CITY OF BELOIT

Beloit, Wisconsin

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended
December 31, 2005

Prepared By:

DEPARTMENT OF FINANCE AND ADMINISTRATIVE SERVICES
Paul E. York, Director
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CITY OF BELOIT

COMPREHENSIVE ANNUAL FINANCIAL REPORT
December 31, 2005

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June 8, 2006

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, 2005. Wisconsin State Statues and the Municipal Code of the City of Beloit requires at the end of the fiscal year a full and complete examination of all books and accounts of the City be made by a competent public accountant and that the report be filed with the City Clerk as a matter of public record. This CAFR fulfills that requirement.

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

Virchow Krause & Company, LLP, Certified Public Accountants and Consultants, have audited and issued an unqualified opinion on the City of Beloit's financial statements for the fiscal year ended December 31, 2005. The independent auditor's report is located at the front of the financial section of this report.

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

PROFILE of the GOVERNMENT

Beloit is situated midway along the Wisconsin/Illinois border and is located west of Interstate Highway 90, which travels south to Chicago and north to Madison, and is directly connected to Milwaukee via Interstate Highway 43. The City covers approximately 17 square miles. It is home to 36,106 residents as well as more than 88 industrial firms, 850 retail establishments, several corporate headquarters, a minor league baseball team, several museums and an internationally acclaimed college that bears the community's name.

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

June 8, 2006

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

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

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

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

June 8, 2006

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

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

ECONOMIC CONDITION

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

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

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

June 8, 2006

LONG-TERM FINANCIAL PLANNING

For budgetary and planning purposes the City has policy guidelines establishing the appropriate levels and uses of unreserved, undesignated general fund balance (15% of operating revenues or three months average expenditures whichever is greater). The unreserved, undesignated general fund balance as of December 31, 2005, falls within these guidelines.

MAJOR INITIATIVES

One of the more significant challenges facing the City is in the area of economic development with business retention, expansion and job creation being key components of the plan. In 2000 and 2002 the City purchased over 700 acres of farmland for the purpose of converting it into a business and industrial park. This area is now referred to as the Gateway Business Park. It is a mixed-use development located at the confluence of Interstate 90/39 and Interstate 43. The park has land use designated for industrial, multi-family and single family residential. The Gateway was designed to attract high quality industrial, distribution and corporate office development. Major project costs to develop the park are being financed through a Tax Increment District (TID) and include: land acquisition, site preparation, storm and sanitary sewers, street construction, and extension of water, gas and electric utilities. All major infrastructure improvements were completed in July 2003 officially opening the park. The Park's first industrial development was made by the Morse Group which built a new 40,000 square foot building that added $3.2 million of new increment value to the TID. In late 2005 Staples started construction on its new $44 million, 400,000 square foot Customer for Customer Order Fulfillment Center. This project is now nearing completion. Specialty Tools recently broke ground on their new 12,000 square foot facility that is expected to result in $770,000 in new investment. Kettle Foods is expected to begin construction this summer on a new 60,000 square foot manufacturing facility that is expected to create $7,500,000 in new increment to the district. Gateway Estates, a 100 unit multi-family development has been completed adding $6,474,000 of new increment. Hawks Ridge, a 320 unit multi-family development is partially complete and will add over $19,000 in increment to the district. Nineteen single family homes have been constructed in the Park and six are currently under construction. The approved subdivision can accommodate a total 406 dwelling units.

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

June 8, 2006

Another project expected to have a profound financial impact on the City is the proposed development of an Indian gaming casino along Interstate Highway 90. The project consists of a proposed 100,000 square foot casino and support area, a 35,000 square foot conference/convention center, several restaurants, a child care center and a gift shop all to be constructed on 26 acres of tribal trust land. Adjacent to the Tribal land is property in fee simple where it is proposed to construct a 500 room hotel, a 2,000 seat theater, and a 68,000 square foot water park. The project application is currently being evaluated by the Bureau of Indian Affairs. We expect them to render a decision before the end of 2006. If approved by the BIA the project then moves to the Wisconsin Governor's office for final action. If all approvals are timely received it is expected this project will begin in the spring of 2007. In ten years this project has the potential to provide over $145,000,000 in revenue to the City.

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 comprehensive annual financial report for the fiscal year ended December 31, 2004. This was the City's third consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

In addition, the City of Beloit also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the fiscal year beginning January 1, 2006. 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 award is also valid for only one year.

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

June 8, 2006

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

Respectfully submitted,

Larry N. Arft
City Manager

Paul E. York
Finance and Administrative Services Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Beloit, Wisconsin

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2004

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

President

Executive Director

CITY COUNCIL MEMBERS

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

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CITY MANAGER

Larry Arft

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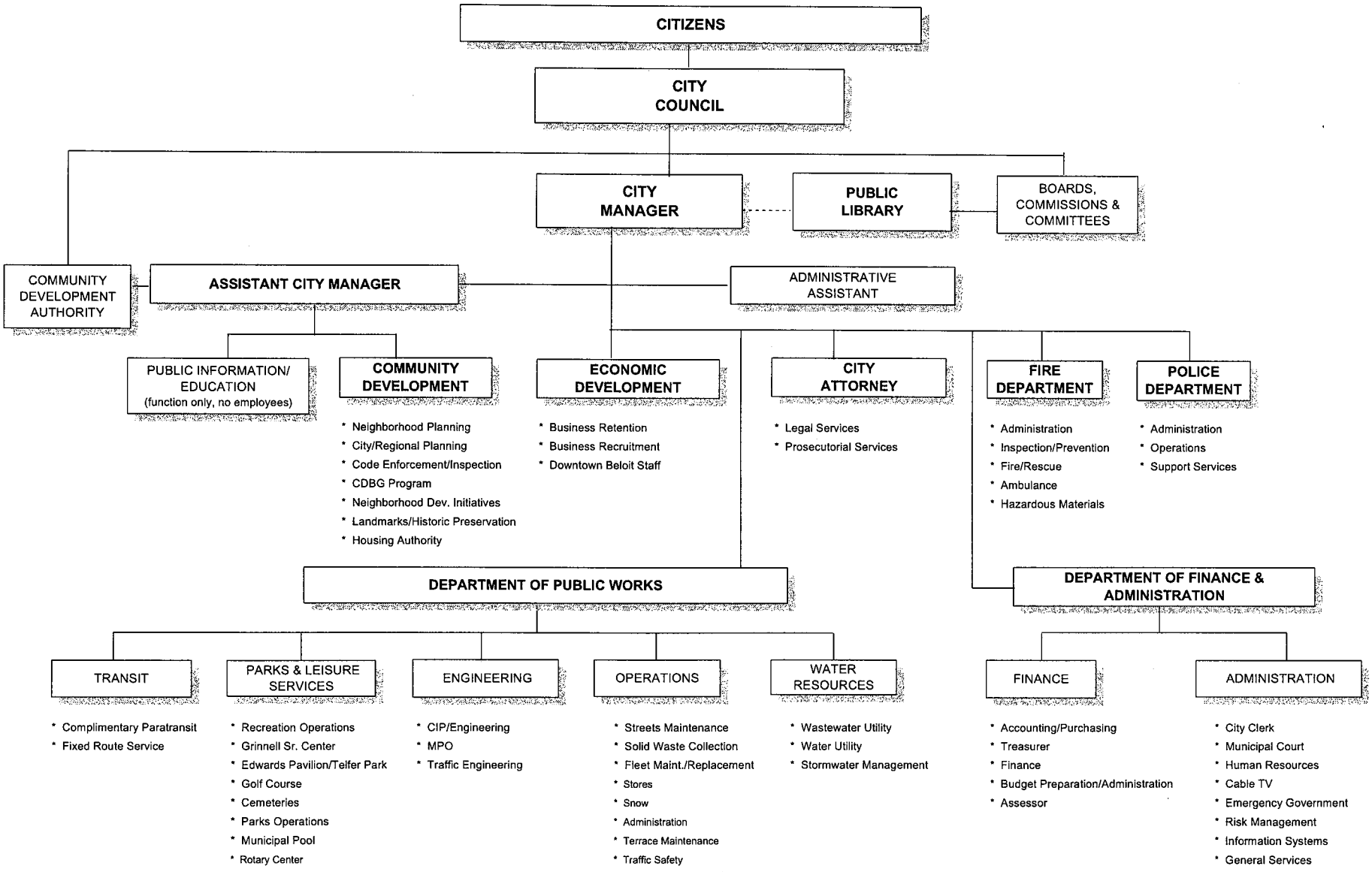
DEPARTMENT HEADS

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

CITY OF BELOIT, WISCONSIN
ORGANIZATIONAL CHART
2006



INDEPENDENT AUDITORS' REPORT

To the City Council
City of Beloit
Beloit, Wisconsin

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Beloit, Wisconsin, as of and for the year ended December 31, 2005, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Beloit's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Beloit, Wisconsin at December 31, 2005, and the respective changes in financial position and, where applicable, cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards,* we have issued our report dated April 21, 2006 on our consideration of the City of Beloit's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

To the City Council
City of Beloit
Beloit, Wisconsin

The management's discussion and analysis and budgetary comparison information on pages xii through xxiv and 69 through 75 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Beloit's basic financial statements. The combining and individual fund financial statements and schedules as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The accompanying schedule of expenditures of federal and state awards is presented for additional analysis as required by the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations" and the "State Single Audit Guidelines," and is also not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The "Letter of Transmittal" and "Statistical Section" listed in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of the City of Beloit. The information has not been audited by us and, accordingly, we express no opinion on such information.

Virchow, Krause & Company, LLP

Madison, Wisconsin
April 21, 2006

CITY OF BELOIT, WISCONSIN

MANAGEMENT'S DISCUSSION AND ANALYSIS
For Year Ended December 31, 2005

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, 2005. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal which can be found in the introductory section of this report.

FINANCIAL HIGHLIGHTS

- On the government wide basis, the City's total assets at December 31, 2005, were $227.7 million. Of this amount, $148 million represents the City's investment in capital assets; net of depreciation and other assets totaled $79.7 million.
- The City's total assets exceeded its liabilities at December 31, 2005, by $119.5 million (total net assets). This is an increase of $1 million or approximately 1% from the prior year. Of this amount, $77.2 million represents the City's investment in capital assets, net of related debt, $20.9 million is restricted and $21.4 million is unrestricted and available to meet the City's ongoing obligation to citizens and creditors.
- The business-type activities net assets at December 31, 2005, totaled $58.4 million, which represents an increase of $832,366 or 1.4% from the prior year. Of this amount, $42.9 million represents the City's investment in capital assets, net of related debt, $7.5 million is restricted and $8.1 million is unrestricted.
- Total liabilities at December 31, 2005, were $108.2 million an increase of $1.3 million from the prior year and of this amount $91 million are long-term liabilities.
- At December 31, 2005, the City's governmental funds reported combined ending fund balances of $31.4 million, a decrease of $1.3 million from the prior year. Of this amount, $18.8 million or 60% is unreserved, undesignated fund balance and is available for spending at the government's discretion.
- At December 31, 2005, the unreserved and undesignated fund balance for the general fund was $7,312,676 or 26.5% of total general fund expenditures and other financing uses.
- The City's total bonded debt increased $859,097 from the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)

Government-Wide Statements

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

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

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

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

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

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

Fund Financial Statements

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

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

OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)

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

The City maintains 25 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, general debt service fund, TIF district no. 9 – debt service fund, and capital improvements – capital projects fund, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

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

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

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

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

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

OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 15 to 68 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, required supplementary information presents a detailed budgetary comparison schedule for the general fund to demonstrate compliance with the budget. These schedules can be found on pages 69 to 75 of this report. The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information and can be found on pages 76 to 83 of this report.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

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

As noted earlier, net assets may serve over time as a useful indicator of City's financial position. In the case of the City of Beloit, assets exceeded liabilities by $119.4 million as of December 31, 2005. This is an increase over the previous year of $1 million or 1% and is primarily related to improvements to the City's water and sewer utility system. The capital asset balances for 2004 were restated as a result of the retroactive reporting of infrastructure assets related to GASB 34 capital asset reporting compliance.

The largest portion of the City's net assets, $77.2 million (approximately 65%), reflects its investments in capital assets (e.g., land, building, equipment, improvements, and infrastructure), less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide service to citizens; consequently these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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

CITY OF BELOIT'S NET ASSETS
(In $ millions)

	Governmental Activities		Business-Type Activities		Total	
	2004	**2005**	**2004**	**2005**	**2004**	**2005**
Current and other assets	$ 65.8	$ 61.5	$ 21.0	$ 18.1	$ 86.8	$ 79.6
Capital assets	58.1	68.0	80.5	80.0	138.6	148.0
Total Assets	123.9	129.5	101.5	98.1	225.4	227.6
Long-term liabilities	47.8	52.9	41.5	38.2	89.3	91.1
Other liabilities	15.3	15.6	2.4	1.5	17.7	17.1
Total Liabilities	63.1	68.5	43.9	39.7	107.0	108.2
Net assets:						
Invested in capital assets, Net of related debt	32.4	38.0	39.9	42.8	72.3	77.1
Restricted	10.9	13.4	9.2	7.5	20.1	20.9
Unrestricted	17.5	9.6	8.5	8.1	26.0	21.4
Total Net Assets	$ 60.8	$ 61.0	$ 57.6	$ 58.4	$ 118.4	$ 119.4

An additional portion of the City's net assets $20.9 million represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets $21.4 million may be used to meet the government's ongoing obligation to citizens and creditors.

At the end of the fiscal year the City is able to report positive balances in all categories of net assets for the government as a whole.

There was an increase in total net assets of $1 million during the year and is primarily related to improvements to the City's water and sewer utility system. The capital asset balances for 2004 were restated as a result of the retroactive reporting of infrastructure assets related to GASB 34 capital asset reporting compliance.

Business – type activities increased the City of Beloit's net assets by $0.8 million, accounting for approximately 73% of the total growth in net assets. These were primarily related to improvements to the City's water and sewer utility system.

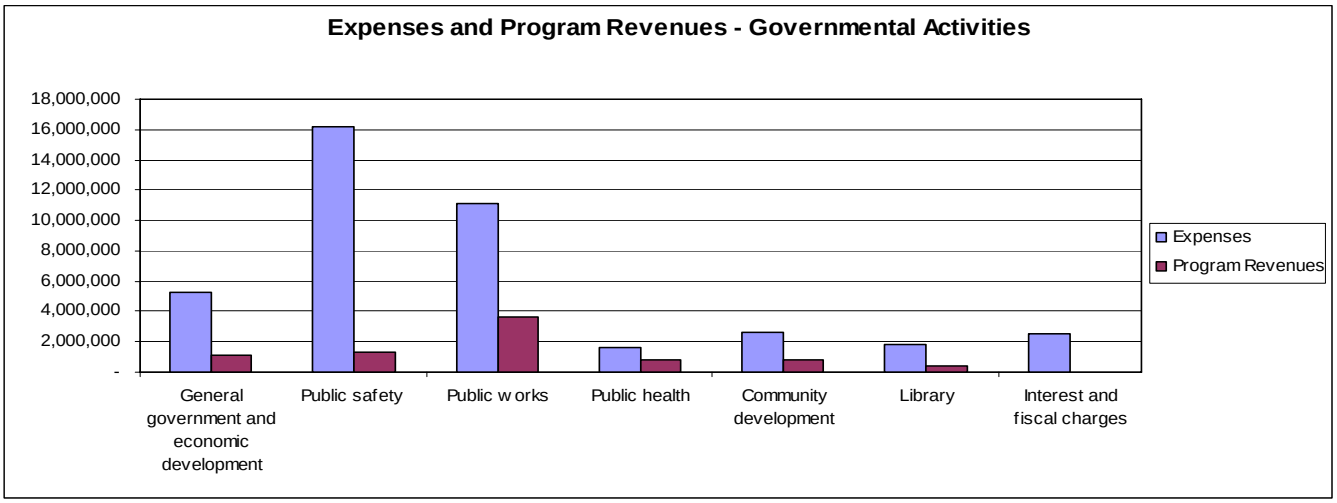
FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (cont.)

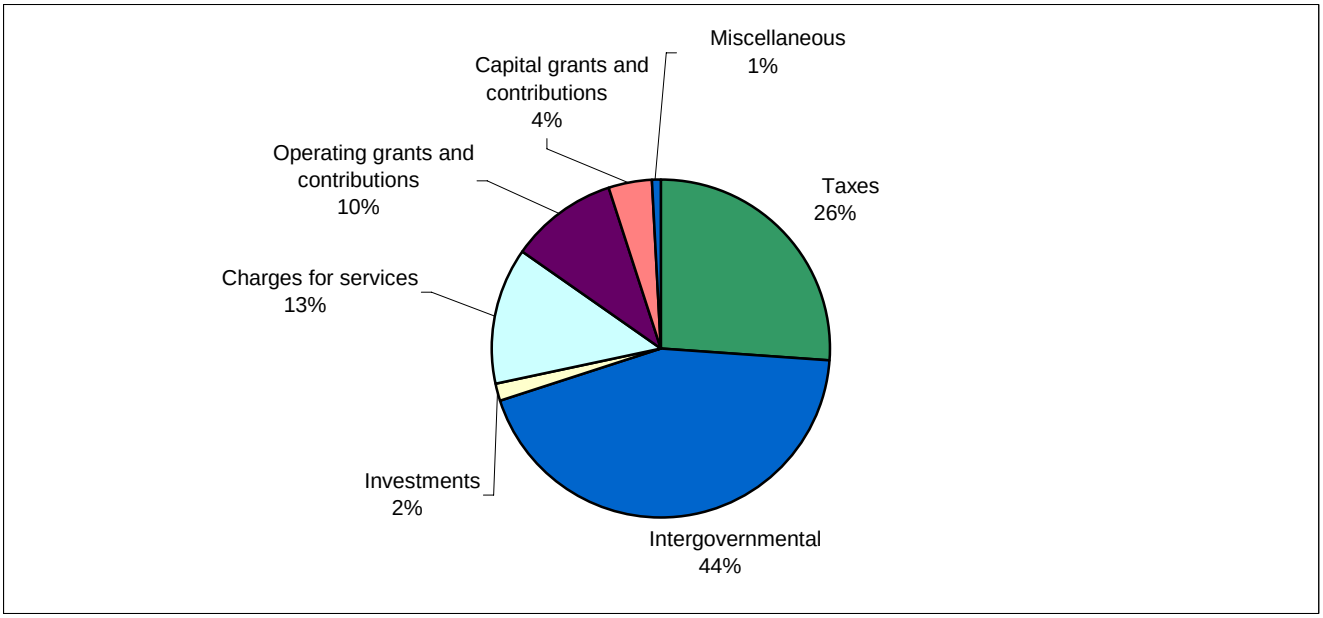
CITY OF BELOIT'S
CHANGES IN NET ASSETS
(In $ millions)

	Governmental Activities		Business-Type Activities		Total Primary Government	
REVENUES	**2004**	**2005**	**2004**	**2005**	**2004**	**2005**
Program Revenues:						
Charges for services	$ 5.6	$ 4.4	$ 13.2	$ 13.6	$ 18.8	$ 17.9
Operating grants & contributions	4.3	2.7	0.9	1.1	5.2	3.8
Capital grants & contributions	1.8	0.8	1.1	1.3	2.9	2.1
General Revenues:						
Property taxes	11.0	10.9	0.5	0.6	11.5	11.6
Other taxes	0.1	0.6	-	-	0.1	0.6
Intergovernmental	18.7	20.4	-	-	18.7	20.4
Investment income	0.6	0.6	0.6	0.6	1.2	1.2
Gain on the sale of assets	-	-	-	-	-	-
Miscellaneous	0.3	0.8	0.1	0.1	0.3	0.9
Total Revenues	42.4	41.2	16.4	17.3	58.7	58.5
EXPENSES						
General government	5.0	5.3	-	-	5.0	5.3
Public safety	16.0	16.2	-	-	16.0	16.2
Public works	11.4	11.1	-	-	11.4	11.1
Public health	1.8	1.6	-	-	1.8	1.6
Community development	2.8	2.7	-	-	2.8	2.7
Library	1.8	1.9			1.8	1.9
Interest & fiscal charges	2.3	2.5	-	-	2.3	2.5
Water utility	-	-	3.9	4.3	3.9	4.3
Sewer utility	-	-	7.8	8.4	7.8	8.4
Other non-major proprietary funds	-	-	3.0	3.5	3.0	3.5
Total Expenses	41.1	41.3	14.7	16.2	55.8	57.5
Change in net assets before transfers	1.3	(0.1)	1.6	1.1	2.9	1.0
Transfers	0.3	0.3	(0.3)	(0.3)	-	-
Change in net assets	1.6	0.2	1.3	0.8	2.9	1.0
Net Assets - January 1	59.2	60.8	56.3	57.6	115.5	118.4
Net Assets - December 31	$ 60.8	$ 61.0	$ 57.6	$ 58.4	$ 118.4	$ 119.4

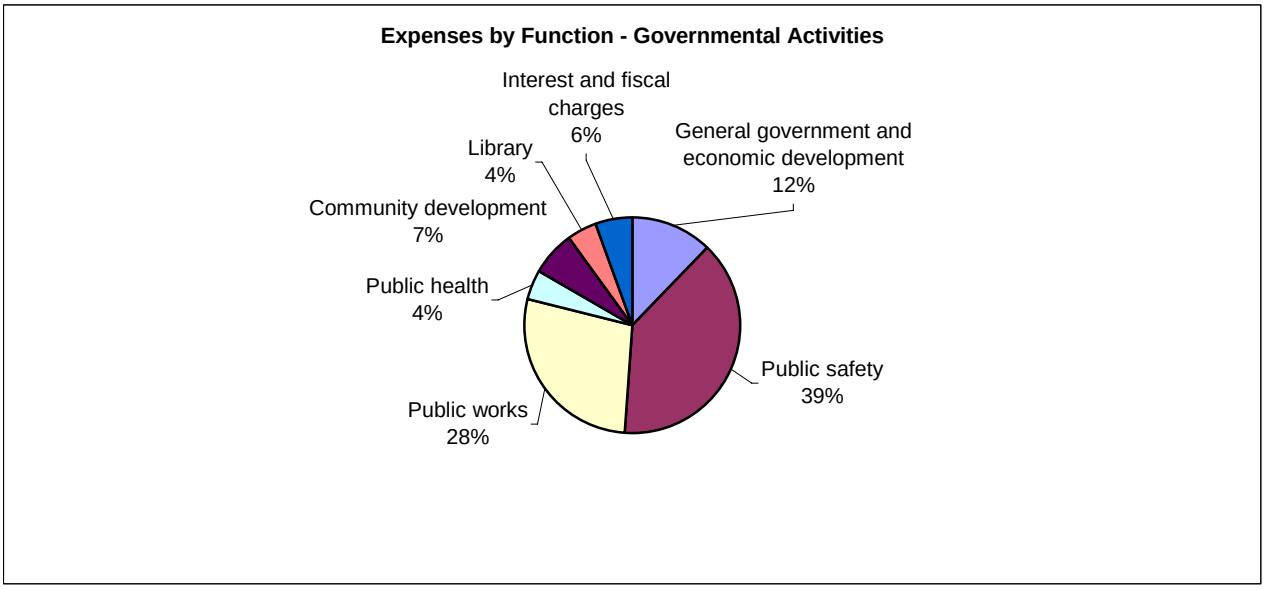
The beginning balance for governmental activities was restated for the prior year to reflect the retroactive reporting of infrastructure assets. General government also includes economic development and public safety includes both police and fire. For 2005 revenues remained fairly stable with the prior year while expenses increased slightly. The increase in expenses was due largely to increased operating costs (2.9%) resulting from new union contracts negotiated during the year that provided for a 3.5% wage increase as of January 1, 2005.

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

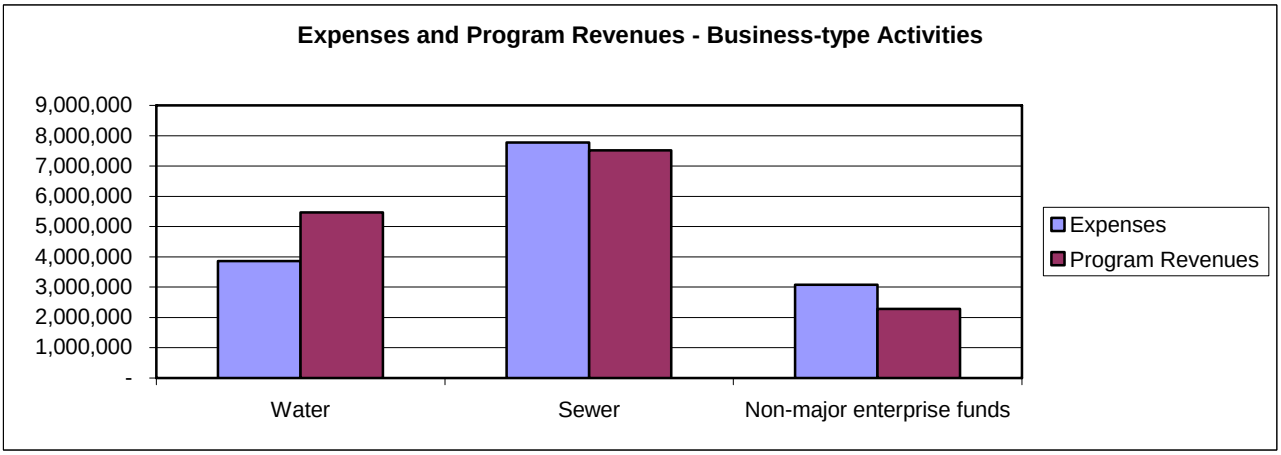




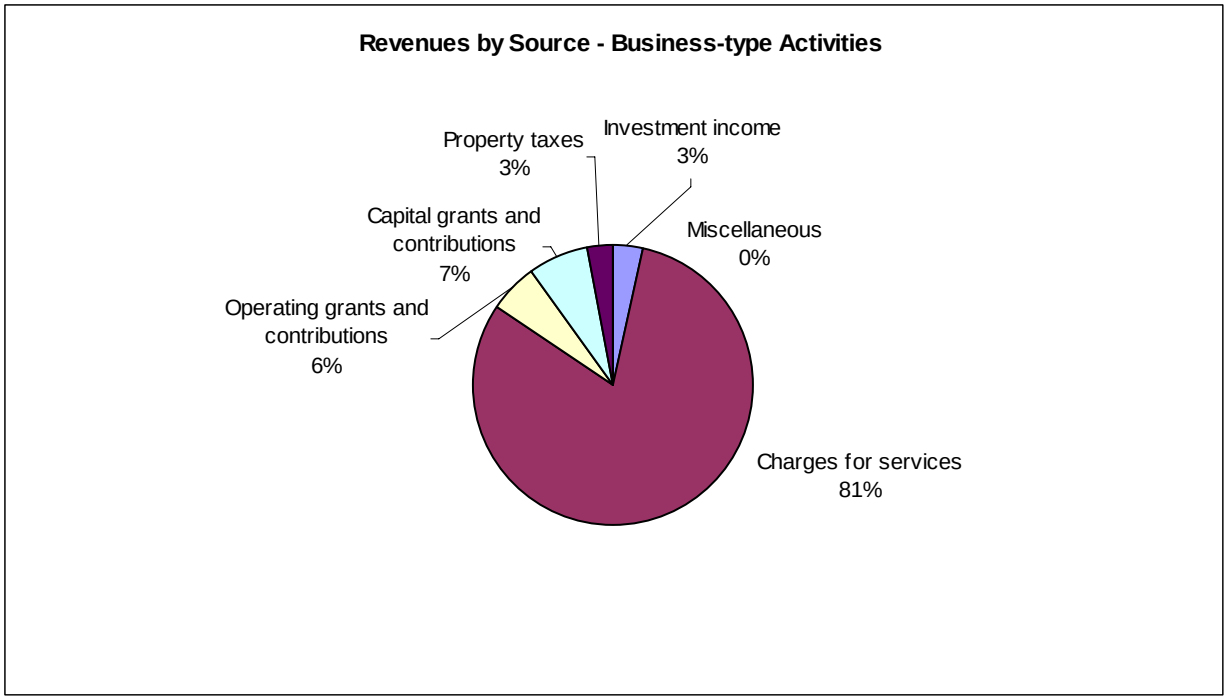
FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (cont.)



Business-type activities increased the City's net assets by $832,366 accounting for 80% of the total change in net assets, capital contributions of $1,362,933 accounted for the majority of this increase.



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



FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

Governmental Funds

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

As of December 31, 2005, the City of Beloit's governmental funds reported combined ending fund balances of $31,428,638 this is a decrease of $1,284,124 from the previous year. Approximately 60% of this total or $18,794,441 constitutes unreserved, undesignated fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved or designated to indicate that it is not available for new spending because it has already been committed 1) to liquidate contracts and purchase orders of the prior period ($1.3 million), 2) to pay debt service ($3.7 million), 3) for non-current receivables/advances ($6.8 million) and the balance for other restricted purposes ($0.9 million).

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

Governmental Funds (cont.)

General Fund: The general fund is the main operating fund of the City. As of December 31, 2005, the total fund balance of the general fund was $9,754,182, of which $7,312,676 was unreserved and undesignated. This unreserved and undesignated fund balance represents 26.5% of general fund expenditures and other uses. The total fund balance decreased $572,065 from the previous year. This decrease is largely the result of a drawdown of the general fund unreserved and undesignated fund balance to fund capital improvement projects ($504,000).

General Debt Service Fund: The general debt service fund has a fund balance of $4,356,401 all of which is reserved for the payment of principal and interest on outstanding debt.

Tax Incremental District No. 9 – Debt Service: The district accounts for expenditures outlined in the TID project plan and related revenues and proceeds from long term borrowing. The district has a negative fund balance of $5,009,885 and is scheduled to close in 2021. Any remaining fund balance after that date will be distributed proportionately to the overlying districts and the general fund.

Capital Improvements – Capital Projects: This fund accounts for proceeds from long-term borrowing and other resources to be used for capital improvement projects. The fund balance as of December 31, 2005 is $10,876,732 an increase of $415,589 from the previous year.

The aggregate other governmental funds column includes various special revenue funds and debt service funds that are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. The cumulative fund balances for these accounts is $11,451,206 a decrease of $370,167 from the previous year.

Proprietary Funds

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

The sewer utility was created by the City of Beloit in 1895 and the City began operating the water utility in November 2003 when it purchased the utility from Alliant Energy (Wisconsin Power and Light). The City provides water and sewer service to properties located within the municipality and some of the surrounding communities. In 2005 the City serves approximately 15,000 water and sewer customers and maintains and operates eight wells, three booster pumping stations, one central wastewater treatment facility and four elevated water towers. The City owns and maintains 164 miles of sanitary sewer mains, 170 miles of water mains, 1,559 fire hydrants, and 15,291 water meters.

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

Proprietary Funds (cont.)

The net assets of the City's Enterprise Funds increased $730,884 to $57,808,389 at December 31, 2005. The water and sewer utility's net assets accounted for $53,566,335 or 93% of this total which is an increase of $770,000 from the previous year.

Utility operating revenues generated mostly by user fees, totaled $12,008,155, operating expenses totaled $9,111,335 resulting in operating revenue of $2,896,820 in 2005. Income before contributions and transfers was $986,504 for the water and sewer utility funds.

GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original budget and final amended budget are related to additional appropriation amounts authorized by the Council in the amount of $204,000. These additional appropriations were for the acquisition of the Fairbanks Flats property from the CDBG Program. Although increases in the total budget appropriations were adopted for certain departments, overall general fund operating expenditures were $144,564 less than final budgeted amounts. Actual revenues and other financing sources were less than budgeted revenues by $169,860.

CAPITAL ASSETS

As of December 31, 2005, the City had invested a total of $148 million in capital assets (net of accumulated depreciation). This represents an increase in net book value of $5.8 million from the last fiscal year and is largely the result of the City's investment in governmental activities.

CITY OF BELOIT'S CAPITAL ASSETS
NET OF ACCUMULATED DEPRECIATION
(In $ millions)

	Governmental Activities		Business-Type Activities		Total	
	2004	2005	2004	2005	2004	2005
Land	$ 3.3	$ 3.4	$ 3.3	$ 3.3	$ 6.6	$ 6.7
Land improvements	0.0	0.7	0.2	0.2	0.2	0.9
Buildings	9.8	10.8	3.3	3.2	13.1	14.0
Machinery & equipment	7.1	8.4	3.1	2.9	10.2	11.3
Other improvements	2.1	2.0	-	-	2.1	2.0
Streets	30.0	33.3	-	-	30.0	33.3
Street lights	1.6	1.8	-	-	1.6	1.8
Traffic signals	1.7	1.6	-	-	1.7	1.6
Bridges	4.5	4.4	-	-	4.5	4.4
Storm Sewer	1.3	1.6	-	-	1.3	1.6
Water plant & equipment	-	-	20.8	24.8	20.8	24.8
Sewer plant & equipment	-	-	47.4	45.6	47.4	45.6
Construction in progress	0.4	-	2.3	-	2.7	-
Totals	$ 61.8	$ 68.0	$ 80.4	$ 80.0	$ 142.2	$ 148.0

LONG-TERM OBLIGATIONS

In 2005, the City issued $21,055,000 in bonds and notes and retired debt of $20,195,903 resulting in $74,531,654 in outstanding general obligation and revenue bonds and notes payable at the end of 2005. This results in a per capita general obligation debt of $1,060. Of the general obligation and revenue bonded debt, $38,276,150 is to be repaid with general property taxes over a period of years.

Under Wisconsin State Statutes, Chapter 67, the City's aggregate general obligation indebtedness may not exceed 5% of the equalized value of taxable property located in the City. The net amount of debt that is applicable to the statutory limit is $38,276,150 which is 55.2% of the maximum allowed ($69,380,820). The general obligation notes and bonds issued in 2005 received an A rating from Standard and Poor's.

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

	Governmental Activities		Business-Type Activities		Total	
	2004	2005	2004	2005	2004	2005
General obligation bonds	$ 32.1	$ 36.4	$ 0.3	$ 1.9	$ 32.4	$ 38.3
Revenue bonds	-	-	41.2	36.3	41.2	36.3
Debt Outstanding	$ 32.1	$ 36.4	$ 41.5	$ 38.2	$ 73.6	$ 74.6

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

CURRENTLY KNOWN FACTS/ECONOMIC CONDITIONS

The City's proximity to the Chicago metropolitan area to the southeast and Madison to the north via Interstates 90/39, and Milwaukee to the northeast via Interstate 43 provides the City with a unique opportunity to serve the central United States as a center for industry and manufacturing. This fact is becoming obvious as the City's employment and tax bases have both shown recent improvement. The unemployment rate as of April 30, 2006 for the City was 7.6% which is a decrease of 0.4% from the prior year. This compared to an unemployment rate of 5% for the State of Wisconsin and 4.6% nationally. The City's tax base increased 5.2% in 2005.

REQUESTS FOR INFORMATION

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

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

CITY OF BELOIT

STATEMENT OF NET ASSETS
December 31, 2005

	Primary Government			Component Units - Business Type Activities
	Governmental Activities	Business-Type Activities	Totals	
ASSETS				
Cash and investments	$ 37,408,810	$ 2,698,983	$ 40,107,793	$ 603,049
Receivables (net of allowance for uncollectibles)				
Taxes	11,620,819	754,260	12,375,079	-
Delinquent personal property taxes	48,006	-	48,006	-
Accounts	1,096,638	3,331,764	4,428,402	9,082
Special assessments	687,981	-	687,981	104,710
Loans	3,243,527	-	3,243,527	-
Accrued interest	124,355	7,199	131,554	-
Other	295,834	569,508	865,342	-
Due from other governmental units	323,887	112,243	436,130	19,386
Internal balances - interfunds	(634,528)	634,528	-	-
Internal balances - advances	367,993	(367,993)	-	-
Due from component unit	149,069	-	149,069	-
Inventories	390,723	176,086	566,809	-
Prepaid items	51,726	-	51,726	730
Lease receivable from primary government	-	-	-	14,136,305
Restricted Assets				
Temporarily Restricted				
Cash and investments	-	9,680,185	9,680,185	1,314,495
Deposit with risk pool	1,575,475	-	1,575,475	-
Receivable from mutual insurance company	128,915	-	128,915	-
Other assets	230,864	500,976	731,840	-
Land held for resale	4,415,610	-	4,415,610	-
Capital Assets				
Land	3,415,599	3,341,563	6,757,162	414,539
Construction in progress	-	-	-	224,537
Capital assets net of depreciation	64,621,931	76,667,820	141,289,751	3,036,602
Total Assets	129,563,234	98,107,122	227,670,356	19,863,435
LIABILITIES				
Accounts payable	1,511,323	417,681	1,929,004	19,754
Accrued liabilities	309,814	268,072	577,886	40,785
Claims payable	2,254,735	-	2,254,735	-
Due to primary government	-	-	-	149,069
Other liabilities	1,605	16,816	18,421	226
Unearned revenues	11,579,654	803,215	12,382,869	105,508
Deposits	-	-	-	33,450
Noncurrent liabilities				
Due within one year	4,834,977	3,420,049	8,255,026	-
Due in more than one year	48,044,830	34,738,372	82,783,202	15,357,759
Total Liabilities	68,536,938	39,664,205	108,201,143	15,706,551
NET ASSETS				
Invested in capital assets, net of related debt	37,980,480	42,866,172	77,167,552	3,675,678
Restricted for debt service	6,106,417	2,834,064	8,940,481	-
Restricted for replacement	-	4,690,611	4,690,611	-
Restricted for grant programs	5,662,462	-	5,662,462	371,821
Restricted for cemetery perpetual care	1,539,607	-	1,539,607	-
Restricted for park activities	52,483	-	52,483	-
Unrestricted	9,684,847	8,052,070	21,416,017	109,385
TOTAL NET ASSETS	$ 61,026,296	$ 58,442,917	$ 119,469,213	$ 4,156,884

See accompanying notes to financial statements.

CITY OF BELOIT

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2005

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary Government				
Governmental Activities				
General Government				
City Council, Manager, Attorney	$ 723,994	$ 26,742	$ -	$ -
Finance and Administrative Services	4,354,243	1,029,731	6,317	-
Community Development	2,673,273	-	781,256	-
Economic Development	225,825	23,091	17,266	-
Public Safety				
Police Services	9,657,237	1,123,379	47,557	-
Fire Services	6,553,907	60,024	54,987	-
Health	1,625,005	85,037	724,289	-
Public works	11,159,001	2,004,048	842,807	767,858
Library	1,862,844	103,841	281,308	-
Interest and fiscal charges	2,508,848	-	-	-
Total Governmental Activities	41,344,177	4,455,893	2,755,787	767,858
Business-type Activities				
Water	4,287,366	4,507,623	-	1,157,522
Sewer	8,419,122	7,500,532	-	115,574
Golf course	547,999	437,437	-	-
Cemeteries	253,391	137,569	-	-
Ambulance	801,747	797,607	-	-
Transit	1,804,462	182,599	1,087,975	89,837
Total Business-type Activities	16,114,087	13,563,367	1,087,975	1,362,933
Total Primary Government	$ 57,458,264	$ 18,019,260	$ 3,843,762	$ 2,130,791
Component Units - Business-Type Activities				
Community Development Authority	$ 5,518,730	$ 290,086	$ 3,965,527	$ -
Business Improvement District	162,085	145,192	-	-
Total Component Units	$ 5,680,815	$ 435,278	$ 3,965,527	$ -
General Revenues				
Taxes				
Property taxes, levied for general purposes				
Property taxes, levied for debt service				
Property taxes, levied for other				
Other taxes				
Intergovernmental revenues not restricted to specific programs				
Public gifts and grants				
Investment income				
Miscellaneous				
Transfers				
Total General Revenues and Transfers				
Change in net assets				
NET ASSETS - Beginning (as restated)				
NET ASSETS - ENDING				

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			
Governmental Activities	Business-type Activities	Totals	Component Units
$ (697,252)	$ -	$ (697,252)	$ -
(3,318,195)	-	(3,318,195)	-
(1,892,017)	-	(1,892,017)	-
(185,468)	-	(185,468)	-
			-
(8,486,301)	-	(8,486,301)	-
(6,438,896)	-	(6,438,896)	-
(815,679)	-	(815,679)	-
(7,544,288)	-	(7,544,288)	-
(1,477,695)	-	(1,477,695)	-
(2,508,848)	-	(2,508,848)	-
(33,364,639)	-	(33,364,639)	-
-	1,377,779	1,377,779	-
-	(803,016)	(803,016)	-
-	(110,562)	(110,562)	-
-	(115,822)	(115,822)	
-	(4,140)	(4,140)	
-	(444,051)	(444,051)	-
-	(99,812)	(99,812)	-
(33,364,639)	(99,812)	(33,464,451)	-
-	-	-	(1,263,117)
-	-	-	(16,893)
			(1,280,010)
4,843,078	-	4,843,078	-
2,752,289	-	2,752,289	-
3,304,771	618,208	3,922,979	-
639,106	-	639,106	-
20,368,636	-	20,368,636	-
6,311	-	6,311	-
562,780	586,234	1,149,014	1,054,187
790,061	27,736	817,797	13,708
300,000	(300,000)	-	-
33,567,032	932,178	34,499,210	1,067,895
202,393	832,366	1,034,759	(212,115)
60,823,903	57,610,551	118,434,454	4,368,999
$ 61,026,296	$ 58,442,917	$ 119,469,213	$ 4,156,884

See accompanying notes to financial statements.

CITY OF BELOIT

BALANCE SHEET - GOVERNMENTAL FUNDS
December 31, 2005

	General	General Debt Service	TIF District No. 9 - Debt Service	Capital Improvements	Non-Major Governmental Funds	Total Governmental Funds
ASSETS						
Cash and investments	$ 7,599,527	$ 2,048,764	$ 1,415	$ 8,182,964	$ 14,807,413	$ 32,640,083
Receivables						
Taxes	5,207,345	2,502,289	7,921	48,563	3,854,701	11,620,819
Delinquent personal property taxes	48,006	-	-	-	-	48,006
Accounts	636,661	-	-	17,375	389,658	1,043,694
Special assessments	-	-	-	687,981	-	687,981
Loans	-	-	-	-	3,243,527	3,243,527
Accrued interest	124,355	-	-	-	-	124,355
Other	31,848	-	260,022	3,964	-	295,834
Due from other governmental units	-	-	-	107,711	216,176	323,887
Due from other funds	496,433	-	-	-	-	496,433
Due from component units	-	-	-	-	149,069	149,069
Inventories	390,723	-	-	-	-	390,723
Prepaid items	35,276	-	-	-	16,450	51,726
Advances to other funds	2,192,499	2,746,493	-	3,796,367	-	8,735,359
TOTAL ASSETS	$ 16,762,673	$ 7,297,546	$ 269,358	$ 12,844,925	$ 22,676,994	$ 59,851,496
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	$ 830,025	$ 5,262	$ -	$ 340,523	$ 271,009	$ 1,446,819
Due to other funds	-	-	-	-	496,433	496,433
Other liabilities	-	-	-	-	1,605	1,605
Deferred revenue	6,178,466	2,935,883	267,943	1,627,668	7,100,675	18,110,635
Advances from other funds	-	-	5,011,300	-	3,356,066	8,367,366
Total Liabilities	7,008,491	2,941,145	5,279,243	1,968,191	11,225,788	28,422,858
Fund Balances						
Reserved for						
Delinquent personal property taxes	48,006	-	-	-	-	48,006
Inventories	390,723	-	-	-	-	390,723
Prepaid items	35,276	-	-	-	-	35,276
Noncurrent receivables/advances	1,567,501	2,312,899	-	2,946,648	-	6,827,048
Debt service	-	2,043,502	-	-	1,616,236	3,659,738
Encumbrances	-	-	-	557,974	715,432	1,273,406
Unreserved and designated, reported in						
General fund - surplus applied to 2006	400,000	-	-	-	-	400,000
Unreserved and undesignated (deficit), reported in						
General fund	7,312,676	-	-	-	-	7,312,676
Special revenue funds	-	-	-	-	5,483,717	5,483,717
Debt service funds	-	-	(5,009,885)	-	(2,227,682)	(7,237,567)
Capital projects funds	-	-	-	7,372,112	5,863,503	13,235,615
Total Fund Balances	9,754,182	4,356,401	(5,009,885)	10,876,734	11,451,206	31,428,638
TOTAL LIABILITIES AND FUND BALANCES	$ 16,762,673	$ 7,297,546	$ 269,358	$ 12,844,925	$ 22,676,994	

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

Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds	68,001,748
Land held for resale is not reported in the funds	4,415,610
Some receivables that are not currently available are reported as deferred revenue in the fund financial statements but are are recognized as revenue when earned in the government-wide statements. This also includes unamortized cost of issuance.	6,761,845
Internal service funds are reported in the statement of net assets as governmental funds	3,281,926
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.	(52,863,471)
NET ASSETS OF GOVERNMENTAL ACTIVITIES	$ 61,026,296

See accompanying notes to financial statements.

CITY OF BELOIT

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (DEFICITS) - GOVERNMENTAL FUNDS
For the Year Ended December 31, 2005

	General	General Debt Service	TIF No. 9 Debt Service	Capital Improvements	Non-Major Governmental Funds	Total Governmental Funds
REVENUES						
Taxes	$ 4,989,203	$ 2,752,289	$ 75,000	$ -	$ 3,448,568	$ 11,265,060
Intergovernmental	18,750,701	-	280	447,972	3,026,981	22,225,934
Licenses and permits	693,446	-	-	-	82,692	776,138
Fines, forfeitures and penalties	984,606	-	-	8,619	-	993,225
Fees and service charges	474,374	-	-	-	37,405	511,779
Rent	38,988	-	-	-	-	38,988
Special assessments	-	-	-	211,898	82,590	294,488
Investment income	93,682	50,542	-	330,057	430,583	904,864
Public charges for services	-	-	-	-	1,682,946	1,682,946
Donations	-	-	-	-	17,502	17,502
Other	375,000	-	-	359,000	1,902,405	2,636,405
Total Revenues	26,400,000	2,802,831	75,280	1,357,546	10,711,672	41,347,329
EXPENDITURES						
Current						
General government	3,795,035	-	656	-	11,600	3,807,291
Community development	1,089,019	-	-	-	1,713,759	2,802,778
Public safety	15,892,764	-	-	-	477,128	16,369,892
Public health	577,960	-	-	-	1,077,082	1,655,042
Public works	5,722,109	-	-	-	1,911,450	7,633,559
Parks, recreation, and education	-	-	-	-	1,811,607	1,811,607
Capital Outlay	-	-	-	7,503,419	4,639,028	12,142,447
Debt Service						
Principal retirement	36,271	2,853,890	-	-	722,061	3,612,222
Interest and fiscal charges	-	1,153,471	172,942	148,651	1,281,137	2,756,201
Total Expenditures	27,113,158	4,007,361	173,598	7,652,070	13,644,852	52,591,039
Excess (deficiency) of revenues over expenditures	(713,158)	(1,204,530)	(98,318)	(6,294,524)	(2,933,180)	(11,243,710)
OTHER FINANCING SOURCES (USES)						
Debt issued	-	145,000	-	6,469,218	1,559,900	8,174,118
Capital lease issued	-	-	-	-	662,726	662,726
Sale of city property	345,093	-	-	200	477,449	822,742
Transfers in	300,000	400,367	-	300,000	204,000	1,204,367
Transfers out	(504,000)	-	-	(59,305)	(341,062)	(904,367)
Total Other Financing Sources (Uses)	141,093	545,367	-	6,710,113	2,563,013	9,959,586
Net Change in Fund Balances	(572,065)	(659,163)	(98,318)	415,589	(370,167)	(1,284,124)
FUND BALANCES (DEFICIT) - Beginning	10,326,247	5,015,564	(4,911,567)	10,461,145	11,821,373	32,712,762
FUND BALANCES (DEFICIT) - ENDING	$ 9,754,182	$ 4,356,401	$ (5,009,885)	$ 10,876,734	$ 11,451,206	$ 31,428,638

See accompanying notes to financial statements.

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, 2005

Net change in fund balances - total governmental funds	$	(1,284,124)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of net assets the cost of these assets is capitalized and they are depreciated over their estimated useful lives with depreciation expense reported in the statement of activities.		
Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements		12,142,447
Less: Some items reported as capital outlay but not capitalized		(2,892,467)
Depreciation is reported in the government-wide statements		(2,280,208)
Change in land held for resale		(27,155)
Net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins) is to decrease net assets.		(697,643)
Receivables not currently available are reported as deferred revenue in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements.		104,211
Debt and lease issues provide current financial resources to governmental funds, but issuing these obligations increases long-term liabilities in the statement of net assets. Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which payments ($3,480,146 G.O. debt and other debt $132,076) were less than were less than issues ($8,174,118 and $662,726 capital leases).		(5,224,622)
Governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.		71,003
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		(40,424)
Accrued interest on debt		(22,184)
Internal service funds are used by management to charge the costs of insurance, printing services, engineering and equipment maintenance to other funds. The increase in net assets of the internal service funds is reported in the governmental activities.		353,559
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	$	202,393

See accompanying notes to financial statements.

CITY OF BELOIT

STATEMENT OF NET ASSETS - PROPRIETARY FUNDS
December 31, 2005

	Business-type Activities - Enterprise Funds				
	Water Utility	Sewer Utility	Non-Major Enterprise Funds	Totals	Governmental Activities - Internal Service Funds
ASSETS					
Current Assets					
Cash and investments	$ 1,060,976	$ 1,213,454	$ 424,553	$ 2,698,983	$ 4,768,727
Receivables					
Taxes	-	-	754,260	754,260	-
Accounts	652,215	2,502,026	177,523	3,331,764	52,944
Accrued interest	-	7,199	-	7,199	-
Other	160,403	409,105	-	569,508	-
Due from other governmental units	-	-	112,243	112,243	-
Current portion of advance	-	149,616	-	149,616	-
Inventories	57,183	-	118,903	176,086	-
Restricted Assets					
Bond redemption account	276,862	1,665,000	-	1,941,862	-
Replacement account	-	4,690,611	-	4,690,611	-
Total Current Assets	2,207,639	10,637,011	1,587,482	14,432,132	4,821,671
Non-Current Assets					
Restricted Assets					
Bond reserve account	1,889,712	1,158,000	-	3,047,712	-
Deposit with risk pool	-	-	-	-	1,575,475
Receivable from mutual insurance company	-	-	-	-	128,915
Total Restricted Assets	1,889,712	1,158,000	-	3,047,712	1,704,390
Capital Assets					
Land	685,281	1,386,282	1,270,000	3,341,563	-
Land improvements	-	-	702,418	702,418	-
Buildings	1,641,123	65,090,617	2,693,110	69,424,850	-
Machinery, equipment, and vehicles	1,773,557	1,022,372	3,418,512	6,214,441	67,165
Infrastructure	30,720,008	12,532,647	-	43,252,655	-
Less: Accumulated depreciation	(6,790,960)	(32,672,418)	(3,463,166)	(42,926,544)	(31,383)
Total Capital Assets, Net	28,029,009	47,359,500	4,620,874	80,009,383	35,782
Other Assets					
Advances to other funds	-	1,508,050	-	1,508,050	-
Unamortized debt issuance costs	310,135	190,841	-	500,976	-
Total Other Assets	310,135	1,698,891	-	2,009,026	-
Total Non-Current Assets	30,228,856	50,216,391	4,620,874	85,066,121	1,740,172
Total Assets	32,436,495	60,853,402	6,208,356	99,498,253	6,561,843

	Business-type Activities - Enterprise Funds				
	Water Utility	Sewer Utility	Non-Major Enterprise Funds	Totals	Governmental Activities - Internal Service Funds
LIABILITIES					
Current Liabilities					
Accounts payable	$ 180,741	$ 168,033	$ 68,907	$ 417,681	$ 64,504
Claims payable	-	-	-	-	2,254,735
Compensated absences	15,335	98,414	-	113,749	-
Current maturities of general obligation debt	-	-	52,580	52,580	155,925
Current maturities of other obligations	-	54,402	-	54,402	-
Current portion of advances	149,616	-	-	149,616	-
Unearned revenue	-	-	803,215	803,215	-
Other current liabilities	-	-	16,816	16,816	-
Current Liabilities Payable From Restricted Assets					
Current maturities of revenue debt	595,000	2,604,318	-	3,199,318	-
Accrued interest	183,658	84,414	-	268,072	-
Total Current Liabilities	1,124,350	3,009,581	941,518	5,075,449	2,475,164
Noncurrent Liabilities					
General obligation debt, less current maturities	902,239	344,075	563,008	1,809,322	170,225
Compensated absences	10,524	64,447	93,783	168,754	-
Revenue debt, less current maturities	23,470,000	9,586,186	-	33,056,186	-
Unamortized premium	-	313,034	-	313,034	
Unamortized loss on advance refunding	-	(608,924)	-	(608,924)	-
Advances from other funds	1,508,050	-	367,993	1,876,043	-
Total Long-Term Debt	25,890,813	9,698,818	1,024,784	36,614,415	170,225
Total Liabilities	27,015,163	12,708,399	1,966,302	41,689,864	2,645,389
NET ASSETS					
Invested in capital assets, net of related debt	3,604,237	35,257,250	4,004,685	42,866,172	35,782
Restricted for debt service	93,204	2,740,860	-	2,834,064	-
Restricted for replacement	-	4,690,611	-	4,690,611	-
Unrestricted	1,723,891	5,456,282	237,369	7,417,542	3,880,672
TOTAL NET ASSETS	$ 5,421,332	$ 48,145,003	$ 4,242,054	$ 57,808,389	$ 3,916,454
Amounts reported for business-type activities in the statement of net assets are different because:					
Portion of internal service fund net assets reported in the business-type activities as an interfund				634,528	
NET ASSETS OF BUSINESS TYPE ACTIVITIES				$ 58,442,917	

See accompanying notes to financial statements.

CITY OF BELOIT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND
NET ASSETS - PROPRIETARY FUNDS
For the Year Ended December 31, 2005

	Business-type Activities - Enterprise Funds				Governmental
	Water Utility	Sewer Utility	Non-Major Enterprise Funds	Totals	Activities - Internal Service Fund
OPERATING REVENUES					
Charges for services	$ 4,383,168	$ 7,232,931	$ 1,516,617	$ 13,132,716	$ 9,380,801
Other	124,455	267,601	38,595	430,651	-
Total Operating Revenues	4,507,623	7,500,532	1,555,212	13,563,367	9,380,801
OPERATING EXPENSES					
Operation and maintenance	1,238,789	3,513,889	3,224,430	7,977,108	1,340,148
Contractual services	459,525	639,290	-	1,098,815	7,502,757
Depreciation	917,152	2,342,690	208,995	3,468,837	2,964
Total Operating Expenses	2,615,466	6,495,869	3,433,425	12,544,760	8,845,869
Operating Income (Loss)	1,892,157	1,004,663	(1,878,213)	1,018,607	534,932
NONOPERATING REVENUES (EXPENSES)					
Intergovernmental revenues	-	-	1,087,975	1,087,975	-
Investment income	101,737	430,453	54,044	586,234	7,396
Interest expense	(1,186,455)	(697,708)	(18,885)	(1,903,048)	(34,506)
Amortization of debt issuance expense	(21,048)	17,456	-	(3,592)	-
General property taxes	-	-	618,208	618,208	-
Gain/(loss) on sale of property	(482,475)	(5,193)	7,835	(479,833)	-
Amortization of loss on early retirement of debt	-	(86,984)	-	(86,984)	-
Loss on investment in CVMIC	-	-	-	-	(52,781)
Miscellaneous nonoperating income	-	19,901	-	19,901	-
Total Nonoperating Revenues (Expenses)	(1,588,241)	(322,075)	1,749,177	(161,139)	(79,891)
Income (loss) before contributions and transfers	303,916	682,588	(129,036)	857,468	455,041
Capital contributions	1,157,522	115,574	89,837	1,362,933	-
Transfers out	(300,000)	(1,189,517)	-	(1,489,517)	-
Change in Net Assets	1,161,438	(391,355)	(39,199)	730,884	455,041
TOTAL NET ASSETS - Beginning	4,259,894	48,536,358	4,281,253		3,461,413
TOTAL NET ASSETS - ENDING	$ 5,421,332	$48,145,003	$ 4,242,054		$ 3,916,454
Amounts reported for business-type activities in the Statement of Activities are different because:					
Portion of internal service funds change in net assets reported in business-type activities				101,482	
CHANGE IN NET ASSETS OF BUSINESS-TYPE ACTIVITIES				$ 832,366	

See accompanying notes to financial statements.

CITY OF BELOIT

STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS
For the Year Ended December 31, 2005

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water Utility	Sewer Utility	Non-Major Enterprise Funds	Totals	
CASH FLOWS FROM OPERATING ACTIVITIES					
Received from customers	$ 4,852,825	$ 7,421,500	$ 1,563,732	$ 13,838,057	$ 9,380,638
Paid to suppliers for goods and services	(1,421,388)	(3,238,052)	(1,739,446)	(6,398,886)	(7,467,994)
Payments to employees for services	(501,707)	(1,409,881)	(1,508,023)	(3,419,611)	(543,441)
Net Cash Flows from Operating Activities	2,929,730	2,773,567	(1,683,737)	4,019,560	1,369,203
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Operating grants received	-	-	1,140,304	1,140,304	-
Operating transfers	(300,000)	(1,189,517)	-	(1,489,517)	-
Property taxes received	-	-	618,208	618,208	-
Non-capital advance (and repayment)	(142,334)	142,334	20,870	20,870	-
Net Cash Flows from Noncapital Financing Activities	(442,334)	(1,047,183)	1,779,382	289,865	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Debt retired	(580,000)	(16,028,215)	(64,854)	(16,673,069)	(143,000)
Interest paid	(1,182,425)	(1,005,984)	(18,885)	(2,207,294)	(34,506)
Proceeds from issuance of new debt	902,238	11,924,075	319,468	13,145,781	-
Debt issuance costs and premium	-	139,650	-	139,650	-
Acquisition and construction of capital assets	(1,883,722)	(450,819)	(111,512)	(2,446,053)	-
Construction grants received	-	-	26,270	26,270	-
Proceeds from sale of capital assets	-	-	7,835	7,835	-
Contributions received for construction	74,344	-	-	74,344	-
Net Cash Flows from Capital and Related Financing Activities	(2,669,565)	(5,421,293)	158,322	(7,932,536)	(177,506)
CASH FLOWS FROM INVESTING ACTIVITIES					
Non-cash equivalents purchased	(1,889,922)	-	-	(1,889,922)	-
Non-cash equivalents sold	-	3,274,638	-	3,274,638	-
Investment income	101,737	460,264	54,044	616,045	7,396
Net Cash Flows from Investing Activities	(1,788,185)	3,734,902	54,044	2,000,761	7,396
Net Increase (Decrease) in Cash and Cash Equivalents	(1,970,354)	39,993	308,011	(1,622,350)	1,199,093
CASH AND CASH EQUIVALENTS - Beginning	3,307,982	8,687,072	116,542	12,111,596	3,569,634
CASH AND CASH EQUIVALENTS - ENDING	$ 1,337,628	$ 8,727,065	$ 424,553	$ 10,489,246	$ 4,768,727

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water Utility	Sewer Utility	Non-Major Enterprise Funds	Totals	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES					
Operating income (Loss)	$ 1,892,157	$ 1,004,663	$ (1,878,213)	$ 1,018,607	$ 534,932
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows From Operating Activities					
Nonoperating income	-	19,901	-	19,901	-
Depreciation charged to other funds	29,181	-	-	29,181	-
Depreciation expense	917,152	2,342,690	208,995	3,468,837	2,964
Changes in Assets and Liabilities					
Accounts receivable	316,021	1,072,686	(14,685)	1,374,022	(52,944)
Inventories	(9,344)	-	17,493	8,149	-
Prepaid items	4,050	-	-	4,050	557,097
Accounts payable	(225,292)	(494,508)	1,242	(718,558)	32,241
Due to/from other funds	-	(1,174,211)	(36,307)	(1,210,518)	-
Accrued compensated absences	3,429	2,346	(8,787)	(3,012)	-
Other current liabilities	2,376	-	3,320	5,696	-
Unearned revenue	-	-	23,205	23,205	-
Claims payable	-	-	-	-	294,913
NET CASH FLOWS FROM OPERATING ACTIVITIES	$ 2,929,730	$ 2,773,567	$ (1,683,737)	$ 4,019,560	$ 1,369,203
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS - PROPRIETARY FUNDS					
Cash and investments - statement of net assets	$ 1,060,976	$ 1,213,454	$ 424,553	$ 2,698,983	$ 4,768,727
Restricted cash and investments - statement of net assets:					
Bond redemption account	276,862	1,665,000	-	1,941,862	-
Replacement account	-	4,690,611	-	4,690,611	-
Bond reserve account	1,889,712	1,158,000	-	3,047,712	-
Less: Non-cash equivalents	(1,889,922)	-	-	(1,889,922)	-
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 1,337,628	$ 8,727,065	$ 424,553	$ 10,489,246	$ 4,768,727

NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES

During 2005, $115,574 of sewer capital assets were contributed by the City.
During 2005, there was a decrease of $52,781 in what CVMIC owes the city which resulted in a loss on the investment.
During 2005, $975,404 of water capital assets were contributed by the sewer utility and by the City.

See accompanying notes to financial statements.

CITY OF BELOIT

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
December 31, 2005

	Agency Fund Tax Collection Fund
ASSETS	
Cash and investments	$ 9,439,464
Property taxes receivable	14,144,281
TOTAL ASSETS	$ 23,583,745
LIABILITIES	
Due to other taxing units	$ 23,583,745
TOTAL LIABILITIES	$ 23,583,745

See accompanying notes to financial statements.

CITY OF BELOIT

STATEMENT OF NET ASSETS - COMPONENT UNITS
December 31, 2005

	Major Community Development Authority	Non-Major Business Improvement District	Totals
ASSETS			
Current Assets			
Cash and investments	$ 525,399	$ 77,650	$ 603,049
Receivables			
Accounts	9,082	-	9,082
Special assessments	-	104,710	104,710
Due from other governmental units	19,386	-	19,386
Prepaid items	730	-	730
Total Current Assets	554,597	182,360	736,957
Non-Current Assets			
Restricted Assets			
Cash and investments	1,314,495	-	1,314,495
Total Restricted Assets	1,314,495	-	1,314,495
Capital Assets			
Land	414,539	-	414,539
Construction in progress	224,537	-	224,537
Buildings	3,640,214	-	3,640,214
Machinery, equipment, and vehicles	4,250,988	-	4,250,988
Less: Accumulated depreciation	(4,854,600)	-	(4,854,600)
Total Capital Assets, Net	3,675,678	-	3,675,678
Other assets			
Lease receivable from primary government	14,136,305	-	14,136,305
Total Other Assets	14,136,305	-	14,136,305
Total Non-Current Assets	19,126,478	-	19,126,478
Total Assets	19,681,075	182,360	19,863,435
LIABILITIES			
Current Liabilities			
Accounts payable	18,285	1,469	19,754
Accrued liabilities	31,688	-	31,688
Accrued taxes	9,097	-	9,097
Due to primary government	82,421	66,648	149,069
Other liabilities	226	-	226
Unearned revenues	798	104,710	105,508
Deposits	33,450	-	33,450
Total Current Liabilities	175,965	172,827	348,792
Noncurrent Liabilities			
Compensated absences	6,811	-	6,811
Lease revenue bonds payable	15,350,948	-	15,350,948
Total Noncurrent Liabilities	15,357,759	-	15,357,759
Total Liabilities	15,533,724	172,827	15,706,551
NET ASSETS			
Invested in capital assets	3,675,678	-	3,675,678
Restricted for grant programs	371,821	-	371,821
Unrestricted	99,852	9,533	109,385
TOTAL NET ASSETS	$ 4,147,351	$ 9,533	$ 4,156,884

See accompanying notes to financial statements.

CITY OF BELOIT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET ASSETS - COMPONENT UNITS
Year Ended December 31, 2005

	Major Community Development Authority	Non-major Business Improvement District	Totals
OPERATING REVENUES			
Charges for services	$ 272,049	$ 88,089	$ 360,138
Other	18,037	57,103	75,140
Total Operating Revenues	290,086	145,192	435,278
OPERATING EXPENSES			
Operation and maintenance	4,113,911	162,085	4,275,996
Depreciation	391,684	-	391,684
Taxes	9,097	-	9,097
Total Operating Expenses	4,514,692	162,085	4,676,777
Operating Loss	(4,224,606)	(16,893)	(4,241,499)
NONOPERATING REVENUES (EXPENSES)			
Intergovernmental revenues	3,965,527	-	3,965,527
Investment income	1,053,050	1,137	1,054,187
Interest expense	(1,004,038)	-	(1,004,038)
Miscellaneous nonoperating income	13,708	-	13,708
Total Nonoperating Revenues (Expenses)	4,028,247	1,137	4,029,384
Change in Net Assets	(196,359)	(15,756)	(212,115)
TOTAL NET ASSETS - Beginning	4,343,710	25,289	4,368,999
TOTAL NET ASSETS - ENDING	$ 4,147,351	$ 9,533	$ 4,156,884

See accompanying notes to financial statements

CITY OF BELOIT

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December 31, 2005

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CITY OF BELOIT

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NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

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

A legally separate, tax exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; (2) the primary government is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization; (3) the economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. Blended component units, although legally separate entities, are, in substance, part of the government’s operations and are reported with similar funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the primary government.

Included within the reporting entity:

City of Beloit Community Development Authority

The government-wide financial statements include the City of Beloit Community Development Authority ("CDA") as a component unit. The CDA is a legally separate organization. The board of the CDA is appointed by the city council. Wisconsin Statutes provide for circumstances whereby the City can impose their will on the CDA, and also create a potential financial benefit to or burden on the City (see Note IV.J.). As a component unit, the CDA's financial statements are shown as a discrete column (proprietary) in the financial statements. The information presented is for the fiscal year ended December 31, 2005. Additional information may be obtained from the CDA’s office at 220 Portland Avenue, Beloit, Wisconsin 53511.

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

A. REPORTING ENTITY (cont.)

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

The district was created under the provisions of Wisconsin Statute Section 66.608. The district, created in 1989, is a legally separate entity with a separate thirteen member board appointed by the city manager and approved by the city council. Wisconsin Statutes provide circumstances whereby the City can impose its will on the district, and also create a potential financial benefit to or burden on the City. The members serve staggered terms as designated by the city council. A majority of the members own or occupy real property in the district. The district has its own budgetary authority and assessment capabilities (see Note IV.J.). As a component unit, the district's financial statements are shown as a discrete column (proprietary) in the financial statements. The information presented is for the fiscal year ended December 31, 2005. Separately issued financial statements of the district may be obtained from the City of Beloit Business Improvement District, 136 W. Grand, Suite 100, P.O. Box 291, Beloit, WI 53511.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

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

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

Fund Financial Statements (cont.)

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

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

a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and

b. The same element of the individual governmental fund or enterprise fund that met the 10 percent test is at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

c. In addition, any other governmental or 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.
General Debt Service – accounts for resources accumulated and payments made for principal and interest on long-term debt other than TIF or enterprise fund debt.
TIF District No. 9 – Debt Service Fund – accounts for expenditures outlined in the TID project plan and related revenues and proceeds from long-term borrowing.
Capital Improvements – Capital Projects Fund – accounts for proceeds from long-term borrowing and other resources to be used for capital improvement projects.

The City reports the following major enterprise funds:

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

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

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

Fund Financial Statements (cont.)

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

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

Rental Rehab (WRRP/HOME)
Health
Community Development Block Grant
TIF District No. 8
TIF District No. 10
TIF District No. 11
TIF District No. 12
TIF District No. 13
Fire Multi-Year Grants
DPW Multi-Year Grants
Community Development
Library
Police
Solid Waste
Perpetual Care
Neighborhood Development Initiative

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

TIF District No. 3
TIF District No. 5
TIF District No. 6

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

Fleet Replacement
Computer Replacement

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

Golf Course
Cemeteries
Ambulance
Transit System

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

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

Fund Financial Statements (cont.)

In addition, the City reports the following fund types:

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

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

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

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

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

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

Fund Financial Statements

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

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

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

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

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

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

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

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

Fund Financial Statements (cont.)

Proprietary and fiduciary fund financial statements (other than agency funds) 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 enterprise funds follow all pronouncements of the Governmental Accounting Standards Board, and have elected not to follow Financial Accounting Standards Board pronouncements issued after November 30, 1989. The proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water and sewer funds are charges to customers for sales and services. 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.

All Financial Statements

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

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY

1. Deposits and Investments

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

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

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

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

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

1. Deposits and Investments (cont.)

5. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
6. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
7. Repurchase agreements with public depositories, with certain conditions.

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

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

The City has adopted an investment policy. That policy follows the state statute for allowable investments. The policy does include custodial credit risk, interest rate 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 increases or decreases in investment income. Investment income on commingled investments of municipal accounting funds is allocated based on average balances. The difference between the bank balance and carrying value is due to outstanding checks and/or deposits in transit.

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2005, the fair value of the City's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

See Note IV.A. for further information.

2. Receivables

Property Taxes

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

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

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

2. Receivables (cont.)

Property Taxes (cont.)

Property tax calendar – 2005 tax roll:

Lien date and levy date	December 2005
Tax bills mailed	December 2005
Payment in full, or	January 31, 2006
First installment due	January 31, 2006
Second installment due	March 31, 2006
Third installment due	May 31, 2006
Fourth installment due	July 31, 2006
Personal property taxes in full	January 31, 2006
Tax sale – 2005 delinquent real estate taxes	October 2008

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 assets. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”.

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

Loans

The City has received federal and state grant funds for economic development and housing rehabilitation loan programs to various businesses and individuals. The City records a loan receivable when the loan has been made and funds have been disbursed. The amount recorded as economic development and housing rehabilitation loans receivable has been reduced by an allowance for uncollectible accounts of $132,264.

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

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

2. Receivables (cont.)

Loans (cont.)

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

3. Inventories and Prepaid Items

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

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

4. Restricted Assets

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

5. Capital Assets

Government–Wide Statements

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

Prior to January 2003, infrastructure assets of governmental funds were not capitalized. Upon implementing GASB No. 34, governmental units are required to account for all capital assets, including infrastructure, in the government-wide statements prospectively from the date of implementation. Retroactive reporting of all major general infrastructure assets is encouraged but not required until January 1, 2007, when GASB No. 34 requires the City to retroactively report all major general infrastructure assets acquired since January 1, 1980. Beginning in the year ended December 31, 2005, the City has retroactively reported its infrastructure networks, except for stormsewer.

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

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

5. Capital Assets (cont.)

Government–Wide Statements (cont.)

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

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

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

Fund Financial Statements

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

6. Other Assets

In governmental funds, debt issuance costs are recognized as expenditures in the current period. For the government-wide and the proprietary fund type financial statements, debt issuance costs are deferred and amortized over the term of the debt issue.

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

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

7. Compensated Absences

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

All vested vacation and sick leave pay is accrued when incurred in the government-wide 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, 2005 are determined on the basis of current salary rates and include salary related payments.

8. Long-Term Obligations/Conduit Debt

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

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

For the government-wide statements and proprietary fund statements, significant bond premiums and discounts are deferred and amortized over the life of the issue using either the straight-line or effective interest method. Gains or losses on prior refundings are amortized over the remaining life of the old debt, or the life of the new debt, whichever is shorter. The balance at year end for both premiums/discounts and gains/losses, as applicable, is shown as an increase or decrease in the liability section of the statement of net assets.

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 $845,222 made up of two issues.

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

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

9. Claims and Judgments

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

10. Equity Classifications

Government–Wide Statements

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

a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets less any unspent bond proceeds.

b. Restricted net assets – Consists of net assets with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.

c. Unrestricted net assets – All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

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

The amount is a reduction of "invested in capital assets, net of related debt," and an increase in "unrestricted" net assets, shown only in the total column of $3,679,100.

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

Fund Statements

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

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

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

11. Basis for Existing Rates

Water Utility

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

Sewer Utility

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

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

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

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that "some liabilities, including long-term debt, are not due and payable in the current period, and accordingly, are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities–both current and long-term–are reported in the statement of net assets." The details of this $52,863,471 difference in liabilities is as follows:

Bonds and notes payable	$ 36,088,098
Unamortized debt premium/discount/loss on advance refunding	(307,724)
Compensated absences	2,027,767
Other debt	609,211
Capital leases	14,136,305
Accrued interest	309,814*
Net Adjustment to Reduce Fund Balance – Total Governmental Funds to Arrive at Net Assets – Governmental Activities	$ 52,863,471

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

NOTE III – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in Note I. C.

Wisconsin Statute 65.90 requires that an annual budget be adopted for all funds. Budgetary comparisons are not required for proprietary funds. A budget has been adopted for all funds with the exception of the following special revenue funds: Rental rehab (WRRP/HOME), community development, perpetual care, TIF District No. 9 and TIF District No. 13.

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

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

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

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

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

Fund	Amount
General Fund	$ 204,000
Capital Improvements	4,012,620
Special Revenue Fund – TIF District No. 8	552,000
Special Revenue Fund – TIF District No. 12	550,000
Total	$ 5,318,620

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

A. *BUDGETARY INFORMATION* (cont.)

Appropriations lapse at year end unless specifically carried over. There were no carryovers to 2006. Budgets are adopted at the department level of expenditure.

B. *EXCESS EXPENDITURES OVER APPROPRIATIONS*

The following individual funds had an excess of expenditures over appropriations at the legal level of budgeting control for the year ended December 31, 2005:

	Excess
Debt Service (Major Funds)	
General debt service	$ 372,137
Capital Projects	
Computer replacement	97,268

C. *DEFICIT BALANCES*

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

As of December 31, 2005, the following individual funds held a deficit balance:

Fund	Amount	Reason
Debt Service – TIF District No. 9	$ 5,009,885	Excess expenditures over revenues
Special Revenue – TIF District No. 12	449,230	Excess expenditures over revenues
Special Revenue – TIF District No. 13	6,500	Excess expenditures over revenues
Debt Service – TIF District No. 3	725,792	Excess expenditures over revenues
Debt Service – TIF District No. 6	1,501,890	Excess expenditures 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 TAX LEVY*

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

NOTE 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	Bank Balance	Associated Risks
Money market	$ 5,265,422	$ 5,265,422	Custodial credit risk, interest rate risk
Demand deposits	10,248,221	7,711,330	Custodial credit risk
U.S. agencies – implicitly guaranteed	30,092,500	30,092,500	Custodial credit risk, interest rate risk, credit risk, concentration of credit risk
U.S. agencies – explicitly guaranteed	123,697	123,697	Custodial credit risk, interest rate risk
Guaranteed investment contract	3,083,000	3,083,000	Credit risk, interest rate risk
Repurchase agreement	1,158,000	1,158,000	Custodial credit risk, credit risk, concentration of credit risk, interest rate risk
Corporate bonds	1,518,934	1,518,934	Credit risk, custodial credit risk, concentration of credit risk, interest rate risk
LGIP	7,730,193	7,730,193	Credit risk, interest rate risk
Petty cash	7,475	-	N/A
Total Cash and Investments	$ 59,227,442	$ 56,683,076	

Reconciliation to financial statements	
Per statement of net assets	
Unrestricted cash and investments	$ 40,107,793
Restricted cash and investments	9,680,185
Per statement of net assets – Fiduciary Funds	
Agency	9,439,464
Total Cash and Investments	$ 59,227,442

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

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

A. DEPOSITS AND INVESTMENTS (cont.)

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

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

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).

The City's 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 $1.9 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, 2005, the banks had pledged various government securities in the amount of $7,791,684 to secure the City's deposits.

Custodial Credit Risk

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

As of December 31, 2005, $16,893 of the City's total bank balances of $7,711,330 were exposed to custodial credit risk as follows:

Uninsured and uncollateralized	$ 16,893

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

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

A. DEPOSITS AND INVESTMENTS (cont.)

Custodial Credit Risk (cont.)

As of the December 31, 2005, the City's investments were exposed to custodial credit risk as follows:

Money Market Funds, U.S. Agencies, Corporate Bonds, and Repurchase Agreements	
Neither insured nor registered and held by counterparty	$ 10,191,132
Total Money Market Funds, U.S. Agencies, Corporate Bonds, and Repurchase Agreements	$ 38,158,553

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.

Credit Risk

As of December 31, 2005, the City's investments were rated as follows:

Investment Type	Standard & Poor's	Fitch Ratings	Moody's Investor Service
U.S. agencies	AAA	AAA	AAA
Repurchase agreements	AAA	AAA	AAA
Corporate bonds	AAA	AAA	AAA

The City also had investments in the following external pool which is not rated:

LGIP

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.

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

A. DEPOSITS AND INVESTMENTS (cont.)

Concentration of Credit Risk

At December 31, 2005, the investment portfolio was concentrated as follows:

Concentration of Credit Risk by Issuer and Dealer:

Issuer	Market Value	Percentage of Portfolio
Federal Farm Credit Bank (FFCB)	$ 470,237	0.96%
Federal Home Loan Bank (FHLB)	8,269,228	16.89
Federal Home Loan Mortgage Co. (FHLMC)	7,430,456	15.17
Federal National Mortgage Assoc. (FNMA)	13,922,579	28.43
Sub-Total – Implicitly Guaranteed	30,092,500	61.45
Government National Mortgage Assoc (GNMA)	46,833	0.09
Local Government Investment Pool (LGIP)	7,730,193	15.79
Small Business Administration (SBA)	76,864	0.16
Sub-Total – Explicitly Guaranteed	7,853,890	16.04
Money Market Funds (M&I US Govt Class)	3,296,481	6.73
Corporate Bonds (M&I)	1,518,934	3.10
Money Market Funds (US Bank US Treas)	1,968,941	4.02
Repurchase agreement	1,158,000	2.36
Guaranteed investment contract	3,083,000	6.30
Total Portfolio	$ 48,971,746	100.00%

Concentration of Credit Risk (by Dealer):

Issuer	Market Value	Percentage of Portfolio
Local Government Investment Pool (LGIP)	$ 7,730,193	15.78%
Multi-Bank Securities, Inc.	992,813	2.03
Smith Barney Citigroup	5,450,420	11.13
Vining Sparks	11,413,817	23.31
Coastal Securities	13,193,371	26.94
US Bank	1,968,941	4.02
M&I Trust Company	7,064,191	14.43
Societe Generale	1,158,000	2.36
Total Portfolio	$ 48,971,746	100.00%

According to the City's investment policy, the City will diversify its investments by security type and institution. With the exception of U.S. Treasury securities and authorized Local Government Investment Pools, 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.

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

A. DEPOSITS AND INVESTMENTS (cont.)

Interest Rate Risk

As of December 31, 2005, the City's investments were as follows:

Investment Type	Market Value	Percentage of Portfolio	Maturity			
			Less than 1 Yr.	1 to 5 Yrs.	6 to 10 Yrs.	More Than 10
Federal Agency Coupon Securities (45)	$ 18,948,506	38.69%	$ 334,441	$ 16,814,920	$ 1,792,855	$ 6,290
Federal Agency Disc.- At Cost (5)	10,900,448	22.31	10,900,448	-	-	-
Pass-Through Securities (CMO) (2)	559	0.00	155	404	-	-
Pass-Through Securities (MBS) (103)	4,607,684	9.40	287,562	3,916,709	396,856	6,557
LGIP (1)	7,730,193	15.76	7,730,193	-	-	-
Money Market Funds (M&I & US Bank)	5,265,422	10.74	5,265,422	-	-	-
Corporate Bonds (M&I)	1,518,934	3.10	493,042	1,025,892	-	-
Totals	$ 48,971,746		$ 25,011,263	$ 21,757,925	$ 2,189,711	$ 12,847

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	$ 48,006
Capital Projects – capital improvement – special assessments	687,981
Nonmajor Governmental Funds – loans	3,243,527
Governmental Activities – Total Amount Not Expected to be Collected Within One Year	$ 3,979,514

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

Governmental Fund Types – accounts receivable	$ 58,721
Governmental Fund Types – municipal court receivable	3,263,413
Governmental Fund Types – economic development loans	132,264
Business Type – ambulance receivables	554,955
Total Uncollectibles	$ 4,009,353

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

B. RECEIVABLES (cont.)

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

	Unavailable	Unearned	Totals
Property taxes receivable for subsequent year	$ -	$ 11,579,654	$ 11,579,654
Loans receivable	3,244,047	-	3,244,047
Grants receivable – noncurrent	57,441	-	57,441
Accounts receivable – noncurrent	606,787	-	606,787
Interest on TIF advances	1,908,311	-	1,908,311
Investment income – noncurrent	22,450	-	22,450
Special assessments	691,945	-	691,945
Total Deferred/Unearned Revenue for Governmental Funds	$ 6,530,981	$ 11,579,654	$ 18,110,635

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, 2005:

	Water	Sewer
Bond redemption account	$ 276,862	$ 1,665,000
Equipment replacement account	-	4,690,611
Bond reserve account	1,889,712	1,158,000
Total Enterprise Fund Restricted Assets	$ 2,166,574	$ 7,513,611

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

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2005 was as follows:

	Beginning Balance (as restated)	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated				
Land	$ 3,302,034	$ 176,300	$ 62,735	$ 3,415,599
Construction in progress	359,830	-	359,830	-
Total Capital Assets Not Being Depreciated	3,661,864	176,300	422,565	3,415,599
Capital assets being depreciated				
Land improvements	101,854	633,870	-	735,724
Buildings	13,378,493	1,249,533	30,689	14,597,337
Machinery, equipment, and vehicles	14,150,471	2,625,424	1,610,629	15,165,266
Other improvements	3,495,674	-	-	3,495,674
Streets	36,822,524	4,289,131	444,162	40,667,493
Street lights	1,991,124	263,485	-	2,254,609
Traffic signals	2,412,614	82,927	-	2,495,541
Bridges	5,550,391	-	-	5,550,391
Storm sewer	1,367,898	289,140	-	1,657,038
Total Capital Assets Being Depreciated	79,271,043	9,433,510	2,085,480	86,619,073
Less: Accumulated depreciation for				
Land improvements	(55,001)	(4,583)	-	(59,584)
Buildings	(3,546,594)	(243,429)	24,858	(3,765,165)
Machinery, equipment, and vehicles	(7,057,812)	(1,089,388)	1,357,316	(6,789,884)
Other improvements	(1,376,727)	(106,628)	-	(1,483,355)
Streets	(6,943,591)	(480,433)	68,399	(7,355,625)
Street lights	(355,087)	(48,844)	-	(403,931)
Traffic signals	(743,993)	(189,625)	-	(933,618)
Bridges	(1,048,474)	(85,249)	-	(1,133,723)
Storm sewer	(37,264)	(34,993)	-	(72,257)
Total Accumulated Depreciation	(21,164,543)	(2,283,172)	1,450,573	(21,997,142)
Net Capital Assets Being Depreciated	58,106,500	7,150,338	634,907	64,621,931
Total Governmental Activities Capital Assets, Net of Depreciation	$ 61,768,364			$ 68,037,530

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	$ 78,714
Finance and administrative services (internal service)	2,964
Community development	2,831
Public safety – police	156,744
Public safety – fire	199,645
Health	1,177
Public works, which includes the depreciation of infrastructure	1,811,742
Library	29,355
Total Governmental Activities Depreciation Expense	$ 2,283,172

Business-type Activities	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated				
Land	$ 3,341,563	$ -	$ -	$ 3,341,563
Construction in progress	2,335,731	1,279,517	3,615,248	-
Total Capital Assets Not Being Depreciated	5,677,294	1,279,517	3,615,248	3,341,563
Other capital assets				
Land improvements	702,418	-	-	702,418
Buildings	4,325,674	8,559	-	4,334,233
Machinery, equipment, and Vehicles	6,174,050	102,953	62,562	6,214,441
Sewer mains	12,098,100	443,767	9,220	12,532,647
Sewer treatment facility	64,967,992	122,625	-	65,090,617
Water mains	26,478,718	5,153,416	912,126	30,720,008
Total Capital Assets Being Depreciated	114,746,952	5,831,320	983,908	119,594,364
Less: Accumulated depreciation for				
Land improvements	(463,691)	(22,326)	-	(486,017)
Buildings	(1,055,954)	(109,900)	-	(1,165,854)
Machinery, equipment, and vehicles	(3,067,407)	(313,490)	62,562	(3,318,335)
Sewer mains	(2,972,923)	(119,879)	4,027	(3,088,775)
Sewer treatment facility	(26,754,490)	(2,171,730)	-	(28,926,220)
Water mains	(5,651,743)	(1,201,726)	912,126	(5,941,343)
Total Accumulated Depreciation	(39,966,208)	(3,939,051)	978,715	(42,926,544)
Business-type Capital Assets, Net of Depreciation	74,780,744	1,892,269	5,193	76,667,820
Total Business-type Capital Assets, Net of Depreciation	$ 80,458,038			$ 80,009,383

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

D. CAPITAL ASSETS (cont.)

Depreciation expense was charged to functions as follows:

Business-type Activities	
Water	$ 917,152
Sewer	2,342,690
Transit	178,086
Golf Course	27,833
Cemetery	3,076
Total Business-type Activities Depreciation Expense	$ 3,468,837

The difference between what is reported in the notes $3,939,051 and the income statement $3,468,837 is related to cost of removal and salvage.

E. INTERFUND RECEIVABLES/PAYABLES, ADVANCES, AND TRANSFERS

Interfund Receivables/Payables

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

Receivable Fund	Payable Fund	Amount
General fund	Special Revenue – Health	$ 51,079
General fund	Special Revenue – TIF District No. 8	107,909
General fund	Special Revenue – TIF District No. 12	31,460
General fund	Special Revenue – Community development	145,872
General fund	Special Revenue – Solid waste	159,986
General fund	Special Revenue – Cemetery perpetual care	127
Sub-total – Fund financial statements		496,433
Add: Allocation of internal service funds		634,528
Less: Fund eliminations		(496,433)
Total – Government-Wide Statement of Net Assets		$ 634,528
Business-type activities	Governmental Activities	$ 634,528
Total – Government-Wide Statement of Net Assets		$ 634,528

All amounts are due within one year.

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

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

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

Interfund Receivables/Payables (cont.)

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

Advances

The general fund, general debt service fund, and the capital improvement program funds are advancing funds to various tax incremental districts. The amount advanced is determined by the deficiency of revenues over expenditures and other financing sources since the district's inception. The general fund is also advancing funds to the Golf Course and Cemetery. The sewer utility is also advancing funds to the water utility. A repayment schedule has been included for the sewer utility's advance to the water utility. In addition, TIF No. 5 is repaying the general fund $250,000 in 2006 and 2007 and $124,998 in the fourth year. No other repayment schedules have been established for these advances.

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

The following is a schedule of interfund advances:

Receivable Fund	Payable Fund	Principal	Interest	Totals	Amount Not Due in One Year
General fund	Debt Service – TIF district No. 9	$ 119,157	$ -	$ 119,157	$ 119,157
General fund	Special Revenue – TIF district No. 12	500,000	-	500,000	500,000
General fund	Debt Service – TIF district No. 5	-	624,998	624,998	374,998
General fund	Debt Service – TIF district No. 6	580,351	-	580,351	580,351
General fund	Enterprise – Golf course fund	324,957	-	324,957	324,957
General fund	Enterprise – Cemetery operating fund	43,036	-	43,036	43,036
General debt service fund	Debt Service – TIF district No. 3	725,896	-	725,896	725,896
General debt service fund	Debt Service – TIF district No. 6	367,626	-	367,626	367,626
General debt service fund	Debt Service – TIF district No. 9	1,219,377	433,594	1,652,971	1,652,971

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

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

Advances (cont.)

Receivable Fund	Payable Fund	Principal	Interest	Totals	Amount Not Due in One Year
Capital improvement program	Debt Service – TIF district No. 6	$ 557,195	$ -	$ 557,195	$ 557,195
Capital improvement program	Debt Service – TIF district No. 9	2,389,453	849,719	3,239,172	3,239,172
Enterprise – Sewer utility	Enterprise – Water utility	1,657,666	-	1,657,666	1,508,050
Sub-Totals		8,484,714	1,908,311	10,393,025	9,993,409
Less: Fund eliminations		(8,116,721)	(1,908,311)	(10,025,032)	(9,625,416)
Totals		$ 367,993	$ -	$ 367,993	$ 367,993

Governmental Activities – Business-type activities	$ 367,993
Less: Business-type activities – Governmental activities	-
Total Government-wide Statement of Net Assets	$ 367,993

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

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

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

	Balance 1-1-05	Increases	Decreases	Balance 12-31-05
Advance from sewer utility	$ 1,800,000	$ -	$ 142,334	$ 1,657,666
Totals	$ 1,800,000	$ -	$ 142,334	$ 1,657,666

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

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

Advances (cont.)

Advance repayment requirements to maturity are as follows:

Years	Business-type Activities – Revenue Debt Principal	Interest
2006	$ 149,616	$ 79,485
2007	157,271	71,831
2008	165,317	63,785
2009	173,775	55,326
2010	182,666	46,436
2011 – 2014	829,021	87,384
Totals	$ 1,657,666	$ 404,247

Transfers

The following is a schedule of interfund transfers:

Fund Transferred To	Fund Transferred From	Amount	Purpose
General fund	Water utility	$ 300,000	Payment in lieu of tax
Debt Service – General debt service	Capital Projects – Capital improvement program	59,305	Unused bond proceeds
Debt Service – General debt service	Special Revenue – TIF District No. 8	304,906	Debt service
Debt Service – General debt service	Special Revenue – TIF District No. 10	5,797	Debt service
Debt Service – General debt service	Special Revenue – TIF District No. 11	14,273	Debt service
Debt Service – General Debt Service	Special Revenue – TIF District No. 12	16,086	Reallocation of prior year bond proceeds
Capital Projects – Capital improvements	General fund	300,000	Capital projects
Water utility	Sewer utility	1,189,517	Capital assets
Special Revenue – Community development block grant	General fund	204,000	Expenditure reimbursement
Sub-Total – Fund Financial Statements		2,393,884	
Less: Fund eliminations		(2,093,884)	
Total – Government-wide Statement of Activities		$ 300,000	

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

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

Transfers (cont.)

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

In the fund financial statements, total transfers out of $2,018,884 are greater than total transfers in of $1,204,367 because the sewer utility transferred capital assets of $814,517 which the water utility reported as capital contributions.

F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2005 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
GOVERNMENTAL ACTIVITIES					
Bonds and Notes Payable:					
General Obligation Debt					
General	$ 31,659,026	$ 7,909,218	$ 3,480,146	$ 36,088,098	$ 3,167,419
Internal service	469,150	-	143,000	326,150	155,925
Add/(Subtract) Deferred Amounts For:					
(Discounts)	(79,237)	(83,858)	(7,580)	(155,515)	-
Premiums	51,457	-	2,639	48,818	-
Loss on advance refunding	(229,745)	-	(28,718)	(201,027)	-
Sub-totals	31,870,651	7,825,360	3,589,487	36,106,524	3,323,344
Other Liabilities					
Compensated Absences					
Sick leave	792,745	322,752	277,461	838,036	240,573
Vacation	1,194,598	1,189,731	1,194,598	1,189,731	1,189,731
Other Debt					
Alliant	316,387	-	82,076	234,311	71,329
Town of Turtle	160,000	-	10,000	150,000	10,000
WHEDA	-	264,900	40,000	224,900	-
Capital Leases					
Payable to component unit	13,473,579	662,726	-	14,136,305	-
Total Other Liabilities	15,937,309	2,440,109	1,604,135	16,773,283	1,511,633
Total Governmental Activities Long-Term Liabilities	$ 47,807,960	$ 10,265,469	$ 5,193,622	$ 52,879,807	$ 4,834,977

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

F. LONG-TERM OBLIGATIONS (cont.)

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
BUSINESS-TYPE ACTIVITIES					
Bonds and Notes Payable:					
General obligation debt	$ 360,974	$ 1,565,782	$ 64,854	$ 1,861,902	$ 52,580
Revenue bonds	41,183,407	11,580,000	16,507,903	36,255,504	3,199,318
Add/(Subtract) Deferred Amounts For:					
Refundings (Losses)	(493,962)	(201,947)	(86,985)	(608,924)	-
Premiums	-	357,753	44,719	313,034	-
Sub-total	41,050,419	13,301,588	16,530,491	37,821,516	3,251,898
Other Liabilities:					
Other Debt					
Compensated absences	290,693	71,050	113,965	282,503	113,749
Alliant	154,714	-	100,312	54,402	54,402
Sub-total	445,407	71,050	214,277	336,905	168,151
Total Business-type Activities Long-Term Liabilities	$ 41,495,826	$ 13,372,638	$ 16,744,768	$ 38,158,421	$ 3,420,049

General Obligation Debt

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

In accordance with Wisconsin Statutes, total general obligation indebtedness of the City may not exceed five percent of the equalized value of taxable property within the City's jurisdiction. The debt limit as of December 31, 2005, was $69,380,820. Total general obligation debt outstanding at year end was $38,276,150.

	Date of Issue	Due Date	Interest Rates	Original Indebted-ness	Balance 12-31-05
Governmental Activities – General Obligation Debt					
General obligation insurance bond	4-21-87	4-1-07	8.30-8.70%	$ 1,575,475	$ 326,150
Special assessment B bonds	12-1-96	4-1-06	4.90-5.40	280,000	30,000
General obligation promissory notes Series 1996C	10-1-96	4-1-06	4.30-5.25	600,000	60,000

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 12-31-05
Governmental Activities – General Obligation Debt (cont.)					
General obligation corporate purpose bonds Series 1997B	4-1-97	4-1-12	4.875-5.00%	$ 5,475,000	$ 370,000
General obligation corporate purpose bonds Series 1999A	5-1-99	5-1-12	4.15-4.20	2,735,000	1,850,000
General obligation promissory notes Series 1999B	5-1-99	5-1-09	4.00-4.20	1,766,000	1,029,419
General obligation corporate purpose bonds Series	6-1-00	12-1-14	4.70-5.55	3,285,000	2,035,000
General obligation promissory notes	6-1-00	12-1-09	5.10-5.35	1,620,000	810,000
General obligation refunding bonds Series 2001A	3-1-01	10-1-14	4.00-4.70	3,141,100	2,305,000
General obligation promissory notes Series 2001B	6-1-01	12-1-10	3.50-4.50	721,080	448,559
General obligation corporate purpose bonds Series 2001C	6-1-01	12-1-15	4.25-4.875	2,710,000	2,054,594
General obligation corporate purpose bonds Series 2002A	5-1-02	11-1-17	3.50-4.80	1,790,000	1,490,000
General obligation corporate purpose bonds Series 2002B	5-1-02	11-1-11	3.00-4.35	860,000	596,093
General obligation corporate purpose bonds Series 2003A	4-1-03	4-1-12	3.00-4.60	3,150,000	2,975,000
General obligation promissory notes Series 2003B	4-1-03	4-1-11	2.00-3.80	2,753,366	1,278,747
Taxable general obligation refunding bonds Series 2003C	2-1-03	3-1-12	4.00-4.750	3,770,000	3,410,000
General obligation promissory notes Series 2004A	3-1-04	3-1-12	2.25-3.00	4,134,790	3,741,469
General obligation corporate purpose bonds Series 2004B	3-1-04	3-1-24	2.00-4.35	3,845,000	3,695,000
General obligation corporate purpose bonds Series 2005A	5-1-05	5-1-25	3.25-4.25	6,194,486	5,292,247
General obligation promissory notes Series 2005B	5-1-05	5-1-15	3.25-3.80	916,970	916,970
General obligation community development bonds Series 2005C	5-1-05	5-1-21	4.80-5.25	1,295,000	1,295,000
2005 state trust fund loan	11-23-05	3-15-15	4.25	405,000	405,000
Total Governmental Activities – General Obligation Debt					$ 36,414,248

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 12-31-05
Business-type Activities – General Obligation Debt					
General obligation promissory notes Series 1999B	5-1-99	5-1-09	4.00-4.30%	$ 34,000	$ 20,582
General obligation promissory notes Series 2001B	6-1-01	12-1-10	3.50-4.50	213,297	126,441
General obligation corporate purpose bonds Series 2001C	6-1-01	12-1-15	4.25-4.875	35,510	30,406
General obligation corporate purpose bonds Series 2002B	5-1-02	11-1-11	3.00-4.35	5,112	3,907
General obligation promissory notes Series 2003B	4-1-03	4-1-11	2.00-3.80	109,634	51,253
General obligation promissory notes Series 2004A	3-1-04	3-1-12	2.25-3.00	70,209	63,531
General obligation corporate purpose bonds Series 2005A	5-1-05	5-1-25	3.25-4.25	1,417,752	1,417,752
General obligation promissory notes Series 2005B	5-1-05	5-1-15	3.25-3.80	148,030	148,030
Total Business-type Activities – General Obligation Debt					$ 1,861,902

Debt service requirements to maturity are as follows:

	Governmental Activities General Obligation Debt		Business-type Activities General Obligation Debt	
Years	Principal	Interest	Principal	Interest
2006	$ 3,323,344	$ 1,388,485	$ 52,580	$ 72,011
2007	3,158,091	1,285,309	70,430	69,952
2008	2,958,768	1,165,410	76,180	67,504
2009	3,106,309	1,049,707	85,380	64,527
2010	2,779,646	930,979	93,815	61,160
2011 – 2015	11,355,520	3,128,307	446,087	257,062
2016 – 2020	6,178,050	1,335,667	466,950	166,177
2021 – 2025	3,554,520	288,846	570,480	61,378
Totals	$ 36,414,248	$ 10,572,710	$ 1,861,902	$ 819,771

Capital Leases

Refer to Note IV.G.

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

F. LONG-TERM OBLIGATIONS (cont.)

Other Debt Information

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

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

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

Current Refunding

On June 29, 2005, sewer revenue bonds in the amount of $11,580,000 were issued with an average interest rate of 3.90 percent to refund $12,855,000 of outstanding 1996 sewer revenue bonds with an average interest rate of 4.94 percent. The net proceeds of $11,719,648 (after payment of $218,104 in underwriting fees, insurance and other issuance costs and reoffering premium of $357,752) plus an additional $4,340,864 of bond reserve and redemption monies were used to pay the July 1, 2005 scheduled principal and interest payment plus the final principal and accrued interest for the July 20, 2005 call date.

The cash flow requirements on the old bonds prior to the refunding was $14,505,560 from 2005 through 2009. The cash flow requirements on the new bonds are $13,993,471 from 2005 through 2009. The current refunding resulted in a net present value economic gain of $411,574.

Prior-Year Defeasance of Debt

In prior years, the city defeased certain general obligation and other 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, 2005, $2,675,000 of bonds outstanding are considered defeased. The bonds are callable on April 1, 2006.

Other Debt – Governmental Activities

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

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

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

F. LONG-TERM OBLIGATIONS (cont.)

Other Debt – Governmental Activities (cont.)

In August 2005, the City of Beloit received a loan from the Wisconsin Housing and Economic Development Authority (WHEDA) in the amount of $264,900. The proceeds are to be used to construct or rehabilitate housing in the city. Interest on this loan is 2% and is to be repaid when the city sells property that was constructed or rehabilitated with these funds.

	Balance 1-1-05	Increases	Decreases	Balance 12-31-05
Alliant	$ 316,387	$ -	$ 82,076	$ 234,311
Town of Turtle	160,000	-	10,000	150,000
WHEDA	-	264,900	40,000	224,900
Total Other Debt	$ 476,387	$ 264,900	$ 132,076	$ 609,211

Debt service requirements to maturity are as follows:

	Governmental Activities – Other Debt	
Years	Principal	Interest
2006	$ 81,329	$ 6,032
2007	75,449	3,947
2008	71,053	2,091
2009	46,480	366
2010	10,000	-
2011 – 2015	50,000	-
2016 – 2020	50,000	-
Totals	$ 384,311	$ 12,436

The WHEDA debt is not included above as no repayment schedule has been created.

Revenue Debt

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

	Date of Issue	Due Date	Interest Rates	Original Indebted-Ness	Balance 12-31-05
Sewer Utility					
Revenue bonds	6-29-05	5-1-09	3.50-5.00%	$ 11,580,000	$ 11,580,000
Clean water fund loan	1-14-98	5-1-07	3.97	2,609,530	610,504
Total Sewer Utility Revenue Debt					12,190,504
Water Utility					
Revenue bonds	11-12-03	11-1-28	2.00-5.00	25,210,000	24,065,000
Total Revenue Bonds					$ 36,255,504

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

F. LONG-TERM OBLIGATIONS (cont.)

Revenue Debt (cont.)

Debt service requirements to maturity are as follows:

Years	Business-type Activities – Revenue Debt Principal	Interest
2006	$ 3,199,318	$ 1,512,756
2007	3,306,186	1,406,677
2008	3,435,000	1,287,520
2009	4,745,000	1,116,220
2010	685,000	1,000,320
2011 – 2015	3,945,000	4,595,238
2016 – 2020	5,110,000	3,690,045
2021 – 2025	6,740,000	2,321,500
2026 – 2028	5,090,000	519,250
Totals	$ 36,255,504	$ 17,449,526

Other Debt Proprietary Funds

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

	Balance 1-1-05	Increases	Decreases	Balance 12-31-05
Alliant	$ 154,714	$ -	$ 100,312	$ 54,402
Totals	$ 154,714	$ -	$ 100,312	$ 54,402

Debt service requirements to maturity are as follows:

Years	Business-type Activities – Other Debt Principal	Interest
2006	$ 54,402	$ 819

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

G. LEASE DISCLOSURES

	Balance 1-1-05	Increases	Decreases	Balance 12-31-05
Capital Leases				
Governmental Activities (to Note IV.F.)	$ 13,473,579	$ 662,726	$ -	$ 14,136,305

Lessee – Community Development Authority

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

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

Lessee – Capital Asset Capital Leases

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

The future minimum lease payments are required as follows:

Calendar Year	
2006	$ 736,276
2007	1,076,615
2008	1,351,932
2009	1,316,392
2010	1,343,140
2011	1,355,285
2012	1,363,141
2013	1,338,938
2014	1,386,077
2015	1,433,082
2016	1,387,519
2017	1,387,475
2018	1,333,606
2019	1,279,200
2020	1,253,485

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

G. LEASE DISCLOSURES (cont.)

Lessee – Capital Asset Capital Leases (cont.)

2021	$ 4,200,926
2022	4,200,000
2023	4,200,000
2024	4,200,000
Sub-Total	36,143,089
Less: Reserve funds to be applied to final principal payment of the 2001A, 2002A, and 2002B bonds	(1,282,000)
Less: Amount representing interest	(20,796,214)
Add: Amount representing CDA fund balance	71,420
Present Value of Minimum Lease Payments	$ 14,136,305

H. NET ASSETS/FUND BALANCES

Net assets reported on the government wide statement of net assets at December 31, 2005 includes the following:

Governmental Activities

Invested in capital assets, net of related debt	
Land	$ 3,415,599
Other capital assets, net of accumulated depreciation	64,621,931
Less: Related long-term debt outstanding	(30,695,867)
Less: Capital leases – payable to component unit	(3,816,802)
Add: Unamortized debt discount/premium/issuance costs and loss on advance refunding	538,588
Add: Unspent capital bond proceeds	3,917,031
Total Invested in Capital Assets	37,980,480
Restricted	
General debt service	4,480,181
Rental rehab (WRRP/HOME)	1,006,236
Health	167,441
Community Development Block Grant	3,067,978
Fire – multi-year grants	11,526
DPW – multi-year grants	171,932
Community development	322,497
Library	817,444
Police	97,408
Cemetery perpetual care	1,539,607
Park activities	52,483
TIF District No. 5 debt service	1,626,236
Total Restricted	13,360,969
Unrestricted	9,684,847
Total Governmental Activities Net Assets	$ 61,026,296

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

H. NET ASSETS/FUND BALANCES (cont.)

Governmental Activities (cont.)

Governmental fund balances reported on the fund financial statements at December 31, 2005 include the following:

Reserved	
Major Funds	
General Fund	
Delinquent personal property taxes	$ 48,006
Inventories	390,723
Prepaid items	35,276
Advances to other funds	1,567,501
Total	$ 2,041,506
General Debt Service Fund	
Advances to other funds	$ 2,312,899
Debt service	2,043,502
Total	$ 4,356,401
Capital Improvement Program	
Advances to other funds	$ 2,946,648
Encumbrances	557,974
Total	$ 3,504,622
Non-Major Fund	
Special Revenue Funds	
Rental rehab (WRRP/Home) – encumbrances	$ 14,995
Health - encumbrances	419,185
Community Development Block Grant	
TIF District No. 10 – encumbrances	208,947
Neighborhood development initiative	62,305
Debt Service Fund – TIF No. 5 – debt service	1,616,236
Debt Service Fund – TIF No. 5 – encumbrances	10,000
Total	$ 2,331,668
Unreserved (deficit)	
Major Funds	
General Fund	$ 7,312,676
Debt service – TIF District No. 9	(5,009,885)
Capital projects – capital Improvements	7,372,112
Total	$ 9,674,903

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

H. NET ASSETS/FUND BALANCES (cont.)

Governmental Activities (cont.)

Unreserved (deficit) (cont.)

Non-Major Funds	
Special Revenue Funds	
TIF District No. 12	$ (449,230)
TIF District No. 13	(6,500)
Total	$ (455,730)
Debt Service Funds	
TIF District No. 3	$ (725,792)
TIF District No. 6	(1,501,890)
Total	$ (2,227,682)
Major Funds	
Unreserved (Designated)	
Major Fund	
General fund – surplus applied to 2006	$ 400,000
Non-Major Funds	
Special Revenue Funds – designated for subsequent year's expenditures	
Rental rehab (WRRP/HOME)	$ 246,211
Health	167,441
Community Development Block Grant	294,974
TIF District No. 8	67,820
TIF District No. 10	2,013,817
TIF District No. 11	4,685
Fire – multi-year grants	11,526
DPW – multi-year grants	171,932
Community development	177,299
Library	817,444
Police	97,408
Solid waste	52,892
Perpetual care	1,539,607
Neighborhood development initiative	276,391
Total	$ 5,939,447
Capital Projects Funds – designated for subsequent year's expenditures	
Fleet replacement	$ 5,367,908
Computer replacement	495,595
Total	$ 5,863,503

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

H. NET ASSETS/FUND BALANCES (cont.)

Business-type Activities

	Water	Sewer	Other Proprietary Funds	Totals
Invested in capital assets, net of related debt				
Land	$ 685,281	$ 1,386,282	$ 1,270,000	$ 3,341,563
Other capital assets, net of accumulated depreciation	27,343,728	45,973,218	3,350,874	76,667,820
Less: Related long-term debt outstanding (excluding unspent capital related debt proceeds)	(24,424,772)	(12,102,250)	(616,189)	(37,143,211)
Total Invested in Capital Assets	3,604,237	35,257,250	4,004,685	42,866,172
Restricted				
Redemption account	276,862	1,665,000	-	1,941,862
Replacement account	-	4,690,611	-	4,690,611
Reserve account	1,890,000	1,158,000	-	3,048,000
Less: Restricted assets not funded by revenues	(1,890,000)	-	-	(1,890,000)
Less: Current liabilities payable from restricted assets	(183,658)	(82,140)	-	(265,798)
Total Restricted Net Assets	93,204	7,431,471	-	7,524,675
Unrestricted	1,723,891	5,456,282	237,369	7,417,542
Total Enterprise Funds Net Assets	$ 5,421,332	$ 48,145,003	$ 4,242,054	57,808,389
Add: Portion of internal service funds Net assets allocated to business-type activities				634,528
Total Business-type Activities Net Assets				$ 58,442,917

I. RESTATEMENT OF NET ASSETS

Governmental Activity

Net assets have been restated to reflect the balance of retroactive infrastructure assets reported in 2005.

Governmental activities – December 31, 2004 (as reported)	$ 27,249,499
Add: Net infrastructure assets added prior to 2003	33,574,404
Net Assets – January 1, 2005 (as restated)	$ 60,823,903

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

J. COMPONENT UNITS

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

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

Community Development Authority

a. Basis of Accounting/Measurement Focus

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

b. Deposits and Investments

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

	Carrying Value	Bank Balance	Associated Risks
Demand deposits	$ 525,399	$ 584,526	Custodial credit risk
Mutual fund U.S. treasuries	1,314,495	1,314,495	Credit risk, interest rate risk
Total Cash and Investments	$ 1,839,894	$ 1,899,021	

Reconciliation to financial statements	
Per statement of net assets	
Unrestricted cash and investments	$ 525,399
Restricted cash and investments	1,314,495
Total Cash and Investments	$ 1,839,894

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

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

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

J. COMPONENT UNITS (cont.)

Community Development Authority (cont.)

b. Cash and Investments (cont.)

Custodial Credit Risk

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, 2005, $484,526 of the CDA's total bank balances of $584,526 were exposed to custodial credit risk as follows:

Uninsured and uncollateralized	$ 484,526

Credit Risk

As of December 31, 2005, the CDA's investments were rated as follows:

Investment Type	Moody's Investor Service
Mutual Fund – Treasuries	AAA

Interest Rate Risk

As of December 31, 2005, the CDA's investments were as follows:

		Maturity (In months)
Investment Type	Fair Value	Less than 1 month
Mutual Fund – Treasuries	$ 1,314,495	$ 1,314,495

c. Restricted Assets

Restricted assets at December 31, 2005, consist of the following:

Cash and cash equivalents – bond redemption and construction accounts	$ 1,314,495

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

J. COMPONENT UNITS (cont.)

d. Capital Assets

The useful life assigned to buildings is 40 years. Machinery and equipment is assigned useful lives ranging from 5-10 years. The change in capital assets for 2005 is as follows:

	Beginning Balance	Additions	Deletions	Adjustments	Ending Balance
Capital Assets Not Being Depreciated:					
Land	$ 414,539	$ -	$ -	$ -	$ 414,539
Construction in progress	28,763	195,774	-	-	224,537
Total Capital Assets Not Being Depreciated	443,302	195,774	-	-	639,076
Capital Assets Being Depreciated:					
Buildings	3,724,451	-	(3,000)	(81,237)	3,640,214
Furniture, equipment, and machinery-dwellings	186,264	7,470	(58,094)		135,640
Furniture, equipment, and machine-administrative	274,531	34,842	(83,315)	-	226,058
Building and land improvements	33,804	-	-	81,237	115,041
Leasehold improvements	3,766,288	7,961	-	-	3,774,249
Total Capital Assets Being Depreciated	7,985,338	50,273	144,409	-	7,891,202
Less: Accumulated Depreciation	(4,595,968)	(391,685)	133,053	-	4,854,600
Total Capital Assets, Net of Depreciation	$ 3,832,672			$ -	$ 3,675,678

e. Long-Term Obligations

Lease Revenue Debt

The following is a summary of the lease revenue bond transactions for the year ended December 31, 2005.

	Balance 1-1-05	Increases	Decreases	Balance 12-31-05
Lease revenue bonds	$ 15,083,188	$ 267,760	$ -	$ 15,350,948

Title of Issue	Date of Issue	Due Date	Interest Rates	Original Indebted-Ness	Balance 12-31-05
2000A Lease Revenue Bonds	12-27-00	03-01-24	11.50%	$ 1,500,092	$ 2,530,948
2001 Lease Revenue Bonds	05-30-01	03-01-20	4.20-5.375%	1,930,000	1,930,000
2002A Lease Revenue Bonds	07-15-02	03-01-20	4.90-5.60%	7,345,000	7,345,000
2002B Lease Revenue Bonds	07-15-02	03-01-14	6.35-7.20%	3,545,000	3,545,000
Totals					$ 15,350,948

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

J. COMPONENT UNITS (cont.)

Community Development Authority (cont.)

e. Long-Term Obligations (cont.)

Lease Revenue Debt (cont.)

Debt service requirements to maturity are as follows:

Calendar Year	Principal	Interest	Totals
2006	$ -	$ 736,276	$ 736,276
2007	350,000	726,615	1,076,615
2008	655,000	696,932	1,351,932
2009	660,000	656,392	1,316,392
2010	730,000	613,140	1,343,140
2011	790,000	565,285	1,355,285
2012	850,000	513,141	1,363,141
2013	880,000	458,938	1,338,938
2014	985,000	401,077	1,386,077
2015	1,090,000	343,082	1,433,082
2016	1,100,000	287,519	1,387,519
2017	1,160,000	227,475	1,387,475
2018	1,170,000	163,606	1,333,606
2019	1,180,000	99,200	1,279,200
2020	1,220,000	33,485	1,253,485
2021	743,095	3,461,905	4,205,000
2022	663,694	3,536,306	4,200,000
2023	593,472	3,606,528	4,200,000
2024	530,687	3,669,313	4,200,000
Totals	$ 15,350,948	$ 20,796,215	$ 36,147,163

The Series 2000A Taxable Capital Appreciation Lease Revenue Bonds are deep discount financial instruments which are issued in such denominations as will result in the total amount received by the purchaser at maturity being equal to $5,000 or any integral multiple thereof. As such, a portion of the appreciation in value of each certificate "accretes" to each certificate annually. Accretion of the certificates recorded as a long-term obligation payable at maturity of the certificates totaled $1,030,856 at December 31, 2005.

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.

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

J. COMPONENT UNITS (cont.)

Community Development Authority (cont.)

g. Lease Disclosures

Refer to Note IV.G.

h. Net Assets

Net assets at December 31, 2005 includes the following:

Invested in capital assets, net of related debt	
Land	$ 414,539
Construction in progress	224,537
Other capital assets, net of accumulated depreciation	3,036,602
Capital related debt	-
Total Invested in Capital	3,675,678
Restricted	
Section 8 Rental Voucher program	172,281
Low Rent Public Housing	199,540
Total Restricted	371,821
Unrestricted	99,852
Total Net Assets	$ 4,147,351

City of Beloit Business Improvement District

a. Basis of Accounting/Measurement Focus

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

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

J. COMPONENT UNITS (cont.)

City of Beloit Business Improvement District (cont.)

b. Deposits and Investments

The business improvement district's cash and investments at year end were comprised of the following:

	Carrying Value	Bank Balance	Associated Risks
Demand deposits	$ 77,650	$ 79,635	Custodial credit risk
Total Cash and Investments	$ 77,650	$ 79,635	

Reconciliation to financial statements
Per statement of net assets
Unrestricted cash and investments $ 77,650

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

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

Custodial Credit Risk

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

The business improvement district's does not have any deposits exposed to custodial credit risk.

NOTE V – OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

All eligible City employees participate in the Wisconsin Retirement System (System), a cost-sharing multiple-employer defined benefit public employee retirement system (PERS). All permanent employees expected to work over 600 hours a year are eligible to participate in the System. Covered employees in the General category are required by statute to contribute 5.0% of their salary (2.8% for Executives and Elected Officials, 4.9% for Protective Occupations with Social Security, and 3.3% for Protective Occupations without Social Security) to the plan. Employers generally make these contributions to the plan on behalf of employees. Employers are required to contribute an actuarially determined amount necessary to fund the remaining projected cost of future benefits.

NOTE V – OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

The payroll for City employees covered by the system for the year ended December 31, 2005 was $19,232,174; the employer's total payroll was $19,708,469. The total required contribution for the year ended December 31, 2005 was $2,960,558 or 15.40 percent of covered payroll. Of this amount, 100 percent was contributed by the employer for the current year. Total contributions for the years ending December 31, 2004 and 2003 were $2,704,657 and $2,373,638, respectively, equal to the required contributions for each year.

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

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

Protective employees of the City hired prior to 1948 are covered under the City's Police and Firemen's Pension Funds established under Chapter 62 of the Wisconsin Statutes. The City has not obtained an actuarial valuation of these pension plans which were assumed by the Wisconsin Retirement Fund as of April 1, 1978. The total City contribution to the fund during 2005 was $92,212.

B. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; workers compensation; and health care of its employees. All of these risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded the commercial coverage in any of the past three years. There were no significant reductions in coverage compared to the prior year. However, other risks, such as health care of its employees, liability claims, and worker's compensation are accounted for and financed by the City in the internal service funds.

NOTE V – OTHER INFORMATION (cont.)

B. RISK MANAGEMENT (cont.)

Self Insurance

The City has a limited risk management program for employee health and dental benefits with claims processed by a third party claims administrator on behalf of the City. The claims are being paid out of the internal service fund, and are funded by allocations charged to other funds. Interfund premiums are based on claims experience. As a part of the plan a reinsurance policy has been purchased which picks up claims in excess of $100,000 per individual up to a maximum of $1 million. Total amounts charged back to the various departments during the year were $7,196,946.

The estimated liability for self-funded losses is based on reported claims for the year and those received subsequent to year end. The estimated liability for self insured losses for this program consisted of the following at December 31, 2005:

Reported and Known Claims	$ 576,976
Incurred but not Reported Claims	1,020,870
Total	$1,597,846

Changes in the claims payable follow:

	Balance January 1	Incurred Claims	Claims Paid	Balance December 31
2004	$ 1,701,092	$ 6,873,332	$ 6,790,542	$ 1,783,882
2005	1,783,882	5,939,182	6,125,218	1,597,846

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.

NOTE V – OTHER INFORMATION (cont.)

B. RISK MANAGEMENT (cont.)

Public Entity Risk Pool (cont.)

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

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

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

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

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

The City shows the general obligation bond that it owes to WMIC in the insurance internal service fund (business-type activities column of government-wide statement of net assets) in the amount of $326,150. The City has a receivable from WMIC of $128,915 which represents assets available to retire the City's share of the debt. The initial investment in WMIC is refundable upon withdrawal from the commission and has been reported at the original amount of $1,575,475 in the insurance internal service fund.

The City pays an annual premium to the mutual for its general automobile, public official, and law enforcement 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, 2005. A total liability of approximately $656,889 at December 31, 2005 was recorded as claims payable in the internal service fund.

NOTE V – OTHER INFORMATION (cont.)

B. RISK MANAGEMENT (cont.)

Public Entity Risk Pool (cont.)

Transit Mutual Insurance Corporation of Wisconsin (TMI)

The Transit Mutual Insurance Corporation of Wisconsin is a joint effort of Wisconsin municipalities which have joined together for the managing and funding of the first party property losses and third party liability claims of its member municipalities mass transit funds.

In 2005, TMI is protected by a $1,250,000 self-insurance policy. In addition to TMI protection, the City of Beloit, combined together with other members of Wisconsin Municipal Transit Insurance Commission, are covered by a $5,000,000 excess insurance policy issued by General Reinsurance Corporation effective January 1, 2004 through January 1, 2005.

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

Initial contributions are determined in advance of each membership year. The board of directors may require that supplemental contributions be made by members to ensure adequate funds are available to meet the obligations applicable to the membership year. Members have a contractual obligation to fund any deficit attributable to a membership year during which they were a member. The City's share of this insurance pool is 2.57%. A list of the other members is available in TMI report.

C. COMMITMENTS AND CONTINGENCIES

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.

During 2005 and in prior years, the city borrowed money for the purpose of making various capital improvements. These monies, as well as other revenue sources, are reflected in the capital improvements fund. Work that has been completed but not yet paid for (including contract retainages) is reflected as accounts payable and expenditures. The balance of contract amounts plus open purchase orders is $557,974 at year end and is included in reserve for encumbrances.

NOTE V – OTHER INFORMATION (cont.)

C. COMMITMENTS AND CONTINGENCIES (cont.)

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

D. OTHER POSTEMPLOYMENT BENEFITS

The City provides post-retirement health insurance benefits for all eligible employees. Eligibility and benefits are based on City policies and contractual agreements. General service employees may convert accumulated sick leave to pay for health care premiums. Protective service employees have benefits paid by the City for the life of the employee after retirement. The amount charged back to the various departments is recognized as an expenditure in that particular fund. Funding for those costs is provided out of the current operating budget of the City. The contributions are financed on a pay as you go basis. Total expenditures charged back to the various departments during the year were $1,533,625. The number of police and fire participants currently receiving the benefits is 198. The estimated outstanding balance at year end for police and fire to be paid in the future is $42,370,729. The number of other City employees currently receiving post retirement benefits at their own expense is six (6). The estimated outstanding balance at year end for other City employees to be paid in the future is $40,984 paid from accumulated sick leave conversions and is included in the long-term obligations in the governmental activities column.

E. BOND COVENANT DISCLOSURES

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

Sales

The following is the customer count and water volume basis for water and wastewater revenues as of December 31, 2005:

	Water – 2005		Sewer – 2005	
	Customers	CCF (000)	Customers	CCF (000)
Residential	13,797	857,125	12,199	970,681
Commercial	1,417	351,588	1,151	415,710
Industrial	11	513,313	11	635,159
Public Authority	57	88,354	57	118,120
Totals	15,282	1,810,380	13,418	2,139,670

NOTE V – OTHER INFORMATION (cont.)

E. BOND COVENANT DISCLOSURES (cont.)

Debt Coverage

The revenue bond resolutions require revenue less operating expenses excluding depreciation and tax equivalent (defined net earnings) to exceed 1.10 times in the sewer utility and 1.25 times in the water utility the corresponding principal and interest.

	Sewer – 2005	Water – 2005
Operating revenues	$ 7,500,532	$ 4,507,623
Investment income	430,453	101,737
Miscellaneous non-operating income	19,901	-
Operating expenses excluding depreciation	(4,153,179)	(1,698,314)
Defined Earnings	$ 3,797,707	$ 2,911,046
Annual debt service on revenue bonds	$ 3,050,904	$ 1,661,170
Coverage factor	x 1.10	x 1.25
Required Net Earnings	$ 3,355,994	$ 2,076,462

F. LOSS ON EARLY RETIREMENT OF CAPITAL ASSETS

During 2004 and 2005 the water utility completed a project to replace all the meters within the system with radio read meters. Approximately two thirds of the meters were completely replaced, while the remaining one third were modified with the replacement of a portion of the meter. The meters that were removed were not fully depreciated at the time of retirement. As a result the utility recognized a loss on early retirement of capital assets in 2005 of $482,475.

G. SUBSEQUENT EVENT

An industrial customer has announced they will be closing in late 2006. This will result in a significant decrease in sewer revenues in the future.

REQUIRED SUPPLEMENTARY INFORMATION

Continued on
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CITY OF BELOIT

SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended December 31, 2005

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
TAXES				
Current Levy	$ 4,806,669	$ 4,806,669	$ 4,818,104	$ 11,435
Mobile home taxes	30,000	30,000	22,468	(7,532)
In lieu of taxes	15,000	15,000	8,008	(6,992)
Prior year tax collection/rescinded taxes	21,000	21,000	96,072	75,072
Motel tax	42,000	42,000	44,551	2,551
Total Taxes	4,914,669	4,914,669	4,989,203	74,534
INTERGOVERNMENTAL				
Shared aidable revenue	16,612,245	16,612,245	16,601,407	(10,838)
Fire distribution fee	53,000	53,000	50,337	(2,663)
Expenditure restraint payment	455,129	455,129	470,387	15,258
State highway aids	1,360,653	1,360,653	1,304,726	(55,927)
State aid - connecting streets	276,603	276,603	271,461	(5,142)
Municipal service payment	23,879	23,879	20,112	(3,767)
Computer exemption aid	38,838	38,838	32,271	(6,567)
Total Intergovernmental Revenues	18,820,347	18,820,347	18,750,701	(69,646)
LICENSES AND PERMITS				
Licenses				
Liquor - malt permits	36,655	36,655	39,532	2,877
Cable TV	260,000	260,000	347,805	87,805
Other licenses	22,432	22,432	27,077	4,645
Total Licenses	319,087	319,087	414,414	95,327
Permits				
Construction permits	148,484	148,484	162,660	14,176
Health permits	81,325	81,325	85,037	3,712
Other permits	29,815	29,815	30,595	780
Underground storage tank inspection	5,000	5,000	740	(4,260)
Total Permits	264,624	264,624	279,032	14,408
Total Licenses and Permits	583,711	583,711	693,446	109,735

See accompanying notes to required supplementary information.

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CITY OF BELOIT

SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended December 31, 2005

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
FINES, FORFEITURES AND PENALTIES				
Municipal court costs	$ 80,000	$ 80,000	$ 90,758	$ 10,758
Nontraffic fines	386,000	386,000	392,278	6,278
Traffic fines	120,000	120,000	130,761	10,761
Parking fines	200,000	200,000	232,864	32,864
False alarms	3,000	3,000	11,200	8,200
Penalties on taxes	130,000	130,000	98,038	(31,962)
Other	25,300	25,300	28,707	3,407
Total Fines, Forfeitures and Penalties	944,300	944,300	984,606	40,306
FEES AND SERVICE CHARGES				
Animal shelter	4,000	4,000	5,414	1,414
Recreation				
Other recreation	101,710	101,710	58,551	(43,159)
Telfer Park and Rivercenter	70,400	70,400	69,547	(853)
Swimming pool	34,075	34,075	40,002	5,927
Total Recreation	206,185	206,185	168,100	(38,085)
Other General Revenue				
Fire inspection fees	57,000	57,000	56,744	(256)
Property transfer certificates	30,000	30,000	26,650	(3,350)
In-house fees	15,000	15,000	27,144	12,144
Hazardous material response	5,000	5,000	7,452	2,452
Donations and miscellaneous	71,544	71,544	95,035	23,491
Riverfest activity	30,339	30,339	23,508	(6,831)
Nutrition coordinator	15,750	15,750	10,988	(4,762)
Recovery of public owned property	500	500	-	(500)
Recoveries from city	60,600	60,600	10,449	(50,151)
Miscellaneous police revenues	30,210	30,210	42,890	12,680
Total Other General Revenue	315,943	315,943	300,860	(15,083)
Total Fees and Service Charges	526,128	526,128	474,374	(51,754)

See accompanying notes to required supplementary information.

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CITY OF BELOIT

SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended December 31, 2005

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget -
RENT	$ 30,290	$ 30,290	$ 38,988	$ 8,698
INVESTMENT INCOME	463,008	463,008	93,682	(369,326)
OTHER				
Sewer utility reimbursement	375,000	375,000	375,000	-
Total Other	375,000	375,000	375,000	-
				-
Total Revenues	26,657,453	26,657,453	26,400,000	(257,453)
OTHER FINANCING SOURCES				
Sale of city property	257,500	257,500	345,093	87,593
Transfers in - tax equivalent	300,000	300,000	300,000	-
Total Other Financing Sources	557,500	557,500	645,093	87,593
TOTAL REVENUES AND OTHER FINANCING SOURCES	$ 27,214,953	$ 27,214,953	$ 27,045,093	$ (169,860)

See accompanying notes to required supplementary information.

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CITY OF BELOIT

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended December 31, 2005

CURRENT EXPENDITURES	Budgeted Amounts Original	Budgeted Amounts Final	Actual	Variance with Final Budget
GENERAL GOVERNMENT				
City Council, Manager, Attorney				
Council	$ 60,973	$ 60,973	$ 65,714	$ (4,741)
City manager	307,314	315,251	307,716	7,535
City attorney	347,702	355,659	352,020	3,639
Total City Council, Manager and Attorney	715,989	731,883	725,450	6,433
Finance and Administrative Services				
Personnel and labor relations	267,829	271,318	334,864	(63,546)
Municipal court	252,346	255,182	280,091	(24,909)
Computer information systems	397,587	403,600	386,028	17,572
Records and elections	305,497	310,487	285,310	25,177
Property appraisal	329,092	336,142	323,189	12,953
Collections	96,408	97,460	93,720	3,740
Accounting	353,860	360,628	340,840	19,788
Financial management	315,284	322,642	297,487	25,155
Cable TV	55,950	55,950	52,420	3,530
Contingency appropriation	150,000	-	-	-
Insurance	233,043	233,043	229,961	3,082
Compensation adjustment	480,527	17,000	-	17,000
City hall operation	454,090	460,385	445,675	14,710
Total Finance and Administrative Services	3,691,513	3,123,837	3,069,585	54,252
Total General Government	4,407,502	3,855,720	3,795,035	60,685
COMMUNITY DEVELOPMENT				
City planning	902,501	899,829	895,092	4,213
DPW stormwater				
Storm water	27,701	27,701	15,696	12,005
Total DPW stormwater	27,701	27,701	15,696	12,005
DPW parks and recreation				
Parks	1,298,689	1,316,399	1,279,074	37,325
Recreation	383,598	387,377	391,269	(3,892)
Edwards pavilion	149,061	148,561	121,795	26,766
Senior center	106,947	108,317	115,290	(6,973)
Rotary river center	28,695	29,195	33,718	(4,523)

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CITY OF BELOIT

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended December 31, 2005

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Debt Service				
Principal retirement	-	-	36,271	(36,271)
Total Expenditures	$ 27,557,721	$ 27,257,722	$ 27,113,158	$ 144,564
OTHER FINANCING USES				
Transfers out	-	504,000	504,000	-
Total Other Financing Uses	-	504,000	504,000	-
TOTAL EXPENDITURES AND OTHER FINANCING USES	$ 27,557,721	$ 27,761,722	$ 27,617,158	$ 144,564

See accompanying notes to required supplementary information.

BUDGETARY INFORMATION

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

Excess expenditures over appropriations are as follows:

	Amended Budget	Actual Expenditures	Excess
General Fund			
Fire department	$ 6,484,013	$ 6,557,421	$ 73,408
Public works	5,675,586	5,722,109	46,523

SUPPLEMENTARY INFORMATION

CITY OF BELOIT

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
December 31, 2005

	Special Revenue Funds				
	Rental Rehab (WRRP/HOME)	Health	Community Development Block Grant	TIF District No. 8	TIF District No. 10
ASSETS					
Cash and investments	$ 196,806	$ 136,843	$ 660,176	$ 82,529	$ 2,281,667
Taxes receivable	-	-	-	34,682	330,025
Accounts receivable	-	26,182	-	93,200	-
Loans receivable	745,030	-	2,353,299	-	-
Due from other governmental units	78,039	69,303	64,360	-	-
Due from component unit	-	-	-	-	-
Prepaid items	-	-	-	-	-
TOTAL ASSETS	$ 1,019,875	$ 232,328	$ 3,077,835	$ 210,411	$ 2,611,692
LIABILITIES AND FUND BALANCES					
Accounts payable	$ 13,639	$ 13,808	$ 8,252	$ -	$ 58,903
Due to other funds	-	51,079	-	107,909	-
Other liabilities	-	-	1,605	-	-
Deferred revenue	745,030	-	2,353,819	34,682	330,025
Advances from other funds	-	-	-	-	-
Total Liabilities	758,669	64,887	2,363,676	142,591	388,928
Fund Balances					
Reserved for					
Debt service	-	-	-	-	-
Encumbrances	14,995	-	419,185	-	208,947
Unreserved					
Designated for subsequent year's expenditures	246,211	167,441	294,974	67,820	2,013,817
Undesignated (deficit)	-	-	-	-	-
Total Fund Balances	261,206	167,441	714,159	67,820	2,222,764
TOTAL LIABILITIES AND FUND BALANCES	$ 1,019,875	$ 232,328	$ 3,077,835	$ 210,411	$ 2,611,692

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Special Revenue Funds								
TIF District No. 11	TIF District No. 12	TIF District No. 13	Fire Multi-Year Grants	DPW Multi-Year Grants	Community Development	Library	Police	Solid Waste
$ 4,685	$ 82,230	$ -	$ 11,722	$ 150,816	$ 178,221	$ 840,377	$ 111,046	$ -
50,071	24,679	-	-	20,986	-	1,457,885	118,031	41,164
-	23,091	-	-	31,787	-	-	5,200	207,832
-	-	-	-	-	145,198	-	-	-
-	-	-	-	-	-	-	4,474	-
-	-	-	-	-	149,069	-	-	-
-	-	-	-	-	-	-	-	-
$ 54,756	$ 130,000	$ -	$ 11,722	$ 203,589	$ 472,488	$ 2,298,262	$ 238,751	$ 248,996
$ -	$ -	$ 6,500	$ 196	$ 10,671	$ 4,119	$ 22,933	$ 3,312	$ 36,118
-	31,460	-	-	-	145,872	-	-	159,986
-	-	-	-	-	-	-	-	-
50,071	47,770	-	-	20,986	145,198	1,457,885	138,031	-
-	500,000	-	-	-	-	-	-	-
50,071	579,230	6,500	196	31,657	295,189	1,480,818	141,343	196,104
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
4,685	-	-	11,526	171,932	177,299	817,444	97,408	52,892
-	(449,230)	(6,500)	-	-	-	-	-	-
4,685	(449,230)	(6,500)	11,526	171,932	177,299	817,444	97,408	52,892
$ 54,756	$ 130,000	$ -	$ 11,722	$ 203,589	$ 472,488	$ 2,298,262	$ 238,751	$ 248,996

CITY OF BELOIT

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS (cont.)
December 31, 2005

	Special Revenue Funds		Debt Service Funds		
	Perpetual Care	Neighborhood Development Initiative	TIF District No. 3	TIF District No. 5	TIF District No. 6
ASSETS					
Cash and investments	$ 1,537,368	$ 350,863	$ 104	$ 2,255,033	$ 7,081
Taxes receivable	-	-	354,700	853,534	568,944
Accounts receivable	2,366	-	-	-	-
Loans receivable	-	-	-	-	-
Due from other governmental units	-	-	-	-	-
Due from component unit	-	-	-	-	-
Prepaid items	-	-	-	-	-
TOTAL ASSETS	$ 1,539,734	$ 350,863	$ 354,804	$ 3,108,567	$ 576,025
LIABILITIES AND FUND BALANCES					
Accounts payable	$ -	$ 12,167	$ -	$ 3,799	$ 3,799
Due to other funds	127	-	-	-	-
Other liabilities	-	-	-	-	-
Deferred revenue	-	-	354,700	853,534	568,944
Advances from other funds	-	-	725,896	624,998	1,505,172
Total Liabilities	127	12,167	1,080,596	1,482,331	2,077,915
Fund Balances					
Reserved for					
Debt service	-	-	-	1,616,236	-
Encumbrances	-	62,305	-	10,000	-
Unreserved					
Designated for subsequent year's expenditures	1,539,607	276,391	-	-	-
Undesignated (deficit)	-	-	(725,792)	-	(1,501,890)
Total Fund Balances	1,539,607	338,696	(725,792)	1,626,236	(1,501,890)
TOTAL LIABILITIES AND FUND BALANCES	$ 1,539,734	$ 350,863	$ 354,804	$ 3,108,567	$ 576,025

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Capital Projects Funds		Total Nonmajor
Fleet Replacement	Computer Replacement	Governmental Funds
$ 5,393,932	$ 525,914	$ 14,807,413
-	-	3,854,701
-	-	389,658
-	-	3,243,527
-	-	216,176
-	-	149,069
-	16,450	16,450
$ 5,393,932	$ 542,364	$ 22,676,994
$ 26,024	$ 46,769	$ 271,009
-	-	496,433
-	-	1,605
-	-	7,100,675
-	-	3,356,066
26,024	46,769	11,225,788
-	-	1,616,236
-	-	715,432
5,367,908	495,595	11,802,950
-	-	(2,683,412)
5,367,908	495,595	11,451,206
$ 5,393,932	$ 542,364.00	$ 22,676,994

CITY OF BELOIT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2005

	Special Revenue Funds					
	Rental Rehab (WRRP/HOME)	Health	Community Development Block Grant	TIF District No. 8	TIF District No. 10	TIF District No. 11
REVENUES						
Taxes	$ -	$ -	$ -	$ 33,377	$ 105,670	$ 52,467
Intergovernmental	308,862	1,089,492	554,567	-	-	-
Licenses and permits	-	-	4,300	-	-	-
Fees and service charges	-	-	-	-	-	-
Special assessments	-	-	-	-	82,590	-
Investment income	11,251	-	40,287	15,877	63,500	-
Public charges for services	-	-	-	-	-	-
Donations	-	6,573	-	-	-	-
Other	93,521	14,491	362,862	93,298	111,965	-
Total Revenues	413,634	1,110,556	962,016	142,552	363,725	52,467
EXPENDITURES						
Current						
General government	-	-	-	-	-	-
Community development	318,178	-	905,771	-	-	-
Public safety	-	-	-	-	-	-
Public health	-	1,077,082	-	-	-	-
Public works	-	-	-	-	-	-
Parks, recreation, and education	-	-	-	-	-	-
Capital Outlay	-	-	-	1,187,148	255,244	657
Debt Service						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	14,146	978,942	519
Total Expenditures	318,178	1,077,082	905,771	1,201,294	1,234,186	1,176
Excess (deficiency) of revenues over expenditures	95,456	33,474	56,245	(1,058,742)	(870,461)	51,291
OTHER FINANCING SOURCES (USES)						
Debt issued	-	-	-	648,675	-	-
Capital lease issued	-	-	-	-	662,726	-
Sale of city property	-	-	-	26,000	-	-
Transfer in	-	-	204,000	-	-	-
Transfer out	-	-	-	(304,906)	(5,797)	(14,273)
Total Other Financing Sources (Uses)	-	-	204,000	369,769	656,929	(14,273)
Net Change in Fund Balances	95,456	33,474	260,245	(688,973)	(213,532)	37,018
FUND BALANCES (DEFICIT) - Beginning of Year	165,750	133,967	453,914	756,793	2,436,296	(32,333)
FUND BALANCES (DEFICIT) - END OF YEAR	$ 261,206	$ 167,441	$ 714,159	$ 67,820	$ 2,222,764	$ 4,685

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Special Revenue Funds								
TIF District No. 12	TIF District No. 13	Fire Multi-Year Grants	DPW Multi-Year Grants	Community Development	Library	Police	Solid Waste	Perpetual Care
$ -	$ -	$ -	$ 24,974	$ -	$ 1,457,885	$ 115,425	$ 2,072	$ -
1,205	-	126,645	111,167	18,000	281,307	159,545	189,603	-
-	-	-	75,627	-	-	-	2,765	-
-	-	-	-	-	37,405	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	940	14,375	45,698	341	-	-
-	-	-	356	-	19,698	118,022	1,528,705	16,165
-	-	5,881	-	-	-	5,048	-	-
-	-	-	-	79,926	2,971	19,216	-	-
1,205	-	132,526	213,064	112,301	1,844,964	417,597	1,723,145	16,165
-	-	-	-	-	-	-	-	-
-	-	-	-	303,790	-	-	-	-
-	-	58,560	-	-	-	418,568	-	-
-	-	-	-	-	-	-	-	-
-	-	-	121,556	-	-	-	1,789,894	-
-	-	-	-	-	1,811,607	-	-	-
551,071	6,500	57,799	-	-	16,361	17,668	-	-
-	-	-	-	-	-	-	-	-
18,501	-	-	-	-	-	-	-	55,169
569,572	6,500	116,359	121,556	303,790	1,827,968	436,236	1,789,894	55,169
(568,367)	(6,500)	16,167	91,508	(191,489)	16,996	(18,639)	(66,749)	(39,004)
646,325	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
(16,086)	-	-	-	-	-	-	-	-
630,239	-	-	-	-	-	-	-	-
61,872	(6,500)	16,167	91,508	(191,489)	16,996	(18,639)	(66,749)	(39,004)
(511,102)	-	(4,641)	80,424	368,788	800,448	116,047	119,641	1,578,611
$ (449,230)	$ (6,500)	$ 11,526	$ 171,932	$ 177,299	$ 817,444	$ 97,408	$ 52,892	$ 1,539,607

CITY OF BELOIT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS (cont.)
For the Year Ended December 31, 2005

	Special Revenue Funds	Debt Service Funds		
	Neighborhood Development Initiative	TIF District No. 3	TIF District No. 5	TIF District No. 6
REVENUES				
Taxes	$ -	$ 363,799	$ 773,605	$ 519,294
Intergovernmental	-	11,479	141,323	33,786
Licenses and permits	-	-	-	-
Fees and service charges	-	-	-	-
Special assessments	-	-	-	-
Investment income	-	-	90,978	-
Public charges for services	-	-	-	-
Donations	-	-	-	-
Other	99,070	-	-	-
Total Revenues	99,070	375,278	1,005,906	553,080
EXPENDITURES				
Current				
General government	-	-	7,800	3,800
Community development	186,020	-	-	-
Public safety	-	-	-	-
Public health	-	-	-	-
Public works	-	-	-	-
Parks, recreation, and education	-	-	-	-
Capital Outlay	-	-	-	5,373
Debt Service				
Principal retirement	40,000	4,854	380,076	297,131
Interest and fiscal charges	-	320	90,070	123,470
Total Expenditures	226,020	5,174	477,946	429,774
Excess (deficiency) of revenues over expenditures	(126,950)	370,104	527,960	123,306
OTHER FINANCING SOURCES (USES)				
Debt issued	264,900	-	-	-
Capital lease issued	-	-	-	-
Sale of city property	-	-	30,375	-
Transfer in	-	-	-	-
Transfer out	-	-	-	-
Total Other Financing Sources (Uses)	264,900	-	30,375	-
Net Change in Fund Balances	137,950	370,104	558,335	123,306
FUND BALANCES (DEFICIT) - Beginning of Year	200,746	(1,095,896)	1,067,901	(1,625,196)
FUND BALANCES (DEFICIT) - END OF YEAR	$ 338,696	$ (725,792)	$ 1,626,236	$(1,501,890)

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Capital Projects Funds		Total Nonmajor Governmental Funds
Fleet Replacement	Computer Replacement	
$ -	$ -	$ 3,448,568
-	-	3,026,981
-	-	82,692
-	-	37,405
-	-	82,590
126,623	20,713	430,583
-	-	1,682,946
-	-	17,502
849,465	175,620	1,902,405
976,088	196,333	10,711,672
-	-	11,600
-	-	1,713,759
-	-	477,128
-	-	1,077,082
-	-	1,911,450
-	-	1,811,607
2,341,264	199,943	4,639,028
-	-	722,061
-	-	1,281,137
2,341,264	199,943	13,644,852
(1,365,176)	(3,610)	(2,933,180)
-	-	1,559,900
-	-	662,726
421,074	-	477,449
-	-	204,000
-	-	(341,062)
421,074	-	2,563,013
(944,102)	(3,610)	(370,167)
6,312,010	499,205	11,821,373
$ 5,367,908	$ 495,595	$ 11,451,206

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, 2005

	Final Budget	Actual	Variance
REVENUES			
Taxes	$ 2,752,289	$ 2,752,289	$ -
Investment income	80,000	50,542	(29,458)
Total Revenues	2,832,289	2,802,831	(29,458)
EXPENDITURES			
Debt Service			
Principal retirement	2,537,824	2,853,890	(316,066)
Interest and fiscal charges	1,097,400	1,153,471	(56,071)
Total Expenditures	3,635,224	4,007,361	(372,137)
Deficiency of revenues over expenditures	(802,935)	(1,204,530)	(401,595)
OTHER FINANCING SOURCES			
Debt issued	194,858	145,000	(49,858)
Transfers in	488,800	400,367	(88,433)
Total Other Financing Sources	683,658	545,367	(138,291)
Net Change in Fund Balance	(119,277)	(659,163)	(539,886)
FUND BALANCE - Beginning	5,015,564	5,015,564	-
FUND BALANCE - ENDING	$ 4,896,287	$ 4,356,401	$ (539,886)

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, 2005

	Final Budget	Actual	Variance
REVENUES			
Intergovernmental	$ 225,000	$ 447,972	$ 222,972
Fines, forfeitures and penalties	-	8,619	8,619
Special assessments	340,000	211,898	(128,102)
Investment income	-	330,057	330,057
Other	132,000	359,000	227,000
Total Revenues	697,000	1,357,546	660,546
EXPENDITURES			
Capital Outlay	9,954,620	7,503,419	2,451,201
Debt Service			
Interest and fiscal charges	189,624	148,651	40,973
Total Expenditures	10,144,244	7,652,070	2,492,174
Excess (deficiency) of revenues over expenditures	(9,447,244)	(6,294,524)	3,152,720
OTHER FINANCING SOURCES (USES)			
Debt issued	8,110,244	6,469,218	(1,641,026)
Sale of city property	-	200	200
Transfers in	300,000	300,000	-
Transfers out	-	(59,305)	(59,305)
Total Other Financing Sources (Uses)	8,410,244	6,710,113	(1,700,131)
Net Change in Fund Balance	(1,037,000)	415,589	1,452,589
FUND BALANCE - Beginning	10,461,145	10,461,145	-
FUND BALANCE - ENDING	$ 9,424,145	$ 10,876,734	$ 1,452,589

CITY OF BELOIT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - HEALTH
For the Year Ended December 31, 2005

	Final Budget	Actual	Variance
REVENUES			
Intergovernmental	$ 1,629,214	$ 1,089,492	$ (539,722)
Donations	6,000	6,573	573
Other	10,920	14,491	3,571
Total Revenues	1,646,134	1,110,556	(535,578)
EXPENDITURES			
Current			
Public Health	1,494,097	1,077,082	417,015
Capital Outlay	7,924	-	7,924
Total Expenditures	1,502,021	1,077,082	424,939
Net Change in Fund Balance	144,113	33,474	(110,639)
FUND BALANCE - Beginning	133,967	133,967	-
FUND BALANCE - ENDING	$ 278,080	$ 167,441	$ (110,639)

CITY OF BELOIT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - COMMUNITY DEVELOPMENT
BLOCK GRANT
For the Year Ended December 31, 2005

	Final Budget	Actual	Variance
REVENUES			
Intergovernmental	$ 773,486	$ 554,567	$ (218,919)
Licenses and permits	5,000	4,300	(700)
Investment income	-	40,287	40,287
Other	450,205	362,862	(87,343)
Total Revenues	1,228,691	962,016	(266,675)
EXPENDITURES			
Current			
Community development	1,276,341	905,771	370,570
Capital Outlay	2,000	-	2,000
Total Expenditures	1,278,341	905,771	372,570
Excess (Deficiency) of Revenues Over Expenditures	(49,650)	56,245	105,895
OTHER FINANCING SOURCES			
Transfer in	-	204,000	204,000
Net Change in Fund Balance	(49,650)	260,245	309,895
FUND BALANCE - Beginning	453,914	453,914	-
FUND BALANCE - ENDING	$ 404,264	$ 714,159	$ 309,895

CITY OF BELOIT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - TIF DISTRICT NO. 8
For the Year Ended December 31, 2005

	Final Budget	Actual	Variance
REVENUES			
Taxes	$ -	33,377	$ 33,377
Intergovernmental	273,000	-	(273,000)
Investment income	-	15,877	15,877
Other	557,800	93,298	(464,502)
Total Revenues	830,800	142,552	(688,248)
EXPENDITURES			
Capital Outlay	5,552,950	1,187,148	4,365,802
Debt Service			
Other interest and fiscal charges	148,180	14,146	134,034
Total Expenditures	5,701,130	1,201,294	4,499,836
Excess (Deficiency) of Revenues Over Expenditures	(4,870,330)	(1,058,742)	3,811,588
OTHER FINANCING SOURCES (USES)			
Debt issued	4,823,680	648,675	(4,175,005)
Sale of city property	-	26,000	26,000
Transfer in	33,000	-	(33,000)
Transfer out	-	(304,906)	(304,906)
Total Other Financing Sources (Uses)	4,856,680	369,769	(4,486,911)
Net Change in Fund Balance	(13,650)	(688,973)	(675,323)
FUND BALANCE - Beginning	756,793	756,793	-
FUND BALANCE - ENDING	$ 743,143	$ 67,820	$ (675,323)

CITY OF BELOIT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - TIF DISTRICT NO. 10
For the Year Ended December 31, 2005

	Final Budget	Actual	Variance
REVENUES			
Taxes	$ -	$ 105,670	$ 105,670
Special assessments	-	82,590	82,590
Intergovernmental	3,050,079	-	(3,050,079)
Investment income	-	63,500	63,500
Other	-	111,965	111,965
Total Revenues	3,050,079	363,725	(2,686,354)
EXPENDITURES			
Capital Outlay	12,799,144	255,244	12,543,900
Debt Service			
Interest and fiscal charges	2,000	978,942	(976,942)
Total Expenditures	12,801,144	1,234,186	11,566,958
Deficiency of Revenues Over Expenditures	(9,751,065)	(870,461)	8,880,604
OTHER FINANCING SOURCES (USES)			
Debt issued	11,003,190	-	(11,003,190)
Capital lease issued	110,440	662,726	552,286
Transfers out	-	(5,797)	(5,797)
Total Other Financing Sources (Uses)	11,113,630	656,929	(10,456,701)
Net Change in Fund Balance	1,362,565	(213,532)	(1,576,097)
FUND BALANCE - Beginning	2,436,296	2,436,296	-
FUND BALANCE - ENDING	$ 3,798,861	$ 2,222,764	$ (1,576,097)

CITY OF BELOIT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (DEFICIT) - BUDGET AND ACTUAL - TIF DISTRICT NO. 11
For the Year Ended December 31, 2005

	Final Budget	Actual	Variance
REVENUES			
Taxes	$ -	$ 52,467	52,467
Total Revenues	-	52,467	52,467
EXPENDITURES			
Capital Outlay	200,600	657	199,943
Debt Service			
Interest and fiscal charges	6,000	519	5,481
Total Expenditures	206,600	1,176	205,424
Excess (Deficiency) of Revenues Over Expenditures	(206,600)	51,291	257,891
OTHER FINANCING SOURCES (USES)			
Debt issued	206,600	-	(206,600)
Transfers out	-	(14,273)	(14,273)
Total Other Financing Sources (Uses)	206,600	(14,273)	(220,873)
Net Change in Fund Balance	-	37,018	37,018
FUND BALANCE (DEFICIT) - Beginning	(32,333)	(32,333)	-
FUND BALANCE (DEFICIT) - ENDING	$ (32,333)	$ 4,685	$ 37,018

CITY OF BELOIT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (DEFICIT) - BUDGET AND ACTUAL - TIF DISTRICT NO. 12
For the Year Ended December 31, 2005

	Final Budget	Actual	Variance
REVENUES			
Intergovernmental	$ -	$ 1,205	$ 1,205
Total Revenues	-	1,205	1,205
EXPENDITURES			
Capital Outlay	1,073,000	551,071	521,929
Debt Service			
Interest and fiscal charges	20,920	18,501	2,419
Total Expenditures	1,093,920	569,572	524,348
Excess of Revenues Over Expenditures	(1,093,920)	(568,367)	525,553
OTHER FINANCING SOURCES (USES)			
Debt issued	1,093,920	646,325	(447,595)
Transfers out	-	(16,086)	(16,086)
Total Other Financing Sources (Uses)	1,093,920	630,239	(463,681)
Net Change in Fund Balance	-	61,872	61,872
FUND BALANCE (DEFICIT) - Beginning	(511,102)	(511,102)	-
FUND BALANCE (DEFICIT) - ENDING	$ (511,102)	$ (449,230)	$ 61,872

CITY OF BELOIT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
(DEFICIT) - BUDGET AND ACTUAL - FIRE MULTI-YEAR GRANTS
For the Year Ended December 31, 2005

	Final Budget	Actual	Variance
REVENUES			
Intergovernmental	$ 629,856	$ 126,645	$ (503,211)
Donations	9,000	5,881	(3,119)
Total Revenues	638,856	132,526	(506,330)
EXPENDITURES			
Current			
Public safety	40,000	58,560	(18,560)
Capital Outlay	598,856	57,799	541,057
Total Expenditures	638,856	116,359	522,497
Net Change in Fund Balance	-	16,167	16,167
FUND BALANCE (DEFICIT) - Beginning	(4,641)	(4,641)	-
FUND BALANCE - ENDING	$ (4,641)	$ 11,526	$ 16,167

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, 2005

	Final Budget	Actual	Variance
REVENUES			
Taxes	$ 54,574	$ 24,974	$ (29,600)
Intergovernmental	2,059,270	111,167	(1,948,103)
Licenses and permits	-	75,627	75,627
Investment income	-	940	940
Public charges for services	-	356	356
Other	10,000	-	(10,000)
Total Revenues	2,123,844	213,064	(1,910,780)
EXPENDITURES			
Current			
Public works	212,444	121,556	90,888
Capital Outlay	2,379,438	-	2,379,438
Debt Service			
Interest and fiscal charges	10,000	-	10,000
Total Expenditures	2,601,882	121,556	2,480,326
Excess (Deficiency) of Revenues Over Expenditures	(478,038)	91,508	569,546
OTHER FINANCING SOURCES			
Debt issued	455,400	-	(455,400)
Net Change in Fund Balance	(22,638)	91,508	114,146
FUND BALANCE - Beginning	80,424	80,424	-
FUND BALANCE - ENDING	$ 57,786	$ 171,932	$ 114,146

CITY OF BELOIT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - LIBRARY
For the Year Ended December 31, 2005

	Final Budget	Actual	Variance
REVENUES			
Taxes	$ 1,457,885	$ 1,457,885	$ -
Intergovernmental	279,770	281,307	1,537
Fees and service charges	32,500	37,405	4,905
Investment income	28,000	45,698	17,698
Public charges for services	22,000	19,698	(2,302)
Other	54,465	2,971	(51,494)
Total Revenues	1,874,620	1,844,964	(29,656)
EXPENDITURES			
Current			
Parks, recreation and education	1,846,321	1,811,607	34,714
Capital Outlay	28,300	16,361	11,939
Total Expenditures	1,874,621	1,827,968	46,653
Net Change in Fund Balance	(1)	16,996	16,997
FUND BALANCE - Beginning	800,448	800,448	-
FUND BALANCE - ENDING	$ 800,447	$ 817,444	$ 16,997

CITY OF BELOIT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - POLICE
For the Year Ended December 31, 2005

	Final Budget	Actual	Variance
REVENUES			
Taxes	$ 357,372	$ 115,425	$ (241,947)
Intergovernmental	1,834,688	159,545	(1,675,143)
Investment income	-	341	341
Public charges for services	123,000	118,022	(4,978)
Donations	336	5,048	4,712
Other	25,047	19,216	(5,831)
Total Revenues	2,340,443	417,597	(1,922,846)
EXPENDITURES			
Current			
Public safety	1,586,016	418,568	1,167,448
Capital Outlay	679,991	17,668	662,323
Total Expenditures	2,266,007	436,236	1,829,771
Net Change in Fund Balance	74,436	(18,639)	(93,075)
FUND BALANCE - Beginning	116,047	116,047	-
FUND BALANCE - ENDING	$ 190,483	$ 97,408	$ (93,075)

CITY OF BELOIT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - SOLID WASTE
For the Year Ended December 31, 2005

	Final Budget	Actual	Variance
REVENUES			
Taxes	$ -	$ 2,072	$ 2,072
Intergovernmental	180,000	189,603	9,603
Licenses & permits	700	2,765	2,065
Public charges for services	1,655,211	1,528,705	(126,506)
Total Revenues	1,835,911	1,723,145	(112,766)
EXPENDITURES			
Current			
Public works	1,821,377	1,789,894	31,483
Net Change in Fund Balance	14,534	(66,749)	(81,283)
FUND BALANCE - Beginning	119,641	119,641	-
FUND BALANCE - ENDING	$ 134,175	$ 52,892	$ (81,283)

CITY OF BELOIT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
(DEFICIT) - BUDGET AND ACTUAL - NEIGHBORHOOD DEVELOPMENT INITIATIVE
For the Year Ended December 31, 2005

	Final Budget	Actual	Variance
REVENUES			
Other	$ -	$ 99,070	99,070
EXPENDITURES			
Current			
Community development	215,000	186,020	28,980
Debt Service			
Principal retirement	-	40,000	(40,000)
Total Expenditures	215,000	226,020	(11,020)
Excess (Deficiency) of Revenues Over Expenditures	(215,000)	(126,950)	88,050
OTHER FINANCING SOURCES (USES)			
Debt issued	-	264,900	264,900
Net Change in Fund Balance	(215,000)	137,950	352,950
FUND BALANCE - Beginning	200,746	200,746	-
FUND BALANCE (DEFICIT) - ENDING	$ (14,254)	$ 338,696	$ 352,950

CITY OF BELOIT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE (DEFICIT) - BUDGET AND ACTUAL - TIF DISTRICT NO. 3
For the Year Ended December 31, 2005

	Final Budget	Actual	Variance
REVENUES			
Taxes	$ -	$ 363,799	$ 363,799
Special assessments	43,300	-	(43,300)
Intergovernmental	-	11,479	11,479
Total Revenues	43,300	375,278	331,978
EXPENDITURES			
Capital Outlay	43,300	-	43,300
Debt Service			
Principal retirement	-	4,854	(4,854)
Interest and fiscal charges	-	320	(320)
Total Expenditures	43,300	5,174	38,126
Excess of Revenues Over Expenditures	-	370,104	370,104
FUND BALANCE (DEFICIT) - Beginning	(1,095,896)	(1,095,896)	-
FUND BALANCE (DEFICIT) - ENDING	$ (1,095,896)	$ (725,792)	$ 370,104

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, 2005

	Final Budget	Actual	Variance
REVENUES			
Taxes	$ -	$ 773,605	$ 773,605
Special assessments	30,000	-	(30,000)
Intergovernmental	-	141,323	141,323
Investment income	-	90,978	90,978
Total Revenues	30,000	1,005,906	975,906
EXPENDITURES			
Current			
General Government	-	7,800	(7,800)
Capital Outlay	2,550,395	-	2,550,395
Debt Service			
Principal retirement	-	380,076	(380,076)
Interest and fiscal charges	64,500	90,070	(25,570)
Total Expenditures	2,614,895	477,946	2,136,949
Excess of Revenues Over Expenditures	(2,584,895)	527,960	3,112,855
OTHER FINANCING SOURCES			
Debt issued	2,578,695	-	(2,578,695)
Sale of city property	-	30,375	30,375
Total Other Financing Sources	2,578,695	30,375	(2,548,320)
Net Change in Fund Balance	(6,200)	558,335	564,535
FUND BALANCE - Beginning	1,067,901	1,067,901	-
FUND BALANCE - ENDING	$ 1,061,701	$ 1,626,236	$ 564,535

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, 2005

	Final Budget	Actual	Variance
REVENUES			
Taxes	$ -	$ 519,294	$ 519,294
Intergovernmental	-	33,786	33,786
Total Revenues	-	553,080	553,080
EXPENDITURES			
Current			
General Government	-	3,800	(3,800)
Capital Outlay	450,000	5,373	444,627
Debt Service			
Principal retirement	-	297,131	(297,131)
Interest and fiscal charges	15,860	123,470	(107,610)
Total Expenditures	465,860	429,774	36,086
Excess (Deficiency) of Revenues Over Expenditures	(465,860)	123,306	589,166
OTHER FINANCING SOURCES			
Debt issued	465,860	-	(465,860)
Net Change in Fund Balance	-	123,306	123,306
FUND BALANCE (DEFICIT) - Beginning	(1,625,196)	(1,625,196)	-
FUND BALANCE (DEFICIT) - ENDING	$ (1,625,196)	$(1,501,890)	$ 123,306

CITY OF BELOIT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - FLEET REPLACEMENT
For the Year Ended December 31, 2005

	Final Budget	Actual	Variance
REVENUES			
Investment income	$ 510,455	$ 126,623	$ (383,832)
Other	2,004,545	849,465	(1,155,080)
Total Revenues	2,515,000	976,088	(1,538,912)
EXPENDITURES			
Capital Outlay	2,492,000	2,341,264	150,736
Excess (Deficiency) of Revenues Over Expenditures	23,000	(1,365,176)	(1,388,176)
OTHER FINANCING SOURCES			
Debt issued	60,000	-	(60,000)
Sale of city property	-	421,074	421,074
Total Other Financing Sources	60,000	421,074	361,074
Net Change in Fund Balance	83,000	(944,102)	(1,027,102)
FUND BALANCE - Beginning	6,312,010	6,312,010	-
FUND BALANCE - ENDING	$ 6,395,010	$ 5,367,908	$(1,027,102)

CITY OF BELOIT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - COMPUTER REPLACEMENT
For the Year Ended December 31, 2005

	Final Budget	Actual	Variance
REVENUES			
Investment income	$ 10,000	$ 20,713	$ 10,713
Other	177,355	175,620	(1,735)
Total Revenues	187,355	196,333	8,978
EXPENDITURES			
Capital Outlay	102,675	199,943	(97,268)
Net Change in Fund Balance	84,680	(3,610)	(88,290)
FUND BALANCE - Beginning	499,205	499,205	-
FUND BALANCE - ENDING	$ 583,885	$ 495,595	$ (88,290)

CITY OF BELOIT

COMBINING STATEMENT OF NET ASSETS - NONMAJOR PROPRIETARY FUNDS
December 31, 2005

	Enterprise Funds				
	Golf Course	Cemeteries	Ambulance	Transit System	Totals
ASSETS					
Current Assets					
Cash and investments	$ -	$ -	$ 86,085	$ 338,468	$ 424,553
Receivables					
Taxes	-	90,410	173,850	490,000	754,260
Customer accounts	-	4,433	135,765	37,325	177,523
Due from other governmental units	-	-	-	112,243	112,243
Inventories	-	-	-	118,903	118,903
Total Current Assets	-	94,843	395,700	1,096,939	1,587,482
Non-Current Assets					
Capital Assets					
Land	816,000	322,000	-	132,000	1,270,000
Land improvements	666,970	35,448	-	-	702,418
Buildings	280,988	122,408	-	2,289,714	2,693,110
Machinery, equipment, and vehicles	56,742	40,773	-	3,320,997	3,418,512
Less: accumulated depreciation	(689,911)	(114,462)	-	(2,658,793)	(3,463,166)
Net Capital Assets	1,130,789	406,167	-	3,083,918	4,620,874
Total Assets	1,130,789	501,010	395,700	4,180,857	6,208,356
LIABILITIES					
Current Liabilities					
Accounts payable	10,172	3,145	18,527	37,063	68,907
Current maturities of general obligation debt	16,234	6,440	-	29,906	52,580
Unearned revenue	-	139,365	173,850	490,000	803,215
Other current liabilities	16,816	-	-	-	16,816
Total Current Liabilities	43,222	148,950	192,377	556,969	941,518
Noncurrent Liabilities					
General obligation debt	78,161	39,858	-	444,989	563,008
Compensated absences	18,117	865	23,793	51,008	93,783
Advances from other funds	324,957	43,036	-	-	367,993
Total Noncurrent Liabilities	421,235	83,759	23,793	495,997	1,024,784
Total Liabilities	464,457	232,709	216,170	1,052,966	1,966,302
NET ASSETS					
Invested in capital assets, net of related debt	1,036,394	359,869	-	2,608,422	4,004,685
Unrestricted (deficit)	(370,062)	(91,568)	179,530	519,469	237,369
TOTAL NET ASSETS	$ 666,332	$ 268,301	$ 179,530	$3,127,891	$4,242,054

CITY OF BELOIT

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET ASSETS - NONMAJOR PROPRIETARY FUNDS
For the Year Ended December 31, 2005

	Enterprise Funds				
	Golf Course	Cemeteries	Ambulance	Transit System	Totals
OPERATING REVENUES					
Charges for services	$ 435,923	$ 132,034	$ 797,607	$ 151,053	$ 1,516,617
Other	1,514	5,535	-	31,546	38,595
Total Operating Revenues	437,437	137,569	797,607	182,599	1,555,212
OPERATING EXPENSES					
Operation and maintenance	515,298	247,750	807,265	1,654,117	3,224,430
Depreciation	27,833	3,076	-	178,086	208,995
Total Operating Expenses	543,131	250,826	807,265	1,832,203	3,433,425
Operating Income (Loss)	(105,694)	(113,257)	(9,658)	(1,649,604)	(1,878,213)
NONOPERATING REVENUES (EXPENSES)					
Intergovernmental revenues	-	-	-	1,087,975	1,087,975
Investment income	(9,879)	49,835	3,109	10,979	54,044
Interest expense	(3,628)	(1,853)	-	(13,404)	(18,885)
General property taxes	-	119,786	138,422	360,000	618,208
Gain on sale of property	-	-	-	7,835	7,835
Total Nonoperating Revenues (Expenses)	(13,507)	167,768	141,531	1,453,385	1,749,177
Income (Loss) Before Contributions	(119,201)	54,511	131,873	(196,219)	(129,036)
Capital contributions	-	-	-	89,837	89,837
Change in Net Assets	(119,201)	54,511	131,873	(106,382)	(39,199)
TOTAL NET ASSETS - Beginning	785,533	213,790	47,657	3,234,273	4,281,253
TOTAL NET ASSETS - Ending	$ 666,332	$ 268,301	$ 179,530	$ 3,127,891	$ 4,242,054

CITY OF BELOIT

STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
For the Year Ended December 31, 2005

	Enterprise Funds				
	Golf Course	Cemeteries	Ambulance	Transit System	Totals
CASH FLOWS FROM OPERATING ACTIVITIES					
Received from customers	$ 437,437	$ 164,052	$ 782,812	$ 179,431	$ 1,563,732
Paid to suppliers for goods and services	(396,388)	(176,598)	(215,540)	(950,920)	(1,739,446)
Payments to employees for services	(108,304)	(84,897)	(622,718)	(692,104)	(1,508,023)
Net Cash Provided by Operating Activities	(67,255)	(97,443)	(55,446)	(1,463,593)	(1,683,737)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Operating grants received	-	-	-	1,140,304	1,140,304
Property taxes received	-	119,786	138,422	360,000	618,208
Non-capital advance (and repayment)	102,981	(82,111)	-	-	20,870
Net Cash Used by Noncapital Financing Activities	102,981	37,675	138,422	1,500,304	1,779,382
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Debt retired	(23,204)	(8,987)	-	(32,663)	(64,854)
Interest paid	(3,628)	(1,853)	-	(13,404)	(18,885)
Proceeds from issuance of new debt	-	20,409	-	299,059	319,468
Acquisition and construction of capital assets		-	-	(111,512)	(111,512)
Construction grants received	-	-	-	26,270	26,270
Proceeds from sale of capital assets	-	-	-	7,835	7,835
Net Cash Provided (Used) by Capital and Related Financing Activities	(26,832)	9,569	-	175,585	158,322
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment income (loss)	(9,879)	49,835	3,109	10,979	54,044
Net Cash Provided (Used) by Investing Activities	(9,879)	49,835	3,109	10,979	54,044
Net Increase (Decrease) in Cash and Cash Equivalents	(985)	(364)	86,085	223,275	308,011
CASH AND CASH EQUIVALENTS - Beginning	985	364	-	115,193	116,542
CASH AND CASH EQUIVALENTS - Ending	$ -	$ -	$ 86,085	$ 338,468	$ 424,553
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES					
Operating income (Loss)	$ (105,694)	$ (113,257)	$ (9,658)	$ (1,649,604)	$ (1,878,213)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows From Operating Activities					
Depreciation expense	27,833	3,076	-	178,086	208,995
Change in non-cash Components of Working Capital					
Accounts receivable	-	3,278	(14,795)	(3,168)	(14,685)
Inventories	-	-	-	17,493	17,493
Accounts payable	418	(1,233)	8,457	(6,400)	1,242
Due to other funds	-	-	(36,307)	-	(36,307)
Accrued compensated absences	3,725	(12,512)	-	-	(8,787)
Other current liabilities	6,463	-	(3,143)	-	3,320
Unearned revenue	-	23,205	-	-	23,205
NET CASH FLOWS FROM OPERATING ACTIVITIES	$ (67,255)	$ (97,443)	$ (55,446)	$ (1,463,593)	$ (1,683,737)

NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITY

None

CITY OF BELOIT

ENTERPRISE FUND - BELOIT MASS TRANSIT
DETAILED SCHEDULE OF REVENUES AND EXPENSES - REGULATORY BASIS
For the Year Ended December 31, 2005

	2005	
REVENUE		
401 - Passenger fares for transit service	$ 151,053	
407 - Non-transportation revenue		
Advertising	21,578	
Investment Income	10,979	
Charter and miscellaneous	17,803	*
409 - Local operating assistance - city levy	360,000	
409 - Local operating assistance - inter-government	63,943	
411 - State operating assistance	477,331	
413 - Federal operating assistance	546,701	
Capital contributions	89,837	
Total Revenue	1,739,225	
EXPENSES - BY OBJECT CLASS TOTAL		
501 - Labor	692,104	
502 - Fringe benefits	528,285	
503 - Services	49,214	
504 - Materials and supplies	257,366	
505 - Utilities	38,808	
506 - Casualty and liability costs	47,894	
508 - Purchased transportation services	13,725	
509 - Miscellaneous	26,721	
509 - Interest expense	13,404	
513 - Depreciation	178,086	
Total Expenses	1,845,607	
EXCESS EXPENSES OVER REVENUES FOR THE YEAR	$ (106,382)	

* Contra expense for state subsidy purposes.

CITY OF BELOIT

RECONCILIATION OF REVENUES AND EXPENSES TO WISDOT AND FEDERAL
RECOGNIZED REVENUES AND EXPENSES
For the Year Ended December 31, 2005

		Per WisDOT Guidelines	Per Federal Guidelines
Beloit Revenues		$ 1,739,225	$ 1,739,225
Less Unrecognized Revenues			
Advertising Revenue		-	21,578
Charter Revenue		17,803	17,803
Investment income		10,979	10,979
Local Operating Assistance		423,943	423,943
State Operating Assistance		477,331	477,331
Federal Operating Assistance		546,701	546,701
Capital Contributions	1	89,837	89,837
ADJUSTED REVENUES		$ 172,631	$ 151,053
Total Expenses		$ 1,845,607	$ 1,845,607
Less Non-Recognized Expenses			
Interest		13,404	13,404
Depreciation		178,086	178,086
Less Contra Expenses			
Charter Revenue		17,803	17,803
Capital Contributions for Operating Expenses	2	38,431	38,431
RECOGNIZED EXPENSES		$ 1,597,883	$ 1,597,883
RECOGNIZED EARNINGS (DEFICITS)		$ (1,425,252)	$ (1,446,830)

1 - Capital contributions - assets capitalized	47,982
Capital contributions - expensed	30,745
Total capital contributions	78,727
2 - Capital contributions - expensed	30,745
Federal share	80%
Federal and local share of expenses	38,431

CITY OF BELOIT

COMPUTATION OF THE DEFICIT DISTRIBUTION AMONG THE SUBSIDY GRANTORS
For the Year Ended December 31, 2005

STATE FUNDS			
WisDOT Recognized Deficit		$ 1,425,252	
WisDOT Recognized Expenses	$ 1,597,883		
32.3% of WisDOT Recognized Expenses		$ 516,116	
WisDOT Contract Amount		$ 477,331	
Local Operating Subsidy	$ 423,943		
5 Times Operating Subsidy		$ 2,119,715	
State Share – Least of the Four			$ 477,331
FEDERAL SECTION 9 FUNDS			
Federally Recognized Deficit	$ 1,446,830		
50% of Federal Deficit		$ 723,415	
Federal Recognized Deficit	$ 1,446,830		
Less: State share	477,331		
Local Share		$ 969,499	
Maximum Federal Share Per Grant Award		$ 546,701	
Federal Section 9 Share – Least of the Three			$ 546,701

CITY OF BELOIT

COMBINING STATEMENT OF NET ASSETS - INTERNAL SERVICE FUNDS
December 31, 2005

	Equipment Operations	General Liability Insurance	Health Insurance	Totals
ASSETS				
Current Assets				
Cash and investments	$ 31,904	$ 657,626	$ 4,079,197	$ 4,768,727
Accounts receivable	52,242	702	-	52,944
Total Current Assets	84,146	658,328	4,079,197	4,821,671
Non-Current Assets				
Restricted Assets				
Deposit with risk pool	-	1,575,475	-	1,575,475
Receivable from mutual insurance company	-	128,915	-	128,915
Total Restricted Assets	-	1,704,390	-	1,704,390
Capital Assets				
Machinery, equipment, and vehicles	67,165	-	-	67,165
Less: Accumulated depreciation	(31,383)	-	-	(31,383)
Net Capital Assets	35,782	-	-	35,782
Total Non-Current Assets	35,782	1,704,390	-	1,740,172
Total Assets	119,928	2,362,718	4,079,197	6,561,843
LIABILITIES				
Current Liabilities				
Accounts payable	41,729	19,604	3,171	64,504
Claims payable	-	656,889	1,597,846	2,254,735
Current portion of long-term debt	-	155,925	-	155,925
Total Current Liabilities	41,729	832,418	1,601,017	2,475,164
Noncurrent Liabilities				
General obligation debt payable	-	170,225	-	170,225
Total Noncurrent Liabilities	-	170,225	-	170,225
Total Liabilities	41,729	1,002,643	1,601,017	2,645,389
NET ASSETS				
Invested in capital assets	35,782	-	-	35,782
Unrestricted	42,417	1,360,075	2,478,180	3,880,672
TOTAL NET ASSETS	$ 78,199	$ 1,360,075	$ 2,478,180	$ 3,916,454

CITY OF BELOIT

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS -
INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2005

	Equipment Operations	General Liability Insurance	Health Insurance	Totals
OPERATING REVENUES				
Charges for services	$ 1,002,274	$ 644,310	$ 7,734,217	$ 9,380,801
Total Operating Revenue	1,002,274	644,310	7,734,217	9,380,801
OPERATING EXPENSES				
Operation and maintenance	1,232,140	108,008	-	1,340,148
Contractual services	14,667	983,794	6,504,296	7,502,757
Depreciation	2,964	-	-	2,964
Total Operating Expenses	1,249,771	1,091,802	6,504,296	8,845,869
Operating Income (Loss)	(247,497)	(447,492)	1,229,921	534,932
NONOPERATING REVENUES (EXPENSES)				
Investment income	7,396	-	-	7,396
Interest expense	-	(34,506)	-	(34,506)
Loss on investment in CVMIC	-	(52,781)	-	(52,781)
Total Nonoperating Revenues (Expenses)	7,396	(87,287)	-	(79,891)
Change in Net Assets	(240,101)	(534,779)	1,229,921	455,041
TOTAL NET ASSETS - Beginning	318,300	1,894,854	1,248,259	3,461,413
TOTAL NET ASSETS - ENDING	$ 78,199	$ 1,360,075	$ 2,478,180	$ 3,916,454

CITY OF BELOIT

STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2005

	Equipment Operations	General Liability Insurance	Health Insurance	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Received from customers	$ 950,032	$ 696,389	$ 7,734,217	$ 9,380,638
Paid to suppliers for goods and services	(836,047)	63,139	(6,695,086)	(7,467,994)
Payments to employees for services	(383,312)	(160,129)	-	(543,441)
Net Cash Provided (Used) by Operating Activities	(269,327)	599,399	1,039,131	1,369,203
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Debt retired	-	(143,000)	-	(143,000)
Interest paid	-	(34,506)	-	(34,506)
Net Cash Provided (Used) by Capital and Related Financing Activities	-	(177,506)	-	(177,506)
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income	$ 7,396	$ -	$ -	$ 7,396
Net Cash Provided (Used) by Investing Activities	7,396	-	-	7,396
Net Increase (Decrease) in Cash and Cash Equivalents	(261,931)	421,893	1,039,131	1,199,093
CASH AND CASH EQUIVALENTS - Beginning	293,835	235,733	3,040,066	3,569,634
CASH AND CASH EQUIVALENTS - Ending	$ 31,904	$ 657,626	$ 4,079,197	$ 4,768,727
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES				
Operating income (Loss)	$ (247,497)	$ (447,492)	$ 1,229,921	$ 534,932
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows From Operating Activities				
Depreciation expense	2,964	-	-	2,964
Change in non-cash Components of Working Capital				
Accounts receivable	(52,242)	(702)	-	(52,944)
Prepaid items	-	557,097	-	557,097
Accounts payable	27,448	9,547	(4,754)	32,241
Claims payable	-	480,949	(186,036)	294,913
NET CASH FLOWS FROM OPERATING ACTIVITIES	$ (269,327)	$ 599,399	$ 1,039,131	$ 1,369,203

NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITY

During the year, there was a decrease of $52,781 in what CVMIC owes the city which resulted in a loss on the investment.

CITY OF BELOIT

COMBINING STATEMENT OF CHANGES IN ASSETS
AND LIABILITIES - TAX COLLECTIONS
For the Year Ended December 31, 2005

	Balance January 1, 2005	Additions	Deductions	Balance December 31, 2005
TAX COLLECTIONS				
Assets				
Cash and investments	$ 7,324,647	$ 9,439,464	$ 7,324,647	$ 9,439,464
Property taxes receivable	15,052,229	14,144,281	15,052,229	14,144,281
TOTAL ASSETS	$ 22,376,876	$ 23,583,745	$ 22,376,876	$ 23,583,745
Liabilities				
Accounts payable	$ 20,671	$ -	$ 20,671	$ -
Due to other taxing units	22,356,205	23,583,745	22,356,205	23,583,745
TOTAL LIABILITIES	$ 22,376,876	$ 23,583,745	$ 22,376,876	$ 23,583,745

CITY OF BELOIT

COMBINING STATEMENT OF NET ASSETS - COMMUNITY DEVELOPMENT AUTHORITY
December 31, 2005

	Major Section 8 Rental Voucher Program	Major Low Rent Public Housing	Major Leases Receivable	Totals
ASSETS				
Current Assets				
Cash and investments	$ 244,222	$ 281,177	$ -	$ 525,399
Receivables				
Accounts	1,005	8,077	-	9,082
Due from other funds	-	23,859	-	23,859
Due from other governmental units	-	19,386	-	19,386
Prepaid items	365	365	-	730
Total Current Assets	245,592	332,864	-	578,456
Non-Current Assets				
Restricted Assets				
Cash and investments	-	-	1,314,495	1,314,495
Capital Assets				
Land	-	414,539	-	414,539
Buildings	-	3,640,214	-	3,640,214
Machinery, equipment, and vehicles	7,000	4,243,988	-	4,250,988
Construction in progress	-	224,537	-	224,537
Less: Accumulated depreciation	(7,000)	(4,847,600)	-	(4,854,600)
Net Capital Assets	-	3,675,678	-	3,675,678
Other Assets				
Lease receivable from primary government	-	-	14,136,305	14,136,305
Total Non-Current Assets	-	3,675,678	15,450,800	19,126,478
Total Assets	245,592	4,008,542	15,450,800	19,704,934
LIABILITIES				
Current Liabilities				
Accounts payable	4,562	13,723	-	18,285
Accrued liabilities	12,144	19,544	-	31,688
Accrued taxes	-	9,097	-	9,097
Due to other funds	23,859	-	-	23,859
Due to primary government	31,930	50,491	-	82,421
Other liabilities	226	-	-	226
Deferred revenues	-	798	-	798
Deposits	-	33,450	-	33,450
Total Current Liabilities	72,721	127,103	-	199,824
Non-Current Liabilities				
Compensated absences	590	6,221	-	6,811
Lease revenue bonds payable	-	-	15,350,948	15,350,948
Total Noncurrent Liabilities	590	6,221	15,350,948	15,357,759
Total Liabilities	73,311	133,324	15,350,948	15,557,583
NET ASSETS				
Invested in capital assets, net of related debt	-	3,675,678	-	3,675,678
Restricted for grant programs	172,281	199,540	-	371,821
Unrestricted	-	-	99,852	99,852
TOTAL NET ASSETS	$ 172,281	$ 3,875,218	$ 99,852	$ 4,147,351

CITY OF BELOIT

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET ASSETS - COMMUNITY DEVELOPMENT AUTHORITY
Year Ended December 31, 2005

	Major Section 8 Rental Voucher Program	Major Low Rent Public Housing	Major Lease Receivable	Totals
OPERATING REVENUES				
Charges for services	$ -	$ 272,049	$ -	$ 272,049
Other	-	18,037	-	18,037
Total Operating Revenues	-	290,086	-	290,086
OPERATING EXPENSES				
Operation and maintenance	3,279,541	834,370	-	4,113,911
Depreciation	-	391,684	-	391,684
Taxes	-	9,097	-	9,097
Total Operating Expenses	3,279,541	1,235,151	-	4,514,692
Operating Income (Loss)	(3,279,541)	(945,065)	-	(4,224,606)
NONOPERATING REVENUES (EXPENSES)				
Intergovernmental revenues	3,229,796	735,731	-	3,965,527
Investment income	9,084	9,988	1,033,978	1,053,050
Interest expense	-	-	(1,004,038)	(1,004,038)
Miscellaneous nonoperating income	13,708	-	-	13,708
Total Nonoperating Revenues (Expenses)	3,252,588	745,719	29,940	4,028,247
Change in Net Assets	(26,953)	(199,346)	29,940	(196,359)
NET ASSETS - BEGINNING	199,234	4,074,564	69,912	4,343,710
NET ASSETS - ENDING	$ 172,281	$ 3,875,218	$ 99,852	$ 4,147,351

CITY OF BELOIT

COMBINING STATEMENT OF CASH FLOWS - COMMUNITY DEVELOPMENT AUTHORITY
For the Year Ended December 31, 2005

	Major Section 8 Rental Voucher Program	Major Low Rent Public Housing	Major Leases Receivable	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Received from customers	$ 12,701	$ 265,589	$ -	$ 278,290
Paid to suppliers for goods and services	(3,114,256)	(699,558)	-	(3,813,814)
Payments to employees for services	(189,646)	(130,002)	-	(319,648)
Payments to city for tax equivalent	-	(8,008)	-	(8,008)
Net Cash Flows From Operating Activities	(3,291,201)	(571,979)	-	(3,863,180)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Operating grants received	3,229,796	510,272	-	3,740,068
Non-capital (advance) and repayment	-	-	(394,967)	(394,967)
Net Cash Flows From Non-Capital Financing Activities	3,229,796	510,272	(394,967)	3,345,101
CASH FLOWS FROM CAPITAL AND FINANCING ACTIVITIES				
Interest paid	-	-	(736,278)	(736,278)
Capital grants received	-	225,459	-	225,459
Acquisition and construction of fixed assets	-	(241,457)	-	(241,457)
Net Cash Flows From Capital and Related Financing Activities	-	(15,998)	(736,278)	(752,276)
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income	9,084	9,988	766,219	785,291
Net Cash Flows From Investing Activities	9,084	9,988	766,219	785,291
Net Change in Cash and Cash Equivalents	(52,321)	(67,717)	(365,026)	(485,064)
CASH AND CASH EQUIVALENTS - Beginning of Year	296,543	348,894	1,679,521	2,324,958
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 244,222	$ 281,177	$ 1,314,495	$ 1,839,894
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income (loss)	$ (3,279,541)	$ (945,065)	$ -	$ (4,224,606)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities				
Non-operating income	13,706	-	-	13,706
Depreciation	-	391,684	-	391,684
Change in Assets and Liabilities				
Accounts receivable	(1,005)	(14,689)	-	(15,694)
Prepayments	(290)	(290)	-	(580)
Due from other funds	7,027	(12,331)		(5,304)
Accounts payable and accrued liabilities	(25,783)	3,257	-	(22,526)
Due to other funds	-	15,129	-	15,129
Other current liabilities	(5,315)	(10,422)		(15,737)
Unearned revenues	-	748	-	748
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ (3,291,201)	$ (571,979)	$ -	$ (3,863,180)

NONCASH CAPITAL AND FINANCING ACTIVITIES

Accretion of interest on the Taxable Capital Appreciation Lease Revenue Bonds was $267,760.
Capitalized interest applied to lease receivable and interest was $662,726.

Statistical Section

This part 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 health.

Contents

Financial Trends
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
These schedules contain information to help the reader assess the city's most significant local revenue source, the property tax.

Debt Capacity
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
These schedules present information to help the reader assess indicators to help the reader understand the environment within which the city's financial activities take place.

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

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

City of Beloit, Wisconsin
Net Assets by Component,
Last Three Fiscal Years
(accrual basis of accounting)

	Fiscal Year		
	2003	2004	2005
Governmental activities			
Invested in capital assets, net of related debt	$ (1,760,281)	$ 32,455,579	$ 34,301,380
Restricted	13,796,880	10,863,873	11,768,879
Unrestricted	13,392,661	17,504,451	14,956,037
Total governmental activities net assets	$ 25,429,260	$ 60,823,903	$ 61,026,296
Business-type activities			
Invested in capital assets, net of related debt	$ 40,795,700	$ 39,876,034	$ 42,866,172
Restricted	3,296,536	9,258,839	7,524,675
Unrestricted	12,571,082	8,475,678	8,052,070
Total business-type activities net assets	$ 56,663,318	$ 57,610,551	$ 58,442,917
Primary government			
Invested in capital assets, net of related debt	$ 39,035,419	$ 72,331,613	$ 77,167,552
Restricted	17,093,416	20,122,712	20,885,644
Unrestricted	25,963,743	25,980,129	21,416,017
Total primary government net assets	$ 82,092,578	$ 118,434,454	$ 119,469,213

Note: The city began to report accrual information when it implemented GASB Statement 34 in 2003. The 2004 balances were restated for the retroactive reporting of infrastructure assets.

City of Beloit, Wisconsin
Changes in Net Assets,
Last Three Fiscal Years
(accrual basis of accounting)

	Fiscal Year		
Expenses	**2003**	**2004**	**2005**
Governmental activities:			
General government	$ 644,342	$ 612,189	$ 723,994
Finance and administrative services	4,031,333	4,202,312	$ 4,354,243
Community development	3,091,287	2,819,663	$ 2,673,273
Economic development	212,794	232,040	$ 225,825
Public safety			
Police services	9,534,429	9,689,839	$ 9,657,237
Fire services	6,087,103	6,279,879	$ 6,553,907
Health	2,119,051	1,816,663	$ 1,625,005
Public works	11,936,384	11,396,417	$ 11,159,001
Library	1,717,707	1,766,186	$ 1,862,844
Interest and fiscal charges	2,747,848	2,322,088	$ 2,508,848
Total governmental activities	42,122,278	41,137,276	41,344,177
Business-type activities:			
Water	552,420	3,863,256	4,287,366
Sewer	7,413,585	7,775,483	8,419,122
Other non-major enterprise funds	3,066,042	3,081,295	3,407,599
Total business-type activities	11,032,047	14,720,034	16,114,087
Total primary government expenses	$ 53,154,325	$ 55,857,310	$ 57,458,264
Program Revenues (see Schedule 3)			
Governmental activities:			
Charges for services:			
General government	$ 50,016	$ 20,388	$ 26,742
Finance and administrative services	2,733,344	1,915,701	1,029,731
Community development	320,366	172,899	-
Economic development	57,215	68,227	23,091
Public safety			
Police services	74,130	1,226,210	1,123,379
Fire services	39,428	63,229	60,024
Health	122,702	91,599	85,037
Public works	1,748,783	1,966,409	2,004,048
Library	54,255	63,308	103,841
Operating grants and contributions	3,585,554	4,308,531	2,755,787
Capital grants and contributions	3,705,837	1,779,114	767,858
Total governmental activities program revenues	12,491,630	11,675,615	7,979,538

	Fiscal Year		
	2003	2004	2005
Business-type activities:			
Charges for services:			
Water	357,578	4,469,255	4,507,623
Sewer	7,585,688	7,503,078	7,500,532
Other non-major enterprise funds	1,347,050	1,263,756	1,555,212
Operating grants and contributions	785,093	944,628	1,087,975
Capital grants and contributions	3,398,652	1,097,293	1,362,933
Total business-type activities program revenues	13,474,061	15,278,010	16,014,275
Total primary government program revenues	$ 25,965,691	$ 26,953,625	$ 23,993,813
Net (expense)/revenue			
Governmental activities	$ (29,630,648)	$ (29,461,661)	$ (33,364,639)
Business-type activities	2,442,014	557,976	(99,812)
Total primary government net expense	$ (27,188,634)	$ (28,903,685)	$ (33,464,451)
General revenues and other changes in net assets			
Governmental activities:			
Taxes			
Property taxes, levied for general purposes	$ 4,737,886	$ 4,689,377	$ 4,843,078
Property taxes, levied for debt service	2,626,280	3,079,460	2,752,289
Property taxes, levied for other	3,171,118	3,193,143	3,304,771
Other taxes	65,209	114,248	291,301
Intergovernmental revenues not restricted to specific programs	19,560,171	18,667,021	20,368,636
Public gifts and/or grants	18,453	-	6,311
Investment income	705,929	640,920	562,780
Miscellaneous	293,652	347,364	1,137,866
Transfers	1,742,555	300,000	300,000
Total governmental activities	32,921,253	31,031,533	33,567,032
Business-type activities:			
Taxes	586,230	503,520	618,208
Investment income	512,691	561,506	586,234
Miscellaneous	36,619	15,483	27,736
Transfers	-	(300,000)	(300,000)
Total business-type activities	1,135,540	780,509	932,178
Total primary government	$ 34,056,793	$ 31,812,042	$ 34,499,210
Change in net assets			
Governmental activities	$ 3,290,605	$ 1,569,872	$ 202,393
Business-type activities	3,577,554	1,338,485	832,366
Total primary government	$ 6,868,159	$ 2,908,357	$ 1,034,759

Note: The city began to report accrual information when it implemented GASB Statement 34 in 2003.
In November 2003 the city acquired the water utility from Alliant Energy (Wisconsin Power and Light)

City of Beloit, Wisconsin
Program Revenues by Function/Program,
Last Three Fiscal Years
(accrual basis of accounting)

Function/Program	Program Revenues 2003	2004	2005
Governmental activities:			
General government	$ 50,016	$ 20,388	$ 26,742
Finance and administrative services	3,106,579	1,922,133	1,036,048
Community development	1,247,347	1,791,483	781,256
Economic development	231,744	68,227	40,357
Public safety			
Police services	545,017	1,490,977	1,170,936
Fire services	86,559	114,971	115,011
Health	1,502,466	1,233,420	809,326
Public works	5,387,848	4,680,410	3,614,713
Library	334,054	353,606	385,149
Interest and fiscal charges	-	-	-
Total governmental activities	12,491,630	11,675,615	7,979,538
Business-type activities:			
Water	2,462,326	5,469,747	5,665,145
Sewer	8,822,605	7,521,152	7,616,106
Other non-major enterprise funds	2,189,130	2,287,111	2,733,024
Total business-type activities	13,474,061	15,278,010	16,014,275
Total primary government	$ 25,965,691	$ 26,953,625	$ 23,993,813

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

City of Beloit, Wisconsin
Fund Balances, Governmental Funds,
Last Three Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year		
Governmental Funds	2003	2004	2005
General fund			
Reserved	$ 2,291,884	$ 2,301,074	$ 2,041,506
Unreserved	9,156,158	8,025,173	7,712,676
Total general fund	$ 11,448,042	$ 10,326,247	$ 9,754,182
All other governmental funds			
Reserved	$ 8,985,078	$ 11,494,064	$ 10,192,691
Unreserved, reported in:			
Special revenue funds	6,645,230	5,733,357	5,483,717
Debt service funds	(8,349,672)	(2,721,092)	(7,237,567)
Capital projects funds	15,211,988	7,880,186	13,235,615
Total all other governmental funds	$ 22,492,624	$ 22,386,515	$ 21,674,456

Note: It is the city's policy to maintain an unreserved, undesignated 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 2005 was $6,889,430 which represents three months of budgeted operating expenditures. The city exceeded this limit by $423,246.

City of Beloit, Wisconsin
Changes in Fund Balances, Governmental Funds,
Last Three Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year		
	2003	2004	2005
Revenues			
Taxes	$ 10,600,491	$ 10,843,237	$ 11,265,060
Intergovernmental	26,625,582	23,246,309	22,225,934
Licenses and permits	599,810	639,774	776,138
Fines, forfeitures and penalties	886,032	952,782	993,225
Fees and service charges	722,437	951,737	511,779
Rent	112,476	58,103	38,988
Special assessments	216,283	183,671	294,488
Investment income	736,590	726,856	904,864
Public charges for services	1,586,080	1,757,120	1,682,946
Donations	13,876	13,531	17,502
Other	2,358,834	2,016,416	2,636,405
Total revenues	44,458,491	41,389,536	41,347,329
Expenditures			
General government	3,712,424	3,678,019	3,807,291
Community development	2,919,207	3,171,269	2,802,778
Public safety	15,400,453	15,982,181	16,369,892
Public health	2,097,905	1,834,356	1,655,042
Public works	7,228,369	7,441,486	7,633,559
Parks, recreation, and education	1,767,192	1,779,022	1,811,607
Capital outlay	9,278,605	8,663,952	12,142,447
Debt service:			
Principal retirement	8,198,136	4,129,286	3,612,222
Interest and fiscal charges	2,867,062	2,612,794	2,756,201
Total expenditures	53,469,353	49,292,365	52,591,039
Excess (deficiency) of revenues over expenditures	(9,010,862)	(7,902,829)	(11,243,710)
Other financing sources (uses)			
Debt issued	12,088,452	8,172,166	8,174,118
Capital lease issued	941,204	934,549	662,726
Premium on debt	-	52,776	-
Payments to escrow agent	-	(2,904,746)	-
Sale of city property	254,536	163,416	822,742
Transfers in	1,350,951	2,313,628	1,204,367
Transfers out	(1,350,951)	(2,056,864)	(904,367)
Total other financing sources (uses)	13,284,192	6,674,925	9,959,586
Special item			
Retirement prior service	(2,323,452)	-	-
Total special items	(2,323,452)	-	-
Net change in fund balances	$ 1,949,878	$ (1,227,904)	$ (1,284,124)
Debt service as a percentage of non-capital expenditures	33.40%	19.90%	18.69%

City of Beloit, Wisconsin
Tax Revenues by Source, Governmental Funds,
Last Three Fiscal Years
(modified accrual basis of accounting)

Fiscal Year	Property	Mobile Home	Payments In Lieu of	Prior Year Collections /Rescinded	Motel	Total
2003	$ 10,540,598	$ 28,464	$ 9,181	$ (18,960)	$ 41,208	$ 10,600,491
2004	10,963,221	23,515	8,489	(195,931)	43,943	10,843,237
2005	11,093,961	22,468	8,008	96,072	44,551	11,265,060

City of Beloit, Wisconsin
Assessed Value and Equalized Value of Taxable Property,
Last Ten Fiscal Years

Fiscal Year	Residential Property	Commercial Property	Manufacturing Property	Agricultural Property	Personal Property	Total Taxable Assessed Value	Total Direct Tax Rate	Total Equalized Value	Taxable Assessed Value as a Percentage of Equalized Value
1996	$ 552,448,412	$ 180,036,879	$ 60,114,987	$ 4,218,323	$ 54,732,337	$ 851,550,938	$ 9.34	$ 841,967,900	101.14%
1997	581,423,558	194,060,907	63,827,240	3,801,770	55,008,365	898,121,840	9.93	904,672,800	99.28%
1998	628,997,983	214,827,657	64,780,677	3,482,453	61,731,306	973,820,075	9.02	974,085,000	99.97%
1999	662,092,747	229,861,454	71,193,293	3,619,584	56,224,081	1,022,991,160	8.26	1,014,290,700	100.86%
2000	695,805,732	238,207,386	73,951,859	1,327,661	61,071,594	1,070,364,233	8.32	1,052,181,500	101.73%
2001	723,876,645	254,842,765	73,563,084	1,547,481	62,973,634	1,116,803,610	8.41	1,113,497,300	100.30%
2002	755,404,400	269,094,100	77,090,000	837,200	59,898,100	1,162,323,800	8.56	1,165,552,800	99.72%
2003	804,335,800	276,412,100	85,489,000	592,100	54,811,020	1,221,640,020	8.41	1,224,010,800	99.81%
2004	865,566,200	296,065,500	93,956,800	588,200	54,701,730	1,310,878,430	7.89	1,289,346,100	101.67%
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%

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. Tax rates are per $1,000 of assessed value. Taxes are levied in December based on the assessed value as of January 1 and collected the following year.

City of Beloit, Wisconsin
Direct and Overlapping Property Tax Rates,
Last Ten Fiscal Years

		Overlapping Rates (a)					
Fiscal Year	City of Beloit	Rock County	State of Wisconsin	Beloit School District	Technical College	State Credit	Total
1996	$ 9.34	$ 5.60	$ 0.20	$ 13.35	$ 1.60	$ (2.48)	$ 27.61
1997	9.93	5.67	0.20	13.23	1.45	(2.29)	28.19
1998	9.02	5.77	0.20	12.81	1.48	(2.09)	27.19
1999	8.26	6.04	0.20	12.01	1.56	(2.00)	26.07
2000	8.32	6.31	0.20	11.23	1.62	(1.90)	25.78
2001	8.41	5.81	0.20	11.29	1.69	(1.76)	25.64
2002	8.56	5.89	0.20	10.68	1.72	(1.63)	25.42
2003	8.41	5.98	0.20	10.67	1.82	(1.47)	25.61
2004	7.89	5.82	0.20	10.27	1.72	(1.34)	24.55
2005	7.68	5.88	0.20	10.44	1.73	(1.23)	24.70

Note: The city's property tax rates are approved each year by the City Council and are based on the city's tax levy and the taxable assessed value of property in the city.

(a) Overlapping rates are those of other local governments and taxing authorities that apply to property owners within the City of Beloit.

City of Beloit, Wisconsin
Principal Property Tax Payers,
Current Year and Nine Years Ago

Taxpayer	Type of Business/Property	2005 Taxable Assessed Valuation	2005 Percentage of Total Taxable Assessed Valuation	2005 Rank	1996 Taxable Assessed Valuation	1996 Percentage of Total Taxable Assessed Valuation	1996 Rank
ABC Supply/Hendricks Development	Wholesale Distributor/Real estate Development	$ 41,396,090	3.00%	1	$ -		
Frito Lay, Inc.	Food Processor	17,169,400	1.25%	2	9,628,300	1.54%	5
Woodman's	Retail Grocer	14,401,550	1.04%	3	-		
Wal-Mart Stores, Inc.	Retail Sales	13,446,920	0.98%	4	-		
Beloit Clinic	Health Services	12,666,810	0.92%	5	5,939,720	0.95%	6
George Hormel & Co.	Food Processor	10,947,100	0.79%	6	7,120,800	1.14%	9
Reynolds Aluminum	Manufacturer	10,155,600	0.74%	7	10,894,200	1.75%	1
Kerry Ingredients	Food Processor	9,680,300	0.70%	8	-		
McGuire/Morgan Square	Real Estate Development	9,650,000	0.70%	9	-		
Genencor International Wisconsin, Inc.	Food Processor	9,460,400	0.69%	10	10,801,700	1.73%	2
Beloit Corporation	Manufacturer	-			10,654,500	1.71%	3
Beloit Mall	Shopping Center	-			10,309,070	1.65%	4
Hearthland	Shopping Center	-			6,824,850	1.09%	7
Outboard Marine Corporation	Manufacturer	-			6,695,900	1.07%	8
Scoville Apartments	Residential Apartments	-			5,717,910	0.92%	10
Totals		$ 148,974,170	10.81%		$ 84,586,950	13.55%	

Source: City of Beloit Assessor's Office.

City of Beloit, Wisconsin
Property Tax Levies and Collections,
Last Ten Fiscal Years

Year	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Tax Collections to Tax Levy	Outstanding Delinquent Taxes	Percent of Outstanding Delinquent Taxes to Levy
1996	$ 7,950,727	$ 7,701,074	96.86%	-	$ 7,701,074	96.86%	-	0.00%
1997	8,924,659	8,924,659	100.00%	-	8,924,659	100.00%	-	0.00%
1998	8,785,172	8,785,172	100.00%	-	8,785,172	100.00%	-	0.00%
1999	8,457,234	8,457,234	100.00%	-	8,457,234	100.00%	-	0.00%
2000	8,909,377	8,909,377	100.00%	-	8,909,377	100.00%	-	0.00%
2001	9,391,862	9,391,862	100.00%	-	9,391,862	100.00%	-	0.00%
2002	9,944,939	9,944,939	100.00%	-	9,944,939	100.00%	-	0.00%
2003	10,278,170	10,278,170	100.00%	-	10,278,170	100.00%	-	0.00%
2004	10,339,882	10,339,882	100.00%	-	10,339,882	100.00%	-	0.00%
2005	10,589,015	10,589,015	100.00%	-	10,589,015	100.00%	-	0.00%

Note: The City of Beloit contracts with Rock County to collect all of its property taxes and sells all of its delinquent taxes to the County. Under this arrangement the county is responsible for collecting the taxes; therefore, the city is assured collecting 100% of its tax levy.

City of Beloit, Wisconsin
Ratios of Outstanding Debt by Type,
Last Ten Fiscal Years

	Governmental Activities			Business-Type Activities							
Fiscal Year	General Obligation Bonds	Other Debt	Capital Leases	General Obligation Bonds	Other Debt	Capital Leases	Sewer Revenue Bonds	Water Revenue Bonds	Total Primary Government	Percentage of Estimated Actual Market Value of Property	Per Capita
1996	$17,439,730	$ -	$ -	$2,970,720	$ -	$ 364,632	$31,090,000	$ -	$ 51,865,082	6.09%	$ 1,437
1997	23,083,773	-	4,315,000	2,640,252	-	492,832	30,770,000	-	61,301,857	6.83%	1,694
1998	21,745,374	-	471,023	2,208,176	-	-	31,519,353	-	55,943,926	5.74%	1,545
1999	23,892,931	-	367,834	1,816,544	-	-	29,516,360	-	55,593,669	5.43%	1,535
2000	25,588,180	33,017	2,961,697	1,387,795	233,126	-	27,384,326	-	57,588,141	5.38%	1,610
2001	26,008,509	66,349	4,031,527	1,465,064	465,584	-	24,872,894	-	56,909,927	5.10%	1,584
2002	26,590,422	282,720	11,843,174	1,240,493	363,112	-	22,231,690	-	62,551,611	5.38%	1,742
2003	31,122,651	244,931	12,539,030	302,400	260,474	-	19,460,330	25,210,000	89,139,816	7.30%	2,488
2004	32,128,176	317,987	13,473,579	360,974	154,714	-	16,538,407	24,645,000	87,618,837	6.68%	2,430
2005	36,414,248	609,211	14,136,305	1,861,902	54,402	-	12,190,504	24,065,000	89,331,572	6.48%	2,474

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

City of Beloit, Wisconsin
Ratios of General Bonded Debt Outstanding and Legal Debt Margin,
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Percentage of Estimated Actual Market Value of Property (a)	Per Capita (b)	Total Debt Applicable to Debt Limit	Legal Debt Limit (c)	Legal Debt Margin (d)	Legal Debt Margin as a Percentage of the Debt Limit
1996	$ 20,410,450	2.42%	$ 565.59	$ 20,410,450	$ 42,098,395	$ 21,687,945	51.52%
1997	25,724,025	2.84%	710.71	$ 25,724,025	45,233,640	19,509,615	43.13%
1998	23,953,550	2.46%	661.63	$ 23,953,550	48,704,250	24,750,700	50.82%
1999	25,709,475	2.53%	709.70	$ 25,709,475	50,714,535	25,005,060	49.31%
2000	26,975,975	2.56%	754.05	$ 26,975,975	52,609,075	25,633,100	48.72%
2001	27,473,573	2.47%	764.62	$ 27,473,573	55,674,865	28,201,292	50.65%
2002	27,830,915	2.39%	774.85	$ 27,830,915	58,277,640	30,446,725	52.24%
2003	31,425,051	2.57%	877.16	$ 31,425,051	61,200,540	29,775,489	48.65%
2004	32,489,150	2.52%	901.02	$ 32,489,150	64,467,305	31,978,155	49.60%
2005	38,276,150	2.76%	1,060.10	$ 38,276,150	69,380,820	31,104,670	44.83%

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.
(a) Property value data can be found in Schedule 6: Total Equalized Value. Under city's Debt Policy this ratio is targeted at 3%-3.5%
(b) Population data can be found in Schedule 14: Demographic and Economic Indicators. Under city's Debt Policy target is $950-$1,050.
(c) Wisconsin State Statutes limit the city's general obligation indebtedness to 5% of the equalized value of taxable property within the city's boundaries.
(d) 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, 2005

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (a)	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
Rock County	$ 20,385,000	15.71%	$ 3,202,647
Beloit School District	14,825,208	94.24%	13,970,535
Blackhawk Technical College	26,275,000	13.26%	3,483,960
Turner School District	7,550,000	6.91%	521,765
Clinton School District	16,800,000	1.11%	186,917
Subtotal, overlapping debt			21,365,823
City direct debt			38,276,150
Total direct and overlapping debt			$ 59,641,973

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 therefore 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.

City of Beloit, Wisconsin
Pledged Revenue Coverage,
Last Ten Fiscal Years

	Sewer Utility Revenue Bonds						Water Utility Revenue Bonds (a)					
				Debt Service						Debt Service		
Fiscal Year	Utility Charges and Other	Less: Operating Expenses	Net Available Revenue	Principal	Interest	Coverage	Utility Charges and Other	Less: Operating Expenses	Net Available Revenue	Principal	Interest	Coverage
1996	$8,293,262	$ 3,959,212	$ 4,334,050	$1,050,000	$ 2,028,838	1.41	$ -	$ -	$ -	$ -	$ -	-
1997	8,379,713	4,083,300	4,296,413	1,200,000	1,959,537	1.36	-	-	-	-	-	-
1998	10,016,565	4,221,312	5,795,253	1,250,000	1,880,338	1.85	-	-	-	-	-	-
1999	8,934,831	4,132,916	4,801,915	1,375,000	1,797,212	1.51	-	-	-	-	-	-
2000	10,459,356	4,226,982	6,232,374	1,510,000	1,705,088	1.94	-	-	-	-	-	-
2001	9,432,034	4,156,001	5,276,033	1,900,000	1,603,162	1.51	-	-	-	-	-	-
2002	9,600,571	4,026,390	5,574,181	2,050,000	1,474,913	1.58	-	-	-	-	-	-
2003	8,109,063	3,667,383	4,441,680	2,771,360	1,089,480	1.15	357,578	337,108	20,470	-	-	-
2004	7,865,348	4,138,694	3,726,654	2,921,923	954,384	0.96	4,658,328	1,967,294	2,691,034	565,000	1,092,770	1.62
2005	7,950,886	4,153,179	3,797,707	2,604,318	446,585	1.24	4,609,360	1,698,314	2,911,046	595,000	1,066,170	1.75

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements. Sewer and water charges and other includes non-operating revenues. Operating expenses does not include interest, amortization expenses or depreciation.

(a) The city acquired the water utility in November 2003 from Alliant Energy an affiliate of Wisconsin Power and Light.

City of Beloit, Wisconsin
Demographic and Economic Statistics,
Last Ten Fiscal Years

Fiscal Year	Population	Adjusted Gross Income (amounts expressed in thousands)	Per Capita AGI	Median Age	Percent High School Grad or Higher	School Enrollment	Labor Force	Employment	Unemployment	Unemployment Rate
1996	36,087	$ -	$ -	33	78.70%	7,150	17,462	16,657	805	4.6%
1997	36,195	-	-	33	78.70%	7,175	17,499	16,801	698	4.0%
1998	36,204	-	-	33	78.70%	6,748	17,610	16,815	795	4.5%
1999	36,226	-	-	33	78.70%	6,748	17,564	16,694	870	5.0%
2000	35,775	543,318	15,187	35.9	78.70%	6,765	17,230	16,351	879	5.1%
2001	35,931	529,282	14,731	35.9	78.70%	6,894	17,516	16,093	1,423	8.1%
2002	35,918	520,056	14,479	35.9	78.70%	6,877	17,305	15,859	1,446	8.4%
2003	35,826	531,527	14,836	35.9	78.70%	6,877	17,259	15,904	1,355	7.9%
2004	36,058	544,107	15,090	35.9	78.70%	6,910	17,449	16,148	1,301	7.5%
2005	36,106	N/A	N/A	35.9	78.70%	7,042	17,205	15,992	1,213	7.1%

Source: Adjusted gross income is from the Wisconsin Department of Revenue. AGI amounts prior to 2000 are not available.
The report for 2005 was not published when the CAFR was prepared. Employment and unemployment data is from the Wisconsin Department of Workforce Development.
Population data provided by the Wisconsin Department of Administration, Demographic Services Center.

City of Beloit, Wisconsin
Principal Employers,
Current Year and Nine Years Ago

	2005		1996	
Employer	**Employees**	**Rank**	**Employees**	**Rank**
School District of Beloit	1,163	1	1,047	2
Beloit Memorial Hospital	1,040	2	900	3
Frito-Lay	785	3	542	8
City of Beloit	477	4	600	5
Beloit Clinic	454	5	-	-
Beloit College	448	6	350	9
Alcoa International	445	7	550	7
ABC Supply	398	8	-	-
Kerry Ingredients	354	9	-	-
Wal-Mart	318	10	-	-
Beloit Corporation	-	-	2,015	1
Coltec Industries	-	-	650	4
Hormel Corporation	-	-	230	10

Source: City Economic Development Department

City of Beloit, Wisconsin
Full-time Equivalent City Employees by Function/Program,
Last Two Fiscal Years

Function	2004	2005
General Government	7	7
Finance and Administrative Services	35.5	36.7
Community Development	22.4	17.4
Economic Development	3.4	3.4
Public Safety		
Police Services	94.59	95.45
Fire Services	63.5	63.5
Health	37.62	32.74
Public works	53.18	57.7
Parks and Recreation	26.48	26.56
Library	27	27
Water and Sewer Utility	33.2	33.6
Transit	19.5	19.5
Total	423.37	420.55

Note: Prior to 2004 the city did not track employees on an FTE basis.

City of Beloit, Wisconsin
Operating Indicators by Function/Program
Last Ten Years

Function/Program	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
General government										
New Building permits	51	58	82	83	91	52	78	76	92	65
Building permits issued	756	743	615	605	668	632	611	671	641	763
Building inspections conducted	N/A	N/A	N/A	N/A	4,463	4,549	4,416	4,997	5,185	3,871
Site plans reviewed	13	15	21	23	19	18	18	20	26	27
Rental permits issued	5,400	5,400	5,055	5,407	5,325	5,473	5,455	5,503	5,473	5,793
Police										
Physical Arrests	N/A	N/A	N/A	N/A	7,995	8,734	9,639	9,472	10,218	10,039
Traffic Violations	5,409	5,593	4,808	N/A	2,574	2,736	3,868	3,595	4,510	4,733
Parking Violations	8,000	8,000	6,000	6,740	6,616	10,236	8,067	7,541	10,350	10,579
Fire										
Emergency responses	5,540	5,644	5,866	5,827	6,216	6,645	6,762	6,724	6,972	7,256
Fires extinguished	90	64	73	82	73	83	72	70	71	76
Inspections conducted	1,633	1,331	1,591	1,679	N/A	1,600	1,858	1,921	1,970	1,979
Ambulance runs	331	3,391	3,458	3,375	3,570	3,727	3,391	3,152	3,214	3,330
Engineering and public works										
Development plans reviewed	169	170	170	172	174	174	175	180	180	181
Infrastructure projects designed	690	690	694	699	705	709	720	750	770	791
Infrastructure projects completed	39	39	41	41	42	42	42	42	40	39
Highways and Streets										
Street resurfacing (miles)	2.96	3.00	3.00	4.00	2.00	2.00	1.00	1.00	1.00	2.00
Potholes repaired	N/A	N/A	N/A	11,968	14,190	26,367	25,279	22,859	30,432	32,999
Sanitation										
Refuse collected (tons/day)	N/A	N/A	N/A	39	41	47	38	37	39	38
Recyclables collected (tons/day)	N/A	N/A	N/A	22	12	11	11	11	11	11
Culture and Recreation										
Facility use permits issued	188	364	201	222	337	292	309	350	357	439
Number of programs offered	47	50	57	60	65	67	65	67	65	65
Rounds of golf played	20,845	22,963	23,841	24,746	20,069	22,735	21,852	19,980	17,891	22,353
Senior center participants	24,225	24,335	22,433	22,666	23,200	23,868	23,870	23,880	24,000	24,225
Number of cemetery internments	169	165	149	171	165	159	160	173	151	165
Water										
Work orders processed								N/A	N/A	1,422
Main breaks								N/A	45	29
Average daily production (MGD)								4.50	6.10	6.80
Peak daily production (MGD)								N/A	8.50	11.10
Wastewater										
Average daily treatment (MGD)	N/A	N/A	N/A	N/A	6.90	7.00	5.00	4.30	5.20	4.40
Peak daily treatment (MGD)	N/A	N/A	N/A	N/A	19.30	12.50	6.70	5.40	10.00	8.00
Transit										
Total route miles	278,823	253,349	255,753	246,022	290,593	312,595	317,916	319,324	317,160	392,041
Passengers	275,919	251,855	251,717	246,005	243,860	262,723	264,930	283,987	287,434	271,261

Source: Various city departments.
Note: Some of the information is not available for retroactive reporting and is identified as N/A. The water utility was acquired by the city in November 2003.

City of Beloit, Wisconsin
Capital Asset Statistics by Function/Program
Last Ten Years

Function/Program	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	43	43	43	43	43	43	43	43	42	40
Fire										
Stations	4	4	4	3	3	3	3	3	3	3
Trucks	11	11	11	8	8	8	8	8	9	9
Ambulances	3	3	3	3	3	3	3	3	3	3
Refuse Collection										
Garbage trucks	8	12	12	13	13	14	14	14	14	15
Other public works										
Streets/highways (miles)	169.42	170.17	170.31	171.51	173.87	174.2	175.19	179.63	179.5	181.07
Streetlights	690	690	694	699	705	709	720	750	770	791
Traffic signals	39	39	41	41	42	42	42	42	40	39
Parks and recreation										
Acreage	819	819	830	830	830	833	833	837	837	851
Parks	28	28	30	30	30	31	31	32	32	34
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
Water mains (miles)								172	173	170
Hydrants								1380	1590	1559
Storage capacity (MGD)								2.75	2.75	2.75
Wastewater										
Treatment plants	1	1	1	1	1	1	1	1	1	1
Sanitary sewer (miles)	162	162	162	162	162	162	162	162	163	164
Storm sewer (miles)	170	170	170	170	170	170	170	170	170	171
Treatment capacity (MGD)	11	11	11	11	11	11	11	11	11	11
Transit										
Buses	12	12	12	12	12	12	12	12	12	12

Source: Various city departments.
Note: The city acquired the water utility in November 2003.

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

To the City Council
City of Beloit
Beloit, Wisconsin

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Beloit, Wisconsin as of and for the year ended December 31, 2005, which collectively comprise the City of Beloit's basic financial statements and have issued our report thereon dated April 21, 2006.

Internal Control Over Financial Reporting

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Beloit's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.* We noted certain matters that we reported to management of the City of Beloit in a separate letter dated April 21, 2006.

To the City Council
City of Beloit

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

Virchow, Krause & Company, LLP

Madison, Wisconsin
April 21, 2006

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

To the City Council
City of Beloit
Beloit, Wisconsin

Compliance

We have audited the compliance of the City of Beloit, Wisconsin with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the *State Single Audit Guidelines* that are applicable to each of its major federal and major state programs for the year ended December 31, 2005. The City of Beloit's major federal and major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and major state programs is the responsibility of the City of Beloit's management. Our responsibility is to express an opinion on the City of Beloit's compliance based on our audit.

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

In our opinion, the City of Beloit complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal and major state programs for the year ended December 31, 2005.

To the City Council
City of Beloit

Internal Control Over Compliance

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

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

Schedule of Expenditures of Federal and State Awards

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Beloit, Wisconsin as of and for the year ended December 31, 2005, which collectively comprise the City of Beloit's basic financial statements and have issued our report thereon dated April 21, 2006. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City of Beloit's basic financial statements. The accompanying schedules of expenditures of federal and state awards are presented for purposes of additional analysis as required by OMB Circular A-133 and the *State Single Audit Guidelines* and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

Virchow, Krause & Company, LLP

Madison, Wisconsin
April 21, 2006

CITY OF BELOIT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2005

Federal Agency/Pass-Through Agency/Program Title	CFDA Number	Revenues: Grantor Share (Accrued) Deferred Beginning Balance	Revenues: Grantor Share Cash Received (Returned)	Revenues: Grantor Share Accrued (Deferred) Ending Balance	Revenues: Grantor Share Total Revenues	Expenditures: Grantor Share
U.S. Department of Housing and Urban Development						
Community Development Block Grants/Entitlement Grants	14.218	$ (94,158)	$ 524,085	$ 64,360	$ 494,287	$ 494,287
Passed Through City of Janesville						
Home Investment Partnerships Program	14.239	(130,557)	361,381	78,039	308,863	308,863
Community Development Block Grants/Brownfields Economic Development Incentive	14.246					
EDI - Neighborhood Initiative - Shore Drive		(8,680)	8,680	-	-	-
EDI - Special Project Grant No. B-03-SP-WI-0862		(30,798)	30,798	70,720	70,720	70,720
Total Community Development Block Grant/Brownfields Economic Development Incentive		(39,478)	39,478	70,720	70,720	70,720
Public and Indian Housing	14.850	-	346,990	-	346,990	346,990
Section 8 Housing Choice Vouchers	14.871	-	2,933,848	-	2,933,848	2,933,848
Public Housing Capital Fund	14.872					
WI39-PO64-501-02		(3,974)	111,658	3,600	111,284	111,284
WI39-PO64-501-03		(76)	146,219	3,644	149,787	149,787
WI39-PO64-502-03		(695)	25,875	2,200	27,380	27,380
WI39-PO64-501-04		-	48,763	-	48,763	48,763
WI39-PO64-501-05		-	48,547	2,981	51,528	51,528
Total Public Housing Capital Fund		(4,745)	381,062	12,425	388,742	388,742
Total U.S. Department of Housing and Urban Development		(268,938)	4,586,844	225,544	4,543,450	4,543,450
U.S. Department of Interior						
Passed Through the State of Wisconsin						
Archeological Survey - Historical Preservation Fund	15.904	-	18,000	-	18,000	18,000
Total U.S. Department of Interior		-	18,000	-	18,000	18,000
U.S. Department of Justice						
Passed Through Wisconsin Department of Administration						
Juvenile Justice and Delinquency Prevention	16.523	(5,583)	14,719	-	9,136	9,136
Passed through Rock County						
Byrne Formula Grant Program	16.579	(327)	80,243	4,474	84,390	84,390
Passed Through Wisconsin Department of Administration						
Local Law Enforcement Block Grant	16.592	2,568	-	-	2,568	2,568
Passed through Rock County						
Bulletproof Vest Partnership Program	16.607	-	-	5,200	5,200	5,200
Project Safe Neighborhoods Media Outreach and Community Engagement	16.610	-	26,000	-	26,000	26,000
Total U.S. Department of Justice		(3,342)	120,962	9,674	127,294	127,294

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

CITY OF BELOIT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2005

Federal Agency/Pass-Through Agency/Program Title	CFDA Number	Revenues: Grantor Share (Accrued) Deferred Beginning Balance	Revenues: Grantor Share Cash Received (Returned)	Revenues: Grantor Share Accrued (Deferred) Ending Balance	Revenues: Grantor Share Total Revenues	Expenditures: Grantor Share
U.S. Department of Transportation						
Federal Transit Cluster						
Passed Through Wisconsin Department of Natural Resources						
Highway Planning and Construction	20.205	$ -	$ 16,000	$ -	$ 16,000	$ 16,000
Passed Through Wisconsin Department of Transportation						
Federal Transit Capital Investment Grants 5307/5309	20.500	(26,270)	26,270	89,838	89,838	89,838
Federal Transit Formula Grants	20.507	-	546,701	-	546,701	546,701
Total Federal Transit Cluster		(26,270)	588,971	89,838	652,539	652,539
Passed Through Illinois Department of Transportation						
Highway Planning and Construction	20.505	(6,563)	19,529	6,346	19,312	19,312
Passed Through Wisconsin Department of Transportation						
State and Community Highway Safety	20.600					
Speed Enforcement		-	7,048	-	7,048	7,048
Safe Communities Coalition		-	27,986	-	27,986	27,986
Alcohol Enforcement		-	5,456	-	5,456	5,456
Total State and Community Highway Safety		-	40,490	-	40,490	40,490
Total U.S. Department of Transportation		(32,833)	648,990	96,184	712,341	712,341
U.S. Department of Health and Human Services						
Passed Through Wisconsin Department of Health and Family Services						
Immunization Grants	93.268	-	16,926	-	16,926	16,926
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	20,628	47,353	-	67,981	67,981
Temporary Assistance for Needy Families	93.558	-	411	-	411	411
Passed Through Dane County						
Bio-terrorism preparedness grant	93.283	-	26,182	-	26,182	26,182
Passed Through Rock County						
Child Welfare Services - State Grants	93.645	-	106	-	106	106
Foster Care - Title IV-E	93.658	-	852	-	852	852
Social Services Block Grant	93.667	-	821	-	821	821
Passed Through Wisconsin Department of Health and Family Services						
Medical Assistance Program - Personal Care	93.778	(40,352)	319,824	30,416	309,888	309,888
Medical Assistance Program - Community Deficit Reduction Program		-	72,491	-	72,491	72,491
Passed Through Rock County						
Medical Assistance Program - Prenatal Care		-	25,671	4,924	30,595	30,595
Medical Assistance Program - Supportive Home Care		(72,513)	210,735	33,960	172,182	172,182
Total Medical Assistance Program		(112,865)	628,721	69,300	585,156	585,156

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

CITY OF BELOIT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2005

Federal Agency/Pass-Through Agency/Program Title	CFDA Number	Revenues: Grantor Share (Accrued) Deferred Beginning Balance	Revenues: Grantor Share Cash Received (Returned)	Revenues: Grantor Share Accrued (Deferred) Ending Balance	Revenues: Grantor Share Total Revenues	Expenditures: Grantor Share
U.S. Department of Health and Human Services						
Passed Through Wisconsin Department of Health and Family Services						
Preventive Health and Health Services Block Grant	93.991	$ -	$ 8,440	$ -	$ 8,440	$ 8,440
Maternal and Child Health Services Block Grant to the States	93.994	-	26,241	-	26,241	26,241
Total U. S. Department of Health and Human Services		(92,237)	756,053	69,300	733,116	733,116
U.S. Department of Homeland Security						
Passed Through Wisconsin Department of Justice						
State Domestic Preparedness Equipment Support Program	97.004	(14,765)	119,999	-	105,234	105,234
Total U. S. Department of Homeland Security		(14,765)	119,999	-	105,234	105,234
TOTAL FEDERAL AWARDS		$ (412,115)	$ 6,250,848	$ 400,702	$ 6,239,435	$ 6,239,435

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, 2005

State Agency/Pass-Through Agency/Program Title	State Number	Revenues Grantor Share (Accrued) Deferred Beginning Balance	Revenues Grantor Share Cash Received (Returned)	Revenues Grantor Share Accrued (Deferred) Ending Balance	Revenues Total Revenues	Expenditures Grantor Share
Wisconsin Department of Natural Resources						
Forest Fire Protection Grant - FFp-05F-024	370.545	$ -	$ 2,000	$ -	$ 2,000	$ 2,000
Stormwater Utility Development	370.658	(1,391)	1,391	-	-	-
Total Wisconsin Department of Natural Resources		(1,391)	3,391	-	2,000	2,000
Wisconsin Department of Transportation						
Transit Operating Aids	395.104					
2002 Operating Aids		(2,535)	2,535	-	-	-
2003 Operating Aids		(27,837)	27,837	-	-	-
2004 Operating Aids		(44,310)	44,310	-	-	-
2005 Operating Aids		-	454,925	22,406	477,331	477,331
Total Transit Operating Aids		(74,682)	529,607	22,406	477,331	477,331
Highway Research, Planning and Construction						
Highway Administration	395.202	(23,678)	81,260	20,351	77,933	77,933
Transportation Facilities Economic Assistance and Development Program	395.510	(272,922)	272,922	24,449	24,449	24,449
Total Wisconsin Department of Transportation		(371,282)	883,789	67,206	579,713	579,713
Wisconsin Department of Health and Family Services						
Consolidated contracts - Lead Poisoning	435.157	-	13,566	-	13,566	13,566
Consolidated Contract - MCH	435.159	-	1,763	-	1,763	1,763
Ambulance Funding Assistance Grant	435.162	-	4,645	-	4,645	4,645
Passed Through Rock County Social Services						
Community Options Program	435.367	-	12,108	-	12,108	12,108
Medical Assistance - State Funded	435.382	-	51,221	-	51,221	51,221
Alzheimers Family Support	435.381	-	2,421	-	2,421	2,421
Community Integration Program	435.384	-	79,485	-	79,485	79,485
Brighter Future Initiative	435.540	(3,966)	8,966	-	5,000	5,000
Community and Mental Health Services	435.561	-	3,704	-	3,704	3,704
Total Wisconsin Department of Health and Family Services		(3,966)	177,879	-	173,913	173,913

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, 2005

State Agency/Pass-Through Agency/Program Title	State Number	Revenues Grantor Share (Accrued) Deferred Beginning Balance	Cash Received (Returned)	Accrued (Deferred) Ending Balance	Total Revenues	Expenditures Grantor Share
Wisconsin Department of Justice						
Law Enforcement Training	455.231	$ -	$ 6,157	$ -	$ 6,157	$ 6,157
Total Wisconsin Department of Justice		-	6,157	-	6,157	6,157
Wisconsin Department of Administration						
Office of Justice Assistance						
Beat Patrol	505.603	-	61,843	-	61,843	61,843
Total Wisconsin Department of Administration - Office of Justice Assistance		-	61,843	-	61,843	61,843
TOTAL STATE AWARDS		$ (376,639)	$ 1,133,059	$ 67,206	$ 823,626	$ 823,626

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, 2005

NOTE 1 – REPORTING ENTITY

This report on Federal and State Awards includes the federal and state awards of the City of Beloit. The reporting entity for the city is based upon criteria established by the Governmental Accounting Standards Board.

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

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

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

NOTE 2 – BASIS OF PRESENTATION

The accounting records for the grant programs are maintained on the modified accrual basis of accounting. Under the modified accrual basis, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the liability is incurred. The accounting records for other grant programs are maintained on the accrual basis, i.e., when the revenue has been earned and the liability is incurred.

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

NOTE 3 – COMMUNITY AIDS REPORTING SYSTEM

The Schedule of Expenditures of Federal and State Awards includes adjustments through the March 1, 2006 Community Aids Reporting System (CARS) report.

CITY OF BELOIT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2005

SECTION I – SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

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

Noncompliance material to the basic financial statements noted? ____ Yes __X__ No

FEDERAL OR STATE AWARDS

Internal control over major programs:

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

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

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

	Federal Programs	State Programs
Auditee qualified as low-risk auditee?	X Yes ____ No	X Yes ____ No

Identification of major federal programs:

CFDA Number	Name of Federal Program
14.850	Public and Indian Housing
14.871	Section 8 Housing Choice Vouchers

	Federal	State
Dollar threshold used to distinguish between federal type A and type B programs:	$ 300,000	$ 100,000

CITY OF BELOIT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2005

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

Identification of major state programs:

State ID Number	Number of State Program
395.104	Transit Operating Aids

SECTION II – FINANCIAL STATEMENT FINDINGS

No findings were reported.

SECTION III – FEDERAL AND STATE – FINDINGS AND QUESTIONED COSTS

No findings were reported.

CITY OF BELOIT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2005

SECTION IV – OTHER ISSUES

1.	Does the auditor's report or the notes to the financial statements include disclosure with regard to substantial doubt as to the auditee's ability to continue as a going concern?	____	Yes	X No
2.	Does the audit report show audit issues (i.e., material non-compliance, non-material non-compliance, questioned costs, material weakness, reportable condition, management letter comment, excess revenue or excess reserve) related to grants/contracts with funding agencies that require audits to be in accordance with the *State Single Audit Guidelines*:			
	Department of Natural Resources	____	Yes	X No
	Department of Transportation	____	Yes	X No
	Department of Health and Family Services	____	Yes	X No
	Department of Justice	____	Yes	X No
	Department of Administration	____	Yes	X No
3.	Was a Management Letter or other document conveying audit comments issued as a result of this audit?	X	Yes	____ No
4.	Name and signature of partner	Thomas A. Scheidegger, CPA, Partner		
5.	Date of report	April 21, 2006		