

**CITY OF БЕЛОIT**

Beloit, Wisconsin

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended  
December 31, 2006

Prepared By:

DEPARTMENT OF FINANCE AND ADMINISTRATIVE SERVICES

Paul E. York, Director

Laureen Presny, Director of Accounting and Purchasing

# CITY OF BELOIT

## COMPREHENSIVE ANNUAL FINANCIAL REPORT December 31, 2006

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June 8, 2007

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, 2006. Wisconsin State Statutes and the Municipal Code of the City of Beloit requires that at the end of the fiscal year a full and complete examination of all books and accounts of the City be made by a certified public accountant and that the report be filed with the City Clerk as a matter of public record. This CAFR fulfills 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, have audited and issued an unqualified opinion on the City of Beloit's financial statements for the fiscal year ended December 31, 2006. 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 located midway along the Wisconsin/Illinois border 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 an estimated 36,560 residents as well as more than 90 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, 2007

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 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, solid waste and recycling, 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 municipal golf course. 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, 2007

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

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

### ***ECONOMIC CONDITION***

The condition of the local economy continues to improve because of the aggressive recruitment and retention efforts by the City's economic development department. The City's economy remains reliant on manufacturing and industry while offering a diversified employment base in the areas of metal fabrication, food processing, medical services, biotechnology, retail, and education. The City 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. The college's 1,200 students come from nearly every state and 40 Nations worldwide.

During the past six years, the City's unemployment rate has been higher than state and national averages and its economy has grown at a much slower pace than that of surrounding communities. This trend has been improving the last several years and in 2006, the unemployment rate decreased to 6.8%, which is the first time since 2000 that it has been below 7%. In 2006, the City realized some very positive improvements to its local economy with six new businesses opening and nine existing businesses undergoing major expansions. These new developments accounted for 584 new jobs, 728,788 square feet of new industrial/commercial space and a total increase to the tax base of \$93.8 million. This level of growth for the City is unprecedented in recent history.

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. 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 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, 2007

### ***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 City used \$504,000 of its unreserved, undesignated general fund balance as a funding source for the budget for the year ended December 31, 2006, which was 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. The first phase of 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 2006, Staples opened its new \$44 million, 400,000 square foot Customer for Customer Order Fulfillment Center. This project provided over 200 new jobs for the City. Another project completed in the Gateway was the new facility for Specialty Tools, which provides for a 10,000 square foot facility, 15 new jobs, and a \$770,000 investment. Kettle Foods began construction on a new 60,000 square foot manufacturing facility that is expected to create 90 new jobs and an \$18,000,000 investment in the district. And Southeastern Container broke ground late last year and their 200,000 square foot facility, which is expected to create 60 new jobs and an investment of \$20,000,000 in the district. The residential component of Gateway also continues to develop with 12 single-family homes and 64 new apartment units completed last year and available for occupancy.

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

June 8, 2007

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 Bureau of Indian Affairs is currently evaluating the casino application. We expect them to render a decision before the end of 2007. If approved by the BIA, the project then moves to the Wisconsin Governor's office for final action. Once fully completed, this project has the potential to provide over \$145,000,000 in revenue to the City over a 10-year period.

#### ***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, 2005. This was the fourth consecutive year the City has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized 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, 2007

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, 2005

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



President

Executive Director

**City of Beloit, Wisconsin  
List of Elected and Appointed Officials  
December 31, 2006**

**CITY COUNCIL MEMBERS**

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

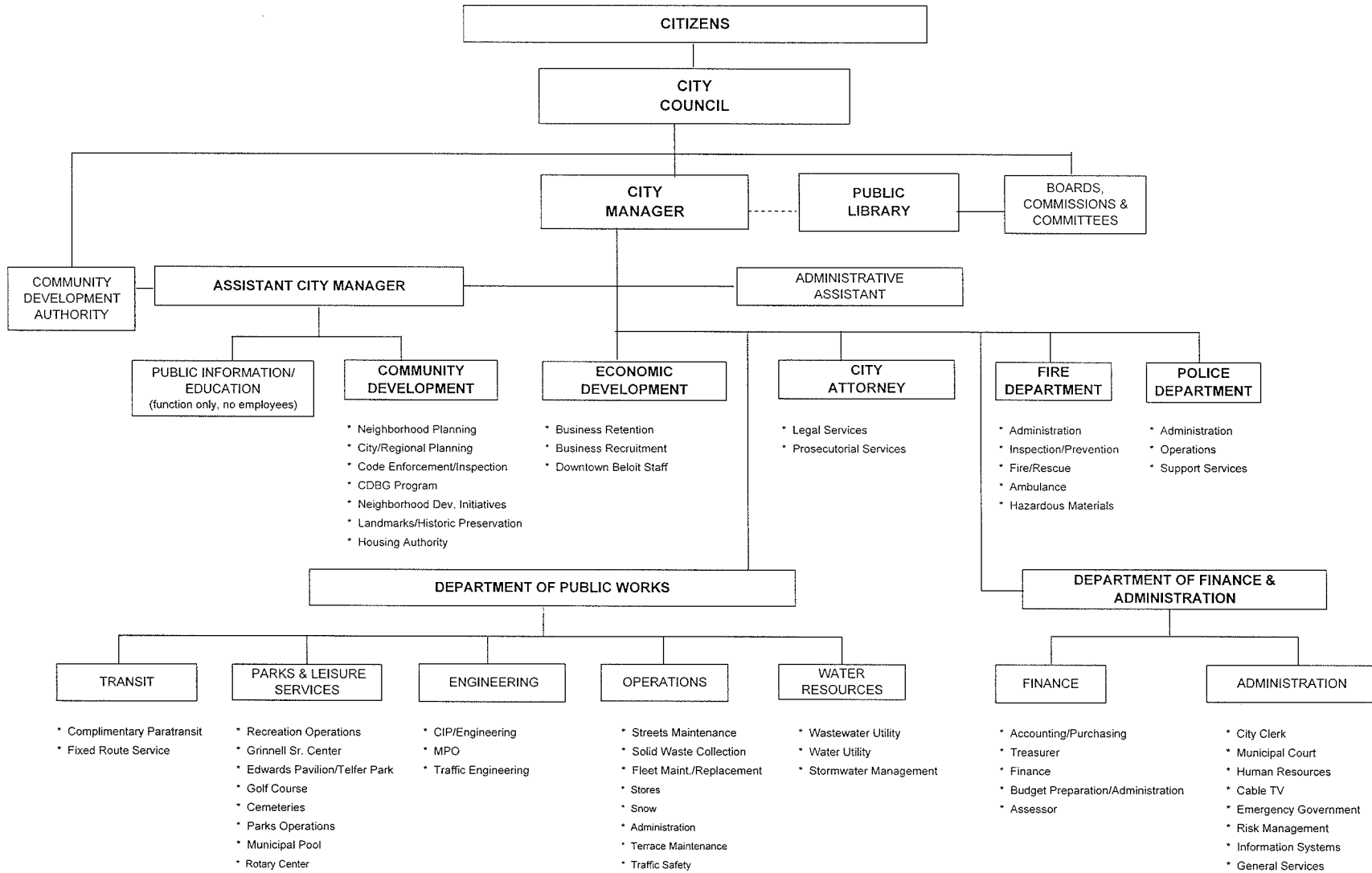
**CITY MANAGER**

Larry N. Arft

**DEPARTMENT DIRECTORS**

Stephen J. Gregg – Assistant City Manager  
David M. Botts – Public Works Director  
Julie Christensen – Community Development Director  
Thomas R. Casper – City Attorney  
Andrew Janke – Economic Development Director  
Bradley J. Liggett – Fire Chief  
Sam Lathrop – Police Chief  
Paul E. York – Finance & Administrative Services Director

**CITY OF БЕЛОIT, 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, 2006, 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, 2006, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have issued our report dated June 20, 2007 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 xxv and 70 through 76 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 schedules of expenditures of federal and state awards are 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 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.

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.

*Viechow, Kraus & Company, LLP*

Madison, Wisconsin  
June 20, 2007

# CITY OF BELOIT, WISCONSIN

## MANAGEMENT'S DISCUSSION AND ANALYSIS For Year Ended December 31, 2006

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 that ended on December 31, 2006. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, and the basic financial statements and related notes, all of which are contained in this CAFR.

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### FINANCIAL HIGHLIGHTS

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- On the government wide basis, the City's total assets at December 31, 2006, were \$236.2 million. Of this amount, \$151.7 million represents the City's investment in capital assets; net of depreciation and other assets totaled \$84.5 million.
- The City's total assets exceeded its liabilities at December 31, 2006, by \$122.8 million (total net assets). This is an increase of \$3.4 million or approximately 2.8% from the prior year. Of this amount, \$79 million represents the City's investment in capital assets, net of related debt, \$21.5 million is restricted and \$22.3 million is unrestricted and available to meet the City's ongoing obligations to citizens and creditors.
- The business-type activities net assets at December 31, 2006, totaled \$60.9 million, which represents an increase of \$2.5 million or 4.3% from the prior year. Of this amount, \$43.7 million represents the City's investment in capital assets, net of related debt, \$8 million is restricted and \$9.2 million is unrestricted.
- Total liabilities at December 31, 2006, were \$113.4 million, which is an increase of \$5.2 million from the prior year, and of this amount, \$93.9 million are long-term liabilities.
- At December 31, 2006, the City's governmental funds reported combined ending fund balances of \$30.2 million, a decrease of \$1.2 million from the prior year. Of this amount, \$5.8 million or 19% is unreserved and undesignated and is available for spending at the government's discretion.
- At December 31, 2006, the unreserved and undesignated fund balance for the general fund was \$7,624,545 or 27.4% of total general fund expenditures and other financing uses.
- The City's total bonded debt increased \$2.6 million from the prior year.

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### OVERVIEW OF THE FINANCIAL STATEMENTS

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

# CITY OF БЕЛОIT, WISCONSIN

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.)  
For Year Ended December 31, 2006

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## OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)

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### Government-Wide Statements

The *government-wide financial statements* report information about the City as a whole using the economic resources measurement focus and the accrual basis of accounting, which are similar to those used by private-sector businesses. In addition, they report the City's net assets and how they have changed during the fiscal year.

The *statement of net assets* presents information on all of the City's assets and liabilities, with

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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

The fund financial statements provide more detailed information about the City's most significant funds. Fund accounting is used to track specific sources of funding and spending for particular

# CITY OF BELOIT, WISCONSIN

## MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.) For Year Ended December 31, 2006

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

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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 City programs or services. The accounting used for fiduciary funds is much like that used for proprietary funds.

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

# CITY OF BELOIT, WISCONSIN

## MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.) For Year Ended December 31, 2006

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

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**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 69 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 70 to 76 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 77 to 84 of this report.

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### **FINANCIAL ANALYSIS OF THE CITY AS A WHOLE**

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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 City's financial position could 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 \$122.8 million as of December 31, 2006. This is an increase over the previous year of \$3.4 million or 2.8% and is primarily related to the City's investment in capital assets.

In this regard, the largest portion of the City's net assets, \$79 million (approximately 64%), reflects its investments in capital assets (e.g., land, buildings, equipment, improvements, and infrastructure), less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide service to citizens; consequently these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

## CITY OF БЕЛОIT, WISCONSIN

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.)  
For Year Ended December 31, 2006

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

**Summary of Net Assets  
as of December 31  
(\$ in millions)**

	Governmental Activities		Business-Type Activities		Total	
	2005	2006	2005	2006	2005	2006
Current and other assets	\$ 61.5	\$ 65.0	\$ 18.1	\$ 19.5	\$ 79.6	\$ 84.5
Capital assets	<u>68.0</u>	<u>72.8</u>	<u>80.0</u>	<u>78.9</u>	<u>148.0</u>	<u>151.7</u>
Total Assets	<u>129.5</u>	<u>137.8</u>	<u>98.1</u>	<u>98.4</u>	<u>227.6</u>	<u>236.2</u>
Long-term liabilities	52.9	58.0	38.2	35.9	91.1	93.9
Other liabilities	<u>15.6</u>	<u>18.0</u>	<u>1.5</u>	<u>1.5</u>	<u>17.1</u>	<u>19.5</u>
Total Liabilities	<u>68.5</u>	<u>76.0</u>	<u>39.7</u>	<u>37.4</u>	<u>108.2</u>	<u>113.4</u>
Net assets:						
Invested in capital assets, Net of related debt	38.0	39.6	42.8	43.7	77.1	79.0
Restricted	13.4	13.4	7.5	8.0	20.9	21.5
Unrestricted	<u>9.6</u>	<u>8.8</u>	<u>8.1</u>	<u>9.2</u>	<u>21.4</u>	<u>22.3</u>
Total Net Assets	<u>\$ 61.0</u>	<u>\$ 61.8</u>	<u>\$ 58.4</u>	<u>\$ 60.9</u>	<u>\$ 119.4</u>	<u>\$ 122.8</u>

An additional portion of the City's net assets \$21.4 million represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets \$18 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 \$3.4 million during the year and is primarily related to improvements to the City's investment in capital assets.

Business – type activities increased the City of Beloit's net assets by \$2.5 million, accounting for approximately 76% of the total growth in net assets. These were primarily related to improvements to the City's water and sewer utility system.

# CITY OF БЕЛОIT, WISCONSIN

## MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.) For Year Ended December 31, 2006

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

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2005	2006	2005	2006	2005	2006
<b>REVENUES</b>						
Program Revenues:						
Charges for services	\$ 4.4	\$ 6.0	\$ 13.6	\$ 13.8	\$ 17.9	\$ 19.8
Operating grants & contributions	2.7	2.4	1.1	1.1	3.8	3.5
Capital grants & contributions	0.8	0.8	1.3	1.5	2.1	2.3
General Revenues:						
Property taxes	10.9	11.5	0.6	0.8	11.6	12.3
Other taxes	0.6	0.6	-	-	0.6	0.6
Intergovernmental	20.4	21.8	-	-	20.4	21.8
Investment income	0.6	1.8	0.6	0.6	1.2	2.4
Gain on the sale of property	-	0.3	-	-	-	0.3
Miscellaneous	0.8	0.3	0.1	-	0.9	0.3
Total Revenues	<u>41.2</u>	<u>45.5</u>	<u>17.3</u>	<u>17.8</u>	<u>58.5</u>	<u>63.4</u>
<b>EXPENSES</b>						
General government	5.3	5.6	-	-	5.3	5.6
Public safety	16.2	17.6	-	-	16.2	17.6
Public works	11.1	13.5	-	-	11.1	13.5
Public health	1.6	0.2	-	-	1.6	0.2
Community development	2.7	3.8	-	-	2.7	3.8
Library	1.9	2.0	-	-	1.9	2.0
Interest & fiscal charges	2.5	2.8	-	-	2.5	2.8
Water utility	-	-	4.3	4.0	4.3	4.0
Sewer utility	-	-	8.4	7.0	8.4	7.0
Other non-major proprietary funds	-	-	3.5	3.5	3.5	3.5
Total Expenses	<u>41.3</u>	<u>45.5</u>	<u>16.2</u>	<u>14.5</u>	<u>57.5</u>	<u>60.0</u>
<b>Change in net assets before transfers</b>	(0.1)	0.0	1.1	3.3	1.0	3.4
Transfers	<u>0.3</u>	<u>0.8</u>	<u>(0.3)</u>	<u>(0.8)</u>	<u>-</u>	<u>-</u>
<b>Change in net assets</b>	0.2	0.8	0.8	2.5	1.0	3.4
Net Assets - January 1	<u>60.8</u>	<u>61.0</u>	<u>57.6</u>	<u>58.4</u>	<u>118.4</u>	<u>119.4</u>
<b>Net Assets - December 31</b>	<u>\$ 61.0</u>	<u>\$ 61.8</u>	<u>\$ 58.4</u>	<u>\$ 60.9</u>	<u>\$ 119.4</u>	<u>\$ 122.8</u>

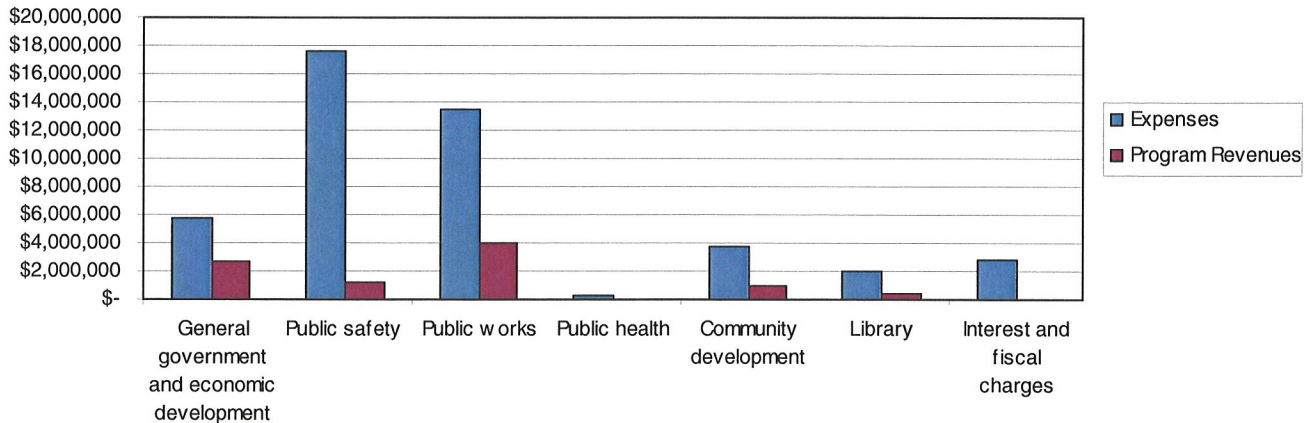
General government includes economic development and public safety includes both police and fire. For 2006, revenues increased \$4.8 million over the prior year primarily from increased charges for services and property taxes. There was a slight increase in expenses due increased salary and benefit costs. The \$1.4 million reduction in health department expenses is due to the consolidation of City public health services with Rock County, effective January 1, 2006.

# CITY OF БЕЛОIT, WISCONSIN

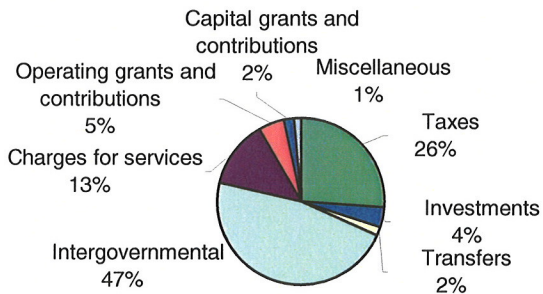
MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.)  
For Year Ended December 31, 2006

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

**Expenses and Program Revenues - Governmental Activities  
For the Fiscal Year Ended December 31, 2006**



**Revenue by Source - Governmental Activities**



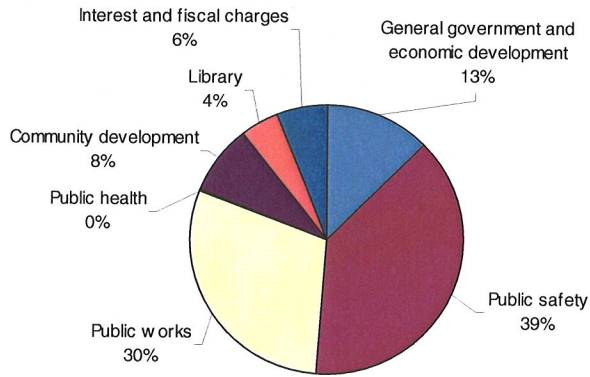


# CITY OF BELOIT, WISCONSIN

## MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.) For Year Ended December 31, 2006

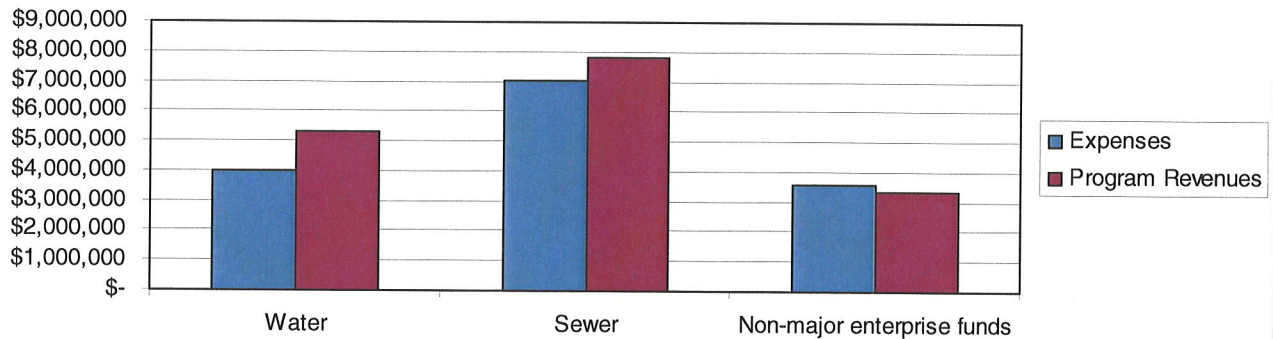
### FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (cont.)

**Expenses by Function - Governmental Activities**



Business-type activities increased the City's net assets by \$2.5 million accounting for 76% of the total change in net assets. Most of this increase (\$1.2 million) is in unrestricted net assets.

**Expenses and Program Revenues - Business-type Activities  
For the Fiscal Year Ended December 31, 2006**



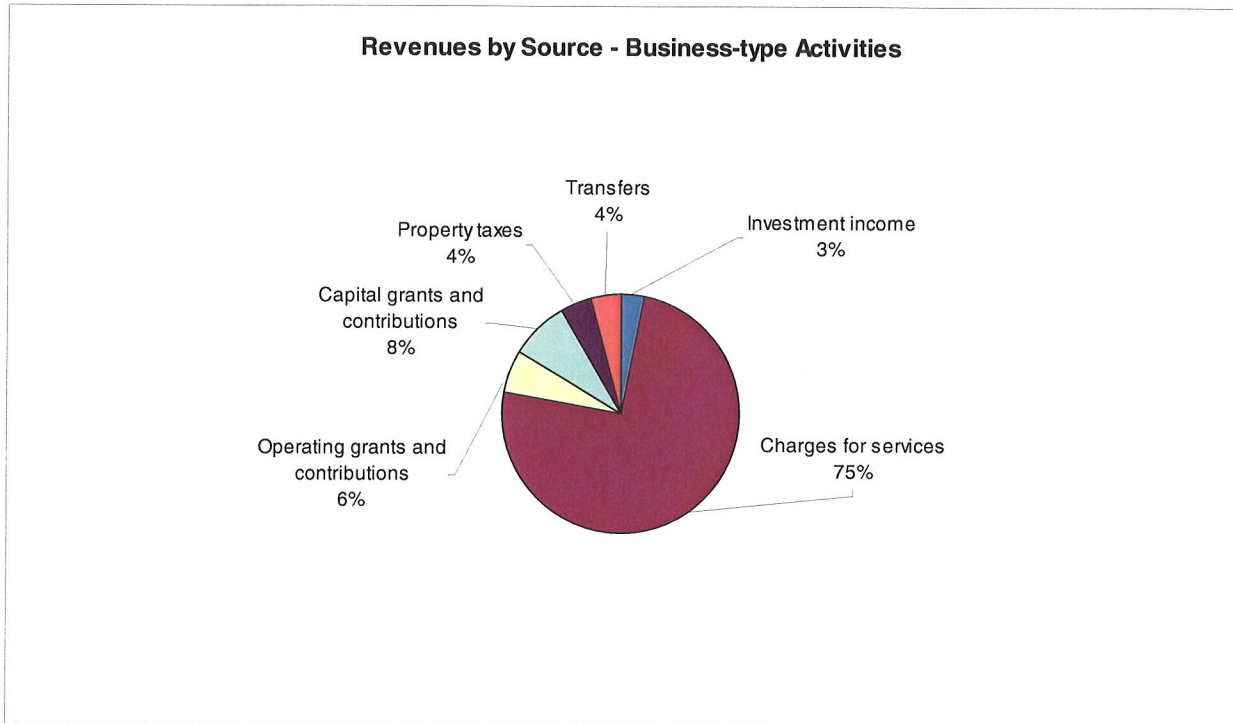
# CITY OF BELOIT, WISCONSIN

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.)  
For Year Ended December 31, 2006

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

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## FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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### 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 financial resources available for spending at the end of the fiscal year.

As of December 31, 2006, the City of Beloit's governmental funds reported combined ending fund balances of \$30.2 million. This is a decrease of \$1.2 million from the previous year. Approximately 19% of this total or \$5.8 million 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 (\$11.8 million), 2) to pay debt service (\$3.1 million), 3) for non-current receivables/advances (\$8.1 million), and 4) the balance for a variety of other restricted purposes (\$7.2 million).

# CITY OF BELOIT, WISCONSIN

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.)  
For Year Ended December 31, 2006

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

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### Governmental Funds (cont.)

**General Fund:** The general fund is the main operating fund of the City. As of December 31, 2006, the total fund balance of the general fund was \$10,438,185, of which \$7,624,545 was unreserved and undesignated. This unreserved and undesignated fund balance represents 27.4% of general fund expenditures and other uses. The increase in total fund balance was \$684,003 from the previous year. This increase is largely the result of increases in receivables/advances and the unreserved and undesignated portion of fund balance.

**General Debt Service Fund:** The general debt service fund has a fund balance of \$3,832,382 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 \$5,009,504 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, 2006 is \$9,877,156 and all of this balance is expected to be used to fund budgeted capital improvements.

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 \$11,049,942 a decrease of \$401,264 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 the users of these services. Revenues generated by these funds are sufficient to provide for annual operating costs as well as long-term debt service payments as prescribed by the bond agreements.

The sewer utility was created 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. The City serves approximately 15,400 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, 177 miles of water mains, 1,700 fire hydrants, and 15,629 water meters.

# CITY OF БЕЛОIT, WISCONSIN

## MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.) For Year Ended December 31, 2006

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

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#### Proprietary Funds (cont.)

The net assets of the City's Enterprise Funds increased \$2,329,622 to \$60,228,776 at December 31, 2006. The water and sewer utility's net assets accounted for \$55,422,588 or 92% of this total, which is an increase of \$1,856,253 from the previous year.

Utility operating revenues consisting mostly of user fees, totaled \$12,183,901, operating expenses totaled \$9,255,164 resulting in operating income of \$2,928,737 in 2006. Income before contributions and transfers was \$1,645,684 for the water and sewer utility funds.

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### GENERAL FUND BUDGETARY HIGHLIGHTS

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The final amended budget appropriations, which include expenditures and transfers out, exceeded the original budget appropriations by \$151,055 or 0.5%. This increase is due primarily to the transfer of \$150,000 from the General Fund to the Neighborhood Development Initiatives Fund to provide operating funds for the continuation of that program. The final actual expenditures and transfers out were \$491,439 less than the revised final budget appropriations

The actual revenues and transfers in were \$743,567 more than the final budgeted revenues and transfers in. Revenues and transfers in exceeded expenditures and transfers out by \$684,003. At \$5,089,897, the property tax levy is the largest local source revenue in the General Fund. Property taxes exceeded the final budget by \$18,096 or 0.4%. The most significant revenue items in the General Fund are the Aids to Local Government payments the City receives from the State of Wisconsin. In 2006, these payments totaled \$18,783,173. This represents 69% of total General Fund revenues.

Some of the highlights of comparing the final budget to actual for the fiscal year ended December 31, 2006 include the following:

- Actual expenditures for all operating departments, except the Fire Department, were less than final budgeted amounts. The Fire Department exceeded its budget by \$37,850. The reason was due to increased personnel costs.
- Licenses and Permits actual revenues exceeded the budget by \$84,836 because of increased collections of liquor licenses and cable TV franchise fee payments.
- Fines, Forfeitures and Penalties actual revenues exceeded the budget by \$53,851 because of increased collections of parking and traffic fines and court costs.
- Fees and Charges actual revenues exceeded the budget by \$89,415 largely because of increased collections of fire inspection fees and miscellaneous revenues.
- Investment income exceeded the budget by \$434,949 because of improvements in the financial markets as well as a change in the method of allocating investment interest earnings for pooled cash.

## CITY OF BELOIT, WISCONSIN

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.)  
For Year Ended December 31, 2006

### CAPITAL ASSETS

As of December 31, 2006, the City had invested a total of \$151.7 million in capital assets (net of accumulated depreciation). This represents an increase in net book value of \$7.2 million from last fiscal year and is largely the result of the City's investment in governmental activities.

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

	Governmental Activities		Business-Type Activities		Total	
	2005	2006	2005	2006	2005	2006
Land	\$ 3.4	\$ 3.4	\$ 3.3	\$ 3.4	\$ 6.7	\$ 6.8
Construction in progress	-	-	-	0.1	-	0.1
Land improvements	0.7	0.7	0.2	0.2	0.9	0.9
Buildings	10.8	10.9	3.2	3.0	14.0	13.9
Machinery & equipment	8.4	8.8	2.9	3.2	11.3	12.0
Other improvements	2.0	2.0	-	-	2.0	2.0
Streets	33.3	36.8	-	-	33.3	36.8
Street lights	1.8	2.2	-	-	1.8	2.2
Traffic signals	1.6	1.5	-	-	1.6	1.5
Bridges	4.4	4.3	-	-	4.4	4.3
Storm Sewer	1.6	2.2	-	-	1.6	2.2
Water plant & equipment	-	-	24.8	25.0	24.8	25.0
Sewer plant & equipment	-	-	45.6	44.0	45.6	44.0
Totals	<u>\$ 68.0</u>	<u>\$ 72.8</u>	<u>\$ 80.0</u>	<u>\$ 78.9</u>	<u>\$ 148.0</u>	<u>\$ 151.7</u>

# CITY OF BELOIT, WISCONSIN

## MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.) For Year Ended December 31, 2006

### LONG-TERM OBLIGATIONS

In 2006, the City issued \$9,165,000 in bonds and notes and retired debt of \$6,575,242 resulting in \$77,121,412 in outstanding general obligation and revenue bonds and notes payable at the end of 2006. This results in a per capita general obligation debt ratio of \$1,205.29. Of the general obligation and revenue bonded debt, \$41,318,203 is to be repaid with general property taxes over a period of years.

Under Wisconsin State Statutes, the City's aggregate general obligation indebtedness may not exceed 5% of the equalized value of taxable property located within the City. The net amount of debt that is applicable to the statutory limit is \$44,065,226, which is 60% of the maximum allowed of \$73,502,795. The general obligation notes and bonds issued in 2006 received an "A" rating from Standard and Poor's.

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

	Governmental Activities		Business-Type Activities		Total	
	2005	2006	2005	2006	2005	2006
General obligation bonds	\$ 36.4	\$ 41.3	\$ 1.9	\$ 2.7	\$ 38.3	\$ 44.0
Revenue bonds	-	-	36.3	33.1	36.3	33.1
Debt Outstanding	<u>\$ 36.4</u>	<u>\$ 41.3</u>	<u>\$ 38.2</u>	<u>\$ 35.8</u>	<u>\$ 74.6</u>	<u>\$ 77.1</u>

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

### CURRENTLY KNOWN FACTS/ECONOMIC CONDITIONS

The City's proximity to the Chicago metropolitan area to the southeast and Madison to the north via Interstates 90/39, and Milwaukee to the northeast via Interstate 43 provides the City with a unique opportunity to serve the 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 December 31, 2006 for the City was 6.8%, which is a decrease of 0.3% from the prior year. This compares to an unemployment rate of 4.9% for the State of Wisconsin and 4.5% nationally. The City's tax base increased 5.2% to \$1,490,713,590 in 2006.

## **CITY OF БЕЛОIT, WISCONSIN**

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.)  
For Year Ended December 31, 2006

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### **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 БЕЛОIT**

STATEMENT OF NET ASSETS  
December 31, 2006

	Primary Government			Component Units - Business- type Activities
	Governmental Activities	Business- type Activities	Totals	
<b>ASSETS</b>				
Cash and investments	\$ 37,065,145	\$ 2,882,045	\$ 39,947,190	\$ 724,452
Receivables (net of allowance for uncollectibles)				
Taxes	12,956,978	700,697	13,657,675	-
Delinquent personal property taxes	68,710	-	68,710	-
Accounts	1,553,657	3,341,057	4,894,714	76,462
Special assessments	1,113,495	-	1,113,495	122,804
Loans	3,352,623	-	3,352,623	-
Accrued interest	173,775	9,754	183,529	-
Other	317,263	526,975	844,238	-
Due from other governmental units	920,475	130,389	1,050,864	4,327
Internal balances - interfunds	(715,158)	715,158	-	-
Internal balances - advances	382,033	(382,033)	-	-
Due from component unit	158,258	-	158,258	-
Inventories	397,200	171,826	569,026	-
Prepaid items	39,448	-	39,448	3,714
Lease receivable from primary government	-	-	-	14,137,211
Restricted Assets				
Temporarily Restricted				
Cash and investments	-	10,602,898	10,602,898	1,645,232
Deposit with risk pool	1,575,475	-	1,575,475	-
Receivable from mutual insurance company	69,270	-	69,270	-
Other assets	216,562	771,090	987,652	-
Land held for resale	5,378,927	-	5,378,927	-
Capital Assets				
Land	3,394,511	3,392,909	6,787,420	414,539
Construction in progress	-	135,200	135,200	293,661
Capital assets net of depreciation	69,435,024	75,367,591	144,802,615	2,706,450
Total Assets	<u>137,853,671</u>	<u>98,365,556</u>	<u>236,219,227</u>	<u>20,128,852</u>
<b>LIABILITIES</b>				
Accounts payable	2,801,695	531,827	3,333,522	13,779
Accrued liabilities	358,184	250,668	608,852	33,441
Claims payable	1,928,539	-	1,928,539	-
Due to primary government	-	-	-	158,258
Other liabilities	-	9,539	9,539	-
Unearned revenues	12,956,978	700,697	13,657,675	167,817
Deposits	-	-	-	54,152
Noncurrent liabilities				
Due within one year	4,857,227	3,530,813	8,388,040	-
Due in more than one year	53,097,610	32,398,078	85,495,688	15,659,626
Total Liabilities	<u>76,000,233</u>	<u>37,421,622</u>	<u>113,421,855</u>	<u>16,087,073</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	39,628,194	43,679,392	78,969,214	3,414,650
Restricted for debt service	6,574,638	3,050,644	9,625,282	-
Restricted for replacement	-	4,981,419	4,981,419	-
Restricted for grant programs	5,258,603	-	5,258,603	478,156
Restricted for cemetery perpetual care	1,579,362	-	1,579,362	-
Restricted for park activities	46,620	-	46,620	-
Unrestricted	8,766,021	9,232,479	22,336,872	148,973
<b>TOTAL NET ASSETS</b>	<u>\$ 61,853,438</u>	<u>\$ 60,943,934</u>	<u>\$ 122,797,372</u>	<u>\$ 4,041,779</u>

See accompanying notes to financial statements.



**CITY OF BELOIT**

STATEMENT OF ACTIVITIES  
For the Year Ended December 31, 2006

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
Governmental Activities				
General Government				
City Council, Manager, Attorney	\$ 715,922	\$ 22,074	\$ -	\$ -
Finance and Administrative Services	4,782,420	2,180,127	3,655	-
Community Development	3,774,720	139,683	830,648	-
Economic Development	241,839	14,585	382,023	-
Public Safety				
Police Services	10,780,470	1,146,735	-	-
Fire Services	6,794,772	22,061	57,108	-
Health	200,144	759	-	-
Public works	13,460,584	2,364,965	854,710	846,026
Library	1,988,168	150,241	269,922	-
Interest and fiscal charges	2,813,184	-	-	-
Total Governmental Activities	<u>45,552,223</u>	<u>6,041,230</u>	<u>2,398,066</u>	<u>846,026</u>
Business-type Activities				
Water	3,972,012	4,660,075	-	627,362
Sewer	7,013,940	7,523,826	-	268,288
Golf course	490,036	423,129	-	-
Cemeteries	276,684	222,639	-	-
Ambulance	835,352	777,192	-	-
Transit	1,950,140	213,158	1,074,996	604,723
Total Business-type Activities	<u>14,538,164</u>	<u>13,820,019</u>	<u>1,074,996</u>	<u>1,500,373</u>
Total Primary Government	<u>\$ 60,090,387</u>	<u>\$ 19,861,249</u>	<u>\$ 3,473,062</u>	<u>\$ 2,346,399</u>
<b>Component Units - Business-type Activities</b>				
Community Development Authority	\$ 5,099,185	\$ 200,410	\$ 3,954,170	\$ -
Business Improvement District	168,452	171,161	-	-
Total Component Units	<u>\$ 5,267,637</u>	<u>\$ 371,571</u>	<u>\$ 3,954,170</u>	<u>\$ -</u>

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

Gain on sale of property

Miscellaneous

Transfers

Total General Revenues and Transfers

**Change in net assets**

NET ASSETS - Beginning (as restated)

**NET ASSETS - ENDING**

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			Component Units
Governmental Activities	Business-type Activities	Totals	
\$ (693,848)	\$ -	\$ (693,848)	\$ -
(2,598,638)	-	(2,598,638)	-
(2,804,389)	-	(2,804,389)	-
154,769	-	154,769	-
(9,633,735)	-	(9,633,735)	-
(6,715,603)	-	(6,715,603)	-
(199,385)	-	(199,385)	-
(9,394,883)	-	(9,394,883)	-
(1,568,005)	-	(1,568,005)	-
(2,813,184)	-	(2,813,184)	-
<u>(36,266,901)</u>	<u>-</u>	<u>(36,266,901)</u>	<u>-</u>
-	1,315,425	1,315,425	-
-	778,174	778,174	-
-	(66,907)	(66,907)	-
-	(54,045)	(54,045)	-
-	(58,160)	(58,160)	-
-	(57,263)	(57,263)	-
<u>-</u>	<u>1,857,224</u>	<u>1,857,224</u>	<u>-</u>
(36,266,901)	1,857,224	(34,409,677)	-
-	-	-	(944,605)
-	-	-	2,709
-	-	-	<u>(941,896)</u>
5,156,577	-	5,156,577	-
2,502,289	-	2,502,289	-
3,808,617	754,260	4,562,877	-
619,176	-	619,176	-
21,794,494	-	21,794,494	-
760	-	760	-
1,793,770	574,614	2,368,384	796,013
300,835	-	300,835	-
341,679	-	341,679	30,778
775,846	(775,846)	-	-
<u>37,094,043</u>	<u>553,028</u>	<u>37,647,071</u>	<u>826,791</u>
827,142	2,410,252	3,237,394	(115,105)
<u>61,026,296</u>	<u>58,533,682</u>	<u>119,559,978</u>	<u>4,156,884</u>
<u>\$ 61,853,438</u>	<u>\$ 60,943,934</u>	<u>\$ 122,797,372</u>	<u>\$ 4,041,779</u>

See accompanying notes to financial statements.

**CITY OF BELOIT**

BALANCE SHEET - GOVERNMENTAL FUNDS  
December 31, 2006

	General	General Debt Service	TIF District No. 9 - Debt Service	Capital Improvements	Non-Major Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and investments	\$ 8,342,287	\$ 1,925,589	\$ 63,451	\$ 7,252,177	\$ 14,481,513	\$ 32,065,017
Receivables						
Taxes	5,423,798	2,882,495	25,711	162,702	4,462,272	12,956,978
Delinquent personal property taxes	68,710	-	-	-	-	68,710
Accounts	484,016	-	-	16,711	1,013,054	1,513,781
Special assessments	-	-	-	1,113,495	-	1,113,495
Loans	-	-	-	-	3,352,623	3,352,623
Accrued interest	173,775	-	-	-	-	173,775
Other	40,688	-	242,045	2,366	-	285,099
Due from other governmental units	-	-	-	61,720	858,755	920,475
Due from other funds	713,928	-	-	-	-	713,928
Due from component units	-	-	-	-	75,725	75,725
Inventories	397,200	-	-	-	-	397,200
Prepaid items	39,448	-	-	-	-	39,448
Advances to other funds	1,767,383	2,402,794	-	3,908,415	-	8,078,592
<b>TOTAL ASSETS</b>	<b>\$ 17,451,233</b>	<b>\$ 7,210,878</b>	<b>\$ 331,207</b>	<b>\$ 12,517,586</b>	<b>\$ 24,243,942</b>	<b>\$ 61,754,846</b>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities						
Accounts payable	\$ 841,465	\$ 5,263	\$ 42,463	\$ 400,632	\$ 1,482,551	\$ 2,772,374
Due to other funds	-	-	-	-	713,928	713,928
Other liabilities	-	-	-	-	-	-
Deferred revenue	6,171,583	3,373,233	267,756	2,239,798	8,331,454	20,383,824
Advances from other funds	-	-	5,030,492	-	2,666,067	7,696,559
Total Liabilities	<u>7,013,048</u>	<u>3,378,496</u>	<u>5,340,711</u>	<u>2,640,430</u>	<u>13,194,000</u>	<u>31,566,685</u>
Fund Balances						
Reserved for						
Delinquent personal property taxes	68,710	-	-	-	-	68,710
Inventories	397,200	-	-	-	-	397,200
Prepaid items	39,448	-	-	-	-	39,448
Noncurrent receivables/advances	1,767,383	2,402,794	-	3,908,415	-	8,078,592
Debt service	-	1,429,588	-	-	1,638,204	3,067,792
Encumbrances	-	-	60,852	638,155	1,378,606	2,077,613
Fundraising	-	-	-	-	150,000	150,000
Capital projects	-	-	-	-	250,000	250,000
Unreserved and designated, reported in						
General fund - surplus applied to 2007 budget	540,899	-	-	-	-	540,899
Special revenue funds - subsequent year's expenditures	-	-	-	-	3,733,458	3,733,458
Capital projects funds - subsequent year's expenditures	-	-	-	-	5,969,009	5,969,009
Unreserved and undesignated (deficit), reported in						
General fund	7,624,545	-	-	-	-	7,624,545
Special revenue funds	-	-	-	-	(650,669)	(650,669)
Debt service funds	-	-	(5,070,356)	-	(1,418,666)	(6,489,022)
Capital projects funds	-	-	-	5,330,586	-	5,330,586
Total Fund Balances	<u>10,438,185</u>	<u>3,832,382</u>	<u>(5,009,504)</u>	<u>9,877,156</u>	<u>11,049,942</u>	<u>30,188,161</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 17,451,233</b>	<b>\$ 7,210,878</b>	<b>\$ 331,207</b>	<b>\$ 12,517,586</b>	<b>\$ 24,243,942</b>	
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						72,796,780
Land held for resale is not reported in the funds						5,378,927
Some receivables that are not currently available are reported as deferred revenue in the fund financial statements but are recognized as revenue when earned in the government-wide statements.						7,426,846
Internal service funds are reported in the statement of net assets as governmental funds						3,988,961
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.						<u>(57,926,237)</u>
<b>NET ASSETS OF GOVERNMENTAL ACTIVITIES</b>						<b>\$ 61,853,438</b>

## CITY OF BELOIT

### STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICITS) - GOVERNMENTAL FUNDS For the Year Ended December 31, 2006

	General	General Debt Service	TIF No. 9 Debt Service	Capital Improvements	Non-Major Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
Taxes	\$ 5,231,522	\$ 2,502,289	\$ 7,921	\$ -	\$ 3,830,427	\$ 11,572,159
Intergovernmental	18,783,173	-	550	619,100	4,090,852	23,493,675
Licenses and permits	655,613	-	-	-	206,557	862,170
Fines, forfeitures and penalties	1,118,201	-	-	10,059	-	1,128,260
Fees and service charges	620,477	-	-	-	41,598	662,075
Rent	44,459	-	-	-	-	44,459
Special assessments	-	-	-	388,906	-	388,906
Investment income	900,236	40,549	92,265	401,433	542,671	1,977,154
Public charges for services	-	-	-	-	2,031,103	2,031,103
Donations	-	-	-	-	-	-
Other	-	-	-	453,822	1,631,991	2,085,813
Total Revenues	<u>27,353,681</u>	<u>2,542,838</u>	<u>100,736</u>	<u>1,873,320</u>	<u>12,375,199</u>	<u>44,245,774</u>
<b>EXPENDITURES</b>						
Current						
General government	3,763,218	-	750	-	7,885	3,771,853
Community development	1,042,509	-	-	-	3,100,824	4,143,333
Public safety	16,522,516	-	-	-	439,347	16,961,863
Public health	326,309	-	-	-	7,703	334,012
Public works	5,934,680	-	-	-	2,160,805	8,095,485
Parks, recreation, and education	-	-	-	-	1,907,205	1,907,205
Capital Outlay	65,000	-	77,355	6,340,216	7,711,413	14,193,984
Debt Service						
Principal retirement	23,827	2,563,603	-	-	983,456	3,570,886
Interest and fiscal charges	-	1,317,767	170,117	95,295	1,279,176	2,862,355
Total Expenditures	<u>27,678,059</u>	<u>3,881,370</u>	<u>248,222</u>	<u>6,435,511</u>	<u>17,597,814</u>	<u>55,840,976</u>
Excess (deficiency) of revenues over expenditures	<u>(324,378)</u>	<u>(1,338,532)</u>	<u>(147,486)</u>	<u>(4,562,191)</u>	<u>(5,222,615)</u>	<u>(11,595,202)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Debt issued	-	(480)	150,925	3,649,588	4,427,266	8,227,299
Capital lease issued	-	-	-	293,548	323,044	616,592
Sale of city property	264,797	-	-	-	470,191	734,988
Transfers in	935,584	814,993	-	83,432	150,000	1,984,009
Transfers out	(192,000)	-	(3,058)	(463,955)	(549,150)	(1,208,163)
Total Other Financing Sources (Uses)	<u>1,008,381</u>	<u>814,513</u>	<u>147,867</u>	<u>3,562,613</u>	<u>4,821,351</u>	<u>10,354,725</u>
<b>Net Change in Fund Balances</b>	684,003	(524,019)	381	(999,578)	(401,264)	(1,240,477)
FUND BALANCES (DEFICIT) - Beginning	<u>9,754,182</u>	<u>4,356,401</u>	<u>(5,009,885)</u>	<u>10,876,734</u>	<u>11,451,206</u>	<u>31,428,638</u>
<b>FUND BALANCES (DEFICIT) - ENDING</b>	<u>\$ 10,438,185</u>	<u>\$ 3,832,382</u>	<u>\$ (5,009,504)</u>	<u>\$ 9,877,156</u>	<u>\$ 11,049,942</u>	<u>\$ 30,188,161</u>

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, 2006

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Net change in fund balances - total governmental funds	\$ (1,240,477)
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	14,193,984
Less: Some items are reported as capital outlay but not capitalized	(6,785,168)
Depreciation is reported in the government-wide statements	(2,432,520)
Change in land held for resale	963,317
Net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins) is to decrease net assets.	(181,264)
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.	895,865
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 (\$3,167,419 G.O. debt, other debt \$81,329 and \$322,138) were less than issues (\$8,227,299 and \$616,592 capital leases).	(5,273,005)
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.	(50,058)
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	77,806
Accrued interest on debt	(48,373)
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.	<u>707,035</u>
<b>CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES</b>	<b><u>\$ 827,142</u></b>

See accompanying notes to financial statements.

**CITY OF BELOIT**

STATEMENT OF NET ASSETS - PROPRIETARY FUNDS  
December 31, 2006

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water Utility	Sewer Utility	Non-Major Enterprise Funds	Totals	
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and investments	\$ 1,373,151	\$ 848,899	\$ 659,995	\$ 2,882,045	\$ 5,000,128
Receivables					
Taxes	-	-	700,697	700,697	-
Accounts	759,627	2,384,417	197,013	3,341,057	154,572
Accrued interest	-	9,754	-	9,754	-
Other	86,294	440,681	-	526,975	-
Due from other governmental units	-	-	130,389	130,389	-
Current portion of advance	-	157,271	-	157,271	-
Inventories	51,159	-	120,667	171,826	-
Restricted Assets					
Bond redemption account	276,862	1,864,176	-	2,141,038	-
Replacement account	-	4,981,419	-	4,981,419	-
Total Current Assets	<u>2,547,093</u>	<u>10,686,617</u>	<u>1,808,761</u>	<u>15,042,471</u>	<u>5,154,700</u>
<b>Non-Current Assets</b>					
Restricted Assets					
Bond reserve account	1,889,856	1,158,000	432,585	3,480,441	-
Deposit with risk pool	-	-	-	-	1,575,475
Receivable from mutual insurance company	-	-	-	-	69,270
Total Restricted Assets	<u>1,889,856</u>	<u>1,158,000</u>	<u>432,585</u>	<u>3,480,441</u>	<u>1,644,745</u>
Capital Assets					
Land	736,627	1,386,282	1,270,000	3,392,909	-
Construction in progress	-	-	135,200	135,200	-
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	4,024,255	6,820,184	67,165
Infrastructure	31,709,993	13,226,149	-	44,936,142	-
Less: Accumulated depreciation	<u>(7,780,094)</u>	<u>(35,018,158)</u>	<u>(3,717,751)</u>	<u>(46,516,003)</u>	<u>(34,410)</u>
Total Capital Assets, Net	<u>28,081,206</u>	<u>45,707,262</u>	<u>5,107,232</u>	<u>78,895,700</u>	<u>32,755</u>
Other Assets					
Advances to other funds	-	1,350,779	-	1,350,779	-
Preliminary survey and engineering	-	344,910	-	344,910	-
Unamortized debt issuance costs	289,865	136,315	-	426,180	-
Total Other Assets	<u>289,865</u>	<u>1,832,004</u>	<u>-</u>	<u>2,121,869</u>	<u>-</u>
<b>Total Non-Current Assets</b>	<u>30,260,927</u>	<u>48,697,266</u>	<u>5,539,817</u>	<u>84,498,010</u>	<u>1,677,500</u>
<b>Total Assets</b>	<u>32,808,020</u>	<u>59,383,883</u>	<u>7,348,578</u>	<u>99,540,481</u>	<u>6,832,200</u>

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water Utility	Sewer Utility	Non-Major Enterprise Funds	Totals	
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Accounts payable	\$ 177,957	\$ 188,399	\$ 165,471	\$ 531,827	\$ 65,242
Claims payable	-	-	-	-	1,892,614
Compensated absences	14,196	91,804	-	106,000	-
Current maturities of general obligation debt	10,084	-	104,697	114,781	170,225
Current portion of advances	157,271	-	-	157,271	-
Unearned revenue	-	-	700,697	700,697	-
Other current liabilities	-	-	9,539	9,539	-
Current Liabilities Payable From Restricted Assets					
Current maturities of revenue debt	610,000	2,700,032	-	3,310,032	-
Accrued interest	181,674	68,994	-	250,668	-
<b>Total Current Liabilities</b>	<b>1,151,182</b>	<b>3,049,229</b>	<b>980,404</b>	<b>5,180,815</b>	<b>2,128,081</b>
<b>Noncurrent Liabilities</b>					
General obligation debt, less current maturities	981,462	593,377	1,053,557	2,628,396	-
Compensated absences	11,837	92,807	126,396	231,040	-
Revenue debt, less current maturities	22,860,000	6,890,000	-	29,750,000	-
Unamortized premium	-	223,596	-	223,596	-
Unamortized loss on advance refunding	-	(434,954)	-	(434,954)	-
Advances from other funds	1,350,779	-	382,033	1,732,812	-
<b>Total Long-Term Debt</b>	<b>25,204,078</b>	<b>7,364,826</b>	<b>1,561,986</b>	<b>34,130,890</b>	<b>-</b>
<b>Total Liabilities</b>	<b>26,355,260</b>	<b>10,414,055</b>	<b>2,542,390</b>	<b>39,311,705</b>	<b>2,128,081</b>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	4,291,475	35,871,525	3,516,392	43,679,392	32,755
Restricted for debt service	95,188	2,955,456	-	3,050,644	-
Restricted for replacement	-	4,981,419	-	4,981,419	-
Unrestricted	2,066,097	5,161,428	1,289,796	8,517,321	4,671,364
<b>TOTAL NET ASSETS</b>	<b>\$ 6,452,760</b>	<b>\$ 48,969,828</b>	<b>\$ 4,806,188</b>	<b>\$ 60,228,776</b>	<b>\$ 4,704,119</b>
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				715,158	
<b>NET ASSETS OF BUSINESS-TYPE ACTIVITIES</b>				<b>\$ 60,943,934</b>	

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, 2006

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water Utility	Sewer Utility	Non-Major Enterprise Funds	Totals	
<b>OPERATING REVENUES</b>					
Charges for services	\$ 4,515,676	\$ 7,157,598	\$ 1,592,449	\$ 13,265,723	\$ 10,529,983
Other	144,399	366,228	43,669	554,296	-
Total Operating Revenues	<u>4,660,075</u>	<u>7,523,826</u>	<u>1,636,118</u>	<u>13,820,019</u>	<u>10,529,983</u>
<b>OPERATING EXPENSES</b>					
Operation and maintenance	1,314,775	3,409,113	3,290,119	8,014,007	1,947,001
Contractual services	442,936	713,739	-	1,156,675	7,716,036
Depreciation	1,028,693	2,345,908	254,602	3,629,203	3,027
Total Operating Expenses	<u>2,786,404</u>	<u>6,468,760</u>	<u>3,544,721</u>	<u>12,799,885</u>	<u>9,666,064</u>
Operating Income (Loss)	<u>1,873,671</u>	<u>1,055,066</u>	<u>(1,908,603)</u>	<u>1,020,134</u>	<u>863,919</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Intergovernmental revenues	-	-	1,074,996	1,074,996	-
Investment income	130,958	370,401	73,255	574,614	4,983
Interest expense	(1,179,447)	(445,637)	(34,497)	(1,659,581)	(21,592)
Amortization of debt issuance expense	(20,270)	34,912	-	14,642	-
General property taxes	-	-	754,260	754,260	-
Amortization of loss on early retirement of debt	-	(173,970)	-	(173,970)	-
Loss on investment in CVMIC	-	-	-	-	(59,645)
Total Nonoperating Revenues (Expenses)	<u>(1,068,759)</u>	<u>(214,294)</u>	<u>1,868,014</u>	<u>584,961</u>	<u>(76,254)</u>
Income (loss) before contributions and transfers	804,912	840,772	(40,589)	1,605,095	787,665
Capital contributions	627,362	268,288	604,723	1,500,373	-
Transfers out	<u>(400,846)</u>	<u>(375,000)</u>	<u>-</u>	<u>(775,846)</u>	<u>-</u>
<b>Change in Net Assets</b>	1,031,428	734,060	564,134	2,329,622	787,665
TOTAL NET ASSETS - Beginning (As Restated)	<u>5,421,332</u>	<u>48,235,768</u>	<u>4,242,054</u>		<u>3,916,454</u>
<b>TOTAL NET ASSETS - ENDING</b>	<u>\$ 6,452,760</u>	<u>\$48,969,828</u>	<u>\$ 4,806,188</u>		<u>\$ 4,704,119</u>

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

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

80,630

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

\$ 2,410,252



**CITY OF BELOIT**

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

	Business-type Activities - Enterprise Funds			Totals	Governmental Activities - Internal Service Fund
	Water Utility	Sewer Utility	Non-Major Enterprise Funds		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Received from customers	\$ 4,623,719	\$ 7,609,859	\$ 1,567,673	\$ 13,801,251	\$ 10,488,000
Paid to suppliers for goods and services	(1,335,109)	(2,614,124)	(1,607,947)	(5,557,180)	(9,568,869)
Payments to employees for services	(510,545)	(1,403,974)	(1,649,554)	(3,564,073)	(515,196)
Net Cash Flows from Operating Activities	<u>2,778,065</u>	<u>3,591,761</u>	<u>(1,689,828)</u>	<u>4,679,998</u>	<u>403,935</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Operating grants received	-	-	1,075,173	1,075,173	-
Transfers	(400,846)	(375,000)	-	(775,846)	-
Property taxes received	-	-	754,260	754,260	-
Non-capital advance (and repayment)	(149,616)	149,616	14,040	14,040	-
Net Cash Flows from Noncapital Financing Activities	<u>(550,462)</u>	<u>(225,384)</u>	<u>1,843,473</u>	<u>1,067,627</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Debt retired	(595,000)	(2,658,720)	(52,580)	(3,306,300)	(155,925)
Interest paid	(1,181,431)	(461,057)	(34,497)	(1,676,985)	(21,592)
Proceeds from issuance of new debt	89,308	253,147	595,246	937,701	-
Acquisition and construction of capital assets	(420,768)	(742,164)	(653,425)	(1,816,357)	-
Construction grants received	-	-	586,400	586,400	-
Contributions received for construction	61,649	-	-	61,649	-
Net Cash Flows from Capital and Related Financing Activities	<u>(2,046,242)</u>	<u>(3,608,794)</u>	<u>441,144</u>	<u>(5,213,892)</u>	<u>(177,517)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Non-cash equivalents purchased	(1,889,856)	-	-	(1,889,856)	-
Non-cash equivalents sold	1,889,922	-	-	1,889,922	-
Investment income	130,958	367,846	73,238	572,042	4,983
Net Cash Flows from Investing Activities	<u>131,024</u>	<u>367,846</u>	<u>73,238</u>	<u>572,108</u>	<u>4,983</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<u>312,385</u>	<u>125,429</u>	<u>668,027</u>	<u>1,105,841</u>	<u>231,401</u>
CASH AND CASH EQUIVALENTS - Beginning	<u>1,337,628</u>	<u>8,727,065</u>	<u>424,553</u>	<u>10,489,246</u>	<u>4,768,727</u>
<b>CASH AND CASH EQUIVALENTS - ENDING</b>	<u>\$ 1,650,013</u>	<u>\$ 8,852,494</u>	<u>\$ 1,092,580</u>	<u>\$ 11,595,087</u>	<u>\$ 5,000,128</u>

	Business-type Activities - Enterprise Funds			Totals	Governmental Activities - Internal Service Fund
	Water Utility	Sewer Utility	Non-Major Enterprise Funds		
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Operating income (Loss)	\$ 1,873,671	\$ 1,055,066	\$ (1,908,603)	\$ 1,020,134	\$ 863,919
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows From Operating Activities					
Nonoperating income	-	90,765	-	90,765	-
Depreciation charged to other funds	18,429	-	-	18,429	-
Depreciation expense	1,028,693	2,345,908	254,602	3,629,203	3,027
Changes in Assets and Liabilities					
Accounts receivable	(57,363)	(39,202)	(19,490)	(116,055)	(101,628)
Inventories	6,024	-	(1,764)	4,260	-
Accounts payable	(94,141)	(7,761)	9,046	(92,856)	738
Due to/from other funds	-	118,625	-	118,625	-
Accrued compensated absences	1,313	28,360	15,098	44,771	-
Other current liabilities	(1,139)	-	10,238	9,099	-
Unearned revenue	2,578	-	(48,955)	(46,377)	-
Claims payable	-	-	-	-	(362,121)
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<u>\$ 2,778,065</u>	<u>\$ 3,591,761</u>	<u>\$ (1,689,828)</u>	<u>\$ 4,679,998</u>	<u>\$ 403,935</u>

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

Cash and investments - statement of net assets	\$ 1,373,151	\$ 848,899	\$ 659,995	\$ 2,882,045	\$ 5,000,128
Restricted cash and investments - statement of net assets:					
Bond redemption account	276,862	1,864,176	-	2,141,038	-
Replacement account	-	4,981,419	-	4,981,419	-
Bond reserve account	1,889,856	1,158,000	432,585	3,480,441	-
Less: Non-cash equivalents	<u>(1,889,856)</u>	<u>-</u>	<u>-</u>	<u>(1,889,856)</u>	<u>-</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 1,650,013</u>	<u>\$ 8,852,494</u>	<u>\$ 1,092,580</u>	<u>\$ 11,595,087</u>	<u>\$ 5,000,128</u>

**NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES**

During 2006, \$268,288 of sewer capital assets were contributed by the City.  
During 2006, there was a decrease of \$52,781 in what CVMIC owes the city which resulted in a loss on the investment.  
During 2006, \$627,362 of water capital assets were contributed by the City and developers.  
During 2006, \$604,723 of transit capital assets were contributed to the City.

**CITY OF BELOIT**

STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
December 31, 2006

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	<u>Agency Fund</u>
	<u>Tax Collection Fund</u>
<b>ASSETS</b>	
Cash and investments	\$ 5,794,597
Property taxes receivable	<u>18,155,881</u>
<b>TOTAL ASSETS</b>	<u>\$ 23,950,478</u>
<b>LIABILITIES</b>	
Due to other taxing units	<u>\$ 23,950,478</u>
<b>TOTAL LIABILITIES</b>	<u>\$ 23,950,478</u>

See accompanying notes to financial statements.

**CITY OF BELOIT**

STATEMENT OF NET ASSETS - COMPONENT UNITS  
December 31, 2006

	<u>Major</u>	<u>Non-Major</u>	
	Community Development Authority	Business Improvement District	<u>Totals</u>
<b>ASSETS</b>			
Current Assets			
Cash and investments	\$ 624,449	\$ 100,003	\$ 724,452
Receivables			
Accounts	76,462	-	76,462
Special assessments	-	122,804	122,804
Due from other governmental units	4,327	-	4,327
Prepaid items	3,714	-	3,714
Total Current Assets	<u>708,952</u>	<u>222,807</u>	<u>931,759</u>
Non-Current Assets			
Restricted Assets			
Cash and investments	1,645,232	-	1,645,232
Total Restricted Assets	<u>1,645,232</u>	<u>-</u>	<u>1,645,232</u>
Capital Assets			
Land	414,539	-	414,539
Construction in progress	293,661	-	293,661
Buildings	3,640,214	-	3,640,214
Machinery, equipment, and vehicles	4,266,012	-	4,266,012
Less: Accumulated depreciation	<u>(5,199,776)</u>	<u>-</u>	<u>(5,199,776)</u>
Total Capital Assets, Net	<u>3,414,650</u>	<u>-</u>	<u>3,414,650</u>
Other assets			
Lease receivable from primary government	14,137,211	-	14,137,211
Total Other Assets	<u>14,137,211</u>	<u>-</u>	<u>14,137,211</u>
Total Non-Current Assets	<u>19,197,093</u>	<u>-</u>	<u>19,197,093</u>
Total Assets	<u>19,906,045</u>	<u>222,807</u>	<u>20,128,852</u>
<b>LIABILITIES</b>			
Current Liabilities			
Accounts payable	11,727	2,052	13,779
Accrued liabilities	33,441	-	33,441
Due to primary government	75,725	82,533	158,258
Unearned revenues	45,013	122,804	167,817
Deposits	54,152	-	54,152
Total Current Liabilities	<u>220,058</u>	<u>207,389</u>	<u>427,447</u>
Noncurrent Liabilities			
Compensated absences	9,238	-	9,238
Lease revenue bonds payable	15,650,388	-	15,650,388
Total Noncurrent Liabilities	<u>15,659,626</u>	<u>-</u>	<u>15,659,626</u>
Total Liabilities	<u>15,879,684</u>	<u>207,389</u>	<u>16,087,073</u>
<b>NET ASSETS</b>			
Invested in capital assets	3,414,650	-	3,414,650
Restricted for grant programs	478,156	-	478,156
Unrestricted	133,555	15,418	148,973
<b>TOTAL NET ASSETS</b>	<u>\$ 4,026,361</u>	<u>\$ 15,418</u>	<u>\$ 4,041,779</u>

See accompanying notes to financial statements.

## CITY OF BELOIT

### STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS - COMPONENT UNITS Year Ended December 31, 2006

	<u>Major</u>	<u>Non-major</u>	
	Community Development Authority	Business Improvement District	<u>Totals</u>
<b>EXPENSES</b>			
Community development	\$ 5,099,185	\$ -	\$ 5,099,185
Economic development	-	168,452	168,452
Total Expenses	<u>5,099,185</u>	<u>168,452</u>	<u>5,267,637</u>
<b>PROGRAM REVENUES</b>			
Charges for services	200,410	171,161	371,571
Operating grants and contributions	<u>3,954,170</u>	-	<u>3,954,170</u>
Total Program Revenues	<u>4,154,580</u>	<u>171,161</u>	<u>4,325,741</u>
Operating Income (Loss)	<u>(944,605)</u>	<u>2,709</u>	<u>(941,896)</u>
<b>GENERAL REVENUES</b>			
Investment income	792,837	3,176	796,013
Miscellaneous	<u>30,778</u>	-	<u>30,778</u>
Total General Revenues	<u>823,615</u>	<u>3,176</u>	<u>826,791</u>
Change in Net Assets	(120,990)	5,885	(115,105)
TOTAL NET ASSETS - Beginning	<u>4,147,351</u>	<u>9,533</u>	<u>4,156,884</u>
<b>TOTAL NET ASSETS - ENDING</b>	<u>\$ 4,026,361</u>	<u>\$ 15,418</u>	<u>\$ 4,041,779</u>

See accompanying notes to financial statements

# CITY OF BELOIT

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**CITY OF BELOIT**

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December 31, 2006

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# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS December 31, 2006

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

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

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

This report includes all of the funds of the City 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, 2006. Additional information may be obtained from the CDA's office.



# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS December 31, 2006

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

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#### 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 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, 2006. Separately issued financial statements of the district may be obtained from the City of Beloit Business Improvement District.

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

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

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

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

##### *Fund Financial Statements*

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

# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS December 31, 2006

---

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

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#### **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

# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS December 31, 2006

---

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

---

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

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

The City reports the following 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)	Fire Multi-Year Grants
Health	DPW Multi-Year Grants
Community Development Block Grant	Community Development
TIF District No. 8	Library
TIF District No. 10	Police
TIF District No. 11	Solid Waste
TIF District No. 12	Perpetual Care
TIF District No. 13	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

# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS

December 31, 2006

---

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

---

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

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

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.

# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS December 31, 2006

---

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

---

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

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

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

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

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

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

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

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

# CITY OF БЕЛОIT

## NOTES TO FINANCIAL STATEMENTS December 31, 2006

---

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

---

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

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

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:

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

# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS December 31, 2006

---

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

---

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

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

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

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

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

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, 2006, the fair value of the City's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

See Note 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 statement of fiduciary net assets.

# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS December 31, 2006

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

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

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

###### *Property Taxes (cont.)*

Property tax calendar – 2006 tax roll:

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

###### *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 \$95,447.



# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS December 31, 2006

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

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#### **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 and/or operation and maintenance expense when used.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in 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**

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

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

# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS December 31, 2006

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

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

##### **5. Capital Assets (cont.)**

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

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

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

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

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

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

##### **6. Other Assets**

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

# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS December 31, 2006

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

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#### *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, 2006 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 the 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 \$622,349 made up of one issue.

# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS December 31, 2006

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

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#### **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 (excluding unspent bond proceeds) of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets – Consists of net assets with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

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 \$4,338,372.

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

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

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

# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS December 31, 2006

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

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#### 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.

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

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#### 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 \$57,926,237 difference in liabilities is as follows:

Bonds and notes payable	\$ 41,147,978
Unamortized debt premium/discount/cost of issuance/loss on advance refunding	(488,530)
Compensated absences	1,949,961
Other debt	527,882
Capital leases	14,430,759
Accrued interest	<u>358,187*</u>
Net Adjustment to Reduce Fund Balance – Total Governmental Funds to Arrive at Net Assets – Governmental Activities	<u>\$ 57,926,237</u>

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

# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS December 31, 2006

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

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#### **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, and perpetual care.

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

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

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

Every appropriation lapses at December 31, to the extent that it has not been expended, encumbered or administratively carried over to the next year. Operating account appropriations which are administratively carried forward are reviewed and approved by the city council. An appropriation for a capital expenditure or a major repair continues in force until the purpose for which it was made has been accomplished or abandoned. There were no carryovers to 2007. Budgets are adopted at the department level of expenditure.

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.

# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS December 31, 2006

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

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#### **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, 2006:

	<u>Excess</u>
<b>Debt Service (Major Fund)</b>	
TIF District No. 9 debt service	\$ 106,637
<b>Special Revenue</b>	
Community development	311,430
<b>Capital Projects</b>	
Fleet replacement	309,262
Computer replacement	96,633

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

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

As of December 31, 2006, the following individual funds held a deficit balance:

<u>Fund</u>	<u>Amount</u>	<u>Reason</u>
Debt Service – TIF District No. 9	\$ 5,009,504	Excess expenditures over revenues
Special Revenue – TIF District No. 8	233,004	Excess expenditures over revenues
Special Revenue – TIF District No. 12	409,612	Excess expenditures over revenues
Debt Service – TIF District No. 3	352,938	Excess expenditures over revenues
Debt Service – TIF District No. 6	1,065,728	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'S 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.

**CITY OF BELOIT**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2006

**NOTE IV – DETAILED NOTES ON ALL FUNDS**

**A. DEPOSITS AND INVESTMENTS**

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

	Carrying Value	Statement Balance	Associated Risks
Money market	\$ 1,461,976	\$ 1,461,976	Custodial credit risk, interest rate risk
Demand deposits	8,634,479	7,547,610	Custodial credit risk
U.S. agencies – implicitly guaranteed	35,906,269	35,906,269	Custodial credit risk, interest rate risk, credit risk, concentration of credit risk
U.S. agencies – explicitly guaranteed	161,639	161,639	Custodial credit risk, interest rate risk
Commercial paper	1,889,856	1,889,856	Credit risk, custodial credit risk, concentration of credit risk, interest rate risk
Corporate bonds	1,189,789	1,189,789	Credit risk, custodial credit risk, concentration of credit risk, interest rate risk
LGIP	7,093,944	7,093,944	Credit risk, interest rate risk
Petty cash	6,733	-	N/A
Total Cash and Investments	\$ 56,344,685	\$ 55,251,083	
Reconciliation to financial statements			
Per statement of net assets			
Unrestricted cash and investments	\$ 39,947,190		
Restricted cash and investments	10,602,898		
Per statement of net assets –			
Fiduciary Funds			
Agency	5,794,597		
Total Cash and Investments	\$ 56,344,685		

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.



# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS December 31, 2006

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

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#### 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. This coverage has not been considered in computing custodial credit risk.

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, 2006, the banks had pledged various government securities in the amount of \$6,816,060 to secure the City's deposits.

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

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

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

As of December 31, 2006, \$481,716 of the City's total bank balances were exposed to custodial credit risk as follows:

Uninsured and uncollateralized	<u>\$ 481,716</u>
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**CITY OF BELOIT**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2006

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

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

***Custodial Credit Risk*** (cont.)

As of the December 31, 2006, 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	<u>\$ 18,772,802</u>
Total Money Market Funds, U.S. Agencies, Corporate Bonds, and Repurchase Agreements	<u>\$ 18,772,802</u>

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

***Credit Risk***

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

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

Investment Type	Standard & Poor's	Fitch Ratings	Moody's Investor Service
U.S. agencies	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.

**CITY OF BELOIT**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2006

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

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

**Concentration of Credit Risk**

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

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

**Concentration of Credit Risk by Issuer and Dealer:**

Issuer	Fair Value	Percentage of Portfolio
Federal Farm Credit Bank (FFCB)	\$ 969,872	2.0%
Federal Home Loan Bank (FHLB)	12,598,609	26.4
Federal Home Loan Mortgage Co. (FHLMC)	12,859,602	27.0
Federal National Mortgage Assoc. (FNMA)	9,478,186	19.9
Sub-Total – Implicitly Guaranteed	<u>35,906,269</u>	<u>75.3</u>
Government National Mortgage Assoc (GNMA)	21,934	0.0
Local Government Investment Pool (LGIP)	7,093,944	14.9
U.S. Treasury	125,918	0.3
Small Business Administration (SBA)	13,787	0.0
Sub-Total – Explicitly Guaranteed	<u>7,255,583</u>	<u>14.9</u>
Money Market Funds (M&I US Govt Class)	536,176	1.1
Corporate Bonds (M&I)	1,189,789	2.5
Money Market Funds (US Bank US Treas)	925,800	1.9
Commercial paper	1,889,856	4.0
Total Portfolio	<u>\$ 47,703,473</u>	<u>100.00%</u>

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

Issuer	Fair Value	Percentage of Portfolio
Local Government Investment Pool (LGIP)	\$ 7,093,944	14.9%
Multi-Bank Securities, Inc.	2,992,812	6.3
Smith Barney Citigroup	6,969,058	14.6
Vining Sparks	10,821,814	22.7
Coastal Securities	13,019,699	27.3
US Bank	925,800	1.9
M&I Trust Company	4,722,346	10.0
Societe Generale	1,158,000	2.3
Total Portfolio	<u>\$ 47,703,473</u>	<u>100.00%</u>

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.



**CITY OF BELOIT**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2006

**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	\$ -	\$ 12,956,978	\$ 12,956,978
Loans receivable	3,367,249	-	3,367,249
Grants receivable – noncurrent	462,798	-	462,798
Accounts receivable – noncurrent	569,883	-	569,883
Interest on TIF advances	1,827,503	-	1,827,503
Investment income – noncurrent	84,084	-	84,084
Special assessments	1,115,329	-	1,115,329
Total Deferred/Unearned Revenue for Governmental Funds	\$ 7,426,846	\$ 12,956,978	\$ 20,383,824

**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~~

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	\$ 68,710
Capital Projects – capital improvement – special assessments	1,113,495
Nonmajor Governmental Funds – loans	3,352,623
Governmental Activities – Total Amount Not Expected to be Collected Within One Year	\$ 4,534,828

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

# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS December 31, 2006

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

#### D. CAPITAL ASSETS

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

	Beginning Balance (as restated)	Additions	Deletions	Ending Balance
<b>Governmental Activities</b>				
Capital assets not being depreciated				
Land	\$ 3,415,599	\$ -	\$ 21,088	\$ 3,394,511
Total Capital Assets Not Being Depreciated	<u>3,415,599</u>	<u>-</u>	<u>21,088</u>	<u>3,394,511</u>
Capital assets being depreciated				
Land improvements	735,724	-	-	735,724
Buildings	14,597,337	480,714	-	15,078,051
Machinery, equipment, and vehicles	15,165,266	1,742,446	640,148	16,267,564
Other improvements	3,495,674	-	-	3,495,674
Streets	40,667,493	4,096,403	101,542	44,662,354
Street lights	2,254,609	360,508	-	2,615,117
Traffic signals	2,495,541	66,618	-	2,562,159
Bridges	5,550,391	-	-	5,550,391
Storm sewer	1,657,038	662,127	-	2,319,165
Total Capital Assets Being Depreciated	<u>86,619,073</u>	<u>7,408,816</u>	<u>741,690</u>	<u>93,286,199</u>
Less: Accumulated depreciation for				
Land improvements	(59,584)	(4,583)	-	(64,167)
Buildings	(3,765,165)	(380,392)	-	(4,145,557)
Machinery, equipment, and vehicles	(6,789,884)	(1,193,905)	527,022	(7,456,767)
Other improvements	(1,483,355)	-	-	(1,483,355)
Streets	(7,355,625)	(571,182)	51,465	(7,875,342)
Street lights	(403,931)	(49,905)	-	(453,836)
Traffic signals	(933,618)	(100,564)	-	(1,034,182)
Bridges	(1,133,723)	(85,249)	-	(1,218,972)
Storm sewer	(72,257)	(46,740)	-	(118,997)
Total Accumulated Depreciation	<u>(21,997,142)</u>	<u>(2,432,520)</u>	<u>578,487</u>	<u>(23,851,175)</u>
Net Capital Assets Being Depreciated	<u>64,621,931</u>	<u>4,976,296</u>	<u>163,203</u>	<u>69,435,024</u>
Total Governmental Activities Capital Assets, Net of Depreciation	<u>\$ 68,037,530</u>			<u>\$ 72,829,535</u>

# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS December 31, 2006

### 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	\$ 99,403
Finance and administrative services (internal service)	3,027
Community development	3,421
Public safety – police	188,976
Public safety – fire	203,187
Health	1,177
Public works, which includes the depreciation of infrastructure	1,904,393
Library	<u>28,936</u>
Total Governmental Activities Depreciation Expense	<u>\$ 2,432,520</u>

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>Business-type Activities</b>				
Capital assets not being depreciated				
Land	\$ 3,341,563	\$ 51,346	\$ -	\$ 3,392,909
Construction in progress	<u>-</u>	<u>135,200</u>	<u>-</u>	<u>135,200</u>
Total Capital Assets Not Being Depreciated	<u>3,341,563</u>	<u>186,546</u>	<u>-</u>	<u>3,528,109</u>
Other capital assets				
Land improvements	702,418	-	-	702,418
Buildings	4,334,233	-	-	4,334,233
Machinery, equipment, and Vehicles	6,214,441	605,743	-	6,820,184
Sewer mains	12,532,647	693,670	168	13,226,149
Sewer treatment facility	65,090,617	-	-	65,090,617
Water mains	<u>30,720,008</u>	<u>1,029,916</u>	<u>39,931</u>	<u>31,709,993</u>
Total Capital Assets Being Depreciated	<u>119,594,364</u>	<u>2,329,329</u>	<u>40,099</u>	<u>121,883,594</u>
Less: Accumulated depreciation for				
Land improvements	(486,017)	(22,862)	-	(508,879)
Buildings	(1,165,854)	(110,847)	-	(1,276,701)
Machinery, equipment, and vehicles	(3,318,335)	(346,663)	-	(3,664,998)
Sewer mains	(3,088,775)	(132,002)	168	(3,220,609)
Sewer treatment facility	(28,926,220)	(2,173,775)	-	(31,099,995)
Water mains	<u>(5,941,343)</u>	<u>(843,054)</u>	<u>39,576</u>	<u>(6,744,821)</u>
Total Accumulated Depreciation	<u>(42,926,544)</u>	<u>(3,629,203)</u>	<u>39,744</u>	<u>(46,516,003)</u>
Business-type Capital Assets, Net of Depreciation	<u>76,667,820</u>	<u>(1,299,874)</u>	<u>355</u>	<u>75,367,591</u>
Total Business-type Capital Assets, Net of Depreciation	<u>\$ 80,009,383</u>			<u>\$ 78,895,700</u>

**CITY OF BELOIT**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2006

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

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

Depreciation expense was charged to functions as follows:

**Business-type Activities**

Water	\$ 1,028,693
Sewer	2,345,908
Transit	223,153
Golf Course	28,427
Cemetery	<u>3,022</u>
Total Business-type Activities	
Depreciation Expense	<u>\$ 3,629,203</u>

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

**Interfund Receivables/Payables**

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General fund	Special Revenue – DPW multi-year grants	\$ 98,659
General fund	Special Revenue – TIF District No. 8	83,004
General fund	Special Revenue – TIF District No. 10	29,057
General fund	Special Revenue – Community development	155,933
General fund	Special Revenue – Solid waste	<u>347,275</u>
Sub-total – Fund financial statements		713,928
Add: Allocation of internal service funds		715,158
Less: Fund eliminations		<u>(713,928)</u>
Total – Government-Wide Statement of Net Assets		<u>\$ 715,158</u>
Business-type activities	Governmental Activities	<u>\$ (715,158)</u>
Total – Government-Wide Statement of Net Assets		<u>\$ (715,158)</u>

All amounts are due within one year.

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



**CITY OF BELOIT**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2006

**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 District No. 5 is repaying the general fund \$250,000 in 2007 and \$124,998 in 2008. 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	Special Revenue – TIF District No. 12	\$ 410,000	\$ -	\$ 410,000	\$ 410,000
General fund	Debt Service – TIF District No. 5	-	374,998	374,998	124,998
General fund	Debt Service – TIF District No. 6	450,352	-	450,352	450,352
General fund	Debt service – TIF District No. 8	150,000	-	150,000	150,000
General fund	Enterprise – Golf course fund	382,033	-	382,033	382,033
General debt service fund	Debt Service – TIF District No. 3	355,896	-	355,896	355,896
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	459,895	1,679,272	1,679,272

## CITY OF BELOIT

### NOTES TO FINANCIAL STATEMENTS December 31, 2006

#### 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	961,767	3,351,220	3,351,220
Enterprise – Sewer utility	Enterprise – Water utility	1,508,050	-	1,508,050	1,350,779
Sub-Totals		7,789,982	1,796,660	9,586,642	9,179,371
Less: Fund eliminations		(7,407,949)	(1,796,660)	(9,204,609)	(8,797,338)
Totals		\$ 382,033	\$ -	\$ 382,033	\$ 382,033
Governmental Activities – Business-type activities				\$ 382,033	
Less: Business-type activities – Governmental activities				-	
Total Government-wide Statement of Net Assets				\$ 382,033	

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 1-1-06	Increases	Decreases	Balance 12-31-06
Advance from sewer utility	\$ 1,657,666	\$ -	\$ 149,616	\$ 1,508,050
Totals	\$ 1,657,666	\$ -	\$ 149,616	\$ 1,508,050

**CITY OF BELOIT**

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

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

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

***Advances (cont.)***

Advance repayment requirements to maturity are as follows:

<u>Years</u>	<u>Business-type Activities – Revenue Debt</u>	
	<u>Principal</u>	<u>Interest</u>
2007	\$ 157,271	\$ 71,831
2008	165,317	63,785
2009	173,775	55,326
2010	182,666	46,436
2011	192,011	37,090
2012 – 2014	637,010	50,293
Totals	<u>\$ 1,508,050</u>	<u>\$ 324,761</u>

***Transfers***

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Purpose</u>
General fund	Water utility	\$ 400,846	Payment in lieu of tax
General fund	Sewer utility	375,000	Return of capital
General fund	Health	159,738	Close health fund
Debt Service – General debt service	Capital Projects – Capital improvement program	463,955	Unused bond proceeds
Debt Service – General debt service	Special Revenue – TIF District No. 8	273,567	Debt service
Debt Service – General debt service	Debt Service – TIF District No. 9	3,058	Debt service
Debt Service – General debt service	Special Revenue – TIF District No. 10	5,580	Debt service
Debt Service – General debt service	Special Revenue – TIF District No. 11	13,931	Debt service
Debt Service – General debt service	Special Revenue – TIF District No. 12	32,173	Debt service
Debt Service – General debt service	Special Revenue – TIF District No. 13	22,729	Debt service
Capital Projects – Capital improvements	General fund	42,000	Capital projects
Capital Projects – Capital improvements	DPW Multi-year grants	41,432	Capital projects
Special Revenue – Neighborhood development initiative	General fund	<u>150,000</u>	Program contribution
Sub-Total – Fund Financial Statements		1,984,009	
Less: Fund eliminations		<u>(1,208,163)</u>	
Total – Government-wide Statement of Activities		<u>\$ 775,846</u>	

**CITY OF BELOIT**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2006

**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.

**F. LONG-TERM OBLIGATIONS**

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
<b>GOVERNMENTAL ACTIVITIES</b>					
Bonds and Notes Payable:					
General Obligation Debt					
General	\$ 36,088,098	\$ 8,227,299	\$ 3,167,419	\$ 41,147,978	\$ 3,089,668
Internal service	326,150	-	155,925	170,225	170,225
Add/(Subtract) Deferred Amounts For:					
(Discounts)	(155,515)	-	(9,677)	(145,838)	-
Premiums	48,818	-	2,639	46,179	-
Loss on advance refunding	(201,027)	-	(28,718)	(172,309)	-
Sub-totals	<u>36,106,524</u>	<u>8,227,299</u>	<u>3,287,588</u>	<u>41,046,235</u>	<u>3,259,893</u>
Other Liabilities					
Compensated Absences					
Sick leave	838,036	150,321	240,573	747,784	261,724
Vacation	1,189,731	1,202,177	1,189,731	1,202,177	1,202,177
Other Debt					
Alliant	234,311	-	71,329	162,982	65,450
Town of Turtle	150,000	-	10,000	140,000	10,000
WHEDA	224,900	-	-	224,900	-
Capital Leases					
Payable to component unit	14,136,305	323,044	322,138	14,137,211	-
Other capital leases	-	293,548	-	293,548	57,983
Total Other Liabilities	<u>16,773,283</u>	<u>1,969,090</u>	<u>1,833,771</u>	<u>16,908,602</u>	<u>1,597,334</u>
Total Governmental Activities					
Long-Term Liabilities	<u>\$ 52,879,807</u>	<u>\$ 10,196,389</u>	<u>\$ 5,121,359</u>	<u>\$ 57,954,837</u>	<u>\$ 4,857,227</u>

**CITY OF BELOIT**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2006

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

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
<b>BUSINESS-TYPE ACTIVITIES</b>					
Bonds and Notes Payable:					
General obligation debt	\$ 1,861,902	\$ 937,701	\$ 52,580	\$ 2,747,023	\$ 118,627
Revenue bonds	36,255,504	-	3,199,318	33,056,186	3,306,186
Add/(Subtract) Deferred Amounts For:					
Refundings (Losses)	(608,924)	-	(173,970)	(434,954)	-
Premiums	<u>313,034</u>	<u>-</u>	<u>89,438</u>	<u>223,596</u>	<u>-</u>
Sub-total	<u>37,821,516</u>	<u>937,701</u>	<u>3,167,366</u>	<u>35,591,851</u>	<u>3,424,813</u>
Other Liabilities:					
Other Debt					
Compensated absences	282,503	168,286	113,749	337,040	106,000
Alliant	<u>54,402</u>	<u>-</u>	<u>54,402</u>	<u>-</u>	<u>-</u>
Sub-total	<u>336,905</u>	<u>168,286</u>	<u>168,151</u>	<u>337,040</u>	<u>106,000</u>
Total Business-type Activities					
Long-Term Liabilities	<u>\$ 38,158,421</u>	<u>\$ 1,105,987</u>	<u>\$ 3,335,517</u>	<u>\$ 35,928,891</u>	<u>\$ 3,530,813</u>

**General Obligation Debt**

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

In accordance with Wisconsin Statutes, total general obligation indebtedness of the City may not exceed five percent of the equalized value of taxable property within the City's jurisdiction. The debt limit as of December 31, 2006, was \$73,502,795. Total general obligation debt outstanding at year end was \$44,065,226.

	<u>Date of Issue</u>	<u>Due Date</u>	<u>Interest Rates</u>	<u>Original Indebted- ness</u>	<u>Balance 12-31-06</u>
Governmental Activities – General Obligation Debt					
General obligation insurance bond	4-21-87	4-1-07	8.30-8.70%	\$ 1,575,475	\$ 170,225
General obligation corporate purpose bonds Series 1999A	5-1-99	5-1-12	4.15-4.20	2,735,000	1,650,000
General obligation promissory notes Series 1999B	5-1-99	5-1-09	4.00-4.20	1,766,000	833,339

**CITY OF BELOIT**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2006

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

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

**General Obligation Debt (cont.)**

	<u>Date of Issue</u>	<u>Due Date</u>	<u>Interest Rates</u>	<u>Original Indebted- ness</u>	<u>Balance 12-31-06</u>
Governmental Activities – General Obligation Debt (cont.)					
General obligation corporate purpose bonds Series 2000	6-1-00	12-1-14	4.70-5.55	\$ 3,285,000	\$ 1,810,000
General obligation promissory notes	6-1-00	12-1-09	5.10-5.35	1,620,000	625,000
General obligation refunding bonds Series 2001A	3-1-01	10-1-14	4.00-4.70	3,141,100	2,085,000
General obligation promissory notes Series 2001B	6-1-01	12-1-10	3.50-4.50	721,080	370,548
General obligation corporate purpose bonds Series 2001C	6-1-01	12-1-15	4.25-4.875	2,710,000	1,882,146
General obligation corporate purpose bonds Series 2002A	5-1-02	11-1-17	3.50-4.80	1,790,000	1,390,000
General obligation corporate purpose bonds Series 2002B	5-1-02	11-1-11	3.00-4.35	860,000	496,745
General obligation corporate purpose bonds Series 2003A	4-1-03	4-1-12	3.00-4.60	3,150,000	2,850,000
General obligation promissory notes Series 2003B	4-1-03	4-1-11	2.00-3.80	2,753,366	855,703
Taxable general obligation refunding bonds Series 2003C	2-1-03	3-1-12	4.00-4.750	3,770,000	3,265,000
General obligation promissory notes Series 2004A	3-1-04	3-1-12	2.25-3.00	4,134,790	3,357,980
General obligation corporate purpose bonds Series 2004B	3-1-04	3-1-24	2.00-4.35	3,845,000	3,540,000
General obligation corporate purpose bonds Series 2005A	5-1-05	5-1-25	3.25-4.25	6,194,486	5,292,248
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
General obligation corporate purpose bonds Series 2006A	5-1-06	5-1-26	4.00-4.375	7,587,545	7,587,545
General obligation promissory notes Series 2006B	5-1-06	5-1-16	4.00	639,754	<u>639,754</u>
Total Governmental Activities – General Obligation Debt					<u><u>\$ 41,318,203</u></u>

**CITY OF BELOIT**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2006

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

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

**General Obligation Debt (cont.)**

	<u>Date of Issue</u>	<u>Due Date</u>	<u>Interest Rates</u>	<u>Original Indebted- ness</u>	<u>Balance 12-31-06</u>
Business-type Activities – General Obligation Debt					
General obligation promissory notes Series 1999B	5-1-99	5-1-09	4.00-4.30%	\$ 34,000	\$ 16,660
General obligation promissory notes Series 2001B	6-1-01	12-1-10	3.50-4.50	213,297	104,452
General obligation corporate purpose bonds Series 2001C	6-1-01	12-1-15	4.25-4.875	35,510	27,854
General obligation corporate purpose bonds Series 2002B	5-1-02	11-1-11	3.00-4.35	5,112	3,256
General obligation promissory notes Series 2003B	4-1-03	4-1-11	2.00-3.80	109,634	34,297
General obligation promissory notes Series 2004A	3-1-04	3-1-12	2.25-3.00	70,209	57,020
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
General obligation corporate purpose bonds Series 2006A	5-1-06	5-1-26	4.00-4.375	342,455	342,455
General obligation promissory notes Series 2006B	5-1-06	5-1-16	4.00	595,247	<u>595,247</u>
Total Business-type Activities – General Obligation Debt					<u>\$ 2,747,023</u>

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Governmental Activities General Obligation Debt</u>		<u>Business-type Activities General Obligation Debt</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2007	\$ 3,259,893	\$ 1,652,770	\$ 118,627	\$ 92,798
2008	3,254,488	1,510,829	135,460	102,079
2009	3,440,291	1,382,263	146,398	96,696
2010	3,203,102	1,247,988	170,359	90,579
2011	3,210,082	1,121,042	150,227	83,799
2012 – 2016	12,801,600	3,850,007	909,699	321,664
2017 – 2021	8,022,898	1,661,775	577,102	171,031
2022 – 2026	4,125,849	363,625	539,151	47,929
Totals	<u>\$ 41,318,203</u>	<u>\$ 12,790,299</u>	<u>\$ 2,747,023</u>	<u>\$ 1,006,575</u>

**Capital Leases**

Refer to Note IV.G.

**CITY OF BELOIT**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2006

**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.

***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.

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 1-1-06	Increases	Decreases	Balance 12-31-06
Alliant	\$ 234,311	\$ -	\$ 71,329	\$ 162,982
Town of Turtle	150,000	-	10,000	140,000
WHEDA	224,900	-	-	224,900
Total Other Debt	\$ 609,211	\$ -	\$ 81,329	\$ 527,882



**CITY OF BELOIT**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2006

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

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

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

Debt service requirements to maturity are as follows:

<u>Years</u>	Governmental Activities – Other Debt	
	<u>Principal</u>	<u>Interest</u>
2007	\$ 75,450	\$ 3,947
2008	71,052	2,091
2009	46,480	366
2010	10,000	-
2011	10,000	-
2012 – 2016	50,000	-
2017 – 2020	40,000	-
Totals	<u>\$ 302,982</u>	<u>\$ 6,404</u>

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.

	<u>Date of Issue</u>	<u>Due Date</u>	<u>Interest Rates</u>	<u>Original Indebted- Ness</u>	<u>Balance 12-31-06</u>
Sewer Utility					
Revenue bonds	6-29-05	5-1-09	3.50-5.00%	\$ 11,580,000	\$ 9,275,000
Clean water fund loan	1-14-98	5-1-07	3.97	2,609,530	<u>311,186</u>
Total Sewer Utility Revenue Debt					9,586,186
Water Utility					
Revenue bonds	11-12-03	11-1-28	2.00-5.00	25,210,000	<u>23,470,000</u>
Total Revenue Bonds					<u>\$ 33,056,186</u>

# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS December 31, 2006

### 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
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	715,000	978,058
2012 – 2016	4,145,000	4,438,355
2017 – 2021	5,395,000	3,460,370
2022 – 2026	7,135,000	1,984,500
2027 – 2028	3,495,000	264,750
Totals	<u>\$ 33,056,186</u>	<u>\$ 15,936,770</u>

##### Other Debt Proprietary Funds

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

	Balance 1-1-06	Increases	Decreases	Balance 12-31-06
Alliant	\$ 54,402	\$ -	\$ 54,402	\$ -
Totals	<u>\$ 54,402</u>	<u>\$ -</u>	<u>\$ 54,402</u>	<u>\$ -</u>

#### G. LEASE DISCLOSURES

	Balance 1-1-06	Increases	Decreases	Balance 12-31-06
<b>Capital Leases</b>				
Governmental Activities (to Note IV.F.)				
Payable to component unit	\$ 14,136,305	\$ 323,044	\$ 322,138	\$ 14,137,211
Other capital leases	-	293,548	-	293,548
Total	<u>\$ 14,136,305</u>	<u>\$ 616,592</u>	<u>\$ 322,138</u>	<u>\$ 14,430,759</u>

##### Lessee – Community Development Authority

The City, through TIF District 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.

**CITY OF БЕЛОIT**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2006

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

**G. LEASE DISCLOSURES (cont.)**

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

The Lease Rental Payments are expressly limited to: (i) tax increments generated by the tax incremental district No. 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:

<u>Calendar Year</u>	
2007	\$ 1,076,615
2008	1,351,932
2009	1,316,392
2010	1,343,140
2011	1,355,285
2012	1,363,141
2013	1,338,938
2014	1,386,077
2015	1,433,082
2016	1,387,519
2017	1,387,475
2018	1,333,606
2019	1,279,200
2020	1,253,485
2021	3,878,789
2022	4,200,000
2023	4,200,000
2024	<u>4,200,000</u>
Sub-Total	35,084,676
Less: Reserve funds to be applied to final principal payment of the 2001A, 2002A, and 2002B bonds	(1,282,000)
Less: Amount representing interest	(19,760,499)
Add: Amount representing CDA fund balance	<u>95,034</u>
Present Value of Minimum Lease Payments	<u>\$ 14,137,211</u>

**CITY OF BELOIT**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2006

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

**G. LEASE DISCLOSURES (cont.)**

**Lessee – Other Capital Leases**

In 2006, the City acquired telecommunications equipment through lease/purchase agreements. The gross amount of these assets under capital lease is \$293,548 and are presented in the capital assets in the governmental activities. The assets acquired under capital lease are as follows:

<b>Asset</b>	<b>Governmental Activities</b>
Machinery and equipment	\$ 293,548
Less: Accumulated depreciation	6,605
<b>Total</b>	<b>\$ 286,943</b>

The future minimum lease obligations and the net present value on these minimum lease payments as of December 31, 2006, are as follows:

	Principal	Interest	Governmental Activities
2007	\$ 57,983	\$ 8,168	\$ 66,151
2008	54,803	11,348	66,151
2009	57,443	8,708	66,151
2010	60,210	5,941	66,151
2011	63,109	3,042	66,151
	<b>\$ 293,548</b>	<b>\$ 37,207</b>	<b>330,755</b>
Less: Amount representing interest			(37,207)
Present Value of Minimum Lease Payments			<b>\$ 293,548</b>

**H. NET ASSETS/FUND BALANCES**

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

**Governmental Activities**

Invested in capital assets, net of related debt	
Land	\$ 3,394,511
Other capital assets, net of accumulated depreciation	69,435,024
Less: Related long-term debt outstanding	(34,699,748)
Less: Capital leases – payable to component unit	(3,817,047)
Add: Unamortized debt discount/premium/issuance costs and loss on advance refunding	488,530
Add: Unspent capital bond proceeds	4,826,924
Total Invested in Capital Assets	<b>39,628,194</b>

**CITY OF BELOIT**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2006

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

**H. NET ASSETS/FUND BALANCES (cont.)**

**Governmental Activities (cont.)**

Restricted	
General debt service	\$ 3,964,932
TIF District No. 5 debt service	2,609,706
Rental rehab (WRRP/HOME)	1,036,932
Community Development Block Grant	2,978,254
Fire – multi-year grants	15,674
DPW – multi-year grants	161,762
Community development	269,430
Library	732,364
Police	64,187
Cemetery perpetual care	1,579,362
Park activities	46,620
Total Restricted	<u>13,459,223</u>
Unrestricted	
	<u>8,766,021</u>
Total Governmental Activities Net Assets	<u>\$ 61,853,438</u>

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

**Reserved**

Major Funds

General Fund	
Delinquent personal property taxes	\$ 68,710
Inventories	397,200
Prepaid items	39,448
Advances to other funds	<u>1,767,383</u>
Total	<u>\$ 2,272,741</u>
General Debt Service Fund	
Advances to other funds	\$ 2,402,794
Debt service	<u>1,429,588</u>
Total	<u>\$ 3,832,382</u>
Debt Service Fund – TIF District No. 9	
Encumbrances	<u>\$ 60,852</u>
Capital Improvement Program	
Advances to other funds	\$ 3,908,415
Encumbrances	<u>638,155</u>
Total	<u>\$ 4,546,570</u>

CITY OF BELOIT

NOTES TO FINANCIAL STATEMENTS  
December 31, 2006

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

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**H. NET ASSETS/FUND BALANCES** (cont.)

**Governmental Activities** (cont.)

**Reserved** (cont.)

Non-Major Fund

Special Revenue Funds

Community development block grant – encumbrances	\$ 193,916
TIF District No. 10 – encumbrances	98,454
TIF District No. 13 – encumbrances	18,688
Community Development – encumbrances	35,373
Library	
Fundraising	150,000
Capital projects	250,000
Neighborhood development initiative – encumbrances	60,673
Debt Service Fund – TIF District No. 5 – debt service	1,638,204
Debt Service Fund – TIF District No. 5 – encumbrances	<u>971,502</u>

Total \$ 3,416,810

**Unreserved (deficit)**

Major Funds

General Fund	\$ 7,624,545
Debt service – TIF District No. 9	(5,070,356)
Capital projects – capital Improvements	<u>5,330,586</u>

Total \$ 7,884,775

Non-Major Funds

Special Revenue Funds

TIF District No. 8	\$ (233,004)
TIF District No. 12	(409,612)
Neighborhood development initiative	<u>(8,053)</u>

Total \$ (650,669)

Debt Service Funds

TIF District No. 3	\$ (352,938)
TIF District No. 6	<u>(1,065,727)</u>

Total \$ (1,418,665)

Major Funds

Unreserved (Designated)

Major Fund	
General fund – surplus applied to 2007 budget	<u>\$ 540,899</u>

**CITY OF BELOIT**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2006

**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 – designated for subsequent year’s expenditures	
Rental rehab (WRRP/HOME)	\$ 216,069
Community Development Block Grant	392,806
TIF District No. 10	269,681
TIF District No. 11	40,787
TIF District No. 13	524,580
Fire – multi-year grants	15,674
DPW – multi-year grants	161,762
Community development	114,576
Library	332,364
Police	64,187
Solid waste	56,983
Perpetual care	<u>1,579,362</u>
Total	<u>\$ 3,768,831</u>

Capital Projects Funds – designated for subsequent year’s expenditures	
Fleet replacement	\$ 5,577,026
Computer replacement	<u>391,983</u>
Total	<u>\$ 5,969,009</u>

**Business-type Activities**

	Water	Sewer	Other Proprietary Funds	Totals
Invested in capital assets, net of related debt				
Land	\$ 736,627	\$ 1,386,282	\$ 1,270,000	\$ 3,392,909
Other capital assets, net of accumulated depreciation	27,344,579	44,320,980	3,837,232	75,502,791
Less: Related long-term debt outstanding (excluding unspent capital related debt proceeds)	<u>(23,789,731)</u>	<u>(9,835,737)</u>	<u>(1,590,840)</u>	<u>(35,216,308)</u>
Total Invested in Capital Assets	<u>4,291,475</u>	<u>35,871,525</u>	<u>3,516,392</u>	<u>43,679,392</u>

**CITY OF BELOIT**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2006

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

**H. NET ASSETS/FUND BALANCES (cont.)**

**Governmental Activities (cont.)**

**Business-type Activities (cont.)**

	Water	Sewer	Other Proprietary Funds	Totals
Restricted				
Redemption account	\$ 276,862	\$ 1,864,176	\$ -	\$ 2,141,038
Replacement account	-	4,981,419	-	4,981,419
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	(181,674)	(66,720)	-	(248,394)
Total Restricted Net Assets	95,188	7,936,875	-	8,032,063
Unrestricted	2,066,097	5,161,428	1,289,796	8,517,321
Total Enterprise Funds Net Assets	\$ 6,452,760	\$ 48,969,828	\$ 4,806,188	
Add: Portion of internal service funds Net assets allocated to business-type activities				715,158
Total Business-type Activities Net Assets				\$ 60,943,934

**I. RESTATEMENT OF NET ASSETS**

**Business-type Activity**

Net assets have been restated due to project related costs being expensed in the prior year.

Business-type activities – December 31, 2005 (as reported)	\$ 58,442,917
Add: Preliminary survey and investigation costs expensed in prior year	90,765
Net Assets – January 1, 2005 (as restated)	\$ 58,533,682

**Sewer Utility**

Net assets have been restated due to project related costs being expensed in the prior year.

Sewer Utility – December 31, 2005 (as reported)	\$ 48,145,003
Add: Preliminary survey and investigation costs expensed in prior year	90,765
Net Assets – January 1, 2006 (as restated)	\$ 48,235,768



# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS December 31, 2006

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

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#### *J. COMPONENT UNITS*

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

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

#### ***Community Development Authority***

a. Basis of Accounting/Measurement Focus

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

b. Cash and Investments

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

	<u>Carrying Value</u>	<u>Statement Balance</u>	<u>Associated Risks</u>
Demand deposits	\$ 624,449	\$ 692,762	Custodial credit risk
Mutual fund (U.S. treasuries)	<u>1,645,232</u>	<u>1,645,232</u>	Credit risk, interest rate risk
Total Cash and Investments	<u>\$ 2,269,681</u>	<u>\$ 2,337,994</u>	
Reconciliation to financial statements			
Per statement of net assets			
Unrestricted cash and investments	\$ 624,449		
Restricted cash and investments	<u>1,645,232</u>		
Total Cash and Investments	<u>\$ 2,269,681</u>		

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.

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

**CITY OF BELOIT**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2006

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

**J. COMPONENT UNITS (cont.)**

**Community Development Authority (cont.)**

**Custodial Credit Risk**

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

As of December 31, 2006, \$492,762 of the CDA's total bank balances of \$692,762 were exposed to custodial credit risk as follows:

Uninsured and uncollateralized	<u>\$ 492,762</u>
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**Credit Risk**

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

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

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

**Interest Rate Risk**

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

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

Investment Type	Fair Value	Maturity (In months) Less than 1 month
Mutual Fund – Treasuries	<u>\$ 1,645,232</u>	<u>\$ 1,645,232</u>

c. Restricted Assets

Restricted assets at December 31, 2006, consist of the following:

Cash and cash equivalents – bond redemption and construction accounts	<u>\$ 1,645,232</u>
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**CITY OF BELOIT**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2006

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

**J. COMPONENT UNITS (cont.)**

**Community Development Authority (cont.)**

d Capital Assets

The useful life assigned to buildings is 40 years. Machinery and equipment are assigned useful lives ranging from 5-10 years. The change in capital assets for 2006 are as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets Not Being Depreciated:				
Land	\$ 414,539	\$ -	\$ -	\$ 414,539
Construction in progress	224,537	70,316	1,192	293,661
Total Capital Assets Not Being Depreciated	<u>639,076</u>	<u>70,316</u>	<u>1,192</u>	<u>708,200</u>
Capital Assets Being Depreciated:				
Buildings	3,640,214	-	-	3,640,214
Furniture, equipment, and machinery-dwellings	135,640	6,826	3,469	138,997
Furniture, equipment, and machine-administrative	226,058	13,336	1,669	237,725
Building and land improvements	115,041	-	-	115,041
Leasehold improvements	3,774,249	-	-	3,774,249
Total Capital Assets Being Depreciated	<u>7,891,202</u>	<u>20,162</u>	<u>5,138</u>	<u>7,906,226</u>
Less: Accumulated Depreciation	<u>(4,854,600)</u>	<u>(348,283)</u>	<u>3,107</u>	<u>(5,199,776)</u>
Total Capital Assets, Net of Depreciation	<u>\$ 3,675,678</u>			<u>\$ 3,414,650</u>

e. Long-Term Obligations

**Lease Revenue Debt**

The following is a summary of the lease revenue bond transactions for the year ended December 31, 2006.

	Balance 1-1-06	Increases	Decreases	Balance 12-31-06
Lease revenue bonds	<u>\$ 15,350,948</u>	<u>\$ 299,440</u>	<u>\$ -</u>	<u>\$ 15,650,388</u>

Title of Issue	Date of Issue	Due Date	Interest Rates	Original Indebted- Ness	Balance 12-31-06
2000A Lease Revenue Bonds	12-27-00	03-01-24	11.50%	\$ 1,500,092	\$ 2,830,338
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	<u>3,545,000</u>
Totals					<u>\$ 15,650,388</u>

**CITY OF BELOIT**

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

**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
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	831,011	3,373,989	4,205,000
2022	742,216	3,457,784	4,200,000
2023	663,686	3,536,314	4,200,000
2024	593,475	3,606,525	4,200,000
Totals	<u>\$ 15,650,388</u>	<u>\$ 19,760,499</u>	<u>\$ 35,410,887</u>

The Series 2000A Taxable Capital Appreciation Lease Revenue Bonds are deep discount financial instruments which are issued in such denominations as will result in the total amount received by the purchaser at maturity being equal to \$5,000 or any integral multiple thereof. As such, a portion of the appreciation in value of each certificate "accretes" to each certificate annually. Accretion of the certificates recorded as a long-term obligation payable at maturity of the certificates totaled \$1,330,246 at December 31, 2006.

f. Employee Retirement System

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

g. Lease Disclosures

Refer to Note IV.G.

**CITY OF BELOIT**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2006

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

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**J. COMPONENT UNITS (cont.)**

**Community Development Authority (cont.)**

h. Net Assets

Net assets at December 31, 2006 includes the following:

Invested in capital assets	
Land	\$ 414,539
Construction in progress	293,661
Other capital assets, net of accumulated depreciation	2,706,450
Capital related debt	<u>-</u>
Total Invested in Capital	<u>3,414,650</u>
Restricted	
Section 8 Rental Voucher program	243,995
Low Rent Public Housing	<u>234,161</u>
Total Restricted	<u>478,156</u>
Unrestricted	<u>133,555</u>
Total Net Assets	<u><u>\$ 4,026,361</u></u>

i. Subsequent Event

On June 18, 2007, the CDA issued lease revenue bonds in the amount of \$2,015,000 with an interest rate varying between 3.70-4.35%. This amount will be used for various redevelopment projects.

**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.

# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS December 31, 2006

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

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#### 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:

	<u>Carrying Value</u>	<u>Statement Balance</u>	<u>Associated Risks</u>
Demand deposits	\$ 100,003	\$ 102,245	Custodial credit risk
Total Cash and Investments	<u>\$ 100,003</u>	<u>\$ 102,245</u>	
Reconciliation to financial statements			
Per statement of net assets			
Unrestricted cash and investments	<u>\$ 100,003</u>		

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.

The business improvement district does not have an investment policy.

#### ***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.

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### NOTE V – OTHER INFORMATION

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#### **A. EMPLOYEES' RETIREMENT SYSTEM**

All eligible City employees participate in the Wisconsin Retirement System (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 5.8% of their salary (2.9% for Executives and Elected Officials, 5.0% 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.

# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS December 31, 2006

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### NOTE V – OTHER INFORMATION

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#### **A. EMPLOYEES' RETIREMENT SYSTEM (cont.)**

The payroll for City employees covered by the system for the year ended December 31, 2006 was \$19,643,077; the employer's total payroll was \$19,664,002. The total required contribution for the year ended December 31, 2006 was \$2,883,406 or 14.68 percent of covered payroll. Of this amount, 100 percent was contributed by the employer for the current year. Total contributions for the years ending December 31, 2005 and 2004 were \$2,960,558 and \$2,704,657, 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 year's 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 2006 was \$87,432.

#### **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.

#### ***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 \$2 million. Total amounts charged back to the various departments during the year were \$6,958,411.

**CITY OF BELOIT**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2006

**NOTE V – OTHER INFORMATION (cont.)**

**B. RISK MANAGEMENT (cont.)**

**Self Insurance (cont.)**

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, 2006:

Reported and Known Claims	\$ 480,772
Incurring but not Reported Claims	<u>1,140,242</u>
Total	<u>\$1,621,014</u>

Changes in the claims payable follow:

	Balance January 1	Incurred Claims	Claims Paid	Balance December 31
2005	\$ 1,783,882	\$ 5,939,182	\$ 6,125,218	\$ 1,597,846
2006	1,597,846	6,864,620	6,841,452	1,621,014

**Public Entity Risk Pool**

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

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

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

The 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%.



# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS December 31, 2006

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### NOTE V – OTHER INFORMATION (cont.)

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#### **B. RISK MANAGEMENT** (cont.)

##### **Public Entity Risk Pool** (cont.)

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

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 \$170,225. The City has a receivable from WMIC of \$69,270 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 CVMIC for its general automobile, public official, and liability insurance, which provides coverage up to \$5,000,000 per occurrence, less the City's retained liability. The City's retained liability is limited to \$50,000 per occurrence and an annual aggregate limit of \$200,000. An actuarially determined estimate has been recorded for this liability, as well as for claims incurred but not reported at December 31, 2006. A total liability of approximately \$271,600 at December 31, 2006 was recorded as claims payable in the internal service fund.

##### **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 municipal ties' mass transit funds.

In 2006, TMI is protected by a \$2,000,000 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, 2006 through January 1, 2007.

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.

# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS December 31, 2006

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### **NOTE V – OTHER INFORMATION (cont.)**

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#### **B. RISK MANAGEMENT (cont.)**

##### ***Public Entity Risk Pool (cont.)***

##### ***Transit Mutual Insurance Corporation of Wisconsin (TMI) (cont.)***

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 2.61%. 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 2006 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 \$638,155 at year end and is included in reserve for encumbrances.

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.

# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS December 31, 2006

### NOTE V – OTHER INFORMATION (cont.)

#### **D. OTHER POSTEMPLOYMENT BENEFITS**

The City provides post-retirement health insurance benefits for all eligible employees. Eligibility and benefits are based on City policies and contractual agreements. General service employees may convert accumulated sick leave to pay for health care premiums. Protective service employees have benefits paid by the City for the life of the employee after retirement. The amount charged back to the various departments is recognized as an expenditure in that particular fund. Funding for those costs is provided out of the current operating budget of the City. The contributions are financed on a pay as you go basis. Total expenditures charged back to the various departments during the year were \$1,508,243. The number of police and fire participants currently receiving the benefits is 197. The estimated outstanding balance at year end for police and fire to be paid in the future is \$40,305,251. 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 \$57,489 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, 2006:

	Water – 2006		Sewer – 2006	
	Customers	CCF (000)	Customers	CCF (000)
Residential	13,889	1,003,734	12,128	874,054
Commercial	1,461	523,110	1,272	343,644
Industrial	10	651,317	10	670,320
Public Authority	63	89,737	62	27,254
Totals	<u>15,423</u>	<u>2,267,898</u>	<u>13,472</u>	<u>1,915,272</u>

##### **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 – 2006	Water – 2006
Operating revenues	\$ 7,523,826	\$ 4,660,075
Investment income	370,401	130,958
Operating expenses excluding depreciation	<u>(4,122,852)</u>	<u>(1,757,711)</u>
Defined Earnings	<u>\$ 3,771,375</u>	<u>\$ 3,033,322</u>
Annual debt service on revenue bonds	\$ 3,050,903	\$ 1,661,170
Coverage factor	<u>x 1.10</u>	<u>x 1.25</u>
Required Net Earnings	<u>\$ 3,355,993</u>	<u>\$ 2,076,463</u>

# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS December 31, 2006

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### **NOTE V – OTHER INFORMATION (cont.)**

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#### ***F. SUBSEQUENT EVENTS***

On January 3, 2007, the City issued water system refunding bonds in the amount of \$13,975,000 with an interest rate varying between 4.275-4.5%. This amount will be used to refund a portion of the 2003 water revenue bonds.

On April 16, 2007, the City issued general obligation bonds in the amount of \$12,070,000 with an interest rate varying between 4.00-4.75%. This amount will be used to fund various capital projects.

On April 16, 2007, the City issued general obligation promissory notes in the amount of \$3,980,000 with an interest rate varying between 3.60-4.00%. This amount will be used to fund various capital projects.

REQUIRED SUPPLEMENTARY INFORMATION

## CITY OF BELOIT

SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES  
BUDGET AND ACTUAL - GENERAL FUND  
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>TAXES</b>				
Current Levy	\$ 5,071,801	\$ 5,071,801	\$ 5,089,897	\$ 18,096
Mobile home taxes	32,000	32,000	18,786	(13,214)
In lieu of taxes	89,000	89,000	9,097	(79,903)
Prior year tax collection/rescinded taxes	30,000	30,000	63,981	33,981
Motel tax	44,000	44,000	49,761	5,761
Total Taxes	<u>5,266,801</u>	<u>5,266,801</u>	<u>5,231,522</u>	<u>(35,279)</u>
<b>INTERGOVERNMENTAL</b>				
Shared aidable revenue	16,602,242	16,602,242	16,601,008	(1,234)
Fire distribution fee	53,000	53,000	54,239	1,239
Expenditure restraint payment	468,063	468,063	445,719	(22,344)
State highway aids	1,304,780	1,304,780	1,356,810	52,030
State aid - connecting streets	271,460	271,460	271,166	(294)
Municipal service payment	20,112	20,112	20,955	843
Computer exemption aid	32,271	32,271	33,276	1,005
Total Intergovernmental Revenues	<u>18,751,928</u>	<u>18,751,928</u>	<u>18,783,173</u>	<u>31,245</u>
<b>LICENSES AND PERMITS</b>				
Licenses				
Liquor - malt permits	37,560	37,560	58,747	21,187
Cable TV	315,000	315,000	333,676	18,676
Other licenses	14,352	14,352	15,235	883
Total Licenses	<u>366,912</u>	<u>366,912</u>	<u>407,658</u>	<u>40,746</u>
Permits				
Construction permits	158,500	158,500	203,079	44,579
Health permits	3,000	3,000	759	(2,241)
Other permits	37,365	37,365	38,325	960
Underground storage tank inspection	5,000	5,000	5,792	792
Total Permits	<u>203,865</u>	<u>203,865</u>	<u>247,955</u>	<u>44,090</u>
Total Licenses and Permits	<u>570,777</u>	<u>570,777</u>	<u>655,613</u>	<u>84,836</u>

See accompanying notes to required supplementary information.

**CITY OF BELOIT**

SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES  
BUDGET AND ACTUAL - GENERAL FUND  
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>FINES, FORFEITURES AND PENALTIES</b>				
Municipal court costs	\$ 87,200	\$ 87,200	\$ 111,806	\$ 24,606
Nontraffic fines	440,000	440,000	410,627	(29,373)
Traffic fines	140,000	140,000	176,734	36,734
Parking fines	240,000	240,000	281,281	41,281
False alarms	10,000	10,000	-	(10,000)
Penalties on taxes	120,000	120,000	108,244	(11,756)
Other	27,150	27,150	29,509	2,359
Total Fines, Forfeitures and Penalties	<u>1,064,350</u>	<u>1,064,350</u>	<u>1,118,201</u>	<u>53,851</u>
<b>FEES AND SERVICE CHARGES</b>				
Animal shelter	4,600	4,600	5,349	749
Recreation				
Other recreation	70,817	70,817	69,930	(887)
Telfer Park and Rivercenter	68,965	68,965	74,301	5,336
Golf lessons	1,750	1,750	1,805	
Swimming pool	42,275	42,275	40,321	(1,954)
Total Recreation	<u>183,807</u>	<u>183,807</u>	<u>186,357</u>	<u>2,495</u>
Other General Revenue				
Fire inspection fees	7,000	7,000	39,848	32,848
Property transfer certificates	24,000	24,000	29,600	5,600
In-house fees	30,300	30,300	22,657	(7,643)
Hazardous material response	12,000	12,000	20,475	8,475
Donations and miscellaneous	142,195	142,195	225,899	83,704
Riverfest activity	26,985	26,985	24,211	(2,774)
Nutrition coordinator	11,720	11,720	9,355	(2,365)
Recoveries from city	40,000	40,000	1,500	(38,500)
Cable access fees	19,200	19,200	19,688	488
Miscellaneous police revenues	29,200	29,200	35,538	6,338
Total Other General Revenue	<u>342,600</u>	<u>342,600</u>	<u>428,771</u>	<u>86,171</u>
Total Fees and Service Charges	<u>531,007</u>	<u>531,007</u>	<u>620,477</u>	<u>89,415</u>

**CITY OF BELOIT**

SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES  
BUDGET AND ACTUAL - GENERAL FUND  
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>RENT</b>	\$ 30,290	\$ 30,290	\$ 44,459	\$ 14,169
<b>INVESTMENT INCOME</b>	465,287	465,287	900,236	434,949
Total Revenues	26,680,440	26,680,440	27,353,681	673,186
<b>OTHER FINANCING SOURCES</b>				
Sale of city property	355,000	355,000	264,797	(90,203)
Transfers in	-	-	159,738	159,738
Transfers in - sewer utility reimbursement	375,000	375,000	375,000	-
Transfers in - tax equivalent	400,000	400,000	400,846	846
Total Other Financing Sources	1,130,000	1,130,000	1,200,381	70,381
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<b>\$ 27,810,440</b>	<b>\$ 27,810,440</b>	<b>\$ 28,554,062</b>	<b>\$ 743,567</b>



**CITY OF БЕЛОIT**

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES  
 BUDGET AND ACTUAL - GENERAL FUND  
 For the Year Ended December 31, 2006

CURRENT EXPENDITURES	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>GENERAL GOVERNMENT</b>				
City Council, Manager, Attorney				
Council	\$ 62,452	\$ 62,452	\$ 57,532	\$ 4,920
City manager	318,036	319,312	319,027	285
City attorney	367,748	369,071	321,168	47,903
Total City Council, Manager and Attorney	748,236	750,835	697,727	53,108
Finance and Administrative Services				
Personnel and labor relations	298,388	298,826	299,338	(512)
Municipal court	291,728	291,728	316,861	(25,133)
Computer information systems	373,593	373,593	362,669	10,924
Records and elections	355,990	355,990	328,072	27,918
Property appraisal	366,753	367,455	332,696	34,759
Collections	83,564	83,564	81,089	2,475
Accounting	356,267	357,488	357,481	7
Financial management	273,881	273,881	252,868	21,013
Cable TV	61,760	61,760	43,511	18,249
Contingency appropriation	150,000	150,000	-	150,000
Insurance	239,867	239,867	243,718	(3,851)
Compensation adjustment	21,000	9,063	-	9,063
City hall operation	468,416	468,416	447,188	21,228
Total Finance and Administrative Services	3,341,207	3,331,631	3,065,491	266,140
Total General Government	4,089,443	4,082,466	3,763,218	319,248
<b>COMMUNITY DEVELOPMENT</b>				
City planning	305,248	305,248	302,810	2,438
Economic development	187,676	188,469	154,292	34,177
Code enforcement	578,554	578,554	585,407	(6,853)
Total Community Development	1,071,478	1,072,271	1,042,509	29,762

**CITY OF BELOIT**

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES  
BUDGET AND ACTUAL - GENERAL FUND  
For the Year Ended December 31, 2006

CURRENT EXPENDITURES	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>PUBLIC SAFETY</b>				
Police Department				
Staff services	\$ 9,833,921	\$ 9,836,299	\$ 9,778,029	\$ 58,270
Total Police Department	9,833,921	9,836,299	9,778,029	58,270
Fire Department				
Staff services	474,235	475,434	484,002	(8,568)
Inspection and prevention	287,116	288,187	291,005	(2,818)
Fire fighting and rescue	5,942,276	5,943,016	5,969,480	(26,464)
Total Fire Department	6,703,627	6,706,637	6,744,487	(37,850)
Total Public Safety	16,537,548	16,542,936	16,522,516	20,420
<b>PUBLIC HEALTH</b>				
Public health nursing	402,703	402,703	326,309	76,394
<b>PUBLIC WORKS</b>				
DPW engineering				
DPW administration and engineering	861,474	862,291	744,307	117,984
Total DPW engineering	861,474	862,291	744,307	117,984
DPW operations				
Streets and sanitation	2,968,298	2,968,822	2,866,905	101,917
Central stores	45,963	45,963	44,671	1,292
Total DPW operations	3,014,261	3,014,785	2,911,576	103,209
DPW storm water				
Storm water	32,660	32,660	24,388	8,272
Total DPW stormwater	32,660	32,660	24,388	8,272
DPW parks and recreation				
Parks	1,371,996	1,372,506	1,386,414	(13,908)
Recreation	334,333	334,333	325,524	8,809
Edwards pavilion	174,695	174,695	225,287	(50,592)
Senior center	127,712	127,712	122,360	5,352
Rotary river center	32,860	32,860	28,356	4,504
Swimming pools	159,280	159,280	166,468	(7,188)
Total DPW parks and recreation	2,200,876	2,201,386	2,254,409	(53,023)
Total Public Works	6,109,271	6,111,122	5,934,680	176,442

**CITY OF BELOIT**

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES  
BUDGET AND ACTUAL - GENERAL FUND  
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>CAPITAL OUTLAY</b>				
Land purchase	-	-	65,000	(65,000)
<b>DEBT SERVICE</b>				
Principal retirement	-	-	23,827	(23,827)
Total Expenditures	\$ 28,210,443	\$ 28,211,498	\$ 27,678,059	\$ 533,439
<b>OTHER FINANCING USES</b>				
Transfers out	-	150,000	192,000	(42,000)
Total Other Financing Uses	-	150,000	192,000	(42,000)
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<b>\$ 28,210,443</b>	<b>\$ 28,361,498</b>	<b>\$ 27,870,059</b>	<b>\$ 491,439</b>

# CITY OF BELOIT

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION December 31, 2006

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### *BUDGETARY INFORMATION*

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

Excess expenditures over appropriations are as follows:

	<u>Amended Budget</u>	<u>Actual Expenditures</u>	<u>Excess</u>
<u>General Fund</u>			
Fire department	\$ 6,706,637	\$ 6,744,487	\$ 37,850
Capital outlay	-	65,000	65,000
Debt service	-	23,827	23,827
Transfers out	150,000	192,000	42,000

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

**CITY OF BELOIT**

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS  
December 31, 2006

	Special Revenue Funds			
	Rental Rehab (WRRP/HOME)	Community Development Block Grant	TIF District No. 8	TIF District No. 10
<b>ASSETS</b>				
Cash and investments	\$ 226,586	\$ 540,249	\$ -	\$ 926,676
Taxes receivable	-	-	79,328	696,611
Accounts receivable	-	110,795	-	221,093
Loans receivable	820,863	2,391,532	-	-
Due from other governmental units	30,859	-	-	239,957
Due from component unit	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 1,078,308</b>	<b>\$ 3,042,576</b>	<b>\$ 79,328</b>	<b>\$ 2,084,337</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Accounts payable	\$ 41,376	\$ 64,322	\$ -	\$ 990,534
Due to other funds	-	-	83,004	29,057
Deferred revenue	820,863	2,391,532	79,328	696,611
Advances from other funds	-	-	150,000	-
<b>Total Liabilities</b>	<b>862,239</b>	<b>2,455,854</b>	<b>312,332</b>	<b>1,716,202</b>
<b>Fund Balances</b>				
Reserved for				
Debt service	-	-	-	-
Encumbrances	-	193,916	-	98,454
Fundraising	-	-	-	-
Capital projects	-	-	-	-
Unreserved				
Designated for subsequent year's expenditures	216,069	392,806	-	269,681
Undesignated (deficit)	-	-	(233,004)	-
<b>Total Fund Balances</b>	<b>216,069</b>	<b>586,722</b>	<b>(233,004)</b>	<b>368,135</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 1,078,308</b>	<b>\$ 3,042,576</b>	<b>\$ 79,328</b>	<b>\$ 2,084,337</b>

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
\$ 41,577	\$ 388	\$ 579,703	\$ 15,674	\$ 175,034	\$ 136,074	\$ 757,690	\$ 64,487	\$ -
51,363	29,004	58,886	-	20,634	-	1,457,885	83,158	36,751
-	37,676	-	-	92,375	82,533	-	1,313	432,739
-	-	-	-	-	140,228	-	-	-
-	-	-	-	54,660	14,627	-	8,138	-
-	-	-	-	-	75,725	-	-	-
<u>\$ 92,940</u>	<u>\$ 67,068</u>	<u>\$ 638,589</u>	<u>\$ 15,674</u>	<u>\$ 342,703</u>	<u>\$ 449,187</u>	<u>\$ 2,215,575</u>	<u>\$ 157,096</u>	<u>\$ 469,490</u>
\$ 790	\$ -	\$ 36,435	\$ -	\$ 6,988	\$ 23,824	\$ 25,326	\$ 1,613	\$ 28,481
-	-	-	-	98,659	155,933	-	-	347,275
51,363	66,680	58,886	-	75,294	154,854	1,457,885	91,296	36,751
-	410,000	-	-	-	-	-	-	-
<u>52,153</u>	<u>476,680</u>	<u>95,321</u>	<u>-</u>	<u>180,941</u>	<u>334,611</u>	<u>1,483,211</u>	<u>92,909</u>	<u>412,507</u>
-	-	-	-	-	-	-	-	-
-	-	18,688	-	-	35,373	-	-	-
-	-	-	-	-	-	150,000	-	-
-	-	-	-	-	-	250,000	-	-
40,787	-	524,580	15,674	161,762	79,203	332,364	64,187	56,983
-	(409,612)	-	-	-	-	-	-	-
<u>40,787</u>	<u>(409,612)</u>	<u>543,268</u>	<u>15,674</u>	<u>161,762</u>	<u>114,576</u>	<u>732,364</u>	<u>64,187</u>	<u>56,983</u>
<u>\$ 92,940</u>	<u>\$ 67,068</u>	<u>\$ 638,589</u>	<u>\$ 15,674</u>	<u>\$ 342,703</u>	<u>\$ 449,187</u>	<u>\$ 2,215,575</u>	<u>\$ 157,096</u>	<u>\$ 469,490</u>

**CITY OF BELOIT**

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS (cont.)  
December 31, 2006

	Special Revenue Funds		Debt Service Funds		
	Perpetual Care	Neighborhood Development Initiative	TIF	TIF	TIF
			District No. 3	District No. 5	District No. 6
<b>ASSETS</b>					
Cash and investments	\$ 1,578,455	\$ 94,271	\$ 2,958	\$ 3,048,382	\$ 309,445
Taxes receivable	-	-	377,485	936,378	634,789
Accounts receivable	2,366	-	-	-	-
Loans receivable	-	-	-	-	-
Due from other governmental units	-	-	-	510,514	-
Due from component unit	-	-	-	-	-
<b>TOTAL ASSETS</b>	<u>\$ 1,580,821</u>	<u>\$ 94,271</u>	<u>\$ 380,443</u>	<u>\$ 4,495,274</u>	<u>\$ 944,234</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Accounts payable	\$ -	\$ 41,651	\$ -	\$ 174,192	\$ -
Due to other funds	-	-	-	-	-
Deferred revenue	1,459	-	377,485	1,336,378	634,789
Advances from other funds	-	-	355,896	374,998	1,375,173
<b>Total Liabilities</b>	<u>1,459</u>	<u>41,651</u>	<u>733,381</u>	<u>1,885,568</u>	<u>2,009,962</u>
<b>Fund Balances</b>					
Reserved for					
Debt service	-	-	-	1,638,204	-
Encumbrances	-	60,673	-	971,502	-
Fundraising	-	-	-	-	-
Capital projects	-	-	-	-	-
Unreserved					
Designated for subsequent year's expenditures	1,579,362	-	-	-	-
Undesignated (deficit)	-	(8,053)	(352,938)	-	(1,065,728)
<b>Total Fund Balances</b>	<u>1,579,362</u>	<u>52,620</u>	<u>(352,938)</u>	<u>2,609,706</u>	<u>(1,065,728)</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 1,580,821</u>	<u>\$ 94,271</u>	<u>\$ 380,443</u>	<u>\$ 4,495,274</u>	<u>\$ 944,234</u>



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Capital Projects Funds		Total
Fleet Replacement	Computer Replacement	Nonmajor Governmental Funds
\$ 5,591,881	\$ 391,983	\$ 14,481,513
-	-	4,462,272
32,164	-	1,013,054
-	-	3,352,623
-	-	858,755
-	-	75,725
<u>\$ 5,624,045</u>	<u>\$ 391,983</u>	<u>\$ 24,243,942</u>
\$ 47,019	\$ -	\$ 1,482,551
-	-	713,928
-	-	8,331,454
-	-	2,666,067
<u>47,019</u>	<u>-</u>	<u>13,194,000</u>
-	-	1,638,204
-	-	1,378,606
-	-	150,000
-	-	250,000
5,577,026	391,983	9,702,467
-	-	(2,069,335)
<u>5,577,026</u>	<u>391,983</u>	<u>11,049,942</u>
<u>\$ 5,624,045</u>	<u>\$ 391,983.00</u>	<u>\$ 24,243,942</u>

**CITY OF BELOIT**

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

	Special Revenue Funds					
	Rental Rehab (WRRP/HOME)	Health	Community Development Block Grant	TIF District No. 8	TIF District No. 10	TIF District No. 11
<b>REVENUES</b>						
Taxes	\$ -	\$ -	\$ -	\$ 34,682	\$ 330,025	\$ 50,071
Intergovernmental	118,944	-	943,123	-	467,270	-
Licenses and permits	-	-	137,211	-	-	-
Fees and service charges	-	-	-	-	-	-
Investment income	14,166	-	46,257	(1,472)	83,004	1,252
Public charges for services	-	-	-	-	-	-
Other	58,736	-	210,228	-	79,866	-
<b>Total Revenues</b>	<u>191,846</u>	<u>-</u>	<u>1,336,819</u>	<u>33,210</u>	<u>960,165</u>	<u>51,323</u>
<b>EXPENDITURES</b>						
Current						
General government	-	-	-	-	-	-
Community development	236,983	-	1,464,256	-	-	-
Public safety	-	-	-	-	-	-
Public health	-	7,703	-	-	-	-
Public works	-	-	-	-	-	-
Parks, recreation, and education	-	-	-	-	-	-
Capital Outlay	-	-	-	223,521	2,132,607	1,290
Debt Service						
Principal retirement	-	-	-	-	322,138	-
Interest and fiscal charges	-	-	-	858	1,005,889	-
<b>Total Expenditures</b>	<u>236,983</u>	<u>7,703</u>	<u>1,464,256</u>	<u>224,379</u>	<u>3,460,634</u>	<u>1,290</u>
Excess (deficiency) of revenues over expenditures	<u>(45,137)</u>	<u>(7,703)</u>	<u>(127,437)</u>	<u>(191,169)</u>	<u>(2,500,469)</u>	<u>50,033</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Debt issued	-	-	-	139,912	-	-
Capital lease issued	-	-	-	-	323,044	-
Sale of city property	-	-	-	24,000	328,376	-
Transfer in	-	-	-	-	-	-
Transfer out	-	(159,738)	-	(273,567)	(5,580)	(13,931)
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>(159,738)</u>	<u>-</u>	<u>(109,655)</u>	<u>645,840</u>	<u>(13,931)</u>
Net Change in Fund Balances	(45,137)	(167,441)	(127,437)	(300,824)	(1,854,629)	36,102
FUND BALANCES (DEFICIT) - Beginning of Year	<u>261,206</u>	<u>167,441</u>	<u>714,159</u>	<u>67,820</u>	<u>2,222,764</u>	<u>4,685</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ 216,069</u>	<u>\$ -</u>	<u>\$ 586,722</u>	<u>\$ (233,004)</u>	<u>\$ 368,135</u>	<u>\$ 40,787</u>

		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	
\$ 29,004	\$ -	\$ -	\$ 20,986	\$ -	\$ 1,457,885	\$ 118,031	\$ 727	\$ -	
3,931	-	380,064	120,747	765,441	269,922	154,020	191,326	-	
-	-	-	68,508	-	-	-	838	-	
-	-	-	-	-	41,598	-	-	-	
1,430	17,241	-	3,749	8,400	38,120	988	-	4,840	
-	-	-	-	-	25,670	126,581	1,843,937	34,915	
37,676	-	3,605	-	126,945	4,890	28,050	-	-	
<u>72,041</u>	<u>17,241</u>	<u>383,669</u>	<u>213,990</u>	<u>900,786</u>	<u>1,838,085</u>	<u>427,670</u>	<u>2,036,828</u>	<u>39,755</u>	
-	-	-	-	-	-	-	-	-	
-	-	-	-	963,509	-	-	-	-	
-	-	2,000	-	-	-	437,347	-	-	
-	-	-	-	-	-	-	-	-	
-	-	-	128,068	-	-	-	2,032,737	-	
-	-	-	-	-	1,907,205	-	-	-	
250	566,439	377,521	54,660	-	15,960	23,544	-	-	
-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	
<u>250</u>	<u>566,439</u>	<u>379,521</u>	<u>182,728</u>	<u>963,509</u>	<u>1,923,165</u>	<u>460,891</u>	<u>2,032,737</u>	<u>-</u>	
<u>71,791</u>	<u>(549,198)</u>	<u>4,148</u>	<u>31,262</u>	<u>(62,723)</u>	<u>(85,080)</u>	<u>(33,221)</u>	<u>4,091</u>	<u>39,755</u>	
-	1,121,695	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	
(32,173)	(22,729)	-	(41,432)	-	-	-	-	-	
<u>(32,173)</u>	<u>1,098,966</u>	<u>-</u>	<u>(41,432)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
39,618	549,768	4,148	(10,170)	(62,723)	(85,080)	(33,221)	4,091	39,755	
<u>(449,230)</u>	<u>(6,500)</u>	<u>11,526</u>	<u>171,932</u>	<u>177,299</u>	<u>817,444</u>	<u>97,408</u>	<u>52,892</u>	<u>1,539,607</u>	
<u>\$ (409,612)</u>	<u>\$ 543,268</u>	<u>\$ 15,674</u>	<u>\$ 161,762</u>	<u>\$ 114,576</u>	<u>\$ 732,364</u>	<u>\$ 64,187</u>	<u>\$ 56,983</u>	<u>\$ 1,579,362</u>	

**CITY OF BELOIT**

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

	Special	Debt Service Funds		
	Revenue			
	Funds			
	Neighborhood	TIF	TIF	TIF
	Development	District No. 3	District No. 5	District No. 6
	Initiative			
<b>REVENUES</b>				
Taxes	\$ -	\$ 366,538	\$ 853,534	\$ 568,944
Intergovernmental	-	9,368	642,146	24,550
Licenses and permits	-	-	-	-
Fees and service charges	-	-	-	-
Investment income	-	-	94,155	-
Public charges for services	-	-	-	-
Other	-	-	-	-
Total Revenues	-	<u>375,906</u>	<u>1,589,835</u>	<u>593,494</u>
<b>EXPENDITURES</b>				
Current				
General government	-	-	7,250	635
Community development	436,076	-	-	-
Public safety	-	-	-	-
Public health	-	-	-	-
Public works	-	-	-	-
Parks, recreation, and education	-	-	-	-
Capital Outlay	-	-	2,978,058	12,718
Debt Service				
Principal retirement	-	2,829	359,559	298,930
Interest and fiscal charges	-	223	152,790	119,416
Total Expenditures	<u>436,076</u>	<u>3,052</u>	<u>3,497,657</u>	<u>431,699</u>
Excess (deficiency) of revenues over expenditures	<u>(436,076)</u>	<u>372,854</u>	<u>(1,907,822)</u>	<u>161,795</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Debt issued	-	-	2,891,292	274,367
Capital lease issued	-	-	-	-
Sale of city property	-	-	-	-
Transfer in	150,000	-	-	-
Transfer out	-	-	-	-
Total Other Financing Sources (Uses)	<u>150,000</u>	<u>-</u>	<u>2,891,292</u>	<u>274,367</u>
Net Change in Fund Balances	(286,076)	372,854	983,470	436,162
FUND BALANCES (DEFICIT) - Beginning of Year	<u>338,696</u>	<u>(725,792)</u>	<u>1,626,236</u>	<u>(1,501,890)</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ 52,620</u>	<u>\$ (352,938)</u>	<u>\$ 2,609,706</u>	<u>\$(1,065,728)</u>

<u>Capital Projects Funds</u>		<u>Total</u>
<u>Fleet</u>	<u>Computer</u>	<u>Nonmajor</u>
<u>Replacement</u>	<u>Replacement</u>	<u>Governmental</u>
		<u>Funds</u>
\$ -	\$ -	\$ 3,830,427
-	-	4,090,852
-	-	206,557
-	-	41,598
219,040	11,501	542,671
-	-	2,031,103
<u>906,375</u>	<u>175,620</u>	<u>1,631,991</u>
<u>1,125,415</u>	<u>187,121</u>	<u>12,375,199</u>
-	-	7,885
-	-	3,100,824
-	-	439,347
-	-	7,703
-	-	2,160,805
-	-	1,907,205
1,034,112	290,733	7,711,413
-	-	983,456
-	-	<u>1,279,176</u>
<u>1,034,112</u>	<u>290,733</u>	<u>17,597,814</u>
<u>91,303</u>	<u>(103,612)</u>	<u>(5,222,615)</u>
-	-	4,427,266
-	-	323,044
117,815	-	470,191
-	-	150,000
-	-	<u>(549,150)</u>
<u>117,815</u>	<u>-</u>	<u>4,821,351</u>
209,118	(103,612)	(401,264)
<u>5,367,908</u>	<u>495,595</u>	<u>11,451,206</u>
<u>\$ 5,577,026</u>	<u>\$ 391,983</u>	<u>\$ 11,049,942</u>

## CITY OF BELOIT

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL DEBT SERVICE FUND (MAJOR FUND)  
 For the Year Ended December 31, 2006

	Final Budget	Actual	Variance
<b>REVENUES</b>			
Taxes	\$ 2,502,289	\$ 2,502,289	\$ -
Investment income	80,000	40,549	(39,451)
Other	952,538	-	(952,538)
Total Revenues	<u>3,534,827</u>	<u>2,542,838</u>	<u>(991,989)</u>
<b>EXPENDITURES</b>			
Debt Service			
Principal retirement	2,506,101	2,563,603	(57,502)
Interest and fiscal charges	1,412,216	1,317,767	94,449
Total Expenditures	<u>3,918,317</u>	<u>3,881,370</u>	<u>36,947</u>
Deficiency of revenues over expenditures	<u>(383,490)</u>	<u>(1,338,532)</u>	<u>(955,042)</u>
<b>OTHER FINANCING SOURCES</b>			
Debt issued	37,600	(480)	(38,080)
Transfers in	345,890	814,993	469,103
Total Other Financing Sources	<u>383,490</u>	<u>814,513</u>	<u>431,023</u>
Net Change in Fund Balance	-	(524,019)	(524,019)
FUND BALANCE - Beginning	<u>4,356,401</u>	<u>4,356,401</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 4,356,401</u>	<u>\$ 3,832,382</u>	<u>\$ (524,019)</u>

## CITY OF BELOIT

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
(DEFICIT) - BUDGET AND ACTUAL - TIF DISTRICT NO. 9 DEBT SERVICE FUND (MAJOR FUND)  
For the Year Ended December 31, 2006

	Final Budget	Actual	Variance
<b>REVENUES</b>			
Taxes	\$ -	\$ 7,921	\$ 7,921
Intergovernmental	-	550	550
Interest income	-	92,265	92,265
Total Revenues	<u>-</u>	<u>100,736</u>	<u>100,736</u>
<b>EXPENDITURES</b>			
Current			
General government	-	750	(750)
Capital Outlay	135,000	77,355	57,645
Debt Service			
Interest and fees	<u>6,585</u>	<u>170,117</u>	<u>(163,532)</u>
Total Expenditures	<u>141,585</u>	<u>248,222</u>	<u>(106,637)</u>
Deficiency of revenues over expenditures	<u>(141,585)</u>	<u>(147,486)</u>	<u>(5,901)</u>
<b>OTHER FINANCING SOURCES</b>			
Debt issued	141,585	150,925	9,340
Transfers out	-	<u>(3,058)</u>	<u>(3,058)</u>
Total Other Financing Sources	<u>141,585</u>	<u>147,867</u>	<u>6,282</u>
Net Change in Fund Balance	-	381	381
FUND BALANCE (DEFICIT) - Beginning	<u>(5,009,885)</u>	<u>(5,009,885)</u>	<u>-</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ (5,009,885)</u>	<u>\$ (5,009,504)</u>	<u>\$ 381</u>

## CITY OF BELOIT

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCE - BUDGET AND ACTUAL - CAPITAL IMPROVEMENTS FUND (MAJOR FUND)  
For the Year Ended December 31, 2006

	Final Budget	Actual	Variance
<b>REVENUES</b>			
Intergovernmental	\$ 6,092,237	\$ 619,100	\$ (5,473,137)
Fines, forfeitures and penalties	-	10,059	10,059
Special assessments	2,267,219	388,906	(1,878,313)
Investment income	-	401,433	401,433
Other	4,862,452	453,822	(4,408,630)
Total Revenues	<u>13,221,908</u>	<u>1,873,320</u>	<u>(11,348,588)</u>
<b>EXPENDITURES</b>			
Capital Outlay	47,524,667	6,340,216	41,184,451
Debt Service			
Interest and fiscal charges	<u>997,738</u>	<u>95,295</u>	<u>902,443</u>
Total Expenditures	<u>48,522,405</u>	<u>6,435,511</u>	<u>42,086,894</u>
Deficiency of revenues over expenditures	<u>(35,300,497)</u>	<u>(4,562,191)</u>	<u>30,738,306</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Debt issued	30,933,043	3,649,588	(27,283,455)
Capital leases issued	293,550	293,548	(2)
Sale of city property	80,652	-	(80,652)
Transfers in	3,643,657	83,432	(3,560,225)
Transfers out	<u>(33,000)</u>	<u>(463,955)</u>	<u>(430,955)</u>
Total Other Financing Sources (Uses)	<u>34,917,902</u>	<u>3,562,613</u>	<u>(31,355,289)</u>
Net Change in Fund Balance	(382,595)	(999,578)	(616,983)
FUND BALANCE - Beginning	<u>10,876,734</u>	<u>10,876,734</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 10,494,139</u>	<u>\$ 9,877,156</u>	<u>\$ (616,983)</u>



**CITY OF BELOIT**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL - HEALTH  
 For the Year Ended December 31, 2006

	Final Budget	Actual	Variance
<b>REVENUES</b>			
Intergovernmental	\$ 484,975	\$ -	\$ (484,975)
Total Revenues	<u>484,975</u>	<u>-</u>	<u>(484,975)</u>
<b>EXPENDITURES</b>			
Current			
Public Health	263,519	7,703	255,816
Capital Outlay	<u>7,924</u>	<u>-</u>	<u>7,924</u>
Total Expenditures	<u>271,443</u>	<u>7,703</u>	<u>263,740</u>
Excess (Deficiency) of Revenues Over Expenditures	213,532	(7,703)	(221,235)
<b>OTHER FINANCING USES</b>			
Transfer out	<u>-</u>	<u>(159,738)</u>	<u>(159,738)</u>
Net Change in Fund Balance	213,532	(167,441)	(380,973)
FUND BALANCE - Beginning	<u>167,441</u>	<u>167,441</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 380,973</u>	<u>\$ -</u>	<u>\$ (380,973)</u>

## CITY OF BELOIT

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

For the Year Ended December 31, 2006

	Final Budget	Actual	Variance
<b>REVENUES</b>			
Intergovernmental	\$ 6,201,139	\$ 943,123	\$ (5,258,016)
Licenses and permits	577,648	137,211	(440,437)
Investment income	-	46,257	46,257
Other	3,483,074	210,228	(3,272,846)
Total Revenues	<u>10,261,861</u>	<u>1,336,819</u>	<u>(8,925,042)</u>
<b>EXPENDITURES</b>			
Current			
Community development	7,329,923	1,464,256	5,865,667
Capital Outlay	38,946	-	38,946
Total Expenditures	<u>7,368,869</u>	<u>1,464,256</u>	<u>5,904,613</u>
Excess (Deficiency) of Revenues Over Expenditures	2,892,992	(127,437)	(3,020,429)
<b>OTHER FINANCING SOURCES</b>			
Transfer in	204,000	-	(204,000)
Net Change in Fund Balance	3,096,992	(127,437)	(3,224,429)
FUND BALANCE - Beginning	714,159	714,159	-
FUND BALANCE - ENDING	<u>\$ 3,811,151</u>	<u>\$ 586,722</u>	<u>\$ (3,224,429)</u>

## CITY OF BELOIT

### SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (DEFICIT) - BUDGET AND ACTUAL - TIF DISTRICT NO. 8 For the Year Ended December 31, 2006

	Final Budget	Actual	Variance
<b>REVENUES</b>			
Taxes	\$ -	34,682	\$ 34,682
Intergovernmental	273,000	-	(273,000)
Investment income	-	(1,472)	(1,472)
Other	557,800	-	(557,800)
Total Revenues	<u>830,800</u>	<u>33,210</u>	<u>(797,590)</u>
<b>EXPENDITURES</b>			
Capital Outlay	5,677,950	223,521	5,454,429
Debt Service			
Other interest and fiscal charges	<u>152,573</u>	<u>858</u>	<u>151,715</u>
Total Expenditures	<u>5,830,523</u>	<u>224,379</u>	<u>5,606,144</u>
Deficiency of Revenues			
Over Expenditures	<u>(4,999,723)</u>	<u>(191,169)</u>	<u>4,808,554</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Debt issued	4,953,073	139,912	(4,813,161)
Sale of city property	-	24,000	24,000
Transfer in	33,000	-	(33,000)
Transfer out	<u>-</u>	<u>(273,567)</u>	<u>(273,567)</u>
Total Other Financing Sources (Uses)	<u>4,986,073</u>	<u>(109,655)</u>	<u>(5,095,728)</u>
Net Change in Fund Balance	(13,650)	(300,824)	(287,174)
FUND BALANCE - Beginning	<u>67,820</u>	<u>67,820</u>	<u>-</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ 54,170</u>	<u>\$ (233,004)</u>	<u>\$ (287,174)</u>

## CITY OF BELOIT

### SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - TIF DISTRICT NO. 10 For the Year Ended December 31, 2006

	Final Budget	Actual	Variance
<b>REVENUES</b>			
Taxes	\$ -	\$ 330,025	\$ 330,025
Intergovernmental	3,504,079	467,270	(3,036,809)
Investment income	-	83,004	83,004
Other	-	79,866	79,866
Total Revenues	<u>3,504,079</u>	<u>960,165</u>	<u>(2,543,914)</u>
<b>EXPENDITURES</b>			
Capital Outlay	13,611,145	2,132,607	11,478,538
Debt Service			
Principal retirement	-	322,138	(322,138)
Interest and fiscal charges	15,170	1,005,889	(990,719)
Total Expenditures	<u>13,626,315</u>	<u>3,460,634</u>	<u>10,165,681</u>
Deficiency of Revenues Over Expenditures	<u>(10,122,236)</u>	<u>(2,500,469)</u>	<u>7,621,767</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Debt issued	11,374,360	-	(11,374,360)
Capital lease issued	110,440	323,044	212,604
Sale of city property		328,376	328,376
Transfers out	-	(5,580)	(5,580)
Total Other Financing Sources (Uses)	<u>11,484,800</u>	<u>645,840</u>	<u>(10,838,960)</u>
Net Change in Fund Balance	1,362,564	(1,854,629)	(3,217,193)
FUND BALANCE - Beginning	<u>2,222,764</u>	<u>2,222,764</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 3,585,328</u>	<u>\$ 368,135</u>	<u>\$ (3,217,193)</u>

## CITY OF BELOIT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCE - BUDGET AND ACTUAL - TIF DISTRICT NO. 11  
For the Year Ended December 31, 2006

	Final Budget	Actual	Variance
<b>REVENUES</b>			
Taxes	\$ -	\$ 50,071	50,071
Investment income	-	1,252	1,252
Total Revenues	<u>-</u>	<u>51,323</u>	<u>51,323</u>
<b>EXPENDITURES</b>			
Capital Outlay	200,600	1,290	199,310
Debt Service			
Interest and fiscal charges	45,511	-	45,511
Total Expenditures	<u>246,111</u>	<u>1,290</u>	<u>244,821</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(246,111)</u>	<u>50,033</u>	<u>296,144</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Debt issued	246,111	-	(246,111)
Transfers out	-	(13,931)	(13,931)
Total Other Financing Sources (Uses)	<u>246,111</u>	<u>(13,931)</u>	<u>(260,042)</u>
Net Change in Fund Balance	-	36,102	36,102
FUND BALANCE - Beginning	<u>4,685</u>	<u>4,685</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 4,685</u>	<u>\$ 40,787</u>	<u>\$ 36,102</u>

**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, 2006

	Final Budget	Actual	Variance
<b>REVENUES</b>			
Taxes	\$ -	\$ 66,680	\$ 66,680
Intergovernmental	-	3,931	3,931
Investment income	-	1,430	1,430
Total Revenues	<u>-</u>	<u>72,041</u>	<u>72,041</u>
<b>EXPENDITURES</b>			
Capital Outlay	1,073,000	250	1,072,750
Debt Service			
Interest and fiscal charges	<u>20,920</u>	<u>-</u>	<u>20,920</u>
Total Expenditures	<u>1,093,920</u>	<u>250</u>	<u>1,093,670</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,093,920)</u>	<u>71,791</u>	<u>1,165,711</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Debt issued	1,093,920	-	(1,093,920)
Transfers out	<u>-</u>	<u>(32,173)</u>	<u>(32,173)</u>
Total Other Financing Sources (Uses)	<u>1,093,920</u>	<u>(32,173)</u>	<u>(1,126,093)</u>
Net Change in Fund Balance	-	39,618	39,618
FUND BALANCE (DEFICIT) - Beginning	<u>(449,230)</u>	<u>(449,230)</u>	<u>-</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ (449,230)</u>	<u>\$ (409,612)</u>	<u>\$ 39,618</u>

**CITY OF BELOIT**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCE - BUDGET AND ACTUAL - TIF DISTRICT NO. 13  
For the Year Ended December 31, 2006

	Final Budget	Actual	Variance
<b>REVENUES</b>			
Investment income	\$ -	\$ 17,241	\$ 17,241
<b>EXPENDITURES</b>			
Capital Outlay	1,074,633	566,439	508,194
Total Expenditures	1,074,633	566,439	508,194
Deficiency of Revenues Over Expenditures	(1,074,633)	(549,198)	525,435
<b>OTHER FINANCING SOURCES (USES)</b>			
Debt issued	1,074,633	1,121,695	47,062
Transfers out	-	(22,729)	(22,729)
Total Other Financing Sources (Uses)	1,074,633	1,098,966	24,333
Net Change in Fund Balance	-	549,768	549,768
FUND BALANCE (DEFICIT) - Beginning	(6,500)	(6,500)	-
FUND BALANCE (DEFICIT) - ENDING	\$ (6,500)	\$ 543,268	\$ 549,768

## CITY OF BELOIT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - FIRE MULTI-YEAR GRANTS  
For the Year Ended December 31, 2006

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	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
Intergovernmental	\$ 629,856	\$ 380,064	\$ (249,792)
Donations	<u>9,000</u>	<u>3,605</u>	<u>(5,395)</u>
Total Revenues	<u>638,856</u>	<u>383,669</u>	<u>(255,187)</u>
<b>EXPENDITURES</b>			
Current			
Public safety	40,000	2,000	38,000
Capital Outlay	<u>598,856</u>	<u>377,521</u>	<u>221,335</u>
Total Expenditures	<u>638,856</u>	<u>379,521</u>	<u>259,335</u>
Net Change in Fund Balance	-	4,148	4,148
FUND BALANCE - Beginning	<u>11,526</u>	<u>11,526</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 11,526</u>	<u>\$ 15,674</u>	<u>\$ 4,148</u>



## CITY OF BELOIT

### SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - DPW MULTI-YEAR GRANTS For the Year Ended December 31, 2006

	Final Budget	Actual	Variance
<b>REVENUES</b>			
Taxes	\$ 35,786	\$ 20,986	\$ (14,800)
Intergovernmental	1,177,900	120,747	(1,057,153)
Licenses and permits	-	68,508	68,508
Investment income	-	3,749	3,749
Other	15,000	-	(15,000)
Total Revenues	<u>1,228,686</u>	<u>213,990</u>	<u>(1,014,696)</u>
<b>EXPENDITURES</b>			
Current			
Public works	144,986	128,068	16,918
Capital Outlay	1,273,458	54,660	1,218,798
Total Expenditures	<u>1,418,444</u>	<u>182,728</u>	<u>1,235,716</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(189,758)</u>	<u>31,262</u>	<u>221,020</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Debt issued	222,700	-	(222,700)
Transfers out	-	(41,432)	(41,432)
Total Other Financing Sources (Uses)	<u>222,700</u>	<u>(41,432)</u>	<u>(264,132)</u>
Net Change in Fund Balance	32,942	(10,170)	(43,112)
FUND BALANCE - Beginning	<u>171,932</u>	<u>171,932</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 204,874</u>	<u>\$ 161,762</u>	<u>\$ (43,112)</u>

## CITY OF BELOIT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL - COMMUNITY DEVELOPMENT  
For the Year Ended December 31, 2006

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	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
Intergovernmental	\$ 177,300	\$ 765,441	\$ 588,141
Investment income	-	8,400	8,400
Other	<u>155,941</u>	<u>126,945</u>	<u>(28,996)</u>
Total Revenues	<u>333,241</u>	<u>900,786</u>	<u>567,545</u>
<b>EXPENDITURES</b>			
Community development	<u>652,079</u>	<u>963,509</u>	<u>(311,430)</u>
Net Change in Fund Balance	(318,838)	(62,723)	256,115
FUND BALANCE - Beginning	<u>177,299</u>	<u>177,299</u>	-
FUND BALANCE (DEFICIT) - ENDING	<u>\$ (141,539)</u>	<u>\$ 114,576</u>	<u>\$ 256,115</u>

## CITY OF BELOIT

### SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - LIBRARY For the Year Ended December 31, 2006

	Final Budget	Actual	Variance
<b>REVENUES</b>			
Taxes	\$ 1,457,885	\$ 1,457,885	\$ -
Intergovernmental	269,922	269,922	-
Fees and service charges	34,000	41,598	7,598
Investment income	45,000	38,120	(6,880)
Public charges for services	21,900	25,670	3,770
Other	150,886	4,890	(145,996)
Total Revenues	<u>1,979,593</u>	<u>1,838,085</u>	<u>(141,508)</u>
<b>EXPENDITURES</b>			
Current			
Parks, recreation and education	1,967,243	1,907,205	60,038
Capital Outlay	<u>12,350</u>	<u>15,960</u>	<u>(3,610)</u>
Total Expenditures	<u>1,979,593</u>	<u>1,923,165</u>	<u>56,428</u>
Net Change in Fund Balance	-	(85,080)	(85,080)
FUND BALANCE - Beginning	<u>817,444</u>	<u>817,444</u>	-
FUND BALANCE - ENDING	<u>\$ 817,444</u>	<u>\$ 732,364</u>	<u>\$ (85,080)</u>

## CITY OF BELOIT

### SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - POLICE For the Year Ended December 31, 2006

	Final Budget	Actual	Variance
<b>REVENUES</b>			
Taxes	\$ 241,612	\$ 118,031	\$ (123,581)
Intergovernmental	1,140,841	154,020	(986,821)
Investment income	-	968	968
Public charges for services	-	126,581	126,581
Donations	168	-	(168)
Other	133,722	28,050	(105,672)
Total Revenues	<u>1,516,343</u>	<u>427,650</u>	<u>(1,088,693)</u>
<b>EXPENDITURES</b>			
Current			
Public safety	1,025,726	437,347	588,379
Capital Outlay	<u>352,434</u>	<u>23,544</u>	<u>328,890</u>
Total Expenditures	<u>1,378,160</u>	<u>460,891</u>	<u>917,269</u>
Net Change in Fund Balance	138,183	(33,241)	(171,424)
FUND BALANCE - Beginning	<u>97,408</u>	<u>97,408</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 235,591</u>	<u>\$ 64,167</u>	<u>\$ (171,424)</u>

## CITY OF BELOIT

### SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - SOLID WASTE For the Year Ended December 31, 2006

	Final Budget	Actual	Variance
<b>REVENUES</b>			
Taxes	\$ -	\$ 727	\$ 727
Intergovernmental	203,603	191,326	(12,277)
Licenses & permits	600	838	238
Public charges for services	<u>1,839,406</u>	<u>1,843,937</u>	<u>4,531</u>
Total Revenues	<u>2,043,609</u>	<u>2,036,828</u>	<u>(6,781)</u>
<b>EXPENDITURES</b>			
Current			
Public works	<u>2,043,609</u>	<u>2,032,737</u>	<u>10,872</u>
Net Change in Fund Balance	-	4,091	4,091
FUND BALANCE - Beginning	<u>52,892</u>	<u>52,892</u>	-
FUND BALANCE - ENDING	<u>\$ 52,892</u>	<u>\$ 56,983</u>	<u>\$ 4,091</u>

## CITY OF BELOIT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE (DEFICIT) - BUDGET AND ACTUAL - TIF DISTRICT NO. 3  
 For the Year Ended December 31, 2006

	Final Budget	Actual	Variance
<b>REVENUES</b>			
Taxes	\$ -	\$ 366,538	\$ 366,538
Special assessments	43,300	-	(43,300)
Intergovernmental	-	9,368	9,368
Total Revenues	<u>43,300</u>	<u>375,906</u>	<u>332,606</u>
<b>EXPENDITURES</b>			
Capital Outlay	43,300	-	43,300
Debt Service			
Principal retirement	-	2,829	(2,829)
Interest and fiscal charges	-	223	(223)
Total Expenditures	<u>43,300</u>	<u>3,052</u>	<u>40,248</u>
Excess of Revenues Over Expenditures	-	372,854	372,854
FUND BALANCE (DEFICIT) - Beginning	<u>(725,792)</u>	<u>(725,792)</u>	<u>-</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ (725,792)</u>	<u>\$ (352,938)</u>	<u>\$ 372,854</u>

## CITY OF BELOIT

### SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - TIF DISTRICT NO. 5 For the Year Ended December 31, 2006

	Final Budget	Actual	Variance
<b>REVENUES</b>			
Taxes	\$ -	\$ 853,534	\$ 853,534
Special assessments	30,000	-	(30,000)
Intergovernmental	899,410	642,146	(257,264)
Investment income	19,250	94,155	74,905
Total Revenues	<u>948,660</u>	<u>1,589,835</u>	<u>641,175</u>
<b>EXPENDITURES</b>			
Current			
General government	-	7,250	(7,250)
Capital Outlay	7,020,672	2,978,058	4,042,614
Debt Service			
Principal retirement	-	359,559	(359,559)
Interest and fiscal charges	134,743	152,790	(18,047)
Total Expenditures	<u>7,155,415</u>	<u>3,497,657</u>	<u>3,657,758</u>
Deficiency of Revenues Over Expenditures	<u>(6,206,755)</u>	<u>(1,907,822)</u>	<u>4,298,933</u>
<b>OTHER FINANCING SOURCES</b>			
Debt issued	<u>5,520,555</u>	<u>2,891,292</u>	<u>(2,629,263)</u>
Total Other Financing Sources	<u>5,520,555</u>	<u>2,891,292</u>	<u>(2,629,263)</u>
Net Change in Fund Balance	(686,200)	983,470	1,669,670
FUND BALANCE - Beginning	<u>1,626,236</u>	<u>1,626,236</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 940,036</u>	<u>\$ 2,609,706</u>	<u>\$ 1,669,670</u>

## CITY OF BELOIT

### SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (DEFICIT) - BUDGET AND ACTUAL - TIF DISTRICT NO. 6 For the Year Ended December 31, 2006

	Final Budget	Actual	Variance
<b>REVENUES</b>			
Taxes	\$ -	\$ 568,944	\$ 568,944
Intergovernmental	472,500	24,550	(447,950)
Other	300,000	-	(300,000)
Total Revenues	<u>772,500</u>	<u>593,494</u>	<u>(179,006)</u>
<b>EXPENDITURES</b>			
Current			
General government	-	635	(635)
Capital Outlay	1,495,000	12,718	1,482,282
Debt Service			
Principal retirement	-	298,930	(298,930)
Interest and fiscal charges	26,835	119,416	(92,581)
Total Expenditures	<u>1,521,835</u>	<u>431,699</u>	<u>1,090,136</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(749,335)</u>	<u>161,795</u>	<u>911,130</u>
<b>OTHER FINANCING SOURCES</b>			
Debt issued	<u>749,335</u>	<u>274,367</u>	<u>(474,968)</u>
Net Change in Fund Balance	-	436,162	436,162
FUND BALANCE (DEFICIT) - Beginning	<u>(1,501,890)</u>	<u>(1,501,890)</u>	<u>-</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ (1,501,890)</u>	<u>\$ (1,065,728)</u>	<u>\$ 436,162</u>



## CITY OF BELOIT

### SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - FLEET REPLACEMENT For the Year Ended December 31, 2006

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
Investment income	\$ 140,000	\$ 219,040	\$ 79,040
Other	<u>1,075,467</u>	<u>906,375</u>	<u>(169,092)</u>
Total Revenues	<u>1,215,467</u>	<u>1,125,415</u>	<u>(90,052)</u>
<b>EXPENDITURES</b>			
Capital Outlay	<u>724,850</u>	<u>1,034,112</u>	<u>(309,262)</u>
Excess of Revenues Over Expenditures	<u>490,617</u>	<u>91,303</u>	<u>(399,314)</u>
<b>OTHER FINANCING SOURCES</b>			
Sale of city property	<u>-</u>	<u>117,815</u>	<u>117,815</u>
Total Other Financing Sources	<u>-</u>	<u>117,815</u>	<u>117,815</u>
Net Change in Fund Balance	490,617	209,118	(281,499)
FUND BALANCE - Beginning	<u>5,367,908</u>	<u>5,367,908</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 5,858,525</u>	<u>\$ 5,577,026</u>	<u>\$ (281,499)</u>

## CITY OF BELOIT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL - COMPUTER REPLACEMENT  
For the Year Ended December 31, 2006

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	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
Investment income	\$ 4,000	\$ 11,501	\$ 7,501
Other	<u>175,641</u>	<u>175,620</u>	<u>(21)</u>
Total Revenues	<u>179,641</u>	<u>187,121</u>	<u>7,480</u>
<b>EXPENDITURES</b>			
Capital Outlay	<u>194,100</u>	<u>290,733</u>	<u>(96,633)</u>
Net Change in Fund Balance	(14,459)	(103,612)	(89,153)
FUND BALANCE - Beginning	<u>495,595</u>	<u>495,595</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 481,136</u>	<u>\$ 391,983</u>	<u>\$ (89,153)</u>

**CITY OF BELOIT**

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

	Enterprise Funds				Totals
	Golf Course	Cemeteries	Ambulance	Transit System	
<b>ASSETS</b>					
Current Assets					
Cash and investments	\$ -	\$ 4,667	\$ 195,318	\$ 460,010	\$ 659,995
Receivables					
Taxes	-	93,205	87,138	520,354	700,697
Customer accounts	2,253	3,999	148,569	42,192	197,013
Due from other governmental units	-	-	-	130,389	130,389
Inventories	-	-	-	120,667	120,667
Total Current Assets	<u>2,253</u>	<u>101,871</u>	<u>431,025</u>	<u>1,273,612</u>	<u>1,808,761</u>
Non-Current Assets					
Restricted Assets					
Bond reserve account	-	-	-	432,585	432,585
Capital Assets					
Land	816,000	322,000	-	132,000	1,270,000
Construction in progress	-	-	-	135,200	135,200
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	-	3,926,740	4,024,255
Less: accumulated depreciation	<u>(718,338)</u>	<u>(117,484)</u>	<u>-</u>	<u>(2,881,929)</u>	<u>(3,717,751)</u>
Net Capital Assets	<u>1,102,362</u>	<u>403,145</u>	<u>-</u>	<u>4,034,310</u>	<u>5,539,817</u>
Total Assets	<u>1,104,615</u>	<u>505,016</u>	<u>431,025</u>	<u>5,307,922</u>	<u>7,348,578</u>
<b>LIABILITIES</b>					
Current Liabilities					
Accounts payable	22,679	1,836	15,061	125,895	165,471
Current maturities of general obligation debt	12,440	5,492	-	86,765	104,697
Unearned revenue	-	93,205	87,138	520,354	700,697
Other current liabilities	<u>9,539</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,539</u>
Total Current Liabilities	<u>44,658</u>	<u>100,533</u>	<u>102,199</u>	<u>733,014</u>	<u>980,404</u>
Noncurrent Liabilities					
General obligation debt	65,721	34,366	-	953,470	1,053,557
Compensated absences	24,857	1,365	34,068	66,106	126,396
Advances from other funds	<u>382,033</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>382,033</u>
Total Noncurrent Liabilities	<u>472,611</u>	<u>35,731</u>	<u>34,068</u>	<u>1,019,576</u>	<u>1,561,986</u>
Total Liabilities	<u>517,269</u>	<u>136,264</u>	<u>136,267</u>	<u>1,752,590</u>	<u>2,542,390</u>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	1,024,201	363,287	-	2,128,904	3,516,392
Unrestricted (deficit)	<u>(436,855)</u>	<u>5,465</u>	<u>294,758</u>	<u>1,426,428</u>	<u>1,289,796</u>
TOTAL NET ASSETS	<u>\$ 587,346</u>	<u>\$ 368,752</u>	<u>\$ 294,758</u>	<u>\$ 3,555,332</u>	<u>\$ 4,806,188</u>

**CITY OF BELOIT**

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

	Enterprise Funds				Totals
	Golf Course	Cemeteries	Ambulance	Transit System	
<b>OPERATING REVENUES</b>					
Charges for services	\$ 418,702	\$ 217,941	\$ 777,192	\$ 178,614	\$ 1,592,449
Other	4,427	4,698	-	34,544	43,669
Total Operating Revenues	<u>423,129</u>	<u>222,639</u>	<u>777,192</u>	<u>213,158</u>	<u>1,636,118</u>
<b>OPERATING EXPENSES</b>					
Operation and maintenance	460,461	273,963	842,122	1,713,573	3,290,119
Depreciation	28,427	3,022	-	223,153	254,602
Total Operating Expenses	<u>488,888</u>	<u>276,985</u>	<u>842,122</u>	<u>1,936,726</u>	<u>3,544,721</u>
Operating Income (Loss)	<u>(65,759)</u>	<u>(54,346)</u>	<u>(64,930)</u>	<u>(1,723,568)</u>	<u>(1,908,603)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Intergovernmental revenues	-	-	-	1,074,996	1,074,996
Investment income	(10,146)	65,948	6,308	11,145	73,255
Interest expense	(3,081)	(1,561)	-	(29,855)	(34,497)
General property taxes	-	90,410	173,850	490,000	754,260
Total Nonoperating Revenues (Expenses)	<u>(13,227)</u>	<u>154,797</u>	<u>180,158</u>	<u>1,546,286</u>	<u>1,868,014</u>
Income (Loss) Before Contributions	(78,986)	100,451	115,228	(177,282)	(40,589)
Capital contributions	-	-	-	604,723	604,723
Change in Net Assets	(78,986)	100,451	115,228	427,441	564,134
TOTAL NET ASSETS - Beginning	<u>666,332</u>	<u>268,301</u>	<u>179,530</u>	<u>3,127,891</u>	<u>4,242,054</u>
TOTAL NET ASSETS - Ending	<u>\$ 587,346</u>	<u>\$ 368,752</u>	<u>\$ 294,758</u>	<u>\$ 3,555,332</u>	<u>\$ 4,806,188</u>

**CITY OF BELOIT**

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

	Enterprise Funds				Totals
	Golf Course	Cemeteries	Ambulance	Transit System	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Received from customers	\$ 420,876	\$ 174,118	\$ 764,388	\$ 208,291	\$ 1,567,673
Paid to suppliers for goods and services	(232,608)	(184,192)	(203,150)	(987,997)	(1,607,947)
Payments to employees for services	(215,883)	(90,580)	(632,163)	(710,928)	(1,649,554)
Net Cash Provided by Operating Activities	(27,615)	(100,654)	(70,925)	(1,490,634)	(1,689,828)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Operating grants received	-	-	-	1,075,173	1,075,173
Property taxes received	-	90,410	173,850	490,000	754,260
Non-capital advance (and repayment)	57,076	(43,036)	-	-	14,040
Net Cash Used by Noncapital Financing Activities	57,076	47,374	173,850	1,565,173	1,843,473
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Debt retired	(16,234)	(6,440)	-	(29,906)	(52,580)
Interest paid	(3,081)	(1,561)	-	(29,855)	(34,497)
Proceeds from issuance of new debt	-	-	-	595,246	595,246
Acquisition and construction of capital assets	-	-	-	(653,425)	(653,425)
Construction grants received	-	-	-	586,400	586,400
Net Cash Provided (Used) by Capital and Related Financing Activities	(19,315)	(8,001)	-	468,460	441,144
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Investment income (loss)	(10,146)	65,948	6,308	11,128	73,238
Net Cash Provided (Used) by Investing Activities	(10,146)	65,948	6,308	11,128	73,238
Net Increase (Decrease) in Cash and Cash Equivalents	-	4,667	109,233	554,127	668,027
CASH AND CASH EQUIVALENTS - Beginning	-	-	86,085	338,468	424,553
CASH AND CASH EQUIVALENTS - Ending	\$ -	\$ 4,667	\$ 195,318	\$ 892,595	\$ 1,092,580
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES</b>					
Operating income (Loss)	\$ (65,759)	\$ (54,346)	\$ (64,930)	\$ (1,723,568)	\$ (1,908,603)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows From Operating Activities					
Depreciation expense	28,427	3,022	-	223,153	254,602
Change in non-cash Components of Working Capital					
Accounts receivable	(2,253)	434	(12,804)	(4,867)	(19,490)
Inventories	-	-	-	(1,764)	(1,764)
Accounts payable	12,507	(1,309)	(3,466)	1,314	9,046
Accrued compensated absences	-	-	-	15,098	15,098
Other current liabilities	(537)	500	10,275	-	10,238
Unearned revenue	-	(48,955)	-	-	(48,955)
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<u>\$ (27,615)</u>	<u>\$ (100,654)</u>	<u>\$ (70,925)</u>	<u>\$ (1,490,634)</u>	<u>\$ (1,689,828)</u>

**NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITY**

During 2006, \$604,723 of transit capital assets were contributed to the city

# CITY OF BELOIT

## ENTERPRISE FUND - BELOIT MASS TRANSIT DETAILED SCHEDULE OF REVENUES AND EXPENSES - REGULATORY BASIS For the Year Ended December 31, 2006

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	<u>2006</u>
<b>REVENUE</b>	
401 - Passenger fares for transit service	\$ 178,614
407 - Non-transportation revenue	
Advertising	22,032
Investment Income	11,128
Charter and miscellaneous	12,512 *
409 - Local operating assistance - city levy	490,000
409 - Local operating assistance - inter-government	61,940
411 - State operating assistance	445,984
413 - Federal operating assistance	567,072
Capital contributions	<u>604,723</u>
Total Revenue	<u>2,394,005</u>
<b>EXPENSES - BY OBJECT CLASS TOTAL</b>	
501 - Labor	710,928
502 - Fringe benefits	570,566
503 - Services	49,644
504 - Materials and supplies	231,047
505 - Utilities	35,822
506 - Casualty and liability costs	57,469
508 - Purchased transportation services	17,069
509 - Miscellaneous	41,027
509 - Interest expense	29,855
513 - Depreciation	<u>223,153</u>
Total Expenses	<u>1,966,580</u>
EXCESS EXPENSES OVER REVENUES FOR THE YEAR	<u>\$ 427,425</u>

\* 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, 2006

	<u>Per WisDOT Guidelines</u>	<u>Per Federal Guidelines</u>
Beloit Revenues	\$ 2,394,005	\$ 2,394,005
Less Unrecognized Revenues		
Advertising Revenue	-	22,032
Charter Revenue	12,512	12,512
Investment income	11,128	11,128
Local Operating Assistance	551,940	551,940
State Operating Assistance	445,984	445,984
Federal Operating Assistance	567,072	567,072
Capital Contributions	1 <u>604,723</u>	<u>604,723</u>
<b>ADJUSTED REVENUES</b>	<b>\$ <u>200,646</u></b>	<b>\$ <u>178,614</u></b>
Total Expenses	\$ 1,966,580	\$ 1,966,580
Less Non-Recognized Expenses		
Interest	29,855	29,855
Depreciation	223,153	223,153
Less Contra Expenses		
Charter Revenue	12,512	12,512
Capital Contributions for Operating Expenses	2 <u>12,634</u>	<u>12,634</u>
<b>RECOGNIZED EXPENSES</b>	<b>\$ <u>1,688,426</u></b>	<b>\$ <u>1,688,426</u></b>
<b>RECOGNIZED EARNINGS (DEFICITS)</b>	<b>\$ <u>(1,487,780)</u></b>	<b>\$ <u>(1,509,812)</u></b>
1 - Capital contributions - assets capitalized	594,616	
Capital contributions - expensed	<u>10,107</u>	
Total capital contributions	<u><u>604,723</u></u>	
2 - Capital contributions - expensed	10,107	
Federal share	<u>80%</u>	
Federal and local share of expenses	<u><u>12,634</u></u>	

**CITY OF BELOIT**

**COMPUTATION OF THE DEFICIT DISTRIBUTION AMONG THE SUBSIDY GRANTORS**  
For the Year Ended December 31, 2006

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<b>STATE FUNDS</b>		
WisDOT Recognized Deficit		<u>\$ 1,487,780</u>
WisDOT Recognized Expenses	<u>\$ 1,688,426</u>	
32.3% of WisDOT Recognized Expenses		<u>\$ 545,362</u>
WisDOT Contract Amount		<u>\$ 445,984</u>
Local Operating Subsidy	<u>\$ 551,940</u>	
5 Times Operating Subsidy		<u>\$ 2,759,700</u>
State Share – Least of the Four		<u>\$ 445,984</u>
<b>FEDERAL SECTION 9 FUNDS</b>		
Federally Recognized Deficit	<u>\$ 1,509,812</u>	
50% of Federal Deficit		<u>\$ 754,906</u>
Federal Recognized Deficit	<u>\$ 1,509,812</u>	
Less: State share	<u>445,984</u>	
Local Share		<u>\$ 1,063,828</u>
Maximum Federal Share Per Grant Award		<u>\$ 567,072</u>
Federal Section 9 Share – Least of the Three		<u>\$ 567,072</u>



## CITY OF BELOIT

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

	Equipment Operations	General Liability Insurance	Health Insurance	Totals
<b>ASSETS</b>				
Current Assets				
Cash and investments	\$ 165,013	\$ 443,321	\$ 4,391,794	\$ 5,000,128
Accounts receivable	1,981	2,173	150,418	154,572
Total Current Assets	<u>166,994</u>	<u>445,494</u>	<u>4,542,212</u>	<u>5,154,700</u>
Non-Current Assets				
Restricted Assets				
Deposit with risk pool	-	1,575,475	-	1,575,475
Receivable from mutual insurance company	-	69,270	-	69,270
Total Restricted Assets	<u>-</u>	<u>1,644,745</u>	<u>-</u>	<u>1,644,745</u>
Capital Assets				
Machinery, equipment, and vehicles	67,165	-	-	67,165
Less: Accumulated depreciation	<u>(34,410)</u>	<u>-</u>	<u>-</u>	<u>(34,410)</u>
Net Capital Assets	<u>32,755</u>	<u>-</u>	<u>-</u>	<u>32,755</u>
Total Non-Current Assets	<u>32,755</u>	<u>1,644,745</u>	<u>-</u>	<u>1,677,500</u>
Total Assets	<u>199,749</u>	<u>2,090,239</u>	<u>4,542,212</u>	<u>6,832,200</u>
<b>LIABILITIES</b>				
Current Liabilities				
Accounts payable	48,668	16,269	305	65,242
Claims payable	-	271,600	1,621,014	1,892,614
Current portion of long-term debt	-	170,225	-	170,225
Total Liabilities	<u>48,668</u>	<u>458,094</u>	<u>1,621,319</u>	<u>2,128,081</u>
<b>NET ASSETS</b>				
Invested in capital assets	32,755	-	-	32,755
Unrestricted	<u>118,326</u>	<u>1,632,145</u>	<u>2,920,893</u>	<u>4,671,364</u>
TOTAL NET ASSETS	<u>\$ 151,081</u>	<u>\$ 1,632,145</u>	<u>\$ 2,920,893</u>	<u>\$ 4,704,119</u>

## CITY OF BELOIT

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

	Equipment Operations	General Liability Insurance	Health Insurance	Totals
<b>OPERATING REVENUES</b>				
Charges for services	\$ 1,427,360	\$ 1,175,337	\$ 7,927,286	\$10,529,983
Total Operating Revenue	<u>1,427,360</u>	<u>1,175,337</u>	<u>7,927,286</u>	<u>10,529,983</u>
<b>OPERATING EXPENSES</b>				
Operation and maintenance	1,336,727	610,274	-	1,947,001
Contractual services	19,707	211,756	7,484,573	7,716,036
Depreciation	<u>3,027</u>	<u>-</u>	<u>-</u>	<u>3,027</u>
Total Operating Expenses	<u>1,359,461</u>	<u>822,030</u>	<u>7,484,573</u>	<u>9,666,064</u>
Operating Income	<u>67,899</u>	<u>353,307</u>	<u>442,713</u>	<u>863,919</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment income	4,983	-	-	4,983
Interest expense	-	(21,592)	-	(21,592)
Loss on investment in CVMIC	<u>-</u>	<u>(59,645)</u>	<u>-</u>	<u>(59,645)</u>
Total Nonoperating Revenues (Expenses)	<u>4,983</u>	<u>(81,237)</u>	<u>-</u>	<u>(76,254)</u>
Change in Net Assets	72,882	272,070	442,713	787,665
TOTAL NET ASSETS - Beginning	<u>78,199</u>	<u>1,360,075</u>	<u>2,478,180</u>	<u>3,916,454</u>
TOTAL NET ASSETS - ENDING	<u>\$ 151,081</u>	<u>\$ 1,632,145</u>	<u>\$ 2,920,893</u>	<u>\$ 4,704,119</u>

**CITY OF BELOIT**

COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
For the Year Ended December 31, 2006

	Equipment Operations	General Liability Insurance	Health Insurance	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Received from customers	\$ 1,477,621	\$ 1,233,511	\$ 7,776,868	\$ 10,488,000
Paid to suppliers for goods and services	(967,665)	(1,136,933)	(7,464,271)	(9,568,869)
Payments to employees for services	(381,830)	(133,366)	-	(515,196)
Net Cash Provided (Used) by Operating Activities	<u>128,126</u>	<u>(36,788)</u>	<u>312,597</u>	<u>403,935</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Debt retired	-	(155,925)	-	(155,925)
Interest paid	-	(21,592)	-	(21,592)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>-</u>	<u>(177,517)</u>	<u>-</u>	<u>(177,517)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Investment income	<u>4,983</u>	-	-	<u>4,983</u>
Net Cash Provided (Used) by Investing Activities	<u>4,983</u>	-	-	<u>4,983</u>
Net Increase (Decrease) in Cash and Cash Equivalents	133,109	(214,305)	312,597	231,401
CASH AND CASH EQUIVALENTS - Beginning	<u>31,904</u>	<u>657,626</u>	<u>4,079,197</u>	<u>4,768,727</u>
CASH AND CASH EQUIVALENTS - Ending	<u>\$ 165,013</u>	<u>\$ 443,321</u>	<u>\$ 4,391,794</u>	<u>\$ 5,000,128</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH FROM OPERATING ACTIVITIES</b>				
Operating income	\$ 67,899	\$ 353,307	\$ 442,713	\$ 863,919
Adjustments to Reconcile Operating Income to Net Cash Flows From Operating Activities				
Depreciation expense	3,027	-	-	3,027
Change in non-cash Components of Working Capital				
Accounts receivable	50,261	(1,471)	(150,418)	(101,628)
Prepaid items	-	-	-	-
Accounts payable	6,939	(3,335)	(2,866)	738
Claims payable	-	(385,289)	23,168	(362,121)
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<u>\$ 128,126</u>	<u>\$ (36,788)</u>	<u>\$ 312,597</u>	<u>\$ 403,935</u>

**NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITY**

During the year, there was a decrease of \$59,645 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, 2006

	Balance January 1, 2006	Additions	Deductions	Balance December 31, 2006
<b>TAX COLLECTIONS</b>				
<b>Assets</b>				
Cash and investments	\$ 9,439,464	\$ 5,794,597	\$ 9,439,464	\$ 5,794,597
Property taxes receivable	<u>14,144,281</u>	<u>18,155,881</u>	<u>14,144,281</u>	<u>18,155,881</u>
<b>TOTAL ASSETS</b>	<u>\$ 23,583,745</u>	<u>\$ 23,950,478</u>	<u>\$ 23,583,745</u>	<u>\$ 23,950,478</u>
<b>Liabilities</b>				
Due to other taxing units	<u>\$ 23,583,745</u>	<u>\$ 23,950,478</u>	<u>\$ 23,583,745</u>	<u>\$ 23,950,478</u>
<b>TOTAL LIABILITIES</b>	<u>\$ 23,583,745</u>	<u>\$ 23,950,478</u>	<u>\$ 23,583,745</u>	<u>\$ 23,950,478</u>

## CITY OF BELOIT

### COMBINING STATEMENT OF NET ASSETS - COMMUNITY DEVELOPMENT AUTHORITY December 31, 2006

	Major Section 8 Rental Voucher Program	Major Low Rent Public Housing	Major Leases Receivable	Totals
<b>ASSETS</b>				
Current Assets				
Cash and investments	\$ 321,276	\$ 303,173	\$ -	\$ 624,449
Receivables				
Accounts	43,924	32,538	-	76,462
Due from other funds	-	17,983	-	17,983
Due from other governmental units	-	4,327	-	4,327
Prepaid items	1,420	2,294	-	3,714
Total Current Assets	366,620	360,315	-	726,935
Non-Current Assets				
Restricted Assets				
Cash and investments	-	-	1,645,232	1,645,232
Capital Assets				
Land	-	414,539	-	414,539
Construction in progress	-	293,661	-	293,661
Buildings	-	3,640,214	-	3,640,214
Machinery, equipment, and vehicles	11,456	4,254,556	-	4,266,012
Less: Accumulated depreciation	(7,337)	(5,192,439)	-	(5,199,776)
Net Capital Assets	4,119	3,410,531	-	3,414,650
Other Assets				
Lease receivable from primary government	-	-	14,137,211	14,137,211
Total Non-Current Assets	4,119	3,410,531	15,782,443	19,197,093
Total Assets	370,739	3,770,846	15,782,443	19,924,028
<b>LIABILITIES</b>				
Current Liabilities				
Accounts payable	2,981	8,746	-	11,727
Accrued liabilities	14,881	18,560	-	33,441
Due to other funds	17,983	-	-	17,983
Due to primary government	32,120	43,605	-	75,725
Deferred revenues	41,771	3,242	-	45,013
Deposits	10,588	43,564	-	54,152
Total Current Liabilities	120,324	117,717	-	238,041
Non-Current Liabilities				
Compensated absences	801	8,437	-	9,238
Lease revenue bonds payable	-	-	15,650,388	15,650,388
Total Noncurrent Liabilities	801	8,437	15,650,388	15,659,626
Total Liabilities	121,125	126,154	15,650,388	15,897,667
<b>NET ASSETS</b>				
Invested in capital assets	4,119	3,410,531	-	3,414,650
Restricted for grant programs	243,995	234,161	-	478,156
Unrestricted	1,500	-	132,055	133,555
TOTAL NET ASSETS	\$ 249,614	\$ 3,644,692	\$ 132,055	\$ 4,026,361

## CITY OF BELOIT

### COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS - COMMUNITY DEVELOPMENT AUTHORITY Year Ended December 31, 2006

	<u>Major</u>	<u>Major</u>	<u>Major</u>	
	Section 8 Rental Voucher Program	Low Rent Public Housing	Lease Receivable	Totals
<b>EXPENSES</b>				
Community development	\$ 3,308,476	\$ 1,054,431	\$ 736,278	\$ 5,099,185
<b>PROGRAM REVENUES</b>				
Charges for services	1,500	198,910	-	200,410
Operating grants and contributions	<u>3,343,363</u>	<u>610,807</u>	<u>-</u>	<u>3,954,170</u>
Total Program Revenues	<u>3,344,863</u>	<u>809,717</u>	<u>-</u>	<u>4,154,580</u>
Operating Income (Loss)	<u>36,387</u>	<u>(244,714)</u>	<u>(736,278)</u>	<u>(944,605)</u>
<b>GENERAL REVENUES</b>				
Investment income	10,168	14,188	768,481	792,837
Miscellaneous	<u>30,778</u>	<u>-</u>	<u>-</u>	<u>30,778</u>
Total Nonoperating Revenues (Expenses)	<u>40,946</u>	<u>14,188</u>	<u>768,481</u>	<u>823,615</u>
Change in Net Assets	77,333	(230,526)	32,203	(120,990)
NET ASSETS - BEGINNING	<u>172,281</u>	<u>3,875,218</u>	<u>99,852</u>	<u>4,147,351</u>
NET ASSETS - ENDING	<u>\$ 249,614</u>	<u>\$ 3,644,692</u>	<u>\$ 132,055</u>	<u>\$ 4,026,361</u>

**CITY OF BELOIT**

COMBINING STATEMENT OF CASH FLOWS - COMMUNITY DEVELOPMENT AUTHORITY  
For the Year Ended December 31, 2006

	Major Section 8 Rental Voucher Program	Major Low Rent Public Housing	Major Leases Receivable	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Received from customers	\$ 19,965	\$ 219,304	\$ -	\$ 239,269
Paid to suppliers for goods and services	(3,092,563)	(601,741)	-	(3,694,304)
Payments to employees for services	(199,423)	(128,666)	-	(328,089)
Payments to city for tax equivalent	-	(9,097)	-	(9,097)
Net Cash Flows From Operating Activities	<u>(3,272,021)</u>	<u>(520,200)</u>	<u>-</u>	<u>(3,792,221)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>				
Operating grants received	3,343,363	463,618	-	3,806,981
Collections on leases receivable	-	-	322,138	322,138
Non-capital (advance) and repayment	-	-	(23,604)	(23,604)
Net Cash Flows From Non-Capital Financing Activities	<u>3,343,363</u>	<u>463,618</u>	<u>298,534</u>	<u>4,105,515</u>
<b>CASH FLOWS FROM CAPITAL AND FINANCING ACTIVITIES</b>				
Interest paid	-	-	(736,278)	(736,278)
Capital grants received	-	147,189	-	147,189
Acquisition and construction of capital assets	(4,456)	(86,022)	-	(90,478)
Cost of removal of property retired	-	3,223	-	3,223
Net Cash Flows From Capital and Related Financing Activities	<u>(4,456)</u>	<u>64,390</u>	<u>(736,278)</u>	<u>(676,344)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Investment income	10,168	14,188	768,481	792,837
Net Cash Flows From Investing Activities	<u>10,168</u>	<u>14,188</u>	<u>768,481</u>	<u>792,837</u>
Net Change in Cash and Cash Equivalents	77,054	21,996	330,737	429,787
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>244,222</u>	<u>281,177</u>	<u>1,314,495</u>	<u>1,839,894</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 321,276</u>	<u>\$ 303,173</u>	<u>\$ 1,645,232</u>	<u>\$ 2,269,681</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>				
Operating income (loss)	\$ (3,306,976)	\$ (855,521)	\$ -	\$ (4,162,497)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities				
Non-operating income	30,778	-	-	30,778
Depreciation	337	347,946	-	348,283
Change in Assets and Liabilities				
Accounts receivable	(54,084)	(5,075)	-	(59,159)
Prepaid items	(1,055)	(1,929)	-	(2,984)
Due from other funds	-	12,911	-	12,911
Accounts payable and accrued liabilities	8,779	(30,452)	-	(21,673)
Due to other funds	5,479	(18,248)	-	(12,769)
Other current liabilities	2,950	27,724	-	30,674
Unearned revenues	41,771	2,444	-	44,215
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ (3,272,021)</u>	<u>\$ (520,200)</u>	<u>\$ -</u>	<u>\$ (3,792,221)</u>

**NONCASH CAPITAL AND FINANCING ACTIVITIES**

Accretion of interest on the Taxable Capital Appreciation Lease Revenue Bonds was \$299,000.  
Capitalized interest applied to lease receivable and interest was \$23,604.

# 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 No. 34 in 2003, schedules presenting government-wide information include information beginning in that year.*



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

	<b>Fiscal Year</b>			
	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
Governmental activities				
Invested in capital assets, net of related debt	\$ (1,760,281)	\$ 32,455,579	\$ 37,980,480	\$ 39,628,194
Restricted	13,796,880	10,863,873	13,360,969	13,459,223
Unrestricted	13,392,661	17,504,451	9,684,847	8,766,021
Total governmental activities net assets	<u>\$ 25,429,260</u>	<u>\$ 60,823,903</u>	<u>\$ 61,026,296</u>	<u>\$ 61,853,438</u>
Business-type activities				
Invested in capital assets, net of related debt	\$ 40,795,700	\$ 39,876,034	\$ 42,866,172	\$ 43,679,392
Restricted	3,296,536	9,258,839	7,524,675	8,032,063
Unrestricted	12,571,082	8,475,678	8,052,070	9,232,479
Total business-type activities net assets	<u>\$ 56,663,318</u>	<u>\$ 57,610,551</u>	<u>\$ 58,442,917</u>	<u>\$ 60,943,934</u>
Primary government				
Invested in capital assets, net of related debt	\$ 39,035,419	\$ 72,331,613	\$ 77,167,552	\$ 78,969,214
Restricted	17,093,416	20,122,712	20,885,644	21,491,286
Unrestricted	25,963,743	25,980,129	21,416,017	22,336,872
Total primary government net assets	<u>\$ 82,092,578</u>	<u>\$ 118,434,454</u>	<u>\$ 119,469,213</u>	<u>\$ 122,797,372</u>

**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 Four Fiscal Years**  
*(accrual basis of accounting)*

Expenses	Fiscal Year			
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Governmental activities:				
General government	\$ 644,342	\$ 612,189	\$ 723,994	\$ 715,922
Finance and administrative services	4,031,333	4,202,312	4,354,243	4,782,420
Community development	3,091,287	2,819,663	2,673,273	3,774,720
Economic development	212,794	232,040	225,825	241,839
Public safety:				
Police services	9,534,429	9,689,839	9,657,237	10,780,470
Fire services	6,087,103	6,279,879	6,553,907	6,794,772
Health	2,119,051	1,816,663	1,625,005	200,144
Public works	11,936,384	11,396,417	11,159,001	13,460,584
Library	1,717,707	1,766,186	1,862,844	1,988,168
Interest and fiscal charges	2,747,848	2,322,088	2,508,848	2,813,184
Total governmental activities	<u>42,122,278</u>	<u>41,137,276</u>	<u>41,344,177</u>	<u>45,552,223</u>
Business-type activities:				
Water	552,420	3,863,256	4,287,366	3,972,012
Sewer	7,413,585	7,775,483	8,419,122	7,013,940
Other non-major enterprise funds	3,066,042	3,081,295	3,407,599	3,552,212
Total business-type activities	<u>11,032,047</u>	<u>14,720,034</u>	<u>16,114,087</u>	<u>14,538,164</u>
Total primary government expenses	<u>\$ 53,154,325</u>	<u>\$ 55,857,310</u>	<u>\$ 57,458,264</u>	<u>\$ 60,090,387</u>
<b>Program Revenues (see Schedule 3)</b>				
Governmental activities:				
Charges for services:				
General government	\$ 50,016	\$ 20,388	\$ 26,742	\$ 22,074
Finance and administrative services	2,733,344	1,915,701	1,029,731	2,180,127
Community development	320,366	172,899	-	139,683
Economic development	57,215	68,227	23,091	14,585
Public safety:				
Police services	74,130	1,226,210	1,123,379	1,146,735
Fire services	39,428	63,229	60,024	22,061
Health	122,702	91,599	85,037	759
Public works	1,748,783	1,966,409	2,004,048	2,364,965
Library	54,255	63,308	103,841	150,241
Operating grants and contributions	3,585,554	4,308,531	2,755,787	2,398,066
Capital grants and contributions	3,705,837	1,779,114	767,858	846,026
Total governmental activities program revenues	<u>12,491,630</u>	<u>11,675,615</u>	<u>7,979,538</u>	<u>9,285,322</u>
Business-type activities:				
Charges for services:				
Water	357,578	4,469,255	4,507,623	4,660,075
Sewer	7,585,688	7,503,078	7,500,532	7,523,826
Other non-major enterprise funds	1,347,050	1,263,756	1,555,212	1,636,118
Operating grants and contributions	785,093	944,628	1,087,975	1,074,996
Capital grants and contributions	3,398,652	1,097,293	1,362,933	1,500,373
Total business-type activities program revenues	<u>13,474,061</u>	<u>15,278,010</u>	<u>16,014,275</u>	<u>16,395,388</u>
Total primary government program revenues	<u>\$ 25,965,691</u>	<u>\$ 26,953,625</u>	<u>\$ 23,993,813</u>	<u>\$ 25,680,710</u>
<b>Net (expense)/revenue</b>				
Governmental activities	\$ (29,630,648)	\$ (29,461,661)	\$ (33,364,639)	\$ (36,266,901)
Business-type activities	2,442,014	557,976	(99,812)	1,857,224
Total primary government net expense	<u>\$ (27,188,634)</u>	<u>\$ (28,903,685)</u>	<u>\$ (33,464,451)</u>	<u>\$ (34,409,677)</u>

(continued)

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

	Fiscal Year			
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
<b>General revenues and other changes in net assets</b>				
Governmental activities:				
Taxes				
Property taxes, levied for general purposes	\$ 4,737,886	\$ 4,689,377	\$ 4,843,078	\$ 5,156,577
Property taxes, levied for debt service	2,626,280	3,079,460	2,752,289	2,502,289
Property taxes, levied for other	3,171,118	3,193,143	3,304,771	3,808,617
Other taxes	65,209	114,248	291,301	619,176
Intergovernmental revenues not restricted to specific programs	19,560,171	18,667,021	20,368,636	21,794,494
Public gifts and/or grants	18,453	-	6,311	760
Investment income	705,929	640,920	562,780	1,793,770
Gain on sale of property	-	-	-	300,835
Miscellaneous	293,652	347,364	1,137,866	341,679
Transfers	1,742,555	300,000	300,000	775,846
Total governmental activities	<u>32,921,253</u>	<u>31,031,533</u>	<u>33,567,032</u>	<u>37,094,043</u>
Business-type activities:				
Taxes	586,230	503,520	618,208	754,260
Investment income	512,691	561,506	586,234	574,614
Miscellaneous	36,619	15,483	27,736	-
Transfers	-	(300,000)	(300,000)	(775,846)
Total business-type activities	<u>1,135,540</u>	<u>780,509</u>	<u>932,178</u>	<u>553,028</u>
Total primary government	<u>\$ 34,056,793</u>	<u>\$ 31,812,042</u>	<u>\$ 34,499,210</u>	<u>\$ 37,647,071</u>
<b>Change in net assets</b>				
Governmental activities	\$ 3,290,605	\$ 1,569,872	\$ 202,393	\$ 827,142
Business-type activities	3,577,554	1,338,485	832,366	2,410,252
Total primary government	<u>\$ 6,868,159</u>	<u>\$ 2,908,357</u>	<u>\$ 1,034,759</u>	<u>\$ 3,237,394</u>

**Notes:** 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)

In 2006 the city consolidated its Health Department with the Rock County Health Department. The county now provides these services for city residents.

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

Function/Program	Program Revenues			
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Governmental activities:				
General government	\$ 50,016	\$ 20,388	\$ 26,742	\$ 22,074
Finance and administrative services	3,106,579	1,922,133	1,036,048	2,183,782
Community development	1,247,347	1,791,483	781,256	970,331
Economic development	231,744	68,227	40,357	396,608
Public safety:				
Police services	545,017	1,490,977	1,170,936	1,146,735
Fire services	86,559	114,971	115,011	79,169
Health	1,502,466	1,233,420	809,326	759
Public works	5,387,848	4,680,410	3,614,713	4,065,701
Library	334,054	353,606	385,149	420,163
Interest and fiscal charges	-	-	-	-
Total governmental activities	<u>12,491,630</u>	<u>11,675,615</u>	<u>7,979,538</u>	<u>9,285,322</u>
Business-type activities:				
Water	2,462,326	5,469,747	5,665,145	5,287,437
Sewer	8,822,605	7,521,152	7,616,106	7,792,114
Other non-major enterprise funds	2,189,130	2,287,111	2,733,024	3,315,837
Total business-type activities	<u>13,474,061</u>	<u>15,278,010</u>	<u>16,014,275</u>	<u>16,395,388</u>
Total primary government	<u>\$ 25,965,691</u>	<u>\$ 26,953,625</u>	<u>\$ 23,993,813</u>	<u>\$ 25,680,710</u>

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

In 2006 the city consolidated its Health Department with the Rock County Health Department. The county now provides these services for city residents.

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

	Fiscal Year			
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Governmental Funds				
General fund				
Reserved	\$ 2,291,884	\$ 2,301,074	\$ 2,441,506	\$ 2,272,741
Unreserved	9,156,158	8,025,173	7,312,676	8,165,444
Total general fund	<u>\$ 11,448,042</u>	<u>\$ 10,326,247</u>	<u>\$ 9,754,182</u>	<u>\$ 10,438,185</u>
All other governmental funds				
Reserved	\$ 8,985,078	\$ 11,494,064	\$ 12,554,918	\$ 11,856,614
Unreserved, reported in:				
Special revenue funds	6,645,230	5,733,357	5,483,717	3,082,789
Capital projects funds	15,211,988	7,880,186	5,863,503	11,299,595
Debt service funds	(8,349,672)	(2,721,092)	(2,227,682)	(6,489,022)
Total all other governmental funds	<u>\$ 22,492,624</u>	<u>\$ 22,386,515</u>	<u>\$ 21,674,456</u>	<u>\$ 19,749,976</u>
Total governmental funds	<u>\$ 33,940,666</u>	<u>\$ 32,712,762</u>	<u>\$ 31,428,638</u>	<u>\$ 30,188,161</u>

**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 2006 was \$6,919,515 which represents three months of budgeted operating expenditures. The city exceeded this limit by \$705,030.

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

	Fiscal Year			
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
<b>Revenues</b>				
Taxes (see Schedule 6)	\$ 10,600,491	\$ 10,843,237	\$ 11,265,060	\$ 11,572,159
Intergovernmental	26,625,582	23,246,309	22,225,934	23,493,675
Licenses and permits	599,810	639,774	776,138	862,170
Fines, forfeitures and penalties	886,032	952,782	993,225	1,128,260
Fees and service charges	722,437	951,737	511,779	662,075
Rent	112,476	58,103	38,988	44,459
Special assessments	216,283	183,671	294,488	388,906
Investment income	736,590	726,856	904,864	1,977,154
Public charges for services	1,586,080	1,757,120	1,682,946	2,031,103
Donations	13,876	13,531	17,502	-
Other	2,358,834	2,016,416	2,636,405	2,085,813
Total revenues	<u>44,458,491</u>	<u>41,389,536</u>	<u>41,347,329</u>	<u>44,245,774</u>
<b>Expenditures</b>				
Current				
General government	3,712,424	3,678,019	3,807,291	3,771,853
Community development	2,919,207	3,171,269	2,802,778	4,143,333
Public safety	15,400,453	15,982,181	16,369,892	16,961,863
Public health	2,097,905	1,834,356	1,655,042	334,012
Public works	7,228,369	7,441,486	7,633,559	8,095,485
Parks, recreation, and education	1,767,192	1,779,022	1,811,607	1,907,205
Capital outlay	9,278,605	8,663,952	12,142,447	14,193,984
Debt service:				
Principal retirement	8,198,136	4,129,286	3,612,222	3,570,886
Interest and fiscal charges	2,867,062	2,612,794	2,756,201	2,862,355
Total expenditures	<u>53,469,353</u>	<u>49,292,365</u>	<u>52,591,039</u>	<u>55,840,976</u>
Excess of revenues over (under) expenditures	(9,010,862)	(7,902,829)	(11,243,710)	(11,595,202)
<b>Other financing sources (uses)</b>				
Bonds issued	12,088,452	8,172,166	8,174,118	8,227,299
Capital lease issued	941,204	934,549	662,726	616,592
Premium on bonds	-	52,776	-	-
Payments to escrow agent	-	(2,904,746)	-	-
Sale of city property	254,536	163,416	822,742	734,988
Transfers in	1,350,951	2,313,628	1,204,367	1,984,009
Transfers out	(1,350,951)	(2,056,864)	(904,367)	(1,208,163)
Total other financing sources (uses)	<u>13,284,192</u>	<u>6,674,925</u>	<u>9,959,586</u>	<u>10,354,725</u>
<b>Special item</b>				
Retirement prior service	(2,323,452)	-	-	-
Total special items	<u>(2,323,452)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>\$ 1,949,878</u>	<u>\$ (1,227,904)</u>	<u>\$ (1,284,124)</u>	<u>\$ (1,240,477)</u>
<b>Debt service as a percentage of non-capital expenditures</b>	33.40%	19.90%	18.69%	18.27%

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

<u>Fiscal Year</u>	<u>Property</u>	<u>Mobile Home</u>	<u>Payments In Lieu of</u>	<u>Prior Year Collections/ (Rescinded)</u>	<u>Motel</u>	<u>Total</u>
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
2006	11,430,534	18,786	9,097	63,981	49,761	11,572,159

**Note:** In 2005 the Wisconsin Legislature approved a bill that limits for two years the amount that local property taxes may be increased. Under this legislation, the property tax levy can only increase by 2% or the percentage that the previous year's net new construction represents of total equalized value whichever value is higher.

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

<u>Fiscal Year</u>	<u>Residential Property</u>	<u>Commercial Property</u>	<u>Manufacturing Property</u>	<u>Agricultural Property</u>	<u>Personal Property</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>	<u>Total Equalized Value</u>	<u>Taxable Assessed Value as a Percentage of Equalized Value</u>
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	8.27	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%
2006	971,475,800	365,904,900	96,725,400	693,400	55,914,090	1,490,713,590	7.58	1,470,055,900	101.41%

**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**

*(rate per \$1,000 of assessed value)*

<b>Overlapping Rates (a)</b>									
<b>Levy Year</b>	<b>Collection Year</b>	<b>City Direct Rate</b>	<b>Rock County</b>	<b>State of Wisconsin</b>	<b>Beloit School District</b>	<b>Beloit Turner School District</b>	<b>Clinton School District</b>	<b>Technical College</b>	<b>State Credit</b>
1997	1998	\$ 9.93	\$ 5.67	\$ 0.20	\$ 13.23	\$ 13.21	\$ 11.28	\$ 1.45	\$ (2.29)
1998	1999	9.02	5.77	0.20	12.81	14.00	11.09	1.48	(2.09)
1999	2000	8.27	6.04	0.20	12.01	13.25	13.95	1.56	(2.00)
2000	2001	8.32	6.31	0.20	11.23	13.28	13.67	1.62	(1.90)
2001	2002	8.41	5.81	0.20	11.29	13.21	12.71	1.69	(1.76)
2002	2003	8.56	5.89	0.20	10.68	11.70	12.50	1.72	(1.63)
2003	2004	8.41	5.98	0.20	10.67	11.27	12.31	1.82	(1.47)
2004	2005	7.89	5.82	0.20	10.27	11.51	9.09	1.72	(1.34)
2005	2006	7.68	5.88	0.19	10.44	9.93	10.47	1.73	(1.23)
2006	2007	7.58	5.40	0.17	10.22	9.20	10.17	1.65	(1.45)

**Note:** The city's property tax rate is approved each year by the City Council and is based on the city's tax levy and the taxable assessed value of property in the city. Property taxes are levied in December based on the assessed value as of January 1 of the tax year and collected the following year.

**(a)** Overlapping rates are those of other local governments and taxing authorities that apply to property owners within the City of Beloit. Not all overlapping rates apply to all Beloit property owners. For example, the school district rates apply only to those properties located within the various school districts whereas the city, county, state, and technical college rates would apply to all properties in the city.

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

Taxpayer	Type of Business/Property	2006			1997		
		Taxable Assessed Valuation	Percentage of Total Taxable Assessed Valuation	Rank	Taxable Assessed Valuation	Percentage of Total Taxable Assessed Valuation	Rank
ABC Supply/Hendricks Development	Wholesale Distributor/Real estate Development	\$ 44,733,870	3.00%	1	\$ 7,585,500	0.84%	8
Frito Lay, Inc.	Food Processor	20,286,200	1.36%	2	13,897,500	1.55%	1
Woodman's	Retail Grocer	15,001,500	1.01%	3			
Wal-Mart Stores, Inc.	Retail Sales	13,811,440	0.93%	4			
Beloit Clinic	Health Services	13,550,510	0.91%	5			
Reynolds Aluminum	Manufacturer	10,286,000	0.69%	6	10,974,100	1.22%	3
Genencor International Wisconsin, Inc.	Food Processor	9,584,000	0.64%	7	8,106,600	0.90%	6
McGuire/Morgan Square	Real Estate Development	8,768,200	0.59%	8			
Centre One Bancorp/First National Bank	Commercial Bank	8,179,510	0.55%	9			
George Hormel & Co.	Food Processor	8,031,300	0.54%	10	6,080,860	0.68%	10
Kerry Ingredients	Food Processor				9,797,800	1.09%	5
Beloit Corporation	Manufacturer				11,064,600	1.23%	2
Beloit Mall	Shopping Center				10,190,750	1.13%	4
Hearthland	Shopping Center				7,626,120	0.85%	7
Outboard Marine Corporation	Manufacturer				7,496,800	0.83%	9
Totals		<u>\$ 152,232,530</u>	<u>10.21%</u>		<u>\$ 92,820,630</u>	<u>10.33%</u>	

Source: City of Beloit Assessor's Office.

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

<b>Year</b>	<b>Total Tax Levy</b>	<b>Current Tax Collections</b>	<b>Percent of Levy Collected</b>	<b>Delinquent Tax Collections</b>	<b>Total Tax Collections</b>	<b>Percent of Tax Collections to Tax Levy</b>	<b>Outstanding Delinquent Taxes</b>	<b>Percent of Outstanding Delinquent Taxes to Levy</b>
1997	\$ 7,950,727	\$ 8,924,659	112.25%	\$ -	\$ 8,924,659	112.25%	\$ -	0.00%
1998	8,924,659	8,785,172	98.44%	-	8,785,172	98.44%	-	0.00%
1999	8,785,172	8,457,234	96.27%	-	8,457,234	96.27%	-	0.00%
2000	8,457,234	8,909,377	105.35%	-	8,909,377	105.35%	-	0.00%
2001	8,909,377	9,391,862	105.42%	-	9,391,862	105.42%	-	0.00%
2002	9,391,862	9,391,862	100.00%	-	9,391,862	100.00%	-	0.00%
2003	9,944,939	9,944,939	100.00%	-	9,944,939	100.00%	-	0.00%
2004	10,278,169	10,278,169	100.00%	-	10,278,169	100.00%	-	0.00%
2005	10,339,883	10,339,883	100.00%	-	10,339,883	100.00%	-	0.00%
2006	10,589,016	10,589,016	100.00%	-	10,589,016	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 of collecting 100% of its tax levy.

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

Fiscal Year	Governmental Activities			Business-Type Activities					Total Primary Government	Percentage of Estimated Personal Income (a)	Per Capita (a)
	General Obligation Bonds	Other Debt	Capital Leases	General Obligation Bonds	Other Debt	Capital Leases	Sewer Revenue Bonds	Water Revenue Bonds			
1997	\$23,083,773	\$ -	\$4,315,000	\$2,640,252	\$ -	\$ 492,832	\$ 30,770,000	\$ -	\$ 61,301,857	7.25%	\$ 1,694
1998	21,745,374	-	471,023	2,208,176	-	-	31,519,353	-	55,943,926	6.24%	1,545
1999	23,892,931	-	367,834	1,816,544	-	-	29,516,360	-	55,593,669	6.07%	1,535
2000	25,588,180	33,017	2,961,697	1,387,795	233,126	-	27,384,326	-	57,588,141	6.15%	1,610
2001	26,008,509	66,349	4,031,527	1,465,064	465,584	-	24,872,894	-	56,909,927	6.07%	1,584
2002	26,590,422	282,720	11,843,174	1,240,493	363,112	-	22,231,690	-	62,551,611	6.42%	1,742
2003	31,122,651	244,931	12,539,030	302,400	260,474	-	19,460,330	25,210,000	89,139,816	8.75%	2,488
2004	32,128,176	317,987	13,473,579	360,974	154,714	-	16,538,407	24,645,000	87,618,837	8.56%	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	8.59%	2,474
2006	41,318,203	527,882	14,430,759	2,747,023	-	-	9,586,186	23,470,000	92,080,053	N/A	2,519

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

(a) See Schedule 15 for personal income and population data.

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

<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Percentage of Estimated Actual Market Value of Property (a)</b>	<b>Per Capita (b)</b>	<b>Total Debt Applicable to Debt Limit</b>	<b>Legal Debt Limit (c)</b>	<b>Legal Debt Margin (d)</b>	<b>Legal Debt Margin as a Percentage of the Debt Limit</b>
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%
2006	44,065,226	3.00%	1,205.29	44,065,226	73,502,795	29,437,569	40.05%

**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, 2006**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (a)</u>	<u>Estimated Share of Overlapping Debt</u>
<b>Debt repaid with property taxes</b>			
Rock County	\$ 20,690,000	15.3931%	\$ 3,184,832
Beloit School District	13,013,779	94.1753%	12,255,765
Blackhawk Technical College	25,200,000	12.9912%	3,273,782
Beloit Turner School District	6,824,522	8.4033%	573,485
Clinton School District	16,240,000	2.6736%	434,193
<b>Subtotal, overlapping debt</b>			<u>19,722,058</u>
<b>City direct debt</b>			<u>44,065,226</u>
<b>Total direct and overlapping debt</b>			<u><u>\$ 63,787,284</u></u>

**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**

Fiscal Year	Sewer Utility Revenue Bonds						Water Utility Revenue Bonds (a)					
	Utility Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage (b)	Utility Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage (b)
				Principal	Interest					Principal	Interest	
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	3,072,903	995,992	0.93	4,609,360	1,698,314	2,911,046	580,000	1,077,770	1.76
2006	7,894,227	4,122,852	3,771,375	2,604,318	446,585	1.24	4,791,033	1,757,711	3,033,322	595,000	1,066,170	1.83

**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.

(b) The city's required coverage ratios are 1.10 times for the sewer utility and 1.25 times for the water utility.

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

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Estimated Personal Income (2)</u>	<u>Per Capita Personal Income (3)</u>	<u>School Enrollment (4)</u>	<u>Labor Force (5)</u>	<u>Employment (5)</u>	<u>Unemployment (5)</u>	<u>City Unemployment Rate (5)</u>
1997	36,195	\$ 846,021,930	\$ 23,374	7,175	17,499	16,801	698	4.0%
1998	36,204	896,555,856	24,764	6,748	17,610	16,815	795	4.5%
1999	36,226	916,300,444	25,294	6,748	17,564	16,694	870	5.0%
2000	35,775	936,374,850	26,174	6,765	17,230	16,351	879	5.1%
2001	35,931	938,230,272	26,112	6,880	17,516	16,093	1,423	8.1%
2002	35,918	974,311,668	27,126	6,967	17,305	15,859	1,446	8.4%
2003	35,826	1,018,963,092	28,442	6,799	17,259	15,904	1,355	7.9%
2004	36,058	1,024,011,142	28,399	6,941	17,449	16,148	1,301	7.5%
2005	36,106	1,039,997,224	28,804	7,113	17,205	15,992	1,213	7.1%
2006	36,560	N/A	N/A	7,169	17,312	16,133	1,179	6.8%

**Sources:** (1) State of Wisconsin Department of Administration or U. S. Census Bureau.

(2) Personal income estimate for the city is based on city population and per capita personal income for the Janesville/Beloit MSA using data obtained from the Regional Economic Information System, Bureau of Economic Analysis, U.S. Department of Commerce.

(3) Regional Economic Information System, Bureau of Economic Analysis, U.S. Department of Commerce, Janesville/Beloit MSA.

(4) State of Wisconsin Department of Public Instruction.

(5) State of Wisconsin Department of Workforce Development.

**Note:** In 2001 a major employer in the city, The Beloit Corp. closed which resulted in the significant increase in the unemployment rate that year.



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

<u>Employer</u>	<u>2006</u>			<u>1997</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Beloit Memorial Hospital	1,100	1	6.82%	900	3	5.36%
School District of Beloit	905	2	5.61%	1,047	2	6.23%
Frito-Lay	724	3	4.49%	542	7	3.23%
Beloit College	479	4	2.97%	350	9	2.08%
Beloit Clinic	454	5	2.81%	-	-	-
City of Beloit	405	6	2.51%	491	8	2.92%
ABC Supply	388	7	2.41%	-	-	-
Alcoa International	381	8	2.36%	550	6	3.27%
Kerry Ingredients	354	9	2.19%	-	-	-
Wal-Mart	339	10	2.10%	330	10	1.96%
Fairbanks-Morse	-	-	-	650	4	3.87%
Regal-Beloit Corporation	-	-	-	580	5	3.45%
Beloit Corporation	-	-	-	2,015	1	11.99%
<b>Total</b>	<u>5,529</u>		<u>34.27%</u>	<u>7,455</u>		<u>44.37%</u>

**Source:** Wisconsin Department of Workforce Development and City Department of Economic Development.

**Note:** The city suffered the loss of its largest single employer when the Beloit Corporation closed in 2001.

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

Function	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General Government	6.00	6.00	6.00	6.00	6.00	6.00	6.00	7.00	7.00	7.00
Finance and Administrative Services	35.69	36.13	35.44	36.16	35.55	34.29	31.88	35.50	36.70	36.18
Community Development	28.15	27.36	24.57	34.85	34.77	32.92	34.00	22.40	17.40	17.00
Economic Development	1.00	1.40	1.75	1.25	1.65	1.90	1.58	3.40	3.40	3.40
Public Safety:										
Police Services	106.75	108.66	105.63	103.33	103.60	100.10	97.10	94.59	95.45	95.05
Fire Services	64.50	64.50	63.50	63.50	63.50	64.50	63.50	63.50	63.50	65.10
Health	70.51	69.94	62.69	57.80	57.79	60.60	66.24	37.62	32.74	-
Public works	59.26	58.55	58.50	58.50	59.70	58.62	57.30	53.18	57.70	60.92
Parks and Recreation	40.82	42.96	41.53	26.57	28.21	25.99	18.75	26.48	26.56	38.97
Library	26.55	27.09	27.36	26.55	26.97	26.60	27.08	27.00	27.00	27.00
Water and Sewer Utility	32.34	33.91	33.11	33.90	34.74	32.41	30.60	33.20	33.60	34.20
Transit	19.39	20.38	20.63	17.50	18.35	18.90	18.77	19.50	19.50	20.50
<b>Total</b>	<b>490.96</b>	<b>496.88</b>	<b>480.71</b>	<b>465.91</b>	<b>470.83</b>	<b>462.83</b>	<b>452.80</b>	<b>423.37</b>	<b>420.55</b>	<b>405.32</b>

**Source:** City's annual budget

**Notes:** In 2006 the city merged its Health Department with the Rock County Health Department. The County now provides public health services for residents of the city.

A full time employee is scheduled to work 2,088 hours per year (including vacation and sick leave used). Full time equivalent employment is determined by dividing the total hours worked by 2,088.

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

<u>Function/Program</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
General government										
New Building permits	58	82	83	91	52	78	76	92	65	83
Building permits issued	743	615	605	668	632	611	671	641	763	656
Building inspections conducted	N/A	N/A	N/A	4,463	4,549	4,416	4,997	5,185	3,871	5,310
Site plans reviewed	15	21	23	19	18	18	20	26	27	30
Rental permits issued	5,400	5,055	5,407	5,325	5,473	5,455	5,503	5,473	5,793	4,837
Police										
Physical Arrests	N/A	N/A	N/A	7,995	8,734	9,639	9,472	10,218	10,039	9,154
Traffic Violations	5,593	4,808	N/A	2,574	2,736	3,868	3,595	4,510	4,733	5,607
Parking Violations	8,000	6,000	6,740	6,616	10,236	8,067	7,541	10,350	10,579	12,401
Fire										
Emergency responses	5,644	5,866	5,827	6,216	6,645	6,762	6,724	6,972	7,256	7,327
Fires extinguished	64	73	82	73	83	72	70	71	76	73
Inspections conducted	1,331	1,591	1,679	N/A	1,600	1,858	1,921	1,970	1,979	2,420
Ambulance runs	3,391	3,458	3,375	3,570	3,727	3,391	3,152	3,214	3,330	3,388
Engineering and public works										
Development plans reviewed	15	21	23	19	18	18	20	26	27	30
Infrastructure projects designed		11	12	13	15	15	18	22	23	25
Infrastructure projects completed		9	10	11	12	13	15	18	21	20
Highways and Streets										
Street resurfacing (miles)	3.00	3.00	4.00	2.00	2.00	1.00	1.00	1.00	2.00	2.00
Potholes repaired	N/A	N/A	11,968	14,190	26,367	25,279	22,859	30,432	32,999	31,162
Sanitation										
Refuse collected (tons/day)	N/A	N/A	39	41	47	38	37	39	38	40
Recyclables collected (tons/day)	N/A	N/A	22	12	11	11	11	11	11	21
Culture and Recreation										
Facility use permits issued	364	201	222	337	292	309	350	357	439	469
Number of programs offered	50	57	60	65	67	65	67	65	65	64
Rounds of golf played	22,963	23,841	24,746	20,069	22,735	21,852	19,980	17,891	22,353	20,117
Senior center participants	24,335	22,433	22,666	23,200	23,868	23,870	23,880	24,000	24,225	20,571
Number of cemetery internments	165	149	171	165	159	160	173	151	165	193
Water										
Work orders processed							N/A	N/A	1,422	2,142
Main breaks							N/A	45	29	30
Average daily production (MGD)							4.50	6.10	6.80	6.46
Peak daily production (MGD)							N/A	8.50	11.10	9.93
Wastewater										
Average daily treatment (MGD)	N/A	N/A	N/A	6.90	7.00	5.00	4.30	5.20	4.40	4.88
Peak daily treatment (MGD)	N/A	N/A	N/A	19.30	12.50	6.70	5.40	10.00	8.00	11.65
Transit										
Total route miles	253,349	255,753	246,022	290,593	312,595	317,916	319,324	317,160	392,041	392,041
Passengers	251,855	251,717	246,005	243,860	262,723	264,930	283,987	287,434	271,261	302,307

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**

<u>Function/Program</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	43	43	43	43	43	43	43	42	40	40
Fire										
Stations	4	4	3	3	3	3	3	3	3	3
Trucks	11	11	8	8	8	8	8	9	9	10
Ambulances	3	3	3	3	3	3	3	3	3	3
Refuse Collection										
Garbage trucks	12	12	13	13	14	14	14	14	15	14
Other public works										
Streets/highways (miles)	170.17	170.31	171.51	173.87	174.2	175.19	179.63	179.5	181.07	181.7
Streetlights	690	694	699	705	709	720	750	770	791	855
Traffic signals	39	41	41	42	42	42	42	40	39	40
Parks and recreation										
Acreage	819	830	830	830	833	833	837	837	851	851
Parks	28	30	30	30	31	31	32	32	34	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	7
Water mains (miles)							172	173	170	177
Hydrants							1380	1590	1559	1703
Storage capacity (MGD)							2.75	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	163	164	164
Storm sewer (miles)	170	170	170	170	170	170	170	170	171	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. Prior to that date the water utility was owned by Alliant Energy a subsidiary of Wisconsin Power and Light Co.



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, 2006, which collectively comprise the City of Beloit's basic financial statements and have issued our report thereon dated June 20, 2007. 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.

***Internal Control Over Financial Reporting***

In planning and performing our audit, we considered the City of Beloit's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Beloit's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Beloit's internal control over financial reporting.

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City of Beloit's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City of Beloit's financial statements that is more than inconsequential will not be prevented or detected by the City of Beloit's internal control over financial reporting.

To the City Council  
City of Beloit

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City of Beloit's internal control over financial reporting. Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We consider items 2006-1 and 2006-2 to be material weaknesses, which are described in the accompanying schedule of findings and questioned costs

***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 June 20, 2007.

The City of Beloit's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the City of Beloit's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the City of Beloit's management, others within the entity, 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.

*Viechow, Kraus & Company, LLP*

Madison, Wisconsin  
June 20, 2007



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  
SCHEDULE 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, 2006. 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, 2006.

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, but not for the purpose of expressing an opinion on the effectiveness of the internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Beloit's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal or state program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal or state program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the City of Beloit's management, others within the entity, 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  
June 20, 2007



**CITY OF BELOIT**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended December 31, 2006

Federal Agency/Pass-Through Agency/Program Title	CFDA Number	Revenues				Expendi- tures
		Grantor Share			Total Revenues	
		(Accrued) Deferred Beginning Balance	Cash Received (Returned)	Accrued (Deferred) Ending Balance		
					Grantor Share	
<b>U.S. Department of Housing and Urban Development</b>						
Community Development Block Grants/Entitlement Grants Passed Through City of Janesville	14.218	\$ (64,360)	\$ 1,025,972	\$ 110,795	\$ 1,072,407	\$ 1,072,407
Home Investment Partnerships Program	14.239	(78,039)	166,124	30,859	118,944	118,944
Community Development Block Grants/Brownfields Economic Development Incentive	14.246					
EDI - Neighborhood Initiative - Westside		-	-	50,069	50,069	50,069
EDI - Special Project Grant No. B-04-SP-WI-0897		-	99,410	-	99,410	99,410
EDI - Special Project Grant No. B-03-SP-WI-0862		(70,720)	70,720	-	-	-
Total Community Development Block Grant/Brownfields Economic Development Incentive		(70,720)	170,130	50,069	149,479	149,479
Public and Indian Housing	14.850	-	386,476	-	386,476	386,476
Section 8 Housing Choice Vouchers	14.871	-	3,280,363	-	3,280,363	3,280,363
Public Housing Capital Fund	14.872					
WI39-PO64-501-02		(3,600)	20,170	-	16,570	16,570
WI39-PO64-501-03		(3,644)	13,439	-	9,795	9,795
WI39-PO64-502-03		(2,200)	5,991	-	3,791	3,791
WI39-PO64-501-04		-	39,497	3,000	42,497	42,497
WI39-PO64-501-05		(2,981)	139,113	645	136,777	136,777
WI39-PO64-501-06		-	14,217	683	14,900	14,900
Total Public Housing Capital Fund		(12,425)	232,427	4,328	224,330	224,330
Total U.S. Department of Housing and Urban Development		(225,544)	5,261,492	196,051	5,231,999	5,231,999
<b>U.S. Department of Justice</b>						
Passed Through Wisconsin Department of Administration						
Juvenile Justice and Delinquency Prevention	16.523	-	32,000	-	32,000	32,000
Passed through Rock County						
Byrne Formula Grant Program	16.579	(4,474)	4,474	-	-	-
Passed Through Wisconsin Department of Administration						
Local Law Enforcement Block Grant Program	16.592	-	3,850	-	3,850	3,850
Passed through Rock County						
Bulletproof Vest Partnership Program	16.607	(5,200)	5,200	8,138	8,138	8,138
Regional Information Sharing Systems	16.610	-	34,013	-	34,013	34,013
Total U.S. Department of Justice		(9,674)	79,537	8,138	78,001	78,001

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, 2006

Federal Agency/Pass-Through Agency/Program Title	CFDA Number	Revenues				Expendi- tures Grantor Share
		Grantor Share		Total Revenues		
		(Accrued) Deferred Beginning Balance	Cash Received (Returned)			
<b>U.S. Department of Transportation</b>						
Passed Through Wisconsin Department of Transportation Highway Planning and Construction	20.205	\$ -	\$ 119,051	\$ -	\$ 119,051	\$ 119,051
Federal Transit Cluster						
Passed Through Wisconsin Department of Transportation Federal Transit Capital Investment Grants 5307/5309	20.500	(89,838)	586,401	108,160	604,723	604,723
Federal Transit Formula Grants	20.507	-	567,072	-	567,072	567,072
Total Federal Transit Cluster		(89,838)	1,153,473	108,160	1,171,795	1,171,795
Passed Through Illinois Department of Transportation Highway Planning and Construction	20.505	(6,346)	15,306	29,354	38,314	38,314
Passed Through Wisconsin Department of Transportation						
State and Community Highway Safety	20.600	-	11,624	-	11,624	11,624
Speed Enforcement		-	9,377	-	9,377	9,377
Alcohol Enforcement		-	21,001	-	21,001	21,001
Total State and Community Highway Safety		-	42,002	-	42,002	42,002
Total U.S. Department of Transportation		(96,184)	1,308,831	137,514	1,350,161	1,350,161
<b>U.S. Department of Health and Human Services</b>						
Passed Through Wisconsin Department of Health and Family Services						
Medical Assistance Program - Personal Care	93.778	(30,416)	30,416	-	-	-
Medical Assistance Program - Community Deficit Reduction Program		-	-	44,661	44,661	44,661
Passed Through Rock County						
Medical Assistance Program - Prenatal Care		(4,924)	4,924	-	-	-
Medical Assistance Program - Supportive Home Care		(33,960)	33,960	-	-	-
Total Medical Assistance Program		(69,300)	69,300	44,661	44,661	44,661
Total U.S. Department of Health and Human Services		(69,300)	69,300	44,661	44,661	44,661
<b>U.S. Department of Homeland Security</b>						
Passed Through Wisconsin Department of Administration						
Homeland Security Grant Program	97.067	-	360,000	-	360,000	360,000
Homeland Security Grant Program - Beloit Fire Department	97.067	-	4,919	-	4,919	4,919
Total U. S. Department of Homeland Security		-	364,919	-	364,919	364,919
<b>TOTAL FEDERAL AWARDS</b>		<b>\$ (400,702)</b>	<b>\$ 7,084,079</b>	<b>\$ 386,364</b>	<b>\$ 7,069,741</b>	<b>\$ 7,069,741</b>

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

**CITY OF BELOIT**

**SCHEDULE OF EXPENDITURES OF STATE AWARDS**  
For the Year Ended December 31, 2006

State Agency/Pass-Through Agency/Program Title	State Number	Revenues				Expendi- tures Grantor Share
		Grantor Share			Total Revenues	
		(Accrued) Deferred Beginning Balance	Cash Received (Returned)	Accrued (Deferred) Ending Balance		
<b>Wisconsin Department of Natural Resources</b>						
Urban Non-Point Source Grant	370.662	\$ -	\$ 289,486	\$ 110,514	\$ 400,000	\$ 400,000
Stormwater Utility Development	370.658	-	3,655	11,651	15,306	15,306
Total Wisconsin Department of Natural Resources		-	293,141	122,165	415,306	415,306
<b>Wisconsin Department of Transportation</b>						
Transit Operating Aids	395.104					
2005 Operating Aids		(22,406)	19,856	-	(2,550)	(2,550)
2006 Operating Aids		-	426,305	22,229	448,534	448,534
Total Transit Operating Aids		(22,406)	446,161	22,229	445,984	445,984
Highway Research, Planning and Construction						
Planning Commission Program	395.202	(20,351)	37,223	54,507	71,379	71,379
Transportation Facilities Economic Assistance and Development Program	395.510					
Beloit6/American Aluminum Extrusion		(24,449)	24,449	-	-	-
Colley Road and Kettle Way		-	227,241	-	227,241	227,241
Apex Drive		-	-	239,957	239,957	239,957
Total Transportation Facilities Economic Assistance and Development Program		(24,449)	251,690	239,957	467,198	467,198
Total Wisconsin Department of Transportation		(67,206)	735,074	316,693	984,561	984,561
<b>Wisconsin Department of Health and Family Services</b>						
Ambulance Funding Assistance Grant	435.162	-	20,064	-	20,064	20,064
Total Wisconsin Department of Health and Family Services		-	20,064	-	20,064	20,064
<b>Wisconsin Department of Administration</b>						
<b>Office of Justice Assistance</b>						
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
<b>TOTAL STATE AWARDS</b>		<b>\$ (67,206)</b>	<b>\$ 1,110,122</b>	<b>\$ 438,858</b>	<b>\$ 1,481,774</b>	<b>\$ 1,481,774</b>

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, 2006

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#### **NOTE 1 – REPORTING ENTITY**

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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*.

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#### **NOTE 2 – BASIS OF PRESENTATION**

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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*.

**CITY OF BELOIT**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended December 31, 2006

**SECTION I – SUMMARY OF AUDITORS’ RESULTS**

**FINANCIAL STATEMENTS**

Type of auditors’ report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified?              X   Yes                   No
- Significant deficiencies 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
- Significant deficiencies 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:

<u>CFDA</u> <u>Number</u>	<u>Name of Federal Program or Cluster</u>
14.218	Community Development Block Grants/Entitlement Grants <u>Federal Transit Cluster</u>
20.500	Federal Transit - Capital Investment Grants
20.507	Federal Transit - Formula Grants
97.067	Homeland Security Grant Program

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

# CITY OF BELOIT

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2006

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

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Identification of major state programs:

<u>State ID Number</u>	<u>Name of State Program</u>
395.104	Transit Operating Aids
395.510	Transportation Facilities Economic Assistance and Development Program

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### SECTION II – FINANCIAL STATEMENT FINDINGS

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#### **2006-1 Material Weakness – Internal Control Over Financial Reporting**

*Internal control* is a process – affected by an entity’s governing body, management, and other personnel – designed to provide reasonable assurance regarding the achievement of objectives in the following categories: (a) reliability of financial reporting, (b) effectiveness and efficiency of operations, and (c) compliance with applicable laws and regulations.

Internal control consists of five interrelated components:

- a. Control environment sets the tone of an organization, influencing the control consciousness of its people. It is the foundation for all other components of internal control, providing discipline and structure.
- b. Risk assessment is the entity’s identification and analysis of relevant risks to achievement of its objectives, forming a basis for determining how the risks should be managed.
- c. Control activities are the policies and procedures that help ensure that management directives are carried out.
- d. Information and communication systems support the identification, capture, and exchange of information in a form and time frame that enable people to carry out their responsibilities.
- e. Monitoring is a process that assesses the quality of internal control performance over time.

As part of our audit process each year, it is our job to understand your internal control so that we may plan our audit properly. We are also required to communicate with the governing body certain matters that come to our attention regarding your internal control. The types of information that we communicate to you are in some sense regulated by auditing standards. Those standards are constantly changing, depending on the perceived concerns at a national level.

The most recent change involves your internal control, and what we communicate to you regarding those controls. Those requirements are set out in Statement on Auditing Standards No. 112, “*Communicating Internal Control Matters Identified in an Audit.*”

## CITY OF BELOIT

### SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2006

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#### **SECTION II – FINANCIAL STATEMENT FINDINGS (cont.)**

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##### ***2006-1 Material Weakness – Internal Control Over Financial Reporting (cont.)***

The new standard clarifies some definitions and will promote more consistency in how weak areas in internal control are communicated by auditors to their clients.

More specifically, the system of internal control over financial reporting is addressed by the new standard. In theory, a properly designed system of internal control staffed with enough people with sufficient training would provide your organization with the ability to not only process and record monthly transactions, but also to prepare a complete set of annual financial statements. Most of our clients do a good job of processing and recording monthly transactions. However, very few are capable of preparing annual financial statements.

The new standard makes it clear that the definition of a material weakness in internal control should now include consideration of the year end financial reporting process. To avoid the auditor reporting a material weakness in internal control, your system of controls would need to be able to accomplish the following:

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

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

## CITY OF BELOIT

### SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2006

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#### **SECTION II – FINANCIAL STATEMENT FINDINGS (cont.)**

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##### **2006-1 Material Weakness – Internal Control Over Financial Reporting (cont.)**

###### **Management's Response**

In order to avoid a material weakness in internal control over financial reporting the city must be able to accomplish the following.

1. Present its books and records to the auditor in such a condition that the auditor is not able to identify **any** material journal entries as a result of their audit procedures.

Through their own admission, our auditors indicate that meeting this requirement will be extremely rare for most of their clients. The city will make every effort to comply with this audit requirement given our current staff resources.

2. The city must be capable of preparing a complete set of year-end financial statements for the auditor to test.

Again, through their own admission almost all of the clients the auditors work with have them prepare their annual financial statements. To meet this requirement we would need to present to the auditors a complete set of financial statements in such a condition that the auditor would not be able to detect **any** material changes as a result of the audit. For efficiency, cost effectiveness and convenience the city has always required as part of its audit engagement, that the auditor prepare its annual financial statements. Given our current staffing complement, it will be extremely difficult for the city to comply with this requirement without the addition of staff within the finance department. We will work with the auditors in 2007 in an effort to try to resolve this issue.

##### **2006-2 Material Weakness – Internal Control Documentation**

*Internal control* is a process – affected by an entity's governing body, management, and other personnel – designed to provide reasonable assurance regarding the achievement of objectives in the following categories: (a) reliability of financial reporting, (b) effectiveness and efficiency of operations, and (c) compliance with applicable laws and regulations.

Internal control consists of five interrelated components:

- a. *Control environment* sets the tone of an organization, influencing the control consciousness of its people. It is the foundation for all other components of internal control, providing discipline and structure.
- b. *Risk assessment* is the entity's identification and analysis of relevant risks to achievement of its objectives, forming a basis for determining how the risks should be managed.
- c. *Control activities* are the policies and procedures that help ensure that management directives are carried out.



# CITY OF BELOIT

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2006

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### SECTION II – FINANCIAL STATEMENT FINDINGS (cont.)

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#### **2006-2 Material Weakness – Internal Control Documentation (cont.)**

- d. *Information and communication* systems support the identification, capture, and exchange of information in a form and time frame that enable people to carry out their responsibilities.
- e. *Monitoring* is a process that assesses the quality of internal control performance over time.

As part of our audit process each year, it is our job to understand your internal control so that we may plan our audit properly. We are also required to communicate with the governing body certain matters that come to our attention regarding your internal control. The types of information that we communicate to you are in some sense regulated by auditing standards. Those standards are constantly changing, depending on the perceived concerns at a national level.

The most recent change involves your internal control, and what we communicate to you regarding those controls. Those requirements are set out in Statement on Auditing Standards No. 112, "*Communicating Internal Control Matters Identified in an Audit.*"

The new standard clarifies some definitions and will promote more consistency in how weak areas in internal control are communicated by auditors to their clients.

One of the concepts that affect most units of governments is the level of documentation of their internal control. Most of our clients do not have adequate written documentation of the various internal control processes that take place within their organization. We, as auditors, have done some amount of high level documentation of your processes for our files. You, on the other hand, should theoretically have all of your major processes contained in written documents in enough detail that another person could come in and fulfill the requirements of a particular process by following the explanations.

The major areas that should be documented are:

Cash Receipts	Interfund Transactions
Cash Disbursements	Inventories
Investment Transactions	Capital Assets – Additions and Retirements
Receivables – Billings	Capital Assets – Depreciation
Receivables – Collections	Debt Transactions
Purchasing	Payroll
Receiving	Financial Reporting

# CITY OF BELOIT

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2006

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### SECTION II – FINANCIAL STATEMENT FINDINGS (cont.)

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#### **2006-2 Material Weakness – Internal Control Documentation** (cont.)

Other than the computer software instruction manual, most of our clients have little written documentation covering these areas. Currently, the city has documented the purchasing process, the cash disbursement process, the payroll process, and the cash handling process. The city also has a capital asset policy. As a result, this is considered to be a material weakness in your internal control.

At this point in time, we have been able to complete your audit without asking for such documentation. However, beginning with your calendar year 2007 audit, we will be required to ask you for complete documentation of your internal control systems, due to the new auditing standards. Therefore, you should plan now to complete that documentation during 2007, so that we can evaluate your compliance with the new rules during our audit of your 2007 financial statements. We will be able to provide you with forms and other resources to assist you with meeting the new requirements.

#### **Management's Response**

The auditors noted that the city currently does not have adequate written documentation of the various internal control processes that take place within the organization and suggest that written documentation of processes and procedures in the following areas are required in order to comply with SAS No. 112.

Cash Receipts	Inter-fund Transactions
Cash Disbursements	Inventories
Investment Transactions	Capital Assets – Additions and Retirements
Receivables - Billings	Capital Assets - Depreciation
Receivables- Collections	Debt Transactions
Purchasing - Procurement	Payroll
Purchasing - Receiving	Financial Reporting

In 2007, the city will begin the process of completing documentation of our internal control systems to comply with the new audit standards. Our auditors have indicated that they will assist the city in meeting these requirements.

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### SECTION III – FEDERAL AND STATE – FINDINGS AND QUESTIONED COSTS

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No findings were reported.

CITY OF BELOIT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended December 31, 2006

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, significant deficiencies, management letter comment, excess revenue or excess reserve) related to grants/contracts with funding agencies that require audits to be in accordance with the *State Single Audit Guidelines*:

Department of Natural Resources	<u>      </u>	Yes	<u>  X  </u>	No
Department of Transportation	<u>      </u>	Yes	<u>  X  </u>	No
Department of Health and Family Services	<u>      </u>	Yes	<u>  X  </u>	No
Department of Justice	<u>      </u>	Yes	<u>  X  </u>	No
Department of Administration	<u>      </u>	Yes	<u>  X  </u>	No

3. Was a Management Letter or other document conveying audit comments issued as a result of this audit?   X   Yes        No

4. Name and signature of partner Thomas A. Scheidegger  
Thomas A. Scheidegger, CPA, Partner

5. Date of report June 20, 2007