depreciation	<u>996,198</u>
Total	<u><u>\$ 10,510,789</u></u>

# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

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

##### ***Community Development Authority Component Unit - Beloit Apartments Redevelopment-Phase 2, LLC*** (cont.)

d. Mortgage and Other Notes Payable

Mortgage and other notes payable consists of the following:

CDA; managing member; non-recourse mortgage note payable under the capital lease described in Note I.e.; due in one installment on October 13, 2051, together with interest at 4.19% compounded annually; collateralized by a mortgage on the project's rental property; interest expense totaled \$64,708 for the year ended December 31, 2014; accrued interest was \$199,048 as of December 31, 2014.	\$ 1,410,000
CDA; non-recourse mortgage note in the original amount of \$230,074; due in one installment on October 13, 2051, together with interest at 0.50%; collateralized by a mortgage on the project's rental property; interest expense totaled \$11,150 for the year ended December 31, 2014; accrued interest was \$1,917 as of December 31, 2014.	230,074
CDA; non-recourse mortgage note in the original amount of \$256,500; due in one installment on October 13, 2051, together with interest at 0.50%; collateralized by a mortgage on the project's rental property; interest expense totaled \$1,283 for the year ended December 31, 2014; accrued interest was \$2,459 as of December 31, 2014.	256,500
CDA; non-recourse mortgage note in the original amount of \$540,000; non-interest bearing; due in one installment on October 13, 2051, collateralized by a mortgage on the project's rental property.	540,000
CDA; non-recourse mortgage note in the original amount of \$600,000; principal due in one installment on October 13, 2051, together with interest at 0.50%; collateralized by a mortgage on the project's rental property; interest expense totaled \$2,371 for the year ended December 31, 2014; accrued interest was \$3,704, as of December 31, 2014.	<u>474,260</u>
Total	<u>\$ 2,910,834</u>

# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

#### I. COMPONENT UNITS (cont.)

##### **Community Development Authority Component Unit - Beloit Apartments Redevelopment-Phase 2, LLC (cont.)**

#### d. Mortgage and Other Notes Payable (cont.)

Repayment of principal on the mortgage and other notes payable as of December 31, 2014, is as follows:

Year Ending December 31,

2015	\$	-
2016		-
2017		-
2018		-
2019		-
Thereafter		<u>2,910,834</u>
Total	\$	<u><u>2,910,834</u></u>

#### e. Capital Lease

The company has entered into a capital lease agreement with the CDA dated October 14, 2011, to operate and manage the project during the term of the capital lease in accordance with all applicable public housing requirements. Rental property recorded under this non-cancellable capital lease consists of:

Land	\$	770,000
Buildings		<u>640,000</u>
Total	\$	<u><u>1,410,000</u></u>

In accordance with accounting principles generally accepted in the United States of America, the land and building are capitalized as a single unit and amortized over the lease term of 98 years. Accumulated depreciation on the land and building under the capital lease was \$46,761 as of December 31, 2014.

Base rent under the lease was payable in a single installment of \$1,410,000 on October 14, 2011. The balance of unpaid base rent accrues interest at 4.19%, compounded annually (see Note I.d. in this section). Payments made by the company shall be applied first to accrued interest and then against the unpaid base rent amount. The base rent and all accrued interest thereon is due October 13, 2051. The capital lease obligation is secured by a mortgage note as described in Note I.d. The lease expires October 13, 2109.

In addition to the base rent and related interest payments, the company is obligated to make an annual payment in lieu of taxes (PILOT) to the City of Beloit, Wisconsin (the City) (see Note I.g. in this section).

# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

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

##### **Community Development Authority Component Unit - Beloit Apartments Redevelopment-Phase 2, LLC** (cont.)

#### f. Members' Capital Contributions

The company has one managing member, the CDA, which has a .01% interest, and one investor member, NEF Assignment Corporation (NEF), as nominee, which has a 99.99% interest. The CDA is required to make capital contributions of \$100. All contributions were made as of December 31, 2014. NEF is required to make capital contributions totaling \$9,441,409. All contributions were made as of December 31, 2014.

Contributions are subject to adjustment depending on certain conditions being met, primarily conditions relating to the amount of low-income housing tax credits the company is able to obtain.

#### g. Related Party Transactions

##### **Accounts Payable**

Included in accounts payable are amounts owed to the CDA for reimbursement of operating expenses totaling \$39,543 as of December 31, 2014.

##### **Property Management Agreement**

The company has entered into a property management agreement with the CDA under which the company is now obligated to pay a property management fee equal to 5% of gross residential rents and ACC operating subsidy received on a monthly basis. The agreement is automatically renewed from year to year unless otherwise terminated. Property management fees totaled \$10,908 for the period ended December 31, 2014.

##### **Asset Management Fee**

The company is obligated to pay an affiliate of the investor member, NEF Community Investments, Inc., an annual asset management fee of \$6,600, increasing annually by 3%. The fee shall begin accruing as of the placed in service date of the final building (December 12, 2012). The fee is payable solely from cash flow as defined in the operating agreement and shall be cumulative and accrued if not paid. Asset management fees incurred were \$7,002 for the period ended December 31, 2014. Asset management fees accrued and included in accrued expenses were \$14,144 as of December 31, 2014.

##### **Operating Deficit Guaranty**

The managing member is obligated, after all funds in the operating reserve account have been depleted, to fund operating deficits during the operating deficit guaranty period. The operating deficit guaranty period is defined as the period beginning with the date of achievement of stabilized occupancy and ending on after achievement of 36 consecutive months with an expense coverage ratio of 1.00 or better commencing on or after the second anniversary of the later of the achievement of stabilized occupancy or repayment in full of the construction loan. The obligation to fund operating deficits shall be limited to \$190,000. Such loans are non-interest bearing and repayable solely from available cash flow as defined in the operating agreement. There was no operating deficit guaranty loans as of December 31, 2014.

## CITY OF BELOIT

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

---

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

##### ***Community Development Authority Component Unit - Beloit Apartments Redevelopment-Phase 2, LLC*** (cont.)

##### g. Related Party Transactions (cont.)

##### **R&O Agreement**

The company has entered into an R&O Agreement with the CDA. Provisions of the agreement require the company to maintain all units as public housing units. The CDA is to pay operating subsidies to the company equal to the project expenses less project income. The agreement will expire upon the earliest to occur of the expiration of 40 years from the date of first occupancy or at the option of the project at the close of the first project year of which the CDA ceases to pay operating subsidies. Operating subsidies totaling \$125,078 were earned during the period ended December 31, 2014. Included in accounts receivables are operating subsidies receivable of \$33,003 as of December 31, 2014.

##### **PILOT**

The company and the CDA entered into a PILOT agreement with the City, in which the company will make an annual PILOT payment to the City beginning in 2011 and ending in the final calendar year of the project's compliance period (2026). The PILOT shall be equal to 10% of the difference between the annual tenant's portion of the collected rents for all of the residential rental units in the buildings and the annual utility bills incurred by the company with respect to the project. The PILOT is required for as long as the land and building under capital lease constitutes property of the CDA that is exempt from taxation under the Wisconsin Statutes.

##### h. Company Profits and Losses and Distributions

All profits and losses are allocated .01% to the managing member and 99.99% to the investor member.

Distributable cash flow, as defined by the operating agreement, is allocated .01% to the managing member and 99.99% to the investor member.

Gain, if any, from a sale or exchange or other disposition of the property owned by the company is allocable as follows:

1. To all members having negative balances in their capital accounts prior to the distribution of any sale or refinancing proceeds, an amount of such gain to increase their negative balance to zero.
2. To all members until their capital account balances are equal to net projected tax liabilities as defined in the company agreement.
3. The remainder of such gain, if any, 99.99% to the investor member and .01% to the managing member.

# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

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

##### ***Community Development Authority Component Unit - Beloit Apartments Redevelopment-Phase 2, LLC (cont.)***

#### i. Commitments and Contingencies

##### **Land Use Restriction Agreement (LURA)**

The company has entered into a LURA with the Wisconsin Housing and Economic Development Authority as a condition to receiving an allocation of low-income housing tax credits. Under this agreement, the company must continuously comply with IRC Section 42 and other applicable sections of the IRC. The agreement places occupancy restrictions on rents and the minimum percent of units which shall be occupied by individuals or families whose income meets the requirements set under IRC Section 42. If the company fails to comply with this agreement or with the IRC, it may be ineligible for low-income housing tax credits, and the members may be required to recapture a portion of the tax credits previously claimed on their income tax returns. In addition, noncompliance may require an adjustment to the contributed capital of the investor member. The company is obligated to certify tenant eligibility.

##### **Affordable Housing Program (AHP)**

On October 14, 2011, the CDA, on behalf of Beloit Apartments Redevelopment – Phase 2, LLC, entered into an AHP Agreement with The First National Bank and Trust Company (the bank) in the original amount of \$256,500. In connection with the AHP agreement, the CDA and the company entered into a Retention/Recapture Agreement with the bank. As a condition of receiving these funds, the CDA and the company have agreed to make 40 units, 25 units, and 1 unit of the project affordable for and occupied by households whose income does not exceed 50%, 60%, and 80%, respectively, of the county median income (CMI) of Rock County, Wisconsin. The compliance period will terminate 15 years from the date of project completion.

##### ***Beloit Public Library Foundation, Inc.***

#### a. Organization

The Beloit Public Library Foundation, Inc., (Foundation) is organized to raise and provide support monies for the Beloit, Wisconsin Public Library (Library).

#### b. Summary of Significant Accounting Policies

1. The Foundation's financial statements are presented on the accrual basis in accordance with accounting principles generally accepted in the United States of America as promulgated by the American Institute of Certified Public Accountants.
2. The Foundation accounts for contributions in accordance with generally accepted accounting principles (GAAP). All contributions are considered to be available for the general programs of the Foundation unless specifically restricted by the donor. The Foundation reports gifts of cash as restricted support if they are received with donor stipulations that limit the use of the donated cash. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net position is reclassified to unrestricted net position and reported in the Statement of Activities as net position released from restrictions. Donor-restricted contributions are booked in the temporarily restricted class for restrictions expiring during the fiscal year, and then reclassified to the unrestricted class.

# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

#### I. COMPONENT UNITS (cont.)

##### *Beloit Public Library Foundation, Inc.* (cont.)

#### c. Cash and Cash Equivalents

For purposes of the statements of cash flows, the Foundation considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. As of December 31, 2014, the Foundation had no uninsured cash balances.

#### d. Temporarily Restricted Net Position

Temporarily restricted net position – Net position subject to grantor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Foundation pursuant to those stipulations.

The following funds have been temporarily restricted from general operating use by grantors:

	12-31-14
Bookquest fund	\$ 879
Library building fund	5,421
Total	\$ 6,300

#### e. Investments

In accordance with GAAP, investments are reported at fair market value. At December 31, as quoted by the trustee or from stock quotes, the market and cost are as follows:

	2014	
	Market	Cost
Mutual Funds -		
Equity	\$ 342,955	\$ 294,094
Fixed income	183,502	183,085
Totals	\$ 526,457	\$ 477,179

Unrealized gains amounted to \$49,278 as of December 31, 2014. Current unrealized losses of \$58,488 have been reflected in the Statement of Activities for 2014.

Interest and dividends earned on the above investments amounted to \$8,856 for 2014. Investments are exposed to potential risks including interest rate risk, credit risk, and overall market volatility. Accordingly, it is reasonably possible that changes in the value of investments will occur in the near term and such changes could be material in amount.



# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

#### I. COMPONENT UNITS (cont.)

##### *Beloit Public Library Foundation, Inc.* (cont.)

#### f. Fair Value Measurements

The Foundation has adopted the Financial Accounting Standards Board (FASB) FASB ASC 820-10, *Fair Value Measurements and Disclosures*. FASB ASC 820-10 defines fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants in the measurement date. When determining the fair value measurements for assets and liabilities required to be recorded at fair value, the Foundation considers the principal or most advantageous market in which it would transact and considers assumptions that market participants would use when pricing the asset or liability, such as inherent risk, transfer restrictions, and risk of nonperformance.

FASB ASC 820-10 establishes a fair value hierarchy that requires the Foundation to maximize the use of unobservable inputs when measuring fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level on input that is significant to the fair value measurement.

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Significant other observable inputs other than Level 1 that are either directly or indirectly, such as quoted market prices in active markets for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full terms of the assets or liabilities.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The fair values of assets measured on a recurring basis at December 31, 2014 are as follows.

	Fair Value Measurements at Reporting Date Using	
December 31, 2014	Fair Value	Quoted Prices In Active Markets for Identical Assets (Level 1)
Marketable securities	\$ 526,457	\$ 526,457

# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

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

##### ***Beloit Public Library Foundation, Inc.*** (cont.)

#### g. Income Taxes

The Foundation is a nonprofit organization and is exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3) and, therefore, there is no provision for income taxes in the financial statements.

Management of the Foundation has evaluated for uncertain tax positions and has determined that there are no uncertain tax positions as of December 31, 2014. The Foundation is subject to income taxes in the United States Federal jurisdiction and the State of Wisconsin. Tax regulations within each jurisdiction are subject to the interpretation of the related tax laws and regulations and require significant judgment to apply. Tax returns remain open for federal examination for the past three years and state examination for the past four years.

#### h. Related Organization

The Library is a separate tax exempt organization organized to provide books, audio books, magazines, CD's, movies and reading programs to the citizens of Beloit, Wisconsin. Program services expenses of the Foundation are for the benefit of the Library.

#### i. Library Campaign Pledge

During 2008, the Foundation approved a \$250,000 pledge to the Beloit Public Library renovation and relocation project. This pledge is being paid over a five year period at \$50,000 per year beginning in March 2010, with the final payment paid in 2014.

#### j. Library Campaign Deposits

The Foundation had agreed to accept Beloit Public Library Capital Campaign contributions which are deposited into a separate account. As funds are collected, a monthly transfer is made to the City of Beloit. These campaign deposits are not reported as income of the Foundation. The Capital Campaign has concluded during 2014 and all amounts collected have been transferred.

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### NOTE V – OTHER INFORMATION

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#### ***A. EMPLOYEES' RETIREMENT SYSTEM***

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

# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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### NOTE V – OTHER INFORMATION (cont.)

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#### A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Effective the first day of the first pay period on or after June 29, 2011, the employee required contribution was changed to one-half of the actuarially determined contribution rate for employees in the General Employment category and Executives and Elected Officials. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement. Contribution rates for 2014 were:

	<u>Employee</u>	<u>Employer</u>
General	7.00%	7.00%
Executives and Elected Officials	7.75%	7.75%
Protective with Social Security	7.00%	10.10%
Protective without Social Security	7.00%	13.70%

The payroll for City employees covered by WRS for the year ended December 31, 2014 was \$23,557,185; the employer's total payroll was \$24,621,303. The total required contribution for the year ended December 31, 2014 was \$3,976,424 or 16.9% of covered payroll. Of this amount, 100% was contributed for the current year. Total contributions for the years ended December 31, 2013 and 2012 were \$3,572,609 and \$3,505,565, respectively, equal to the required contributions for each year.

Employees who retire at or after age 65 (62 for elected officials and 54 for protective occupation employees with less than 25 years of service, 53 for protective occupation employees with more than 25 years of service) are entitled to receive a retirement benefit. Employees may retire at age 55 (50 for protective occupation employees) and receive actuarially reduced benefits. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor. A final average earnings is the average of the employee's three highest years' earnings. Employees terminating covered employment and submitting an application before becoming eligible for a retirement benefit may withdraw their contributions and, by doing so, forfeit all rights to any subsequent benefit. For employees beginning participation on or after January 1, 1990 and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998 and prior to July 1, 2011 are immediately vested. Participants who initially became WRS eligible on or after July 1, 2011 must have five years of creditable service to be vested.

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

The WRS issues an annual financial report which may be obtained by writing to the Department of Employee Trust Funds, P.O. Box 7931, Madison, WI 53707-7931.

# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

### NOTE V – OTHER INFORMATION (cont.)

#### **B. RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions. All of these risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded the commercial coverage in any of the past three years. There were no significant reductions in coverage compared to the prior year. However, other risks, such as health care of its employees, liability claims, and worker's compensation are accounted for and financed by the City in the internal service funds.

#### **Self Insurance**

The City has a limited risk management program for employee health and dental benefits with claims processed by a third party claims administrator on behalf of the City. The claims are being paid out of the internal service fund, and are funded by allocations charged to other funds. Interfund premiums are based on claims experience. As a part of the plan a reinsurance policy has been purchased which picks up claims in excess of \$100,000 per individual with an unlimited lifetime limit of liability per covered participant. A separate insurance rider provides transplant coverage with a lifetime maximum of \$1 million. Settled claims have exceeded this stop-loss amount per individual in each of the past four years. Total amounts charged back to the various departments during the year were \$6,781,206.

The estimated liability for self-funded losses is based on reported claims for the year and those received subsequent to year end. The City does not allocate overhead costs or other nonincremental costs to the claims liability. The liability is considered a current liability of the City as incurred but not reported claims are normally paid within two months of year end and represent the majority of claims payable at December 31, 2014. The estimated liability for self insured losses for this program consisted of the following at December 31, 2014:

Reported and Known Claims	\$ 662,422
Incurred but not Reported Claims	<u>1,173,550</u>
Total	<u><u>\$ 1,835,972</u></u>

Changes in the claims payable follow:

	<u>Balance January 1</u>	<u>Incurred Claims</u>	<u>Claims Paid</u>	<u>Balance December 31</u>
2013	\$ 2,127,407	\$ 6,756,797	\$ 7,132,496	\$ 1,751,708
2014	1,751,708	7,128,771	7,044,507	1,835,972

# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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### NOTE V – OTHER INFORMATION (cont.)

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#### ***B. RISK MANAGEMENT*** (cont.)

##### ***Public Entity Risk Pool***

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

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

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

The CVMIC is self-insured up to a maximum of \$2,000,000 of each insurance risk. Losses paid by CVMIC plus administrative expenses will be recovered through premiums to the participating pool of municipalities. The City's share of such losses is approximately 3.42%.

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

Financial statements of WMIC and CVMIC can be obtained directly from CVMIC's offices.

The initial investment in WMIC is refundable upon withdrawal from the commission and has been reported at the original amount of \$1,575,475 in the insurance internal service fund.

The City pays an annual premium to CVMIC for its general automobile, public official, and liability insurance, which provides coverage up to \$5,000,000 per occurrence, less the City's retained liability. The City's retained liability is limited to \$50,000 per occurrence and an annual aggregate limit of \$200,000. An actuarially determined estimate has been recorded for this liability, as well as for claims incurred but not reported at December 31, 2014. A total liability of approximately \$177,816 at December 31, 2014 was recorded as claims payable in the internal service fund.

##### ***Transit Mutual Insurance Corporation of Wisconsin (TMI)***

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

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

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

# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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### NOTE V – OTHER INFORMATION (cont.)

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#### **B. RISK MANAGEMENT** (cont.)

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

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

Premiums are determined in advance of each premium year, which begins on January 1. TMI is an assessable mutual; accordingly, the board of directors may require that supplemental contributions be made by members to ensure adequate funds are available to meet the obligations applicable to the premium year. Members are required by Wisconsin statute and TMI bylaws to fund any deficit attributable to a premium year during which they were a member. TMI was incorporated in 1985 and began issuing insurance policies in 1986; there has never been a member assessment beyond the annual premiums.

The City's share of this corporation is 1.22% for auto liability and 1.95% of physical damage liability. A list of the other members and their share of participation is available in the TMI report, which can be obtained directly from TMI's offices.

#### **C. COMMITMENTS AND CONTINGENCIES**

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability and expenditure for claims and judgments is only reported in governmental fund types if it has matured. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred.

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

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

The City has the following encumbrances outstanding at year end, relating to funds on hand:

General Fund	\$	14,341
Capital Improvements Fund		1,000
TIF District No. 10		123,192
Nonmajor Funds		316,879

## CITY OF BELOIT

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

#### **NOTE V – OTHER INFORMATION (cont.)**

##### ***D. OTHER POSTEMPLOYMENT BENEFITS***

The City administers a single-employer defined benefit healthcare plan. The plan provides for eligible retirees and their spouses through the City which covers both active and retired members. Benefit provisions are established through collective bargaining agreements and state that eligible retirees and their spouses be at established contribution rates.

Contribution requirements are established through collective bargaining agreements and may be amended only through negotiations between the City and the union. The City makes the same monthly health insurance contribution on behalf of the retiree as it makes on behalf of all other active employees during that year. The City contributes 100% and 100% of the current year premiums for a family and a single plan, respectively, for eligible retired plan members and their spouses. For fiscal year 2014, the City contributed \$2,560,000 to the plan. Fire and police plan members receiving benefits contribute 0% and 0% of their premium costs for a family plan and a single plan, respectively. The City offered an early retirement incentive program to employees who were age 60 or over and had 20 or more years of service with the City, effective July 2010. These employees had to retire on or before December 31, 2010. The City pays 100% of the premium for pre-Medicare coverage for these retirees. All others pay 100% of their premiums. For fiscal year 2014, total member contributions were \$0 and there were 335 active and 154 retiree plan participants.

The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC). The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation to the Retiree Health Plan:

Annual required contribution	\$	7,229,628
Interest on net OPEB obligation		812,535
Adjustment to annual required contribution		(902,816)
Annual OPEB cost		7,139,347
Contributions made		(2,560,000)
Increase in Net OPEB Obligation		4,579,347
Net OPEB Obligation – Beginning of Year		27,084,494
Net OPEB Obligation – End of Year	\$	31,663,841

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014, 2013 and 2012 were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/14	\$ 7,139,347	36%	\$ 31,663,841
12/31/13	8,516,794	30%	27,084,494
12/31/12	8,212,660	30%	21,148,700

# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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### NOTE V – OTHER INFORMATION (cont.)

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#### **D. OTHER POSTEMPLOYMENT BENEFITS** (cont.)

The funded status of the plan as of January 1, 2014, as determined at January 1, 2014, the most recent actuarial valuation date, was as follows:

Actuarial accrued liability (AAL)	\$ 118,761,524
Actuarial value of plan assets	<u>-</u>
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 118,761,524</u>
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	\$ 23,557,185
UAAL as a percentage of covered payroll	504.14%

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

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

In the City's actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 3.00% investment rate of return and an annual healthcare cost trend rate of 6.00% initially, reduced by decrements to an ultimate rate of 4.40%. Both rates include a 3.0% inflation assumption. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period at December 31, 2014 was 30 years.



**CITY OF BELOIT**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2014

**NOTE V – OTHER INFORMATION (cont.)**

**E. BOND COVENANT DISCLOSURES**

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

**Sales**

The following is the customer count and water volume basis for water revenues as of December 31, 2014:

	Water – 2014	
	Customers	Gallons
Residential	13,579	637,217
Commercial	1,398	258,952
Industrial	13	394,370
Public Authority	48	77,090
Multi-family	132	59,290
Totals	15,170	1,426,919

**Debt Coverage**

The revenue bond resolutions require revenue less operating expenses excluding depreciation and tax equivalent (defined net earnings) to exceed 1.25 times in the water and storm water utilities the corresponding principal and interest. The Clean Water Fund revenue bonds require revenue less operating expenses excluding depreciation to exceed 1.10 times in the sewer utility the corresponding principal and interest.

	Water – 2014	Storm Water – 2014	Sewer – 2014
Operating revenues	\$ 5,465,477	\$ 950,477	\$ 6,725,986
Investment income	49,817	8,591	152,391
Operating expenses excluding depreciation	(2,068,833)	(720,259)	(6,135,784)
Defined Earnings	\$ 3,446,461	\$ 238,809	\$ 742,593
Annual debt service on revenue bonds	\$ 2,232,212	\$ 123,694	\$ 214,490
Coverage factor	x 1.25	x 1.25	x 1.10
Required Net Earnings	\$ 2,790,265	\$ 154,618	\$ 235,939

# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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### **NOTE V – OTHER INFORMATION (cont.)**

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#### ***F. SUBSEQUENT EVENTS***

On March 4, 2015, the City issued Revenue Refunding Bonds in the amount of \$1,225,000. The amount will be used to refund the series 2010D Bonds.

On March 19, 2015, the City issued General Obligation Promissory Notes in the amount of \$760,000. The amount will be used to finance projects in the City's Capital Improvement Program.

On March 19, 2015, the City issued General Obligation Corporate Purpose Bonds in the amount of \$2,450,000. The amount will be used to finance projects in the City's Capital Improvement Program.

#### ***G. EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT-PERIOD FINANCIAL STATEMENTS***

The Governmental Accounting Standards Board (GASB) has approved the following:

- > Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*
- > Statement No. 71, *Pension – Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB No. 68*
- > Statement No. 72, *Fair Value Measurement and Application*

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF BELOIT**

SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES  
 BUDGET AND ACTUAL - GENERAL FUND  
 For the Year Ended December 31, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>TAXES</b>				
Current levy	\$ 6,854,159	\$ 6,854,159	\$ 6,867,316	\$ 13,157
Mobile home taxes	15,000	15,000	12,869	(2,131)
Prior year tax collection/rescinded taxes	3,000	3,000	(4)	(3,004)
Payment in lieu of taxes - housing authority	-	-	8,808	8,808
Motel tax	60,000	60,000	61,222	1,222
Total Taxes	<u>6,932,159</u>	<u>6,932,159</u>	<u>6,950,211</u>	<u>18,052</u>
<b>INTERGOVERNMENTAL</b>				
Shared aidable revenue	16,176,491	16,176,491	16,211,885	35,394
Fire distribution fee	59,656	59,656	60,432	776
Expenditure restraint payment	655,728	655,728	643,242	(12,486)
State highway aids	1,827,507	1,827,507	1,827,113	(394)
State aid - connecting streets	261,217	261,217	259,867	(1,350)
Motor vehicle registration	270,000	270,000	263,668	(6,332)
Municipal service payment	18,000	18,000	19,118	1,118
Computer exemption aid	76,000	76,000	65,668	(10,332)
Total Intergovernmental Revenues	<u>19,344,599</u>	<u>19,344,599</u>	<u>19,350,993</u>	<u>6,394</u>
<b>LICENSES AND PERMITS</b>				
Licenses				
Liquor - malt permits	60,760	60,760	98,162	37,402
Cable TV	392,000	392,000	433,473	41,473
Other licenses	14,710	14,710	18,874	4,164
Total Licenses	<u>467,470</u>	<u>467,470</u>	<u>550,509</u>	<u>83,039</u>
Permits				
Construction permits	132,715	132,715	161,518	28,803
Other permits	194,561	194,561	169,193	(25,368)
Underground storage tank inspection	2,660	2,660	5,769	3,109
Total Permits	<u>329,936</u>	<u>329,936</u>	<u>336,480</u>	<u>6,544</u>
Total Licenses and Permits	<u>797,406</u>	<u>797,406</u>	<u>886,989</u>	<u>89,583</u>

**CITY OF BELOIT**

SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES  
 BUDGET AND ACTUAL - GENERAL FUND  
 For the Year Ended December 31, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>FINES, FORFEITURES AND PENALTIES</b>				
Municipal court costs	\$ 145,000	\$ 145,000	\$ 133,892	\$ (11,108)
Nontraffic fines	410,000	410,000	319,541	(90,459)
Traffic fines	210,000	210,000	165,273	(44,727)
Parking fines	220,000	220,000	252,669	32,669
Penalties on taxes	140,000	140,000	109,182	(30,818)
Other	80,000	80,000	95,383	15,383
Total Fines, Forfeitures and Penalties	<u>1,205,000</u>	<u>1,205,000</u>	<u>1,075,940</u>	<u>(129,060)</u>
<b>FEES AND SERVICE CHARGES</b>				
Animal shelter	8,700	8,700	8,931	231
Recreation				
Other recreation	101,113	101,113	111,736	10,623
Telfer Park and Rivercenter	118,704	118,704	124,735	6,031
Swimming pool	77,800	77,800	63,730	(14,070)
Total Recreation	<u>297,617</u>	<u>297,617</u>	<u>300,201</u>	<u>2,584</u>
Other General Revenue				
Fire inspection fees	149,435	149,435	155,541	6,106
Property transfer certificates	19,075	19,075	17,842	(1,233)
In-house fees	35,500	35,500	25,380	(10,120)
Hazardous material response	12,250	12,250	23,890	11,640
Donations and miscellaneous	80,810	80,810	101,557	20,747
Nutrition coordinator	7,500	7,500	13,983	6,483
Recoveries from city	2,000	2,000	-	(2,000)
Miscellaneous police revenues	105,000	105,000	100,715	(4,285)
Total Other General Revenue	<u>411,570</u>	<u>411,570</u>	<u>438,908</u>	<u>27,338</u>
Total Fees and Service Charges	<u>717,887</u>	<u>717,887</u>	<u>748,040</u>	<u>30,153</u>

**CITY OF BELOIT**

SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES  
 BUDGET AND ACTUAL - GENERAL FUND  
 For the Year Ended December 31, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>RENT</b>	\$ 31,300	\$ 31,300	\$ 19,178	\$ (12,122)
<b>INVESTMENT INCOME</b>	350,100	350,100	257,634	(92,466)
<b>UNREALIZED GAIN (LOSS) ON INVESTMENTS</b>	-	-	127,832	127,832
<b>OTHER</b>	40,159	40,159	40,159	-
Total Revenues	<u>29,418,610</u>	<u>29,418,610</u>	<u>29,456,976</u>	<u>38,366</u>
<b>OTHER FINANCING SOURCES</b>				
Sale of city property	20,000	20,000	231,362	211,362
Transfers in - tax equivalent	<u>794,000</u>	<u>794,000</u>	<u>848,775</u>	<u>54,775</u>
Total Other Financing Sources	<u>814,000</u>	<u>814,000</u>	<u>1,080,137</u>	<u>266,137</u>
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<u>\$ 30,232,610</u>	<u>\$ 30,232,610</u>	<u>\$ 30,537,113</u>	<u>\$ 304,503</u>

**CITY OF BELOIT**

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES  
 BUDGET AND ACTUAL - GENERAL FUND  
 For the Year Ended December 31, 2014

<b>CURRENT EXPENDITURES</b>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>GENERAL GOVERNMENT</b>				
City Council, Manager, Attorney				
Council	\$ 47,843	\$ 47,843	\$ 48,970	\$ (1,127)
City manager	336,080	338,803	320,264	18,539
City attorney	<u>439,829</u>	<u>443,067</u>	<u>449,483</u>	<u>(6,416)</u>
Total City Council, Manager and Attorney	<u>823,752</u>	<u>829,713</u>	<u>818,717</u>	<u>10,996</u>
Finance and Administrative Services				
Personnel and labor relations	309,257	310,770	257,193	53,577
Municipal court	376,263	378,714	371,079	7,635
Computer information systems	658,481	660,621	505,666	154,955
Records and elections	364,581	366,454	331,722	34,732
Property appraisal	217,130	218,233	186,828	31,405
Collections	82,235	82,536	77,476	5,060
Accounting	280,030	281,921	257,603	24,318
Financial management	482,230	329,220	236,097	93,123
Licenses and permits	246,319	64,551	63,783	768
Bad debts	2,000	2,000	36	1,964
Insurance	299,488	299,488	300,029	(541)
City hall operation	<u>297,787</u>	<u>298,629</u>	<u>298,983</u>	<u>(354)</u>
Total Finance and Administrative Services	<u>3,615,801</u>	<u>3,293,137</u>	<u>2,886,495</u>	<u>406,642</u>
Total General Government	<u>4,439,553</u>	<u>4,122,850</u>	<u>3,705,212</u>	<u>417,638</u>

**CITY OF BELOIT**

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES  
BUDGET AND ACTUAL - GENERAL FUND  
For the Year Ended December 31, 2014

<b>CURRENT EXPENDITURES (CONT.)</b>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>COMMUNITY DEVELOPMENT</b>				
City planning	\$ 684,287	\$ 689,150	\$ 674,631	\$ 14,519
Economic development	245,055	246,847	244,487	2,360
Code enforcement	<u>500,873</u>	<u>503,749</u>	<u>475,537</u>	<u>28,212</u>
Total Community Development	<u>1,430,215</u>	<u>1,439,746</u>	<u>1,394,655</u>	<u>45,091</u>
<b>PUBLIC SAFETY</b>				
Police Department				
Staff services	<u>11,613,020</u>	<u>11,676,031</u>	<u>11,710,458</u>	<u>(34,427)</u>
Total Police Department	<u>11,613,020</u>	<u>11,676,031</u>	<u>11,710,458</u>	<u>(34,427)</u>
Fire Department				
Staff services	622,139	625,363	633,658	(8,295)
Inspection and prevention	292,993	295,275	306,371	(11,096)
Fire fighting and rescue	<u>6,437,446</u>	<u>6,678,263</u>	<u>6,792,067</u>	<u>(113,804)</u>
Total Fire Department	<u>7,352,578</u>	<u>7,598,901</u>	<u>7,732,096</u>	<u>(133,195)</u>
Total Public Safety	<u>18,965,598</u>	<u>19,274,932</u>	<u>19,442,554</u>	<u>(167,622)</u>



**CITY OF BELOIT**

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES  
 BUDGET AND ACTUAL - GENERAL FUND  
 For the Year Ended December 31, 2014

<b>CURRENT EXPENDITURES (CONT.)</b>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>PUBLIC WORKS</b>				
DPW engineering				
DPW administration and engineering	<u>\$ 790,549</u>	<u>\$ 792,516</u>	<u>\$ 754,939</u>	<u>\$ 37,577</u>
Total DPW engineering	<u>790,549</u>	<u>792,516</u>	<u>754,939</u>	<u>37,577</u>
DPW operations				
Streets and sanitation	<u>2,754,651</u>	<u>3,064,499</u>	<u>3,033,281</u>	<u>31,218</u>
Central stores	<u>34,306</u>	<u>34,577</u>	<u>35,220</u>	<u>(643)</u>
Total DPW operations	<u>2,788,957</u>	<u>3,099,076</u>	<u>3,068,501</u>	<u>30,575</u>
DPW parks and recreation				
Parks	<u>1,540,251</u>	<u>1,546,191</u>	<u>1,579,590</u>	<u>(33,399)</u>
Recreation	<u>329,104</u>	<u>330,514</u>	<u>313,779</u>	<u>16,735</u>
Edwards pavilion	<u>204,622</u>	<u>205,218</u>	<u>202,800</u>	<u>2,418</u>
Senior center	<u>132,920</u>	<u>133,410</u>	<u>131,919</u>	<u>1,491</u>
Rotary river center	<u>35,746</u>	<u>35,798</u>	<u>35,731</u>	<u>67</u>
Swimming pools	<u>201,935</u>	<u>202,264</u>	<u>189,445</u>	<u>12,819</u>
Total DPW parks and recreation	<u>2,444,578</u>	<u>2,453,395</u>	<u>2,453,264</u>	<u>131</u>
Total Public Works	<u>6,024,084</u>	<u>6,344,987</u>	<u>6,276,704</u>	<u>68,283</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 30,859,450</u>	<u>\$ 31,182,515</u>	<u>\$ 30,819,125</u>	<u>\$ 363,390</u>

## CITY OF BELOIT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCE - BUDGET AND ACTUAL - TIF DISTRICT NO. 10 (MAJOR FUND)  
For the Year Ended December 31, 2014

	Original and Final Budget	Actual	Variance
<b>REVENUES</b>			
Taxes	\$ 4,422,368	\$ 4,404,026	\$ (18,342)
Intergovernmental	135,616	166,911	31,295
Investment income	9,100	15,612	6,512
Other	-	31,658	31,658
Total Revenues	<u>4,567,084</u>	<u>4,618,207</u>	<u>51,123</u>
<b>EXPENDITURES</b>			
Capital Outlay	865,966	3,010,069	(2,144,103)
Debt Service			
Principal retirement	1,455,000	1,124,112	330,888
Interest and fiscal charges	<u>641,700</u>	<u>641,700</u>	<u>-</u>
Total Expenditures	<u>2,962,666</u>	<u>4,775,881</u>	<u>(1,813,215)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,604,418</u>	<u>(157,674)</u>	<u>(1,762,092)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Sale of city property	10,660	-	(10,660)
Transfers out	<u>(280,746)</u>	<u>(275,746)</u>	<u>5,000</u>
Total Other Financing Sources (Uses)	<u>(270,086)</u>	<u>(275,746)</u>	<u>(5,660)</u>
Net Change in Fund Balance	1,334,332	(433,420)	(1,767,752)
FUND BALANCE - Beginning	<u>1,123,809</u>	<u>1,123,809</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 2,458,141</u>	<u>\$ 690,389</u>	<u>\$ (1,767,752)</u>

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

**CITY OF BELOIT**

OTHER POSTEMPLOYMENT BENEFITS PLAN  
SCHEDULE OF FUNDING PROGRESS  
For the Year Ended December 31, 2014

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Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Projected Unit Credit Actuarial Cost	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
1/1/2014	\$	- \$ 118,761,524	\$ 118,761,524	0%	\$ 23,557,185	504.14%
1/1/2012		- 130,931,944	130,931,944	0%	19,598,021	668.09%
1/1/2010		- 100,219,009	100,219,009	0%	20,844,743	480.78%

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

## CITY OF BELOIT

### NOTES TO REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended December 31, 2014

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#### ***BUDGETARY INFORMATION***

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund.

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

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

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

Every appropriation lapses at December 31, to the extent that it has not been expended, encumbered or administratively carried over to the next year. Operating account appropriations which are administratively carried forward are reviewed and approved by the city council. An appropriation for a capital expenditure or a major repair continues in force until the purpose for which it was made has been accomplished or abandoned. There were no carryovers to 2015. Budgets are adopted at the department level of expenditure.

The budgeted amounts are as originally adopted by the City Council. The city manager may authorize transfers of budgeted amounts within departments. Transfers between departments and changes to the overall budget must be approved by a two-thirds council action.

#### ***FUNDING PROGRESS DATA***

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

**SUPPLEMENTARY INFORMATION**

**CITY OF BELOIT**

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS  
As of December 31, 2014

	Special Revenue Funds					
	Rental Rehab (WRRP/HOME)	Community Development Block Grant	TIF District No. 5	TIF District No. 6	TIF District No. 8	TIF District No. 9
<b>ASSETS</b>						
Cash and investments	\$ 96,738	\$ 359,198	\$ 113,777	\$ 335,737	\$ -	\$ 168,564
Receivables						
Taxes	-	-	945,923	909,677	129,735	138,685
Delinquent personal property taxes	-	-	-	-	-	-
Accounts (net)	-	-	-	-	1,000	152,439
Loans	1,006,179	2,380,019	-	-	-	-
Accrued interest	-	-	-	-	-	-
Due from other governmental units	-	-	-	-	-	-
Due from component unit	-	-	-	-	-	-
Prepaid items	-	3,060	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 1,102,917</b>	<b>\$ 2,742,277</b>	<b>\$ 1,059,700</b>	<b>\$ 1,245,414</b>	<b>\$ 130,735</b>	<b>\$ 459,688</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)</b>						
Liabilities						
Accounts payable	\$ 259	\$ 30,070	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	101,601	-	-	-
Advances from other funds	-	-	-	450,000	1,169,999	2,845,540
<b>Total Liabilities</b>	<b>259</b>	<b>30,070</b>	<b>101,601</b>	<b>450,000</b>	<b>1,169,999</b>	<b>2,845,540</b>
Deferred Inflows of Resources						
Unearned revenue	-	-	945,923	909,677	129,735	138,685
Unavailable revenue	1,006,335	2,379,987	-	-	-	34,161
<b>Total Deferred Inflows of Resources</b>	<b>1,006,335</b>	<b>2,379,987</b>	<b>945,923</b>	<b>909,677</b>	<b>129,735</b>	<b>172,846</b>
Fund Balances (Deficits)						
Nonspendable	-	3,060	-	-	-	-
Restricted	96,323	329,160	12,176	-	-	-
Assigned	-	-	-	-	-	-
Unassigned (deficit)	-	-	-	(114,263)	(1,168,999)	(2,558,698)
<b>Total Fund Balances (Deficits)</b>	<b>96,323</b>	<b>332,220</b>	<b>12,176</b>	<b>(114,263)</b>	<b>(1,168,999)</b>	<b>(2,558,698)</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)</b>	<b>\$ 1,102,917</b>	<b>\$ 2,742,277</b>	<b>\$ 1,059,700</b>	<b>\$ 1,245,414</b>	<b>\$ 130,735</b>	<b>\$ 459,688</b>

Special Revenue Funds						
TIF District No. 11	TIF District No. 12	TIF District No. 13	TIF District No. 14	Fire Multi-Year Grants	DPW Multi-Year Grants	Community Development
\$ 399,678	\$ 204,922	\$ 1,339,096	\$ 174,622	\$ -	\$ 142,060	\$ 238,970
230,920	38,457	392,067	55,291	-	26,000	-
-	-	-	-	-	-	-
-	-	-	-	-	108,262	-
-	-	-	-	-	-	194,002
-	-	-	-	117,061	-	-
-	-	-	-	-	-	256,578
-	-	-	-	-	-	500
<u>\$ 630,598</u>	<u>\$ 243,379</u>	<u>\$ 1,731,163</u>	<u>\$ 229,913</u>	<u>\$ 117,061</u>	<u>\$ 276,322</u>	<u>\$ 690,050</u>
\$ -	\$ -	\$ 9,983	\$ -	\$ -	\$ 41,846	\$ 179
-	-	-	-	90,509	-	258,086
-	-	-	-	-	-	-
-	-	9,983	-	90,509	41,846	258,265
230,920	38,457	392,067	55,291	-	26,000	-
-	-	-	-	-	103,393	314,312
<u>230,920</u>	<u>38,457</u>	<u>392,067</u>	<u>55,291</u>	<u>-</u>	<u>129,393</u>	<u>314,312</u>
-	-	-	-	-	-	500
399,678	204,922	1,329,113	174,622	26,552	105,083	116,973
-	-	-	-	-	-	-
<u>399,678</u>	<u>204,922</u>	<u>1,329,113</u>	<u>174,622</u>	<u>26,552</u>	<u>105,083</u>	<u>117,473</u>
<u>\$ 630,598</u>	<u>\$ 243,379</u>	<u>\$ 1,731,163</u>	<u>\$ 229,913</u>	<u>\$ 117,061</u>	<u>\$ 276,322</u>	<u>\$ 690,050</u>

CITY OF BELOIT

Continued From  
Previous Page

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS (cont.)  
As of December 31, 2014

	Special Revenue Funds				Capital Projects Fund	Total Nonmajor Governmental Funds
	Library	Police	Solid Waste	Perpetual Care	Computer Replacement	
<b>ASSETS</b>						
Cash and investments	\$ 808,778	\$ 77,906	\$ -	\$ 2,219,147	\$ 577,149	\$ 7,256,342
Receivables						
Taxes	1,780,877	130,000	38,767	-	-	4,816,399
Delinquent personal property taxes	-	-	5,407	-	-	5,407
Accounts (net)	-	-	433,798	-	-	695,499
Loans	-	-	-	-	-	3,580,200
Accrued interest	-	-	-	17,748	-	17,748
Due from other governmental units	-	-	-	-	-	117,061
Due from component unit	-	-	-	-	-	256,578
Prepaid items	2,975	-	1,725	-	-	8,260
<b>TOTAL ASSETS</b>	<b>\$ 2,592,630</b>	<b>\$ 207,906</b>	<b>\$ 479,697</b>	<b>\$ 2,236,895</b>	<b>\$ 577,149</b>	<b>\$ 16,753,494</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)</b>						
Liabilities						
Accounts payable	\$ 41,642	\$ 12,837	\$ 12,868	\$ -	\$ 223,387	\$ 373,071
Due to other funds	-	16,069	177,927	-	-	644,192
Advances from other funds	-	-	-	-	-	4,465,539
Total Liabilities	41,642	28,906	190,795	-	223,387	5,482,802
Deferred Inflows of Resources						
Unearned revenue	1,780,877	130,000	-	-	-	4,777,632
Unavailable revenue	-	-	-	17,748	-	3,855,936
Total Deferred Inflows of Resources	1,780,877	130,000	-	17,748	-	8,633,568
Fund Balances (Deficits)						
Nonspendable	2,975	-	1,725	-	-	8,260
Restricted	767,136	49,000	287,177	2,219,147	-	6,117,062
Assigned	-	-	-	-	353,762	353,762
Unassigned (deficit)	-	-	-	-	-	(3,841,960)
Total Fund Balances (Deficits)	770,111	49,000	288,902	2,219,147	353,762	2,637,124
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)</b>	<b>\$ 2,592,630</b>	<b>\$ 207,906</b>	<b>\$ 479,697</b>	<b>\$ 2,236,895</b>	<b>\$ 577,149</b>	<b>\$ 16,753,494</b>



## CITY OF БЕЛОIT

### COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICITS) - NONMAJOR GOVERNMENTAL FUNDS For the Year Ended December 31, 2014

	Special Revenue Funds					
	Rental Rehab (WRRP/HOME)	Community Development Block Grant	TIF District No. 5	TIF District No. 6	TIF District No. 8	TIF District No. 9
<b>REVENUES</b>						
Taxes	\$ -	\$ -	\$ 836,205	\$ 860,598	\$ 120,047	\$ 82,388
Intergovernmental	72,455	612,427	65,897	100,700	-	1,760
Licenses and permits	-	-	-	-	-	-
Fees and service charges	-	-	-	-	-	-
Investment income (loss)	11,020	22,787	(2,694)	6,761	(12,998)	3,427
Unrealized gain on investments	-	-	-	-	-	-
Public charges for services	-	-	-	-	-	189,087
Other	69,560	242,420	104,761	-	33,022	-
Total Revenues	153,035	877,634	1,004,169	968,059	140,071	276,662
<b>EXPENDITURES</b>						
Current						
Community development	180,931	847,714	-	-	-	-
Public safety	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Parks, recreation, and education	-	-	-	-	-	-
Capital Outlay	-	-	249,015	40,373	1,088	2,500
Debt Service						
Principal retirement	-	-	546,382	179,999	-	-
Interest and fiscal charges	-	-	71,978	52,608	-	-
Total Expenditures	180,931	847,714	867,375	272,980	1,088	2,500
Excess (deficiency) of revenues over (under) expenditures	(27,896)	29,920	136,794	695,079	138,983	274,162
<b>OTHER FINANCING SOURCES (USES)</b>						
Debt issued	-	-	-	-	-	-
Sale of city property	-	-	-	-	-	-
Transfers out	-	-	(457,790)	(493,235)	(125,244)	(17,650)
Total Other Financing Sources (Uses)	-	-	(457,790)	(493,235)	(125,244)	(17,650)
Net Change in Fund Balances	(27,896)	29,920	(320,996)	201,844	13,739	256,512
FUND BALANCES (DEFICIT) - Beginning of Year	124,219	302,300	333,172	(316,107)	(1,182,738)	(2,815,210)
FUND BALANCES (DEFICIT) - END OF YEAR	\$ 96,323	\$ 332,220	\$ 12,176	\$ (114,263)	\$ (1,168,999)	\$ (2,558,698)

Special Revenue Funds							
TIF District No. 11	TIF District No. 12	TIF District No. 13	TIF District No. 14	Fire Multi-Year Grants	DPW Multi-Year Grants	Community Development	Library
\$ 229,258	\$ 89,981	\$ 247,609	\$ 28,075	\$ -	\$ 26,000	\$ -	\$ 1,775,877
309	2,417	2,430	3,292	372,755	133,420	264,300	285,145
-	-	-	-	-	1,544	-	-
-	-	-	-	-	-	-	44,357
7,678	3,768	28,771	3,646	17	18	2,214	437
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	24,765
-	-	-	-	3,560	6,817	151,789	3,034
<u>237,245</u>	<u>96,166</u>	<u>278,810</u>	<u>35,013</u>	<u>376,332</u>	<u>167,799</u>	<u>418,303</u>	<u>2,133,615</u>
-	-	-	-	-	-	441,557	-
-	-	-	-	373,298	-	-	-
-	-	-	-	-	206,864	-	-
-	-	-	-	-	-	-	2,090,762
26,196	1,500	97,192	13,095	5,844	-	-	17,025
-	-	58,500	-	-	-	-	-
-	-	34,551	-	-	-	-	-
<u>26,196</u>	<u>1,500</u>	<u>190,243</u>	<u>13,095</u>	<u>379,142</u>	<u>206,864</u>	<u>441,557</u>	<u>2,107,787</u>
<u>211,049</u>	<u>94,666</u>	<u>88,567</u>	<u>21,918</u>	<u>(2,810)</u>	<u>(39,065)</u>	<u>(23,254)</u>	<u>25,828</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	200,897	-
<u>(73,610)</u>	<u>(62,738)</u>	<u>(84,213)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(73,610)</u>	<u>(62,738)</u>	<u>(84,213)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>200,897</u>	<u>-</u>
137,439	31,928	4,354	21,918	(2,810)	(39,065)	177,643	25,828
<u>262,239</u>	<u>172,994</u>	<u>1,324,759</u>	<u>152,704</u>	<u>29,362</u>	<u>144,148</u>	<u>(60,170)</u>	<u>744,283</u>
<u>\$ 399,678</u>	<u>\$ 204,922</u>	<u>\$ 1,329,113</u>	<u>\$ 174,622</u>	<u>\$ 26,552</u>	<u>\$ 105,083</u>	<u>\$ 117,473</u>	<u>\$ 770,111</u>

**CITY OF BELOIT**

Continued From  
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COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES (DEFICITS) - NONMAJOR GOVERNMENTAL FUNDS (cont.)  
For the Year Ended December 31, 2014

	Special Revenue Funds			Capital Projects Funds	Total Nonmajor Governmental Funds
	Police	Solid Waste	Perpetual Care	Computer Replacement	
<b>REVENUES</b>					
Taxes	\$ 125,500	\$ 24,361	\$ -	\$ -	\$ 4,445,899
Intergovernmental	226,448	138,016	-	-	2,281,771
Licenses and permits	-	49,941	-	-	51,485
Fees and service charges	-	-	-	-	44,357
Investment income (loss)	63	-	-	11,692	86,607
Unrealized gain on investments	-	-	131,611	-	131,611
Public charges for services	153,561	2,296,959	45,622	-	2,709,994
Other	55,886	-	-	39,501	710,350
<b>Total Revenues</b>	<u>561,458</u>	<u>2,509,277</u>	<u>177,233</u>	<u>51,193</u>	<u>10,462,074</u>
<b>EXPENDITURES</b>					
Current					
Community development	-	-	-	-	1,470,202
Public safety	607,623	-	-	-	980,921
Public works	-	2,459,858	-	-	2,666,722
Parks, recreation, and education	-	-	-	-	2,090,762
Capital Outlay	8,177	-	-	336,418	798,423
Debt Service					
Principal retirement	-	-	-	-	784,881
Interest and fiscal charges	-	-	-	-	159,137
<b>Total Expenditures</b>	<u>615,800</u>	<u>2,459,858</u>	<u>-</u>	<u>336,418</u>	<u>8,951,048</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(54,342)</u>	<u>49,419</u>	<u>177,233</u>	<u>(285,225)</u>	<u>1,511,026</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Debt issued	-	-	-	111,216	111,216
Sale of city property	-	-	-	-	200,897
Transfers out	-	-	-	-	(1,314,480)
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>111,216</u>	<u>(1,002,367)</u>
Net Change in Fund Balances	(54,342)	49,419	177,233	(174,009)	508,659
FUND BALANCES (DEFICIT) - Beginning of Year	<u>103,342</u>	<u>239,483</u>	<u>2,041,914</u>	<u>527,771</u>	<u>2,128,465</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ 49,000</u>	<u>\$ 288,902</u>	<u>\$ 2,219,147</u>	<u>\$ 353,762</u>	<u>\$ 2,637,124</u>

# CITY OF BELOIT

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL DEBT SERVICE FUND (MAJOR FUND)  
 For the Year Ended December 31, 2014

	Original and Final Budget	Actual	Variance
<b>REVENUES</b>			
Taxes	\$ 4,787,928	\$ 4,787,927	\$ (1)
Investment income	-	1,592	1,592
Other	200,409	107,025	(93,384)
Total Revenues	4,988,337	4,896,544	(91,793)
<b>EXPENDITURES</b>			
Debt Service			
Principal retirement	5,037,880	5,084,301	(46,421)
Interest and fiscal charges	1,542,354	1,436,609	105,745
Total Expenditures	6,580,234	6,520,910	59,324
Deficiency of Revenues Under Expenditures	(1,591,897)	(1,624,366)	(32,469)
<b>OTHER FINANCING SOURCES (USES)</b>			
Debt issued - refunding	-	5,366,243	5,366,243
Payment to escrow agent	-	(5,643,847)	(5,643,847)
Debt premium	-	176,714	176,714
Transfers in	1,591,897	1,590,226	(1,671)
Total Other Financing Sources (Uses)	1,591,897	1,489,336	(102,561)
Net Change in Fund Balance	-	(135,030)	(135,030)
FUND BALANCE - Beginning	2,611,569	2,611,569	-
FUND BALANCE - ENDING	\$ 2,611,569	\$ 2,476,539	\$ (135,030)

# CITY OF BELOIT

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCE - BUDGET AND ACTUAL - CAPITAL IMPROVEMENTS FUND (MAJOR FUND)  
For the Year Ended December 31, 2014

	Original and Final Budget	Actual	Variance
<b>REVENUES</b>			
Intergovernmental	\$ 246,730	\$ 904,830	\$ 658,100
Fines, forfeitures and penalties	-	1,953	1,953
Special assessments	195,000	190,402	(4,598)
Investment income	5,100	1,500	(3,600)
Other	582,840	574,312	(8,528)
Total Revenues	<u>1,029,670</u>	<u>1,672,997</u>	<u>643,327</u>
<b>EXPENDITURES</b>			
Capital Outlay	3,656,027	3,720,200	(64,173)
Debt service			
Interest and fiscal charges	<u>49,621</u>	<u>66,195</u>	<u>(16,574)</u>
Total Expenditures	<u>3,705,648</u>	<u>3,786,395</u>	<u>(80,747)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(2,675,978)</u>	<u>(2,113,398)</u>	<u>562,580</u>
<b>OTHER FINANCING SOURCES</b>			
Debt issued	3,165,883	3,149,816	(16,067)
Debt premium	<u>-</u>	<u>79,397</u>	<u>79,397</u>
Total Other Financing Sources	<u>3,165,883</u>	<u>3,229,213</u>	<u>63,330</u>
Net Change in Fund Balance	489,905	1,115,815	625,910
FUND BALANCE - Beginning	<u>4,464,871</u>	<u>4,464,871</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 4,954,776</u>	<u>\$ 5,580,686</u>	<u>\$ 625,910</u>

# CITY OF BELOIT

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL - EQUIPMENT REPLACEMENT FUND (MAJOR FUND) For the Year Ended December 31, 2014

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	Original and Final Budget	Actual	Variance
<b>REVENUES</b>			
Investment income	\$ 118,000	\$ 68,947	\$ (49,053)
Unrealized gain on investments	-	220,513	220,513
Other	<u>882,192</u>	<u>767,192</u>	<u>(115,000)</u>
Total Revenues	<u>1,000,192</u>	<u>1,056,652</u>	<u>56,460</u>
<b>EXPENDITURES</b>			
Capital Outlay	<u>966,361</u>	<u>1,985,183</u>	<u>(1,018,822)</u>
Total Expenditures	<u>966,361</u>	<u>1,985,183</u>	<u>(1,018,822)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>33,831</u>	<u>(928,531)</u>	<u>(962,362)</u>
<b>OTHER FINANCING SOURCES</b>			
Sales of city property	<u>-</u>	<u>136,245</u>	<u>136,245</u>
Total Other Financing Sources	<u>-</u>	<u>136,245</u>	<u>136,245</u>
Net Change in Fund Balance	33,831	(792,286)	(826,117)
FUND BALANCE - Beginning	<u>7,842,896</u>	<u>7,842,896</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 7,876,727</u>	<u>\$ 7,050,610</u>	<u>\$ (826,117)</u>

## CITY OF BELOIT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL - RENTAL REHAB (WRRP/HOME) FUND  
 For the Year Ended December 31, 2014

	Original and Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>			
Intergovernmental	\$ 337,281	\$ 72,455	\$ (264,826)
Investment income	-	11,020	11,020
Other	-	69,560	69,560
Total Revenues	<u>337,281</u>	<u>153,035</u>	<u>(184,246)</u>
<b>EXPENDITURES</b>			
Current			
Community development	<u>188,093</u>	<u>180,931</u>	<u>7,162</u>
Total Expenditures	<u>188,093</u>	<u>180,931</u>	<u>7,162</u>
Net Change in Fund Balance	149,188	(27,896)	(177,084)
FUND BALANCE - Beginning	<u>124,219</u>	<u>124,219</u>	<u>-</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ 273,407</u>	<u>\$ 96,323</u>	<u>\$ (177,084)</u>

# CITY OF БЕЛОIT

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

For the Year Ended December 31, 2014

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	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
Intergovernmental	\$ 572,341	\$ 612,427	\$ 40,086
Investment income	-	22,787	22,787
Other	187,100	242,420	55,320
Total Revenues	<u>759,441</u>	<u>877,634</u>	<u>118,193</u>
<b>EXPENDITURES</b>			
Current			
Community development	<u>759,441</u>	<u>847,714</u>	<u>(88,273)</u>
Total Expenditures	<u>759,441</u>	<u>847,714</u>	<u>(88,273)</u>
Net Change in Fund Balance	-	29,920	29,920
FUND BALANCE - Beginning	<u>302,300</u>	<u>302,300</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 302,300</u>	<u>\$ 332,220</u>	<u>\$ 29,920</u>



## CITY OF BELOIT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL - TIF DISTRICT NO. 5  
 For the Year Ended December 31, 2014

	Original and Final Budget	Actual	Variance
<b>REVENUES</b>			
Taxes	\$ 829,979	\$ 836,205	\$ 6,226
Intergovernmental	59,635	65,897	6,262
Investment income (loss)	5,900	(2,694)	(8,594)
Other	113,864	104,761	(9,103)
Total Revenues	<u>1,009,378</u>	<u>1,004,169</u>	<u>(5,209)</u>
<b>EXPENDITURES</b>			
Capital Outlay	61,500	249,015	(187,515)
Debt Service			
Principal retirement	600,000	546,382	53,618
Interest and fiscal charges	74,178	71,978	2,200
Total Expenditures	<u>735,678</u>	<u>867,375</u>	<u>(131,697)</u>
Excess of Revenues Over Expenditures	<u>273,700</u>	<u>136,794</u>	<u>(136,906)</u>
<b>OTHER FINANCING USES</b>			
Transfers out	(457,790)	(457,790)	-
Total Other Financing Uses	<u>(457,790)</u>	<u>(457,790)</u>	<u>-</u>
Net Change in Fund Balance	(184,090)	(320,996)	(136,906)
FUND BALANCE - Beginning	<u>333,172</u>	<u>333,172</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 149,082</u>	<u>\$ 12,176</u>	<u>\$ (136,906)</u>

## CITY OF BELOIT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE (DEFICIT) - BUDGET AND ACTUAL - TIF DISTRICT NO. 6  
 For the Year Ended December 31, 2014

	Original and Final Budget	Actual	Variance
<b>REVENUES</b>			
Taxes	\$ 854,191	\$ 860,598	\$ 6,407
Intergovernmental	84,411	100,700	16,289
Investment income	7,000	6,761	(239)
Total Revenues	<u>945,602</u>	<u>968,059</u>	<u>22,457</u>
<b>EXPENDITURES</b>			
Capital Outlay	46,401	40,373	6,028
Debt Service			
Principal retirement	200,000	179,999	20,001
Interest and fiscal charges	<u>52,608</u>	<u>52,608</u>	<u>-</u>
Total Expenditures	<u>299,009</u>	<u>272,980</u>	<u>26,029</u>
Excess of Revenues Over Expenditures	<u>646,593</u>	<u>695,079</u>	<u>48,486</u>
<b>OTHER FINANCING USES</b>			
Transfers out	<u>(493,235)</u>	<u>(493,235)</u>	<u>-</u>
Total Other Financing Uses	<u>(493,235)</u>	<u>(493,235)</u>	<u>-</u>
Net Change in Fund Balance	153,358	201,844	48,486
FUND BALANCE (DEFICIT) - Beginning	<u>(316,107)</u>	<u>(316,107)</u>	<u>-</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ (162,749)</u>	<u>\$ (114,263)</u>	<u>\$ 48,486</u>

## CITY OF BELOIT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCE (DEFICIT) - BUDGET AND ACTUAL - TIF DISTRICT NO. 8  
For the Year Ended December 31, 2014

	Original and Final Budget	Actual	Variance
<b>REVENUES</b>			
Taxes	\$ 119,153	\$ 120,047	\$ 894
Investment income (loss)	-	(12,998)	(12,998)
Other	33,023	33,022	(1)
Total Revenues	<u>152,176</u>	<u>140,071</u>	<u>(12,105)</u>
<b>EXPENDITURES</b>			
Capital Outlay	<u>500</u>	<u>1,088</u>	<u>(588)</u>
Total Expenditures	<u>500</u>	<u>1,088</u>	<u>(588)</u>
Excess of Revenues Over Expenditures	<u>151,676</u>	<u>138,983</u>	<u>(12,693)</u>
<b>OTHER FINANCING SOURCES USES</b>			
Transfers out	<u>(117,916)</u>	<u>(125,244)</u>	<u>(7,328)</u>
Total Other Financing Sources Uses	<u>(117,916)</u>	<u>(125,244)</u>	<u>(7,328)</u>
Net Change in Fund Balance	33,760	13,739	(20,021)
FUND BALANCE (DEFICIT) - Beginning	<u>(1,182,738)</u>	<u>(1,182,738)</u>	<u>-</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ (1,148,978)</u>	<u>\$ (1,168,999)</u>	<u>\$ (20,021)</u>

## CITY OF BELOIT

### SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (DEFICIT) - BUDGET AND ACTUAL - TIF DISTRICT NO. 9 For the Year Ended December 31, 2014

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
Taxes	\$ 81,774	\$ 82,388	\$ 614
Intergovernmental	559	1,760	1,201
Public charges for services	95,026	189,087	94,061
Investment income	1,100	3,427	2,327
Total Revenues	<u>178,459</u>	<u>276,662</u>	<u>98,203</u>
<b>EXPENDITURES</b>			
Capital Outlay	<u>500</u>	<u>2,500</u>	<u>(2,000)</u>
Total Expenditures	<u>500</u>	<u>2,500</u>	<u>(2,000)</u>
Excess of Revenues Over Expenditures	<u>177,959</u>	<u>274,162</u>	<u>96,203</u>
<b>OTHER FINANCING USES</b>			
Transfer out	<u>(17,650)</u>	<u>(17,650)</u>	<u>-</u>
Total Other Financing Uses	<u>(17,650)</u>	<u>(17,650)</u>	<u>-</u>
Net Change in Fund Balance	160,309	256,512	96,203
FUND BALANCE (DEFICIT) - Beginning	<u>(2,815,210)</u>	<u>(2,815,210)</u>	<u>-</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ (2,654,901)</u>	<u>\$ (2,558,698)</u>	<u>\$ 96,203</u>

# CITY OF BELOIT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCE - BUDGET AND ACTUAL - TIF DISTRICT NO. 11  
For the Year Ended December 31, 2014

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	Original and Final Budget	Actual	Variance
<b>REVENUES</b>			
Taxes	\$ 227,551	\$ 229,258	1,707
Intergovernmental	428	309	(119)
Investment income	3,800	7,678	3,878
Total Revenues	<u>231,779</u>	<u>237,245</u>	<u>5,466</u>
<b>EXPENDITURES</b>			
Capital Outlay	<u>18,949</u>	<u>26,196</u>	<u>(7,247)</u>
Total Expenditures	<u>18,949</u>	<u>26,196</u>	<u>(7,247)</u>
Excess of Revenues Over Expenditures	<u>212,830</u>	<u>211,049</u>	<u>(1,781)</u>
<b>OTHER FINANCING USES</b>			
Transfers out	<u>(77,610)</u>	<u>(73,610)</u>	<u>4,000</u>
Total Other Financing Uses	<u>(77,610)</u>	<u>(73,610)</u>	<u>4,000</u>
Net Change in Fund Balance	135,220	137,439	2,219
FUND BALANCE - Beginning	<u>262,239</u>	<u>262,239</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 397,459</u>	<u>\$ 399,678</u>	<u>\$ 2,219</u>

# CITY OF BELOIT

## SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - TIF DISTRICT NO. 12 For the Year Ended December 31, 2014

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
Taxes	\$ 89,311	\$ 89,981	\$ 670
Intergovernmental	4,387	2,417	(1,970)
Investment income	1,800	3,768	1,968
Public charges for services	53,069	-	(53,069)
Total Revenues	<u>148,567</u>	<u>96,166</u>	<u>(52,401)</u>
<b>EXPENDITURES</b>			
Capital Outlay	<u>650</u>	<u>1,500</u>	<u>(850)</u>
Total Expenditures	<u>650</u>	<u>1,500</u>	<u>(850)</u>
Excess of Revenues Over Expenditures	<u>147,917</u>	<u>94,666</u>	<u>(53,251)</u>
<b>OTHER FINANCING USES</b>			
Transfers out	<u>(62,738)</u>	<u>(62,738)</u>	<u>-</u>
Total Other Financing Uses	<u>(62,738)</u>	<u>(62,738)</u>	<u>-</u>
Net Change in Fund Balance	85,179	31,928	(53,251)
FUND BALANCE - Beginning	<u>172,994</u>	<u>172,994</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 258,173</u>	<u>\$ 204,922</u>	<u>\$ (53,251)</u>

## CITY OF BELOIT

### SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - TIF DISTRICT NO. 13 For the Year Ended December 31, 2014

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
Taxes	\$ 245,766	\$ 247,609	\$ 1,843
Intergovernmental	2,252	2,430	178
Investment income	<u>17,600</u>	<u>28,771</u>	<u>11,171</u>
Total Revenues	<u>265,618</u>	<u>278,810</u>	<u>13,192</u>
<b>EXPENDITURES</b>			
Capital Outlay	21,500	97,192	(75,692)
Debt Service			
Principal retirement	65,000	58,500	6,500
Interest and fiscal charges	<u>34,551</u>	<u>34,551</u>	<u>-</u>
Total Expenditures	<u>121,051</u>	<u>190,243</u>	<u>(69,192)</u>
Excess of Revenues Over Expenditures	<u>144,567</u>	<u>88,567</u>	<u>(56,000)</u>
<b>OTHER FINANCING USES</b>			
Transfers out	<u>(84,212)</u>	<u>(84,213)</u>	<u>(1)</u>
Total Other Financing Uses	<u>(84,212)</u>	<u>(84,213)</u>	<u>(1)</u>
Net Change in Fund Balance	60,355	4,354	(56,001)
FUND BALANCE - Beginning	<u>1,324,759</u>	<u>1,324,759</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 1,385,114</u>	<u>\$ 1,329,113</u>	<u>\$ (56,001)</u>

# CITY OF BELOIT

## SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - TIF DISTRICT NO. 14 For the Year Ended December 31, 2014

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	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
Taxes	\$ 27,866	\$ 28,075	\$ 209
Intergovernmental	2,626	3,292	666
Investment income	2,200	3,646	1,446
Total Revenues	<u>32,692</u>	<u>35,013</u>	<u>2,321</u>
<b>EXPENDITURES</b>			
Capital Outlay	<u>500</u>	<u>13,095</u>	<u>(12,595)</u>
Total Expenditures	<u>500</u>	<u>13,095</u>	<u>(12,595)</u>
Net Change in Fund Balance	32,192	21,918	(10,274)
FUND BALANCE - Beginning	<u>152,704</u>	<u>152,704</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 184,896</u>	<u>\$ 174,622</u>	<u>\$ (10,274)</u>



## CITY OF BELOIT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - FIRE MULTI-YEAR GRANTS  
For the Year Ended December 31, 2014

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	Original and Final Budget	Actual	Variance
<b>REVENUES</b>			
Intergovernmental	\$ 884,565	\$ 372,755	\$ (511,810)
Investment income	-	17	17
Other	-	3,560	3,560
Total Revenues	<u>884,565</u>	<u>376,332</u>	<u>(508,233)</u>
<b>EXPENDITURES</b>			
Current			
Public safety	884,565	373,298	511,267
Capital Outlay	-	5,844	(5,844)
Total Expenditures	<u>884,565</u>	<u>379,142</u>	<u>505,423</u>
Net Change in Fund Balance	-	(2,810)	(2,810)
FUND BALANCE - Beginning	<u>29,362</u>	<u>29,362</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 29,362</u>	<u>\$ 26,552</u>	<u>\$ (2,810)</u>

## CITY OF BELOIT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL - DPW MULTI-YEAR GRANTS  
 For the Year Ended December 31, 2014

	Original and Final Budget	Actual	Variance
<b>REVENUES</b>			
Taxes	\$ 26,000	\$ 26,000	\$ -
Intergovernmental	180,112	133,420	(46,692)
Licenses and permits	-	1,544	1,544
Investment income	-	18	18
Other	-	6,817	6,817
Total Revenues	<u>206,112</u>	<u>167,799</u>	<u>(38,313)</u>
<b>EXPENDITURES</b>			
Current			
Public works	<u>206,112</u>	<u>206,864</u>	<u>(752)</u>
Total Expenditures	<u>206,112</u>	<u>206,864</u>	<u>(752)</u>
Net Change in Fund Balance	-	(39,065)	(39,065)
FUND BALANCE - Beginning	<u>144,148</u>	<u>144,148</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 144,148</u>	<u>\$ 105,083</u>	<u>\$ (39,065)</u>

## CITY OF BELOIT

### SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (DEFICIT) - BUDGET AND ACTUAL - COMMUNITY DEVELOPMENT For the Year Ended December 31, 2014

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
Intergovernmental	\$ 783,248	\$ 264,300	\$ (518,948)
Investment income	-	2,214	2,214
Other	-	151,789	151,789
Total Revenues	<u>783,248</u>	<u>418,303</u>	<u>(364,945)</u>
<b>EXPENDITURES</b>			
Current			
Community development	<u>783,248</u>	<u>441,557</u>	<u>341,691</u>
Total Expenditures	<u>783,248</u>	<u>441,557</u>	<u>341,691</u>
Deficiency of Revenues			
Under Expenditures	<u>-</u>	<u>(23,254)</u>	<u>(23,254)</u>
<b>OTHER FINANCING SOURCES</b>			
Sale of city property	<u>-</u>	<u>200,897</u>	<u>200,897</u>
Total Other Financing Sources	<u>-</u>	<u>200,897</u>	<u>200,897</u>
Net Change in Fund Balance	-	177,643	177,643
FUND BALANCE (DEFICIT) - Beginning	<u>(60,170)</u>	<u>(60,170)</u>	<u>-</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ (60,170)</u>	<u>\$ 117,473</u>	<u>\$ 177,643</u>

# CITY OF BELOIT

## SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - LIBRARY For the Year Ended December 31, 2014

	Original and Final Budget	Actual	Variance
<b>REVENUES</b>			
Taxes	\$ 1,775,877	\$ 1,775,877	\$ -
Intergovernmental	285,145	285,145	-
Fees and service charges	55,000	44,357	(10,643)
Investment income	15,600	437	(15,163)
Public charges for services	71,670	24,765	(46,905)
Other	71,760	3,034	(68,726)
Total Revenues	<u>2,275,052</u>	<u>2,133,615</u>	<u>(141,437)</u>
<b>EXPENDITURES</b>			
Current			
Parks, recreational and education	2,241,052	2,090,762	150,290
Capital Outlay	<u>34,000</u>	<u>17,025</u>	<u>16,975</u>
Total Expenditures	<u>2,275,052</u>	<u>2,107,787</u>	<u>167,265</u>
Net Change in Fund Balance	-	25,828	25,828
FUND BALANCE - Beginning	<u>744,283</u>	<u>744,283</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 744,283</u>	<u>\$ 770,111</u>	<u>\$ 25,828</u>

## CITY OF BELOIT

### SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - POLICE For the Year Ended December 31, 2014

	Original and Final Budget	Actual	Variance
<b>REVENUES</b>			
Taxes	\$ 112,000	\$ 125,500	\$ 13,500
Intergovernmental	183,156	226,448	43,292
Public charges for services	162,043	153,561	(8,482)
Investment income	-	63	63
Other	<u>354,340</u>	<u>55,886</u>	<u>(298,454)</u>
Total Revenues	<u>811,539</u>	<u>561,458</u>	<u>(250,081)</u>
<b>EXPENDITURES</b>			
Current			
Public safety	463,273	607,623	(144,350)
Capital Outlay	<u>3,900</u>	<u>8,177</u>	<u>(4,277)</u>
Total Expenditures	<u>467,173</u>	<u>615,800</u>	<u>(148,627)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>344,366</u>	<u>(54,342)</u>	<u>(398,708)</u>
<b>OTHER FINANCING USES</b>			
Transfers out	<u>(80,000)</u>	<u>-</u>	<u>80,000</u>
Total Other Financing Uses	<u>(80,000)</u>	<u>-</u>	<u>80,000</u>
Net Change in Fund Balance	264,366	(54,342)	(318,708)
FUND BALANCE - Beginning	<u>103,342</u>	<u>103,342</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 367,708</u>	<u>\$ 49,000</u>	<u>\$ (318,708)</u>

# CITY OF BELOIT

## SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - SOLID WASTE For the Year Ended December 31, 2014

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	Original and Final Budget	Actual	Variance
<b>REVENUES</b>			
Taxes	\$ 42,910	\$ 24,361	\$ (18,549)
Intergovernmental	138,000	138,016	16
Licenses and permits	48,513	49,941	1,428
Public charges for services	<u>2,343,797</u>	<u>2,296,959</u>	<u>(46,838)</u>
Total Revenues	<u>2,573,220</u>	<u>2,509,277</u>	<u>(63,943)</u>
<b>EXPENDITURES</b>			
Current			
Public works	<u>2,573,220</u>	<u>2,459,858</u>	<u>113,362</u>
Net Change in Fund Balance	-	49,419	49,419
FUND BALANCE - Beginning	<u>239,483</u>	<u>239,483</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 239,483</u>	<u>\$ 288,902</u>	<u>\$ 49,419</u>

## CITY OF BELOIT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL - COMPUTER REPLACEMENT  
 For the Year Ended December 31, 2014

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
Investment income	\$ 6,600	\$ 11,692	\$ 5,092
Other	<u>39,315</u>	<u>39,501</u>	<u>186</u>
Total Revenues	<u>45,915</u>	<u>51,193</u>	<u>5,278</u>
<b>EXPENDITURES</b>			
Capital Outlay	<u>311,972</u>	<u>336,418</u>	<u>(24,446)</u>
Deficiency of Revenues Under Expenditures	<u>(266,057)</u>	<u>(285,225)</u>	<u>(19,168)</u>
<b>OTHER FINANCING SOURCES</b>			
Debt issued	<u>-</u>	<u>111,216</u>	<u>111,216</u>
Total Other Financing Sources	<u>-</u>	<u>111,216</u>	<u>111,216</u>
Net Change in Fund Balance	(266,057)	(174,009)	92,048
FUND BALANCE - Beginning	<u>527,771</u>	<u>527,771</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 261,714</u>	<u>\$ 353,762</u>	<u>\$ 92,048</u>

**CITY OF BELOIT**

COMBINING STATEMENT OF NET POSITION (DEFICIT) - NONMAJOR PROPRIETARY FUNDS  
As of December 31, 2014

	Enterprise Funds					Totals
	Golf Course	Cemeteries	Ambulance	Storm Sewer	Transit System	
<b>ASSETS</b>						
Current Assets						
Cash and investments	\$ 750	\$ 50	\$ 51,065	\$ 546,010	\$ 12,772	\$ 610,647
Receivables						
Taxes	50,000	28,114	-	-	584,719	662,833
Customer accounts	-	-	438,776	166,733	50,726	656,235
Other	-	-	-	3,834	-	3,834
Due from other governmental units	-	-	-	-	705,872	705,872
Inventories	-	-	-	-	139,714	139,714
Prepaid items	1,725	2,925	4,108	5,195	1,635	15,588
Restricted Assets						
Bond redemption account	-	-	-	44,466	-	44,466
Total Current Assets	<u>52,475</u>	<u>31,089</u>	<u>493,949</u>	<u>766,238</u>	<u>1,495,438</u>	<u>2,839,189</u>
Noncurrent Assets						
Restricted Assets						
Bond reserve account	-	-	-	126,444	-	126,444
Total Restricted Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>126,444</u>	<u>-</u>	<u>126,444</u>
Capital Assets						
Land	816,000	322,000	-	-	132,000	1,270,000
Land improvements	666,970	35,448	-	-	-	702,418
Buildings	280,988	120,153	-	-	4,444,507	4,845,648
Machinery, equipment, and vehicles	56,741	43,028	-	-	4,356,152	4,455,921
Infrastructure	-	-	-	12,394,926	-	12,394,926
Less: Accumulated depreciation	(936,977)	(141,089)	-	(2,802,213)	(3,277,250)	(7,157,529)
Total Capital Assets, Net	<u>883,722</u>	<u>379,540</u>	<u>-</u>	<u>9,592,713</u>	<u>5,655,409</u>	<u>16,511,384</u>
Total Noncurrent Assets	<u>883,722</u>	<u>379,540</u>	<u>-</u>	<u>9,719,157</u>	<u>5,655,409</u>	<u>16,637,828</u>
Total Assets	<u>936,197</u>	<u>410,629</u>	<u>493,949</u>	<u>10,485,395</u>	<u>7,150,847</u>	<u>19,477,017</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Unamortized loss on advance refunding	-	-	-	-	2,270	2,270
<b>LIABILITIES</b>						
Current Liabilities						
Accounts payable	8,254	1,139	11,664	12,939	41,344	75,340
Accrued liabilities	-	-	-	6,309	4,566	10,875
Due to other funds	-	-	-	-	749,273	749,273
Compensated absences	10,881	1,510	41,389	6,481	78,419	138,680
Current maturities of						
general obligation debt	12,747	11,739	-	71,980	133,521	229,987
Other current liabilities	7,574	-	-	-	-	7,574
Current Liabilities Payable From						
Restricted Assets						
Current maturities of revenue debt	-	-	-	55,000	-	55,000
Accrued interest	-	-	-	11,311	-	11,311
Total Current Liabilities	<u>39,456</u>	<u>14,388</u>	<u>53,053</u>	<u>164,020</u>	<u>1,007,123</u>	<u>1,278,040</u>
Noncurrent Liabilities						
General obligation debt	18,805	83,666	-	971,969	404,219	1,478,659
Compensated absences	20,098	2,461	-	-	16,648	39,207
Other post-employment benefits	4,815	4,815	-	16,050	51,013	76,693
Revenue debt, less current maturities	-	-	-	1,200,000	-	1,200,000
Advances from other funds	970,723	78,841	-	-	183,202	1,232,766
Total Noncurrent Liabilities	<u>1,014,441</u>	<u>169,783</u>	<u>-</u>	<u>2,188,019</u>	<u>655,082</u>	<u>4,027,325</u>
Total Liabilities	<u>1,053,897</u>	<u>184,171</u>	<u>53,053</u>	<u>2,352,039</u>	<u>1,662,205</u>	<u>5,305,365</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unearned revenue	50,000	28,114	-	-	584,719	662,833
<b>NET POSITION (DEFICIT)</b>						
Net investment in capital assets	867,170	344,135	-	7,293,764	5,117,669	13,622,738
Restricted	-	-	-	159,599	-	159,599
Unrestricted (deficit)	(1,034,870)	(145,791)	440,896	679,993	(211,476)	(271,248)
TOTAL NET POSITION (DEFICIT)	<u>\$ (167,700)</u>	<u>\$ 198,344</u>	<u>\$ 440,896</u>	<u>\$ 8,133,356</u>	<u>\$ 4,906,193</u>	<u>\$ 13,511,089</u>



## CITY OF BELOIT

### COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION (DEFICIT) - NONMAJOR PROPRIETARY FUNDS For the Year Ended December 31, 2014

	Enterprise Funds					Totals
	Golf Course	Cemeteries	Ambulance	Storm Sewer	Transit System	
<b>OPERATING REVENUES</b>						
Charges for services	\$ 399,747	\$ 144,619	\$ 1,071,670	\$ 950,477	\$ 200,893	\$ 2,767,406
Other	-	6,090	-	-	45,373	51,463
Total Operating Revenues	<u>399,747</u>	<u>150,709</u>	<u>1,071,670</u>	<u>950,477</u>	<u>246,266</u>	<u>2,818,869</u>
<b>OPERATING EXPENSES</b>						
Operation and maintenance	509,230	345,974	1,174,702	515,699	1,857,994	4,403,599
Contractual services	-	-	-	204,560	140,728	345,288
Depreciation	21,273	2,450	-	151,205	321,751	496,679
Total Operating Expenses	<u>530,503</u>	<u>348,424</u>	<u>1,174,702</u>	<u>871,464</u>	<u>2,320,473</u>	<u>5,245,566</u>
Operating Income (Loss)	<u>(130,756)</u>	<u>(197,715)</u>	<u>(103,032)</u>	<u>79,013</u>	<u>(2,074,207)</u>	<u>(2,426,697)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>						
Intergovernmental revenues	-	-	-	-	1,175,835	1,175,835
Investment income (loss)	(6)	88,535	34	8,591	(284)	96,870
Interest expense	(976)	(1,927)	-	(106,461)	(16,801)	(126,165)
Amortization of debt discount	-	-	-	(26,193)	-	(26,193)
General property taxes	50,000	28,114	-	-	534,367	612,481
Interest subsidy received on Build America Bonds	-	-	-	19,928	-	19,928
Total Nonoperating Revenues (Expenses)	<u>49,018</u>	<u>114,722</u>	<u>34</u>	<u>(104,135)</u>	<u>1,693,117</u>	<u>1,752,756</u>
Income (loss) before contributions	(81,738)	(82,993)	(102,998)	(25,122)	(381,090)	(673,941)
Capital contributions	-	-	-	-	660,000	660,000
Change in Net Position	(81,738)	(82,993)	(102,998)	(25,122)	278,910	(13,941)
TOTAL NET POSITION (DEFICIT) - Beginning	<u>(85,962)</u>	<u>281,337</u>	<u>543,894</u>	<u>8,158,478</u>	<u>4,627,283</u>	<u>13,525,030</u>
TOTAL NET POSITION (DEFICIT) - ENDING	<u>\$ (167,700)</u>	<u>\$ 198,344</u>	<u>\$ 440,896</u>	<u>\$ 8,133,356</u>	<u>\$ 4,906,193</u>	<u>\$ 13,511,089</u>

**CITY OF BELOIT**

COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR PROPRIETARY FUNDS  
For the Year Ended December 31, 2014

	Enterprise Funds					Totals
	Golf Course	Cemeteries	Ambulance	Storm Sewer	Transit System	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Received from customers	\$ 399,747	\$ 150,709	\$ 1,086,652	\$ 947,726	\$ 233,385	\$ 2,818,219
Paid to suppliers for goods and services	(292,594)	(215,831)	(275,081)	(410,763)	(1,148,664)	(2,342,933)
Payments to employees for services	(214,951)	(134,954)	(939,019)	(315,156)	(855,022)	(2,459,102)
Net Cash Provided by Operating Activities	(107,798)	(200,076)	(127,448)	221,807	(1,770,301)	(1,983,816)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Implicit cash financing	-	-	-	-	749,273	749,273
Operating grants received	-	-	-	-	564,047	564,047
Property taxes received	50,000	28,114	-	-	534,367	612,481
Noncapital advance (and repayment)	51,309	36,178	-	-	-	87,487
Net Cash Provided by Noncapital Financing Activities	101,309	64,292	-	-	1,847,687	2,013,288
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Debt retired	(7,529)	(10,824)	-	(133,799)	(106,258)	(258,410)
Interest paid	(976)	(1,927)	-	(104,817)	(12,758)	(120,478)
Interest subsidy received on BABs	-	-	-	22,177	-	22,177
Proceeds from issuance of new debt	15,000	60,000	-	-	195,000	270,000
Debt issuance costs	-	-	-	(11,738)	(1,790)	(13,528)
Acquisition and construction of capital assets	-	-	-	(26,182)	(799,788)	(825,970)
Construction grants received	-	-	-	-	660,000	660,000
Net Cash Provided (Used) by Capital and Related Financing Activities	6,495	47,249	-	(254,359)	(65,594)	(266,209)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Investment income (loss)	(6)	88,535	34	8,592	(284)	96,871
Net Cash Provided (Used) by Investing Activities	(6)	88,535	34	8,592	(284)	96,871
Net Increase (Decrease) in Cash and Cash Equivalents	-	-	(127,414)	(23,960)	11,508	(139,866)
CASH AND CASH EQUIVALENTS - Beginning	750	50	178,479	740,880	1,264	921,423
CASH AND CASH EQUIVALENTS - ENDING	\$ 750	\$ 50	\$ 51,065	\$ 716,920	\$ 12,772	\$ 781,557
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES</b>						
Operating income (Loss)	\$ (130,756)	\$ (197,715)	\$ (103,032)	\$ 79,013	\$ (2,074,207)	\$ (2,426,697)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows From Operating Activities						
Depreciation expense	21,273	2,450	-	151,205	321,751	496,679
Change in noncash Components of Working Capital						
Accounts receivable	-	-	14,982	(2,751)	(12,881)	(650)
Prepayments	-	-	(4,108)	(5,195)	(1,635)	(10,938)
Inventories	(1,725)	(2,925)	-	-	(13,254)	(17,904)
Accounts payable	801	(1,676)	(33,853)	(1,923)	1,148	(35,503)
Other post-employment benefits	(339)	(339)	-	(1,131)	(3,731)	(5,540)
Compensated absences	-	-	-	-	3,822	3,822
Other current liabilities	2,948	129	(1,437)	2,589	8,686	12,915
NET CASH FLOWS FROM OPERATING ACTIVITIES	\$ (107,798)	\$ (200,076)	\$ (127,448)	\$ 221,807	\$ (1,770,301)	\$ (1,983,816)

	Enterprise Funds					Totals
	Golf Course	Cemeteries	Ambulance	Storm Sewer	Transit System	
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION - PROPRIETARY FUNDS</b>						
Cash and investments - statement of net position	\$ 750	\$ 50	\$ 51,065	\$ 546,010	\$ 12,772	\$ 610,647
Restricted cash and investments - statement of net position:						
Bond redemption account	-	-	-	44,466	-	44,466
Bond reserve account	-	-	-	126,444	-	126,444
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 750</u>	<u>\$ 50</u>	<u>\$ 51,065</u>	<u>\$ 716,920</u>	<u>\$ 12,772</u>	<u>\$ 781,557</u>

**NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITY**

During 2014, \$222,095 of storm sewer refunding bonds were issued to advance refund \$215,505 of debt and finance \$6,590 of issuance costs.

# CITY OF BELOIT

## ENTERPRISE FUND - BELOIT MASS TRANSIT DETAILED SCHEDULE OF REVENUES AND EXPENSES - REGULATORY BASIS For the Year Ended December 31, 2014

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	<u>2014</u>
<b>REVENUE</b>	
401 - Passenger fares for transit service	\$ 200,893
407 - Non-transportation revenue	
Advertising	24,228
Investment Income	(284)
Rental Income	20,910
Charter and miscellaneous	235 *
409 - Local operating assistance - city levy	534,367
409 - Local operating assistance - inter-government	77,905
411 - State operating assistance	462,307
State paratransit grant	21,575
413 - Federal operating assistance	614,048
Capital contributions	<u>660,000</u>
 Total Revenue	 <u>2,616,184</u>
<b>EXPENSES - BY OBJECT CLASS TOTAL</b>	
501 - Labor	855,022
502 - Fringe benefits	675,693
503 - Services	56,071
504 - Materials and supplies	264,476
505 - Utilities	54,784
506 - Casualty and liability costs	51,205
508 - Purchased transportation services	26,414
509 - Miscellaneous	15,057
509 - Interest expense	16,801
513 - Depreciation	<u>321,751</u>
 Total Expenses	 <u>2,337,274</u>
 EXCESS EXPENSES OVER REVENUES FOR THE YEAR	  <u>\$ 278,910</u>

\* Contra expense for state subsidy purposes.

**CITY OF БЕЛОIT**

ENTERPRISE FUND - БЕЛОIT MASS TRANSIT  
 RECONCILIATION OF REVENUES AND EXPENSES TO WISDOT AND FEDERAL  
 RECOGNIZED REVENUES AND EXPENSES  
 For the Year Ended December 31, 2014

	Per WisDOT Guidelines	Per Federal Guidelines
Beloit Revenues	\$ 2,616,184	\$ 2,616,184
Less Unrecognized Revenues		
Advertising Revenue	-	24,228
Charter Revenue	235	235
Investment income	(284)	(284)
Rental income	20,910	20,910
Local Operating Assistance	612,272	612,272
State Operating Assistance	483,882	483,882
Federal Operating Assistance	614,048	614,048
Capital Contributions	1     660,000	660,000
<b>ADJUSTED REVENUES</b>	<b>\$ 225,121</b>	<b>\$ 200,893</b>
 Total Expenses	 \$ 2,337,274	 \$ 2,337,274
Less Non-Recognized Expenses		
Interest	16,801	16,801
Depreciation	321,751	321,751
Less Contra Expenses		
Charter Revenue	235	235
State Paratransit Assistance	21,575	21,575
Capital Contributions for Operating Expenses	2     -	-
<b>RECOGNIZED EXPENSES</b>	<b>\$ 1,976,912</b>	<b>\$ 1,976,912</b>
<b>RECOGNIZED EARNINGS (DEFICITS)</b>	<b>\$ (1,751,791)</b>	<b>\$ (1,776,019)</b>
 1 - Capital contributions - assets capitalized	 660,000	
Capital contributions - expensed	-	
Total capital contributions	660,000	
 2 - Capital contributions - expensed	 -	
Federal share	80%	
Federal and local share of expenses	-	

**CITY OF БЕЛОIT**

ENTERPRISE FUND - БЕЛОIT MASS TRANSIT  
COMPUTATION OF THE DEFICIT DISTRIBUTION AMONG THE SUBSIDY GRANTORS  
For the Year Ended December 31, 2014

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**STATE FUNDS**

WisDOT Contract Amount		<u>\$ 462,907</u>
Local Operating Subsidy	<u>\$ 612,272</u>	
5 Times Operating Subsidy		<u>\$ 3,061,360</u>
WisDOT Recognized Deficit	<u>\$ 1,751,791</u>	
Federal Share of Operating Assistance	<u>\$ 614,048</u>	
Remaining State Share of Deficit		<u>\$ 1,137,743</u>
WisDOT Recognized Expenses	<u>\$ 1,976,912</u>	
Maximum State and Federal Operating Assistance	60.00%	
	<u>\$ 1,186,147</u>	
Federal Share of Operating Assistance	<u>\$ 614,048</u>	
Remaining State Share of Operating Assistance		<u>\$ 572,099</u>
State Share – Least of the Five		<u>\$ 462,907</u>

**FEDERAL SECTION 9 FUNDS**

Federally Recognized Deficit	<u>\$ 1,776,019</u>	
50% of Federal Deficit		<u>\$ 888,010</u>
Federal Recognized Deficit	<u>\$ 1,776,019</u>	
Less: State share	<u>462,907</u>	
Local Share		<u>\$ 1,313,112</u>
Maximum Federal Share Per Grant Award	<u>\$ 614,048</u>	
Federal Section 9 Share – Least of the Three		<u>\$ 614,048</u>

## CITY OF BELOIT

### COMBINING STATEMENT OF NET POSITION (DEFICIT) - INTERNAL SERVICE FUNDS As of December 31, 2014

	Equipment Operations	General Liability Insurance	Health Insurance	Retiree Health Insurance	Totals
<b>ASSETS</b>					
Current Assets					
Cash and investments	\$ 191,039	\$ -	\$ 973,970	\$ -	\$ 1,165,009
Accounts receivable	60,609	288	159,996	52,078	272,971
Prepaid items	3,449	164,521	-	-	167,970
Total Current Assets	<u>255,097</u>	<u>164,809</u>	<u>1,133,966</u>	<u>52,078</u>	<u>1,605,950</u>
Noncurrent Assets					
Restricted Assets					
Deposit with risk pool	-	1,575,475	-	-	1,575,475
Total Restricted Assets	<u>-</u>	<u>1,575,475</u>	<u>-</u>	<u>-</u>	<u>1,575,475</u>
Capital Assets					
Machinery, equipment, and vehicles	67,165	-	-	-	67,165
Less: Accumulated depreciation	(58,105)	-	-	-	(58,105)
Net Capital Assets	<u>9,060</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,060</u>
Total Noncurrent Assets	<u>9,060</u>	<u>1,575,475</u>	<u>-</u>	<u>-</u>	<u>1,584,535</u>
Total Assets	<u>264,157</u>	<u>1,740,284</u>	<u>1,133,966</u>	<u>52,078</u>	<u>3,190,485</u>
<b>LIABILITIES</b>					
Current Liabilities					
Accounts payable	45,245	10,178	-	-	55,423
Claims payable	-	177,816	1,835,972	-	2,013,788
Due to other funds	-	22,129	-	-	22,129
Total Current Liabilities	<u>45,245</u>	<u>210,123</u>	<u>1,835,972</u>	<u>-</u>	<u>2,091,340</u>
Noncurrent Liabilities					
Advances from other funds	-	-	-	357,061	357,061
Total Noncurrent Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>357,061</u>	<u>357,061</u>
Total Liabilities	<u>45,245</u>	<u>210,123</u>	<u>1,835,972</u>	<u>357,061</u>	<u>2,448,401</u>
<b>NET POSITION (DEFICIT)</b>					
Net investment in capital assets	9,060	-	-	-	9,060
Unrestricted (deficit)	209,852	1,530,161	(702,006)	(304,983)	733,024
TOTAL NET POSITION (DEFICIT)	<u>\$ 218,912</u>	<u>\$ 1,530,161</u>	<u>\$ (702,006)</u>	<u>\$ (304,983)</u>	<u>\$ 742,084</u>

## CITY OF BELOIT

COMBINING STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION (DEFICIT) -  
INTERNAL SERVICE FUNDS  
For the Year Ended December 31, 2014

	Equipment Operations	General Liability Insurance	Health Insurance	Retiree Health Insurance	Totals
<b>OPERATING REVENUES</b>					
Charges for services	\$ 1,659,222	\$ 1,556,059	\$ 7,124,684	\$ 1,939,970	\$ 12,279,935
Other	1,665	-	-	-	1,665
Total Operating Revenue	<u>1,660,887</u>	<u>1,556,059</u>	<u>7,124,684</u>	<u>1,939,970</u>	<u>12,281,600</u>
<b>OPERATING EXPENSES</b>					
Operation and maintenance	1,480,341	910,751	6,603,671	1,972,456	10,967,219
Contractual services	22,009	742,729	-	-	764,738
Depreciation	2,941	-	-	-	2,941
Total Operating Expenses	<u>1,505,291</u>	<u>1,653,480</u>	<u>6,603,671</u>	<u>1,972,456</u>	<u>11,734,898</u>
Operating Income (Loss)	155,596	(97,421)	521,013	(32,486)	546,702
TOTAL NET POSITION (DEFICIT) - Beginning	<u>63,316</u>	<u>1,627,582</u>	<u>(1,223,019)</u>	<u>(272,497)</u>	<u>195,382</u>
TOTAL NET POSITION (DEFICIT) - ENDING	<u>\$ 218,912</u>	<u>\$ 1,530,161</u>	<u>\$ (702,006)</u>	<u>\$ (304,983)</u>	<u>\$ 742,084</u>



**CITY OF BELOIT**

COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
For the Year Ended December 31, 2014

	Equipment Operations	General Liability Insurance	Health Insurance	Retiree Health Insurance	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Received from customers	\$ 1,627,215	\$ 1,556,059	\$ 7,001,404	\$ 1,902,447	\$ 12,087,125
Paid to suppliers for goods and services	(1,000,387)	(1,787,325)	(6,522,918)	(1,972,456)	(11,283,086)
Payments to employees for services	(496,245)	(75,945)	-	-	(572,190)
Net Cash Provided (Used) by Operating Activities	<u>130,583</u>	<u>(307,211)</u>	<u>478,486</u>	<u>(70,009)</u>	<u>231,849</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Noncapital advance (and repayment)	-	-	-	70,009	70,009
Net Cash Used by Noncapital Financing Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>70,009</u>	<u>70,009</u>
Net Increase (Decrease) in Cash and Cash Equivalents	130,583	(307,211)	478,486	-	301,858
CASH AND CASH EQUIVALENTS - Beginning	<u>60,456</u>	<u>307,211</u>	<u>495,484</u>	<u>-</u>	<u>863,151</u>
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ 191,039</u>	<u>\$ -</u>	<u>\$ 973,970</u>	<u>\$ -</u>	<u>\$ 1,165,009</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES</b>					
Operating income (loss)	\$ 155,596	\$ (97,421)	\$ 521,013	\$ (32,486)	\$ 546,702
Adjustments to Reconcile Operating Income (loss) to Net Cash Flows From Operating Activities					
Depreciation expense	2,941	-	-	-	2,941
Change in noncash components of working capital					
Prepayments	(3,449)	(164,521)			(167,970)
Accounts receivable	(33,672)	-	(123,280)	(37,523)	(194,475)
Accounts payable	9,167	4,302	(3,511)	-	9,958
Payable to other funds	-	22,129			22,129
Claims payable	-	(71,700)	84,264	-	12,564
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ 130,583</u>	<u>\$ (307,211)</u>	<u>\$ 478,486</u>	<u>\$ (70,009)</u>	<u>\$ 231,849</u>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION - INTERNAL SERVICE FUNDS</b>					
Cash and investments - statement of net position	<u>\$ 191,039</u>	<u>\$ -</u>	<u>\$ 973,970</u>	<u>\$ -</u>	<u>\$ 1,165,009</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 191,039</u>	<u>\$ -</u>	<u>\$ 973,970</u>	<u>\$ -</u>	<u>\$ 1,165,009</u>

# CITY OF BELOIT

## COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - TAX COLLECTIONS For the Year Ended December 31, 2014

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	Balance January 1, 2014	Additions	Deductions	Balance December 31, 2014
<b>TAX COLLECTIONS</b>				
<b>Assets</b>				
Cash and investments	\$ 1,926,468	\$ 7,749,693	\$ 1,926,468	\$ 7,749,693
Property taxes receivable	<u>22,026,377</u>	<u>16,513,505</u>	<u>22,026,377</u>	<u>16,513,505</u>
<b>TOTAL ASSETS</b>	<u>\$ 23,952,845</u>	<u>\$ 24,263,198</u>	<u>\$ 23,952,845</u>	<u>\$ 24,263,198</u>
<b>Liabilities</b>				
Due to other taxing units	<u>\$ 23,952,845</u>	<u>\$ 24,263,198</u>	<u>\$ 23,952,845</u>	<u>\$ 24,263,198</u>
<b>TOTAL LIABILITIES</b>	<u>\$ 23,952,845</u>	<u>\$ 24,263,198</u>	<u>\$ 23,952,845</u>	<u>\$ 24,263,198</u>

**CITY OF БЕЛОIT**

COMBINING STATEMENT OF NET POSITION - COMMUNITY DEVELOPMENT AUTHORITY  
As of December 31, 2014

	Primary Government					Total Primary Government	Component Units		Totals Before Eliminations	Eliminations	Totals
	Major	Major	Major	Major	Major		Beloit Apartments Redevelopment Phase 1, LLC	Beloit Apartments Redevelopment Phase 2, LLC			
	Section 8 Rental Voucher Program	Low Rent Public Housing	Project Based Vouchers	Administration	Leases Receivable						
<b>ASSETS</b>											
Current Assets											
Cash and investments	\$ 361,952	\$ 20,824	\$ 76,379	\$ 156,871	\$ -	\$ 616,026	\$ 78,465	\$ 68,613	\$ 763,104	\$ -	\$ 763,104
Receivables											
Accounts	8,858	3,748	5,998	-	-	18,604	36,339	46,959	101,902	(60,651)	41,251
Lease receivable from Beloit Apartments Redevelopment - Phase 1 - LLC	-	2,800,000	-	-	-	2,800,000	-	-	2,800,000	(2,800,000)	-
Lease receivable from Beloit Apartments Redevelopment - Phase 2 - LLC	-	2,580,074	-	-	-	2,580,074	-	-	2,580,074	(2,580,074)	-
Lease receivable from primary government	-	-	-	-	2,460,000	2,460,000	-	-	2,460,000	-	2,460,000
Due from Beloit Apartments Redevelopment - Phase 1 - LLC	-	47,339	-	-	-	47,339	-	-	47,339	(47,339)	-
Due from Beloit Apartments Redevelopment - Phase 2 - LLC	-	42,392	-	-	-	42,392	-	-	42,392	(42,392)	-
Due from other governmental units	-	116,936	-	-	-	116,936	-	-	116,936	-	116,936
Financing costs	-	-	-	-	-	-	13,491	11,094	24,585	-	24,585
Tax credit fees	-	-	-	-	-	-	83,625	102,610	186,235	-	186,235
Prepaid items	-	-	-	-	-	-	-	648	648	-	648
Total Current Assets	<u>370,810</u>	<u>5,611,313</u>	<u>82,377</u>	<u>156,871</u>	<u>2,460,000</u>	<u>8,681,371</u>	<u>211,920</u>	<u>229,924</u>	<u>9,123,215</u>	<u>(5,530,456)</u>	<u>3,592,759</u>
Noncurrent Assets											
Restricted Assets											
Cash and investments	-	-	-	-	2,209,612	2,209,612	193,213	520,352	2,923,177	-	2,923,177
Capital Assets											
Land	-	344,067	70,472	-	-	414,539	420,849	945,397	1,780,785	(1,179,500)	601,285
Land improvements	-	-	-	-	-	-	164,412	397,055	561,467	-	561,467
Buildings	-	134,412	700,777	-	-	835,189	1,540,500	640,000	3,015,689	(975,520)	2,040,169
Building improvements	-	-	-	-	-	-	8,382,243	9,214,904	17,597,147	-	17,597,147
Machinery, equipment, furnishings and vehicles	16,092	162,604	34,905	-	-	213,601	260,764	309,631	783,996	-	783,996
Less: Accumulated depreciation	(13,045)	(254,925)	(379,765)	-	-	(647,735)	(1,108,242)	(996,198)	(2,752,175)	-	(2,752,175)
Total Capital Assets, Net	<u>3,047</u>	<u>386,158</u>	<u>426,389</u>	<u>-</u>	<u>-</u>	<u>815,594</u>	<u>9,660,526</u>	<u>10,510,789</u>	<u>20,986,909</u>	<u>(2,155,020)</u>	<u>18,831,889</u>
Other Assets											
Lease receivable from primary government	-	-	-	-	13,910,388	13,910,388	-	-	13,910,388	-	13,910,388
Total Noncurrent Assets	<u>3,047</u>	<u>386,158</u>	<u>426,389</u>	<u>-</u>	<u>16,120,000</u>	<u>16,935,594</u>	<u>9,853,739</u>	<u>11,031,141</u>	<u>37,820,474</u>	<u>(2,155,020)</u>	<u>35,665,454</u>
Total Assets	<u>373,857</u>	<u>5,997,471</u>	<u>508,766</u>	<u>156,871</u>	<u>18,580,000</u>	<u>25,616,965</u>	<u>10,065,659</u>	<u>11,261,065</u>	<u>46,943,689</u>	<u>(7,685,476)</u>	<u>39,258,213</u>

	Primary Government					Total Primary Government	Component Units		Totals Before Eliminations	Eliminations	Totals
	Major	Major	Major	Major	Major		Beloit Apartments Redevelopment Phase 1, LLC	Beloit Apartments Redevelopment Phase 2, LLC			
	Section 8 Rental Voucher Program	Low Rent Public Housing	Project Based Vouchers	Administration	Leases Receivable						
<b>LIABILITIES</b>											
Current Liabilities											
Accounts payable	\$ -	\$ 32,022	\$ -	\$ -	\$ -	\$ 32,022	\$ 47,419	\$ 44,330	\$ 123,771	\$ (92,809)	\$ 30,962
Accrued liabilities	16,057	16,291	10,140	-	-	42,488	453,412	235,120	731,020	-	731,020
Due to Beloit Apartments Redevelopment - Phase 1 - LLC	-	24,397	-	-	-	24,397	-	-	24,397	(24,397)	-
Due to Beloit Apartments Redevelopment - Phase 2 - LLC	-	33,176	-	-	-	33,176	-	-	33,176	(33,176)	-
Due to primary government	29,806	48,184	-	-	-	77,990	-	-	77,990	-	77,990
Deposits	19,329	12,725	4,800	-	-	36,854	33,800	23,175	93,829	-	93,829
Lease revenue bonds payable	-	-	-	-	2,460,000	2,460,000	-	-	2,460,000	-	2,460,000
Total Current Liabilities	65,192	166,795	14,940	-	2,460,000	2,706,927	534,631	302,625	3,544,183	(150,382)	3,393,801
Noncurrent Liabilities											
Compensated absences	28,007	45,441	-	-	-	73,448	-	-	73,448	-	73,448
Loans payable	-	295,036	-	-	-	295,036	-	-	295,036	-	295,036
Mortgage notes payable	-	-	-	-	-	-	2,800,000	2,580,074	5,380,074	(5,380,074)	-
Other notes payable	-	-	-	-	-	-	430,559	330,760	761,319	-	761,319
Lease revenue bonds payable	-	-	-	-	16,120,000	16,120,000	-	-	16,120,000	-	16,120,000
Total Noncurrent Liabilities	28,007	340,477	-	-	16,120,000	16,488,484	3,230,559	2,910,834	22,629,877	(5,380,074)	17,249,803
Total Liabilities	93,199	507,272	14,940	-	18,580,000	19,195,411	3,765,190	3,213,459	26,174,060	(5,530,456)	20,643,604
<b>DEFERRED INFLOWS OF RESOURCES</b>											
Unearned revenue	-	-	-	-	-	-	1,200,804	-	1,200,804	-	1,200,804
<b>NET POSITION</b>											
Net investment in capital assets	3,047	386,158	426,389	-	-	815,594	9,660,526	10,510,789	20,986,909	(2,155,020)	18,831,889
Restricted for grant programs	16,214	5,104,041	-	-	-	5,120,255	-	-	5,120,255	-	5,120,255
Unrestricted (deficit)	261,397	-	67,437	156,871	-	485,705	(4,560,861)	(2,463,183)	(6,538,339)	-	(6,538,339)
<b>TOTAL NET POSITION</b>	<b>\$ 280,658</b>	<b>\$ 5,490,199</b>	<b>\$ 493,826</b>	<b>\$ 156,871</b>	<b>\$ -</b>	<b>\$ 6,421,554</b>	<b>\$ 5,099,665</b>	<b>\$ 8,047,606</b>	<b>\$ 19,568,825</b>	<b>\$ (2,155,020)</b>	<b>\$ 17,413,805</b>

**CITY OF БЕЛОIT**

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN  
NET POSITION - COMMUNITY DEVELOPMENT AUTHORITY  
For the Year Ended December 31, 2014

	Primary Government					Total Primary Government	Component Units		Totals Before Eliminations	Eliminations	Totals
	Major	Major	Major	Major	Major		Beloit	Beloit			
	Section 8 Rental Voucher Program	Low Rent Public Housing	Project Based Vouchers	Administration	Lease Receivable		Apartments Redevelopment Phase 1, LLC	Apartments Redevelopment Phase 2, LLC			
<b>EXPENSES</b>											
Community development	\$ 3,281,960	\$ 616,917	\$ 75,166	\$ 25,324	\$ -	\$ 3,999,367	\$ 466,161	\$ 667,326	\$ 5,132,854	\$ (244,364)	\$ 4,888,490
<b>PROGRAM REVENUES</b>											
Charges for services	-	17,310	60,953	-	-	78,263	54,244	111,378	243,885	-	243,885
Operating grants and contributions	2,989,752	630,256	-	-	-	3,620,008	143,907	125,078	3,888,993	(270,269)	3,618,724
Other revenue	-	-	7,117	-	-	7,117	54,650	21,558	83,325	-	83,325
Total Program Revenues	2,989,752	647,566	68,070	-	-	3,705,388	252,801	258,014	4,216,203	(270,269)	3,945,934
Net Revenues (Expenses)	(292,208)	30,649	(7,096)	(25,324)	-	(293,979)	(213,360)	(409,312)	(916,651)	(25,905)	(942,556)
<b>GENERAL REVENUES (EXPENSES)</b>											
Investment income	259	2,985	-	-	803,038	806,282	173	495	806,950	-	806,950
Interest and amortization	-	(12,868)	-	-	(803,038)	(815,906)	(123,694)	(78,365)	(1,017,965)	-	(1,017,965)
Payment to Beloit Apartments Redevelopment - Phase 1 - LLC	-	(21,309)	-	-	-	(21,309)	-	-	(21,309)	21,309	-
Payment to Beloit Apartments Redevelopment - Phase 2 - LLC	-	(4,596)	-	-	-	(4,596)	-	-	(4,596)	4,596	-
Miscellaneous	18,386	4,384	-	25,324	-	48,094	(3,250)	(7,002)	37,842	-	37,842
Total General Revenue (Expenses)	18,645	(31,404)	-	25,324	-	12,565	(126,771)	(84,872)	(199,078)	25,905	(173,173)
<b>CHANGE IN NET POSITION</b>	(273,563)	(755)	(7,096)	-	-	(281,414)	(340,131)	(494,184)	(1,115,729)	-	(1,115,729)
NET POSITION – Beginning of Year	554,221	5,490,954	500,922	156,871	-	6,702,968	5,439,796	8,541,790	20,684,554	(2,155,020)	18,529,534
<b>NET POSITION – END OF YEAR</b>	\$ 280,658	\$ 5,490,199	\$ 493,826	\$ 156,871	\$ -	\$ 6,421,554	\$ 5,099,665	\$ 8,047,606	\$ 19,568,825	\$ (2,155,020)	\$ 17,413,805

**CITY OF BELOIT**

COMBINING STATEMENT OF CASH FLOWS - COMMUNITY DEVELOPMENT AUTHORITY  
For the Year Ended December 31, 2014

	Primary Government					Totals
	Major Section 8 Rental Voucher Program	Major Low Rent Public Housing	Major Project Based Vouchers	Major Administration	Major Leases Receivable	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Received from customers	\$ 55,036	\$ 34,115	\$ 63,895	\$ -	\$ -	\$ 153,046
Paid to suppliers for goods and services	(3,083,377)	(464,890)	(29,062)	-	-	(3,577,329)
Payments to employees for services	(204,827)	(193,553)	(23,095)	(25,324)	-	(446,799)
Net Cash Flows From Operating Activities	(3,233,168)	(624,328)	11,738	(25,324)	-	(3,871,082)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Governmental grants received	2,989,752	616,846	-	-	-	3,606,598
Paid to LLC's	-	(25,905)	-	-	-	(25,905)
Received from LLC's	-	4,429	-	-	-	4,429
Collections on leases receivable	-	-	-	-	1,898,991	1,898,991
Miscellaneous	-	4,384	-	25,324	-	29,708
Net Cash Flows From Noncapital Financing Activities	2,989,752	599,754	-	25,324	1,898,991	5,513,821
<b>CASH FLOWS FROM CAPITAL AND FINANCING ACTIVITIES</b>						
Debt retired	-	-	-	-	(2,320,000)	(2,320,000)
Interest paid	-	(12,868)	-	-	(803,038)	(815,906)
Net Cash Flows From Capital and Related Financing Activities	-	(12,868)	-	-	(3,123,038)	(3,135,906)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Investment income	259	2,985	-	-	803,038	806,282
Net Cash Flows From Investing Activities	259	2,985	-	-	803,038	806,282
Net Change in Cash and Cash Equivalents	(243,157)	(34,457)	11,738	-	(421,009)	(686,885)
CASH AND CASH EQUIVALENTS - Beginning of Year	605,109	55,281	64,641	156,871	2,630,621	3,512,523
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 361,952	\$ 20,824	\$ 76,379	\$ 156,871	\$ 2,209,612	\$ 2,825,638
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>						
Operating loss	\$ (3,281,960)	\$ (599,607)	\$ (7,096)	\$ (25,324)	\$ -	\$ (3,913,987)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities						
Nonoperating income	18,386	-	-	-	-	18,386
Depreciation	1,227	7,773	19,971	-	-	28,971
Change in Assets and Liabilities						
Accounts receivable	29,800	5,268	(3,375)	-	-	31,693
Prepaid items	5,362	5,170	-	-	-	10,532
Accounts payable and accrued liabilities	(12,833)	52,663	3,038	-	-	42,868
Due to primary government	-	(107,132)	-	-	-	(107,132)
Deposits	6,850	11,537	(800)	-	-	17,587
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ (3,233,168)	\$ (624,328)	\$ 11,738	\$ (25,324)	\$ -	\$ (3,871,082)
<b>NONCASH CAPITAL AND FINANCING ACTIVITIES</b>						
None						

## Statistical Section

This section of the City of Beloit's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the city's overall financial condition through multi-year comparative data.

### Contents

### Pages

#### **Financial Trends - Schedules 1 through 5**

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

#### **Revenue Capacity - Schedules 6 through 10**

145 - 149

These schedules contain information to help the reader assess the city's most significant local revenue source, the property tax.

#### **Debt Capacity - Schedules 11 through 14**

150 - 153

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

#### **Demographic and Economic Information - Schedules 15 and 16**

154 - 155

These schedules provide demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place and to help make comparisons over time with other governments.

#### **Operating Information - Schedules 17 through 19**

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

**Sources:** *Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.*

**City of Beloit, Wisconsin**  
**Net Position by Component,**  
**Last Ten Fiscal Years**  
*(Accrual basis of accounting)*

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<b>Governmental activities</b>										
Net investment in capital assets	\$ 34,301,380	\$ 39,628,194	\$ 41,730,847	\$ 34,379,310	\$ 35,513,141	\$ 32,392,062	\$ 32,741,870	\$ 54,274,785	\$ 53,354,535	\$ 55,479,784
Restricted	11,768,879	13,459,223	11,760,200	10,428,457	8,816,905	8,659,283	15,589,925	11,580,550	12,309,637	12,769,533
Unrestricted (deficit)	14,956,037	8,766,021	4,566,212	10,045,542	2,934,357	2,410,345	(5,964,986)	(11,324,043)	(15,825,906)	(20,090,783)
Total governmental activities net position	<u>\$ 61,026,296</u>	<u>\$ 61,853,438</u>	<u>\$ 58,057,259</u>	<u>\$ 54,853,309</u>	<u>\$ 47,264,403</u>	<u>\$ 43,461,690</u>	<u>\$ 42,366,809</u>	<u>\$ 54,531,292</u>	<u>\$ 49,838,266</u>	<u>\$ 48,158,534</u>
<b>Business-type activities</b>										
Net investment in capital assets	\$ 42,866,172	\$ 43,679,392	\$ 51,141,052	\$ 56,401,815	\$ 62,058,630	\$ 62,944,168	\$ 63,001,736	\$ 60,323,671	\$ 58,348,338	\$ 57,555,475
Restricted	7,524,675	8,032,063	8,110,918	6,694,042	2,899,983	3,138,458	3,157,163	3,169,002	3,194,991	3,212,483
Unrestricted	8,052,070	9,232,479	9,583,948	7,893,186	9,454,212	8,713,964	9,051,974	10,967,316	10,188,754	10,091,793
Total business-type activities net position	<u>\$ 58,442,917</u>	<u>\$ 60,943,934</u>	<u>\$ 68,835,918</u>	<u>\$ 70,989,043</u>	<u>\$ 74,412,825</u>	<u>\$ 74,796,590</u>	<u>\$ 75,210,873</u>	<u>\$ 74,459,989</u>	<u>\$ 71,732,083</u>	<u>\$ 70,859,751</u>
<b>Primary government</b>										
Net investment in capital assets	\$ 77,167,552	\$ 78,969,214	\$ 92,871,899	\$ 86,261,662	\$ 93,328,072	\$ 89,611,229	\$ 89,992,940	\$ 108,794,859	\$ 106,308,162	\$ 107,836,387
Restricted	20,885,644	21,491,286	19,871,118	17,122,499	11,716,888	11,797,741	18,747,088	14,749,552	15,504,628	15,982,016
Unrestricted	21,416,017	22,336,872	14,150,160	22,458,191	16,632,268	16,849,310	8,837,654	5,446,870	(242,441)	(4,800,118)
Total primary government net position	<u>\$ 119,469,213</u>	<u>\$ 122,797,372</u>	<u>\$ 126,893,177</u>	<u>\$ 125,842,352</u>	<u>\$ 121,677,228</u>	<u>\$ 118,258,280</u>	<u>\$ 117,577,682</u>	<u>\$ 128,991,281</u>	<u>\$ 121,570,349</u>	<u>\$ 119,018,285</u>

**Note:** The primary government section includes an adjustment for capital assets owned by the business-type activities, but financed by the debt of the governmental activities. Refer to Note I D. 10



**City of Beloit, Wisconsin**  
**Changes in Net Position,**  
**Last Ten Fiscal Years**  
*(Accrual basis of accounting)*

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Expenses</b>										
Governmental activities:										
General government	\$ 723,994	\$ 715,922	\$ 776,459	\$ 804,713	\$ 780,235	\$ 680,410	\$ 820,889	\$ 747,997	\$ 788,296	\$ 772,449
Finance and administrative services	4,354,243	4,782,420	6,767,790	7,277,848	6,927,516	7,947,872	9,029,097	4,249,269	4,589,561	4,358,216
Community development	2,673,273	3,774,720	2,743,751	2,221,424	3,173,955	3,569,817	3,978,299	3,593,036	3,271,431	2,143,055
Economic development	225,825	241,839	264,699	266,796	278,919	315,893	336,540	283,643	340,202	355,466
Public safety:										
Police services	9,657,237	10,780,470	10,969,806	14,125,683	13,176,014	14,431,648	14,780,278	15,044,071	15,892,086	15,311,616
Fire services	6,553,907	6,794,772	7,335,343	7,544,082	8,709,729	9,460,266	9,797,889	10,210,826	10,883,679	10,153,177
Health	1,625,005	200,144	-	-	-	-	-	-	-	-
Public works	11,159,001	13,460,584	13,366,204	12,973,727	20,115,663	13,882,641	12,828,126	16,676,877	15,538,957	16,731,753
Library	1,862,844	1,988,168	2,050,640	2,117,408	2,701,175	2,222,913	2,272,383	2,211,860	2,242,122	2,290,591
Interest and fiscal charges	2,508,848	2,813,184	3,501,709	2,084,379	3,063,257	3,164,857	3,042,878	2,956,048	3,796,706	2,437,125
Total governmental activities	<u>41,344,177</u>	<u>45,552,223</u>	<u>47,776,401</u>	<u>49,416,060</u>	<u>58,926,463</u>	<u>55,676,317</u>	<u>56,886,379</u>	<u>55,973,627</u>	<u>57,343,044</u>	<u>54,553,448</u>
Business-type activities:										
Water	4,287,366	3,972,012	3,939,599	4,293,844	4,799,644	4,505,850	4,467,294	4,436,025	5,075,698	4,567,804
Sewer	8,419,122	7,013,940	7,189,675	7,500,706	7,683,971	7,920,544	8,019,535	8,445,553	8,739,011	8,820,728
Other non-major enterprise funds	3,407,599	3,552,212	4,345,532	4,630,975	4,699,156	4,962,055	5,030,578	5,029,201	5,183,296	5,352,057
Total business-type activities	<u>16,114,087</u>	<u>14,538,164</u>	<u>15,474,806</u>	<u>16,425,525</u>	<u>17,182,771</u>	<u>17,388,449</u>	<u>17,517,407</u>	<u>17,910,779</u>	<u>18,998,005</u>	<u>18,740,589</u>
Total expenses	<u>\$ 57,458,264</u>	<u>\$ 60,090,387</u>	<u>\$ 63,251,207</u>	<u>\$ 65,841,585</u>	<u>\$ 76,109,234</u>	<u>\$ 73,064,766</u>	<u>\$ 74,403,786</u>	<u>\$ 73,884,406</u>	<u>\$ 76,341,049</u>	<u>\$ 73,294,037</u>
<b>Program Revenues (see Schedule 3)</b>										
Governmental activities:										
Charges for services:										
General government	\$ 26,742	\$ 22,074	\$ 21,402	\$ 17,856	\$ 15,507	\$ 26,550	\$ 31,670	\$ 35,761	\$ 45,430	\$ 24,937
Finance and administrative services	1,029,731	2,180,127	1,454,134	2,804,954	2,870,541	3,670,559	4,529,164	1,181,472	1,599,407	1,267,188
Community development	-	139,683	367,089	19,496	143,657	113,941	180,125	115,177	262,901	270,531
Economic development	23,091	14,585	-	-	-	-	-	-	-	-
Public safety:										
Police services	1,123,379	1,146,735	1,429,750	969,005	1,322,122	1,383,631	1,429,097	1,254,166	1,368,350	1,307,662
Fire services	60,024	22,061	19,589	164,324	40,676	52,421	1,310	38,329	2,676	49,148
Health	85,037	759	-	-	-	-	-	-	-	-
Public works	2,004,048	2,364,965	2,259,768	2,359,255	2,214,592	2,519,039	2,477,014	2,631,861	2,674,811	2,742,229
Library	103,841	150,241	140,446	160,832	195,909	194,405	199,207	188,106	179,073	193,649
Operating grants and contributions	2,755,787	2,398,066	1,157,167	1,861,658	2,693,755	1,992,886	2,640,623	2,212,186	2,083,822	1,352,609
Capital grants and contributions	767,858	846,026	233,136	262,640	1,157,709	234,354	507,677	14,404,161	75,722	160,386
Total governmental activities	<u>7,979,538</u>	<u>9,285,322</u>	<u>7,082,481</u>	<u>8,620,020</u>	<u>10,654,468</u>	<u>10,187,786</u>	<u>11,995,887</u>	<u>22,061,219</u>	<u>8,292,192</u>	<u>7,368,339</u>
Business-type activities:										
Charges for services:										
Water	4,507,623	4,660,075	4,605,675	4,693,431	4,690,251	5,029,628	5,428,312	5,812,294	5,542,677	5,465,477
Sewer	7,500,532	7,523,826	7,479,230	7,189,691	6,809,634	6,946,357	6,742,228	6,792,043	6,615,442	6,725,986
Other non-major enterprise funds	1,555,212	1,636,118	2,302,068	2,531,473	2,580,501	2,873,575	2,737,877	2,886,428	2,781,660	2,818,869
Operating grants and contributions	1,087,975	1,074,996	1,107,569	1,119,323	1,132,853	-	-	-	22,439	1,195,763
Capital grants and contributions	1,362,933	1,500,373	1,173,071	934,212	4,871,996	-	27,386	32,203	147,573	734,718
Total business-type activities	<u>16,014,275</u>	<u>16,395,388</u>	<u>16,667,613</u>	<u>16,468,130</u>	<u>20,085,235</u>	<u>14,849,560</u>	<u>14,935,803</u>	<u>15,522,968</u>	<u>15,109,791</u>	<u>16,940,813</u>
Total revenues	<u>\$ 23,993,813</u>	<u>\$ 25,680,710</u>	<u>\$ 23,750,094</u>	<u>\$ 25,088,150</u>	<u>\$ 30,739,703</u>	<u>\$ 25,037,346</u>	<u>\$ 26,931,690</u>	<u>\$ 37,584,187</u>	<u>\$ 23,401,983</u>	<u>\$ 24,309,152</u>
<b>Net (expense)/revenue</b>										
Governmental activities	\$ (33,364,639)	\$ (36,266,901)	\$ (40,693,920)	\$ (40,796,040)	\$ (48,271,995)	\$ (45,488,531)	\$ (44,890,492)	\$ (33,912,408)	\$ (49,050,852)	\$ (47,185,109)
Business-type activities	(99,812)	1,857,224	1,192,807	42,605	2,902,464	(2,538,889)	(2,581,604)	(2,387,811)	(3,888,214)	(1,799,776)
Total net expense	<u>\$ (33,464,451)</u>	<u>\$ (34,409,677)</u>	<u>\$ (39,501,113)</u>	<u>\$ (40,753,435)</u>	<u>\$ (45,369,531)</u>	<u>\$ (48,027,420)</u>	<u>\$ (47,472,096)</u>	<u>\$ (36,300,219)</u>	<u>\$ (52,939,066)</u>	<u>\$ (48,984,885)</u>

(continued)

(concluded)

**City of Beloit, Wisconsin**  
**Changes in Net Position,**  
**Last Ten Fiscal Years**  
*(Accrual basis of accounting)*

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>General revenues</b>										
Governmental activities:										
Taxes										
Property taxes, levied for general purposes	\$ 4,843,078	\$ 5,156,577	\$ 5,375,871	\$ 5,570,069	\$ 5,654,118	\$ 5,990,830	\$ 6,170,168	\$ 6,167,786	\$ 6,794,942	\$ 6,867,316
Property taxes, levied for debt service	2,752,289	2,502,289	2,882,495	3,603,871	3,816,130	4,298,477	4,573,523	4,873,523	4,445,195	4,787,927
Property taxes, levied for other	3,304,771	3,808,617	4,360,329	6,816,113	7,492,551	8,560,888	8,555,227	9,117,555	9,600,907	8,885,545
Other taxes	291,301	619,176	508,753	551,547	510,674	612,327	561,291	567,650	658,072	591,020
Intergovernmental revenues not restricted to specific programs	20,368,636	21,794,494	20,671,176	20,071,655	20,679,687	21,209,003	21,957,459	21,707,260	20,511,649	21,961,045
Public gifts and/or grants	6,311	760	-	-	-	-	-	-	-	-
Investment income	562,780	1,793,770	2,397,498	691,086	630,129	39,470	986,271	1,163,493	(384,380)	972,002
Gain (loss) on sale of property	-	300,835	623,359	318,690	86,179	172,518	20,672	52,738	65,842	214,055
Miscellaneous	1,137,866	341,679	1,646,145	992,256	1,327,240	1,628,340	1,661,285	1,651,813	1,835,433	1,237,121
Transfers	300,000	775,846	(1,567,885)	(1,023,197)	486,381	584,499	(690,285)	775,073	830,166	(10,654)
<b>Total general revenues and transfers</b>	<u>\$ 33,567,032</u>	<u>\$ 37,094,043</u>	<u>\$ 36,897,741</u>	<u>\$ 37,592,090</u>	<u>\$ 40,683,089</u>	<u>\$ 43,096,352</u>	<u>\$ 43,795,611</u>	<u>\$ 46,076,891</u>	<u>\$ 44,357,826</u>	<u>\$ 45,505,377</u>
Business-type activities:										
Taxes	618,208	754,260	700,697	594,530	530,980	519,980	567,256	537,256	554,367	612,481
Intergovernmental revenues not restricted to specific programs						1,172,108	1,194,315	1,154,514	1,163,443	-
Investment income	586,234	574,614	669,637	492,793	457,938	377,693	529,770	592,441	343,408	299,078
Miscellaneous	27,736	-	-	-	15,781	26,838	14,261	-	-	-
Gain (loss) on sale of property	-	-	-	-	3,000	-	-	127,789	(70,744)	5,231
Transfers	(300,000)	(775,846)	1,567,885	1,023,197	(486,381)	(584,499)	690,285	(775,073)	(830,166)	10,654
<b>Total business-type activities</b>	<u>932,178</u>	<u>553,028</u>	<u>2,938,219</u>	<u>2,110,520</u>	<u>521,318</u>	<u>1,512,120</u>	<u>2,995,887</u>	<u>1,636,927</u>	<u>1,160,308</u>	<u>927,444</u>
<b>Total primary government</b>	<u>\$ 34,499,210</u>	<u>\$ 37,647,071</u>	<u>\$ 39,835,960</u>	<u>\$ 39,702,610</u>	<u>\$ 41,204,407</u>	<u>\$ 44,608,472</u>	<u>\$ 46,791,498</u>	<u>\$ 47,713,818</u>	<u>\$ 45,518,134</u>	<u>\$ 46,432,821</u>
<b>Change in net position</b>										
Governmental activities	\$ 202,393	\$ 827,142	\$ (3,796,179)	\$ (3,203,950)	\$ (7,588,906)	\$ (2,392,179)	\$ (1,094,881)	\$ 12,164,483	\$ (4,693,026)	\$ (1,679,732)
Business-type activities	832,366	2,410,252	4,131,026	2,153,125	3,423,782	(1,026,769)	414,283	(750,884)	(2,727,906)	(872,332)
<b>Total change in net position</b>	<u>\$ 1,034,759</u>	<u>\$ 3,237,394</u>	<u>\$ 334,847</u>	<u>\$ (1,050,825)</u>	<u>\$ (4,165,124)</u>	<u>\$ (3,418,948)</u>	<u>\$ (680,598)</u>	<u>\$ 11,413,599</u>	<u>\$ (7,420,932)</u>	<u>\$ (2,552,064)</u>

**Note:** In 2006 the city consolidated its Health Department with the Rock County Health Department. The county now provides these services to city residents.

**City of Beloit, Wisconsin**  
**Program Revenues by Function/Program,**  
**Last Ten Fiscal Years**  
*(Accrual basis of accounting)*

	<b>Program Revenues</b>									
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<b>Function/Program</b>										
Governmental activities:										
General government	\$ 26,742	\$ 22,074	\$ 21,402	\$ 17,856	\$ 15,507	\$ 26,550	\$ 31,670	\$ 35,761	\$ 45,430	\$ 24,937
Finance and administrative services	1,036,048	2,183,782	1,455,401	2,817,806	3,086,078	3,873,509	4,847,967	1,556,285	1,979,567	1,564,123
Community development	781,256	970,331	588,969	199,078	1,665,932	1,059,927	1,681,051	1,181,594	1,221,147	478,325
Economic development	40,357	396,608	166,421	11,076	41,529	-	-	-	-	-
Public safety:										
Police services	1,170,936	1,146,735	1,476,936	1,217,410	1,588,909	1,433,267	1,458,056	1,254,481	1,368,595	1,307,867
Fire services	115,011	79,169	68,752	248,684	105,548	118,626	64,433	97,985	60,008	109,580
Health	809,326	759	-	-	-	-	-	-	-	-
Public works	3,614,713	4,065,701	2,901,070	3,697,776	3,711,718	3,206,532	3,430,619	17,439,999	3,150,302	3,404,713
Library	385,149	420,163	403,530	410,334	439,247	469,375	482,091	495,114	467,143	478,794
Total governmental activities	<u>7,979,538</u>	<u>9,285,322</u>	<u>7,082,481</u>	<u>8,620,020</u>	<u>10,654,468</u>	<u>10,187,786</u>	<u>11,995,887</u>	<u>22,061,219</u>	<u>8,292,192</u>	<u>7,368,339</u>
Business-type activities:										
Water	5,665,145	5,287,437	4,886,450	4,980,009	5,680,334	6,123,465	5,428,312	5,812,294	5,647,690	5,540,195
Sewer	7,616,106	7,792,114	7,573,835	7,291,004	8,262,681	6,946,357	6,742,228	6,792,043	6,615,442	6,725,986
Other non-major enterprise funds	<u>2,733,024</u>	<u>3,315,837</u>	<u>4,207,328</u>	<u>4,197,117</u>	<u>6,142,220</u>	<u>3,190,272</u>	<u>2,765,263</u>	<u>2,918,631</u>	<u>2,846,659</u>	<u>4,674,632</u>
Total business-type activities	<u>16,014,275</u>	<u>16,395,388</u>	<u>16,667,613</u>	<u>16,468,130</u>	<u>20,085,235</u>	<u>16,260,094</u>	<u>14,935,803</u>	<u>15,522,968</u>	<u>15,109,791</u>	<u>16,940,813</u>
Total primary government	<u>\$ 23,993,813</u>	<u>\$ 25,680,710</u>	<u>\$ 23,750,094</u>	<u>\$ 25,088,150</u>	<u>\$ 30,739,703</u>	<u>\$ 26,447,880</u>	<u>\$ 26,931,690</u>	<u>\$ 37,584,187</u>	<u>\$ 23,401,983</u>	<u>\$ 24,309,152</u>

**Note:** In 2006 the city consolidated its Health Department with the Rock County Health Department. The county now provides these services for city residents.

**City of Beloit, Wisconsin**  
**Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years**  
*(Modified accrual basis of accounting)*

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<b>General fund</b>										
Reserved	\$ 2,441,506	\$ 2,272,741	\$ 2,031,796	\$ 2,149,150	\$ 1,924,704	\$ 2,076,049	\$ -	\$ -	\$ -	\$ -
Unreserved	7,312,676	8,165,444	8,547,741	8,184,365	8,519,970	8,724,137	-	-	-	-
Nonspendable	-	-	-	-	-	-	1,761,379	1,634,901	1,449,818	2,071,820
Assigned	-	-	-	-	-	-	605,321	589,028	626,840	300,000
Unassigned	-	-	-	-	-	-	8,408,569	9,144,726	8,339,711	7,762,537
Total general fund	<u>\$ 9,754,182</u>	<u>\$ 10,438,185</u>	<u>\$ 10,579,537</u>	<u>\$ 10,333,515</u>	<u>\$ 10,444,674</u>	<u>\$ 10,800,186</u>	<u>\$ 10,775,269</u>	<u>\$ 11,368,655</u>	<u>\$ 10,416,369</u>	<u>\$ 10,134,357</u>
<b>All other governmental funds</b>										
Reserved	\$ 12,554,918	\$ 11,856,614	\$ 10,935,007	\$ 11,565,636	\$ 8,022,576	\$ 7,271,469	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	5,483,717	3,082,789	3,423,288	533,830	(485,129)	243,976	-	-	-	-
Capital projects funds	5,863,503	11,299,595	22,179,563	9,335,975	8,910,576	9,354,103	-	-	-	-
Debt service funds	(2,227,682)	(6,489,022)	(5,136,143)	-	-	-	-	-	-	-
Nonspendable	-	-	-	-	-	-	75,000	-	-	11,709
Restricted	-	-	-	-	-	-	15,502,709	9,892,961	10,314,163	10,480,740
Assigned	-	-	-	-	-	-	11,069,132	10,666,183	12,231,672	11,784,859
Unassigned	-	-	-	-	-	-	(4,553,852)	(4,572,305)	(4,374,225)	(3,841,960)
Total all other governmental funds	<u>\$ 21,674,456</u>	<u>\$ 19,749,976</u>	<u>\$ 31,401,715</u>	<u>\$ 21,435,441</u>	<u>\$ 16,448,023</u>	<u>\$ 16,869,548</u>	<u>\$ 22,092,989</u>	<u>\$ 15,986,839</u>	<u>\$ 18,171,610</u>	<u>\$ 18,435,348</u>
Total governmental funds	<u>\$ 31,428,638</u>	<u>\$ 30,188,161</u>	<u>\$ 41,981,252</u>	<u>\$ 31,768,956</u>	<u>\$ 26,892,697</u>	<u>\$ 27,669,734</u>	<u>\$ 32,868,258</u>	<u>\$ 27,355,494</u>	<u>\$ 28,587,979</u>	<u>\$ 28,569,705</u>

**Note:** It is the city's policy to maintain an unrestricted general fund balance of not less than 15% of operating revenues or three months of general fund expenditures, whichever is greater. The projected target for 2014 was \$7,723,811 which represents three months of budgeted operating expenditures. The city exceeded this limit by \$262,387. The city implemented GASB Statement 54 beginning with fiscal year 2011. Refer to Note I D 10 in the Notes to Financial Statements section of the report.

**City of Beloit, Wisconsin**  
**Changes in Fund Balances, Governmental Funds,**  
**Last Ten Fiscal Years**  
*(Modified accrual basis of accounting)*

	<b>Fiscal Year</b>									
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<b>Revenues</b>										
Taxes (see Schedule 6)	\$ 11,265,060	\$ 11,572,159	\$ 12,615,533	\$ 16,047,362	\$ 17,006,060	\$ 18,928,612	\$ 19,372,644	\$ 20,225,496	\$ 20,959,622	\$ 20,588,063
Intergovernmental	22,225,934	23,493,675	21,902,213	21,831,391	22,996,684	23,009,047	23,963,992	23,612,491	22,449,953	22,704,505
Licenses and permits	776,138	862,170	758,459	733,953	567,135	579,017	590,135	652,541	863,215	938,474
Fines, forfeitures and penalties	993,225	1,128,260	1,212,231	1,187,381	1,166,653	1,270,139	1,217,884	1,151,148	1,134,664	1,077,893
Fees and service charges	511,779	662,075	630,560	677,097	648,181	720,898	655,964	664,322	732,733	792,397
Rent	38,988	44,459	43,182	30,715	30,026	15,469	56	3,615	13,031	19,178
Special assessments	294,488	388,906	314,066	246,045	250,769	158,485	225,047	204,105	188,098	190,402
Investment income	904,864	1,977,154	2,908,368	2,247,632	671,550	28,627	1,027,796	1,163,493	580,052	431,892
Unrealized Gain (loss) on investment	-	-	-	-	-	-	-	-	(964,552)	479,956
Public charges for services	1,682,946	2,031,103	2,256,901	2,261,251	2,254,880	2,576,526	2,520,878	2,642,302	2,703,076	2,709,994
Donations	17,502	-	-	-	-	-	-	-	-	-
Other	2,636,405	2,085,813	2,775,930	2,350,749	3,373,864	2,963,236	2,657,310	2,842,474	2,925,678	2,230,696
<b>Total revenues</b>	<u>41,347,329</u>	<u>44,245,774</u>	<u>45,417,443</u>	<u>47,613,576</u>	<u>48,965,802</u>	<u>50,250,056</u>	<u>52,231,706</u>	<u>53,161,987</u>	<u>51,585,570</u>	<u>52,163,450</u>
<b>Expenditures</b>										
<b>Current</b>										
General government	3,807,291	3,771,853	3,895,310	3,965,843	4,274,654	3,849,649	3,935,480	3,769,962	3,828,921	3,705,212
Community development	2,802,778	4,143,333	2,775,921	2,600,297	3,101,277	3,963,150	3,916,607	4,224,110	3,452,579	2,864,857
Public safety	16,369,892	16,961,863	17,960,197	18,022,207	18,225,392	18,447,116	19,113,358	19,118,570	20,372,113	20,423,475
Public health	1,655,042	334,012	-	-	-	-	-	-	-	-
Public works	7,633,559	8,095,485	8,797,432	8,780,712	8,622,853	8,325,488	8,194,319	7,958,183	8,883,972	8,943,426
Parks, recreation, and education	1,811,607	1,907,205	1,938,463	1,970,069	1,928,426	1,992,966	2,045,247	2,036,683	2,038,937	2,090,762
Capital outlay	12,142,447	14,193,984	10,443,691	18,213,473	20,304,947	9,474,436	11,075,644	14,064,117	7,254,823	9,513,875
<b>Debt service:</b>										
Principal retirement	3,612,222	3,570,886	11,760,034	10,294,458	4,946,407	5,609,568	5,923,641	11,952,889	11,334,674	6,993,294
Interest and fiscal charges	2,756,201	2,862,355	3,876,435	1,956,651	3,181,079	3,119,978	3,181,470	3,085,618	2,842,047	2,303,641
<b>Total expenditures</b>	<u>52,591,039</u>	<u>55,840,976</u>	<u>61,447,483</u>	<u>65,803,710</u>	<u>64,585,035</u>	<u>54,782,351</u>	<u>57,385,766</u>	<u>66,210,132</u>	<u>60,008,066</u>	<u>56,838,542</u>
Excess of revenues over (under) expenditures	(11,243,710)	(11,595,202)	(16,030,040)	(18,190,134)	(15,619,233)	(4,532,295)	(5,154,060)	(13,048,145)	(8,422,496)	(4,675,092)
<b>Other financing sources (uses)</b>										
Debt issued	8,174,118	8,227,299	15,196,994	3,438,190	15,785,965	4,462,587	1,500,000	3,753,800	3,686,989	3,149,816
Debt issued - refunding	-	-	-	-	-	-	14,006,168	3,706,200	12,079,111	5,477,459
Capital lease issued	662,726	616,592	11,213,109	5,085,000	-	-	3,915,445	1,498,489	-	-
Premium on bonds	-	-	-	-	-	-	-	139,913	423,115	256,111
Payments to escrow agent	-	-	-	-	(1,194,912)	-	(9,759,095)	(2,458,608)	(7,664,827)	(5,643,847)
Sale of city property	822,742	734,988	780,745	477,845	88,022	262,246	302,433	106,598	150,427	568,504
Debt service - principal	-	-	-	-	(4,880,389)	-	-	-	-	-
Transfers in	1,204,367	1,984,009	1,017,571	1,350,505	3,247,606	2,141,710	2,509,837	2,613,170	3,387,428	2,439,001
Transfers out	(904,367)	(1,208,163)	(385,288)	(2,373,702)	(2,303,318)	(1,557,211)	(2,122,204)	(1,824,177)	(2,407,262)	(1,590,226)
<b>Total other financing sources (uses)</b>	<u>9,959,586</u>	<u>10,354,725</u>	<u>27,823,131</u>	<u>7,977,838</u>	<u>10,742,974</u>	<u>5,309,332</u>	<u>10,352,584</u>	<u>7,535,385</u>	<u>9,654,981</u>	<u>4,656,818</u>
<b>Net change in fund balances</b>	<u>\$ (1,284,124)</u>	<u>\$ (1,240,477)</u>	<u>\$ 11,793,091</u>	<u>\$ (10,212,296)</u>	<u>\$ (4,876,259)</u>	<u>\$ 777,037</u>	<u>\$ 5,198,524</u>	<u>\$ (5,512,760)</u>	<u>\$ 1,232,485</u>	<u>\$ (18,274)</u>
<b>Debt service as a percentage of non-capital expenditures</b>	14.69%	13.28%	28.41%	23.93%	14.68%	16.78%	17.92%	24.74%	24.14%	16.81%

**City of Beloit, Wisconsin**  
**Tax Revenues by Source, Governmental Funds,**  
**Last Ten Fiscal Years**  
*(Modified accrual basis of accounting)*

<u>Fiscal Year</u>	<u>Property</u>	<u>Mobile Home</u>	<u>Payments In Lieu of</u>	<u>Prior Year Collections/ (Rescinded)</u>	<u>Motel</u>	<u>Total</u>
2005	11,093,961	22,468	8,008	96,072	44,551	11,265,060
2006	11,430,534	18,786	9,097	63,981	49,761	11,572,159
2007	12,621,107	22,868	-	(82,301)	53,859	12,615,533
2008	15,992,806	25,791	13,185	(64,930)	80,510	16,047,362
2009	16,965,490	10,018	10,312	(372)	20,612	17,006,060
2010	18,852,196	12,182	10,509	899	52,826	18,928,612
2011	19,299,003	12,628	9,038	2,006	49,969	19,372,644
2012	20,147,260	15,267	10,822	(5,420)	57,567	20,225,496
2013	20,867,890	13,462	9,089	1,773	67,408	20,959,622
2014	20,505,168	12,869	8,808	(4)	61,222	20,588,063

**Note:** Wisconsin Statutes limits the amount that the property tax levy may increase to the percentage increase in the tax base attributed to net new construction.

**City of Beloit, Wisconsin  
Assessed Value and Equalized Value of Taxable Property,  
Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Residential Property</b>	<b>Commercial Property</b>	<b>Manufacturing Property</b>	<b>Agricultural Property</b>	<b>Personal Property</b>	<b>Total Taxable Assessed Value</b>	<b>City Direct Tax Rate</b>	<b>Total Equalized Value</b>	<b>Taxable Assessed Value as a Percentage of Equalized Value</b>
2005	909,742,900	325,246,300	88,058,400	664,000	54,982,590	1,378,694,190	7.68	1,387,616,400	99.36%
2006	971,475,800	365,904,900	96,725,400	693,400	55,914,090	1,490,713,590	7.58	1,470,055,900	101.41%
2007	1,046,740,100	423,735,800	114,075,400	710,400	79,446,830	1,664,708,530	7.87	1,630,887,400	102.07%
2008	1,054,404,900	439,788,300	121,180,400	691,200	83,002,580	1,699,067,380	8.08	1,718,751,200	98.85%
2009	1,003,840,630	449,214,400	142,397,900	700,400	88,111,210	1,684,264,540	8.89	1,744,186,100	96.56%
2010	900,230,900	427,694,300	135,080,700	679,600	87,133,340	1,550,818,840	10.04	1,610,889,800	96.27%
2011	899,392,250	432,887,800	141,146,700	596,600	82,989,040	1,557,012,390	10.33	1,558,718,400	99.89%
2012	894,849,000	424,796,000	166,829,600	599,300	102,931,800	1,590,005,700	10.30	1,507,977,900	105.44%
2013	888,191,900	424,675,300	180,902,200	593,200	84,031,800	1,578,394,400	10.62	1,377,134,000	114.61%
2014	884,755,300	430,356,700	168,818,300	576,400	81,975,602	1,566,482,302	10.83	1,471,696,200	106.44%

**Note:** Property in the city is assessed each year as of January 1. Property is assessed at actual value; however, the Wisconsin Department of Revenue each year estimates the market value of all taxable property for the purpose of apportioning tax levies among the various taxing jurisdictions.

This value is referred to as the equalized value. Taxable assessed value does not include tax exempt properties. Tax rates are per \$1,000 of assessed value and the city direct rate represents the city's portion of the tax levy. The total tax rates including those of other taxing jurisdictions can be found on Schedule 8.

Taxes are levied in December based on the assessed value as of January 1 and collected the following year.

**Source:** City of Beloit annual budget.

**City of Beloit, Wisconsin**  
**Direct and Overlapping Property Tax Rates,**  
**Last Ten Fiscal Years**  
*(rate per \$1,000 of assessed value)*

**Beloit School District**

Levy Year	Collection Year	City of Beloit			Overlapping Rates (a)				Beloit School District	Gross Tax Rate	School Tax Credit	Net Tax Rate
		Basic Rate	G. O. Debt Service Rate	Direct Tax Rate	Rock County	State of Wisconsin	Technical College					
2005	2006	5.87	1.81	7.68	5.88	0.19	1.73	10.44	25.92	(1.23)	24.69	
2006	2007	5.65	1.93	7.58	5.40	0.17	1.65	10.22	25.02	(1.45)	23.57	
2007	2008	5.71	2.17	7.87	5.25	0.17	1.66	9.08	24.03	(1.47)	22.55	
2008	2009	5.83	2.25	8.08	5.33	0.17	1.72	7.73	23.03	(1.56)	21.48	
2009	2010	6.34	2.55	8.89	5.75	0.18	1.79	8.53	25.15	(1.40)	23.75	
2010	2011	7.09	2.95	10.04	6.23	0.18	1.80	9.84	28.08	(1.37)	26.71	
2011	2012	6.59	3.74	10.33	6.30	0.17	1.79	9.48	28.07	(1.30)	26.77	
2012	2013	7.51	2.79	10.30	6.18	0.16	1.75	10.11	28.50	(1.27)	27.22	
2013	2014	7.59	3.03	10.62	6.00	0.15	1.68	10.08	28.53	(1.31)	27.21	
2014	2015	7.77	3.06	10.83	6.27	0.16	1.04	10.88	29.18	(1.34)	27.84	

**Beloit Turner School District**

Levy Year	Collection Year	City of Beloit			Overlapping Rates (a)				Beloit Turner School District	Gross Tax Rate	School Tax Credit	Net Tax Rate
		Basic Rate	G. O. Debt Service Rate	Direct Tax Rate	Rock County	State of Wisconsin	Technical College					
2005	2006	5.87	1.81	7.68	5.88	0.19	1.73	9.93	25.41	(1.23)	24.18	
2006	2007	5.65	1.93	7.58	5.40	0.17	1.65	9.19	23.99	(1.45)	22.55	
2007	2008	5.71	2.17	7.87	5.25	0.17	1.66	8.94	23.89	(1.47)	22.42	
2008	2009	5.83	2.25	8.08	5.33	0.17	1.72	9.98	25.28	(1.56)	23.72	
2009	2010	6.34	2.55	8.89	5.75	0.18	1.79	10.35	26.96	(1.40)	25.56	
2010	2011	7.09	2.95	10.04	6.23	0.18	1.80	10.95	29.20	(1.37)	27.83	
2011	2012	6.59	3.74	10.33	6.30	0.17	1.79	11.05	29.63	(1.30)	28.34	
2012	2013	7.51	2.79	10.30	6.18	0.16	1.75	11.08	29.47	(1.27)	28.20	
2013	2014	7.59	3.03	10.62	6.00	0.15	1.68	10.35	28.80	(1.31)	27.48	
2014	2015	7.77	3.06	10.83	6.27	0.16	1.04	10.72	29.02	(1.34)	27.68	

**Clinton Community School District**

Levy Year	Collection Year	City of Beloit			Overlapping Rates (a)				Clinton School District	Gross Tax Rate	School Tax Credit	Net Tax Rate
		Basic Rate	G. O. Debt Service Rate	Direct Tax Rate	Rock County	State of Wisconsin	Technical College					
2005	2006	5.87	1.81	7.68	5.88	0.19	1.73	10.47	25.95	(1.23)	24.72	
2006	2007	5.65	1.93	7.58	5.40	0.17	1.65	10.17	24.97	(1.45)	23.52	
2007	2008	5.71	2.17	7.87	5.25	0.17	1.66	9.87	24.82	(1.47)	23.35	
2008	2009	5.83	2.25	8.08	5.33	0.17	1.72	10.32	25.62	(1.56)	24.07	
2009	2010	6.34	2.55	8.89	5.75	0.18	1.79	11.42	28.03	(1.40)	26.63	
2010	2011	7.09	2.95	10.04	6.23	0.18	1.80	11.97	30.21	(1.37)	28.84	
2011	2012	6.59	3.74	10.33	6.30	0.17	1.79	12.34	30.92	(1.30)	29.63	
2012	2013	7.51	2.79	10.30	6.18	0.16	1.75	11.64	30.03	(1.27)	28.76	
2013	2014	7.59	3.03	10.62	6.00	0.15	1.68	10.68	29.13	(1.31)	27.82	
2014	2015	7.77	3.06	10.83	6.27	0.16	1.04	11.53	29.82	(1.34)	28.48	

**Note:** The city's property tax rate is approved each year by the City Council and is based on the city's tax levy and the taxable assessed value of property in the city. Property taxes are levied in December based on the assessed value as of January 1 of the tax year and collected the following year.

**(a)** Overlapping rates are those of other local governments and taxing authorities that apply to property owners within the City of Beloit. The school district rates apply only to those properties located within the various school districts whereas the city, county, state, and technical college rates would apply to all properties in the city.



**City of Beloit, Wisconsin  
Principal Property Tax Payers,  
Current Year and Nine Years Ago**

Taxpayer	Type of Business/Property	2014			2005		
		Taxable Assessed Valuation	Percentage of Total Taxable Assessed Valuation	Rank	Taxable Assessed Valuation	Percentage of Total Taxable Assessed Valuation	Rank
ABC Supply/Hendricks	Wholesale Distribution/Property Development	\$ 73,431,530	4.69%	1	\$ 41,396,090	3.00%	1
Kerry Ingredients	Mfg of Food Additives	42,911,300	2.74%	2	9,680,300	0.70%	8
Staples Contract & Commercial LLC	Fullfilment Center	34,571,410	2.21%	3			
Frito Lay Inc	Food Processor	22,735,800	1.45%	4	17,169,400	1.25%	2
Kettle Foods	Food Processor	18,084,000	1.15%	5			
Beloit Health Systems	Health Services	15,815,060	1.01%	6	12,666,810	0.92%	5
Walmart	Retailer	15,491,790	0.99%	7	13,446,920	0.98%	4
Woodmans	Retail Grocer	14,963,960	0.96%	8	14,401,550	1.04%	3
McGuire/Morgan Square	Developer Commercial	12,008,700	0.77%	9	9,650,000	0.70%	9
Genencor	Manufacturer	11,739,700	0.75%	10	9,460,400	0.69%	10
George Hormel & Co.	Food Processor				10,947,100	0.79%	6
Reynolds Aluminum	Manufacturer				10,155,600	0.74%	7
Totals		<u>\$ 261,753,250</u>	<u>16.71%</u>		<u>\$ 148,974,170</u>	<u>10.81%</u>	

Source: City of Beloit Assessor's Office.

**City of Beloit, Wisconsin  
Property Tax Levies and Collections,  
Last Ten Fiscal Years**

Levy Year	Collection Year	Total City Tax Levy (1)	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2005	2006	10,589,015	2,710,639	25.60%	7,877,778	10,588,417	99.99%
2006	2007	11,296,602	1,719,444	15.22%	9,576,012	11,295,456	99.99%
2007	2008	13,108,729	2,198,715	16.77%	10,906,854	13,105,569	99.98%
2008	2009	13,727,262	2,804,254	20.43%	10,920,358	13,724,612	99.98%
2009	2010	14,980,809	4,112,716	27.45%	10,858,577	14,971,293	99.94%
2010	2011	15,564,530	3,861,158	24.81%	11,692,161	15,553,319	99.93%
2011	2012	16,085,443	2,917,275	18.14%	13,165,124	16,082,399	99.98%
2012	2013	16,394,872	3,331,278	20.32%	13,062,062	16,393,340	99.99%
2013	2014	16,769,023	1,992,160	11.88%	14,775,750	16,767,910	99.99%
2014	2015	16,963,108	4,557,987	26.87%	-	4,557,987	26.87%

**Note:** In addition to city property taxes, the city also collects and remits property taxes to the State of Wisconsin, Rock County, Beloit School District, Beloit Turner School District, Clinton Community School District and Blackhawk Technical College. Taxes are levied in December of each year based on the assessed value as of the preceding January 1. Real estate taxes can be paid in four installments on January 31, March 31, May 31 and July 31. Personal property taxes are due January 31. Tax settlements to the other taxing authorities are made in January, February, April, June and the final settlement is in August. The city contracts with the Rock County Treasurer to collect all real estate taxes. The city collects all personal property taxes unpaid after January 31.

**(1) Source:** City of Beloit budget

**City of Beloit, Wisconsin**  
**Ratios of Outstanding Debt by Type,**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Issuance Premiums (Discounts)</b>	<b>Other Debt</b>	<b>Capital Leases</b>	<b>Other Capital Leases</b>	<b>Sewer Revenue Bonds</b>	<b>Water Revenue Bonds</b>	<b>Storm Water Revenue Bonds</b>	<b>Total Outstanding Debt</b>	<b>Estimated Full Property Value</b>	<b>Percentage of Full Property Value</b>	<b>Population</b>	<b>Debt per Capita</b>
<b><u>Governmental Activities</u></b>													
2005	36,414,248	(307,724)	609,211	14,136,305	-	-	-	-	50,852,040	1,387,616,400	3.66%	36,106	1,408
2006	41,318,203	(271,968)	527,882	14,137,211	293,548	-	-	-	56,004,876	1,470,055,900	3.81%	36,560	1,532
2007	53,255,304	(420,309)	306,532	16,260,689	876,179	-	-	-	70,278,395	1,630,887,400	4.31%	37,110	1,894
2008	52,967,110	(372,992)	235,479	14,882,996	787,048	-	-	-	68,499,641	1,718,751,200	3.99%	37,110	1,846
2009	53,844,175	(325,674)	110,000	18,984,934	696,897	-	-	-	73,310,332	1,744,186,100	4.20%	37,000	1,981
2010	54,003,141	(278,357)	100,000	17,723,067	602,607	-	-	-	72,150,458	1,610,889,800	4.48%	36,966	1,952
2011	55,450,472	(721,460)	90,000	20,442,853	503,988	-	-	-	75,765,853	1,558,718,400	4.86%	36,945	2,051
2012	50,222,921	(809,965)	80,000	20,446,434	466,990	-	-	-	70,406,380	1,507,977,900	4.67%	36,850	1,911
2013	49,839,619	389,297	70,000	18,269,381	428,441	-	-	-	68,996,738	1,377,134,000	5.01%	36,820	1,874
2014	48,305,828	607,154	60,000	16,370,388	346,426	-	-	-	65,689,796	1,471,696,200	4.46%	36,805	1,785
<b><u>Business-Type Activities</u></b>													
2005	1,861,902	(295,890)	54,402	-	-	12,190,504	24,065,000	-	37,875,918	1,387,616,400	2.73%	36,106	1,049
2006	2,747,023	(211,358)	-	-	-	9,586,186	23,470,000	-	35,591,851	1,470,055,900	2.42%	36,560	974
2007	4,169,402	(1,086,278)	-	-	-	6,890,000	23,700,000	-	33,673,124	1,630,887,400	2.06%	37,110	907
2008	5,928,389	(866,375)	-	-	-	4,090,000	23,025,000	-	32,177,014	1,718,751,200	1.87%	37,110	867
2009	5,986,851	(734,700)	-	-	-	-	26,240,000	-	31,492,151	1,744,186,100	1.81%	37,000	851
2010	5,925,112	(626,876)	-	-	-	-	29,155,000	1,470,000	35,923,236	1,610,889,800	2.23%	36,966	972
2011	5,577,580	(501,757)	-	-	-	2,866,012	28,075,000	1,420,000	37,436,835	1,558,718,400	2.40%	36,945	1,013
2012	5,225,896	(362,058)	-	-	-	3,267,644	26,960,000	1,365,000	36,456,482	1,507,977,900	2.42%	36,850	989
2013	4,859,952	26,566	-	-	-	3,129,884	25,800,000	1,310,000	35,126,402	1,377,134,000	2.55%	36,820	954
2014	4,680,857	179,630	-	-	-	2,988,818	24,560,000	1,255,000	33,664,305	1,471,696,200	2.29%	36,805	915
<b><u>Total Government-wide</u></b>													
2005	38,276,150	(603,614)	663,613	14,136,305	-	12,190,504	24,065,000	-	88,727,958	1,387,616,400	6.39%	36,106	2,457
2006	44,065,226	(483,326)	527,882	14,137,211	293,548	9,586,186	23,470,000	-	91,596,727	1,470,055,900	6.23%	36,560	2,505
2007	57,424,706	(1,506,587)	306,532	16,260,689	876,179	6,890,000	23,700,000	-	103,951,519	1,630,887,400	6.37%	37,110	2,801
2008	58,895,499	(1,239,367)	235,479	14,882,996	787,048	4,090,000	23,025,000	-	100,676,655	1,718,751,200	5.86%	37,110	2,713
2009	59,831,026	(1,060,374)	110,000	18,984,934	696,897	-	26,240,000	-	104,802,483	1,744,186,100	6.01%	37,000	2,832
2010	59,928,253	(905,233)	100,000	17,723,067	602,607	-	29,155,000	1,470,000	108,073,694	1,610,889,800	6.71%	36,966	2,924
2011	61,028,052	(1,223,217)	90,000	20,442,853	503,988	2,866,012	28,075,000	1,420,000	113,202,688	1,558,718,400	7.26%	36,945	3,064
2012	55,448,817	(1,172,023)	80,000	20,446,434	466,990	3,267,644	26,960,000	1,365,000	106,862,862	1,507,977,900	7.09%	36,850	2,900
2013	54,699,571	415,863	70,000	18,269,381	428,441	3,129,884	25,800,000	1,310,000	104,123,140	1,377,134,000	7.56%	36,820	2,828
2014	52,986,685	786,784	60,000	16,370,388	346,426	2,988,818	24,560,000	1,255,000	99,354,101	1,471,696,200	6.75%	36,805	2,699

**City of Beloit, Wisconsin**  
**Ratios of General Bonded Debt Outstanding and Legal Debt Margin,**  
**Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Less: Amounts Available in Debt Service Fund (a)</u>	<u>Total</u>	<u>Per Capita (c)</u>	<u>Percentage of Estimated Actual Market Value of Property (b)</u>	<u>Total Debt Applicable to Debt Limit</u>	<u>Legal Debt Limit (d)</u>	<u>Legal Debt Margin (e)</u>	<u>Legal Debt Margin as a Percentage of the Debt Limit</u>
2005	38,276,150	6,106,417	32,169,733	891	2.32%	38,276,150	69,380,820	31,104,670	44.83%
2006	44,065,226	6,574,638	37,490,588	1,025	2.55%	44,065,226	73,502,795	29,437,569	40.05%
2007	57,424,706	5,026,140	52,398,566	1,412	3.21%	57,424,706	81,544,370	24,119,664	29.58%
2008	58,895,499	4,000,673	54,894,826	1,479	3.19%	58,895,499	85,937,560	27,042,061	31.47%
2009	59,831,026	2,297,699	57,533,327	1,555	3.30%	59,831,026	87,209,305	27,378,279	31.39%
2010	59,928,253	2,077,288	57,850,965	1,565	3.59%	59,928,253	80,544,490	20,616,237	25.60%
2011	61,028,052	6,031,219	54,996,833	1,489	3.53%	61,028,052	77,935,920	16,907,868	21.69%
2012	55,448,817	1,871,641	53,577,176	1,454	3.55%	55,448,817	75,398,895	19,950,078	26.46%
2013	54,699,571	2,212,595	52,486,976	1,426	3.81%	54,699,571	68,856,700	14,157,129	20.56%
2014	52,986,685	2,048,472	50,938,213	1,384	3.46%	52,986,685	73,584,810	20,598,125	27.99%

**Note:** Details regarding the city's outstanding debt can be found in the notes to the financial statements.

**(a)** Restricted net position balance for debt service refer to page 1.

**(b)** Property value data can be found in Schedule 6: Total Equalized Value is used as estimated market value.

**(c)** Population data can be found in Schedule 14: Demographic and Economic Indicators. Under city's Debt Policy target is \$950-\$1,050.

**(d)** Wisconsin State Statutes limit the city's general obligation indebtedness to 5% of the equalized value of taxable property within the city's boundaries. The city has established a self imposed limit under its Debt Policy of 3.0-3.5% of equalized value.

**(e)** The legal debt margin is the city's available borrowing authority under State Statutes and is calculated by subtracting the debt applicable to the legal debt limit from the legal debt limit.

**City of Beloit, Wisconsin  
Direct and Overlapping Governmental Activities Debt  
as of December 31, 2014**

<u>Governmental Unit</u>	<u>General Obligation Debt Outstanding</u>	<u>Estimated Percentage Applicable (a)</u>	<u>Estimated Share of Overlapping Debt</u>
<b>Debt repaid with property taxes</b>			
County of Rock, Wisconsin	\$ 42,395,000	15.11%	\$ 6,404,019
Blackhawk Technical College	39,885,000	12.60%	\$ 5,024,034
Beloit School District	68,655,281	94.69%	\$ 65,011,814
Beloit Turner School District	6,550,000	10.79%	\$ 706,621
Clinton Community School District	9,470,000	13.34%	\$ 1,263,544
<b>Subtotal, overlapping debt</b>			<u>78,410,032</u>
<b>City direct debt</b>			<u>65,689,796</u>
<b>Total direct and overlapping debt</b>			<u>\$ 144,099,828</u>
<b>Population</b>			36,805
<b>Overlapping debt per capita</b>			\$ 2,130
<b>Direct and overlapping debt per capita</b>			\$ 3,915

**Sources:** Equalized value data provided by the Wisconsin Department of Revenue was used to determine the estimated percentage of overlapping debt applicable. Debt outstanding data was provided by each jurisdiction.

**Note:** Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Beloit. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be considered. However, this does not imply that every taxpayer is a resident and is responsible for repaying the debt of each overlapping government.

**(a)** The percentage of overlapping debt applicable is estimated using estimated market value (equalized value) of property as provided by the Wisconsin Department of Revenue. Applicable percentages were calculated by using the portion of the taxing jurisdiction's estimated market value that is within the city's boundaries and dividing it by the jurisdiction's total estimated market value.

Direct Debt includes outstanding long term bonded debt, notes, loans, and capital leases of the city's governmental activities.

**City of Beloit, Wisconsin  
Pledged Revenue Coverage,  
Last Ten Fiscal Years**

<b>Sewer Utility Revenue Bonds</b>						
<b>Fiscal Year</b>	<b>Utility Charges and Other</b>	<b>Less: Operating Expenses</b>	<b>Net Available Revenue</b>	<b>Debt Service</b>		<b>Coverage</b>
				<b>Principal</b>	<b>Interest</b>	
2005	7,950,886	4,153,179	3,797,707	3,072,903	995,992	0.93
2006	7,894,227	4,122,852	3,771,375	2,604,318	446,585	1.24
2007	7,854,276	4,341,516	3,512,760	2,696,186	352,407	1.15
2008	7,495,480	4,613,801	2,881,679	2,800,000	248,500	0.95
2009	7,066,624	5,019,792	2,046,832	-	-	-
2010	7,083,699	5,370,311	1,713,388	-	-	-
2011	6,867,461	5,471,436	1,396,025	-	13,820	101.01
2012	6,975,312	5,803,825	1,171,487	130,030	74,991	5.71
2013	6,779,720	6,051,452	728,268	137,760	76,771	3.39
2014	6,878,377	6,135,784	742,593	141,066	73,424	3.46

<b>Water Utility Revenue Bonds</b>						
<b>Fiscal Year</b>	<b>Utility Charges and Other</b>	<b>Less: Operating Expenses</b>	<b>Net Available Revenue</b>	<b>Debt Service</b>		<b>Coverage</b>
				<b>Principal</b>	<b>Interest</b>	
2005	4,609,360	1,698,314	2,911,046	580,000	1,077,770	1.76
2006	4,791,033	1,757,711	3,033,322	595,000	1,066,170	1.83
2007	4,791,676	1,771,273	3,020,403	780,000	865,315	1.84
2008	4,851,984	1,914,142	2,937,842	675,000	980,887	1.77
2009	4,756,316	2,268,695	2,487,621	695,000	1,030,961	1.44
2010	5,174,136	1,853,338	3,320,798	1,110,000	1,189,850	1.44
2011	5,472,411	1,823,566	3,648,845	1,080,000	1,220,495	1.59
2012	5,874,505	1,810,557	4,063,948	1,115,000	1,183,233	1.77
2013	5,600,028	2,266,499	3,333,529	1,235,000	1,064,519	1.45
2014	5,515,294	2,068,833	3,446,461	1,240,000	992,212	1.54

<b>Stormwater Utility Revenue Bonds</b>						
<b>Fiscal Year</b>	<b>Utility Charges and Other</b>	<b>Less: Operating Expenses</b>	<b>Net Available Revenue</b>	<b>Debt Service</b>		<b>Coverage</b>
				<b>Principal</b>	<b>Interest</b>	
2005	-	-	-	-	-	-
2006	-	-	-	-	-	-
2007	-	-	-	-	-	-
2008	-	-	-	-	-	-
2009	-	-	-	-	-	-
2010	951,506	737,653	213,853	-	41,424	5.16
2011	950,724	635,318	315,406	50,000	72,369	2.58
2012	958,856	702,539	256,317	55,000	71,444	2.03
2013	958,980	699,169	259,811	55,000	69,813	2.08
2014	959,068	720,259	238,809	55,000	68,694	1.93

**Note:** Details regarding the city's outstanding debt can be found in the notes to the financial statements. Sewer, water, and stormwater charges include non-operating revenues. Operating expenses do not include interest, amortization, or depreciation. The City's required coverage ratios are 1.10 for the sewer bonds and 1.25 for the water and stormwater bonds.

**City of Beloit, Wisconsin  
Demographic and Economic Statistics,  
Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Estimated Personal Income (2)</u>	<u>Per Capita Personal Income (3)</u>	<u>School Enrollment (4)</u>	<u>Labor Force (5)</u>	<u>Employment (5)</u>	<u>Unemployment (5)</u>	<u>City Unemployment Rate (5)</u>
2005	36,106	1,051,587,250	29,125	7,113	17,065	15,691	1,374	8.1%
2006	36,560	1,132,446,000	30,975	7,169	17,459	16,192	1,267	7.3%
2007	37,110	1,171,006,050	31,555	7,125	17,493	16,193	1,300	7.4%
2008	37,110	1,190,154,810	32,071	7,130	16,981	15,548	1,433	8.4%
2009	37,000	1,142,893,000	30,889	7,146	17,275	14,254	3,021	17.5%
2010	36,966	1,179,104,502	31,897	6,891	16,486	14,362	2,124	12.9%
2011	36,945	1,230,453,225	33,305	6,967	16,273	14,484	1,789	11.0%
2012	36,850	1,321,256,750	35,855	6,985	16,474	14,770	1,704	10.3%
2013	36,820	1,401,148,280	38,054	7,116	16,880	15,013	1,867	11.1%
2014	36,805	NA	NA	7,133	17,148	15,850	1,298	7.6%

**Sources:** (1) State of Wisconsin Department of Administration or U. S. Census Bureau (2010).

(2) Personal income estimate for the city is based on city population and per capita personal income for Rock County, WI using data obtained from the Regional Economic Information System, Bureau of Economic Analysis, U.S. Department of Commerce.

(3) Regional Economic Information System, Bureau of Economic Analysis, U.S. Department of Commerce, Rock County, WI.

(4) State of Wisconsin Department of Public Instruction.

(5) State of Wisconsin Department of Workforce Development - Office of Economic Advisors.

**Note:** In 2008 the General Motors assembly plant in Janesville, WI closed eliminating over 1,200 jobs and severely impacting the regional economy. The affect of the plant's closure on the City of Beloit led to the unemployment rate soaring to almost 20% in 2009 and it remains as one of the highest in the State of Wisconsin.

**City of Beloit, Wisconsin  
Principal Employers,  
Current Year and Nine Years Ago**

<u>Employer</u>	<u>2014</u>			<u>2005</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Beloit Health Systems	1,576	1	10.50%	1,617	1	9.44%
School District of Beloit	938	2	6.25%	1,163	2	6.79%
Kerry Ingredients	740	3	4.93%	354	8	2.07%
Frito-Lay	663	4	4.42%	785	3	4.58%
Taylor Company	635	5	4.23%			
Birds Eye	559	6	3.72%			
City of Beloit	447	7	2.98%	477	4	2.78%
Beloit College	408	8	2.72%	448	5	2.62%
Fairbanks-Morse	374	9	2.49%	301	10	1.76%
Hendricks Holdings (ABC Supply)	356	10	2.37%	398	7	2.32%
Alcoa Wheel Products	-	-	-	445	6	2.60%
Wal-Mart	-	-	-	318	9	1.86%
<b>Total</b>	<b>6,696</b>		<b>44.60%</b>	<b>6,306</b>		<b>36.81%</b>

**Source:** City of Beloit Department of Economic Development.



**City of Beloit, Wisconsin  
Full-time Equivalent City Employees by Function/Program,  
Last Ten Fiscal Years**

Function	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Government	7.00	7.00	7.00	7.00	7.00	7.00	7.30	7.14	7.00	7.00
Finance and Administrative Services	36.70	36.93	36.55	35.60	34.30	33.35	33.25	31.00	30.70	29.75
Community Development	19.40	18.50	19.00	19.00	18.00	18.00	19.00	18.50	16.50	16.50
Economic Development	3.40	3.40	3.40	3.40	3.40	3.40	3.40	3.40	3.40	3.40
Public Safety:										
Police Services	95.45	95.05	95.75	95.95	95.96	95.91	95.91	88.76	90.26	91.16
Fire Services	63.50	65.10	65.62	65.65	65.65	65.65	65.65	59.25	59.74	64.74
Health	30.74	-	-	-	-	-	-	-	-	-
Engineering and public works	57.70	58.90	60.83	60.83	61.83	60.54	60.44	57.71	56.08	56.08
Parks and Recreation	26.56	37.16	40.64	40.26	40.26	39.26	39.76	37.37	38.01	38.01
Library	27.00	27.00	27.00	26.48	25.82	25.59	25.76	26.01	27.15	27.34
Water and Sewer Utility	33.60	33.60	35.54	36.80	36.82	37.11	37.11	35.57	37.90	38.40
Transit	19.50	19.50	20.50	20.10	20.50	20.50	20.50	20.50	20.50	20.50
<b>Total</b>	<b>420.55</b>	<b>402.14</b>	<b>411.83</b>	<b>411.07</b>	<b>409.54</b>	<b>406.31</b>	<b>408.08</b>	<b>385.21</b>	<b>387.24</b>	<b>392.88</b>

**Source:** City of Beloit annual budget

**Notes:** In 2006 the city merged its Health Department with the Rock County Health Department. The County now provides public health services for residents of the city.

A full time employee is scheduled to work 2,088 hours per year (including vacation and sick leave used). Full time equivalent employment is determined by dividing the total hours worked by 2,088.

**City of Beloit, Wisconsin  
Operating Indicators by Function/Program  
Last Ten Years**

<b>Function/Program</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
<b>General government</b>										
New Building permits	65	83	27	17	9	2	3	2	7	6
Building permits issued	763	656	967	936	625	925	1,030	1,156	990	1,074
Building inspections conducted	3,871	5,310	5,585	4,215	3,811	3,972	3,932	4,540	3,874	1,657
Site plans reviewed	27	30	27	26	22	14	18	21	25	14
Rental permits issued	5,793	4,837	5,748	5,456	5,673	5,624	5,449	6,010	5,990	5927
<b>Police</b>										
Physical Arrests	10,039	9,154	10,467	9,777	8,384	7,952	7,736	8,756	10,026	4,850
Traffic Violations	4,733	5,607	6,639	5,578	5,328	6,434	6,261	6,494	5,529	4,746
Parking Violations	10,579	12,401	12,663	11,209	8,197	9,536	8,461	6,782	6,230	7,072
<b>Fire</b>										
Emergency responses	7,256	7,327	7,565	7,979	7,262	7,834	7,896	7,693	8,194	8452
Fires extinguished	76	73	115	122	96	125	134	150	107	122
Inspections conducted	1,979	2,420	2,430	2,449	2,349	2,336	2,293	2,029	2,000	2050
Ambulance runs	3,330	3,388	3,392	3,625	3,394	3,498	3,534	3,517	3,726	3835
<b>Engineering and public works</b>										
Development plans reviewed	27	30	27	26	22	14	18	21	25	14
Infrastructure projects designed	23	25	27	28	30	30	20	23	16	15
Infrastructure projects completed	21	20	14	18	20	20	18	19	16	14
<b>Highways and Streets</b>										
Street resurfacing (miles)	2.00	2.00	1.00	1.50	4.40	4.8	1.9	3.1	5.5	1.92
Potholes repaired	32,999	31,162	42,972	38,897	47,309	47,218	50,590	40,319	38,725	38176
<b>Sanitation</b>										
Refuse collected (tons/day)	38	40	38	38	37	34	33	32.39	33.79	39.07
Recyclables collected (tons/day)	11	21	21	20	20	23	16	15.92	15.15	18.47
<b>Culture and Recreation</b>										
Facility use permits issued	439	469	453	465	459	448	460	469	431	491
Number of programs offered	65	64	66	67	79	77	75	78	81	84
Rounds of golf played	22,353	20,117	22,345	28,202	25,448	28,117	17,524	25,174	21,822	20,056
Senior center participants	24,225	20,571	20,411	22,564	24,199	24,318	24,011	23,919	25,822	25934
Number of cemetery internments	165	193	169	178	148	161	185	170	175	147
<b>Water</b>										
Work orders processed	1,422	2,142	1782	1855	1876	3656	2952	2711	2724	2321
DHL locate tickets processed				4706	4620	4248	4187	4289	5196	4170
Main breaks	29	30	49	39	34	35	30	32	56	52
Average daily production (MGD)	6.80	6.46	6.60	6.71	6.15	5.89	5.47	5.75	5.55	5.468
Peak daily production (MGD)	11.10	9.93	9.74	9.81	8.62	8.36	8.59	10.14	8.726	7.500
<b>Wastewater</b>										
Average daily treatment (MGD)	4.40	4.88	5.34	7.35	5.96	4.26	3.664	3.529	4.32	3.776
Peak daily treatment (MGD)	8.00	11.65	12.79	18.81	13.83	6.22	4.999	4.671	15.459	9.640
<b>Transit</b>										
Total route miles	392,041	392,041	392,041	392,041	392,041	343,029	343,029	343,029	343,029	311,017
Passengers	271,261	302,307	311,353	313,845	307,568	272,089	265,590	246,323	243,859	223,291

Source: Various city departments.

**City of Beloit, Wisconsin  
Capital Asset Statistics by Function/Program  
Last Ten Years**

<u>Function/Program</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	40	40	40	39	39	39	40	40	40	40
Fire										
Stations	3	3	3	3	3	3	3	3	3	3
Trucks	9	10	10	10	10	10	10	10	14	14
Ambulances	3	3	3	3	3	3	3	3	4	4
Refuse Collection										
Garbage trucks	15	14	14	14	14	14	14	14	13	13
Other public works										
Streets/highways (miles)	181.07	181.7	181.92	182.2	182.2	183.5	183.5	183.5	183.5	183.5
Streetlights	791	855	889	902	1053	1229	1320	1308	1308	1308
Traffic signals	39	40	40	40	40	40	40	40	40	40
Parks and recreation										
Acreage	851	851	851	851	861	861	861	861	924	924
Parks	34	34	34	34	35	35	35	35	39	39
Tennis courts	11	11	11	11	11	11	11	11	11	11
Golf courses	1	1	1	1	1	1	1	1	1	1
Swimming pools	1	1	1	1	1	1	1	1	1	1
Community centers	1	1	1	1	1	1	1	1	1	1
Water										
Wells	7	7	7	7	7	7	7	8	8	9
Water mains (miles)	170	177	178	194	196.7	197.7	197.7	198.9	198.9	198.9
Hydrants	1559	1703	1714	1436	1434	1464	1464	1555	1555	1555
Storage capacity (MGD)	2.75	2.75	2.75	2.75	2.75	2.75	2.75	4.15	4.15	4.150
Wastewater										
Treatment plants	1	1	1	1	1	1	1	1	1	1
Sanitary sewer (miles)	164	164	168	170.5	170.8	175	172.8	172.8	172.8	172.8
Storm sewer (miles)	171	171	172	110.5	108	110.2	110.2	110.2	110.2	110.2
Treatment capacity (MGD)	11	11	11	11	11	11	11.3	11.3	11.3	11.3
Transit										
Buses	12	12	12	12	12	12	12	12	12	12

**Source:** Various city departments.

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

Independent Auditors' Report

To the City Council  
City of Beloit  
Beloit, Wisconsin

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Beloit, Wisconsin as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City of Beloit's basic financial statements and have issued our report thereon dated June 24, 2015. Our report includes a reference to other auditors who audited the financial statements of the Beloit Public Library Foundation, Inc., a component unit, and the limited liability corporations (LLC's) presented as component units of the City of Beloit CDA (CDA), as described in our report on the City of Beloit's financial statements. The financial statements of the Beloit Public Library Foundation, Inc., a component unit of the City and the LLC's of the CDA, were not audited in accordance with *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City of Beloit's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Beloit's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Beloit's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A *deficiency in internal control* 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 and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a 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. 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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses. These material weaknesses are items 2014-001 and 2014-002.

To the City Council  
City of Beloit

### **Compliance and Other Matters**

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

### **City of Beloit's Response to Findings**

The City of Beloit's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City of Beloit's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Baker Tilly Vichow Krause, LLP*

Madison, Wisconsin  
June 24, 2015

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND MAJOR STATE PROGRAM;  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE;  
AND REPORT ON SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
REQUIRED BY OMB CIRCULAR A-133 AND THE *STATE SINGLE AUDIT GUIDELINES*

Independent Auditors' Report

To the City Council  
City of Beloit  
Beloit, Wisconsin

**Report on Compliance for Each Major Federal and Major State Program**

We have audited the City of Beloit's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *State Single Audit Guidelines* that could have a direct and material effect on each of the City of Beloit's major federal and major state programs for the year ended December 31, 2014. The City of Beloit's major federal and major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the City of Beloit's major federal and major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and the *State Single Audit Guidelines*. Those standards, OMB Circular A-133, and the *State Single Audit Guidelines* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or major state program occurred. An audit includes examining, on a test basis, evidence about the City of Beloit's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and major state program. However, our audit does not provide a legal determination of the City of Beloit's compliance.

To the City Council  
City of Beloit

### ***Opinion on Each Major Federal and Major State Program***

In our opinion, the City of Beloit complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and major state programs for the year ended December 31, 2014.

### ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 or the *State Single Audit Guidelines* and which are described in the accompanying schedule of findings and questioned costs as items 2014-003, 2014-004, 2014-005, and 2014-007. Our opinion on each major federal and major state program is not modified with respect to these matters.

### **City of Beloit's Response to Findings**

The City of Beloit's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City of Beloit's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Report on Internal Control Over Compliance**

Management of the City of Beloit is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Beloit's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal or major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and major state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the *State Single Audit Guidelines*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Beloit's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2014-003, 2014-004, 2014-005, 2014-006 and 2014-007, which we consider to be significant deficiencies.

To the City Council  
City of Beloit

### **City of Beloit's Response to Findings**

The City of Beloit's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City of Beloit's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Purpose of this Report**

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and the *State Single Audit Guidelines*. Accordingly, this report is not suitable for any other purpose.

### **Report on Schedules of Expenditures of Federal and State Awards Required by OMB Circular A-133 and the *State Single Audit Guidelines***

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Beloit, Wisconsin as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City of Beloit's basic financial statements. We issued our report thereon dated June 24, 2015, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. Our report includes a reference to other auditors who audited the financial statements of the Beloit Public Library Foundation, Inc., a component unit, and the limited liability corporations (LLC's) presented as component units of the City of Beloit CDA (CDA), as described in our report on the City of Beloit's financial statements. The accompanying schedules of expenditures of federal and state awards are presented for purposes of additional analysis as required by OMB Circular A-133 and the *State Single Audit Guidelines* and are not a required part of the basic financial statements. The accompanying PHA's statement and certification of actual modernization costs is presented as other supplemental information and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of expenditures of federal and state awards and the PHA's statement and certification of actual modernization costs are fairly stated in all material respects in relation to the basic financial statements as a whole.

*Baker Tilly Virchow Krause, LLP*

Madison, Wisconsin  
June 24, 2015



**CITY OF BELOIT**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended December 31, 2014**

Federal Agency/Pass-Through Agency/Program Title	CFDA Number	Direct Grant Number/ Pass-through Grantor's Number	Revenues				Expendi- tures Grantor Share
			Grantor Share			Total Revenues	
			(Accrued) Deferred Beginning Balance	Cash Received (Returned)	Accrued (Deferred) Ending Balance		
<b>U.S. Department of Housing and Urban Development</b>							
Community Development Block Grants/Entitlement Grants	14.218	35954	\$ (37,114)	\$ 649,541	\$ -	\$ 612,427	\$ 612,427
Community Development Block Grants/Entitlement Grants - Revolving Loan/Program Income	14.218	35953	-	155,514	-	155,514	155,514
Total CFDA #14.218			(37,114)	805,055	-	767,941	767,941
Passed through Wisconsin Department of Administration							
Community Development Block Grant/State's Program and Non-Entitlement Grants in Hawaii	14.228	73675200-4330-10479/71	(97,738)	166,068	-	68,330	68,330
Community Development Block Grant/State's Program and Non-Entitlement Grants in Hawaii - Program Income	14.228	73675200-4330-10479/71	-	94,813	-	94,813	94,813
Community Development Block Grant/State's Program and Non-Entitlement Grants in Hawaii	14.228	3595E	(337,808)	337,808	-	-	-
Total CFDA #14.228			(435,546)	598,689	-	163,143	163,143
Passed Through City of Janesville							
Home Investment Partnerships Program	14.239	35125-36122	(1,083)	73,538	-	72,455	72,455
Public and Indian Housing	14.850		-	324,837	-	324,837	324,837
Resident Opportunity and Supportive Services	14.870		-	53,601	12,272	65,873	65,873
Section 8 Housing Choice Vouchers	14.871		-	2,989,752	-	2,989,752	2,989,752
Public Housing Capital Fund	14.872						
WI39-PO64-501-10			-	1,316	-	1,316	1,316
WI39-PO64-501-11			(1,670)	27,670	-	26,000	26,000
WI39-PO64-501-12			-	80,291	2,664	82,955	82,955
WI39-PO64-501-12			(89,150)	89,150	-	-	-
WI39-PO64-501-13			-	1,233	22,000	23,233	23,233
WI39-PO64-501-14			-	26,491	80,000	106,491	106,491
Total CFDA #14.872			(90,820)	226,151	104,664	239,995	239,995
Passed through Wisconsin Department of Health Services							
Lead Hazard Reduction Demonstration Grant Program	14.905	73675200-436001-10510	21,233	82,905	-	104,138	104,138
Total U.S. Department of Housing and Urban Development			(543,330)	5,154,528	116,936	4,728,134	4,728,134
<b>U.S. Department of Justice</b>							
Edward Byrne Memorial Justice Assistance Grant	16.738	35230	-	1,277	-	1,277	1,277
Edward Byrne Memorial Justice Assistance Grant	16.738	35231	-	938	-	938	938
Edward Byrne Memorial Justice Assistance Grant	16.738	35232	-	8,177	-	8,177	8,177
Edward Byrne Memorial Justice Assistance Grant	16.738	35233	-	16,000	-	16,000	16,000
Edward Byrne Memorial Justice Assistance Grant	16.738	35234	-	13,900	-	13,900	13,900
Total CFDA #16.738			-	40,292	-	40,292	40,292
Total U.S. Department of Justice			-	40,292	-	40,292	40,292

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

**CITY OF БЕЛОIT**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended December 31, 2014**

Federal Agency/Pass-Through Agency/Program Title	CFDA Number	Direct Grant Number/ Pass-through Grantor's Number	Revenues				Expendi- tures Grantor Share
			Grantor Share			Total Revenues	
			(Accrued) Deferred Beginning Balance	Cash Received (Returned)	Accrued (Deferred) Ending Balance		
<b>U.S. Department of Transportation</b>							
Passed through Wisconsin Department of Natural Resources Recreational Trails Program	20.219		\$ -	\$ 9,400	\$ 4,295	\$ 13,695	\$ 13,695
Federal Transit Cluster							
Passed Through Wisconsin Department of Transportation Federal Transit Capital Investment Grants 5307/5309	20.500	P2511263-4301-	-	660,000	-	660,000	660,000
Federal Transit Formula Grants	20.507	25707410-436002	-	-	614,048	614,048	614,048
Total Federal Transit Cluster			-	660,000	614,048	1,274,048	1,274,048
Passed Through Illinois Department of Transportation Metropolitan Transportation Planning	20.505	35272	-	35,081	51,677	86,758	86,758
Passed Through Wisconsin Department of Transportation State and Community Highway Safety	20.600						
Speed Enforcement		10654	-	7,835	-	7,835	7,835
Seat Belt		10584	-	4,199	-	4,199	4,199
Alcohol Enforcement		10573-10574	(6,632)	34,524	-	27,892	27,892
Total State and Community Highway Safety			(6,632)	46,558	-	39,926	39,926
Total U.S. Department of Transportation			(6,632)	751,039	670,020	1,414,427	1,414,427
<b>U.S. Department of Homeland Security</b>							
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	35282	-	337,985	-	337,985	337,985
<b>TOTAL FEDERAL AWARDS</b>			<b>\$ (549,962)</b>	<b>\$ 6,283,844</b>	<b>\$ 786,956</b>	<b>\$ 6,520,838</b>	<b>\$ 6,520,838</b>

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

**CITY OF BELOIT**

SCHEDULE OF EXPENDITURES OF STATE AWARDS  
For the Year Ended December 31, 2014

State Agency/Pass-Through Agency/Program Title	State Number	Grant Number	Revenues				Expendi- tures Grantor Share
			Grantor Share				
			(Accrued) Deferred Beginning Balance	Cash Received (Returned)	Accrued (Deferred) Ending Balance	Total Revenues	
<b>Wisconsin Department of Transportation</b>							
Transit Operating Aids	395.104						
2014 Operating Aids		25707410-436001	\$ -	\$ 416,616	\$ 45,691	\$ 462,307	\$ 462,307
2013 Operating Aids		25707410-436001	(46,134)	-	46,134	-	-
2012 Operating Aids		25707410-436001	(47,951)	47,951	-	-	-
2014 Paratransit Aids		85.205	-	21,575	-	21,575	21,575
Total Transit Operating Aids			<u>(94,085)</u>	<u>486,142</u>	<u>91,825</u>	<u>483,882</u>	<u>483,882</u>
Planning Commission Program	395.202	35271	-	46,755	48,517	95,272	95,272
Total Wisconsin Department of Transportation			<u>(94,085)</u>	<u>532,897</u>	<u>140,342</u>	<u>579,154</u>	<u>579,154</u>
<b>Wisconsin Department of Health Services</b>							
Ambulance Funding Assistance Grant	435.162	74666400-436001-81021	-	9,064	-	9,064	9,064
<b>Wisconsin Department of Natural Resources</b>							
Recycling Grants to Responsible Units	370.670		-	128,427	-	128,427	128,427
Recycling Consolidation Grant	370.673		-	9,589	-	9,589	9,589
Total Wisconsin Department of Natural Resources			<u>-</u>	<u>138,016</u>	<u>-</u>	<u>138,016</u>	<u>138,016</u>
<b>Wisconsin Department of Administration</b>							
<b>Office of Justice Assistance</b>							
Uniform Beat Patrol Officers	505.620	61622239-406001-10024	-	121,434	-	121,434	121,434
<b>TOTAL STATE AWARDS</b>			<u>\$ (94,085)</u>	<u>\$ 801,411</u>	<u>\$ 140,342</u>	<u>\$ 847,668</u>	<u>\$ 847,668</u>

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

## CITY OF BELOIT

### NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS For the Year Ended December 31, 2014

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#### **NOTE 1 – BASIS OF PRESENTATION**

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The accompanying schedule of expenditures of federal and state awards (the “schedule”) includes the federal and state grant activity of the City of Beloit under programs of the federal and state government for the year ended December 31, 2014. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the *State Single Audit Guidelines*. Because the schedule presents only a selected portion of the operations of the City of Beloit, it is not intended to and does not present the financial position, changes in net position or cash flows of the City of Beloit.

The reporting entity for the City is based upon criteria established by the Governmental Accounting Standards Board. The City of Beloit is the primary government according to GASB criteria, while the Beloit Community Development Authority (CDA) is a component unit. Federal and state awards received directly by the CDA are included in this report.

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#### **NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

The underlying accounting records for some grant programs are maintained on the modified accrual basis of accounting. Under the modified accrual basis, revenues are recorded when susceptible to accrual; i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the liability is incurred. The accounting records for other grant programs are maintained on the accrual basis; i.e., when the revenue has been earned and the liability is incurred.

**CITY OF BELOIT**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended December 31, 2014

**SECTION I – SUMMARY OF AUDITORS’ RESULTS**

***FINANCIAL STATEMENTS***

Type of auditors’ report issued: Unmodified

Internal control over financial reporting:

- > Material weakness(es) identified?        X   yes             no
- > Significant deficiency(ies) identified?             yes        X   none reported

Noncompliance material to financial statements noted?

       yes        X   no

***FEDERAL OR STATE AWARDS***

Internal control over major programs:

- |   | Federal Programs                  | State Programs                    |
|---|-----------------------------------|-----------------------------------|
| > Material weakness(es) identified?       | <u>      </u> yes <u>  X  </u> no | <u>      </u> yes <u>  X  </u> no |
| > Significant deficiency(ies) identified? | <u>  X  </u> yes <u>      </u> no | <u>      </u> yes <u>  X  </u> no |

Type of auditor’s report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?

	Federal Programs	State Programs
	<u>  X  </u> yes <u>      </u> no	<u>      </u> yes <u>  X  </u> no

Auditee qualified as low-risk auditee?

	Federal Programs	State Programs
	<u>      </u> yes <u>  X  </u> no	<u>      </u> yes <u>  X  </u> no

Identification of major federal programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
14.850	Public and Indian Housing
14.871	Section 8 Housing Choice Vouchers
	<u>Federal Transit Cluster</u>
20.500	Federal Transit – Capital Investment Grants
20.507	Federal Transit – Formula Grants
97.083	Staffing for Adequate Fire and Emergency Response (SAFER)

**CITY OF BELOIT**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended December 31, 2014

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

**FEDERAL OR STATE AWARDS (cont.)**

	<u>Federal</u>	<u>State</u>
Dollar threshold used to distinguish between type A and type B programs:	\$ 300,000	\$ 100,000

Identification of major state programs:

<u>State Number</u>	<u>Name of State Program</u>
395.104	Transit Operating Aids
370.670	Recycling Grants to Responsible Units
505.620	Uniform Beat Patrol Officers

**SECTION II – FINANCIAL STATEMENT FINDINGS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

**FINDING 2014-001: INTERNAL CONTROL OVER FINANCIAL REPORTING**

**Criteria:** Auditing standards require that we perform procedures to obtain an understanding of your government and its internal control environment as part of the annual audit. This includes an analysis of the City’s year-end financial reporting process and preparation of your financial statements, including the schedule of expenditures of federal and state awards.

**Condition:** Material journal entries were identified during the course of the audit and we, as your auditors, prepared your annual financial statements. We also made material changes to the schedule of expenditures of federal and state awards.

**Cause:** Due to staffing and financial limitations, the City chooses to contract with the auditors to assist with some year-end audit entries, prepare the annual financial statements, and assist with the schedule of expenditures of federal and state awards.

**Effect:** Financial statements and the schedule or expenditures of federal and state awards are not available until the conclusion of the audit.

**Recommendation:** We recommend the city evaluate if the preparation of these statements and schedules is practical at this time.

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

## CITY OF BELOIT

### SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2014

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#### SECTION II – FINANCIAL STATEMENT FINDINGS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS (cont.)

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##### ***FINDING 2014-002: INTERNAL CONTROL ENVIRONMENT***

**Criteria:** Auditing standards require auditors to communicate significant deficiencies or material weaknesses in the City's structure of internal control.

**Condition:** At this time, due to staffing and financial limitations, the City does not have proper internal controls in place to achieve adequate segregation of duties. As a result, errors or irregularities could occur as part of the accounting processes that may not be discovered by the City. Therefore, we are reporting a material weakness related to the City's internal control environment. There are also key controls, which are listed below, that are not currently in place at the City related to significant transaction cycles. These key controls are important in reducing the risk of errors or irregularities in the City's accounting processes.

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

1. Additional controls regarding check printing and processing should be developed for those instances when the City's typical controls cannot be followed. Access to check printing should be restricted from the person processing accounts payable.

**Management's Response:** The Accounting Division Director will process cash disbursements and check printing in those instances when the normal controls cannot be followed, this will allow for an additional person to print checks, there would be no instance where the accounts payable clerk would process checks or disbursements.

2. Accounts payable reconciliations from the general ledger to the accounts payable listing should be performed on a regular basis.

**Management's Response:** A separate account will be created to post any manual accounts payable entries for the purchasing card transactions and any miscellaneous manual transactions at year end. Also, the Accounting Department will reconcile the accounts payable quarterly to the general ledger.

##### ***CONTROLS OVER RECEIVABLES/REVENUE***

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

**Management's Response:** The Accounting Department will reconcile the utility receivable balances quarterly.

## CITY OF BELOIT

### SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2014

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#### SECTION II – FINANCIAL STATEMENT FINDINGS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS (cont.)

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##### **FINDING 2014-002: INTERNAL CONTROL ENVIRONMENT (cont.)**

###### **CONTROLS OVER INFORMATION TECHNOLOGY**

1. Access rights for the network and significant applications should be reviewed at least annually by an appropriate person.

**Management's Response:** Because of the current limited resources of the Information Technology Department, an additional network administrator staff person in conjunction with additional software is proposed. The additional software and administrative personnel will allow for a more comprehensive review of all access rights for significant applications. However, budgetary constraints may prohibit such proposal from being approved.

2. The operating system, database, and applications should be monitored to identify any security violations. The City should proactively monitor both internal access on the network and financial applications as well as external access. In addition, there should be a procedure to resolve or escalate any security violations.

**Management's Response:** The Information Technology Department is investigating a variety of software to assist in monitoring internal and external application access. It will be the responsibility of an additional network administrator staff person to develop and escalate any security violations to the Director of Information Technology. The same budgetary constraints may prohibit additional staff at this time.

###### **CONTROLS OVER MONTHLY AND YEAR-END ACCOUNTING**

1. The cash and investment accounts were not reconciled between the bank account and the accounting records for the majority of 2014. Timely reconciliations are very important to ensure the integrity of the underlying accounting data.

**Management's Response:** The Accounting Department is now up to full staff again and will ensure the bank accounts and accounting records are reconciled and balance monthly. The department has also made a change in how general fund investments are recorded to assist in aid of reconciliation.

2. Year-end payroll accruals should be recorded to ensure proper cutoff between fiscal years.

**Management's Response:** The Accounting Department will ensure that if when a prepaid payroll occurs the proper entries are recorded.

3. Year-end reconciliations (retainages, payroll accruals) should be reviewed and approved by someone other than the preparer.

**Management's Response:** The Accounting Director will review and approve reconciliations prepared by Accounting staff and the Senior Accountant will review and approve reconciliations prepared by the Accounting Director.



## CITY OF BELOIT

### SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2014

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#### SECTION II – FINANCIAL STATEMENT FINDINGS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS (cont.)

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##### **FINDING 2014-002: INTERNAL CONTROL ENVIRONMENT** (cont.)

###### **ENTITY LEVEL CONTROLS**

1. 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.

**Management's Response:** The city will develop a risk assessment process that can be implemented for the purpose of identifying areas of high risk in an effort to minimize the potential for misappropriation of assets or fraud.

**Cause:** Due to staffing and financial limitations, certain controls are not easily implemented by the City.

**Effect:** Internal controls that are not in place can cause a greater risk for both intentional and unintentional errors.

**Recommendation:** We recommend that the City consider the benefits of implementing additional policies and procedures to address key controls related to its significant transaction cycles, as noted above.

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#### SECTION III – FEDERAL AWARDS AND STATE AWARDS FINDINGS AND QUESTIONED COSTS

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##### **FINDING 2014-003: 14.871 – SECTION 8 HOUSING CHOICE VOUCHERS; 14.850 – PUBLIC AND INDIAN HOUSING GRANTING AGENCY: U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**

**Criteria:** According to OMB Circular A-87 Attachment B, Section 8h, when an employee works on more than one cost activity, wages charged to federal grants must be based on actual costs and must be an after the fact distribution. Budgeted allocations when timesheets are not completed may be used for interim accounting. However, actual costs must be reviewed on at least a quarterly basis and be based on monthly activity reports. An entity must adjust budgeted costs charged to the federal grant to actual if the difference between the two amounts exceeds 10%.

**Condition/Context:** During our testing of the Section 8 Housing Choice Vouchers Program, it was noted that time charged to the program was allocated based on an estimate and never reviewed to verify that no adjustment was needed.

**Cause:** The City did not have a process to review actual wages in comparison to estimated wages charged to the program.

**Effect:** The amounts charged to the Federal grants may not reflect actual distribution of costs.

**Questioned Costs:** Questioned costs cannot be determined.

## CITY OF BELOIT

### SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2014

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#### SECTION III – FEDERAL AWARDS AND STATE AWARDS FINDINGS AND QUESTIONED COSTS (cont.)

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**FINDING 2014-003: 14.871 – SECTION 8 HOUSING CHOICE VOUCHERS; 14.850 – PUBLIC AND INDIAN HOUSING**

**GRANTING AGENCY: U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (cont.)**

**Recommendation:** We recommend the City implement a procedure to document allocated time in accordance with OMB Circular A-87 and the Uniform Guidance for federal awards for amounts awarded after December 26, 2014.

**Management's Response:** Beginning July 01, 2015 the following positions will be required to document exact time spent on each project they work on; Executive Director, Program Manager, Accountant, Inspector, Program Assistant, and Special Programs Administrator.

These timesheets will be used quarterly to compare budgeted expenses to actual. The Programs Managers will conduct the comparisons.

**FINDING 2014-004: 14.871 – SECTION 8 HOUSING CHOICE VOUCHERS**

**GRANTING AGENCY: U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**

**Criteria:** Under 24 CFR 982.516 - Family income and composition: Regular and interim examinations, the Public Housing Authority (PHA) must conduct reexaminations of family income and composition at least annually.

**Condition/Context:** It was noted during testing of this program that verification of family composition was not completed properly for one of the 40 program participants selected for testing.

**Cause:** The PHA administering the grant did not obtain the required documentation to verify family composition for a child that was born after the family was already receiving a voucher.

**Effect:** Without proper verification, the reported family composition could be inaccurate and incorrect eligibility determinations could be made.

**Questioned Costs:** None noted.

**Recommendation:** We recommend that the PHA obtain support to verify family composition as required under 24 CFR 982.516.

**Management's Response:** The Public Housing Authority will continue to collect support documents and 3<sup>rd</sup> party verifications to substantiate HAP payments. File audits will be conducted for accuracy.

## CITY OF BELOIT

### SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2014

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#### SECTION III – FEDERAL AWARDS AND STATE AWARDS FINDINGS AND QUESTIONED COSTS (cont.)

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**FINDING 2014-005: 14.871 – SECTION 8 HOUSING CHOICE VOUCHERS**

**GRANTING AGENCY: U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**

**Criteria:** Under 24 CFR 982.507 - Rent to owner: Reasonable rent, the PHA may not approve a lease until the PHA determines that the initial rent to owner is a reasonable rent amount. In addition, under 24 CFR 982.158(f)(7), records to document the basis for the PHA's determination that rent to owner is a reasonable rent (initially and during the term of a HAP contract) must be maintained.

**Condition/Context:** During testing of this program, it was noted that there was no documented rent reasonableness determination included in 30 of the 39 files tested.

**Cause:** The PHA did not obtain the required documentation to verify reasonable rent.

**Effect:** Without a rent reasonableness determination, the PHA could be unaware of landlords charging higher rent than comparable unassisted units.

**Questioned Costs:** None noted.

**Recommendation:** We recommend that the PHA complete, document and maintain rent reasonableness calculations for all section 8 program participants.

**Management's Response:** The Public Housing Authority has begun using the Emphasys module for 'Rent Reasonableness'. This issue is now resolved. Each file will contain the Rent Reasonableness information.

**FINDING 2014-006: 14.871 – SECTION 8 HOUSING CHOICE VOUCHERS**

**GRANTING AGENCY: U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**

**97.083 – STAFFING FOR ADEQUATE FIRE AND EMERGENCY RESPONSE (SAFER)**

**GRANTING AGENCY: U.S. DEPARTMENT OF HOMELAND SECURITY**

**20.500 - FEDERAL TRANSIT - CAPITAL INVESTMENT GRANTS**

**GRANTING AGENCY: U.S. DEPARTMENT OF TRANSPORTATION**

**14.228 – COMMUNITY DEVELOPMENT BLOCK GRANT/STATE'S PROGRAM**

**GRANTING AGENCY: U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**

**Criteria:** To minimize the risk of errors, internal controls should be in place for all program compliance requirements, including the preparation and submission of reports, which should be reviewed and approved by a responsible party other than the original preparer.

**Condition/Context:** During testing of the Section 8 program, it was noted that a VMS Data Collection Report was not reviewed and approved by someone other than the original preparer for one of the 12 months submitted.

During testing of the Staffing for Adequate Fire and Emergency Response program, it was noted that the review by someone other than the preparer was not properly documented for one of the two reimbursement requests tested. Also, there was no review by someone other than the original preparer for the annual performance report that was submitted.

## CITY OF BELOIT

### SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2014

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#### SECTION III – FEDERAL AWARDS AND STATE AWARDS FINDINGS AND QUESTIONED COSTS (cont.)

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**FINDING 2014-006: 14.871 – SECTION 8 HOUSING CHOICE VOUCHERS**

**GRANTING AGENCY: U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
97.083 – STAFFING FOR ADEQUATE FIRE AND EMERGENCY RESPONSE (SAFER)**

**GRANTING AGENCY: U.S. DEPARTMENT OF HOMELAND SECURITY  
20.500 - FEDERAL TRANSIT - CAPITAL INVESTMENT GRANTS**

**GRANTING AGENCY: U.S. DEPARTMENT OF TRANSPORTATION  
14.228 – COMMUNITY DEVELOPMENT BLOCK GRANT/STATE'S PROGRAM**

**GRANTING AGENCY: U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (cont.)**

During testing of the Federal Transit – Capital Investment Grants program, it was noted that the capital draw done in 2014 was not reviewed and approved by City management.

During testing of the Community Development Block Grants program in 2013, we noted that the quarterly reports were submitted to the granting agency without being reviewed by an individual other than the original preparer. We followed up on the status of this finding in 2014 and noted that the quarterly reports were still being submitted without being reviewed by an individual other than the original preparer.

**Cause:** Due to limited staff, the City did not always identify individuals that would be qualified to review reports before they were submitted to Federal Agencies other than the individuals that prepared them.

**Effect:** Reports could be submitted that contain errors.

**Questioned Costs:** None noted.

**Recommendation:** The City should consider adding review and approval controls for all reports submitted to federal agencies.

**Management's Response:** All financial draws, quarterly reports, or other required reports will be reviewed and signed by the Community Development Director or the Director of Finance and Administration.

**FINDING 2014-007: 20.500 – FEDERAL TRANSIT - CAPITAL INVESTMENT GRANTS**

**GRANTING AGENCY: U.S. DEPARTMENT OF TRANSPORTATION**

**Criteria:** OMB Circular A-110 2 CFR Chapter 2, Section 215.34 requires that equipment records be maintained accurately, including information that allows the equipment to be identified as purchased with federal grants.

**Condition/Context:** It was noted during capital asset testing that the two buses received in 2014 were not added to the City's capital asset system. In addition, the City's financial records do not reconcile to its subsidiary capital asset tracking module.

**Cause:** The City's accounting department experienced significant turnover in 2014. The previous Director of Accounting retired effective December 31, 2013 and the position was vacant through mid-February 2014 when the buses were received. Due to the transition of employees, entering the assets into the capital asset system was missed.

**Effect:** The City's equipment records may not be accurate.

## CITY OF BELOIT

### SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2014

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#### **SECTION III – FEDERAL AWARDS AND STATE AWARDS FINDINGS AND QUESTIONED COSTS (cont.)**

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***FINDING 2014-007: 20.500 – FEDERAL TRANSIT - CAPITAL INVESTMENT GRANTS***  
***GRANTING AGENCY: U.S. DEPARTMENT OF TRANSPORTATION (cont.)***

***Questioned Costs:*** None noted.

***Recommendation:*** We recommend the City develop a process for capital assets tracking and reconciliation to the general ledger and physical inventory counts on a regular basis to ensure compliance with federal requirements.

***Management's Response:*** A review of fixed asset purchases will be completed quarterly by the Director of Accounting to ensure all assets are recorded in the City's capital asset system.


## CITY OF БЕЛОIT

### SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2014

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#### SECTION IV – OTHER ISSUES

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

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Heather S. Acker, CPA, Partner
5. Date of report June 24, 2015

**CITY OF БЕЛОIT**

**PHA'S STATEMENT AND CERTIFICATION OF ACTUAL MODERNIZATION COSTS**  
 For the Year Ended December 31, 2014

1. The Actual Modernization Costs are as follows:

	<u>Project</u>		<u>Project</u>		<u>Project</u>
	<u>WI139-R064-50112</u>		<u>WI139-P064-50110</u>		<u>WI139-P064-50111</u>
Funds Approved	\$ 89,150	\$	203,033	\$	167,630
Funds Expended	\$ 89,150	\$	203,033	\$	167,630
EXCESS OF FUNDS APPROVED	\$ -	\$	-	\$	-
Funds Advanced	\$ -	\$	-	\$	-
EXCESS OF FUNDS ADVANCED	\$ -	\$	-	\$	-
Final AMCC Date	2/6/2014		6/4/2014		7/2/2014

2. The distribution of costs by project as shown on the Final Actual Modernization Cost Certificates dated as noted above accompanying the Actual Modernization Grant Cost Certificates submitted to HUD for approval is in agreement with the PHA's records.

3. All modernization grant costs have been paid and all related liabilities have been discharged through payment.