

CITY OF BELOIT

Beloit, Wisconsin

COMPREHENSIVE ANNUAL FINANCIAL REPORT

As of and for the Year Ended
December 31, 2015

Prepared By:

DEPARTMENT OF FINANCE AND ADMINISTRATIVE SERVICES

Eric Miller, Director

Dawn DeuVall, Director of Accounting and Purchasing

CITY OF BELOIT

COMPREHENSIVE ANNUAL FINANCIAL REPORT As of and for the Year Ended December 31, 2015

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June 24, 2016

Equal Opportunity Employer

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, 2015. Wisconsin State Statutes, the Wisconsin Administrative Code, and the Municipal Code of the City of Beloit require that, at the end of the fiscal year, a full and complete examination of all books and accounts of the City be made by a certified public accountant and that the report be filed with the City Clerk as a matter of public record. This CAFR fulfills these requirements.

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

In compliance with the above statutory requirements, the City has retained the services of Baker Tilly Virchow Krause, LLP, Certified Public Accountants, to audit all books and accounts of the City. They have concluded, based upon auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America, that the City's financial statements for the year ended December 31, 2015, are fairly presented in all material respects in accordance with GAAP. Their report is located at the beginning of the financial section of this CAFR.

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

Administrative Services	City Attorney	Engineering Division	Health Department	Housing Services	Neighborhood Planning	Personnel Division
608/364-6600	608/364-6623	608/364-6690	608/364-6630	608/364-6650	608/364-6701	608/364-6610
Fax 364-6642	Fax 364-6718	Fax 364-6609	Fax 364-6602	Fax 364-6609	Fax 364-6609	Fax 364-6718

To the City Council and
Citizens of the City of Beloit, Wisconsin
June 24, 2016

PROFILE of the CITY OF БЕЛОIT

Beloit is located in Rock County Wisconsin just north of the Wisconsin/Illinois border along Interstate Highway 39/90, which travels south to Chicago and north to the state capitol Madison, and is directly connected to Milwaukee to the east via Interstate Highway 43. The City covers approximately 17 square miles. The most recent estimate indicates the City is home to 36,792 residents as well as more than 90 industrial firms, 850 retail establishments, several corporate headquarters, a minor league baseball team, and several museums. The City is also home to Beloit College; founded in 1846 it is Wisconsin's oldest college in continuous operation and is internationally renowned for its scholastic excellence. The college's approximate 1,300 students come from nearly every state and 40 nations worldwide.

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

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

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

To the City Council and
Citizens of the City of Beloit, Wisconsin
June 24, 2016

Internal service funds provide information on the operations of the risk management, employee health benefits, and centralized equipment functions.

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

The annual budget provides the foundation for the City's financial planning and control. The budget is prepared by fund, function and department. Departmental budgets are prepared by department heads and are submitted each year in July for examination. After review by the Manager and budget committee, the proposed budget is prepared and submitted to the Council for consideration by their first meeting in October. Workshops and a public hearing are held by the Council in October. The Council normally adopts the budget by their first meeting in November for the ensuing fiscal year. Once adopted, transfers among departments or supplemental appropriations require approval of the Council; the Manager is authorized to make adjustments within departments. Budget to actual comparisons are provided in this CAFR for each governmental fund for which an annual budget has been adopted. This information can be found in the Required Supplementary Information and Supplementary Information sections of the CAFR beginning on page 96.

ECONOMIC CONDITION / MAJOR INITIATIVES

The local economy continues its recovery from the recent recession. The City's unemployment rate, at 6.7% in April, is the second highest in the State of Wisconsin. This is a significant improvement from a recession high rate of 18.3% in 2009. Although improving, the City still lags behind both the State and National averages which are 4.4% and 5.0% respectively. Fortunately, the City's large cluster of food processing industries continued to experience strong performance during this period. Several of these industries actually added employees and production lines in response to growing sales, despite the generally weak economy.

The City's Tax Increment District No. 10 continues to be its major economic development driver. Several major employers are now located in the TID including Kerry America's headquarters, Diamond Foods Kettle Brands, Pratt Industries, and the Staples Order Fulfillment Center; collectively all development in the TID has added \$146 million to the City's tax base and has provided over 1,000 new jobs with more to come. We continue to remain optimistic about the City's economic future and devote considerable time and resources to economic development. The City currently has nine active Tax Increment Districts with over 1,200 acres of land available for development.

To the City Council and
Citizens of the City of Beloit, Wisconsin
June 24, 2016

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

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

LONG-TERM FINANCIAL PLANNING

Each year the City prepares, as part of the budget process, a formal five year capital improvement plan for upgrades and replacement of public infrastructure and the management of related costs. This plan includes a funding methodology for each project utilizing the City's ability to borrow and other sources, primarily operating budgets and Federal and State grants. For budgetary and planning purposes, the City has policy guidelines establishing the appropriate levels and uses of unrestricted fund balance (15% of operating revenues or three months average expenditures whichever is greater). The City also has a debt service policy, which is consistent with its long range Financial Management Plan that was approved in 1998. This Plan established bond-rating objectives, use of debt policies, and debt load indicators that are reviewed annually. Standard and Poor's has assigned an "A+" rating to the City's general obligation debt and Stormwater utility revenue bonded debt and an "A" for its Water and Sewer utility revenue bonded debt. The general obligation rating was affirmed by Standard and Poor's on April 15, 2016.

AWARDS and ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Beloit for its CAFR for the fiscal year ended December 31, 2014. This was the thirteenth consecutive year the City has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

The City also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the fiscal year beginning January 1, 2016. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document must be judged

To the City Council and
Citizens of the City of Beloit, Wisconsin
June 24, 2016

and determined to be proficient as a policy document, a financial plan, an operations guide, and a communication device. This is the eighteenth year the City has received this award and is also valid for only one year.

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

Respectfully submitted,



Lori S. Curtis Luther
City Manager



Eric R. Miller
Finance and Administrative Services Director



Government Finance Officers Association

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

Presented to

**City of Beloit
Wisconsin**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2014

Executive Director/CEO

**City of Beloit, Wisconsin
List of Elected and Appointed Officials
December 31, 2015**

CITY COUNCIL MEMBERS

Charles Haynes – President
Sheila De Forest – Vice President
Regina Hendrix
Ana Kelly
Chuck Kincaid
David F. Luebke
Marilyn Sloniker

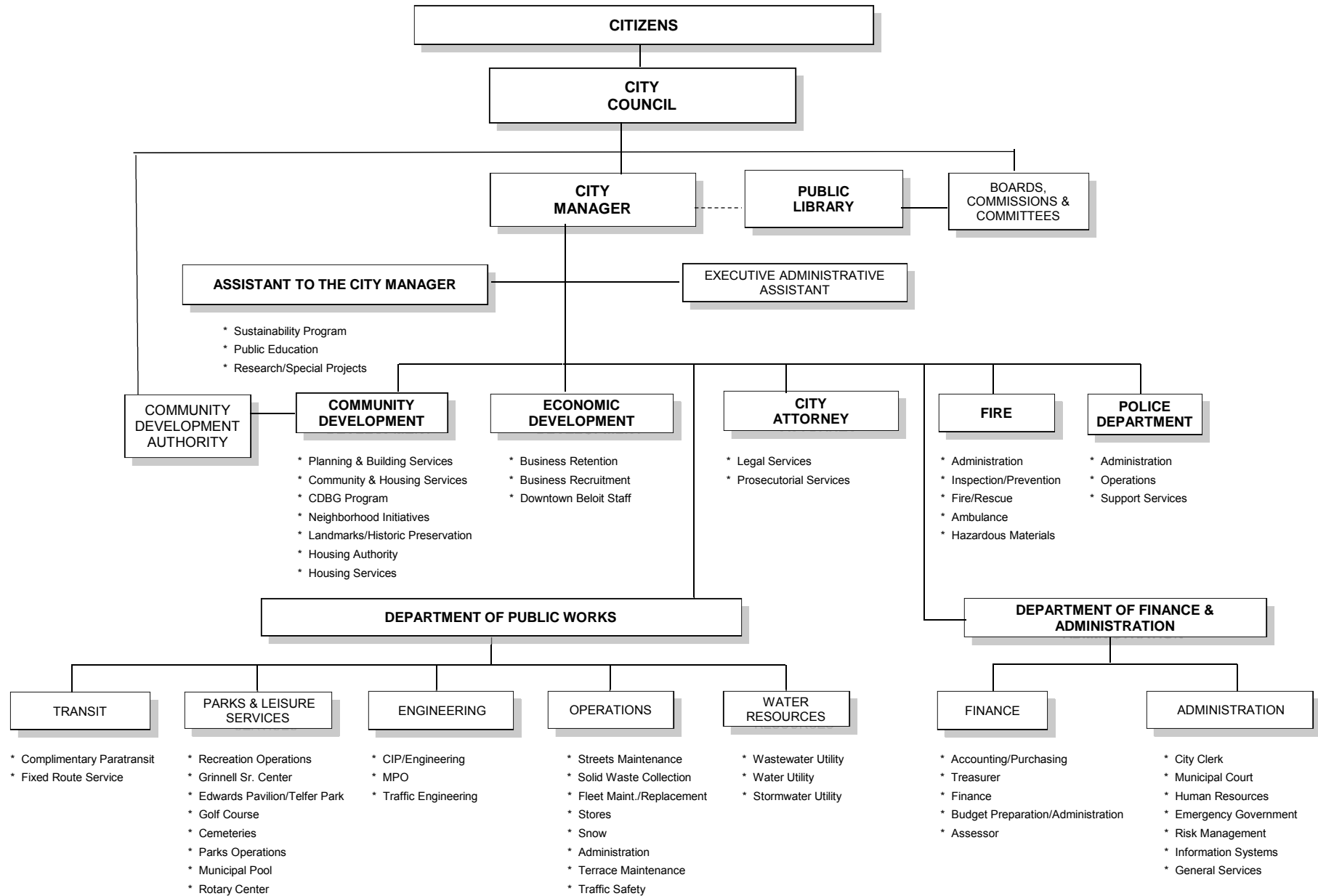
CITY MANAGER

Lori S. Curtis Luther

DEPARTMENT DIRECTORS

Eric Miller – Finance & Administrative Services Director
Gregory Boysen – Public Works Director
Julie Christensen – Community Development Director
Elizabeth Krueger – City Attorney
Andrew Janke – Economic Development Director
Bradley J. Liggett – Fire Chief
David Zibolski – Interim Police Chief

CITY OF БЕЛОIT, WISCONSIN ORGANIZATIONAL CHART 2015



INDEPENDENT AUDITORS' REPORT

To the City Council
City of Beloit
Beloit, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Beloit, Wisconsin, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City of Beloit's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Beloit Public Library Foundation, Inc., or the limited liability corporations (LLCs) presented as component units of the City of Beloit Community Development Authority (CDA). The Beloit Public Library Foundation Inc. represents 2 percent, 3 percent and 1 percent, respectively, of the assets, net position and revenues of the discretely presented component units. The LLCs of the CDA represent 56 percent, 71 percent, and 12 percent, respectively, of the assets, net position, and operating revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Beloit Public Library Foundation, Inc., and the limited liability corporations (LLCs) presented as component units of the City of Beloit Community Development Authority (CDA), is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Beloit Public Library Foundation, Inc., a component unit of the City of Beloit and the LLCs of the CDA were not audited in accordance with *Government Auditing Standards*.

To the City Council
City of Beloit

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Beloit, Wisconsin, as of December 31, 2015 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note I, the City of Beloit adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*, effective January 1, 2015. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

To the City Council
City of Beloit

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Beloit's basic financial statements. The supplementary information, which includes the schedule of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements* and the *State Single Audit Guidelines*, as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2016 on our consideration of the City of Beloit's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Beloit's internal control over financial reporting and compliance.

Baker Tilly Virchow Krause, LLP

Madison, Wisconsin
June 24, 2016

CITY OF BELOIT, WISCONSIN

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.) (UNAUDITED) For Year Ended December 31, 2015

As management of the City of Beloit, Wisconsin, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2015. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, the basic financial statements, and related notes, all of which are contained in this comprehensive annual financial report (CAFR).

FINANCIAL HIGHLIGHTS

- > The assets and deferred outflows of resources of the City of Beloit exceeded its liabilities and deferred inflows of resources as of December 31, 2015, by \$125,887,740 (*net position*). Of this amount, \$(6,917,568) is an unrestricted deficit.
 - > The City's total net position decreased \$3,402,433 largely due to an operating loss in the Sewer Utility and depreciation of the City's capital assets and infrastructure exceeding its reduction in outstanding debt related to those assets.
 - > In accordance with GASB Statement No. 68 which requires governmental entities participating in the Wisconsin Retirement System (WRS) to report their proportionate share of the plan's activity and net pension asset, \$5,160,932 has been recorded as a restricted asset in 2015. As of the December 31, 2014 measurement date used for the 2015 financial statements, WRS reported total resources available to provide pension benefits of \$92.1 billion. They also reported a total liability for pensions of \$89.7 billion, resulting in a net pension asset of \$2.4 billion. The City's proportionate share of this asset is \$5,160,932.
 - > As of December 31, 2015, the City's governmental funds reported combined ending fund balances of \$28,508,018, a decrease of \$61,687 from the prior year. Of this amount, \$4,103,319 or 14.4% is unassigned and is available for spending at the government's discretion. The decrease in fund balance was mostly due to a negative change in fund balance of \$384,662 in the Capital Improvements Fund and \$335,183 in the General Fund.
 - > As of December 31, 2015, the unassigned fund balance for the general fund was \$8,007,592 or 26.2% of total general fund expenditures.
 - > The business-type activities total net position at December 31, 2015 was \$69,681,464, which represents a decrease of \$2,715,371 from the prior year. Of this amount, \$55,645,129 represents the business-type activities net investment in capital assets.
-

OVERVIEW OF THE FINANCIAL STATEMENTS

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

CITY OF BELOIT, WISCONSIN

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.)
(UNAUDITED)
For Year Ended December 31, 2015

OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)

Government-Wide Statements

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

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

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

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

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

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

Fund Financial Statements

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

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

CITY OF BELOIT, WISCONSIN

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.)
(UNAUDITED)
For Year Ended December 31, 2015

OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)

Fund Financial Statements (cont.)

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

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

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

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

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

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

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

CITY OF BELOIT, WISCONSIN

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.)
(UNAUDITED)
For Year Ended December 31, 2015

OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)

Fund Financial Statements (cont.)

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

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

Other Information – In addition to the basic financial statements and accompanying notes, this CAFR also presents certain required supplementary information. This other information provides detailed budgetary comparison schedules for the general fund and TIF District No. 10 to demonstrate compliance with their budgets. These schedules and all other required supplementary information can be found on pages 96 to 104 of this CAFR. The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information and can be found on pages 105 to 110 of this CAFR.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

As noted earlier, over time net position may serve as a useful indicator of the City's financial position. In the case of the City of Beloit, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$125,887,740 as of December 31, 2015. This is a decrease of \$3,402,433 from the previous year. This decrease is largely attributed to an operating loss in the Sewer Utility and depreciation of the City's capital assets and infrastructure exceeding its reduction in outstanding debt related to those assets.

CITY OF BELOIT, WISCONSIN

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.)
(UNAUDITED)
For Year Ended December 31, 2015

GOVERNMENT-WIDE FINANCIAL ANALYSIS (cont.)

The largest portion of the City of Beloit's net position (approximately 88%) reflects its investment in capital assets (e. g., land, buildings, machinery, improvements, construction in progress, and equipment) net of any debt used to acquire those assets that is still outstanding. The City uses these assets to provide services to its citizens; consequently, these assets are not available to fund City operations. Although the City of Beloit's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>
Current and other assets	\$ 66.7	\$ 72.0	\$ 17.6	\$ 17.8	\$ 84.3	\$ 89.8
Capital assets	105.2	105.7	88.7	84.9	193.9	190.6
Total Assets	<u>171.9</u>	<u>177.7</u>	<u>106.3</u>	<u>102.7</u>	<u>278.2</u>	<u>280.4</u>
Deferred outflows of resources	1.4	5.7	0.1	0.9	1.5	6.6
Long-term liabilities	99.6	100.8	34.3	32.4	133.9	133.2
Other liabilities	4.5	4.8	0.6	0.8	5.1	5.6
Total Liabilities	<u>104.1</u>	<u>105.6</u>	<u>34.9</u>	<u>33.2</u>	<u>139.0</u>	<u>138.8</u>
Deferred inflows of resources	21.0	21.6	0.7	0.7	21.7	22.3
Net position:						
Net investment in capital assets,	55.5	59.8	57.5	55.6	107.8	110.8
Restricted	12.8	18.0	3.2	4.0	16.0	22.0
Unrestricted	<u>(20.1)</u>	<u>(21.6)</u>	<u>10.1</u>	<u>10.1</u>	<u>(4.8)</u>	<u>(6.9)</u>
Total Net Position	<u>\$ 48.2</u>	<u>\$ 56.2</u>	<u>\$ 70.8</u>	<u>\$ 69.7</u>	<u>\$ 119.0</u>	<u>\$ 125.9</u>

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

An additional portion of the City's net position (approximately 17%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (deficit) is \$(6,917,568).

Analysis of City Operations – The following table provides a summary of the City's operations for the year ended December 31, 2015. Governmental activities decreased the City's net position by \$0.7 million and business-type activities decreased the City's net position by \$2.7 million.

CITY OF BELOIT, WISCONSIN

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.)
(UNAUDITED)
For Year Ended December 31, 2015

GOVERNMENT-WIDE FINANCIAL ANALYSIS (cont.)

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2014	2015	2014	2015	2014	2015
REVENUES						
Program Revenues:						
Charges for services	\$ 5.9	\$ 5.4	\$ 15.0	\$ 15.1	\$ 20.9	\$ 20.5
Operating grants & contributions	1.4	1.0	1.2	1.2	2.6	2.2
Capital grants & contributions	0.2	0.2	0.7	0.1	0.9	0.3
General Revenues:						
Property taxes	20.5	20.7	0.6	0.7	21.1	21.4
Other taxes	0.6	0.7	-	-	0.6	0.7
Intergovernmental	22.0	22.2	-	-	22.0	22.2
Investment income	1.0	0.3	0.3	0.3	1.3	0.6
Gain on the sale of property	0.2	0.1	-	-	0.2	0.1
Miscellaneous	1.2	0.9	-	-	1.2	0.9
Total Revenues	<u>53.0</u>	<u>51.5</u>	<u>17.8</u>	<u>17.4</u>	<u>70.8</u>	<u>68.9</u>
EXPENSES						
General government	0.8	0.8	-	-	0.8	0.8
Finance and Administration	4.4	5.5	-	-	4.4	5.5
Community development	2.1	3.0	-	-	2.1	3.0
Economic development	0.4	0.3	-	-	0.4	0.3
Police services	15.3	15.0	-	-	15.3	15.0
Fire services	10.2	10.7	-	-	10.2	10.7
Public works	16.7	13.0	-	-	16.7	13.0
Parks, recreation, and education	2.3	2.3	-	-	2.3	2.3
Interest & fiscal charges	2.4	2.2	-	-	2.4	2.2
Water utility	-	-	4.6	4.9	4.6	4.9
Sewer utility	-	-	8.8	9.2	8.8	9.2
Other non-major proprietary funds	-	-	5.3	5.4	5.3	5.4
Total Expenses	<u>54.6</u>	<u>52.8</u>	<u>18.7</u>	<u>19.5</u>	<u>73.3</u>	<u>72.3</u>
Change in net position before transfers	(1.6)	(1.3)	(0.9)	(2.1)	(2.5)	(3.4)
Transfers	-	0.6	-	(0.6)	-	-
Change in net position	(1.6)	(0.7)	(0.9)	(2.7)	(2.5)	(3.4)
Net position – beginning (as restated)	<u>49.8</u>	<u>56.9</u>	<u>71.7</u>	<u>72.4</u>	<u>121.5</u>	<u>129.3</u>
Net position – ending	<u>\$ 48.2</u>	<u>\$ 56.2</u>	<u>\$ 70.8</u>	<u>\$ 69.7</u>	<u>\$ 119.0</u>	<u>\$ 125.9</u>

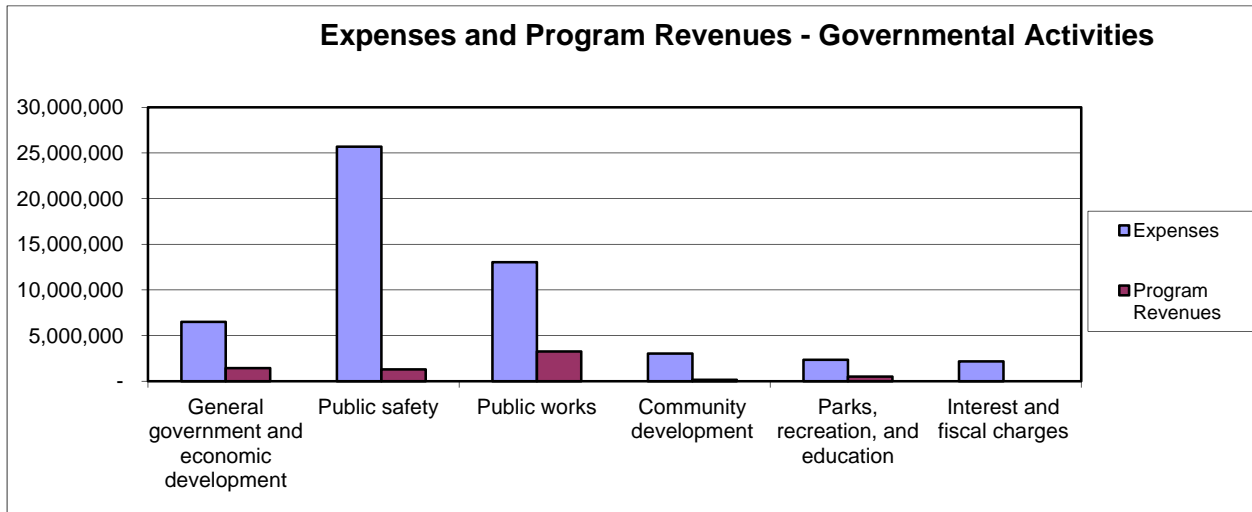
Columns may not total due to rounding.

CITY OF BELOIT, WISCONSIN

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.)
(UNAUDITED)
For Year Ended December 31, 2015

GOVERNMENT-WIDE FINANCIAL ANALYSIS (cont.)

For 2015, revenues decreased by approximately \$1,900,000 or 3% due primarily to charges for service and lower investment income. A negative market adjustment on the investment portfolio attributed mostly to the reduction in investment income. Expenses decreased by approximately \$1,000,000 or 1% compared to the prior year due primarily to reductions in the Public Works Department.



Intergovernmental revenue, such as state shared revenue, and property taxes are biggest sources of revenue for the City. Combined they make up 84% of the total revenue for Governmental Activities. The Public Safety and Public Works departments make up 49% and 25% of Governmental Activity Expenses respectively.

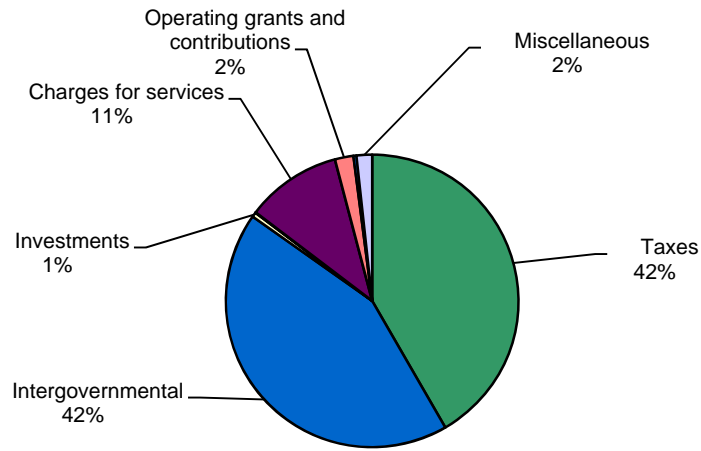
Charges for services account for 86% of the revenue for Business-type Activities. The Water and Sewer Utilities combine to make up 72% of the total Business-type Activities expenses.

CITY OF БЕЛОIT, WISCONSIN

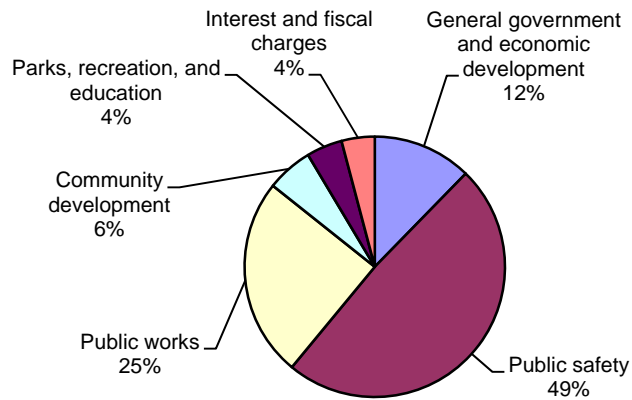
MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.)
(UNAUDITED)
For Year Ended December 31, 2015

GOVERNMENT-WIDE FINANCIAL ANALYSIS (cont.)

Revenue by Source - Governmental Activities



Expenses by Function - Governmental Activities

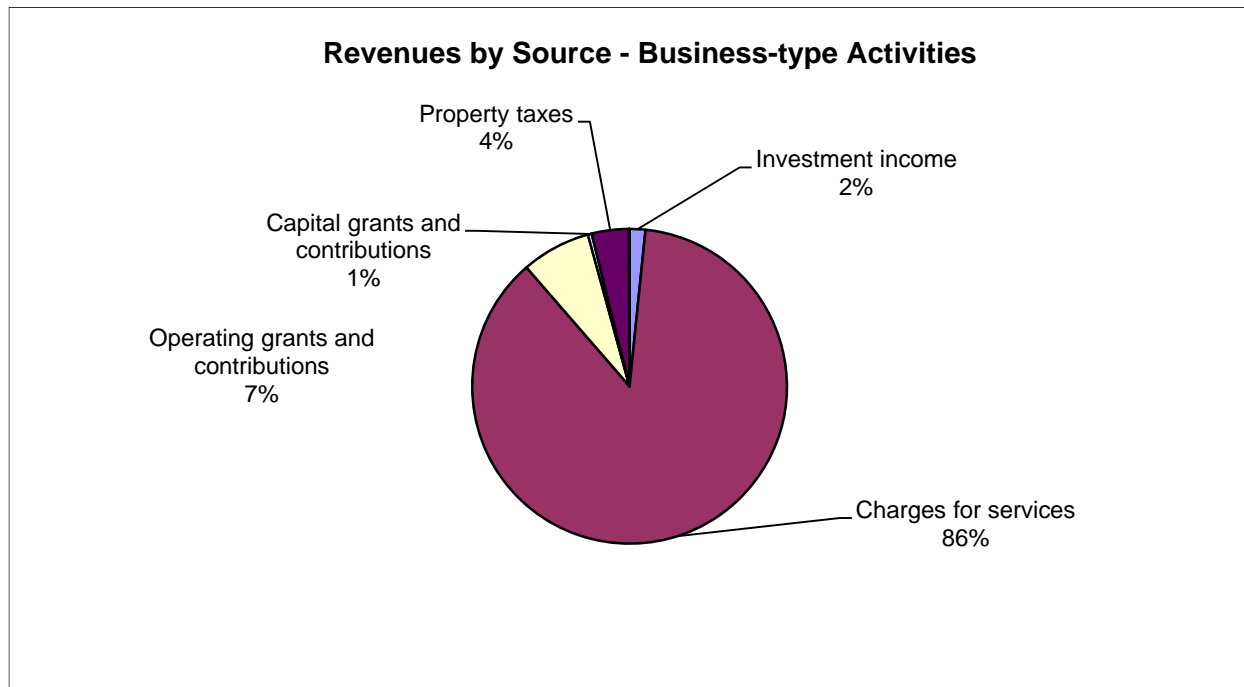
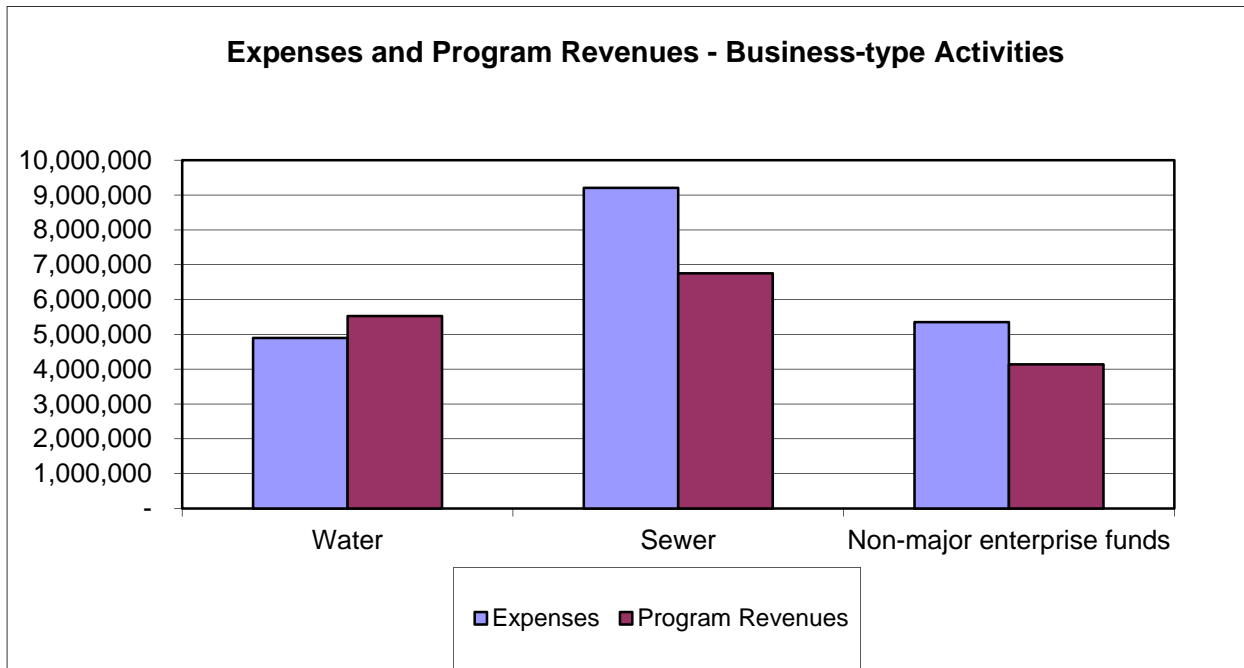


CITY OF BELOIT, WISCONSIN

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

For Year Ended December 31, 2015

GOVERNMENT-WIDE FINANCIAL ANALYSIS (cont.)



CITY OF BELOIT, WISCONSIN

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.) (UNAUDITED) For Year Ended December 31, 2015

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

Governmental Funds

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

As of December 31, 2015, the City of Beloit's governmental funds reported combined ending fund balances of \$28,508,018. This is a decrease of \$61,687 from the previous year. Approximately 14.3% of this total or \$4,103,319 constitutes unassigned fund balance, which is available for spending at the government's discretion. The decrease in fund balance was mostly due to a negative change in fund balance of \$384,662 in the Capital Improvements Fund and \$335,183 in the General Fund.

The remainder of fund balance is restricted, assigned or non-spendable. Restricted fund balance totals \$10,974,549 and can be used for only those purposes established by parties outside the government. The largest single component being \$3,455,999 restricted for economic development. Other restrictions in this category are for debt service, capital projects, grant programs, library operations, solid waste, cemetery perpetual care and park activities. Assigned fund balance totals \$11,235,991 and reflects the governments intended use of fund balances with such uses established by the City Council. This primarily includes funds assigned for capital projects and equipment replacement. The non-spendable portion of fund balance totals \$2,194,159 and is comprised primarily of advances to other funds, prepaids and supply inventories. Due to the inherent nature of these resources, they are considered non-spendable in their current form.

General Fund: The general fund is the primary operating fund of the City and is used to account for all financial resources except those required to be accounted for in another fund. The general fund has a detailed fund balance reserve policy that insures financial stability for the City of Beloit. The policy stipulates that the unrestricted fund balance will be either 15% of operating revenues or 3 months of estimated General Fund expenditures whichever is greater. As of December 31, 2015, the total fund balance of the general fund was \$9,799,174 of which \$8,007,592 was unrestricted (*assigned and unassigned*). This unrestricted fund balance represents 26.2% of general fund expenditures. The City's total general fund balance decreased \$335,183 from the prior year. The City budgeted a fund balance decrease of \$304,720.

CITY OF BELOIT, WISCONSIN

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.)
(UNAUDITED)
For Year Ended December 31, 2015

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

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

Since its inception in 2000, the TID has accounted for over 1,000 new jobs and additional tax base valued in excess of \$146 million. The premier projects in the TID are Diamond Foods Kettle Brands, Kerry Americas Headquarters, Pratt Industries, and the Staples Order Fulfillment Center. The district is scheduled to close in 2023. The annual tax increment of the TID exceeds \$4.4 million.

General Debt Service Fund: The general debt service fund is used to accumulate resources for the payments of general long-term debt principal, interest, and related costs. It has a fund balance of \$2,339,955 which is restricted for the payment of principal and interest on outstanding debt.

The aggregate non-major governmental funds column includes several special revenue and capital projects funds that are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. Most of these are the remaining tax incremental financing districts. The cumulative fund balances for these funds is \$15,784,086, an increase of \$515,666 from last year. There are three tax increment districts that have deficit fund balances as of December 31, 2015.

Proprietary Funds

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

Water Utility: The water utility realized a \$543,779 or 25.4% decrease in operating income of \$1,595,834 in 2015 from \$2,139,613 in 2014. This decrease was the result of increased contractual service costs for maintenance in 2015. The change in net position in 2015 was an increase of \$8,587. The City serves 15,585 water customers and maintains eight wells and approximately 200 miles of water mains.

Sewer Utility: The sewer utility realized an operating loss of \$2,357,519 in 2015 compared to a loss of \$2,026,128 for 2014. This loss is largely the result of depreciation expense and increased contractual services to maintain the plant and equipment. Operating revenues increased slightly in 2015 as a result of increased industrial billings. There were no changes in the user fees assessed for sanitary sewer service. The rates for sewer services have not changed since 2003 and have not increased since the 1990's. Net position decreased \$2,275,792 due primarily to the increase in operating costs and depreciation. Cash flow remains positive for the sewer utility with an increase in cash and cash equivalents of \$159,089 from the prior year. The City serves 13,497 sewer customers with a wastewater treatment facility that has the capacity to treat 11 MGD of flow. The City maintains approximately 186 miles of sanitary sewer mains.

The net position of the City's Enterprise Funds as of December 31, 2015 was \$69,473,712. The water and sewer utility's net position accounted for \$55,595,979 or 80% of this total.

CITY OF BELOIT, WISCONSIN

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

For Year Ended December 31, 2015

GENERAL FUND BUDGETARY HIGHLIGHTS

The general fund final amended budget appropriations totaled \$30,956,275. The final actual expenditures of \$30,549,629 were \$406,646 less than the final budget appropriations.

The actual revenues and other financing sources were \$30,214,446, which were \$437,109 less than the final budgeted amount. Investment income in 2015 was \$240,413. Interest rates continue to remain at all-time historic lows without any sign of improvement in the near future. At \$6,988,293 the property tax levy is the second largest local source revenue in the general fund. Property taxes were less than the final budget by \$13,953. 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 2015, these payments totaled \$19,626,259. This represents 65% of total general fund revenues and other financing sources and is consistent with prior year's totals. Revenues and other financing sources were \$335,183 less than expenditures and other financing uses, which is the net change in fund balance for 2015. As was previously mentioned, a deficit of \$304,720 was budgeted for the general fund in 2015.

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

-
- > General government expenditures were \$267,717 less than budget largely related to reduced personnel costs, and using fewer contracted services in the Finance and Administrative Services department.
 - > Actual expenditures for the Public Safety departments were \$128,751 more than the final budget amount. This was due mainly to increases in overtime and legal fees.
 - > Public Works department expenditures were \$272,587 less than budget due to the reduction in contracted services, vehicle maintenance and fuel costs, as well as lower snow and ice removal expenses related to less severe winter weather
 - > Overall, general fund expenditures and other financing uses were \$406,646 less than final budgeted amounts.
 - > Tax revenues were slightly higher than budget primarily due to increased motel tax collections.
 - > The City's largest source of revenue for its general fund comes from funding it receives from the State of Wisconsin. In 2015 the City received \$19,626,259 in intergovernmental aid from the State to support municipal services and transportation. This amounts to 65% of total general fund revenues and other financing sources.
 - > License and permit revenues were \$96,176 more than budget due to sales of liquor licenses and increase cable TV franchise fees.
 - > Fines, forfeitures and penalties were \$242,921 less than budget largely due to decreased fines collected for traffic and non-traffic related offenses and parking violations.
 - > Fees and charges for services provided were \$55,659 more than budget largely due to increased fire inspection fees and recreation charges.
-

CITY OF BELOIT, WISCONSIN

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.) (UNAUDITED) For Year Ended December 31, 2015

CAPITAL ASSETS

The City of Beloit's investment in capital assets for its governmental and business-type activities as of December 31, 2015, was \$190,570,561 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings, improvements, machinery, and equipment, park facilities, roads, bridges, highways and related fixtures and represents a decrease in net book value of \$3,295,578 from last year. This decrease is the result of current year depreciation exceeding current year additions to capital assets.

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

- > The City added over \$3.1 million in vehicles and equipment in 2015.
- > The City added over \$1.4 million of various improvements to its water and sewer utility funds including replacements and expansions to the water distribution system and the sewer collection system as well as customary infrastructures improvements to the water pollution control facility.

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

	Governmental Activities		Business-Type Activities		Total	
	2014	2015	2014	2015	2014	2015
Land	\$ 5.0	\$ 5.0	\$ 3.7	\$ 3.7	\$ 8.7	\$ 8.7
Construction in progress	-	-	0.9	-	0.9	-
Buildings	14.9	14.6	7.7	7.5	22.6	22.1
Machinery & equipment	10.5	11.6	3.9	3.5	14.4	15.1
Other improvements	2.5	3.5	-	-	2.5	3.5
Streets	55.9	54.5	-	-	55.9	54.5
Street lights	4.9	5.3	-	-	4.9	5.3
Traffic signals	0.8	0.7	-	-	0.8	0.7
Bridges	10.7	10.5	-	-	10.7	10.5
Storm sewer infrastructure	-	-	9.6	9.4	9.6	9.4
Water plant & equipment	-	-	27.6	27.4	27.6	27.4
Sewer plant & equipment	-	-	35.3	33.3	35.3	33.3
Totals	<u>\$ 105.2</u>	<u>\$ 105.7</u>	<u>\$ 88.7</u>	<u>\$ 84.8</u>	<u>\$ 193.9</u>	<u>\$ 190.5</u>

Columns may not total due to rounding.

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

CITY OF BELOIT, WISCONSIN

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.)
(UNAUDITED)
For Year Ended December 31, 2015

LONG-TERM OBLIGATIONS

In 2015, the City issued \$4,635,000 in general obligation and revenue debt and retired \$8,013,548 resulting in \$78,411,955 in outstanding general obligation and revenue bonds at the end of 2015. Of the total bonded debt outstanding, \$51,052,589 is backed by the full faith and credit of the government. Under Wisconsin State Statutes, the City's aggregate general obligation indebtedness may not exceed 5% of the equalized assessed value of taxable property located within the City. The total debt applicable to the statutory limit is 66% of the maximum allowed of \$77,896,895. The City's Stormwater utility revenue bonds and general obligation notes and bonds are rated "A+" and the Water and Sewer utility revenue bonds are rated "A" by Standard and Poor's. Both of these ratings were affirmed in 2015.

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

	Governmental Activities		Business-Type Activities		Total	
	2014	2015	2014	2015	2014	2015
General obligation bonds	\$ 48.3	\$ 46.8	\$ 4.7	\$ 4.2	\$ 53.0	\$ 51.0
Revenue bonds	-	-	28.8	27.4	28.8	27.4
Debt Outstanding	\$ 48.3	\$ 46.8	\$ 33.5	\$ 31.6	\$ 81.8	\$ 78.4

Columns may not total due to rounding.

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

CURRENTLY KNOWN FACTS/ECONOMIC CONDITIONS

The City's economy historically and currently remains largely reliant on manufacturing and industry which are sectors of the economy that were most negatively impacted by the recent recession. As of late there have been improvements to the local economy and the City remains on a path to full recovery. In April 2009, the City's unemployment rate was 18.3%, which was the highest in the State. As of April 2015, the rate was 6.7%, which was second highest in the State. This trend is positive and has continued to improve, yet still lags behind both State and National averages which are 4.4% and 5.0% respectively.

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

CITY OF БЕЛОIT, WISCONSIN

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.)
(UNAUDITED)
For Year Ended December 31, 2015

CURRENTLY KNOWN FACTS/ECONOMIC CONDITIONS (cont.)

This fact has become obvious from the economic development activity and growth being realized in the City's Tax Increment District No.10 which is located at the intersection of these highways. Since its inception in 2000, TID No.10 has realized an additional tax base value in excess of \$146 million with over 1,000 new jobs. We are optimistic that this linkage will further enhance the development potential of TID #10 and provide additional economic development opportunities for the City.

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

In 2015, the City's tax base increased \$86,241,700 or 5.9% to \$1,557,937,900. Most of this increase occurred in commercial property values and was attributable to the tax appeal settlement that was reached between the City and the Department of Revenue. Regardless of the increase in value related to the settlement, property values appear to be stabilizing in 2016, with some increase in net new construction value for the City. In addition, several commercial and manufacturing construction projects began or were completed in 2015 and early 2016.

REQUESTS FOR INFORMATION

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

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

CITY OF BELOIT

STATEMENT OF NET POSITION
As of December 31, 2015

	Primary Government			Component Units
	Governmental Activities	Business- type Activities	Totals	
ASSETS				
Cash and investments	\$ 27,102,233	\$ 7,508,938	\$ 34,611,171	\$ 1,518,507
Receivables (net of allowance for uncollectibles)				
Taxes	21,748,385	662,833	22,411,218	-
Delinquent personal property taxes	34,597	-	34,597	-
Accounts	1,044,205	3,491,443	4,535,648	45,285
Special assessments	978,394	-	978,394	-
Loans	4,120,281	-	4,120,281	-
Accrued interest	145,186	-	145,186	143
Other	86,723	656,602	743,325	-
Due from other governmental units	830,248	302,270	1,132,518	52,655
Internal balances - interfunds	173,354	(173,354)	-	-
Internal balances - advances	1,416,635	(1,416,635)	-	-
Due from component unit	141,037	-	141,037	-
Inventories	628,341	234,426	862,767	-
Financing costs	-	-	-	23,906
Tax credit fees	-	-	-	170,082
Prepaid items	557,953	-	557,953	-
Lease receivable from primary government	-	-	-	13,991,490
Restricted Assets				
Temporarily Restricted				
Cash and investments	-	5,683,122	5,683,122	2,885,388
Deposit with risk pool	1,575,475	-	1,575,475	-
Net pension asset	4,388,651	772,281	5,160,932	84,546
Other assets	-	112,021	112,021	-
Land held for resale	7,003,337	-	7,003,337	-
Capital Assets				
Land	4,971,936	3,707,005	8,678,941	601,285
Capital assets net of depreciation	100,742,236	81,149,384	181,891,620	17,477,715
Total Assets	<u>177,689,207</u>	<u>102,690,336</u>	<u>280,379,543</u>	<u>36,851,002</u>
DEFERRED OUTFLOWS OF RESOURCES				
Unamortized loss on advanced refunding	1,270,583	96,099	1,366,682	-
Pension related amounts	4,440,493	777,228	5,217,721	89,060
Total Deferred Outflows of Resources	<u>5,711,076</u>	<u>873,327</u>	<u>6,584,403</u>	<u>89,060</u>
LIABILITIES				
Accounts payable	2,366,603	474,965	2,841,568	26,257
Accrued liabilities	327,245	192,059	519,304	953,156
Claims payable	2,006,318	-	2,006,318	-
Due to primary government	-	-	-	141,037
Due to other governmental units	112,940	-	112,940	-
Other liabilities	-	122,751	122,751	-
Deposits	-	-	-	128,612
Noncurrent liabilities				
Due within one year	9,346,339	2,331,622	11,677,961	2,550,000
Due in more than one year	91,413,784	30,095,010	121,508,794	14,589,094
Total Liabilities	<u>105,573,229</u>	<u>33,216,407</u>	<u>138,789,636</u>	<u>18,388,156</u>
DEFERRED INFLOWS OF RESOURCES				
Unearned revenue	21,603,963	662,833	22,266,796	1,167,176
Pension related amounts	16,815	2,959	19,774	324
Total Deferred Inflows of Resources	<u>21,620,778</u>	<u>665,792</u>	<u>22,286,570</u>	<u>1,167,500</u>
NET POSITION (DEFICIT)				
Net investment in capital assets	59,758,251	55,645,129	110,826,442	18,079,000
Restricted for debt service	2,012,373	476,190	2,488,563	-
Restricted for library operations	735,065	-	735,065	-
Restricted for replacement	-	2,731,400	2,731,400	-
Restricted for economic development	3,455,999	-	3,455,999	-
Restricted for grant programs	4,749,722	-	4,749,722	5,173,444
Restricted for solid waste	287,850	-	287,850	-
Restricted for cemetery perpetual care	2,271,721	-	2,271,721	-
Restricted for park activities	97,614	-	97,614	-
Restricted for pension	4,388,651	772,281	5,160,932	84,546
Unrestricted (deficit)	<u>(21,550,970)</u>	<u>10,056,464</u>	<u>(6,917,568)</u>	<u>(5,952,584)</u>
TOTAL NET POSITION	<u>\$ 56,206,276</u>	<u>\$ 69,681,464</u>	<u>\$ 125,887,740</u>	<u>\$ 17,384,406</u>

See accompanying notes to financial statements.

CITY OF BELOIT

STATEMENT OF ACTIVITIES For the Year Ended December 31, 2015

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General Government				
City Council, Manager, Attorney	\$ 778,843	\$ 49,500	\$ -	\$ -
Finance and Administrative Services	5,446,685	1,058,211	326,828	-
Community Development	3,029,594	121,212	28,172	-
Economic Development	268,874	-	-	-
Public Safety				
Police Services	15,005,398	1,208,635	-	-
Fire Services	10,680,264	28,248	60,272	-
Public works	13,037,701	2,731,862	362,195	172,012
Parks, recreation, and education	2,344,409	226,895	276,632	-
Interest and fiscal charges	2,169,801	-	-	-
Total Governmental Activities	52,761,569	5,424,563	1,054,099	172,012
Business-type Activities				
Water	4,894,535	5,496,668	-	29,211
Sewer	9,206,619	6,751,680	-	-
Golf course	476,016	407,725	-	-
Cemeteries	316,532	165,095	-	-
Ambulance	1,161,446	1,115,779	-	-
Storm sewer	1,106,161	964,592	43,774	-
Transit	2,289,367	210,211	1,190,469	39,626
Total Business-type Activities	19,450,676	15,111,750	1,234,243	68,837
Total Primary Government	\$ 72,212,245	\$ 20,536,313	\$ 2,288,342	\$ 240,849
Component Units - Business-type Activities				
Community Development Authority	\$ 5,764,911	\$ 309,942	\$ 3,828,171	\$ -
Beloit Public Library Foundation, Inc.	30,842	-	16,582	-
Total Component Units	\$ 5,795,753	\$ 309,942	\$ 3,844,753	\$ -

General Revenues

- Taxes
 - Property taxes, levied for general purposes
 - Property taxes, levied for debt service
 - Property taxes, tax increment
 - Property taxes, levied for other
 - Other taxes
- Intergovernmental revenues not restricted to specific programs
- Investment income
- Gain on sale of property
- Miscellaneous
- Transfers
 - Total General Revenues and Transfers

Change in net position

NET POSITION - Beginning (as restated)

NET POSITION - ENDING

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Units
Governmental Activities	Business-type Activities	Totals	
\$ (729,343)	\$ -	\$ (729,343)	\$ -
(4,061,646)	-	(4,061,646)	-
(2,880,210)	-	(2,880,210)	-
(268,874)	-	(268,874)	-
(13,796,763)	-	(13,796,763)	-
(10,591,744)	-	(10,591,744)	-
(9,771,632)	-	(9,771,632)	-
(1,840,882)	-	(1,840,882)	-
(2,169,801)	-	(2,169,801)	-
<u>(46,110,895)</u>	<u>-</u>	<u>(46,110,895)</u>	<u>-</u>
-	631,344	631,344	-
-	(2,454,939)	(2,454,939)	-
-	(68,291)	(68,291)	-
-	(151,437)	(151,437)	-
-	(45,667)	(45,667)	-
-	(97,795)	(97,795)	-
-	(849,061)	(849,061)	-
<u>-</u>	<u>(3,035,846)</u>	<u>(3,035,846)</u>	<u>-</u>
<u>(46,110,895)</u>	<u>(3,035,846)</u>	<u>(49,146,741)</u>	<u>-</u>
-	-	-	(1,626,798)
-	-	-	(14,260)
<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,641,058)</u>
6,886,366	662,833	7,549,199	-
4,800,000	-	4,800,000	-
7,140,833	-	7,140,833	-
1,936,877	-	1,936,877	-
668,830	-	668,830	-
22,177,385	-	22,177,385	-
262,851	281,989	544,840	723,346
35,026	-	35,026	-
882,350	8,968	891,318	123,745
633,315	(633,315)	-	-
<u>45,423,833</u>	<u>320,475</u>	<u>45,744,308</u>	<u>847,091</u>
(687,062)	(2,715,371)	(3,402,433)	(793,967)
<u>56,893,338</u>	<u>72,396,835</u>	<u>129,290,173</u>	<u>18,178,373</u>
<u>\$ 56,206,276</u>	<u>\$ 69,681,464</u>	<u>\$ 125,887,740</u>	<u>\$ 17,384,406</u>

CITY OF BELOIT

BALANCE SHEET - GOVERNMENTAL FUNDS
As of December 31, 2015

	General	TIF District No. 10	General Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments	\$ 7,412,692	\$ 866,695	\$ 765,552	\$ 16,722,821	\$ 25,767,760
Receivables					
Taxes	7,224,287	4,482,569	4,769,154	5,272,375	21,748,385
Delinquent personal property taxes	34,597	-	-	-	34,597
Accounts (net)	337,417	-	-	581,670	919,087
Special assessments	-	-	-	978,394	978,394
Loans	-	-	-	4,120,281	4,120,281
Accrued interest	93,534	-	-	17,794	111,328
Other	86,723	-	-	-	86,723
Due from other governmental units	-	-	-	830,248	830,248
Due from other funds	1,238,252	-	-	-	1,238,252
Due from component units	-	-	-	141,037	141,037
Inventories	628,341	-	-	-	628,341
Prepaid items	155,376	-	-	402,577	557,953
Advances to other funds	973,268	-	1,575,403	2,925,192	5,473,863
TOTAL ASSETS	\$ 18,184,487	\$ 5,349,264	\$ 7,110,109	\$ 31,992,389	\$ 62,636,249
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 954,424	\$ 281,892	\$ 1,000	\$ 1,089,595	\$ 2,326,911
Due to other funds	-	-	-	857,146	857,146
Due to other government	112,940	-	-	-	112,940
Advances from other funds	-	-	-	3,829,278	3,829,278
Total Liabilities	<u>1,067,364</u>	<u>281,892</u>	<u>1,000</u>	<u>5,776,019</u>	<u>7,126,275</u>
Deferred Inflows of Resources					
Unearned revenue	7,111,347	4,482,569	4,769,154	5,240,893	21,603,963
Unavailable revenue	206,602	-	-	5,191,391	5,397,993
Total Deferred Inflows of Resources	<u>7,317,949</u>	<u>4,482,569</u>	<u>4,769,154</u>	<u>10,432,284</u>	<u>27,001,956</u>
Fund Balances (Deficit)					
Nonspendable	1,791,582	-	-	402,577	2,194,159
Restricted	-	584,803	2,339,955	8,049,791	10,974,549
Assigned	-	-	-	11,235,991	11,235,991
Unassigned (deficit)	8,007,592	-	-	(3,904,273)	4,103,319
Total Fund Balances	<u>9,799,174</u>	<u>584,803</u>	<u>2,339,955</u>	<u>15,784,086</u>	<u>28,508,018</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 18,184,487	\$ 5,349,264	\$ 7,110,109	\$ 31,992,389	
Amounts reported for governmental activities in the statement of net position are different because:					
Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds. See Note II.A.					105,708,052
Land held for resale is not reported in the funds					7,003,337
Some receivables that are not currently available are reported as deferred revenue in the fund financial statements but are recognized as revenue when earned in the government-wide statements. See Note IV.B.					5,397,993
The net pension asset does not relate to current financial resources and is not reported in the governmental funds.					4,325,380
Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.					4,376,249
Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.					(16,573)
Internal service funds are reported in the statement of net position as governmental funds					720,944
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.					(101,087,707)
A deferred charge on refunding represents a consumption of net position that applies to a future period and, therefore, is not reported in the funds.					1,270,583
NET POSITION OF GOVERNMENTAL ACTIVITIES					\$ 56,206,276

See accompanying notes to financial statements.

CITY OF BELOIT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS For the Year Ended December 31, 2015

	General	TIF District No. 10
REVENUES		
Taxes	\$ 6,988,293	\$ 4,336,355
Intergovernmental	19,626,259	137,516
Licenses and permits	904,072	-
Fines, forfeitures and penalties	937,079	-
Fees and service charges	759,889	-
Rent	47,003	-
Special assessments	-	-
Investment income	240,413	15,710
Unrealized gain (loss) on investments	(231,638)	-
Public charges for services	-	-
Other	41,421	31,660
Total Revenues	29,312,791	4,521,241
EXPENDITURES		
Current		
General government	3,739,168	-
Community development	1,461,140	-
Public safety	19,502,193	-
Public works	5,847,128	-
Parks, recreation, and education	-	-
Capital Outlay	-	2,169,552
Debt Service		
Principal retirement	-	1,589,900
Interest and fiscal charges	-	577,813
Total Expenditures	30,549,629	4,337,265
Excess (deficiency) of revenues over (under) expenditures	(1,236,838)	183,976
OTHER FINANCING SOURCES (USES)		
Debt issued	-	-
Sale of city property	40,801	-
Transfers in	860,854	-
Transfers out	-	(289,562)
Total Other Financing Sources (Uses)	901,655	(289,562)
Net Change in Fund Balances	(335,183)	(105,586)
FUND BALANCES - Beginning	10,134,357	690,389
FUND BALANCES - ENDING	\$ 9,799,174	\$ 584,803

<u>General Debt Service</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 4,800,000	\$ 4,762,986	\$ 20,887,634
-	3,150,137	22,913,912
-	66,328	970,400
-	-	937,079
-	56,715	816,604
-	-	47,003
-	312,480	312,480
685	176,433	433,241
-	43,700	(187,938)
-	2,686,514	2,686,514
-	2,126,172	2,199,253
<u>4,800,685</u>	<u>13,381,465</u>	<u>52,016,182</u>
-	-	3,739,168
-	1,947,062	3,408,202
-	967,963	20,470,156
-	2,753,694	8,600,822
-	2,140,358	2,140,358
-	6,493,583	8,663,135
4,848,174	798,998	7,237,072
1,424,611	163,470	2,165,894
<u>6,272,785</u>	<u>15,265,128</u>	<u>56,424,807</u>
<u>(1,472,100)</u>	<u>(1,883,663)</u>	<u>(4,408,625)</u>
-	3,370,000	3,370,000
-	75,283	116,084
1,335,516	70,000	2,266,370
-	(1,115,954)	(1,405,516)
<u>1,335,516</u>	<u>2,399,329</u>	<u>4,346,938</u>
(136,584)	515,666	(61,687)
<u>2,476,539</u>	<u>15,268,420</u>	<u>28,569,705</u>
<u>\$ 2,339,955</u>	<u>\$ 15,784,086</u>	<u>\$ 28,508,018</u>

CITY OF BELOIT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES For the Year Ended December 31, 2015

Net change in fund balances - total governmental funds	\$	(61,687)
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Amounts reported for governmental activities in the statement of activities are different because:

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

Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements		8,663,135
Less: Some items are reported as capital outlay but not capitalized		(4,128,955)
Depreciation is reported in the government-wide statements		(3,762,700)
Change in land held for resale		(260,212)

Net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins is to decrease net position.		(219,755)
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Receivables not currently available are reported as unearned revenue in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements.		142,942
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Debt and lease issues provide current financial resources to governmental funds, but issuing these obligations increases long-term liabilities in the statement of net position. Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which issues (\$3,370,000 G.O. debt) were less than payments (\$4,848,174 G.O. debt, \$10,000 other debt, and \$2,378,898 capital leases).		3,867,072
Other post-employment benefit liability		(4,615,007)

Governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are amortized in the statement of activities.		(104,392)
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Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
Compensated absences		(432,046)
Accrued interest on debt		100,487
Net pension asset		(2,523,561)
Deferred outflows of resources related to pensions		2,616,311
Deferred inflows of resources related to pensions		(16,573)

Internal service funds are used by management to charge the costs of insurance, printing services, engineering and equipment maintenance to other funds. The increase in net position of the internal service funds is reported in the governmental activities.		47,879
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	(687,062)
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CITY OF BELOIT

STATEMENT OF NET POSITION - PROPRIETARY FUNDS As of December 31, 2015

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water Utility	Sewer Utility	Nonmajor Enterprise Funds	Totals	
ASSETS					
Current Assets					
Cash and investments	\$ 1,268,625	\$ 5,762,684	\$ 477,629	\$ 7,508,938	\$ 1,334,473
Receivables					
Taxes	-	-	662,833	662,833	-
Accounts	865,307	1,861,009	765,127	3,491,443	158,976
Other	67,289	589,313	-	656,602	-
Due from other governmental units	-	-	302,270	302,270	-
Inventories	67,462	38,040	128,924	234,426	-
Restricted Assets					
Bond redemption account	383,039	110,789	44,466	538,294	-
Total Current Assets	2,651,722	8,361,835	2,381,249	13,394,806	1,493,449
Noncurrent Assets					
Restricted Assets					
Bond reserve account	2,302,928	-	110,500	2,413,428	-
Replacement account	-	2,731,400	-	2,731,400	-
Net pension asset	57,336	299,125	415,820	772,281	63,271
Deposit with risk pool	-	-	-	-	1,575,475
Total Restricted Assets	2,360,264	3,030,525	526,320	5,917,109	1,638,746
Capital Assets					
Land	1,050,724	1,386,281	1,270,000	3,707,005	-
Land improvements	-	-	702,418	702,418	-
Buildings	5,449,135	71,457,465	4,870,297	81,776,897	-
Machinery, equipment, and vehicles	2,780,593	1,539,793	4,450,075	8,770,461	67,165
Infrastructure	41,961,519	17,754,699	12,394,926	72,111,144	-
Less: Accumulated depreciation	(17,483,622)	(57,116,668)	(7,611,246)	(82,211,536)	(61,045)
Total Capital Assets, Net	33,758,349	35,021,570	16,076,470	84,856,389	6,120
Other Assets					
Preliminary survey and engineering	-	112,021	-	112,021	-
Total Other Assets	-	112,021	-	112,021	-
Total Noncurrent Assets	36,118,613	38,164,116	16,602,790	90,885,519	1,644,866
Total Assets	38,770,335	46,525,951	18,984,039	104,280,325	3,138,315
DEFERRED OUTFLOWS OF RESOURCES					
Unamortized loss on advance refunding	90,932	3,275	1,892	96,099	-
Pension related amounts	57,827	294,264	425,137	777,228	64,244
Total Deferred Outflows of Resources	148,759	297,539	427,029	873,327	64,244

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water Utility	Sewer Utility	Nonmajor Enterprise Funds	Totals	
LIABILITIES					
Current Liabilities					
Accounts payable	\$ 137,187	\$ 291,541	\$ 46,237	\$ 474,965	\$ 39,353
Accrued liabilities	9,259	4,390	5,806	19,455	-
Claims payable	-	-	-	-	2,006,318
Due to other funds	-	-	381,106	381,106	-
Compensated absences	24,236	139,291	146,106	309,633	-
Current maturities of general obligation debt	176,618	105,052	227,400	509,070	-
Other current liabilities	-	-	2,855	2,855	-
Current Liabilities Payable From Restricted Assets					
Current maturities of revenue debt	1,300,000	147,919	65,000	1,512,919	-
Accrued interest	155,310	11,377	5,917	172,604	-
Total Current Liabilities	<u>1,802,610</u>	<u>699,570</u>	<u>880,427</u>	<u>3,382,607</u>	<u>2,045,671</u>
Noncurrent Liabilities					
General obligation debt, less current maturities (including unamortized premium)	1,765,419	783,281	1,291,259	3,839,959	-
Compensated absences	31,060	153,765	44,746	229,571	-
Other post-employment benefits	19,050	84,142	75,841	179,033	-
Revenue debt, less current maturities	21,990,000	2,696,447	1,160,000	25,846,447	-
Deferred credits	119,896	-	-	119,896	-
Advances from other funds	-	-	1,416,635	1,416,635	227,950
Total Noncurrent Liabilities	<u>23,925,425</u>	<u>3,717,635</u>	<u>3,988,481</u>	<u>31,631,541</u>	<u>227,950</u>
Total Liabilities	<u>25,728,035</u>	<u>4,417,205</u>	<u>4,868,908</u>	<u>35,014,148</u>	<u>2,273,621</u>
DEFERRED INFLOWS OF RESOURCES					
Unearned revenue	-	-	662,833	662,833	-
Pension related amounts	219	1,146	1,594	2,959	242
Total Deferred Inflows of Resources	<u>219</u>	<u>1,146</u>	<u>664,427</u>	<u>665,792</u>	<u>242</u>
NET POSITION (DEFICIT)					
Net investment in capital assets	10,920,172	31,292,146	13,432,811	55,645,129	6,120
Restricted for debt service	227,729	99,412	149,049	476,190	-
Restricted for replacement	-	2,731,400	-	2,731,400	-
Restricted for pension	57,336	299,125	415,820	772,281	63,271
Unrestricted (deficit)	1,985,603	7,983,056	(119,947)	9,848,712	859,305
TOTAL NET POSITION	<u>\$ 13,190,840</u>	<u>\$ 42,405,139</u>	<u>\$ 13,877,733</u>	69,473,712	<u>\$ 928,696</u>
Amounts reported for business-type activities in the statement of net position are different because:					
Portion of internal service fund net position reported in the business-type activities as an interfund				<u>207,752</u>	
NET POSITION OF BUSINESS-TYPE ACTIVITIES				<u>\$ 69,681,464</u>	

See accompanying notes to financial statements.

CITY OF БЕЛОIT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
NET POSITION - PROPRIETARY FUNDS
For the Year Ended December 31, 2015

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water Utility	Sewer Utility	Nonmajor Enterprise Funds	Totals	
OPERATING REVENUES					
Charges for services	\$ 4,820,236	\$ 6,602,678	\$ 2,830,617	\$ 14,253,531	\$ 12,155,744
Other	676,432	149,002	32,785	858,219	962
Total Operating Revenues	<u>5,496,668</u>	<u>6,751,680</u>	<u>2,863,402</u>	<u>15,111,750</u>	<u>12,156,706</u>
OPERATING EXPENSES					
Operation and maintenance	1,542,701	4,558,154	4,347,542	10,448,397	11,540,682
Contractual services	1,090,613	1,917,256	387,659	3,395,528	552,401
Depreciation	1,267,520	2,633,789	495,146	4,396,455	2,940
Total Operating Expenses	<u>3,900,834</u>	<u>9,109,199</u>	<u>5,230,347</u>	<u>18,240,380</u>	<u>12,096,023</u>
Operating Income (Loss)	<u>1,595,834</u>	<u>(2,357,519)</u>	<u>(2,366,945)</u>	<u>(3,128,630)</u>	<u>60,683</u>
NONOPERATING REVENUES (EXPENSES)					
Intergovernmental revenues	-	-	1,228,893	1,228,893	-
Investment income	38,465	147,925	95,599	281,989	-
Interest expense	(960,416)	(97,187)	(126,326)	(1,183,929)	-
Amortization of loss on refunding	(38,529)	(642)	-	(39,171)	-
General property taxes	-	-	662,833	662,833	-
Interest subsidy received on Build America Bonds	-	-	5,350	5,350	-
Miscellaneous	-	8,968	-	8,968	-
Total Nonoperating Revenues (Expenses)	<u>(960,480)</u>	<u>59,064</u>	<u>1,866,349</u>	<u>964,933</u>	<u>-</u>
Income (loss) before contributions and transfers	635,354	(2,298,455)	(500,596)	(2,163,697)	60,683
Capital contributions - municipal	204,876	22,663	-	227,539	-
Capital contributions	29,211	-	39,626	68,837	-
Transfers out	(860,854)	-	-	(860,854)	-
Change in Net Position	8,587	(2,275,792)	(460,970)	(2,728,175)	60,683
TOTAL NET POSITION - Beginning (as restated)	<u>13,182,253</u>	<u>44,680,931</u>	<u>14,338,703</u>		<u>868,013</u>
TOTAL NET POSITION - ENDING	\$ <u>13,190,840</u>	\$ <u>42,405,139</u>	\$ <u>13,877,733</u>		\$ <u>928,696</u>

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

Portion of internal service funds change in net position reported in business-type activities 12,804

CHANGE IN NET POSITION OF BUSINESS-TYPE ACTIVITIES \$ (2,715,371)

CITY OF BELOIT

STATEMENT OF CASH FLOWS -
 PROPRIETARY FUNDS
 For the Year Ended December 31, 2015

	Business-type Activities - Enterprise Funds			Totals	Governmental Activities - Internal Service Funds
	Water Utility	Sewer Utility	Nonmajor Enterprise Funds		
CASH FLOWS FROM OPERATING ACTIVITIES					
Received from customers	\$ 5,679,401	\$ 6,800,069	\$ 2,749,791	\$ 15,229,261	\$ 12,270,701
Paid to suppliers for goods and services	(1,789,000)	(4,458,640)	(2,240,584)	(8,488,224)	(11,381,088)
Payments to employees for services	(685,583)	(1,845,574)	(2,495,563)	(5,026,720)	(591,038)
Net Cash Flows from Operating Activities	<u>3,204,818</u>	<u>495,855</u>	<u>(1,986,356)</u>	<u>1,714,317</u>	<u>298,575</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Operating grants received	-	-	1,632,495	1,632,495	-
Transfers in (out)	(860,854)	-	-	(860,854)	-
Property taxes received	-	-	662,833	662,833	-
Noncapital advance (and repayment)	-	-	(184,298)	(184,298)	(129,111)
Net Cash Flows from Noncapital Financing Activities	<u>(860,854)</u>	<u>-</u>	<u>2,111,030</u>	<u>1,250,176</u>	<u>(129,111)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Debt retired	(1,441,898)	(238,489)	(1,484,987)	(3,165,374)	-
Interest paid	(1,022,742)	(99,036)	(136,411)	(1,258,189)	-
Interest subsidy received on BABs	-	-	9,184	9,184	-
Proceeds from issuance of new debt	-	-	1,265,000	1,265,000	-
Acquisition and construction of capital assets	(258,619)	(147,166)	(61,647)	(467,432)	-
Construction grants received	-	-	39,626	39,626	-
Contributions received for construction	29,211	-	-	29,211	-
Cost of removal of property retired	(12,482)	-	-	(12,482)	-
Net Cash Flows from Capital and Related Financing Activities	<u>(2,706,530)</u>	<u>(484,691)</u>	<u>(369,235)</u>	<u>(3,560,456)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment income	<u>38,465</u>	<u>147,925</u>	<u>95,599</u>	<u>281,989</u>	<u>-</u>
Net Cash Flows from Investing Activities	<u>38,465</u>	<u>147,925</u>	<u>95,599</u>	<u>281,989</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(324,101)</u>	<u>159,089</u>	<u>(148,962)</u>	<u>(313,974)</u>	<u>169,464</u>
CASH AND CASH EQUIVALENTS - Beginning	<u>4,278,693</u>	<u>8,445,784</u>	<u>781,557</u>	<u>13,506,034</u>	<u>1,165,009</u>
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ 3,954,592</u>	<u>\$ 8,604,873</u>	<u>\$ 632,595</u>	<u>\$ 13,192,060</u>	<u>\$ 1,334,473</u>

	Business-type Activities - Enterprise Funds			Totals	Governmental Activities - Internal Service Funds
	Water Utility	Sewer Utility	Nonmajor Enterprise Funds		
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES					
Operating income (Loss)	\$ 1,595,834	\$ (2,357,519)	\$ (2,366,945)	\$ (3,128,630)	\$ 60,683
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows From Operating Activities					
Nonoperating income	-	8,968	-	8,968	-
Depreciation charged to other funds	118,448	-	-	118,448	-
Depreciation expense	1,267,520	2,633,789	495,146	4,396,455	2,940
Miscellaneous non-cash expenses	-	-	1,416	1,416	-
Changes in Assets and Liabilities					
Accounts receivable	39,285	39,421	(108,892)	(30,186)	113,995
Inventories	516	(38,040)	10,790	(26,734)	-
Prepayments	47,297	29,826	15,588	92,711	167,970
Accounts payable	109,471	150,093	(29,104)	230,460	(16,070)
Deferred Credits	24,725	-	-	24,725	-
Other post-employment benefits	(209)	(921)	(852)	(1,982)	-
Due to other funds	-	-	-	-	(22,129)
Other current liabilities	2,759	27,127	8,246	38,132	-
Pension related deferrals and assets/liabilities	(828)	3,111	(11,749)	(9,466)	(1,344)
Claims payable	-	-	-	-	(7,470)
NET CASH FLOWS FROM OPERATING ACTIVITIES	\$ 3,204,818	\$ 495,855	\$ (1,986,356)	\$ 1,714,317	\$ 298,575

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

Cash and investments - statement of net position	\$ 1,268,625	\$ 5,762,684	\$ 477,629	\$ 7,508,938	\$ 1,334,473
Restricted cash and investments - statement of net position					
Bond redemption account	383,039	110,789	44,466	538,294	-
Replacement account	-	2,731,400	-	2,731,400	-
Bond reserve account	2,302,928	-	110,500	2,413,428	-
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 3,954,592	\$ 8,604,873	\$ 632,595	\$ 13,192,060	\$ 1,334,473

NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES

During 2015, \$204,876 of water capital assets were contributed by the municipality.
During 2015, \$22,663 of sewer capital assets were contributed by the municipality.
During 2015, \$65,782 of storm sewer debt issuance costs were funded by refunding debt.

CITY OF BELOIT

STATEMENT OF ASSETS AND LIABILITIES AGENCY FUND As of December 31, 2015

	<u>Agency Fund</u>
	<u>Tax Collection Fund</u>
ASSETS	
Cash and investments	\$ 8,765,298
Property taxes receivable	<u>16,851,875</u>
TOTAL ASSETS	<u>\$ 25,617,173</u>
LIABILITIES	
Due to other taxing units	<u>\$ 25,617,173</u>
TOTAL LIABILITIES	<u>\$ 25,617,173</u>

See accompanying notes to financial statements.

CITY OF BELOIT

STATEMENT OF NET POSITION - COMPONENT UNITS
As of December 31, 2015

	Major Community Development Authority	Nonmajor Beloit Public Library Foundation, Inc.	Totals
ASSETS			
Current Assets			
Cash and investments	\$ 935,870	\$ 582,637	\$ 1,518,507
Receivables			
Accounts	44,887	398	45,285
Accrued interest	-	143	143
Lease receivable from primary government	2,550,000	-	2,550,000
Due from other governmental units	52,655	-	52,655
Financing costs	23,906	-	23,906
Tax credit fees	170,082	-	170,082
Total Current Assets	<u>3,777,400</u>	<u>583,178</u>	<u>4,360,578</u>
Noncurrent Assets			
Restricted Assets			
Cash and investments	2,885,388	-	2,885,388
Net pension asset	84,546	-	84,546
Total Restricted Assets	<u>2,969,934</u>	<u>-</u>	<u>2,969,934</u>
Capital Assets			
Land	601,285	-	601,285
Land improvements	561,467	-	561,467
Buildings	2,040,169	-	2,040,169
Building improvements	17,598,416	-	17,598,416
Machinery, equipment, furnishings and vehicles	783,997	-	783,997
Less: Accumulated depreciation	<u>(3,506,334)</u>	<u>-</u>	<u>(3,506,334)</u>
Total Capital Assets, Net	<u>18,079,000</u>	<u>-</u>	<u>18,079,000</u>
Other Assets			
Lease receivable from primary government	11,441,490	-	11,441,490
Total Noncurrent Assets	<u>32,490,424</u>	<u>-</u>	<u>32,490,424</u>
Total Assets	<u>36,267,824</u>	<u>583,178</u>	<u>36,851,002</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related	89,060	-	89,060
LIABILITIES			
Current Liabilities			
Accounts payable	26,219	38	26,257
Accrued liabilities	953,156	-	953,156
Due to primary government	141,037	-	141,037
Deposits	128,612	-	128,612
Lease revenue bonds payable	2,550,000	-	2,550,000
Total Current Liabilities	<u>3,799,024</u>	<u>38</u>	<u>3,799,062</u>
Noncurrent Liabilities			
Compensated absences	44,807	-	44,807
Loans payable	212,968	-	212,968
Other notes payable	761,319	-	761,319
Lease revenue bonds payable	13,570,000	-	13,570,000
Total Noncurrent Liabilities	<u>14,589,094</u>	<u>-</u>	<u>14,589,094</u>
Total Liabilities	<u>18,388,118</u>	<u>38</u>	<u>18,388,156</u>
DEFERRED INFLOWS OF RESOURCES			
Unearned revenue	1,167,176	-	1,167,176
Pension related	324	-	324
Total Deferred Inflows of Resources	<u>1,167,500</u>	<u>-</u>	<u>1,167,500</u>
NET POSITION (DEFICIT)			
Net investment in capital assets	18,079,000	-	18,079,000
Restricted for grant programs	5,167,833	5,611	5,173,444
Restricted for pensions	84,546	-	84,546
Unrestricted (deficit)	<u>(6,530,113)</u>	<u>577,529</u>	<u>(5,952,584)</u>
TOTAL NET POSITION	<u>\$ 16,801,266</u>	<u>\$ 583,140</u>	<u>\$ 17,384,406</u>

See accompanying notes to financial statements.

CITY OF БЕЛОIT

STATEMENT OF ACTIVITIES - COMPONENT UNITS For the Year Ended December 31, 2015

	Major	Nonmajor	Totals
	Community Development Authority	Beloit Public Library Foundation, Inc.	
EXPENSES			
Community development	\$ 4,826,288	\$ -	\$ 4,826,288
Library services	-	30,842	30,842
Total Expenses	4,826,288	30,842	4,857,130
PROGRAM REVENUES			
Charges for services	309,942	-	309,942
Operating grants and contributions	3,828,171	16,582	3,844,753
Other revenue	90,665	-	90,665
Total Program Revenues	4,228,778	16,582	4,245,360
Net Revenues (Expenses)	(597,510)	(14,260)	(611,770)
GENERAL REVENUES (EXPENSES)			
Investment income	722,242	1,104	723,346
Interest and amortization expense	(938,623)	-	(938,623)
Miscellaneous	33,080	-	33,080
Total General Revenues (Expenses)	(183,301)	1,104	(182,197)
Change in Net Position	(780,811)	(13,156)	(793,967)
TOTAL NET POSITION - Beginning (As Restated)	17,582,077	596,296	18,178,373
TOTAL NET POSITION - ENDING	\$ 16,801,266	\$ 583,140	\$ 17,384,406

CITY OF BELOIT

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CITY OF BELOIT

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

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

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

Discretely Presented Component Units

City of Beloit Community Development Authority

The government-wide financial statements include the City of Beloit Community Development Authority ("CDA") as a component unit. The CDA is a legally separate organization. The board of the CDA is appointed by the city council. Wisconsin Statutes provide for circumstances whereby the City can impose their will on the CDA, and also create a potential financial benefit to or burden on the City (see Note IV.K.). As a component unit, the CDA's financial statements are shown as a discrete column (proprietary) in the financial statements. The CDA's financial statements include transactions of two limited liability companies which are used to promote redevelopment of CDA properties. The information presented is for the fiscal year ended December 31, 2015. The CDA does not issue separate financial statements. Additional information may be obtained from the CDA's office.

CITY OF BELOIT

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

A. REPORTING ENTITY (cont.)

Discretely Presented Component Units (cont.)

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

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

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

The government-wide financial statements include the Beloit Public Library Foundation, Inc. as a component unit. The Foundation is a legally separate organization. The economic resources of the Foundation are held for the direct benefit of the City of Beloit library and are significant to the City. As a component unit, the Foundation's financial statements have been presented as a discrete column in the financial statements. The information presented is for the fiscal year ended December 31, 2015 (see Note IV.K.). Separately issued financial statements of the Foundation may be obtained from the Foundation's office.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

In June 2012, the GASB issued Statement No. 68 – *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. This statement establishes standards for measuring and recognizing assets, liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to pensions. In November 2013, the GASB issued Statement No. 71 – *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. This statement addresses an issue regarding application of the transition provisions of Statement No. 68. These standards were implemented January 1, 2015.

Government-Wide Financial Statements

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

CITY OF BELOIT

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

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

Government-Wide Financial Statements (cont.)

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

Fund Financial Statements

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

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

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

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

The City reports the following major governmental funds:

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

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

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

CITY OF BELOIT

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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 major enterprise funds:

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

The City reports the following nonmajor governmental and enterprise funds:

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

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

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

Capital Improvements	Equipment Replacement
Computer Replacement	

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

Golf Course
Cemeteries
Ambulance
Storm Sewer
Transit System

CITY OF BELOIT

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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
- Retiree Health Insurance

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

- Tax Collections

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

Government-Wide Financial Statements

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

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

CITY OF BELOIT

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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 inflows. They are recognized as revenues in the succeeding year when services financed by the levy are being provided.

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

Special assessments are recorded as revenues when they become measurable and available as current assets. Annual installments due in future years are reflected as receivables and unavailable revenues. At December 31, 2015, there were \$1,610,367 of unrecorded anticipated future assessments which are not recorded as receivables because collection is subject to certain events occurring in the future and no formal repayment schedule has been established.

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

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

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

CITY OF BELOIT

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

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

All Financial Statements

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

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

1. Deposits and Investments

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

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

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

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

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

CITY OF BELOIT

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

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

1. Deposits and Investments (cont.)

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

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

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2015, the fair value of the City's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

See Note IV.A. for further information.

2. Receivables

Property Taxes

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

Property tax calendar – 2015 tax roll:

Lien date and levy date	December 2015
Tax bills mailed	December 2015
Payment in full, or	January 31, 2016
First installment due	January 31, 2016
Second installment due	March 31, 2016
Third installment due	May 31, 2016
Fourth installment due	July 31, 2016
Personal property taxes in full	January 31, 2016
Tax sale – 2015 delinquent real estate taxes	October 2018

CITY OF BELOIT

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

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

2. Receivables (cont.)

Uncollectible Accounts

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

Interfund Loans

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

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

Loans

The City has received federal and state grant funds for economic development and housing rehabilitation loan programs to various businesses and individuals. The City records a loan receivable when the loan has been made and funds have been disbursed. The amount recorded as economic development and housing rehabilitation loans receivable has been reduced by an allowance for uncollectible accounts of \$11,902.

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

3. Inventories and Prepaid Items

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

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

CITY OF BELOIT

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

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

4. Restricted Assets

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

5. Capital Assets

Government-Wide Statements

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

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

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

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

Fund Financial Statements

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

CITY OF BELOIT

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

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

6. Deferred Outflows of Resources

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

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

7. Compensated Absences

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

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

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2015 are determined on the basis of current salary rates and include salary related payments.

8. Long-Term Obligations/Conduit Debt

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

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

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

The City has approved the issuance of industrial revenue bonds (IRB) for the benefit of private business enterprises. IRB's are secured by mortgages or revenue agreements on the associated projects, and do not constitute indebtedness of the City. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. The total amount of IRB's outstanding at the end of the year is approximately \$191,492, made up of one issue.

CITY OF BELOIT

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

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

9. Deferred Inflows of Resources

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

10. Equity Classifications

Government-Wide Statements

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

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

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

The amount is a reduction of “net investment in capital assets,” and an increase in “unrestricted” net position, shown only in the total column of \$4,576,938.

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

Fund Statements

Governmental fund balances are displayed as follows:

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

CITY OF BELOIT

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

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

10. Equity Classifications (cont.)

Fund Statements (cont.)

- d. Assigned – Includes spendable fund balance amounts that are intended to be used for specific purposes that do not meet the criteria to be classified as restricted or committed. The council may take official action to assign amounts. Assignments may take place after the end of the reporting period.
- e. Unassigned – Includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those purposes.

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

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

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

See Note IV. H. for further information.

11. Basis for Existing Rates

Water Utility

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

Sewer Utility

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

Storm Sewer Utility

Current storm sewer rates were approved by the council and effective on January 1, 2007.

CITY OF BELOIT

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

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

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

Land	\$ 4,971,936
Land improvements	67,854
Buildings and improvements	20,930,395
Machinery and equipment	25,057,450
Other improvements	6,168,407
Infrastructure	91,629,543
Less: Accumulated depreciation	(43,111,413)
Less: Internal service fund capital assets, net of depreciation	<u>(6,120)</u>
 Capital Assets	 <u>\$ 105,708,052</u>

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “some liabilities, including long-term debt, are not due and payable in the current period, and accordingly, are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities—both current and long-term—are reported in the statement of net position.” The details of this \$101,087,707 difference in liabilities are as follows:

Bonds and notes payable	\$ 46,827,654
Unamortized debt premium	568,900
Compensated absences	2,877,820
Other post-employment benefit liabilities	36,097,833
Other debt	50,000
Capital leases	14,337,916
Accrued interest	<u>327,584*</u>
 Net Adjustment to Reduce Fund Balance – Total Governmental Funds to Arrive at Net Position – Governmental Activities	 <u>\$ 101,087,707</u>

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

CITY OF BELOIT

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE III – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

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

B. EXCESS EXPENDITURES OVER APPROPRIATIONS

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

C. DEFICIT BALANCES

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

As of December 31, 2015, the following individual funds held a deficit balance:

<u>Fund</u>	<u>Amount</u>	<u>Reason</u>
Special Revenue – Rental Rehab (WRRP/HOME)	\$ 9,649	Excess expenditures over revenues
Special Revenue – TIF District No. 5	331,391	Excess expenditures over revenues
Special Revenue – TIF District No. 8	1,137,510	Excess expenditures over revenues
Special Revenue – TIF District No. 9	2,425,723	Excess expenditures over revenues
Enterprise – Golf Course	126,901	Excess expenses over revenues
Internal Service – Retiree Health Insurance	221,457	Excess expenses over revenues
Internal Service – Health Insurance	753,840	Excess expenses over revenues

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

D. LIMITATIONS ON THE CITY'S TAX LEVY

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

CITY OF BELOIT

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE IV – DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

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

	Carrying Value	Statement Balance	Associated Risks
Demand deposits	\$ 12,595,926	\$ 13,255,415	Custodial credit risk
U.S. agencies – implicitly guaranteed	5,048,273	5,048,273	Custodial credit risk, interest rate risk, credit risk, concentration of credit risk
U.S. agencies – explicitly guaranteed	238,398	238,398	Custodial credit risk, interest rate risk
Municipal bonds	5,403,624	5,403,624	Custodial credit risk, interest rate risk, credit risk, concentration of credit risk
Corporate bonds	6,286,325	6,286,325	Credit risk, custodial credit risk, concentration of credit risk, interest rate risk
LGIP	19,478,588	19,478,588	Credit risk
Petty cash	8,457	-	N/A
Total Cash and Investments	\$ 49,059,591	\$ 49,710,623	
Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 34,611,171		
Restricted cash and investments	5,683,122		
Per statement of assets and liabilities – agency fund			
Cash and investments	8,765,298		
Total Cash and Investments	\$ 49,059,591		

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

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

CITY OF BELOIT

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

A. DEPOSITS AND INVESTMENTS (cont.)

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

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

The City maintains collateral agreements with its banks. At December 31, 2015, the banks had pledged various government securities in the amount of \$13,300,000 to secure the City's deposits.

Custodial Credit Risk

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

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

As of December 31, 2015, the City had no bank balances exposed to custodial credit risk.

As of the December 31, 2015, the City had no investments exposed to custodial credit risk.

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

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, 2015, the City's investments were rated as follows:

<u>Investment Type</u>	<u>Standard & Poor's</u>	<u>Fitch Ratings</u>	<u>Moody's Investor Service</u>
U.S. agencies – implicitly guaranteed	AA+	N/A	A3 to AAA
Municipal bonds	AA	N/A	AA2 to AA3
Corporate bonds	AA- to AA+	N/A	A1 to AAA

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

LGIP – external pool

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 As of and for the Year Ended December 31, 2015

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.

As of December 31, 2015, of the City's total portfolio, 6.9% was invested in FHLB investments and 6.0% was invested in Wisconsin State Municipal bonds.

Concentration of Credit Risk (by Dealer):

Dealer	Fair Value	Percentage of Portfolio
Multi-Bank Securities, Inc.	\$ 4,869,516	13%
Vining Sparks	5,656,680	16
Coastal Securities	4,147,564	11
BOSC, Inc.	2,302,860	6
Total Concentrated Investments	\$ 16,976,620	46%

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

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, 2015, the City's investments were as follows:

Investment Type	Fair Value	Percentage of Portfolio	Maturity			
			Less than 1 Yr.	1 to 5 Yrs.	6 to 10 Yrs.	More Than 10
U.S. agencies – implicitly guaranteed	\$ 5,048,273	14%	\$ -	\$ 4,048,253	\$ 1,000,020	\$ -
U.S. agencies – explicitly guaranteed	238,398	1	-	238,398	-	-
Municipal Bonds	5,403,624	15	-	632,382	383,569	4,387,673
Corporate Bonds	6,286,325	17	-	6,286,325	-	-
Totals	\$ 16,976,620		\$ -	\$ 11,205,358	\$ 1,383,589	\$ 4,387,673

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

CITY OF BELOIT

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

B. RECEIVABLES

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

General Fund – delinquent personal property taxes	\$	34,597
Capital Projects – equipment replacement – loans		160,433
Capital Projects – capital improvement – special assessments		917,447
Nonmajor Governmental Funds – loans		2,811,271
Total Amount Not Expected to be Collected Within One Year	\$	3,923,748

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

	Total	Current Period
Governmental Fund Types – municipal court receivable	\$ 308,742	\$ (308,742)
Governmental Fund Types – economic development loans	11,902	-
Business Type – ambulance receivables	231,216	(231,216)
 Total Uncollectibles	 \$ 551,860	 \$ (539,958)

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

	Unearned	Unavailable
Property taxes receivable for subsequent year	\$ 21,603,963	\$ -
Loans receivable	-	3,907,688
Accounts receivable – noncurrent	-	267,857
Investment income – noncurrent	-	95,450
Special assessments	-	1,008,901
Government grants	-	118,097
 Total Unearned/Unavailable Revenue for Governmental Funds	 \$ 21,603,963	 \$ 5,397,993

CITY OF BELOIT

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

C. RESTRICTED ASSETS

The following represent the balances of the restricted assets:

Long Term Debt Accounts

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

Equipment Replacement Account

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

Net Pension Asset

Restricted assets have been reported in connection with the net pension asset balance since this balance must be used to fund employee benefits. See Note IV. H. for further information.

Following is a list of restricted cash and investments at December 31, 2015:

	<u>Water</u>	<u>Sewer</u>	<u>Storm</u>
Bond redemption account	\$ 383,039	\$ 110,789	\$ 44,466
Equipment replacement account	-	2,731,400	-
Bond reserve account	<u>2,302,928</u>	<u>-</u>	<u>110,500</u>
Total Enterprise Fund Restricted Assets	<u>\$ 2,685,967</u>	<u>\$ 2,842,189</u>	<u>\$ 154,966</u>

Impact Fee Account

In 2015, the City received impact fees of \$1,852 which must be spent in accordance with local ordinance and state statutes. Any unspent funds must be refunded to the current property owner. As of December 31, 2015 the City had accumulated a total of \$97,614 in impact fees.

CITY OF BELOIT

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2015 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 4,971,936	\$ -	\$ -	\$ 4,971,936
Construction in progress	73,673	-	73,673	-
Total Capital Assets Not Being Depreciated	5,045,609	-	73,673	4,971,936
Capital assets being depreciated				
Land improvements	67,854	-	-	67,854
Buildings	20,930,395	-	-	20,930,395
Machinery, equipment, and vehicles	22,866,810	3,143,128	952,488	25,057,450
Other improvements	5,731,462	436,945	-	6,168,407
Streets	68,787,963	480,598	-	69,268,561
Structures	405,684	-	-	405,684
Street lights	6,031,157	547,182	-	6,578,339
Traffic signals	2,562,159	-	-	2,562,159
Bridges	12,814,800	-	-	12,814,800
Total Capital Assets Being Depreciated	140,198,284	4,607,853	952,488	143,853,649
Less: Accumulated depreciation for				
Land improvements	(61,070)	-	-	(61,070)
Buildings	(5,983,346)	(394,316)	-	(6,377,662)
Machinery, equipment, and vehicles	(12,516,061)	(1,690,676)	(732,733)	(13,474,004)
Other improvements	(2,795,961)	(126,249)	-	(2,922,210)
Streets	(13,585,902)	(1,137,872)	-	(14,723,774)
Structures	(54,837)	(17,578)	-	(72,415)
Street lights	(1,164,381)	(120,458)	-	(1,284,839)
Traffic signals	(1,792,410)	(86,675)	-	(1,879,085)
Bridges	(2,124,538)	(191,816)	-	(2,316,354)
Total Accumulated Depreciation	(40,078,506)	(3,765,640)	(732,733)	(43,111,413)
Net Capital Assets Being Depreciated	100,119,778	842,213	219,755	100,742,236
Total Governmental Activities – Capital Assets, Net of Depreciation	\$ 105,165,387			\$ 105,714,172

CITY OF BELOIT

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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	\$ 182,523
Finance and administrative services (internal service)	2,940
Public safety – police	340,382
Public safety – fire	296,247
Public works, which includes the depreciation of infrastructure	2,805,593
Library	<u>137,955</u>
Total Governmental Activities Depreciation Expense	<u>\$ 3,765,640</u>

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Business-type Activities				
Capital assets not being depreciated				
Land	\$ 3,707,005	\$ -	\$ -	\$ 3,707,005
Construction in progress	<u>859,429</u>	<u>22,663</u>	<u>882,092</u>	<u>-</u>
Total Capital Assets Not Being Depreciated	<u>4,566,434</u>	<u>22,663</u>	<u>882,092</u>	<u>3,707,005</u>
Other capital assets				
Land improvements	702,418	-	-	702,418
Buildings	10,347,690	24,652	-	10,372,342
Machinery, equipment, and vehicles	8,712,263	48,132	42,844	8,717,551
Sewer mains	17,321,677	433,022	-	17,754,699
Sewer treatment facility	71,364,546	100,535	7,616	71,457,465
Water mains	41,066,334	912,563	17,378	41,961,519
Storm infrastructure	<u>12,394,926</u>	<u>-</u>	<u>-</u>	<u>12,394,926</u>
Total Capital Assets Being Depreciated	<u>161,909,854</u>	<u>1,518,904</u>	<u>67,838</u>	<u>163,360,920</u>
Less: Accumulated depreciation for				
Land improvements	(684,350)	(9,349)	-	(693,699)
Buildings	(2,622,491)	(267,909)	-	(2,890,400)
Machinery, equipment, and vehicles	(4,831,516)	(446,297)	(42,843)	(5,234,970)
Sewer mains	(4,427,437)	(177,545)	-	(4,604,982)
Sewer treatment facility	(48,908,843)	(2,391,143)	(7,616)	(51,292,370)
Water mains	(13,498,686)	(1,077,757)	(29,860)	(14,546,583)
Storm infrastructure	<u>(2,802,213)</u>	<u>(146,319)</u>	<u>-</u>	<u>(2,948,532)</u>
Total Accumulated Depreciation	<u>(77,775,536)</u>	<u>(4,516,319)</u>	<u>(80,319)</u>	<u>(82,211,536)</u>
Business-type Capital Assets, Net of Depreciation	<u>84,134,318</u>	<u>(2,997,415)</u>	<u>(12,481)</u>	<u>81,149,384</u>
Total Business-type Capital Assets, Net of Depreciation	<u>\$ 88,700,752</u>			<u>\$ 84,856,389</u>

CITY OF BELOIT

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

D. CAPITAL ASSETS (cont.)

Depreciation expense was charged to functions as follows:

Business-type Activities

Water	\$ 1,267,520
Sewer	2,633,789
Storm	146,320
Transit	329,086
Golf Course	17,723
Cemetery	<u>2,017</u>
Total Business-type Activities	
Depreciation Expense	<u>\$ 4,396,455</u>

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

E. INTERFUND RECEIVABLES/PAYABLES, ADVANCES, AND TRANSFERS

Interfund Receivables/Payables

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Special Revenue – TIF District No. 5	\$ 323,424
General	Special Revenue – Community Development	345,643
General	Special Revenue – Solid Waste	154,030
General	Special Revenue – Police	12,398
General	Special Revenue – Rental Rehab (WRRP/HOME)	21,651
General	Enterprise – Transit System	263,846
General	Enterprise – Ambulance	<u>117,260</u>
Sub-total – Fund Financial Statements		1,238,252
Less: Allocation of Internal Service funds		(207,752)
Less: Fund eliminations		<u>(857,146)</u>
Total – Government-Wide Statement of Net Position		<u>\$ 173,354</u>

All amounts are due within one year.

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

CITY OF BELOIT

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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

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

Advances

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

The following is a schedule of interfund advances:

Receivable Fund	Payable Fund	Totals	Amount Not Due in One Year
General	Enterprise – Golf course fund	\$ 973,268	\$ 973,268
Equipment replacement	Enterprise – Cemeteries	109,642	109,642
Equipment replacement	Enterprise – Transit system	333,725	333,725
Equipment replacement	Internal Service – Retiree health insurance	227,950	227,950
General debt service	Special Revenue – TIF District No. 8	1,183,738	1,183,738
General debt service	Special Revenue – TIF District No. 9	391,665	391,665
Capital improvement program	Special Revenue – TIF District No. 9	<u>2,253,875</u>	<u>2,253,875</u>
Sub-Totals		5,473,863	5,473,863
Less: Fund eliminations		<u>(4,057,228)</u>	<u>(4,057,228)</u>
Totals		<u>\$ 1,416,635</u>	<u>\$ 1,416,635</u>

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

CITY OF BELOIT

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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

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

Transfers

The following is a schedule of interfund transfers:

Fund Transferred To	Fund Transferred From	Amount	Purpose
General	Water Utility	\$ 860,854	Payment in lieu of tax
Debt Service – General Debt Service	Special Revenue – TIF District No. 5	495,525	Debt service
Debt Service – General Debt Service	Special Revenue – TIF District No. 6	174,890	Debt service
Debt Service – General Debt Service	Special Revenue – TIF District No. 8	120,046	Debt service
Debt Service – General Debt Service	Special Revenue – TIF District No. 9	17,125	Debt service
Debt Service – General Debt Service	Special Revenue – TIF District No. 10	289,562	Debt service
Debt Service – General Debt Service	Special Revenue – TIF District No. 11	94,595	Debt service
Debt Service – General Debt Service	Special Revenue – TIF District No. 12	66,485	Debt service
Debt Service – General Debt Service	Special Revenue – TIF District No. 13	77,288	Debt service
Total Debt Service – General		1,335,516	
Capital Improvements	Equipment Replacement	70,000	Capital asset purchases
Sub-Total – Fund Financial Statements		2,266,370	
Less: Capital contributions from Governmental Activities to Business-type Activities		(227,539)	
Less: Fund eliminations		(1,405,516)	
Total – Government-wide Statement of Activities		\$ 633,315	

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

CITY OF BELOIT

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2015 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
GOVERNMENTAL ACTIVITIES					
Bonds and Notes Payable					
General Obligation Debt					
General	\$ 48,305,828	\$ 3,370,000	\$ 4,848,174	\$ 46,827,654	\$ 4,989,116
Premium on debt	607,154	-	38,254	568,900	-
Sub-totals	<u>48,912,982</u>	<u>3,370,000</u>	<u>4,886,428</u>	<u>47,396,554</u>	<u>4,989,116</u>
Other Liabilities					
Compensated Absences					
Sick leave	990,224	454,341	140,331	1,304,234	180,032
Vacation	1,455,550	1,573,586	1,455,550	1,573,586	1,573,586
Other post-employment benefit liability	31,482,826	4,615,007	-	36,097,833	-
Other Debt					
Town of Turtle	60,000	-	10,000	50,000	10,000
Capital Leases					
Payable to component unit	16,370,388	-	2,378,898	13,991,490	2,550,000
Other capital leases	346,426	-	-	346,426	43,605
Total Other Liabilities	<u>50,705,414</u>	<u>6,642,934</u>	<u>3,984,779</u>	<u>53,363,569</u>	<u>4,357,223</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 99,618,396</u>	<u>\$ 10,012,934</u>	<u>\$ 8,871,207</u>	<u>\$ 100,760,123</u>	<u>\$ 9,346,339</u>

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

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
BUSINESS-TYPE ACTIVITIES					
Bonds and Notes Payable					
General obligation debt					
General obligation debt	\$ 4,680,857	\$ 40,000	\$ 495,922	\$ 4,224,935	\$ 509,070
Revenue bonds	25,815,000	1,225,000	2,525,000	24,515,000	1,365,000
CWFL revenue bond	2,988,818	-	144,452	2,844,366	147,919
Add/(Subtract) Deferred Amounts For					
Premiums	179,630	-	55,536	124,094	-
Sub-total	<u>33,664,305</u>	<u>1,265,000</u>	<u>3,220,910</u>	<u>31,708,395</u>	<u>2,021,989</u>
Other Liabilities					
Compensated absences					
Compensated absences	496,353	341,225	298,374	539,204	309,633
Other post-employment benefit liability	181,015	-	1,982	179,033	-
Sub-total	<u>677,368</u>	<u>341,225</u>	<u>300,356</u>	<u>718,237</u>	<u>309,633</u>
Total Business-type Activities Long-Term Liabilities	<u>\$ 34,341,673</u>	<u>\$ 1,606,225</u>	<u>\$ 3,521,266</u>	<u>\$ 32,426,632</u>	<u>\$ 2,331,622</u>

CITY OF BELOIT

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt

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

In accordance with Wisconsin Statutes, total general obligation indebtedness of the City may not exceed 5% of the equalized value of taxable property within the City's jurisdiction. The debt limit as of December 31, 2015, was \$77,896,895. Total general obligation debt outstanding at year end was \$51,052,589.

	Date of Issue	Due Date	Interest Rates	Original Indebted- ness	Balance 12-31-15
Governmental Activities – General Obligation Debt					
General obligation promissory notes Series 2006B	5-1-06	5-1-16	4.00%	\$ 639,754	\$ 77,703
General obligation corporate purpose bonds Series 2007A	6-1-07	6-1-27	4.00-4.75	11,249,589	540,577
General obligation corporate purpose bonds Series 2008	6-19-08	6-1-28	3.75-4.10	2,260,670	1,574,156
General obligation corporate purpose bonds Series 2009	5-28-09	5-1-29	1.10-4.60	7,057,000	1,885,000
General obligation refunding bonds Series 2011A	10-21-11	4-1-25	2.45	9,726,168	7,088,625
General obligation refunding bonds Series 2011B	12-8-11	3-1-25	1.00-4.10	4,280,000	2,915,000
2011 state trust fund loan	8-1-11	3-15-21	3.75	1,500,000	952,030
General obligation corporate purpose bonds Series 2012A	6-21-12	3-1-32	2.00-3.25	7,130,000	6,195,000
2012 state trust fund loan	10-1-12	3-15-17	2.50	330,000	170,932
General obligation refunding bonds Series 2013A	2-13-13	5-1-27	2.00-3.00	6,729,000	5,619,200
General obligation refunding bonds Series 2013C	2-13-13	5-1-21	0.55-2.50	885,000	720,000
General obligation corporate purpose bonds Series 2013D	6-13-13	4-1-33	2.00-3.38	7,485,000	6,610,000
2013 State trust fund loan	8-1-13	3-15-23	2.75	667,100	542,156
General obligation promissory notes Series 2014A	5-15-14	5-1-24	2.00-2.40	850,000	815,000
General obligation corporate purpose bonds Series 2014B	5-15-14	5-1-34	2.00-3.50	7,777,275	7,752,275
General obligation promissory notes Series 2015B	3-19-15	3-1-25	0.80-2.40	720,000	720,000
General obligation corporate purpose bonds Series 2015C	3-19-15	3-1-35	2.00-3.25	2,450,000	2,450,000
2015 State trust fund loan	11-23-15	3-15-25	3.25	200,000	200,000
Total Governmental Activities – General Obligation Debt				\$ 46,827,654	

CITY OF BELOIT

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

	Date of Issue	Due Date	Interest Rates	Original Indebted- ness	Balance 12-31-14
Business-type Activities – General Obligation Debt					
General obligation promissory notes Series 2006B	5-1-06	5-1-16	4.00%	\$ 595,247	\$ 72,297
General obligation corporate purpose bonds Series 2007A	6-1-07	6-1-27	4.00-4.75	820,411	39,423
General obligation corporate purpose bonds Series 2008	6-19-08	6-1-28	3.75-4.10	1,954,330	1,360,844
General obligation corporate purpose bonds Series 2009	5-28-09	5-1-29	1.10-4.60	333,000	200,000
General obligation refunding bonds Series 2011A	10-21-11	4-1-25	2.45	1,353,832	1,036,375
General obligation corporate purpose bonds Series 2012A	6-21-12	3-1-26	2.00-3.25	110,000	110,000
2012 state trust fund loan	10-1-12	3-15-17	2.50	47,000	24,344
General obligation refunding bonds Series 2013A	2-13-13	5-1-27	2.00-3.00	601,000	485,800
General obligation corporate purpose bonds Series 2013D	6-13-13	4-1-30	2.00-3.38	250,000	210,000
2013 state trust fund loan	8-1-13	3-15-23	2.75	129,600	8,127
General obligation promissory notes Series 2014A	5-15-14	5-1-24	2.00-2.40	270,000	250,000
General obligation corporate purpose bonds Series 2014B	5-15-14	5-1-34	2.00-3.50	387,725	387,725
General obligation promissory notes Series 2015B	3-19-15	3-1-25	0.80-2.40	40,000	40,000
Total Business-type Activities – General Obligation Debt					<u>\$ 4,224,935</u>

Debt service requirements to maturity are as follows:

Years	Governmental Activities General Obligation Debt		Business-type Activities General Obligation Debt	
	Principal	Interest	Principal	Interest
2016	\$ 4,989,116	\$ 1,229,742	\$ 509,070	\$ 121,950
2017	5,088,352	1,104,642	437,258	107,790
2018	4,320,086	978,521	341,647	96,323
2019	4,178,115	869,041	351,922	86,211
2020	3,521,616	768,162	311,946	76,684
2021 – 2025	15,300,160	2,518,223	1,648,301	242,931
2026 – 2030	7,120,209	841,963	624,791	37,625
2031 – 2035	2,310,000	143,388	-	-
Totals	<u>\$ 46,827,654</u>	<u>\$ 8,453,682</u>	<u>\$ 4,224,935</u>	<u>\$ 769,514</u>

CITY OF BELOIT

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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

F. LONG-TERM OBLIGATIONS (cont.)

Capital Leases

Refer to Note IV.G.

Other Debt Information

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

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

Other Debt – Governmental Activities

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

	Balance 1-1-15	Increases	Decreases	Balance 12-31-15
Town of Turtle	\$ 60,000	\$ -	\$ 10,000	\$ 50,000
Total Other Debt	\$ 60,000	\$ -	\$ 10,000	\$ 50,000

CITY OF BELOIT

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

F. LONG-TERM OBLIGATIONS (cont.)

Other Debt – Governmental Activities (cont.)

Debt service requirements to maturity are as follows:

<u>Years</u>	Governmental Activities – Other Debt	
	Principal	Interest
2016	\$ 10,000	-
2017	10,000	-
2018	10,000	-
2019	10,000	-
2020	10,000	-
Totals	\$ 50,000	\$ -

Revenue Debt

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

The water utility has pledged future sales revenues, net of specified operating expenses, to repay revenue bonds issued in 2007, 2009, 2010, and 2013. Proceeds from the bonds provided financing for the water systems. The bonds are payable solely from water revenues and are payable through 2030. Annual principal and interest payments on the bonds are expected to require 72% of net revenues. The total principal and interest remaining to be paid on the bonds is \$31,373,355. Principal and interest paid for the current year and total customer net revenues were \$2,232,339 and \$2,901,819, respectively.

The stormwater utility has pledged future sales revenues, net of specified operating expenses, to repay revenue bonds issued in 2015. Proceeds from the bonds provided financing for the stormwater system. The bonds are payable solely from stormwater revenues and are payable through 2030. Annual principal and interest payments on the bonds are expected to require 81% of net revenues. The total principal and interest remaining to be paid on the bonds is \$1,535,750. Principal and interest paid for the current year and total customer net revenues were \$23,371 and \$125,755, respectively.

The sewer utility has pledged future sales revenues, net of specified operating expenses, to repay a clean water fund loan issued in 2011. Proceeds from the loan provided financing for the sewer system. The loan is payable solely from sewer revenues and is payable through 2031. Annual principal and interest payments on the bonds are expected to require 50% of net revenues. The total principal and interest remaining to be paid on the loan is \$3,424,805. Principal and interest paid for the current year and total customer net revenues were \$214,450 and \$424,195, respectively.

CITY OF BELOIT

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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

F. LONG-TERM OBLIGATIONS (cont.)

Revenue Debt (cont.)

	Date of Issue	Due Date	Interest Rates	Original Indebted- Ness	Balance 12-31-15
Water Utility					
Refunding revenue bonds	1-24-07	11-1-16	4.00-4.50%	\$ 13,975,000	\$ 13,445,000
Revenue bonds	5-28-09	11-1-29	3.50-5.00	3,910,000	2,975,000
Revenue bonds	4-6-10	11-1-30	2.00-4.50	4,025,000	2,975,000
Refunding revenue bonds	2-13-13	11-1-19	2.00-3.00	5,745,000	<u>3,895,000</u>
Total Water Utility Revenue Debt					<u>23,290,000</u>
Stormwater Utility					
Refunding revenue bonds	3-4-15	5-1-30	2.00-3.50	1,225,000	<u>1,225,000</u>
Total Stormwater Utility Revenue Debt					<u>1,225,000</u>
Total Revenue Bonds					<u>\$ 24,515,000</u>

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Business-type Activities – Revenue Debt</u>	
	<u>Principal</u>	<u>Interest</u>
2016	\$ 1,365,000	\$ 966,712
2017	1,395,000	933,563
2018	1,425,000	899,462
2019	1,480,000	854,263
2020	1,590,000	806,060
2021 – 2025	8,985,000	2,992,279
2026 – 2030	<u>8,275,000</u>	<u>941,766</u>
Totals	<u>\$ 24,515,000</u>	<u>\$ 8,394,105</u>

Clean Water Fund Loan Revenue Bond

The sewer utility has entered into a loan agreement with the Wisconsin Department of Natural Resources for a loan up to and not exceeding \$3,481,777 at a fixed rate of 2.40% to fund the cost of constructing improvements to the City's sewerage system. The loan is payable from sewer revenues and are payable through 2031. As of December 31, 2015, the City has received \$3,397,674 in loan proceeds and paid \$144,452 and \$69,998 in principal and interest, respectively, in 2015.

	<u>Fund Retired By</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
CWFP Loan (No. 4139-05)	Sewer	\$ 2,988,818	\$ -	\$ 144,452	\$ 2,844,366	\$ 147,919

CITY OF BELOIT

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

F. LONG-TERM OBLIGATIONS (cont.)

Clean Water Fund Loan Revenue Bond (cont.)

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

Year Ending	Principal	Interest	Business-Type Activities
2016	\$ 147,919	\$ 66,490	\$ 214,409
2017	151,469	62,897	214,366
2018	155,104	59,218	214,322
2019	158,827	55,451	214,278
2020	162,638	51,593	214,231
2021 – 2025	873,650	196,785	1,070,435
2026 – 2030	983,642	85,472	1,069,114
2031	211,117	2,533	213,650
Totals	<u>\$ 2,844,366</u>	<u>\$ 580,439</u>	<u>\$ 3,424,805</u>

Current Refunding

On March 4, 2015, the storm sewer utility issued \$1,225,000 in revenue bonds with an average coupon rate of 2.87% to refund \$1,255,000 of outstanding 2010 revenue bonds with an average coupon rate of 5.57%. The net proceeds along with existing funds of the City were used to prepay the outstanding debt.

The cash flow requirements on the refunded bonds prior to the current refunding was \$1,623,221 from 2015 through 2030. The cash flow requirements on the refunding bonds are \$1,556,249 from 2015 through 2030. The current refunding resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$37,606.

Prior-Year Defeasance of Debt

In prior years, the City defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. At December 31, 2015, \$8,135,000 of bonds outstanding are considered defeased. The bonds are callable on June 1, 2016.

G. LEASE DISCLOSURES

	Balance 1-1-15	Increases	Decreases	Balance 12-31-15
Capital Leases				
Governmental Activities (to Note IV.F.)				
Payable to component unit	\$ 16,370,388	\$ -	\$ 2,378,898	\$ 13,991,490
Other capital leases	346,426	-	-	346,426
Totals	<u>\$ 16,716,814</u>	<u>\$ -</u>	<u>\$ 2,378,898</u>	<u>\$ 14,337,916</u>

CITY OF BELOIT

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

G. LEASE DISCLOSURES (cont.)

Lessee – Community Development Authority

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

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

Lessee – Capital Asset Capital Leases

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

The future minimum lease payments are required as follows:

Calendar Year	TIF No. 13	TIF No. 10	TIF No. 6	TIF No. 5
2016	\$ 101,928	\$ 2,127,318	\$ 260,483	\$ 692,246
2017	100,213	2,108,124	250,976	702,944
2018	103,141	2,075,193	256,035	1,330,042
2019	100,816	2,033,865	255,438	-
2020	103,295	1,989,800	-	-
2021	105,383	758,663	-	-
2022	107,055	736,194	-	-
2023	103,433	717,313	-	-
2024	99,675	706,513	-	-
2025	95,873	689,069	-	-
2026	91,980	-	-	-
Sub-Totals	<u>1,112,792</u>	<u>13,942,052</u>	<u>1,022,932</u>	<u>2,725,232</u>
Less: Reserve funds to be applied to final principal payment	(90,507)	(1,649,800)	(94,006)	(294,204)
Less: Amount representing interest	<u>(207,790)</u>	<u>(2,287,049)</u>	<u>(82,931)</u>	<u>(105,231)</u>
Present Value of Minimum Lease Payments	<u>\$ 814,495</u>	<u>\$ 10,005,203</u>	<u>\$ 845,995</u>	<u>\$ 2,325,797</u>
Total TIF No. 13, TIF No. 10, TIF No. 6, and TIF No. 5				<u>\$13,991,490</u>

CITY OF BELOIT

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

G. LEASE DISCLOSURES (cont.)

Lessee – Other Capital Leases

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

Asset	<u>Governmental Activities</u>
Building improvements	\$ 394,912
Less: Accumulated depreciation	<u>(325,802)</u>
Total	<u>\$ 69,110</u>

The future minimum lease obligations and the net present value on these minimum lease payments as of December 31, 2015, are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Governmental Activities</u>
2016	\$ 43,605	\$ 14,526	\$ 58,131
2017	45,433	12,697	58,130
2018	47,338	10,792	58,130
2019	49,323	8,807	58,130
2020	51,391	6,739	58,130
2021 – 2022	<u>109,336</u>	<u>6,924</u>	<u>116,260</u>
	<u>\$ 346,426</u>	<u>\$ 60,485</u>	406,911
Less: Amount representing interest			<u>(60,485)</u>
Present Value of Minimum Lease Payments			<u>\$ 346,426</u>

Lessee – Operating Lease

In 2012 the City entered into a four year lease agreement for the use of golf carts. Current year principal and interest payments totaled \$27,697 and \$2,463, respectively. Future principal and interest payments as of December 31, 2015 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Business-Type Activities</u>
2016	\$ 28,417	\$ 1,743	\$ 30,160
2017	<u>49,452</u>	<u>318</u>	<u>49,770</u>
Totals	<u>\$ 77,869</u>	<u>\$ 2,061</u>	<u>\$ 79,930</u>

CITY OF BELOIT

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

H. NET POSITION/FUND BALANCES

Net position reported on the government wide statement of net position at December 31, 2015 includes the following:

Governmental Activities

Net investment in capital assets

Land	\$ 4,971,936
Other capital assets, net of accumulated depreciation	100,742,236
Less: Related long-term debt outstanding	(34,906,572)
Less: Capital leases – payable to component unit	(12,795,634)
Less: Unamortized premium on debt	(568,900)
Add: Unamortized loss on advance refunding	1,270,583
Add: Unspent capital bond proceeds	1,044,602
Total Net Investment in Capital Assets	<u>59,758,251</u>

Restricted

General debt service	2,012,373
TIF District No. 6 – economic development	472,501
TIF District No. 10 – economic development	584,803
TIF District No. 11 – economic development	519,194
TIF District No. 12 – economic development	288,264
TIF District No. 13 – economic development	1,531,170
TIF District No. 14 – economic development	60,067
Rental rehab (WRRP/HOME) grant	1,061,157
Community Development Block Grant	2,790,561
Fire – multi-year grants	38,179
DPW – multi-year grants	219,412
Community development grants	534,161
Police grants	106,252
Library operations	735,065
Cemetery perpetual care	2,271,721
Solid waste	287,850
Park activities	97,614
Pension	4,388,651
Total Restricted	<u>17,998,995</u>

Unrestricted (deficit)

(21,550,970)

Total Governmental Activities Net Position

\$ 56,206,276

CITY OF BELOIT

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

H. NET POSITION/FUND BALANCES (cont.)

Governmental Activities (cont.)

Governmental fund balances reported on the fund financial statements at December 31, 2015 include the following:

	General	TIF District No. 10	General Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balances					
Nonspendable:					
Delinquent personal property taxes	\$ 34,597	\$ -	\$ -	\$ -	\$ 34,597
Inventories	628,341	-	-	-	628,341
Prepaid items	155,376	-	-	402,577	557,953
Advances to other funds	<u>973,268</u>	-	-	-	<u>973,268</u>
Total Nonspendable	<u>1,791,582</u>	-	-	<u>402,577</u>	<u>2,194,159</u>
Restricted for:					
Debt service	-	-	2,339,955	-	2,339,955
Capital projects	-	-	-	1,044,602	1,044,602
Economic development	-	584,803	-	2,871,196	3,455,999
Grant programs	-	-	-	759,537	759,537
Library operations	-	-	-	735,065	735,065
Solid waste	-	-	-	287,850	287,850
Cemetery perpetual care	-	-	-	2,253,927	2,253,927
Park activities	-	-	-	97,614	97,614
Total Restricted	<u>-</u>	<u>584,803</u>	<u>2,339,955</u>	<u>8,049,791</u>	<u>10,974,549</u>
Assigned to:					
Capital projects	-	-	-	11,235,991	11,235,991
Total Assigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,235,991</u>	<u>11,235,991</u>
Unassigned:	<u>8,007,592</u>	-	-	<u>(3,904,273)</u>	<u>4,103,319</u>
 Total Fund Balances	 <u>\$ 9,799,174</u>	 <u>\$ 584,803</u>	 <u>\$ 2,339,955</u>	 <u>\$ 15,784,086</u>	 <u>\$ 28,508,018</u>

CITY OF BELOIT

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

H. NET POSITION/FUND BALANCES (cont.)

Business-type Activities

	Water	Sewer	Nonmajor Proprietary Funds	Totals
Net investment in capital assets				
Land	\$ 1,050,724	\$ 1,386,281	\$ 1,270,000	\$ 3,707,005
Other capital assets, net of accumulated depreciation	32,707,625	33,635,289	14,806,470	81,149,384
Less: Long-term debt outstanding	(25,107,943)	(3,732,699)	(2,743,659)	(31,584,301)
Add: Noncapital debt outstanding	2,302,928	-	100,000	2,402,928
Add: Unamortized loss on advance refunding	90,932	3,275	-	94,207
Less: Unamortized premium on debt	(124,094)	-	-	(124,094)
Total Net Investment in Capital Assets	10,920,172	31,292,146	13,432,811	55,645,129
Restricted Net Position				
Redemption account	383,039	110,789	44,466	538,294
Replacement account	-	2,731,400	-	2,731,400
Reserve account	2,302,928	-	110,500	2,413,428
Pension	57,336	299,125	415,820	772,281
Less: Restricted assets not funded by revenues	(2,302,928)	-	-	(2,302,928)
Less: Current liabilities payable from restricted assets	(155,310)	(11,377)	(5,917)	(172,604)
Total Restricted Net Position	285,065	3,129,937	564,869	3,979,871
Unrestricted (Deficit)	1,985,603	7,983,056	(119,947)	9,848,712
Total Enterprise Funds Net Position	\$ 13,190,840	\$ 42,405,139	\$ 13,877,733	69,473,712
Add: Portion of internal service funds net position allocated to business-type activities				207,752
Total Business-type Activities Net Position				\$ 69,681,464

CITY OF BELOIT

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

I. SEGMENT INFORMATION

The City issued revenue bonds to finance its storm sewer department, which operates the City's storm sewer. The storm sewer department is accounted for in the storm sewer fund, a nonmajor enterprise fund. Summary financial information for the storm sewer department is presented below.

CONDENSED STATEMENT OF NET POSITION

	<u>Storm Sewer</u>
ASSETS	
Current assets	\$ 725,649
Restricted assets	124,012
Capital assets net of depreciation	9,446,394
Total Assets	<u>10,296,055</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension related amounts	<u>13,684</u>
LIABILITIES	
Current liabilities	164,244
Noncurrent liabilities	2,070,710
Total Liabilities	<u>2,234,954</u>
DEFERRED INFLOWS OF RESOURCES	
Pension related amounts	<u>52</u>
NET POSITION	
Net investment in capital assets	7,249,425
Restricted	162,561
Unrestricted	<u>662,747</u>
TOTAL NET POSITION	<u>\$ 8,074,733</u>

CITY OF BELOIT

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

I. SEGMENT INFORMATION (cont.)

CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

	<u>Storm Sewer</u>
Charges for services	\$ 964,592
Depreciation expense	(146,320)
Other operating expenses	<u>(846,762)</u>
Operating Income (Loss)	(28,490)
Investment earnings	7,925
Intergovernmental revenues	38,424
Interest expense	(108,725)
Interest subsidy	<u>5,350</u>
Change in Net Position	(85,516)
Beginning Net Position (as restated)	<u>8,160,249</u>
ENDING NET POSITION	<u>\$ 8,074,733</u>

CONDENSED STATEMENT OF CASH FLOWS

	<u>Storm Sewer</u>
Net Cash Provided (Used) By	
Operating activities	\$ 116,016
Capital and related financing activities	(209,426)
Investing activities	<u>7,925</u>
Net Change in Cash and Cash Equivalents	(85,485)
Beginning Cash and Cash Equivalents	<u>716,920</u>
ENDING CASH AND CASH EQUIVALENTS	<u>\$ 631,435</u>

CITY OF BELOIT

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

J. RESTATEMENT OF NET POSITION

Net position has been restated as a result of the implementation of GASB Statement No. 68 – *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27* and implementation of GASB Statement No. 71 – *Pension Transition for Contributions Made Subsequent to the Measurement Date*. These statements require the net pension asset and related deferred outflows and deferred inflows, if any, to be reported in the financial statements. The details of the restatement are as follows:

	Govern- mental Activities	Business- type Activities	Water Utility	Sewer Utility	Nonmajor Enterprise Funds	Govern- mental Activities – Internal Service Funds	Component Units	Community Development Authority
Net Position – December 31, 2014 (as reported)	\$ 48,158,534	\$ 70,859,751	\$ 13,068,137	\$ 44,085,577	\$ 13,511,089	\$ 742,084	\$ 18,010,101	\$ 17,413,805
Add: Net pension asset	6,949,126	1,222,853	90,787	473,644	658,422	100,185	133,872	133,872
Add: Deferred outflows related to pensions	<u>1,785,678</u>	<u>314,231</u>	<u>23,329</u>	<u>121,710</u>	<u>169,192</u>	<u>25,744</u>	<u>34,400</u>	<u>34,400</u>
Net Position – December 31, 2014 (as restated)	<u>\$ 56,893,338</u>	<u>\$ 72,396,835</u>	<u>\$ 13,182,253</u>	<u>\$ 44,680,931</u>	<u>\$ 14,338,703</u>	<u>\$ 868,013</u>	<u>\$ 18,178,373</u>	<u>\$ 17,582,077</u>

K. COMPONENT UNITS

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

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

Community Development Authority – Primary Government

a. Basis of Accounting/Measurement Focus

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

CITY OF BELOIT

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

K. COMPONENT UNITS (cont.)

Community Development Authority – Primary Government (cont.)

b. Cash and Investments

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

	Carrying Value	Statement Balance	Associated Risks
Demand deposits	\$ 704,779	\$ 785,819	Custodial credit risk
Mutual fund (U.S. agencies)	2,128,510	2,128,510	Credit risk, interest rate risk
Total Cash and Investments	\$ 2,833,289	\$ 2,914,329	
Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 704,779		
Restricted cash and investments	2,128,510		
Total Cash and Investments	\$ 2,833,289		

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

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

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

Custodial Credit Risk

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

As of December 31, 2015, \$285,819 of the CDA's total bank balances of \$785,819 were exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 285,819
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CITY OF BELOIT

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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

K. COMPONENT UNITS (cont.)

Community Development Authority – Primary Government (cont.)

b. Cash and Investments (cont.)

Credit Risk

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

As of December 31, 2015, the CDA's investments were rated as follows:

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

Interest Rate Risk

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

As of December 31, 2015, the CDA's investments were as follows:

Investment Type	Fair Value	Maturity (In months) Less than 1 month
Mutual Fund – U.S. Agencies	<u>\$ 2,128,510</u>	<u>\$ 2,128,510</u>

c. Restricted Assets

Restricted assets at December 31, 2015, consist of the following:

Cash and cash equivalents – bond redemption	\$ 2,128,510
Net pension asset	<u>84,546</u>
Total Restricted Assets	<u>\$ 2,213,056</u>

CITY OF BELOIT

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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

K. COMPONENT UNITS (cont.)

Community Development Authority – Primary Government (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 2015 are as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated				
Land	\$ 414,539	\$ -	\$ -	\$ 414,539
Capital assets being depreciated				
Buildings	835,189	-	-	835,189
Furniture, equipment, and machinery-dwellings	46,406	-	-	46,406
Furniture, equipment, and machine-administrative	167,196	-	-	167,196
Total Capital Assets Being Depreciated	1,048,791	-	-	1,048,791
Less: Accumulated Depreciation	(647,735)	(28,427)	-	(676,162)
Total Capital Assets, Net of Depreciation	\$ 815,595			\$ 787,168

e. Long-Term Obligations

Lease Revenue Bonds

The CDA has pledged future revenues from the City of Beloit resulting from TIF increments to repay \$24,915,000 in lease revenue bonds issued between 2007-2012. Proceeds from the bonds provided financing for infrastructure improvements and other TIF district investments. The bonds are payable solely from TIF increment revenues and are payable through 2026. Annual principal and interest payments on the bonds are expected to require 100% of TIF increment lease payments. The total principal and interest remaining to be paid on the bonds is \$18,803,000. Principal and interest paid for the current year and total pledged revenues were both \$3,179,752.

The following is a summary of the lease revenue bond transactions for the year ended December 31, 2015.

	Balance 1-1-15	Increases	Decreases	Balance 12-31-15
Lease revenue bonds	\$ 18,580,000	\$ -	\$ 2,460,000	\$ 16,120,000

CITY OF BELOIT

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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

K. COMPONENT UNITS (cont.)

Community Development Authority – Primary Government (cont.)

e. Long-Term Obligations (cont.)

Lease Revenue Bonds (cont.)

Title of Issue	Date of Issue	Due Date	Interest Rates	Original Indebted- Ness	Balance 12-31-15
2007A Lease Revenue Refunding Bonds	02-21-07	03-01-20	3.50-4.20%	\$ 8,915,000	\$ 5,910,000
2007B Lease Revenue Bonds	07-12-07	06-01-19	3.70-4.35%	2,015,000	940,000
2008A Lease Revenue Refunding Bonds	06-19-08	03-01-25	4.00-6.75%	2,640,000	2,055,000
2009A Lease Revenue Bonds	07-01-09	03-01-25	1.30-5.00%	5,340,000	3,690,000
2011A Lease Revenue Bonds	06-27-11	06-01-18	1.00-3.05%	3,175,000	1,425,000
2011B Lease Revenue Bonds	06-27-11	06-01-26	2.90-4.40%	1,165,000	905,000
2012A Lease Revenue Bonds	06-21-12	06-01-18	0.80-1.82%	1,665,000	1,195,000
Totals					<u>\$ 16,120,000</u>

Debt service requirements to maturity are as follows:

Calendar Year	Principal	Interest	Totals
2016	\$ 2,550,000	\$ 631,973	\$ 3,181,973
2017	2,625,000	537,257	3,162,257
2018	3,335,000	429,410	3,764,410
2019	2,065,000	325,119	2,390,119
2020	1,855,000	238,095	2,093,095
2021	685,000	179,045	864,045
2022	700,000	143,249	843,249
2023	715,000	105,745	820,745
2024	740,000	66,187	806,187
2025	760,000	24,940	784,940
2026	90,000	1,980	91,980
Totals	<u>\$ 16,120,000</u>	<u>\$ 2,683,000</u>	<u>\$ 18,803,000</u>

CITY OF BELOIT

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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

K. COMPONENT UNITS (cont.)

Community Development Authority – Primary Government (cont.)

f. Employee Retirement System

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

g. Lease Disclosures

Refer to Note IV.G.

h. Net Position

Net position at December 31, 2015 includes the following:

Net investment in capital assets	
Land	\$ 414,539
Other capital assets, net of accumulated depreciation	<u>372,629</u>
Total Net Investment in Capital Assets	<u>787,168</u>
Restricted	
Section 8 Rental Voucher Program	11,294
Low Rent Public Housing	5,156,539
Pensions	<u>84,546</u>
Total Restricted	<u>5,252,379</u>
Unrestricted	<u>566,794</u>
Total Net Position	<u>\$ 6,606,341</u>

i. Restatement of Net Position

Refer to note IV.J.

CITY OF BELOIT

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

K. COMPONENT UNITS (cont.)

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

a. Nature of Business and Significant Accounting Policies

Nature of Business

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

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

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

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

Significant Accounting Policies

A summary of significant accounting policies follows:

Use of Estimates

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

CITY OF BELOIT

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

K. COMPONENT UNITS (cont.)

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

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

Significant Accounting Policies (cont.)

Cash and Cash Equivalents

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

The company maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. The company has not experienced any losses in such accounts. Management believes it is not exposed to any significant credit risk on cash and cash equivalents.

Accounts Receivable and Revenue Recognition

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

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

Rental Property

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

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

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

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

CITY OF BELOIT

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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

K. COMPONENT UNITS (cont.)

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

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

Significant Accounting Policies (cont.)

Impairment of Long-Lived Assets

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

Financing Costs

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

Amortized costs included in interest expense amounted to \$377 for the year ended December 31, 2015.

Tax Credit Fees

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

Unearned Revenue

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

Current Vulnerability Due to Certain Concentrations

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

CITY OF BELOIT

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

K. COMPONENT UNITS (cont.)

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

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

Significant Accounting Policies (cont.)

Subsequent Events

These financial statements have not been updated for subsequent events occurring after March 15, 2016, which is the date these financial statements were available to be issued. The company has no responsibility to update these financial statements for events and circumstances occurring after this date.

- b. Restricted Cash

Restricted cash is comprised of the following:

Replacement reserve	\$ 15,341
Operating reserve	100,295
Tenants' security deposits	32,656
Rent-up reserve	<u>45,067</u>
Total	<u>\$ 193,359</u>

Replacement Reserve

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

Balance, beginning	\$ 15,334
Monthly deposits	-
Interest earned	7
Withdrawals	<u>-</u>
Balance, Ending	<u>\$ 15,341</u>

CITY OF BELOIT

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

K. COMPONENT UNITS (cont.)

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

b. Restricted Cash (cont.)

Operating Reserve

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

Balance, beginning	\$	100,195
Interest earned		100
Balance, Ending	\$	100,295

Rent-up Reserve

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

Balance, beginning	\$	45,044
Interest earned		23
Balance, Ending	\$	45,067

c. Rental Property, Net

Rental property, net is comprised of the following:

Land	\$	11,139
Land and buildings under capital lease		1,950,000
Building improvements		8,382,243
Land improvements		164,412
Furnishings and equipment		260,764
		10,768,768
Less: Accumulated depreciation		1,400,623
Total	\$	9,368,145

CITY OF BELOIT

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

K. COMPONENT UNITS (cont.)

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

d. Mortgage and Other Notes Payable

Mortgage and other notes payable consists of the following:

CDA; managing member; non-recourse mortgage note payable under the capital lease described in Note K.e.; due in one installment on September 21, 2050, together with interest at 4.47% compounded annually; collateralized by a mortgage on the project's rental property; interest expense totaled \$105,169 for the year ended December 31, 2015; accrued interest was \$507,955 as of December 31, 2015. \$ 1,950,000

CDA; non-recourse mortgage note in the original amount of \$500,000; non-interest bearing; due in one installment on September 21, 2040; collateralized by a mortgage on the project's rental property. 500,000

CDA; non-recourse mortgage note in the original amount of \$619,253; non-interest bearing; due in one installment on September 21, 2040; collateralized by a mortgage on the project's rental property. 430,559

CDA; non-recourse mortgage note in the original amount of \$350,000; due in one installment on September 23, 2040, together with interest at 4.0% compounded annually; collateralized by a security interest on the project's rental property; interest expense totaled \$15,647 for the year ended December 31, 2015; accrued interest was \$56,826 as of December 31, 2015. 350,000

City of Beloit; non-recourse mortgage note in the original amount of \$170,639; non-interest bearing; principal due in one installment on September 21, 2040; collateralized by a mortgage on the project's rental property; the mortgage note was not funded as of December 31, 2015. -

Total \$ 3,230,559

Repayment of principal on the mortgage and other notes payable as of December 31, 2015, is as follows:

Year Ending December 31,

2016	\$ -
2017	-
2018	-
2019	-
2020	-
Thereafter	<u>3,230,559</u>
Total	<u>\$ 3,230,559</u>

CITY OF БЕЛОIT

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

K. COMPONENT UNITS (cont.)

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

e. Capital Lease

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

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

In accordance with accounting principles generally accepted in the United States of America, the land and building are capitalized as a single unit and amortized over the lease term of 98 years. Accumulated depreciation on the land and buildings under the capital lease was \$104,464 as of December 31, 2015.

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

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

f. Members' Capital Contributions

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

The CDA is required to make capital contributions of \$100,000. Of this amount, there have been no contributions made as of December 31, 2015. The investor members are required to make capital contributions totaling \$6,439,817. All contributions were made as of December 31, 2015.

CITY OF BELOIT

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

K. COMPONENT UNITS (cont.)

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

g. Related Party Transactions

Accounts Payable

Included in accounts payable are amounts owed to the CDA for reimbursement of operating expenses totaling \$27,014 as of December 31, 2015.

Property Management Agreement

The company has entered into a property management agreement with the CDA under which the company is obligated to pay a property management fee equal to 5% of gross residential rents on a monthly basis. The agreement is automatically renewed from year to year unless otherwise terminated. Property management fees totaled \$5,310 for the period ended December 31, 2015.

Asset Management Fee

The company is obligated to pay BMO an annual asset management fee of \$3,250. The fee is payable solely from cash flow as defined in the operating agreement, is cumulative, and accrues interest at the Prime Rate plus 3%. Included in accrued expenses are accrued asset management fees of \$6,500 as of December 31, 2015.

PILOT

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

Operating Deficit Guaranty

The managing member is obligated, after all funds in the operating reserve account have been depleted, to fund operating deficits during the operating deficit guaranty period. The operating deficit guaranty period is defined as the period beginning with the date of achievement of breakeven operations and ending on the later of the third anniversary of the date of achievement of breakeven operations or when the project has maintained the operating reserve target amount of \$100,000 during the compliance period and the project has made all required deposits to the replacement reserve. The obligation to fund operating deficits shall be limited to \$145,000. Such loans are non-interest bearing and repayable solely from available cash flow as defined in the operating agreement. There was no operating deficit loans as of December 31, 2015.

CITY OF BELOIT

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

K. COMPONENT UNITS (cont.)

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

g. Related Party Transactions (cont.)

R&O Agreement

The company has entered into an R&O Agreement with the CDA. Provisions of the agreement require the company to maintain all units as public housing units. The CDA is to pay operating subsidies to the company equal to the project expenses less project income. The agreement will expire upon the earliest to occur of the expiration of 40 years from the date of first occupancy (December 2050) or at the option of the project at the close of the first project year of which the CDA ceases to pay operating subsidies. Operating subsidies totaling \$106,168 were earned during the period ended December 31, 2015. Included in accounts receivable are operating subsidies of \$18,999 as of December 31, 2015.

h. Commitments and Contingencies

Land Use Restriction Agreement (LURA)

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

Tax Credit Exchange Program (TCEP)

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

CITY OF BELOIT

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

K. COMPONENT UNITS (cont.)

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

a. Nature of Business and Significant Accounting Policies

Nature of Business

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

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

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

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

Significant Accounting Policies

A summary of significant accounting policies follows:

Use of Estimates

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

CITY OF BELOIT

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

K. COMPONENT UNITS (cont.)

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

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

Significant Accounting Policies (cont.)

Cash and Cash Equivalents

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

The company maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. The company has not experienced any losses in such accounts. Management believes it is not exposed to any significant credit risk on cash and cash equivalents.

Accounts Receivable and Revenue Recognition

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

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

Rental Property

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

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

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

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

Impairment of Long-Lived Assets

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

CITY OF BELOIT

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

K. COMPONENT UNITS (cont.)

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

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

Significant Accounting Policies (cont.)

Financing Costs

Financing costs incurred by the company totaled \$12,000. The company is amortizing these costs into interest expense on the straight-line method over 39 years and 9 months, the life of the loans. The use of the straight-line method rather than the effective interest method has no material effect on the financial statements. Amortized costs included in interest expense amounted to \$302 for the period ended December 31, 2015.

Tax Credit Fees

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

Current Vulnerability Due to Certain Concentrations

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

Subsequent Events

These financial statements have not been updated for subsequent events occurring after March 2, 2016, which is the date these financial statements were available to be issued. The company has no responsibility to update these financial statements for events and circumstances occurring after this date.

b. Restricted Cash

Restricted cash is comprised of the following:

Replacement reserve	\$	68,046
Operating reserve		190,507
ACC reserve		280,747
Tenants' security deposits		<u>24,219</u>
Total	\$	<u>563,519</u>

CITY OF BELOIT

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

K. COMPONENT UNITS (cont.)

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

b. Restricted Cash (cont.)

Replacement Reserve

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

Balance, beginning	\$	25,361
Deposits		42,642
Interest earned		<u>43</u>
Balance, Ending	\$	<u>68,046</u>

Operating Reserve

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

Balance, beginning	\$	190,317
Interest earned		<u>190</u>
Balance, Ending	\$	<u>190,507</u>

CITY OF BELOIT

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

K. COMPONENT UNITS (cont.)

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

b. Restricted Cash (cont.)

Annual Contributions Contract (ACC) Reserve

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

Balance, beginning		\$	280,467
Interest earned			280
Balance, Ending		\$	280,747

c. Rental Property, Net

Rental property, net is comprised of the following:

Land		\$	175,397
Land and buildings under capital lease			1,410,000
Buildings and improvements			9,216,173
Land improvements			397,055
Furnishings and equipment			309,631
			11,508,256
Less: Accumulated depreciation			1,429,549
Total		\$	10,078,707

CITY OF BELOIT

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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

K. COMPONENT UNITS (cont.)

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

d. Mortgage and Other Notes Payable

Mortgage and other notes payable consists of the following:

CDA; managing member; non-recourse mortgage note payable under the capital lease described in Note K.e.; due in one installment on October 13, 2051, together with interest at 4.19% compounded annually; collateralized by a mortgage on the project's rental property; interest expense totaled \$67,419 for the year ended December 31, 2015; accrued interest was \$266,467 as of December 31, 2015.	\$ 1,410,000
CDA; non-recourse mortgage note in the original amount of \$230,074; due in one installment on October 13, 2051, together with interest at 0.50%; collateralized by a mortgage on the project's rental property; interest expense totaled \$1,151 for the year ended December 31, 2015; accrued interest was \$3,068 as of December 31, 2015.	230,074
CDA; non-recourse mortgage note in the original amount of \$256,500; due in one installment on October 13, 2051, together with interest at 0.50%; collateralized by a mortgage on the project's rental property; interest expense totaled \$1,282 for the year ended December 31, 2015; accrued interest was \$3,741 as of December 31, 2015.	256,500
CDA; non-recourse mortgage note in the original amount of \$540,000; non-interest bearing; due in one installment on October 13, 2051, collateralized by a mortgage on the project's rental property.	540,000
CDA; non-recourse mortgage note in the original amount of \$600,000; principal due in one installment on October 13, 2051, together with interest at 0.50%; collateralized by a mortgage on the project's rental property; interest expense totaled \$2,371 for the year ended December 31, 2015; accrued interest was \$6,075, as of December 31, 2015.	<u>474,260</u>
Total	<u><u>\$ 2,910,834</u></u>

CITY OF BELOIT

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

K. COMPONENT UNITS (cont.)

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

d. Mortgage and Other Notes Payable (cont.)

Repayment of principal on the mortgage and other notes payable as of December 31, 2015, is as follows:

Year Ending December 31,

2016	\$	-
2017		-
2018		-
2019		-
2020		-
Thereafter		<u>2,910,834</u>
Total	\$	<u>2,910,834</u>

e. Capital Lease

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

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

In accordance with accounting principles generally accepted in the United States of America, the land and building are capitalized as a single unit and amortized over the lease term of 98 years. Accumulated depreciation on the land and building under the capital lease was \$61,148 as of December 31, 2015.

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

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

CITY OF BELOIT

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

K. COMPONENT UNITS (cont.)

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

f. Related Party Transactions

Accounts Payable

Included in accounts payable are amounts owed to the CDA for reimbursement of operating expenses totaling \$25,119 as of December 31, 2015.

Property Management Agreement

The company has entered into a property management agreement with the CDA under which the company is now obligated to pay a property management fee equal to 5% of gross residential rents and ACC operating subsidy received on a monthly basis. The agreement is automatically renewed from year to year unless otherwise terminated. Property management fees totaled \$14,403 for the period ended December 31, 2015.

Asset Management Fee

The company is obligated to pay an affiliate of the investor member, NEF Community Investments, Inc., an annual asset management fee of \$6,600, increasing annually by 3%. The fee is payable solely from cash flow as defined in the operating agreement and shall be cumulative and accrued if not paid. Asset management fees incurred were \$7,212 for the period ended December 31, 2015. Asset management fees accrued and included in accrued expenses were \$21,356 as of December 31, 2015.

Operating Deficit Guaranty

The managing member is obligated, after all funds in the operating reserve account have been depleted, to fund operating deficits during the operating deficit guaranty period. The operating deficit guaranty period is defined as the period beginning with the date of achievement of stabilized occupancy and ending on after achievement of 36 consecutive months with an expense coverage ratio of 1.00 or better commencing on or after the second anniversary of the later of the achievement of stabilized occupancy or repayment in full of the construction loan. The obligation to fund operating deficits shall be limited to \$190,000. Such loans are non-interest bearing and repayable solely from available cash flow as defined in the operating agreement. There was no operating deficit guaranty loans as of December 31, 2015.

R&O Agreement

The company has entered into an R&O Agreement with the CDA. Provisions of the agreement require the company to maintain all units as public housing units. The CDA is to pay operating subsidies to the company equal to the project expenses less project income. The agreement will expire upon the earliest to occur of the expiration of 40 years from the date of first occupancy or at the option of the project at the close of the first project year of which the CDA ceases to pay operating subsidies. Operating subsidies totaling \$198,994 were earned during the period ended December 31, 2015. Included in accounts receivables are operating subsidies receivable of \$8,900 as of December 31, 2015.

CITY OF BELOIT

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

K. COMPONENT UNITS (cont.)

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

f. Related Party Transactions (cont.)

PILOT

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

g. Company Profits and Losses and Distributions

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

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

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

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

h. Commitments and Contingencies

Land Use Restriction Agreement (LURA)

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

CITY OF BELOIT

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

K. COMPONENT UNITS (cont.)

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

h. Commitments and Contingencies (cont.)

Affordable Housing Program (AHP)

On October 14, 2011, the CDA, on behalf of Beloit Apartments Redevelopment – Phase 2, LLC, entered into an AHP Agreement with The First National Bank and Trust Company (the bank) in the original amount of \$256,500. In connection with the AHP agreement, the CDA and the company entered into a Retention/Recapture Agreement with the bank. As a condition of receiving these funds, the CDA and the company have agreed to make 40 units, 25 units, and 1 unit of the project affordable for and occupied by households whose income does not exceed 50%, 60%, and 80%, respectively, of the county median income (CMI) of Rock County, Wisconsin. The compliance period will terminate 15 years from the date of project completion.

i. Involuntary Conversion

In 2014, the project suffered damage to a building as a result of a burst sprinkler head. Insurance proceeds totaling to \$51,288 were received in 2015. The total cost to replace the damaged portion of the building could not be determined prior to December 31, 2014.

This event resulted in the involuntary conversion of the damaged portion of the building to cash proceeds received from Crawford and Company to cover the loss. All of the insurance proceeds received were attributed to the damaged portion of the building. The difference between insurance proceeds received and the net book value of the damaged portion of the building resulted in a gain on involuntary conversion totaling \$10,176 for the year ended December 31, 2015. The total cost to replace the damaged portion of the building was \$45,751, which was capitalized into rental property during 2015.

Beloit Public Library Foundation, Inc.

a. Organization

The Beloit Public Library Foundation, Inc., (Foundation) is organized to raise and provide support monies for the Beloit, Wisconsin Public Library (Library).

CITY OF BELOIT

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

K. COMPONENT UNITS (cont.)

Beloit Public Library Foundation, Inc. (cont.)

b. Summary of Significant Accounting Policies

1. The Foundation's financial statements are presented on the accrual basis in accordance with accounting principles generally accepted in the United States of America as promulgated by the American Institute of Certified Public Accountants.
2. The Foundation accounts for contributions in accordance with generally accepted accounting principles (GAAP). All contributions are considered to be available for the general programs of the Foundation unless specifically restricted by the donor. The Foundation reports gifts of cash as restricted support if they are received with donor stipulations that limit the use of the donated cash. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net position is reclassified to unrestricted net position and reported in the Statement of Activities as net position released from restrictions. Donor-restricted contributions are booked in the temporarily restricted class for restrictions expiring during the fiscal year, and then reclassified to the unrestricted class.
3. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

c. Cash and Cash Equivalents

For purposes of the statements of cash flows, the Foundation considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. As of December 31, 2015, the Foundation had an uninsured cash balance of \$29,878.

d. Temporarily Restricted Net Position

Temporarily restricted net position – Net position subject to grantor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Foundation pursuant to those stipulations.

The following funds have been temporarily restricted from general operating use by grantors:

	<u>12-31-15</u>
Bookquest fund	\$ 187
Library building fund	<u>5,424</u>
Total	<u>\$ 5,611</u>

CITY OF BELOIT

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

K. COMPONENT UNITS (cont.)

Beloit Public Library Foundation, Inc. (cont.)

e. Investments

In accordance with GAAP, investments are reported at fair market value. At December 31, as quoted by the trustee or from stock quotes, the market and cost are as follows:

	2015	
	Market	Cost
Mutual Funds -		
Equity	\$ 332,000	\$ 327,062
Fixed income	181,796	185,485
Totals	<u>\$ 513,796</u>	<u>\$ 512,547</u>

Unrealized gains amounted to \$1,249 as of December 31, 2015. Current unrealized losses of \$48,028 have been reflected in the Statement of Activities for 2015.

Interest and dividends earned on the above investments amounted to \$7,406 for 2015. Investments are exposed to potential risks including interest rate risk, credit risk, and overall market volatility. Accordingly, it is reasonably possible that changes in the value of investments will occur in the near term and such changes could be material in amount.

f. Fair Value Measurements

The Foundation has adopted the Financial Accounting Standards Board (FASB) FASB ASC 820-10, *Fair Value Measurements and Disclosures*. FASB ASC 820-10 defines fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants in the measurement date. When determining the fair value measurements for assets and liabilities required to be recorded at fair value, the Foundation considers the principal or most advantageous market in which it would transact and considers assumptions that market participants would use when pricing the asset or liability, such as inherent risk, transfer restrictions, and risk of nonperformance.

FASB ASC 820-10 establishes a fair value hierarchy that requires the Foundation to maximize the use of unobservable inputs when measuring fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level on input that is significant to the fair value measurement.

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Significant other observable inputs other than Level 1 that are either directly or indirectly, such as quoted market prices in active markets for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full terms of the assets or liabilities.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

CITY OF BELOIT

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

K. COMPONENT UNITS (cont.)

Beloit Public Library Foundation, Inc. (cont.)

f. Fair Value Measurements (cont.)

The fair values of assets measured on a recurring basis at December 31, 2015 are as follows.

<u>December 31, 2015</u>	<u>Fair Value Measurements at Reporting Date Using</u>	
	<u>Fair Value</u>	<u>Quoted Prices In Active Markets for Identical Assets (Level 1)</u>
Marketable securities	<u>\$ 513,796</u>	<u>\$ 513,796</u>

g. Income Taxes

The Foundation is a nonprofit organization and is exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3) and, therefore, there is no provision for income taxes in the financial statements.

Management of the Foundation has evaluated for uncertain tax positions and has determined that there are no uncertain tax positions as of December 31, 2015. The Foundation is subject to income taxes in the United States Federal jurisdiction and the State of Wisconsin. Tax regulations within each jurisdiction are subject to the interpretation of the related tax laws and regulations and require significant judgment to apply. Tax returns remain open for federal examination for the past three years and state examination for the past four years.

h. Related Organization

The Library is a separate tax exempt organization organized to provide books, audio books, magazines, CD's, movies and reading programs to the citizens of Beloit, Wisconsin. Program services expenses of the Foundation are for the benefit of the Library.

NOTE V – OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

Summary of Significant Accounting Policies

Pension. For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Wisconsin Retirement System (WRS) and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

CITY OF BELOIT

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE V – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

General Information About the Pension Plan

Plan description. The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1200 hours a year and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

Vesting. For employees beginning participation on or after January 1, 1990, and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998, and prior to July 1, 2011, are immediately vested. Participants who initially became WRS eligible on or after July 1, 2011, must have five years of creditable service to be vested.

Benefits provided. Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and State executive participants) are entitled to receive an unreduced retirement benefit. 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 participant's three highest years' earnings. Creditable service is the creditable current and prior service expressed in years or decimal equivalents of partial years for which a participant receives earnings and makes contributions as required. The formula factor is a standard percentage based on employment category.

Employees may retire at age 55 (50 for protective occupation employees) and receive reduced benefits. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and forfeit all rights to any subsequent benefits.

The WRS also provides death and disability benefits for employees.

CITY OF BELOIT

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE V – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Post-retirement adjustments. The Employee Trust Funds Board may periodically adjust annuity payments from the retirement system based on annual investment performance in accordance with s. 40.27, Wis. Stat. An increase (or decrease) in annuity payments may result when investment gains (losses), together with other actuarial experience factors, create a surplus (shortfall) in the reserves, as determined by the system's consulting actuary. Annuity increases are not based on cost of living or other similar factors. For Core annuities, decreases may be applied only to previously granted increases. By law, Core annuities cannot be reduced to an amount below the original, guaranteed amount (the "floor") set at retirement. The Core and Variable annuity adjustments granted during recent years are as follows:

Year	Core Fund Adjustment	Variable Fund Adjustment
2005	2.6%	7%
2006	0.8	3
2007	3.0	10
2008	6.6	0
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25

Contributions. Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for General category employees and Executives and Elected Officials. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the reporting period, the WRS recognized \$2,173,426 in contributions from the City and CDA.

Contribution rates as of December 31, 2015 are:

Employee Category	Employee	Employer
General	6.8%	6.8%
Executives & Elected Officials	7.7%	7.7%
Protective with Social Security	6.8%	9.5%
Protective without Social Security	6.8%	13.1%

CITY OF BELOIT

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE V – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Pension Assets, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2015, the City and CDA reported an asset of \$5,245,478 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2014, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013 rolled forward to December 31, 2014. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City and CDA's proportion of the net pension asset was based on the City and CDA's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2014, the City and CDA's proportion was 0.213554310%, which was an increase of 0.00287950% from its proportion measured as of December 31, 2013.

For the year ended December 31, 2015, the City and CDA recognized pension expense of \$2,042,614.

At December 31, 2015, the City and CDA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 760,431	\$ -
Net differences between projected and actual earnings on pension plan investments	2,540,112	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	20,098
Employer contributions subsequent to the measurement date	2,006,238	-
Totals	\$ 5,306,781	\$ 20,098

\$2,006,238 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2015. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31:	Deferred Outflows of Resources	Deferred Inflows of Resources
2016	\$ 808,397	\$ 4,582
2017	808,397	4,582
2018	808,397	4,582
2019	808,397	4,582
2020	66,957	1,770

CITY OF BELOIT

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE V – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Actuarial assumptions. The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2013
Measurement Date of Net Pension Liability (Asset)	December 31, 2014
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Market Value
Long-Term Expected Rate of Return:	7.2%
Discount Rate:	7.2%
Salary Increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.8%
Mortality:	Wisconsin 2012 Mortality Table
Post-retirement Adjustments*:	2.1%

** No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 2.1% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.*

Actuarial assumptions are based upon an experience study conducted in 2012 using experience from 2009 – 2011. The total pension liability for December 31, 2014 is based upon a roll-forward of the liability calculated from the December 31, 2013 actuarial valuation.

CITY OF BELOIT

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE V – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Long-term expected return on plan assets. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Long-Term Real Rate of Return	Target Allocation
US Equities	5.3%	21%
International Equities	5.7	23
Fixed Income	1.7	36
Inflation Sensitive Assets	2.3	20
Real Estate	4.2	7
Private Equity/Debt	6.9	7
Multi-Asset	3.9	6
Cash	0.9	-20

Single discount rate. A single discount rate of 7.20% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.20% and a long term bond rate of 3.56%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City and CDA's proportionate share of the net pension asset to changes in the discount rate. The following presents the City and CDA's proportionate share of the net pension asset calculated using the discount rate of 7.20 percent, as well as what the City and CDA's proportionate share of the net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.20%)	1% Increase to Discount Rate (8.20%)
City and CDA's proportionate share of the net pension asset/(liability)	\$(14,798,397)	\$5,245,478	\$21,075,321

CITY OF BELOIT

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

NOTE V – OTHER INFORMATION (cont.)

A. EMPLOYEES’ RETIREMENT SYSTEM (cont.)

Pension plan fiduciary net position. Detailed information about the pension plan’s fiduciary net position is available in separately issued financial statements available at <http://legis.wisconsin.gov/lab/> and reference report number 15-11.

At December 31, 2015, the City and CDA reported a payable to the pension plan, which represents contractually required contributions outstanding as of the end of the year.

B. RISK MANAGEMENT

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

Self Insurance

The City has a limited risk management program for employee health and dental benefits with claims processed by a third party claims administrator on behalf of the City. The claims are being paid out of the internal service fund, and are funded by allocations charged to other funds. Interfund premiums are based on claims experience. As a part of the plan a reinsurance policy has been purchased which picks up claims in excess of \$100,000 per individual with an unlimited lifetime limit of liability per covered participant. A separate insurance rider provides transplant coverage with a lifetime maximum of \$1 million. Settled claims have exceeded this stop-loss amount per individual in each of the past four years. Total amounts charged back to the various departments during the year were \$6,820,171.

The estimated liability for self-funded losses is based on reported claims for the year and those received subsequent to year end. The City does not allocate overhead costs or other nonincremental costs to the claims liability. The liability is considered a current liability of the City as incurred but not reported claims are normally paid within two months of year end and represent the majority of claims payable at December 31, 2015. The estimated liability for self insured losses for this program consisted of the following at December 31, 2015:

Reported and Known Claims	\$ 660,272
Incurred but not Reported Claims	<u>1,244,047</u>
Total	<u>\$ 1,904,319</u>

Changes in the claims payable follow:

	Balance January 1	Incurred Claims	Claims Paid	Balance December 31
2014	\$ 1,751,708	\$ 7,128,771	\$ 7,044,507	\$ 1,835,972
2015	1,835,972	7,535,797	7,467,450	1,904,319

CITY OF BELOIT

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE V – OTHER INFORMATION (cont.)

B. RISK MANAGEMENT (cont.)

Public Entity Risk Pool

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

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

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

The CVMIC is self-insured up to a maximum of \$2,000,000 of each insurance risk. Losses paid by CVMIC plus administrative expenses will be recovered through premiums to the participating pool of municipalities. The City's share of such losses is approximately 3.24%.

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

Financial statements of WMIC and CVMIC can be obtained directly from CVMIC's offices.

The initial investment in WMIC is refundable upon withdrawal from the commission and has been reported at the original amount of \$1,575,475 in the insurance internal service fund.

The City pays an annual premium to CVMIC for its general automobile, public official, and liability insurance, which provides coverage up to \$5,000,000 per occurrence, less the City's retained liability. The City's retained liability is limited to \$50,000 per occurrence and an annual aggregate limit of \$200,000. An actuarially determined estimate has been recorded for this liability, as well as for claims incurred but not reported at December 31, 2015. A total liability of approximately \$101,999 at December 31, 2015 was recorded as claims payable in the internal service fund.

Transit Mutual Insurance Corporation of Wisconsin (TMI)

Transit Mutual Insurance Corporation of Wisconsin (TMI) is a municipal mutual insurance corporation, which insures auto liability and auto physical damage for municipally-owned transit systems in Wisconsin. Each insured property is an owner of the mutual insurance corporation. The City insures its transit systems' auto liability and physical damage with TMI and is an owner of the corporation.

CITY OF BELOIT

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE V – OTHER INFORMATION (cont.)

B. RISK MANAGEMENT (cont.)

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

The City's auto liability insurance policy has a \$250,000 per person policy limit and a \$7,000,000 per accident policy limit. Of the per accident policy limit, TMI insures \$2,000,000 and reinsures \$5,000,000 with Genesis Insurance. In addition, the City's policy provides for \$25,000 per person and \$50,000 per accident in uninsured motorist insurance.

The physical damage policy issued by TMI to the City provides collision and comprehensive coverage for the lesser of the agreed value or the cost of repairs minus a \$500 per accident deductible for private passenger and service units and a \$1,000 per accident deductible for bus units.

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

Premiums are determined in advance of each premium year, which begins on January 1. TMI is an assessable mutual; accordingly, the board of directors may require that supplemental contributions be made by members to ensure adequate funds are available to meet the obligations applicable to the premium year. Members are required by Wisconsin statute and TMI bylaws to fund any deficit attributable to a premium year during which they were a member. TMI was incorporated in 1985 and began issuing insurance policies in 1986; there has never been a member assessment beyond the annual premiums.

The City's share of this corporation is 1.22% for auto liability and 2.67% of physical damage liability. A list of the other members and their share of participation is available in the TMI report, which can be obtained directly from TMI's offices.

C. COMMITMENTS AND CONTINGENCIES

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability and expenditure for claims and judgments is only reported in governmental fund types if it has matured. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred.

The City has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grants. Management believes such disallowances, if any, would be immaterial.

From time to time, the City is party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and the City attorney that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the City's financial position or results of operations.

The City of Beloit has entered into development agreements under which TIF District No. 6, No. 10 and No. 11 will provide direct developer incentives in the form of tax rebate payments. The incentives are intended to encourage development in the City's TIF Districts. The total amount of payments made in 2015 was \$1,262,053. Payments are scheduled to occur through the year 2024.

CITY OF BELOIT

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE V – OTHER INFORMATION (cont.)

C. COMMITMENTS AND CONTINGENCIES (cont.)

The City has the following encumbrances outstanding at year end, relating to funds on hand:

Nonmajor Funds	\$ 2,370,599
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D. OTHER POSTEMPLOYMENT BENEFITS

The City administers a single-employer defined benefit healthcare plan. The plan provides for eligible retirees and their spouses through the City which covers both active and retired members. Benefit provisions are established through collective bargaining agreements and state that eligible retirees and their spouses be at established contribution rates.

Contribution requirements are established through collective bargaining agreements and may be amended only through negotiations between the City and the union. The City makes the same monthly health insurance contribution on behalf of the retiree as it makes on behalf of all other active employees during that year. The City contributes 100% and 100% of the current year premiums for a family and a single plan, respectively, for eligible retired plan members and their spouses. For fiscal year 2015, the City contributed \$2,747,000 to the plan. Fire and police plan members receiving benefits contribute 0% and 0% of their premium costs for a family plan and a single plan, respectively. The City offered an early retirement incentive program to employees who were age 60 or over and had 20 or more years of service with the City, effective July 2010. These employees had to retire on or before December 31, 2010. The City pays 100% of the premium for pre-Medicare coverage for these retirees. All others pay 100% of their premiums. For fiscal year 2015, total member contributions were \$0 and there were 335 active and 154 retiree plan participants.

The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC). The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation to the Retiree Health Plan:

Annual required contribution	\$ 7,465,573
Interest on net OPEB obligation	949,913
Adjustment to annual required contribution	<u>(1,055,461)</u>
Annual OPEB cost	7,360,025
Contributions made	<u>(2,747,000)</u>
Increase in Net OPEB Obligation	4,613,025
Net OPEB Obligation – Beginning of Year	<u>31,663,841</u>
Net OPEB Obligation – End of Year	<u><u>\$ 36,276,866</u></u>

CITY OF BELOIT

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE V – OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015, 2014 and 2013 were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/15	\$ 7,360,025	37%	\$ 36,276,866
12/31/14	7,139,347	36%	31,663,841
12/31/13	8,516,794	30%	27,084,494

The funded status of the plan as of January 1, 2015, as determined at January 1, 2014, the most recent actuarial valuation date, was as follows:

Actuarial accrued liability (AAL)	\$ 122,879,419
Actuarial value of plan assets	-
Unfunded Actuarial Accrued Liability (UAAL)	\$ 122,879,419
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	\$ 23,079,135
UAAL as a percentage of covered payroll	532.43%

Actuarial valuations of an ongoing plan involve estimates for the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan is understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and actuarial value of assets, consistent with the long-term perspective of the calculations.

In the City's actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 3.00% investment rate of return and an annual healthcare cost trend rate of 6.00% initially, reduced by decrements to an ultimate rate of 4.40%. Both rates include a 3.0% inflation assumption. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period at December 31, 2015 was 30 years.

CITY OF BELOIT

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE V – OTHER INFORMATION (cont.)

E. BOND COVENANT DISCLOSURES

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

Sales

The following is the customer count and water volume basis for water revenues as of December 31, 2015:

	Water – 2015	
	Customers	Gallons
Residential	13,866	618,349
Commercial	1,519	238,253
Industrial	13	381,289
Public Authority	51	79,267
Multi-family	133	62,214
Totals	15,582	1,379,372

Debt Coverage

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

	Water – 2015	Storm Sewer – 2015	Sewer – 2015
Operating revenues	\$ 5,496,668	\$ 964,592	\$ 6,751,680
Investment income	38,465	7,925	147,925
Operating expenses excluding depreciation	(2,633,314)	(846,762)	(6,475,410)
Defined Earnings	\$ 2,901,819	\$ 125,755	\$ 424,195
Annual debt service on revenue bonds	\$ 2,232,339	\$ 23,371	\$ 214,450
Coverage factor	x 1.25	x 1.25	x 1.10
Required Net Earnings	\$ 2,790,423	\$ 29,214	\$ 235,895

F. SUBSEQUENT EVENTS

On May 12, 2016, the City issued General Obligation Promissory Notes in the amount of \$1,725,000. The amount will be used to finance projects in the City's Capital Improvement Program.

On May 12, 2016, the City issued General Obligation Corporate Purpose Bonds in the amount of \$3,235,000. The amount will be used to finance projects in the City's Capital Improvement Program.

CITY OF BELOIT

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE V – OTHER INFORMATION (cont.)

F. SUBSEQUENT EVENTS (cont.)

On November 2, 2015 the City approved the 2016 Schedule of Fees, Charges, and Rates for the City of Beloit which included a 3% increase in waste water fees as well as a \$.50 SFU increase in storm water fees. These fees were made effective as of January 1, 2016.

On January 7, 2016 the City sold land to the Ho-Chunk Nation for \$1,599,256 through a land contract.

G. EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT-PERIOD FINANCIAL STATEMENTS

The Governmental Accounting Standards Board (GASB) has approved the following:

- > Statement No. 72, *Fair Value Measurement and Application*
- > Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That are Not Within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*
- > Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*
- > Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*
- > Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Government*
- > Statement No. 77, *Tax Abatement Disclosures*
- > Statement No. 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*
- > Statement No. 79, *Certain External Investment Pools and Pool Participants*
- > Statement No. 80, *Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14*
- > Statement No. 81, *Irrevocable Split-Interest Agreements*
- > Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73*

When they become effective, application of these standards may restate portions of these financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF BELOIT

SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
 BUDGET AND ACTUAL - GENERAL FUND
 For the Year Ended December 31, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget
TAXES				
Current levy	\$ 6,900,319	\$ 6,900,319	\$ 6,886,366	\$ (13,953)
Mobile home taxes	15,000	15,000	12,541	(2,459)
Prior year tax collection/rescinded taxes	3,000	3,000	760	(2,240)
Payment in lieu of taxes - housing authority	-	-	9,104	9,104
Motel tax	<u>65,000</u>	<u>65,000</u>	<u>79,522</u>	<u>14,522</u>
Total Taxes	<u>6,983,319</u>	<u>6,983,319</u>	<u>6,988,293</u>	<u>4,974</u>
INTERGOVERNMENTAL				
Shared aidable revenue	16,176,491	16,176,491	16,158,851	(17,640)
Fire distribution fee	59,656	59,656	60,272	616
Expenditure restraint payment	655,728	655,728	688,494	32,766
State highway aids	1,840,000	1,840,000	1,829,632	(10,368)
State aid - connecting streets	262,000	262,000	261,620	(380)
Motor vehicle registration	520,000	520,000	543,885	23,885
Municipal service payment	18,000	18,000	20,883	2,883
Computer exemption aid	<u>76,000</u>	<u>76,000</u>	<u>62,622</u>	<u>(13,378)</u>
Total Intergovernmental Revenues	<u>19,607,875</u>	<u>19,607,875</u>	<u>19,626,259</u>	<u>18,384</u>
LICENSES AND PERMITS				
Licenses				
Liquor - malt permits	54,150	54,150	88,876	34,726
Cable TV	392,000	392,000	442,270	50,270
Other licenses	<u>34,740</u>	<u>34,740</u>	<u>41,931</u>	<u>7,191</u>
Total Licenses	<u>480,890</u>	<u>480,890</u>	<u>573,077</u>	<u>92,187</u>
Permits				
Construction permits	136,215	136,215	153,980	17,765
Other permits	187,811	187,811	173,095	(14,716)
Underground storage tank inspection	<u>2,980</u>	<u>2,980</u>	<u>3,920</u>	<u>940</u>
Total Permits	<u>327,006</u>	<u>327,006</u>	<u>330,995</u>	<u>3,989</u>
Total Licenses and Permits	<u>807,896</u>	<u>807,896</u>	<u>904,072</u>	<u>96,176</u>

CITY OF BELOIT

SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
 BUDGET AND ACTUAL - GENERAL FUND
 For the Year Ended December 31, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget
FINES, FORFEITURES AND PENALTIES				
Municipal court costs	\$ 140,000	\$ 140,000	\$ 143,451	\$ 3,451
Nontraffic fines	390,000	390,000	309,510	(80,490)
Traffic fines	190,000	190,000	145,435	(44,565)
Parking fines	250,000	250,000	166,919	(83,081)
Penalties on taxes	120,000	120,000	88,020	(31,980)
Other	90,000	90,000	83,744	(6,256)
Total Fines, Forfeitures and Penalties	<u>1,180,000</u>	<u>1,180,000</u>	<u>937,079</u>	<u>(242,921)</u>
FEES AND SERVICE CHARGES				
Animal shelter	8,700	8,700	8,152	(548)
Recreation				
Other recreation	106,598	106,598	137,113	30,515
Telfer Park and Rivercenter	121,652	121,652	121,626	(26)
Swimming pool	70,091	70,091	66,354	(3,737)
Total Recreation	<u>298,341</u>	<u>298,341</u>	<u>325,093</u>	<u>26,752</u>
Other General Revenue				
Fire inspection fees	141,560	141,560	159,449	17,889
Property transfer certificates	19,050	18,550	19,920	1,370
In-house fees	35,500	35,500	49,720	14,220
Hazardous material response	12,400	10,040	3,585	(6,455)
Donations and miscellaneous	82,880	82,880	81,245	(1,635)
Nutrition coordinator	7,659	7,659	9,003	1,344
Recoveries from city	1,000	1,000	3,628	2,628
Miscellaneous police revenues	100,000	100,000	100,094	94
Total Other General Revenue	<u>400,049</u>	<u>397,189</u>	<u>426,644</u>	<u>29,455</u>
Total Fees and Service Charges	<u>707,090</u>	<u>704,230</u>	<u>759,889</u>	<u>55,659</u>

CITY OF BELOIT

SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
 BUDGET AND ACTUAL - GENERAL FUND
 For the Year Ended December 31, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget
RENT	\$ 20,300	\$ 20,300	\$ 47,003	\$ 26,703
INVESTMENT INCOME	350,100	350,100	240,413	(109,687)
UNREALIZED GAIN (LOSS) ON INVESTMENTS	16,414	16,414	(231,638)	(248,052)
OTHER	41,421	41,421	41,421	-
Total Revenues	<u>29,714,415</u>	<u>29,711,555</u>	<u>29,312,791</u>	<u>(398,764)</u>
OTHER FINANCING SOURCES				
Sale of city property	25,000	25,000	40,801	15,801
Transfers in - tax equivalent	<u>915,000</u>	<u>915,000</u>	<u>860,854</u>	<u>(54,146)</u>
Total Other Financing Sources	<u>940,000</u>	<u>940,000</u>	<u>901,655</u>	<u>(38,345)</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>\$ 30,654,415</u>	<u>\$ 30,651,555</u>	<u>\$ 30,214,446</u>	<u>\$ (437,109)</u>

CITY OF BELOIT

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
 BUDGET AND ACTUAL - GENERAL FUND
 For the Year Ended December 31, 2015

CURRENT EXPENDITURES	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
GENERAL GOVERNMENT				
City Council, Manager, Attorney				
Council	\$ 49,341	\$ 49,341	\$ 49,494	\$ (153)
City manager	341,145	343,933	390,405	(46,472)
City attorney	447,947	451,313	423,364	27,949
Total City Council, Manager and Attorney	<u>838,433</u>	<u>844,587</u>	<u>863,263</u>	<u>(18,676)</u>
Finance and Administrative Services				
Personnel and labor relations	284,323	285,830	207,093	78,737
Municipal court	374,777	377,233	342,585	34,648
Computer information systems	572,643	574,828	471,558	103,270
Records and elections	320,889	322,853	283,231	39,622
Property appraisal	206,470	207,109	195,457	11,652
Collections	83,148	83,463	77,490	5,973
Accounting	255,654	257,481	301,732	(44,251)
Financial management	379,599	226,093	206,112	19,981
Licenses and permits	247,199	247,199	211,277	35,922
Bad debts	1,000	1,000	67	933
Insurance	276,422	276,422	274,481	1,941
City hall operation	301,925	302,787	304,822	(2,035)
Total Finance and Administrative Services	<u>3,304,049</u>	<u>3,162,298</u>	<u>2,875,905</u>	<u>286,393</u>
Total General Government	<u>4,142,482</u>	<u>4,006,885</u>	<u>3,739,168</u>	<u>267,717</u>
COMMUNITY DEVELOPMENT				
City planning	694,403	699,486	678,865	20,621
Economic development	251,603	253,477	256,427	(2,950)
Code enforcement	500,222	503,270	525,848	(22,578)
Total Community Development	<u>1,446,228</u>	<u>1,456,233</u>	<u>1,461,140</u>	<u>(4,907)</u>
PUBLIC SAFETY				
Police Department				
Staff services	11,706,524	11,770,927	11,977,713	(206,786)
Total Police Department	<u>11,706,524</u>	<u>11,770,927</u>	<u>11,977,713</u>	<u>(206,786)</u>
Fire Department				
Staff services	642,612	645,929	697,223	(51,294)
Inspection and prevention	299,827	302,213	305,367	(3,154)
Fire fighting and rescue	6,618,303	6,654,373	6,521,890	132,483
Total Fire Department	<u>7,560,742</u>	<u>7,602,515</u>	<u>7,524,480</u>	<u>78,035</u>
Total Public Safety	<u>19,267,266</u>	<u>19,373,442</u>	<u>19,502,193</u>	<u>(128,751)</u>

See accompanying auditors' report and notes to required supplementary information.

CITY OF BELOIT

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
 BUDGET AND ACTUAL - GENERAL FUND
 For the Year Ended December 31, 2015

CURRENT EXPENDITURES (cont.)	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
PUBLIC WORKS				
DPW engineering				
DPW administration and engineering	\$ 786,134	\$ 788,133	\$ 744,614	\$ 43,519
Total DPW engineering	<u>786,134</u>	<u>788,133</u>	<u>744,614</u>	<u>43,519</u>
DPW operations				
Streets and sanitation	2,748,429	2,758,333	2,613,743	144,590
Central stores	<u>35,198</u>	<u>35,478</u>	<u>42,104</u>	<u>(6,626)</u>
Total DPW operations	<u>2,783,627</u>	<u>2,793,811</u>	<u>2,655,847</u>	<u>137,964</u>
DPW parks and recreation				
Parks	1,584,930	1,586,119	1,530,223	55,896
Recreation	320,225	321,609	313,827	7,782
Edwards pavilion	215,622	216,245	204,701	11,544
Senior center	136,164	141,668	146,912	(5,244)
Rotary river center	38,233	38,288	31,188	7,100
Swimming pools	206,030	206,368	206,173	195
Big Hill park	<u>27,474</u>	<u>27,474</u>	<u>13,643</u>	<u>13,831</u>
Total DPW parks and recreation	<u>2,528,678</u>	<u>2,537,771</u>	<u>2,446,667</u>	<u>91,104</u>
Total Public Works	<u>6,098,439</u>	<u>6,119,715</u>	<u>5,847,128</u>	<u>272,587</u>
TOTAL EXPENDITURES	<u>\$ 30,954,415</u>	<u>\$ 30,956,275</u>	<u>\$ 30,549,629</u>	<u>\$ 406,646</u>

CITY OF BELOIT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL - TIF DISTRICT NO. 10 (MAJOR FUND)
For the Year Ended December 31, 2015

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Taxes	\$ 4,305,652	\$ 4,336,355	\$ 30,703
Intergovernmental	166,911	137,516	(29,395)
Investment income	9,100	15,710	6,610
Other	-	31,660	31,660
Total Revenues	<u>4,481,663</u>	<u>4,521,241</u>	<u>39,578</u>
EXPENDITURES			
Capital Outlay	1,535,211	2,169,552	(634,341)
Debt Service			
Principal retirement	1,580,000	1,589,900	(9,900)
Interest and fiscal charges	<u>577,812</u>	<u>577,813</u>	<u>(1)</u>
Total Expenditures	<u>3,693,023</u>	<u>4,337,265</u>	<u>(644,242)</u>
Excess of Revenues Over Expenditures	<u>788,640</u>	<u>183,976</u>	<u>(604,664)</u>
OTHER FINANCING USES			
Transfers out	<u>(289,562)</u>	<u>(289,562)</u>	-
Total Other Financing Uses	<u>(289,562)</u>	<u>(289,562)</u>	-
Net Change in Fund Balance	499,078	(105,586)	(604,664)
FUND BALANCE - Beginning	<u>690,389</u>	<u>690,389</u>	-
FUND BALANCE - ENDING	<u>\$ 1,189,467</u>	<u>\$ 584,803</u>	<u>\$ (604,664)</u>

See accompanying auditors' report and notes to required supplementary information.

CITY OF BELOIT

OTHER POSTEMPLOYMENT BENEFITS PLAN
SCHEDULE OF FUNDING PROGRESS
For the Year Ended December 31, 2015

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Projected Unit Credit Actuarial Cost	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
1/1/2014	\$	- \$ 118,761,524	\$ 118,761,524	0%	\$ 23,557,185	504.14%
1/1/2012		- 130,931,944	130,931,944	0%	19,598,021	668.09%
1/1/2010		- 100,219,009	100,219,009	0%	20,844,743	480.78%

See accompanying auditors' report and notes to required supplementary information.

CITY OF BELOIT

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION ASSET -
WISCONSIN RETIREMENT SYSTEM
For the Year Ended December 31, 2015

<u>Fiscal Year Ending</u>	<u>Proportion of the Net Pension Asset</u>	<u>Proportionate Share of the Net Pension Asset</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net Pension Asset as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Asset</u>
12/31/15	0.21355431%	\$ 5,245,478	\$ 23,533,359	22.29%	102.74%

SCHEDULE OF EMPLOYER CONTRIBUTIONS - WISCONSIN RETIREMENT SYSTEM
For the Year Ended December 31, 2015

<u>Fiscal Year Ending</u>	<u>Contractually Required Contributions</u>	<u>Contributions in Relation to the Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
12/31/15	\$ 2,006,238	\$ 2,006,238	\$ -	\$ 22,979,036	8.73%

See independent auditors' report and accompanying notes to the required supplementary information.

CITY OF BELOIT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended December 31, 2015

BUDGETARY INFORMATION

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund.

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

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

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

Every appropriation lapses at December 31, to the extent that it has not been expended, encumbered or administratively carried over to the next year. Operating account appropriations which are administratively carried forward are reviewed and approved by the city council. An appropriation for a capital expenditure or a major repair continues in force until the purpose for which it was made has been accomplished or abandoned. There were no carryovers to 2016. Budgets are adopted at the department level of expenditure.

The budgeted amounts are as originally adopted by the City Council. The city manager may authorize transfers of budgeted amounts within departments. Transfers between departments and changes to the overall budget must be approved by a two-thirds council action.

FUNDING PROGRESS DATA

Data in the schedule of funding progress was taken from the reports issued by the actuary.

WISCONSIN RETIREMENT SYSTEM

The amounts determined for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

The City is required to present the last ten fiscal years of data; however accounting standards allow the presentation of as many years as are available until ten fiscal years are presented.

Changes in benefit terms. There were no changes of benefit terms for any participating employer in the Wisconsin Retirement System.

Changes in Assumptions. There were no changes in assumptions.

See accompanying auditors' report.

SUPPLEMENTARY INFORMATION

CITY OF BELOIT

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
As of December 31, 2015

	Special Revenue Funds					
	Rental Rehab (WRRP/HOME)	Community Development Block Grant	TIF District No. 5	TIF District No. 6	TIF District No. 8	TIF District No. 9
ASSETS						
Cash and investments	\$ -	\$ 172,080	\$ -	\$ 472,501	\$ 45,228	\$ 144,537
Receivables						
Taxes	-	-	1,090,975	916,265	138,112	150,821
Delinquent personal property taxes	-	-	-	-	-	-
Accounts (net)	-	-	-	-	1,000	75,280
Special assessments	-	-	-	-	-	-
Loans	1,060,788	2,405,501	-	-	-	-
Accrued interest	-	-	-	-	-	-
Due from other governmental units	20,920	294,831	-	-	-	-
Due from component unit	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-
Advances to other funds	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ 1,081,708</u>	<u>\$ 2,872,412</u>	<u>\$ 1,090,975</u>	<u>\$ 1,388,766</u>	<u>\$ 184,340</u>	<u>\$ 370,638</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)						
Liabilities						
Accounts payable	\$ 8,549	\$ 81,851	\$ 7,967	\$ -	\$ -	\$ -
Due to other funds	21,651	-	323,424	-	-	-
Advances from other funds	-	-	-	-	1,183,738	2,645,540
Total Liabilities	<u>30,200</u>	<u>81,851</u>	<u>331,391</u>	<u>-</u>	<u>1,183,738</u>	<u>2,645,540</u>
Deferred Inflows of Resources						
Unearned revenue	-	-	1,090,975	916,265	138,112	150,821
Unavailable revenue	1,061,157	2,405,501	-	-	-	-
Total Deferred Inflows of Resources	<u>1,061,157</u>	<u>2,405,501</u>	<u>1,090,975</u>	<u>916,265</u>	<u>138,112</u>	<u>150,821</u>
Fund Balances (Deficits)						
Nonspendable	-	-	-	-	-	-
Restricted	-	385,060	-	472,501	-	-
Assigned	-	-	-	-	-	-
Unassigned (deficit)	(9,649)	-	(331,391)	-	(1,137,510)	(2,425,723)
Total Fund Balances (Deficits)	<u>(9,649)</u>	<u>385,060</u>	<u>(331,391)</u>	<u>472,501</u>	<u>(1,137,510)</u>	<u>(2,425,723)</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)	<u>\$ 1,081,708</u>	<u>\$ 2,872,412</u>	<u>\$ 1,090,975</u>	<u>\$ 1,388,766</u>	<u>\$ 184,340</u>	<u>\$ 370,638</u>

Special Revenue Funds							
TIF District No. 11	TIF District No. 12	TIF District No. 13	TIF District No. 14	Fire Multi-Year Grants	DPW Multi-Year Grants	Community Development	Library
\$ 519,194	\$ 288,264	\$ 1,547,030	\$ 101,791	\$ 12,773	\$ 137,551	\$ 182,951	\$ 770,691
224,421	36,084	576,507	72,652	-	26,000	-	1,780,877
-	-	-	-	-	-	-	-
-	-	-	-	-	-	26,798	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	441,024	-
-	-	-	-	-	-	-	-
-	-	-	-	25,706	132,989	226,046	-
-	-	-	-	-	-	141,037	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 743,615</u>	<u>\$ 324,348</u>	<u>\$ 2,123,537</u>	<u>\$ 174,443</u>	<u>\$ 38,479</u>	<u>\$ 296,540</u>	<u>\$ 1,017,856</u>	<u>\$ 2,551,568</u>
\$ -	\$ -	\$ 15,860	\$ 41,724	\$ 300	\$ 51,128	\$ 2,492	\$ 35,626
-	-	-	-	-	-	345,643	-
-	-	-	-	-	-	-	-
-	-	15,860	41,724	300	51,128	348,135	35,626
224,421	36,084	576,507	72,652	-	26,000	-	1,780,877
-	-	-	-	25,706	36,991	596,390	-
<u>224,421</u>	<u>36,084</u>	<u>576,507</u>	<u>72,652</u>	<u>25,706</u>	<u>62,991</u>	<u>596,390</u>	<u>1,780,877</u>
-	-	-	-	-	-	-	-
519,194	288,264	1,531,170	60,067	12,473	182,421	73,331	735,065
-	-	-	-	-	-	-	-
<u>519,194</u>	<u>288,264</u>	<u>1,531,170</u>	<u>60,067</u>	<u>12,473</u>	<u>182,421</u>	<u>73,331</u>	<u>735,065</u>
<u>\$ 743,615</u>	<u>\$ 324,348</u>	<u>\$ 2,123,537</u>	<u>\$ 174,443</u>	<u>\$ 38,479</u>	<u>\$ 296,540</u>	<u>\$ 1,017,856</u>	<u>\$ 2,551,568</u>

CITY OF BELOIT

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COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS (cont.)
As of December 31, 2015

	Special Revenue Funds			Capital Projects Funds			Total
	Police	Solid Waste	Perpetual Care	Capital Improvements	Computer Replacement	Equipment Replacement	Nonmajor Governmental Funds
ASSETS							
Cash and investments	\$ 107,347	\$ -	\$ 2,253,927	\$ 3,263,909	\$ 306,583	\$ 6,396,464	\$ 16,722,821
Receivables							
Taxes	130,000	31,482	-	98,179	-	-	5,272,375
Delinquent personal property taxes	-	-	-	-	-	-	-
Accounts (net)	-	444,734	-	-	-	33,858	581,670
Special assessments	-	-	-	978,394	-	-	978,394
Loans	-	-	-	-	-	212,968	4,120,281
Accrued interest	-	-	17,794	-	-	-	17,794
Due from other governmental units	11,639	-	-	118,117	-	-	830,248
Due from component unit	-	-	-	-	-	-	141,037
Prepaid items	-	-	-	402,577	-	-	402,577
Advances to other funds	-	-	-	2,253,875	-	671,317	2,925,192
TOTAL ASSETS	<u>\$ 248,986</u>	<u>\$ 476,216</u>	<u>\$ 2,271,721</u>	<u>\$ 7,115,051</u>	<u>\$ 306,583</u>	<u>\$ 7,314,607</u>	<u>\$ 31,992,389</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)							
Liabilities							
Accounts payable	\$ 336	\$ 34,336	\$ -	\$ 806,854	\$ 2,572	\$ -	\$ 1,089,595
Due to other funds	12,398	154,030	-	-	-	-	857,146
Advances from other funds	-	-	-	-	-	-	3,829,278
Total Liabilities	<u>12,734</u>	<u>188,366</u>	<u>-</u>	<u>806,854</u>	<u>2,572</u>	<u>-</u>	<u>5,776,019</u>
Deferred Inflows of Resources							
Unearned revenue	130,000	-	-	98,179	-	-	5,240,893
Unavailable revenue	-	-	17,794	1,013,994	-	33,858	5,191,391
Total Deferred Inflows of Resources	<u>130,000</u>	<u>-</u>	<u>17,794</u>	<u>1,112,173</u>	<u>-</u>	<u>33,858</u>	<u>10,432,284</u>
Fund Balances (Deficits)							
Nonspendable	-	-	-	402,577	-	-	402,577
Restricted	106,252	287,850	2,253,927	1,142,216	-	-	8,049,791
Assigned	-	-	-	3,651,231	304,011	7,280,749	11,235,991
Unassigned (deficit)	-	-	-	-	-	-	(3,904,273)
Total Fund Balances (Deficits)	<u>106,252</u>	<u>287,850</u>	<u>2,253,927</u>	<u>5,196,024</u>	<u>304,011</u>	<u>7,280,749</u>	<u>15,784,086</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)	<u>\$ 248,986</u>	<u>\$ 476,216</u>	<u>\$ 2,271,721</u>	<u>\$ 7,115,051</u>	<u>\$ 306,583</u>	<u>\$ 7,314,607</u>	<u>\$ 31,992,389</u>

CITY OF BELOIT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICITS) - NONMAJOR GOVERNMENTAL FUNDS For the Year Ended December 31, 2015

	Special Revenue Funds					
	Rental Rehab (WRRP/HOME)	Community Development Block Grant	TIF District No. 5	TIF District No. 6	TIF District No. 8	TIF District No. 9
REVENUES						
Taxes	\$ -	\$ -	\$ 909,646	\$ 909,677	\$ 129,735	\$ 138,685
Intergovernmental	241,720	811,578	87,892	99,787	-	2,034
Licenses and permits	-	-	-	-	-	-
Fees and service charges	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-
Investment income	11,194	22,188	-	12,237	647	4,264
Unrealized gain (loss) on investments	-	-	-	-	-	-
Public charges for services	-	-	-	-	-	6,267
Other	144,179	215,980	104,318	-	33,023	-
Total Revenues	<u>397,093</u>	<u>1,049,746</u>	<u>1,101,856</u>	<u>1,021,701</u>	<u>163,405</u>	<u>151,250</u>
EXPENDITURES						
Current						
Community development	503,065	996,906	-	-	-	-
Public safety	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Parks, recreation, and education	-	-	-	-	-	-
Capital Outlay	-	-	325,182	35,690	11,870	1,150
Debt Service						
Principal retirement	-	-	560,499	179,999	-	-
Interest and fiscal charges	-	-	64,217	44,358	-	-
Total Expenditures	<u>503,065</u>	<u>996,906</u>	<u>949,898</u>	<u>260,047</u>	<u>11,870</u>	<u>1,150</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(105,972)</u>	<u>52,840</u>	<u>151,958</u>	<u>761,654</u>	<u>151,535</u>	<u>150,100</u>
OTHER FINANCING SOURCES (USES)						
Debt issued	-	-	-	-	-	-
Sale of city property	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	(495,525)	(174,890)	(120,046)	(17,125)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(495,525)</u>	<u>(174,890)</u>	<u>(120,046)</u>	<u>(17,125)</u>
Net Change in Fund Balances	(105,972)	52,840	(343,567)	586,764	31,489	132,975
FUND BALANCES (DEFICIT) - Beginning of Year	<u>96,323</u>	<u>332,220</u>	<u>12,176</u>	<u>(114,263)</u>	<u>(1,168,999)</u>	<u>(2,558,698)</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ (9,649)</u>	<u>\$ 385,060</u>	<u>\$ (331,391)</u>	<u>\$ 472,501</u>	<u>\$ (1,137,510)</u>	<u>\$ (2,425,723)</u>

Special Revenue Funds							
TIF District No. 11	TIF District No. 12	TIF District No. 13	TIF District No. 14	Fire Multi-Year Grants	DPW Multi-Year Grants	Community Development	Library
\$ 230,920	\$ 38,457	\$ 392,067	\$ 55,291	\$ -	\$ 26,000	\$ -	\$ 1,780,877
225	6,085	2,281	3,661	427,245	283,270	321,372	276,632
-	-	-	-	-	1,852	-	-
-	-	-	-	-	-	-	45,437
-	-	-	-	-	-	-	-
7,386	3,261	21,071	1,888	15	19	2,547	506
-	-	-	-	-	-	-	-
-	103,174	-	-	-	-	-	30,372
-	-	-	8,826	-	1,244	13,891	2,717
<u>238,531</u>	<u>150,977</u>	<u>415,419</u>	<u>69,666</u>	<u>427,260</u>	<u>312,385</u>	<u>337,810</u>	<u>2,136,541</u>
-	-	-	-	-	-	447,091	-
-	-	-	-	429,891	-	-	-
-	-	-	-	-	235,047	-	-
-	-	-	-	-	-	-	2,140,358
24,420	1,150	44,209	184,221	11,448	-	-	31,229
-	-	58,500	-	-	-	-	-
-	-	33,365	-	-	-	-	-
<u>24,420</u>	<u>1,150</u>	<u>136,074</u>	<u>184,221</u>	<u>441,339</u>	<u>235,047</u>	<u>447,091</u>	<u>2,171,587</u>
<u>214,111</u>	<u>149,827</u>	<u>279,345</u>	<u>(114,555)</u>	<u>(14,079)</u>	<u>77,338</u>	<u>(109,281)</u>	<u>(35,046)</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	65,139	-
-	-	-	-	-	-	-	-
(94,595)	(66,485)	(77,288)	-	-	-	-	-
<u>(94,595)</u>	<u>(66,485)</u>	<u>(77,288)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>65,139</u>	<u>-</u>
119,516	83,342	202,057	(114,555)	(14,079)	77,338	(44,142)	(35,046)
<u>399,678</u>	<u>204,922</u>	<u>1,329,113</u>	<u>174,622</u>	<u>26,552</u>	<u>105,083</u>	<u>117,473</u>	<u>770,111</u>
<u>\$ 519,194</u>	<u>\$ 288,264</u>	<u>\$ 1,531,170</u>	<u>\$ 60,067</u>	<u>\$ 12,473</u>	<u>\$ 182,421</u>	<u>\$ 73,331</u>	<u>\$ 735,065</u>

CITY OF BELOIT

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COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (DEFICITS) - NONMAJOR GOVERNMENTAL FUNDS (cont.)
For the Year Ended December 31, 2015

	Special Revenue Funds			Capital Projects Funds			Total Nonmajor Governmental Funds
	Police	Solid Waste	Perpetual Care	Capital Improvements	Computer Replacement	Equipment Replacement	
REVENUES							
Taxes	\$ 130,000	\$ 21,631	\$ -	\$ -	\$ -	\$ -	\$ 4,762,986
Intergovernmental	186,302	138,003	-	262,050	-	-	3,150,137
Licenses and permits	-	64,476	-	-	-	-	66,328
Fees and service charges	-	-	-	11,278	-	-	56,715
Special assessments	-	-	-	312,480	-	-	312,480
Investment income	113	-	-	4,658	3,876	80,563	176,433
Unrealized gain (loss) on investments	-	-	(15,670)	-	-	59,370	43,700
Public charges for services	202,766	2,293,485	50,450	-	-	-	2,686,514
Other	76,803	-	-	626,587	39,604	859,000	2,126,172
Total Revenues	<u>595,984</u>	<u>2,517,595</u>	<u>34,780</u>	<u>1,217,053</u>	<u>43,480</u>	<u>998,933</u>	<u>13,381,465</u>
EXPENDITURES							
Current							
Community development	-	-	-	-	-	-	1,947,062
Public safety	538,072	-	-	-	-	-	967,963
Public works	-	2,518,647	-	-	-	-	2,753,694
Parks, recreation, and education	-	-	-	-	-	-	2,140,358
Capital Outlay	660	-	-	5,030,329	93,231	698,794	6,493,583
Debt Service							
Principal retirement	-	-	-	-	-	-	798,998
Interest and fiscal charges	-	-	-	21,530	-	-	163,470
Total Expenditures	<u>538,732</u>	<u>2,518,647</u>	<u>-</u>	<u>5,051,859</u>	<u>93,231</u>	<u>698,794</u>	<u>15,265,128</u>
Excess (deficiency) of revenues over (under) expenditures	<u>57,252</u>	<u>(1,052)</u>	<u>34,780</u>	<u>(3,834,806)</u>	<u>(49,751)</u>	<u>300,139</u>	<u>(1,883,663)</u>
OTHER FINANCING SOURCES (USES)							
Debt issued	-	-	-	3,370,000	-	-	3,370,000
Sale of city property	-	-	-	10,144	-	-	75,283
Transfers in	-	-	-	70,000	-	-	70,000
Transfers out	-	-	-	-	-	(70,000)	(1,115,954)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,450,144</u>	<u>-</u>	<u>(70,000)</u>	<u>2,399,329</u>
Net Change in Fund Balances	57,252	(1,052)	34,780	(384,662)	(49,751)	230,139	515,666
FUND BALANCES (DEFICIT) - Beginning of Year	<u>49,000</u>	<u>288,902</u>	<u>2,219,147</u>	<u>5,580,686</u>	<u>353,762</u>	<u>7,050,610</u>	<u>15,268,420</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ 106,252</u>	<u>\$ 287,850</u>	<u>\$ 2,253,927</u>	<u>\$ 5,196,024</u>	<u>\$ 304,011</u>	<u>\$ 7,280,749</u>	<u>\$ 15,784,086</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, 2015

	Original and Final Budget	Actual	Variance
REVENUES			
Taxes	\$ 4,800,000	\$ 4,800,000	\$ -
Investment income	-	685	685
Other	186,500	-	(186,500)
Total Revenues	<u>4,986,500</u>	<u>4,800,685</u>	<u>(185,815)</u>
EXPENDITURES			
Debt Service			
Principal retirement	4,890,024	4,848,174	41,850
Interest and fiscal charges	1,436,867	1,424,611	12,256
Total Expenditures	<u>6,326,891</u>	<u>6,272,785</u>	<u>54,106</u>
Deficiency of Revenues Under Expenditures	<u>(1,340,391)</u>	<u>(1,472,100)</u>	<u>(131,709)</u>
OTHER FINANCING SOURCES			
Transfers in	1,335,516	1,335,516	-
Total Other Financing Sources	<u>1,335,516</u>	<u>1,335,516</u>	<u>-</u>
Net Change in Fund Balance	(4,875)	(136,584)	(131,709)
FUND BALANCE - Beginning	<u>2,476,539</u>	<u>2,476,539</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 2,471,664</u>	<u>\$ 2,339,955</u>	<u>\$ (131,709)</u>

CITY OF BELOIT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE (DEFICIT) - BUDGET AND ACTUAL - RENTAL REHAB (WRRP/HOME) FUND
For the Year Ended December 31, 2015

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Intergovernmental	\$ 82,635	\$ 241,720	\$ 159,085
Investment income	-	11,194	11,194
Other	-	144,179	144,179
Total Revenues	<u>82,635</u>	<u>397,093</u>	<u>314,458</u>
EXPENDITURES			
Current			
Community development	<u>82,635</u>	<u>503,065</u>	<u>(420,430)</u>
Total Expenditures	<u>82,635</u>	<u>503,065</u>	<u>(420,430)</u>
Net Change in Fund Balance	-	(105,972)	(105,972)
FUND BALANCE - Beginning	<u>96,323</u>	<u>96,323</u>	<u>-</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ 96,323</u>	<u>\$ (9,649)</u>	<u>\$ (105,972)</u>

CITY OF БЕЛОIT

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

For the Year Ended December 31, 2015

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Intergovernmental	\$ 746,422	\$ 811,578	\$ 65,156
Investment income	-	22,188	22,188
Other	238,301	215,980	(22,321)
Total Revenues	<u>984,723</u>	<u>1,049,746</u>	<u>65,023</u>
EXPENDITURES			
Current			
Community development	<u>876,438</u>	<u>996,906</u>	<u>(120,468)</u>
Total Expenditures	<u>876,438</u>	<u>996,906</u>	<u>(120,468)</u>
Net Change in Fund Balance	108,285	52,840	(55,445)
FUND BALANCE - Beginning	<u>332,220</u>	<u>332,220</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 440,505</u>	<u>\$ 385,060</u>	<u>\$ (55,445)</u>

CITY OF БЕЛОIT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE (DEFICIT) - BUDGET AND ACTUAL - TIF DISTRICT NO. 5
 For the Year Ended December 31, 2015

	Original and Final Budget	Actual	Variance
REVENUES			
Taxes	\$ 938,676	\$ 909,646	\$ (29,030)
Intergovernmental	65,897	87,892	21,995
Investment income	5,900	-	(5,900)
Other	-	104,318	104,318
Total Revenues	1,010,473	1,101,856	91,383
EXPENDITURES			
Capital Outlay	11,500	325,182	(313,682)
Debt Service			
Principal retirement	615,000	560,499	54,501
Interest and fiscal charges	64,217	64,217	-
Total Expenditures	690,717	949,898	(259,181)
Excess of Revenues Over Expenditures	319,756	151,958	(167,798)
OTHER FINANCING USES			
Transfers out	(495,525)	(495,525)	-
Total Other Financing Uses	(495,525)	(495,525)	-
Net Change in Fund Balance	(175,769)	(343,567)	(167,798)
FUND BALANCE - Beginning	12,176	12,176	-
FUND BALANCE (DEFICIT) - ENDING	\$ (163,593)	\$ (331,391)	\$ (167,798)

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, 2015

	Original and Final Budget	Actual	Variance
REVENUES			
Taxes	\$ 902,787	\$ 909,677	\$ 6,890
Intergovernmental	100,700	99,787	(913)
Investment income	7,000	12,237	5,237
Total Revenues	<u>1,010,487</u>	<u>1,021,701</u>	<u>11,214</u>
EXPENDITURES			
Capital Outlay	31,056	35,690	(4,634)
Debt Service			
Principal retirement	174,890	179,999	(5,109)
Interest and fiscal charges	44,358	44,358	-
Total Expenditures	<u>250,304</u>	<u>260,047</u>	<u>(9,743)</u>
Excess of Revenues Over Expenditures	<u>760,183</u>	<u>761,654</u>	<u>1,471</u>
OTHER FINANCING USES			
Transfers out	(174,890)	(174,890)	-
Total Other Financing Uses	<u>(174,890)</u>	<u>(174,890)</u>	<u>-</u>
Net Change in Fund Balance	585,293	586,764	1,471
FUND BALANCE (DEFICIT) - Beginning	<u>(114,263)</u>	<u>(114,263)</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 471,030</u>	<u>\$ 472,501</u>	<u>\$ 1,471</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, 2015

	Original and Final Budget	Actual	Variance
REVENUES			
Taxes	\$ 128,741	\$ 129,735	\$ 994
Investment income	-	647	647
Other	33,023	33,023	-
Total Revenues	161,764	163,405	1,641
EXPENDITURES			
Capital Outlay	650	11,870	(11,220)
Total Expenditures	650	11,870	(11,220)
Excess of Revenues Over Expenditures	161,114	151,535	(9,579)
OTHER FINANCING USES			
Transfers out	(120,046)	(120,046)	-
Total Other Financing Uses	(120,046)	(120,046)	-
Net Change in Fund Balance	41,068	31,489	(9,579)
FUND BALANCE (DEFICIT) - Beginning	(1,168,999)	(1,168,999)	-
FUND BALANCE (DEFICIT) - ENDING	\$ (1,127,931)	\$ (1,137,510)	\$ (9,579)

CITY OF BELOIT

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (DEFICIT) - BUDGET AND ACTUAL - TIF DISTRICT NO. 9 For the Year Ended December 31, 2015

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Taxes	\$ 139,382	\$ 138,685	\$ (697)
Intergovernmental	-	2,034	2,034
Public charges for services	39,178	6,267	(32,911)
Investment income	1,100	4,264	3,164
Total Revenues	<u>179,660</u>	<u>151,250</u>	<u>(28,410)</u>
EXPENDITURES			
Capital Outlay	<u>500</u>	<u>1,150</u>	<u>(650)</u>
Total Expenditures	<u>500</u>	<u>1,150</u>	<u>(650)</u>
Excess of Revenues Over Expenditures	<u>179,160</u>	<u>150,100</u>	<u>(29,060)</u>
OTHER FINANCING USES			
Transfer out	<u>(17,125)</u>	<u>(17,125)</u>	<u>-</u>
Total Other Financing Uses	<u>(17,125)</u>	<u>(17,125)</u>	<u>-</u>
Net Change in Fund Balance	162,035	132,975	(29,060)
FUND BALANCE (DEFICIT) - Beginning	<u>(2,558,698)</u>	<u>(2,558,698)</u>	<u>-</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ (2,396,663)</u>	<u>\$ (2,425,723)</u>	<u>\$ (29,060)</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, 2015

	Original and Final Budget	Actual	Variance
REVENUES			
Taxes	\$ 229,151	\$ 230,920	1,769
Intergovernmental	309	225	(84)
Investment income	3,800	7,386	3,586
Total Revenues	<u>233,260</u>	<u>238,531</u>	<u>5,271</u>
EXPENDITURES			
Capital Outlay	<u>24,846</u>	<u>24,420</u>	<u>426</u>
Total Expenditures	<u>24,846</u>	<u>24,420</u>	<u>426</u>
Excess of Revenues Over Expenditures	<u>208,414</u>	<u>214,111</u>	<u>5,697</u>
OTHER FINANCING USES			
Transfers out	<u>(94,595)</u>	<u>(94,595)</u>	<u>-</u>
Total Other Financing Uses	<u>(94,595)</u>	<u>(94,595)</u>	<u>-</u>
Net Change in Fund Balance	113,819	119,516	5,697
FUND BALANCE - Beginning	<u>399,678</u>	<u>399,678</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 513,497</u>	<u>\$ 519,194</u>	<u>\$ 5,697</u>

CITY OF BELOIT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - TIF DISTRICT NO. 12 For the Year Ended December 31, 2015

	Original and Final Budget	Actual	Variance
REVENUES			
Taxes	\$ 38,163	\$ 38,457	\$ 294
Intergovernmental	2,417	6,085	3,668
Investment income	1,800	3,261	1,461
Public charges for services	103,468	103,174	(294)
Total Revenues	145,848	150,977	5,129
EXPENDITURES			
Capital Outlay	650	1,150	(500)
Total Expenditures	650	1,150	(500)
Excess of Revenues Over Expenditures	145,198	149,827	4,629
OTHER FINANCING USES			
Transfers out	(66,485)	(66,485)	-
Total Other Financing Uses	(66,485)	(66,485)	-
Net Change in Fund Balance	78,713	83,342	4,629
FUND BALANCE - Beginning	204,922	204,922	-
FUND BALANCE - ENDING	\$ 283,635	\$ 288,264	\$ 4,629

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, 2015

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Taxes	\$ 960,064	\$ 392,067	\$ (567,997)
Intergovernmental	2,430	2,281	(149)
Investment income	<u>17,600</u>	<u>21,071</u>	<u>3,471</u>
Total Revenues	<u>980,094</u>	<u>415,419</u>	<u>(564,675)</u>
EXPENDITURES			
Capital Outlay	616,000	44,209	571,791
Debt Service			
Principal retirement	65,000	58,500	6,500
Interest and fiscal charges	<u>33,365</u>	<u>33,365</u>	<u>-</u>
Total Expenditures	<u>714,365</u>	<u>136,074</u>	<u>578,291</u>
Excess of Revenues Over Expenditures	<u>265,729</u>	<u>279,345</u>	<u>13,616</u>
OTHER FINANCING USES			
Transfers out	<u>(77,288)</u>	<u>(77,288)</u>	<u>-</u>
Total Other Financing Uses	<u>(77,288)</u>	<u>(77,288)</u>	<u>-</u>
Net Change in Fund Balance	188,441	202,057	13,616
FUND BALANCE - Beginning	<u>1,329,113</u>	<u>1,329,113</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 1,517,554</u>	<u>\$ 1,531,170</u>	<u>\$ 13,616</u>

CITY OF BELOIT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - TIF DISTRICT NO. 14 For the Year Ended December 31, 2015

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Taxes	\$ 41,252	\$ 55,291	\$ 14,039
Intergovernmental	2,057	3,661	1,604
Investment income	1,100	1,888	788
Other	-	8,826	8,826
Total Revenues	<u>44,409</u>	<u>69,666</u>	<u>25,257</u>
EXPENDITURES			
Capital Outlay	-	184,221	(184,221)
Total Expenditures	<u>-</u>	<u>184,221</u>	<u>(184,221)</u>
Net Change in Fund Balance	44,409	(114,555)	(158,964)
FUND BALANCE - Beginning	<u>174,622</u>	<u>174,622</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 219,031</u>	<u>\$ 60,067</u>	<u>\$ (158,964)</u>

CITY OF BELOIT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - FIRE MULTI-YEAR GRANTS
For the Year Ended December 31, 2015

	Original and Final Budget	Actual	Variance
REVENUES			
Intergovernmental	\$ 490,580	\$ 427,245	\$ (63,335)
Investment income	-	15	15
Total Revenues	<u>490,580</u>	<u>427,260</u>	<u>(63,320)</u>
EXPENDITURES			
Current			
Public safety	491,058	429,891	61,167
Capital Outlay	-	11,448	(11,448)
Total Expenditures	<u>491,058</u>	<u>441,339</u>	<u>49,719</u>
Net Change in Fund Balance	(478)	(14,079)	(13,601)
FUND BALANCE - Beginning	<u>26,552</u>	<u>26,552</u>	-
FUND BALANCE - ENDING	<u>\$ 26,074</u>	<u>\$ 12,473</u>	<u>\$ (13,601)</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, 2015

	Original and Final Budget	Actual	Variance
REVENUES			
Taxes	\$ 26,000	\$ 26,000	\$ -
Intergovernmental	208,945	283,270	74,325
Licenses and permits	-	1,852	1,852
Investment income	-	19	19
Other	-	1,244	1,244
Total Revenues	<u>234,945</u>	<u>312,385</u>	<u>77,440</u>
EXPENDITURES			
Current			
Public works	<u>234,945</u>	<u>235,047</u>	<u>(102)</u>
Total Expenditures	<u>234,945</u>	<u>235,047</u>	<u>(102)</u>
Net Change in Fund Balance	-	77,338	77,338
FUND BALANCE - Beginning	<u>105,083</u>	<u>105,083</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 105,083</u>	<u>\$ 182,421</u>	<u>\$ 77,338</u>

CITY OF BELOIT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - COMMUNITY DEVELOPMENT
For the Year Ended December 31, 2015

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Intergovernmental	\$ 878,229	\$ 321,372	\$ (556,857)
Investment income	-	2,547	2,547
Other	-	13,891	13,891
Total Revenues	<u>878,229</u>	<u>337,810</u>	<u>(540,419)</u>
EXPENDITURES			
Current			
Community development	<u>878,229</u>	<u>447,091</u>	<u>431,138</u>
Total Expenditures	<u>878,229</u>	<u>447,091</u>	<u>431,138</u>
Deficiency of Revenues Under Expenditures	<u>-</u>	<u>(109,281)</u>	<u>(109,281)</u>
OTHER FINANCING SOURCES			
Sale of city property	<u>-</u>	<u>65,139</u>	<u>65,139</u>
Total Other Financing Sources	<u>-</u>	<u>65,139</u>	<u>65,139</u>
Net Change in Fund Balance	-	(44,142)	(44,142)
FUND BALANCE - Beginning	<u>117,473</u>	<u>117,473</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 117,473</u>	<u>\$ 73,331</u>	<u>\$ (44,142)</u>

CITY OF BELOIT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - LIBRARY For the Year Ended December 31, 2015

	Original and Final Budget	Actual	Variance
REVENUES			
Taxes	\$ 1,780,877	\$ 1,780,877	\$ -
Intergovernmental	276,635	276,632	(3)
Fees and service charges	55,000	45,437	(9,563)
Investment income	15,600	506	(15,094)
Public charges for services	32,350	30,372	(1,978)
Other	91,500	2,717	(88,783)
Total Revenues	<u>2,251,962</u>	<u>2,136,541</u>	<u>(115,421)</u>
EXPENDITURES			
Current			
Parks, recreational and education	2,217,962	2,140,358	77,604
Capital Outlay	<u>34,000</u>	<u>31,229</u>	<u>2,771</u>
Total Expenditures	<u>2,251,962</u>	<u>2,171,587</u>	<u>80,375</u>
Net Change in Fund Balance	-	(35,046)	(35,046)
FUND BALANCE - Beginning	<u>770,111</u>	<u>770,111</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 770,111</u>	<u>\$ 735,065</u>	<u>\$ (35,046)</u>

CITY OF БЕЛОIT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE (DEFICIT) - BUDGET AND ACTUAL - POLICE
For the Year Ended December 31, 2015

	Original and Final Budget	Actual	Variance
REVENUES			
Taxes	\$ 130,000	\$ 130,000	\$ -
Intergovernmental	167,648	186,302	18,654
Public charges for services	202,766	202,766	-
Investment income	-	113	113
Other	10,500	76,803	66,303
Total Revenues	<u>510,914</u>	<u>595,984</u>	<u>85,070</u>
EXPENDITURES			
Current			
Public safety	558,126	538,072	20,054
Capital Outlay	-	660	(660)
Total Expenditures	<u>558,126</u>	<u>538,732</u>	<u>19,394</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(47,212)</u>	<u>57,252</u>	<u>104,464</u>
OTHER FINANCING USES			
Transfers out	(80,000)	-	80,000
Total Other Financing Uses	<u>(80,000)</u>	<u>-</u>	<u>80,000</u>
Net Change in Fund Balance	(127,212)	57,252	184,464
FUND BALANCE - Beginning	<u>49,000</u>	<u>49,000</u>	<u>-</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ (78,212)</u>	<u>\$ 106,252</u>	<u>\$ 184,464</u>

CITY OF BELOIT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - SOLID WASTE For the Year Ended December 31, 2015

	Original and Final Budget	Actual	Variance
REVENUES			
Taxes	\$ 29,000	\$ 21,631	\$ (7,369)
Intergovernmental	138,000	138,003	3
Licenses and permits	63,190	64,476	1,286
Public charges for services	<u>2,302,128</u>	<u>2,293,485</u>	<u>(8,643)</u>
Total Revenues	<u>2,532,318</u>	<u>2,517,595</u>	<u>(14,723)</u>
EXPENDITURES			
Current			
Public works	<u>2,532,318</u>	<u>2,518,647</u>	<u>13,671</u>
Total Expenditures	<u>2,532,318</u>	<u>2,518,647</u>	<u>13,671</u>
Net Change in Fund Balance	-	(1,052)	(1,052)
FUND BALANCE - Beginning	<u>288,902</u>	<u>288,902</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 288,902</u>	<u>\$ 287,850</u>	<u>\$ (1,052)</u>

CITY OF BELOIT

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - CAPITAL IMPROVEMENTS FUND For the Year Ended December 31, 2015

	Original and Final Budget	Actual	Variance
REVENUES			
Intergovernmental	\$ 185,733	\$ 262,050	\$ 76,317
Fines, forfeitures and penalties	-	11,278	11,278
Special assessments	195,000	312,480	117,480
Investment income	5,100	4,658	(442)
Other	687,930	626,587	(61,343)
Total Revenues	<u>1,073,763</u>	<u>1,217,053</u>	<u>143,290</u>
EXPENDITURES			
Capital Outlay	4,239,962	5,030,329	(790,367)
Debt service			
Interest and fiscal charges	-	21,530	(21,530)
Total Expenditures	<u>4,239,962</u>	<u>5,051,859</u>	<u>(811,897)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(3,166,199)</u>	<u>(3,834,806)</u>	<u>(668,607)</u>
OTHER FINANCING SOURCES			
Debt issued	-	3,370,000	3,370,000
Sale of city property	-	10,144	10,144
Transfers in	-	70,000	70,000
Total Other Financing Sources	<u>-</u>	<u>3,450,144</u>	<u>3,450,144</u>
Net Change in Fund Balance	(3,166,199)	(384,662)	2,781,537
FUND BALANCE - Beginning	<u>5,580,686</u>	<u>5,580,686</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 2,414,487</u>	<u>\$ 5,196,024</u>	<u>\$ 2,781,537</u>

CITY OF BELOIT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - COMPUTER REPLACEMENT
For the Year Ended December 31, 2015

	Original and Final Budget	Actual	Variance
REVENUES			
Investment income	\$ 6,600	\$ 3,876	\$ (2,724)
Other	<u>39,315</u>	<u>39,604</u>	<u>289</u>
Total Revenues	<u>45,915</u>	<u>43,480</u>	<u>(2,435)</u>
EXPENDITURES			
Capital Outlay	<u>132,685</u>	<u>93,231</u>	<u>39,454</u>
Total Expenditures	<u>132,685</u>	<u>93,231</u>	<u>39,454</u>
Net Change in Fund Balance	(86,770)	(49,751)	37,019
FUND BALANCE - Beginning	<u>353,762</u>	<u>353,762</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 266,992</u>	<u>\$ 304,011</u>	<u>\$ 37,019</u>

CITY OF BELOIT

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - EQUIPMENT REPLACEMENT FUND For the Year Ended December 31, 2015

	Original and Final Budget	Actual	Variance
REVENUES			
Investment income	\$ 118,000	\$ 80,563	\$ (37,437)
Unrealized gain on investments	-	59,370	59,370
Other	<u>879,000</u>	<u>859,000</u>	<u>(20,000)</u>
Total Revenues	<u>997,000</u>	<u>998,933</u>	<u>1,933</u>
EXPENDITURES			
Capital Outlay	<u>943,671</u>	<u>698,794</u>	<u>244,877</u>
Total Expenditures	<u>943,671</u>	<u>698,794</u>	<u>244,877</u>
Excess of Revenues Over Expenditures	<u>53,329</u>	<u>300,139</u>	<u>246,810</u>
OTHER FINANCING USES			
Transfers out	<u>-</u>	<u>(70,000)</u>	<u>(70,000)</u>
Total Other Financing Uses	<u>-</u>	<u>(70,000)</u>	<u>(70,000)</u>
Net Change in Fund Balance	53,329	230,139	176,810
FUND BALANCE - Beginning	<u>7,050,610</u>	<u>7,050,610</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 7,103,939</u>	<u>\$ 7,280,749</u>	<u>\$ 176,810</u>

CITY OF BELOIT

COMBINING STATEMENT OF NET POSITION (DEFICIT) - NONMAJOR PROPRIETARY FUNDS

As of December 31, 2015

	Enterprise Funds					Totals
	Golf Course	Cemeteries	Ambulance	Storm Sewer	Transit System	
ASSETS						
Current Assets						
Cash and investments	\$ 750	\$ 50	\$ -	\$ 476,469	\$ 360	\$ 477,629
Receivables						
Taxes	50,000	28,114	-	-	584,719	662,833
Customer accounts	-	-	554,390	166,290	44,447	765,127
Due from other governmental units	-	-	-	38,424	263,846	302,270
Inventories	-	-	-	-	128,924	128,924
Restricted Assets						
Bond redemption account	-	-	-	44,466	-	44,466
Total Current Assets	<u>50,750</u>	<u>28,164</u>	<u>554,390</u>	<u>725,649</u>	<u>1,022,296</u>	<u>2,381,249</u>
Noncurrent Assets						
Restricted Assets						
Bond reserve account	-	-	-	110,500	-	110,500
Net pension asset	27,948	3,553	209,504	13,512	161,303	415,820
Total Restricted Assets	<u>27,948</u>	<u>3,553</u>	<u>209,504</u>	<u>124,012</u>	<u>161,303</u>	<u>526,320</u>
Capital Assets						
Land	816,000	322,000	-	-	132,000	1,270,000
Land improvements	666,970	35,448	-	-	-	702,418
Buildings	280,988	120,153	-	-	4,469,156	4,870,297
Machinery, equipment, and vehicles	64,388	43,028	-	-	4,342,659	4,450,075
Infrastructure	-	-	-	12,394,926	-	12,394,926
Less: Accumulated depreciation	(946,152)	(143,106)	-	(2,948,532)	(3,573,456)	(7,611,246)
Total Capital Assets, Net	<u>882,194</u>	<u>377,523</u>	<u>-</u>	<u>9,446,394</u>	<u>5,370,359</u>	<u>16,076,470</u>
Total Noncurrent Assets	<u>910,142</u>	<u>381,076</u>	<u>209,504</u>	<u>9,570,406</u>	<u>5,531,662</u>	<u>16,602,790</u>
Total Assets	<u>960,892</u>	<u>409,240</u>	<u>763,894</u>	<u>10,296,055</u>	<u>6,553,958</u>	<u>18,984,039</u>
DEFERRED OUTFLOWS OF RESOURCES						
Unamortized loss on advance refunding	-	-	-	-	1,892	1,892
Pension related amounts	28,140	3,681	215,529	13,684	164,103	425,137
Total Deferred Outflows of Resources	<u>28,140</u>	<u>3,681</u>	<u>215,529</u>	<u>13,684</u>	<u>165,995</u>	<u>427,029</u>
LIABILITIES						
Current Liabilities						
Accounts payable	6,488	425	8,618	7,051	23,655	46,237
Accrued liabilities	-	-	-	3,798	2,008	5,806
Due to other funds	-	-	117,260	-	263,846	381,106
Compensated absences	7,686	1,932	45,320	5,343	85,825	146,106
Current maturities of						
general obligation debt	14,348	18,595	-	77,135	117,322	227,400
Other current liabilities	2,855	-	-	-	-	2,855
Current Liabilities Payable From						
Restricted Assets						
Current maturities of revenue debt	-	-	-	65,000	-	65,000
Accrued interest	-	-	-	5,917	-	5,917
Total Current Liabilities	<u>31,377</u>	<u>20,952</u>	<u>171,198</u>	<u>164,244</u>	<u>492,656</u>	<u>880,427</u>
Noncurrent Liabilities						
General obligation debt	34,457	75,071	-	894,834	286,897	1,291,259
Compensated absences	21,961	3,922	-	-	18,863	44,746
Other post-employment benefits	4,763	4,763	-	15,876	50,439	75,841
Revenue debt, less current maturities	-	-	-	1,160,000	-	1,160,000
Advances from other funds	973,268	109,642	-	-	333,725	1,416,635
Total Noncurrent Liabilities	<u>1,034,449</u>	<u>193,398</u>	<u>-</u>	<u>2,070,710</u>	<u>689,924</u>	<u>3,988,481</u>
Total Liabilities	<u>1,065,826</u>	<u>214,350</u>	<u>171,198</u>	<u>2,234,954</u>	<u>1,182,580</u>	<u>4,868,908</u>

	Enterprise Funds					Totals
	Golf Course	Cemeteries	Ambulance	Storm Sewer	Transit System	
DEFERRED INFLOWS OF RESOURCES						
Unearned revenue	\$ 50,000	\$ 28,114	\$ -	\$ -	\$ 584,719	\$ 662,833
Pension related amounts	107	14	803	52	618	1,594
Total Deferred Inflows of Resources	<u>50,107</u>	<u>28,128</u>	<u>803</u>	<u>52</u>	<u>585,337</u>	<u>664,427</u>
NET POSITION (DEFICIT)						
Net investment in capital assets	873,389	343,857	-	7,249,425	4,966,140	13,432,811
Restricted for debt service	-	-	-	149,049	-	149,049
Restricted for pension	27,948	3,553	209,504	13,512	161,303	415,820
Unrestricted (deficit)	<u>(1,028,238)</u>	<u>(176,967)</u>	<u>597,918</u>	<u>662,747</u>	<u>(175,407)</u>	<u>(119,947)</u>
TOTAL NET POSITION (DEFICIT)	<u>\$ (126,901)</u>	<u>\$ 170,443</u>	<u>\$ 807,422</u>	<u>\$ 8,074,733</u>	<u>\$ 4,952,036</u>	<u>\$ 13,877,733</u>

CITY OF BELOIT

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
NET POSITION (DEFICIT) - NONMAJOR PROPRIETARY FUNDS
For the Year Ended December 31, 2015

	Enterprise Funds					Totals
	Golf Course	Cemeteries	Ambulance	Storm Sewer	Transit System	
OPERATING REVENUES						
Charges for services	\$ 407,646	\$ 165,049	\$ 1,115,779	\$ 964,592	\$ 177,551	\$ 2,830,617
Other	79	46	-	-	32,660	32,785
Total Operating Revenues	<u>407,725</u>	<u>165,095</u>	<u>1,115,779</u>	<u>964,592</u>	<u>210,211</u>	<u>2,863,402</u>
OPERATING EXPENSES						
Operation and maintenance	452,869	310,732	1,166,233	632,005	1,785,703	4,347,542
Contractual services	-	-	-	214,757	172,902	387,659
Depreciation	17,723	2,017	-	146,320	329,086	495,146
Total Operating Expenses	<u>470,592</u>	<u>312,749</u>	<u>1,166,233</u>	<u>993,082</u>	<u>2,287,691</u>	<u>5,230,347</u>
Operating Income (Loss)	<u>(62,867)</u>	<u>(147,654)</u>	<u>(50,454)</u>	<u>(28,490)</u>	<u>(2,077,480)</u>	<u>(2,366,945)</u>
NONOPERATING REVENUES (EXPENSES)						
Intergovernmental revenues	-	-	-	38,424	1,190,469	1,228,893
Investment income	15	87,659	-	7,925	-	95,599
Interest expense	(1,975)	(3,091)	-	(108,725)	(12,535)	(126,326)
General property taxes	50,000	28,114	-	-	584,719	662,833
Interest subsidy received on Build America Bonds	-	-	-	5,350	-	5,350
Total Nonoperating Revenues (Expenses)	<u>48,040</u>	<u>112,682</u>	<u>-</u>	<u>(57,026)</u>	<u>1,762,653</u>	<u>1,866,349</u>
Income (loss) before contributions	(14,827)	(34,972)	(50,454)	(85,516)	(314,827)	(500,596)
Capital contributions	-	-	-	-	39,626	39,626
Change in Net Position	(14,827)	(34,972)	(50,454)	(85,516)	(275,201)	(460,970)
TOTAL NET POSITION (DEFICIT) - Beginning (as restated)	<u>(112,074)</u>	<u>205,415</u>	<u>857,876</u>	<u>8,160,249</u>	<u>5,227,237</u>	<u>14,338,703</u>
TOTAL NET POSITION (DEFICIT) - ENDING	<u>\$ (126,901)</u>	<u>\$ 170,443</u>	<u>\$ 807,422</u>	<u>\$ 8,074,733</u>	<u>\$ 4,952,036</u>	<u>\$ 13,877,733</u>

CITY OF BELOIT

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
For the Year Ended December 31, 2015

	Enterprise Funds					Totals
	Golf Course	Cemeteries	Ambulance	Storm Sewer	Transit System	
CASH FLOWS FROM OPERATING ACTIVITIES						
Received from customers	\$ 403,006	\$ 165,095	\$ 1,000,165	\$ 965,035	\$ 216,490	\$ 2,749,791
Paid to suppliers for goods and services	(235,821)	(158,361)	(208,699)	(533,906)	(1,103,797)	(2,240,584)
Payments to employees for services	(218,828)	(148,478)	(959,791)	(315,113)	(853,353)	(2,495,563)
Net Cash Provided by Operating Activities	(51,643)	(141,744)	(168,325)	116,016	(1,740,660)	(1,986,356)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Operating grants received	-	-	-	-	1,632,495	1,632,495
Property taxes received	50,000	28,114	-	-	584,719	662,833
Noncapital interfund/advance (and repayment)	2,545	30,801	117,260	-	(334,904)	(184,298)
Net Cash Provided by Noncapital Financing Activities	52,545	58,915	117,260	-	1,882,310	2,111,030
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Debt retired	(12,747)	(11,739)	-	(1,326,980)	(133,521)	(1,484,987)
Interest paid	(1,975)	(3,091)	-	(116,630)	(14,715)	(136,411)
Interest subsidy received on BABs	-	-	-	9,184	-	9,184
Proceeds from issuance of new debt	30,000	10,000	-	1,225,000	-	1,265,000
Acquisition and construction of capital assets	(16,195)	-	-	-	(45,452)	(61,647)
Construction grants received	-	-	-	-	39,626	39,626
Net Cash Provided (Used) by Capital and Related Financing Activities	(917)	(4,830)	-	(209,426)	(154,062)	(369,235)
CASH FLOWS FROM INVESTING ACTIVITIES						
Investment income	15	87,659	-	7,925	-	95,599
Net Cash Provided by Investing Activities	15	87,659	-	7,925	-	95,599
Net Increase (Decrease) in Cash and Cash Equivalents	-	-	(51,065)	(85,485)	(12,412)	(148,962)
CASH AND CASH EQUIVALENTS - Beginning	750	50	51,065	716,920	12,772	781,557
CASH AND CASH EQUIVALENTS - ENDING	\$ 750	\$ 50	\$ -	\$ 631,435	\$ 360	\$ 632,595
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES						
Operating income (Loss)	\$ (62,867)	\$ (147,654)	\$ (50,454)	\$ (28,490)	\$ (2,077,480)	\$ (2,366,945)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows From Operating Activities						
Depreciation expense	17,723	2,017	-	146,320	329,086	495,146
Miscellaneous non-cash expenses	-	-	-	-	1,416	1,416
Change in noncash Components of Working Capital						
Accounts receivable	-	-	(115,614)	443	6,279	(108,892)
Prepayments	1,725	2,925	4,108	5,195	1,635	15,588
Inventories	-	-	-	-	10,790	10,790
Accounts payable	(1,766)	(714)	(3,046)	(5,889)	(17,689)	(29,104)
Other post-employment benefits	(52)	(52)	-	(174)	(574)	(852)
Other current liabilities	(6,051)	1,883	3,931	(1,138)	9,621	8,246
Pension related deferrals and assets/liabilities	(355)	(149)	(7,250)	(251)	(3,744)	(11,749)
NET CASH FLOWS FROM OPERATING ACTIVITIES	\$ (51,643)	\$ (141,744)	\$ (168,325)	\$ 116,016	\$ (1,740,660)	\$ (1,986,356)

	Enterprise Funds					Totals
	Golf Course	Cemeteries	Ambulance	Storm Sewer	Transit System	
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION - PROPRIETARY FUNDS						
Cash and investments - statement of net position	\$ 750	\$ 50	\$ -	\$ 476,469	\$ 360	\$ 477,629
Restricted cash and investments - statement of net position:						
Bond redemption account	-	-	-	44,466	-	44,466
Bond reserve account	-	-	-	110,500	-	110,500
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 750	\$ 50	\$ -	\$ 631,435	\$ 360	\$ 632,595

NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITY

During 2015, \$65,782 of storm sewer debt issuance costs were funded by refunding debt.

CITY OF BELOIT

ENTERPRISE FUND - BELOIT MASS TRANSIT DETAILED SCHEDULE OF REVENUES AND EXPENSES - REGULATORY BASIS For the Year Ended December 31, 2015

	<u>2015</u>
REVENUE	
401 - Passenger fares for transit service	\$ 177,551
407 - Non-transportation revenue	
Advertising	25,533
Investment Income	(136)
Rental Income	6,987
Charter and miscellaneous	140 *
409 - Local operating assistance - city levy	584,719
409 - Local operating assistance - inter-government	85,345
411 - State operating assistance	478,285
State paratransit grant	20,989
413 - Federal operating assistance	605,850
Capital contributions	<u>39,626</u>
 Total Revenue	 <u>2,024,889</u>
EXPENSES - BY OBJECT CLASS TOTAL	
501 - Labor	853,353
502 - Fringe benefits	679,543
503 - Services	100,481
504 - Materials and supplies	194,306
505 - Utilities	54,629
506 - Casualty and liability costs	45,018
508 - Purchased transportation services	24,585
509 - Miscellaneous	6,690
509 - Interest expense	12,399
513 - Depreciation	<u>329,086</u>
 Total Expenses	 <u>2,300,090</u>
 EXCESS EXPENSES OVER REVENUES FOR THE YEAR	 <u>\$ (275,201)</u>

* Contra expense for state subsidy purposes.

CITY OF БЕЛОIT

ENTERPRISE FUND - БЕЛОIT MASS TRANSIT
 RECONCILIATION OF REVENUES AND EXPENSES TO WISDOT AND FEDERAL
 RECOGNIZED REVENUES AND EXPENSES
 For the Year Ended December 31, 2015

	Per WisDOT Guidelines	Per Federal Guidelines
Beloit Revenues	\$ 2,024,889	\$ 2,024,889
Less Unrecognized Revenues		
Advertising Revenue	-	25,533
Charter Revenue	140	140
Investment income	(136)	(136)
Rental income	6,987	6,987
Local Operating Assistance	670,064	670,064
State Operating Assistance	499,274	499,274
Federal Operating Assistance	605,850	605,850
Capital Contributions	1 39,626	39,626
ADJUSTED REVENUES	\$ 203,084	\$ 177,551
 Total Expenses	 \$ 2,300,090	 \$ 2,300,090
Less Non-Recognized Expenses		
Interest	12,399	12,399
Depreciation	329,086	329,086
Less Contra Expenses		
Charter Revenue	140	140
State Paratransit Assistance	20,989	20,989
Capital Contributions for Operating Expenses	2 -	-
RECOGNIZED EXPENSES	\$ 1,937,476	\$ 1,937,476
RECOGNIZED EARNINGS (DEFICITS)	\$ (1,734,392)	\$ (1,759,925)
1 - Capital contributions - assets capitalized	39,626	
Capital contributions - expensed	-	
Total capital contributions	39,626	
2 - Capital contributions - expensed	-	
Federal share	80%	
Federal and local share of expenses	-	

CITY OF BELOIT

ENTERPRISE FUND - BELOIT MASS TRANSIT
COMPUTATION OF THE DEFICIT DISTRIBUTION AMONG THE SUBSIDY GRANTORS
For the Year Ended December 31, 2015

STATE FUNDS

WisDOT Contract Amount		<u>\$ 478,285</u>
Local Operating Subsidy	<u>\$ 670,064</u>	
5 Times Operating Subsidy		<u>\$ 3,350,320</u>
WisDOT Recognized Deficit	<u>\$ 1,734,392</u>	
Federal Share of Operating Assistance	<u>\$ 605,850</u>	
Remaining State Share of Deficit		<u>\$ 1,128,542</u>
WisDOT Recognized Expenses	<u>\$ 1,937,476</u>	
Maximum State and Federal Operating Assistance	60.00%	
	<u>\$ 1,162,486</u>	
Federal Share of Operating Assistance	<u>\$ 605,850</u>	
Remaining State Share of Operating Assistance		<u>\$ 556,636</u>
State Share – Least of the Five		<u>\$ 478,285</u>

FEDERAL SECTION 9 FUNDS

Federally Recognized Deficit	<u>\$ 1,759,925</u>	
50% of Federal Deficit		<u>\$ 879,963</u>
Federal Recognized Deficit	<u>\$ 1,759,925</u>	
Less: State share	<u>478,285</u>	
Local Share		<u>\$ 1,281,640</u>
Maximum Federal Share Per Grant Award	<u>\$ 605,850</u>	
Federal Section 9 Share – Least of the Three		<u>\$ 605,850</u>

CITY OF BELOIT

COMBINING STATEMENT OF NET POSITION (DEFICIT) - INTERNAL SERVICE FUNDS As of December 31, 2015

	Equipment Operations	General Liability Insurance	Health Insurance	Retiree Health Insurance	Totals
ASSETS					
Current Assets					
Cash and investments	\$ 62,865	\$ 245,354	\$ 1,026,254	\$ -	\$ 1,334,473
Accounts receivable	29,336	1,533	121,614	6,493	158,976
Total Current Assets	92,201	246,887	1,147,868	6,493	1,493,449
Noncurrent Assets					
Restricted Assets					
Net pension asset	50,950	12,321	-	-	63,271
Deposit with risk pool	-	1,575,475	-	-	1,575,475
Total Restricted Assets	50,950	1,587,796	-	-	1,638,746
Capital Assets					
Machinery, equipment, and vehicles	67,165	-	-	-	67,165
Less: Accumulated depreciation	(61,045)	-	-	-	(61,045)
Net Capital Assets	6,120	-	-	-	6,120
Total Noncurrent Assets	57,070	1,587,796	-	-	1,644,866
Total Assets	149,271	1,834,683	1,147,868	6,493	3,138,315
DEFERRED OUTFLOWS OF RESOURCES					
Pension related amounts	51,964	9,669	2,611	-	64,244
LIABILITIES					
Current Liabilities					
Accounts payable	35,943	3,410	-	-	39,353
Claims payable	-	101,999	1,904,319	-	2,006,318
Total Current Liabilities	35,943	105,409	1,904,319	-	2,045,671
Noncurrent Liabilities					
Advances from other funds	-	-	-	227,950	227,950
Total Noncurrent Liabilities	-	-	-	227,950	227,950
Total Liabilities	35,943	105,409	1,904,319	227,950	2,273,621
DEFERRED INFLOWS OF RESOURCES					
Pension related amounts	195	47	-	-	242
NET POSITION (DEFICIT)					
Net investment in capital assets	6,120	-	-	-	6,120
Restricted for pension	50,950	12,321	-	-	63,271
Unrestricted (deficit)	108,027	1,726,575	(753,840)	(221,457)	859,305
TOTAL NET POSITION (DEFICIT)	\$ 165,097	\$ 1,738,896	\$ (753,840)	\$ (221,457)	\$ 928,696

CITY OF BELOIT

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION (DEFICIT) -
INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2015

	Equipment Operations	General Liability Insurance	Health Insurance	Retiree Health Insurance	Totals
OPERATING REVENUES					
Charges for services	\$ 1,316,690	\$ 1,693,059	\$ 7,172,295	\$ 1,973,700	\$ 12,155,744
Other	962	-	-	-	962
Total Operating Revenue	<u>1,317,652</u>	<u>1,693,059</u>	<u>7,172,295</u>	<u>1,973,700</u>	<u>12,156,706</u>
OPERATING EXPENSES					
Operation and maintenance	1,439,008	987,371	7,224,129	1,890,174	11,540,682
Contractual services	30,926	521,475	-	-	552,401
Depreciation	2,940	-	-	-	2,940
Total Operating Expenses	<u>1,472,874</u>	<u>1,508,846</u>	<u>7,224,129</u>	<u>1,890,174</u>	<u>12,096,023</u>
Operating Income (Loss)	(155,222)	184,213	(51,834)	83,526	60,683
TOTAL NET POSITION (DEFICIT) - Beginning (as restated)	<u>320,319</u>	<u>1,554,683</u>	<u>(702,006)</u>	<u>(304,983)</u>	<u>868,013</u>
TOTAL NET POSITION (DEFICIT) - ENDING	<u>\$ 165,097</u>	<u>\$ 1,738,896</u>	<u>\$ (753,840)</u>	<u>\$ (221,457)</u>	<u>\$ 928,696</u>

CITY OF BELOIT

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2015

	Equipment Operations	General Liability Insurance	Health Insurance	Retiree Health Insurance	Totals
CASH FLOWS FROM OPERATING ACTIVITIES					
Received from customers	\$ 1,348,925	\$ 1,691,814	\$ 7,210,677	\$ 2,019,285	\$ 12,270,701
Paid to suppliers for goods and services	(960,284)	(1,372,237)	(7,158,393)	(1,890,174)	(11,381,088)
Payments to employees for services	(516,815)	(74,223)	-	-	(591,038)
Net Cash Provided (Used) by Operating Activities	<u>(128,174)</u>	<u>245,354</u>	<u>52,284</u>	<u>129,111</u>	<u>298,575</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Noncapital advance (and repayment)	-	-	-	(129,111)	(129,111)
Net Cash Used by Noncapital Financing Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>(129,111)</u>	<u>(129,111)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(128,174)	245,354	52,284	-	169,464
CASH AND CASH EQUIVALENTS - Beginning	<u>191,039</u>	<u>-</u>	<u>973,970</u>	<u>-</u>	<u>1,165,009</u>
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ 62,865</u>	<u>\$ 245,354</u>	<u>\$ 1,026,254</u>	<u>\$ -</u>	<u>\$ 1,334,473</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES					
Operating income (loss)	\$ (155,222)	\$ 184,213	\$ (51,834)	\$ 83,526	\$ 60,683
Adjustments to Reconcile Operating Income (loss) to Net Cash Flows From Operating Activities					
Depreciation expense	2,940	-	-	-	2,940
Change in noncash components of working capital					
Prepayments	3,449	164,521			167,970
Accounts receivable	31,273	(1,245)	38,382	45,585	113,995
Accounts payable	(9,302)	(6,768)	-	-	(16,070)
Due to other funds	-	(22,129)	-	-	(22,129)
Pension related deferrals and assets/liabilities	(1,312)	2,579	(2,611)	-	(1,344)
Claims payable	-	(75,817)	68,347	-	(7,470)
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ (128,174)</u>	<u>\$ 245,354</u>	<u>\$ 52,284</u>	<u>\$ 129,111</u>	<u>\$ 298,575</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION - INTERNAL SERVICE FUNDS					
Cash and investments - statement of net position	<u>\$ 62,865</u>	<u>\$ 245,354</u>	<u>\$ 1,026,254</u>	<u>\$ -</u>	<u>\$ 1,334,473</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 62,865</u>	<u>\$ 245,354</u>	<u>\$ 1,026,254</u>	<u>\$ -</u>	<u>\$ 1,334,473</u>

CITY OF BELOIT

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - TAX COLLECTIONS For the Year Ended December 31, 2015

	Balance January 1, 2015	Additions	Deductions	Balance December 31, 2015
TAX COLLECTIONS				
Assets				
Cash and investments	\$ 7,749,693	\$ 8,765,298	\$ 7,749,693	\$ 8,765,298
Property taxes receivable	<u>16,513,505</u>	<u>16,851,875</u>	<u>16,513,505</u>	<u>16,851,875</u>
TOTAL ASSETS	<u>\$ 24,263,198</u>	<u>\$ 25,617,173</u>	<u>\$ 24,263,198</u>	<u>\$ 25,617,173</u>
Liabilities				
Due to other taxing units	<u>\$ 24,263,198</u>	<u>\$ 25,617,173</u>	<u>\$ 24,263,198</u>	<u>\$ 25,617,173</u>
TOTAL LIABILITIES	<u>\$ 24,263,198</u>	<u>\$ 25,617,173</u>	<u>\$ 24,263,198</u>	<u>\$ 25,617,173</u>

CITY OF БЕЛОIT

COMBINING STATEMENT OF NET POSITION - COMMUNITY DEVELOPMENT AUTHORITY
As of December 31, 2015

	Primary Government					Total Primary Government	Component Units		Totals Before Eliminations	Eliminations	Totals
	Major	Major	Major	Major	Major		Beloit	Beloit			
	Section 8 Rental Voucher Program	Low Rent Public Housing	Project Based Vouchers	Administration	Leases Receivable		Apartment Redevelopment Phase 1, LLC	Apartment Redevelopment Phase 2, LLC			
ASSETS											
Current Assets											
Cash and investments	\$ 334,940	\$ 113,945	\$ 99,023	\$ 156,871	\$ -	\$ 704,779	\$ 112,264	\$ 118,827	\$ 935,870	\$ -	\$ 935,870
Receivables											
Accounts	13,452	4,684	4,050	-	-	22,186	29,379	21,221	72,786	(27,899)	44,887
Lease receivable from Beloit Apartments Redevelopment - Phase 1 - LLC	-	2,800,000	-	-	-	2,800,000	-	-	2,800,000	(2,800,000)	-
Lease receivable from Beloit Apartments Redevelopment - Phase 2 - LLC	-	2,580,074	-	-	-	2,580,074	-	-	2,580,074	(2,580,074)	-
Lease receivable from primary government	-	-	-	-	2,550,000	2,550,000	-	-	2,550,000	-	2,550,000
Due from Beloit Apartments Redevelopment - Phase 1 - LLC	-	27,983	-	-	-	27,983	-	-	27,983	(27,983)	-
Due from Beloit Apartments Redevelopment - Phase 2 - LLC	-	28,093	-	-	-	28,093	-	-	28,093	(28,093)	-
Due from other governmental units	-	52,655	-	-	-	52,655	-	-	52,655	-	52,655
Financing costs	-	-	-	-	-	-	13,114	10,792	23,906	-	23,906
Tax credit fees	-	-	-	-	-	-	76,023	94,059	170,082	-	170,082
Prepaid items	-	-	-	-	-	-	-	-	-	-	-
Total Current Assets	<u>348,392</u>	<u>5,607,434</u>	<u>103,073</u>	<u>156,871</u>	<u>2,550,000</u>	<u>8,765,770</u>	<u>230,780</u>	<u>244,899</u>	<u>9,241,449</u>	<u>(5,464,049)</u>	<u>3,777,400</u>
Noncurrent Assets											
Restricted Assets											
Cash and investments	-	-	-	-	2,128,510	2,128,510	193,359	563,519	2,885,388	-	2,885,388
Net pension asset	43,552	35,610	5,384	-	-	84,546	-	-	84,546	-	84,546
Total Restricted Assets	<u>43,552</u>	<u>35,610</u>	<u>5,384</u>	<u>-</u>	<u>2,128,510</u>	<u>2,213,056</u>	<u>193,359</u>	<u>563,519</u>	<u>2,969,934</u>	<u>-</u>	<u>2,969,934</u>
Capital Assets											
Land	-	344,067	70,472	-	-	414,539	420,849	945,397	1,780,785	(1,179,500)	601,285
Land improvements	-	-	-	-	-	-	164,412	397,055	561,467	-	561,467
Buildings	-	134,412	700,777	-	-	835,189	1,540,500	640,000	3,015,689	(975,520)	2,040,169
Building improvements	-	-	-	-	-	-	8,382,243	9,216,173	17,598,416	-	17,598,416
Machinery, equipment, furnishings and vehicles	16,092	162,604	34,906	-	-	213,602	260,764	309,631	783,997	-	783,997
Less: Accumulated depreciation	(14,272)	(262,155)	(399,735)	-	-	(676,162)	(1,400,623)	(1,429,549)	(3,506,334)	-	(3,506,334)
Total Capital Assets, Net	<u>1,820</u>	<u>378,928</u>	<u>406,420</u>	<u>-</u>	<u>-</u>	<u>787,168</u>	<u>9,368,145</u>	<u>10,078,707</u>	<u>20,234,020</u>	<u>(2,155,020)</u>	<u>18,079,000</u>
Other Assets											
Lease receivable from primary government	-	-	-	-	11,441,490	11,441,490	-	-	11,441,490	-	11,441,490
Total Noncurrent Assets	<u>45,372</u>	<u>414,538</u>	<u>411,804</u>	<u>-</u>	<u>13,570,000</u>	<u>14,441,714</u>	<u>9,561,504</u>	<u>10,642,226</u>	<u>34,645,444</u>	<u>(2,155,020)</u>	<u>32,490,424</u>
Total Assets	<u>393,764</u>	<u>6,021,972</u>	<u>514,877</u>	<u>156,871</u>	<u>16,120,000</u>	<u>23,207,484</u>	<u>9,792,284</u>	<u>10,887,125</u>	<u>43,886,893</u>	<u>(7,619,069)</u>	<u>36,267,824</u>
DEFERRED OUTFLOWS OF RESOURCES											
Pension related	45,878	37,511	5,671	-	-	89,060	-	-	89,060	-	89,060

	Primary Government					Total Primary Government	Component Units		Totals Before Eliminations	Eliminations	Totals
	Major	Major	Major	Major	Major		Beloit Apartments Redevelopment Phase 1, LLC	Beloit Apartments Redevelopment Phase 2, LLC			
	Section 8 Rental Voucher Program	Low Rent Public Housing	Project Based Vouchers	Administration	Leases Receivable						
LIABILITIES											
Current Liabilities											
Accounts payable	\$ 4,654	\$ 15,612	\$ 195	\$ -	\$ -	\$ 20,461	\$ 33,397	\$ 28,437	\$ 82,295	\$ (56,076)	\$ 26,219
Accrued liabilities	22,894	27,785	2,591	-	-	53,270	587,382	312,504	953,156	-	953,156
Due to Beloit Apartments Redevelopment - Phase 1 - LLC	-	18,999	-	-	-	18,999	-	-	18,999	(18,999)	-
Due to Beloit Apartments Redevelopment - Phase 2 - LLC	-	8,900	-	-	-	8,900	-	-	8,900	(8,900)	-
Due to primary government	-	141,037	-	-	-	141,037	-	-	141,037	-	141,037
Deposits	31,312	32,200	5,925	-	-	69,437	32,700	26,475	128,612	-	128,612
Lease revenue bonds payable	-	-	-	-	2,550,000	2,550,000	-	-	2,550,000	-	2,550,000
Total Current Liabilities	58,860	244,533	8,711	-	2,550,000	2,862,104	653,479	367,416	3,882,999	(83,975)	3,799,024
Noncurrent Liabilities											
Compensated absences	14,038	30,769	-	-	-	44,807	-	-	44,807	-	44,807
Loans payable	-	212,968	-	-	-	212,968	-	-	212,968	-	212,968
Mortgage notes payable	-	-	-	-	-	-	2,800,000	2,580,074	5,380,074	(5,380,074)	-
Other notes payable	-	-	-	-	-	-	430,559	330,760	761,319	-	761,319
Lease revenue bonds payable	-	-	-	-	13,570,000	13,570,000	-	-	13,570,000	-	13,570,000
Total Noncurrent Liabilities	14,038	243,737	-	-	13,570,000	13,827,775	3,230,559	2,910,834	19,969,168	(5,380,074)	14,589,094
Total Liabilities	72,898	488,270	8,711	-	16,120,000	16,689,879	3,884,038	3,278,250	23,852,167	(5,464,049)	18,388,118
DEFERRED INFLOWS OF RESOURCES											
Unearned revenue	-	-	-	-	-	-	1,167,176	-	1,167,176	-	1,167,176
Pension related	167	136	21	-	-	324	-	-	324	-	324
Total Deferred Inflows of Resources	167	136	21	-	-	324	1,167,176	-	1,167,500	-	1,167,500
NET POSITION											
Net investment in capital assets	1,820	378,928	406,420	-	-	787,168	9,368,145	10,078,707	20,234,020	(2,155,020)	18,079,000
Restricted for grant programs	11,294	5,156,539	-	-	-	5,167,833	-	-	5,167,833	-	5,167,833
Restricted for pensions	43,552	35,610	5,384	-	-	84,546	-	-	84,546	-	84,546
Unrestricted (deficit)	309,911	-	100,012	156,871	-	566,794	(4,627,075)	(2,469,832)	(6,530,113)	-	(6,530,113)
TOTAL NET POSITION	\$ 366,577	\$ 5,571,077	\$ 511,816	\$ 156,871	\$ -	\$ 6,606,341	\$ 4,741,070	\$ 7,608,875	\$ 18,956,286	\$ (2,155,020)	\$ 16,801,266

CITY OF БЕЛОIT

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
NET POSITION - COMMUNITY DEVELOPMENT AUTHORITY
For the Year Ended December 31, 2015

	Primary Government					Total Primary Government	Component Units		Totals Before Eliminations	Eliminations	Totals
	Major	Major	Major	Major	Major		Beloit	Beloit			
	Section 8 Rental Voucher Program	Low Rent Public Housing	Project Based Vouchers	Administration	Lease Receivable		Apartments Redevelopment Phase 1, LLC	Apartments Redevelopment Phase 2, LLC			
EXPENSES											
Community development	\$ 3,178,224	\$ 650,726	\$ 58,776	\$ -	\$ -	\$ 3,887,726	\$ 500,085	\$ 704,309	\$ 5,092,120	\$ (265,832)	\$ 4,826,288
PROGRAM REVENUES											
Charges for services	-	22,960	63,748	-	-	86,708	104,786	118,448	309,942	-	309,942
Operating grants and contributions	3,155,453	676,030	-	-	-	3,831,483	106,168	198,994	4,136,645	(308,474)	3,828,171
Other revenue	-	-	2,303	-	-	2,303	62,639	25,723	90,665	-	90,665
Total Program Revenues	3,155,453	698,990	66,051	-	-	3,920,494	273,593	343,165	4,537,252	(308,474)	4,228,778
Net Revenues (Expenses)	(22,771)	48,264	7,275	-	-	32,768	(226,492)	(361,144)	(554,868)	(42,642)	(597,510)
GENERAL REVENUES (EXPENSES)											
Investment income	197	1,622	-	-	719,752	721,571	146	525	722,242	-	722,242
Interest and amortization expense	-	(9,000)	-	-	(719,752)	(728,752)	(128,795)	(81,076)	(938,623)	-	(938,623)
Payment to Beloit Apartments Redevelopment - Phase 1 - LLC	-	(42,642)	-	-	-	(42,642)	-	-	(42,642)	42,642	-
Miscellaneous	21,810	11,760	-	-	-	33,570	(3,454)	2,964	33,080	-	33,080
Total General Revenue (Expenses)	22,007	(38,260)	-	-	-	(16,253)	(132,103)	(77,587)	(225,943)	42,642	(183,301)
CHANGE IN NET POSITION	(764)	10,004	7,275	-	-	16,515	(358,595)	(438,731)	(780,811)	-	(780,811)
NET POSITION – Beginning of Year (As Restated)	367,341	5,561,073	504,541	156,871	-	6,589,826	5,099,665	8,047,606	19,737,097	(2,155,020)	17,582,077
NET POSITION – END OF YEAR	\$ 366,577	\$ 5,571,077	\$ 511,816	\$ 156,871	\$ -	\$ 6,606,341	\$ 4,741,070	\$ 7,608,875	\$ 18,956,286	\$ (2,155,020)	\$ 16,801,266

CITY OF BELOIT

COMBINING STATEMENT OF CASH FLOWS - COMMUNITY DEVELOPMENT AUTHORITY
For the Year Ended December 31, 2015

	Primary Government					Totals
	Major Section 8 Rental Voucher Program	Major Low Rent Public Housing	Major Project Based Vouchers	Major Administration	Major Leases Receivable	
CASH FLOWS FROM OPERATING ACTIVITIES						
Received from customers	\$ 29,199	\$ 41,499	\$ 69,124	\$ -	\$ -	\$ 139,822
Paid to suppliers for goods and services	(2,967,532)	(553,509)	(22,111)	-	-	(3,543,152)
Payments to employees for services	(244,329)	(130,575)	(24,369)	-	-	(399,273)
Net Cash Flows From Operating Activities	(3,182,662)	(642,585)	22,644	-	-	(3,802,603)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Governmental grants received	3,155,453	740,311	-	-	-	3,895,764
Paid to LLC's	-	(42,642)	-	-	-	(42,642)
Received from LLC's	-	33,655	-	-	-	33,655
Collections on leases receivable	-	-	-	-	2,378,898	2,378,898
Miscellaneous	-	11,760	-	-	-	11,760
Net Cash Flows From Noncapital Financing Activities	3,155,453	743,084	-	-	2,378,898	6,277,435
CASH FLOWS FROM CAPITAL AND FINANCING ACTIVITIES						
Debt retired	-	-	-	-	(2,460,000)	(2,460,000)
Interest paid	-	(9,000)	-	-	(719,752)	(728,752)
Net Cash Flows From Capital and Related Financing Activities	-	(9,000)	-	-	(3,179,752)	(3,188,752)
CASH FLOWS FROM INVESTING ACTIVITIES						
Investment income	197	1,622	-	-	719,752	721,571
Net Cash Flows From Investing Activities	197	1,622	-	-	719,752	721,571
Net Change in Cash and Cash Equivalents	(27,012)	93,121	22,644	-	(81,102)	7,651
CASH AND CASH EQUIVALENTS - Beginning of Year	361,952	20,824	76,379	156,871	2,209,612	2,825,638
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 334,940	\$ 113,945	\$ 99,023	\$ 156,871	\$ 2,128,510	\$ 2,833,289
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES						
Operating income (loss)	\$ (3,178,224)	\$ (627,766)	\$ 7,275	\$ -	\$ -	\$ (3,798,715)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities						
Nonoperating income	21,810	-	-	-	-	21,810
Depreciation	1,227	7,230	19,970	-	-	28,427
Change in Assets and Liabilities						
Accounts receivable	(4,594)	(936)	1,948	-	-	(3,582)
Pension related deferrals and assets	(2,580)	(2,111)	(319)	-	-	(5,010)
Accounts payable and accrued liabilities	(2,478)	43,591	(7,355)	-	-	33,758
Due to primary government	(29,806)	(82,068)	-	-	-	(111,874)
Deposits	11,983	19,475	1,125	-	-	32,583
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ (3,182,662)	\$ (642,585)	\$ 22,644	\$ -	\$ -	\$ (3,802,603)
NONCASH CAPITAL AND FINANCING ACTIVITIES						
None						

Statistical Section

This section of the City of Beloit's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the city's overall financial condition through multi-year comparative data.

Contents

Pages

Financial Trends - Schedules 1 through 5

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These schedules contain trend information to help the reader understand how the city's financial performance and well-being have changed over time.

Revenue Capacity - Schedules 6 through 10

153 - 157

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

Debt Capacity - Schedules 11 through 14

158 - 161

These schedules present information to help the reader assess the affordability of the city's current levels of outstanding debt and the city's ability to issue additional debt in the future.

Demographic and Economic Information - Schedules 15 and 16

162 - 163

These schedules provide demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place and to help make comparisons over time with other governments.

Operating Information - Schedules 17 through 19

164 - 166

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

Sources: *Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.*

City of Beloit, Wisconsin
Net Position by Component,
Last Ten Fiscal Years
(Accrual basis of accounting)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Governmental activities										
Net investment in capital assets	\$ 39,628,194	\$ 41,730,847	\$ 34,379,310	\$ 35,513,141	\$ 32,392,062	\$ 32,741,870	\$ 54,274,785	\$ 53,354,535	\$ 55,479,784	\$ 59,758,251
Restricted	13,459,223	11,760,200	10,428,457	8,816,905	8,659,283	15,589,925	11,580,550	12,309,637	12,769,533	17,998,995
Unrestricted (deficit)	8,766,021	4,566,212	10,045,542	2,934,357	2,410,345	(5,964,986)	(11,324,043)	(15,825,906)	(20,090,783)	(21,550,970)
Total governmental activities net position	<u>\$ 61,853,438</u>	<u>\$ 58,057,259</u>	<u>\$ 54,853,309</u>	<u>\$ 47,264,403</u>	<u>\$ 43,461,690</u>	<u>\$ 42,366,809</u>	<u>\$ 54,531,292</u>	<u>\$ 49,838,266</u>	<u>\$ 48,158,534</u>	<u>\$ 56,206,276</u>
Business-type activities										
Net investment in capital assets	\$ 43,679,392	\$ 51,141,052	\$ 56,401,815	\$ 62,058,630	\$ 62,944,168	\$ 63,001,736	\$ 60,323,671	\$ 58,348,338	\$ 57,555,475	\$ 55,645,129
Restricted	8,032,063	8,110,918	6,694,042	2,899,983	3,138,458	3,157,163	3,169,002	3,194,991	3,212,483	3,979,871
Unrestricted	9,232,479	9,583,948	7,893,186	9,454,212	8,713,964	9,051,974	10,967,316	10,188,754	10,091,793	10,056,464
Total business-type activities net position	<u>\$ 60,943,934</u>	<u>\$ 68,835,918</u>	<u>\$ 70,989,043</u>	<u>\$ 74,412,825</u>	<u>\$ 74,796,590</u>	<u>\$ 75,210,873</u>	<u>\$ 74,459,989</u>	<u>\$ 71,732,083</u>	<u>\$ 70,859,751</u>	<u>\$ 69,681,464</u>
Primary government										
Net investment in capital assets	\$ 78,969,214	\$ 92,871,899	\$ 86,261,662	\$ 93,328,072	\$ 89,611,229	\$ 89,992,940	\$ 108,794,859	\$ 106,308,162	\$ 107,836,387	\$ 110,826,442
Restricted	21,491,286	19,871,118	17,122,499	11,716,888	11,797,741	18,747,088	14,749,552	15,504,628	15,982,016	21,978,866
Unrestricted	22,336,872	14,150,160	22,458,191	16,632,268	16,849,310	8,837,654	5,446,870	(242,441)	(4,800,118)	(6,917,568)
Total primary government net position	<u>\$ 122,797,372</u>	<u>\$ 126,893,177</u>	<u>\$ 125,842,352</u>	<u>\$ 121,677,228</u>	<u>\$ 118,258,280</u>	<u>\$ 117,577,682</u>	<u>\$ 128,991,281</u>	<u>\$ 121,570,349</u>	<u>\$ 119,018,285</u>	<u>\$ 125,887,740</u>

Note: The primary government section includes an adjustment for capital assets owned by the business-type activities, but financed by the debt of the governmental activities. Refer to Note I D. 10

City of Beloit, Wisconsin
Changes in Net Position,
Last Ten Fiscal Years
(Accrual basis of accounting)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Expenses										
Governmental activities:										
General government	\$ 715,922	\$ 776,459	\$ 804,713	\$ 780,235	\$ 680,410	\$ 820,889	\$ 747,997	\$ 788,296	\$ 772,449	\$ 778,843
Finance and administrative services	4,782,420	6,767,790	7,277,848	6,927,516	7,947,872	9,029,097	4,249,269	4,589,561	4,358,216	5,446,685
Community development	3,774,720	2,743,751	2,221,424	3,173,955	3,569,817	3,978,299	3,593,036	3,271,431	2,143,055	3,029,594
Economic development	241,839	264,699	266,796	278,919	315,893	336,540	283,643	340,202	355,466	268,874
Public safety:										
Police services	10,780,470	10,969,806	14,125,683	13,176,014	14,431,648	14,780,278	15,044,071	15,892,086	15,311,616	15,005,398
Fire services	6,794,772	7,335,343	7,544,082	8,709,729	9,460,266	9,797,889	10,210,826	10,883,679	10,153,177	10,680,264
Health	200,144	-	-	-	-	-	-	-	-	-
Public works	13,460,584	13,366,204	12,973,727	20,115,663	13,882,641	12,828,126	16,676,877	15,538,957	16,731,753	13,037,701
Library	1,988,168	2,050,640	2,117,408	2,701,175	2,222,913	2,272,383	2,211,860	2,242,126	2,290,591	2,344,409
Interest and fiscal charges	2,813,184	3,501,709	2,084,379	3,063,257	3,164,857	3,042,878	2,956,048	3,796,706	2,437,125	2,169,801
Total governmental activities	<u>45,552,223</u>	<u>47,776,401</u>	<u>49,416,060</u>	<u>58,926,463</u>	<u>55,676,317</u>	<u>56,886,379</u>	<u>55,973,627</u>	<u>57,343,044</u>	<u>54,553,448</u>	<u>52,761,569</u>
Business-type activities:										
Water	3,972,012	3,939,599	4,293,844	4,799,644	4,505,850	4,467,294	4,436,025	5,075,698	4,567,804	4,894,535
Sewer	7,013,940	7,189,675	7,500,706	7,683,971	7,920,544	8,019,535	8,445,553	8,739,011	8,820,728	9,206,619
Other non-major enterprise funds	3,552,212	4,345,532	4,630,975	4,699,156	4,962,055	5,030,578	5,029,201	5,183,296	5,352,057	5,349,522
Total business-type activities	<u>14,538,164</u>	<u>15,474,806</u>	<u>16,425,525</u>	<u>17,182,771</u>	<u>17,388,449</u>	<u>17,517,407</u>	<u>17,910,779</u>	<u>18,998,005</u>	<u>18,740,589</u>	<u>19,450,676</u>
Total expenses	<u>\$ 60,090,387</u>	<u>\$ 63,251,207</u>	<u>\$ 65,841,585</u>	<u>\$ 76,109,234</u>	<u>\$ 73,064,766</u>	<u>\$ 74,403,786</u>	<u>\$ 73,884,406</u>	<u>\$ 76,341,049</u>	<u>\$ 73,294,037</u>	<u>\$ 72,212,245</u>
Program Revenues (see Schedule 3)										
Governmental activities:										
Charges for services:										
General government	\$ 22,074	\$ 21,402	\$ 17,856	\$ 15,507	\$ 26,550	\$ 31,670	\$ 35,761	\$ 45,430	\$ 24,937	\$ 49,500
Finance and administrative services	2,180,127	1,454,134	2,804,954	2,870,541	3,670,559	4,529,164	1,181,472	1,599,407	1,267,188	1,058,211
Community development	139,683	367,089	19,496	143,657	113,941	180,125	115,177	262,901	270,531	121,212
Economic development	14,585	-	-	-	-	-	-	-	-	-
Public safety:										
Police services	1,146,735	1,429,750	969,005	1,322,122	1,383,631	1,429,097	1,254,166	1,368,350	1,307,662	1,208,635
Fire services	22,061	19,589	164,324	40,676	52,421	1,310	38,329	2,676	49,148	28,248
Health	759	-	-	-	-	-	-	-	-	-
Public works	2,364,965	2,259,768	2,359,255	2,214,592	2,519,039	2,477,014	2,631,861	2,674,811	2,742,229	2,731,862
Library	150,241	140,446	160,832	195,909	194,405	199,207	188,106	179,073	193,649	226,895
Operating grants and contributions	2,398,066	1,157,167	1,861,658	2,693,755	1,992,886	2,640,623	2,212,186	2,083,822	1,352,609	1,054,099
Capital grants and contributions	846,026	233,136	262,640	1,157,709	234,354	507,677	14,404,161	75,722	160,386	172,012
Total governmental activities	<u>9,285,322</u>	<u>7,082,481</u>	<u>8,620,020</u>	<u>10,654,468</u>	<u>10,187,786</u>	<u>11,995,887</u>	<u>22,061,219</u>	<u>8,292,192</u>	<u>7,368,339</u>	<u>6,650,674</u>
Business-type activities:										
Charges for services:										
Water	4,660,075	4,605,675	4,693,431	4,690,251	5,029,628	5,428,312	5,812,294	5,542,677	5,465,477	5,496,668
Sewer	7,523,826	7,479,230	7,189,691	6,809,634	6,946,357	6,742,228	6,792,043	6,615,442	6,725,986	6,751,680
Other non-major enterprise funds	1,636,118	2,302,068	2,531,473	2,580,501	2,873,575	2,737,877	2,886,428	2,781,660	2,818,869	2,863,402
Operating grants and contributions	1,074,996	1,107,569	1,119,323	1,132,853	-	-	-	22,439	1,195,763	1,234,243
Capital grants and contributions	1,500,373	1,173,071	934,212	4,871,996	-	27,386	32,203	147,573	734,718	68,837
Total business-type activities	<u>16,395,388</u>	<u>16,667,613</u>	<u>16,468,130</u>	<u>20,085,235</u>	<u>14,849,560</u>	<u>14,935,803</u>	<u>15,522,968</u>	<u>15,109,791</u>	<u>16,940,813</u>	<u>16,414,830</u>
Total revenues	<u>\$ 25,680,710</u>	<u>\$ 23,750,094</u>	<u>\$ 25,088,150</u>	<u>\$ 30,739,703</u>	<u>\$ 25,037,346</u>	<u>\$ 26,931,690</u>	<u>\$ 37,584,187</u>	<u>\$ 23,401,983</u>	<u>\$ 24,309,152</u>	<u>\$ 23,065,504</u>
Net (expense)/revenue										
Governmental activities	\$ (36,266,901)	\$ (40,693,920)	\$ (40,796,040)	\$ (48,271,995)	\$ (45,488,531)	\$ (44,890,492)	\$ (33,912,408)	\$ (49,050,852)	\$ (47,185,109)	\$ (46,110,895)
Business-type activities	1,857,224	1,192,807	42,605	2,902,464	(2,538,889)	(2,581,604)	(2,387,811)	(3,888,214)	(1,799,776)	(3,035,846)
Total net expense	<u>\$ (34,409,677)</u>	<u>\$ (39,501,113)</u>	<u>\$ (40,753,435)</u>	<u>\$ (45,369,531)</u>	<u>\$ (48,027,420)</u>	<u>\$ (47,472,096)</u>	<u>\$ (36,300,219)</u>	<u>\$ (52,939,066)</u>	<u>\$ (48,984,885)</u>	<u>\$ (49,146,741)</u>

(continued)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General revenues										
Governmental activities:										
Taxes										
Property taxes, levied for general purposes	\$ 5,156,577	\$ 5,375,871	\$ 5,570,069	\$ 5,654,118	\$ 5,990,830	\$ 6,170,168	\$ 6,167,786	\$ 6,794,942	\$ 6,867,316	\$ 6,886,366
Property taxes, levied for debt service	2,502,289	2,882,495	3,603,871	3,816,130	4,298,477	4,573,523	4,873,523	4,445,195	4,787,927	4,800,000
Property taxes, levied for other	3,808,617	4,360,329	6,816,113	7,492,551	8,560,888	8,555,227	9,117,555	9,600,907	8,885,545	9,077,710
Other taxes	619,176	508,753	551,547	510,674	612,327	561,291	567,650	658,072	591,020	668,830
Intergovernmental revenues not restricted to specific programs	21,794,494	20,671,176	20,071,655	20,679,687	21,209,003	21,957,459	21,707,260	20,511,649	21,961,045	22,177,385
Public gifts and/or grants	760	-	-	-	-	-	-	-	-	-
Investment income	1,793,770	2,397,498	691,086	630,129	39,470	986,271	1,163,493	(384,380)	972,002	262,851
Gain (loss) on sale of property	300,835	623,359	318,690	86,179	172,518	20,672	52,738	65,842	214,055	35,026
Miscellaneous	341,679	1,646,145	992,256	1,327,240	1,628,340	1,661,285	1,651,813	1,835,433	1,237,121	882,350
Transfers	775,846	(1,567,885)	(1,023,197)	486,381	584,499	(690,285)	775,073	830,166	(10,654)	633,315
Total general revenues and transfers	<u>37,094,043</u>	<u>36,897,741</u>	<u>37,592,090</u>	<u>40,683,089</u>	<u>43,096,352</u>	<u>43,795,611</u>	<u>46,076,891</u>	<u>44,357,826</u>	<u>45,505,377</u>	<u>45,423,833</u>
Business-type activities:										
Taxes	754,260	700,697	594,530	530,980	519,980	567,256	537,256	554,367	612,481	662,833
Intergovernmental revenues not restricted to specific programs					1,172,108	1,194,315	1,154,514	1,163,443	-	-
Investment income	574,614	669,637	492,793	457,938	377,693	529,770	592,441	343,408	299,078	281,989
Miscellaneous	-	-	-	15,781	26,838	14,261	-	-	-	-
Gain (loss) on sale of property	-	-	-	3,000	-	-	127,789	(70,744)	5,231	8,968
Transfers	(775,846)	1,567,885	1,023,197	(486,381)	(584,499)	690,285	(775,073)	(830,166)	10,654	(633,315)
Total business-type activities	<u>553,028</u>	<u>2,938,219</u>	<u>2,110,520</u>	<u>521,318</u>	<u>1,512,120</u>	<u>2,995,887</u>	<u>1,636,927</u>	<u>1,160,308</u>	<u>927,444</u>	<u>320,475</u>
Total primary government	<u>\$ 37,647,071</u>	<u>\$ 39,835,960</u>	<u>\$ 39,702,610</u>	<u>\$ 41,204,407</u>	<u>\$ 44,608,472</u>	<u>\$ 46,791,498</u>	<u>\$ 47,713,818</u>	<u>\$ 45,518,134</u>	<u>\$ 46,432,821</u>	<u>\$ 45,744,308</u>
Change in net position										
Governmental activities	\$ 827,142	\$ (3,796,179)	\$ (3,203,950)	\$ (7,588,906)	\$ (2,392,179)	\$ (1,094,881)	\$ 12,164,483	\$ (4,693,026)	\$ (1,679,732)	\$ (687,062)
Business-type activities	2,410,252	4,131,026	2,153,125	3,423,782	(1,026,769)	414,283	(750,884)	(2,727,906)	(872,332)	(2,715,371)
Total change in net position	<u>\$ 3,237,394</u>	<u>\$ 334,847</u>	<u>\$ (1,050,825)</u>	<u>\$ (4,165,124)</u>	<u>\$ (3,418,948)</u>	<u>\$ (680,598)</u>	<u>\$ 11,413,599</u>	<u>\$ (7,420,932)</u>	<u>\$ (2,552,064)</u>	<u>\$ (3,402,433)</u>

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Function/Program										
Governmental activities:										
General government	\$ 22,074	\$ 21,402	\$ 17,856	\$ 15,507	\$ 26,550	\$ 31,670	\$ 35,761	\$ 45,430	\$ 24,937	\$ 49,500
Finance and administrative services	2,183,782	1,455,401	2,817,806	3,086,078	3,873,509	4,847,967	1,556,285	1,979,567	1,564,123	1,385,039
Community development	970,331	588,969	199,078	1,665,932	1,059,927	1,681,051	1,181,594	1,221,147	478,325	149,384
Economic development	396,608	166,421	11,076	41,529	-	-	-	-	-	-
Public safety:										
Police services	1,146,735	1,476,936	1,217,410	1,588,909	1,433,267	1,458,056	1,254,481	1,368,595	1,307,867	1,208,635
Fire services	79,169	68,752	248,684	105,548	118,626	64,433	97,985	60,008	109,580	88,520
Health	759	-	-	-	-	-	-	-	-	-
Public works	4,065,701	2,901,070	3,697,776	3,711,718	3,206,532	3,430,619	17,439,999	3,150,302	3,404,713	3,266,069
Library	420,163	403,530	410,334	439,247	469,375	482,091	495,114	467,143	478,794	503,527
Total governmental activities	<u>9,285,322</u>	<u>7,082,481</u>	<u>8,620,020</u>	<u>10,654,468</u>	<u>10,187,786</u>	<u>11,995,887</u>	<u>22,061,219</u>	<u>8,292,192</u>	<u>7,368,339</u>	<u>6,650,674</u>
Business-type activities:										
Water	5,287,437	4,886,450	4,980,009	5,680,334	6,123,465	5,428,312	5,812,294	5,647,690	5,540,195	5,525,879
Sewer	7,792,114	7,573,835	7,291,004	8,262,681	6,946,357	6,742,228	6,792,043	6,615,442	6,725,986	6,751,680
Other non-major enterprise funds	3,315,837	4,207,328	4,197,117	6,142,220	3,190,272	2,765,263	2,918,631	2,846,659	4,674,632	4,137,271
Total business-type activities	<u>16,395,388</u>	<u>16,667,613</u>	<u>16,468,130</u>	<u>20,085,235</u>	<u>16,260,094</u>	<u>14,935,803</u>	<u>15,522,968</u>	<u>15,109,791</u>	<u>16,940,813</u>	<u>16,414,830</u>
Total primary government	<u>\$ 25,680,710</u>	<u>\$ 23,750,094</u>	<u>\$ 25,088,150</u>	<u>\$ 30,739,703</u>	<u>\$ 26,447,880</u>	<u>\$ 26,931,690</u>	<u>\$ 37,584,187</u>	<u>\$ 23,401,983</u>	<u>\$ 24,309,152</u>	<u>\$ 23,065,504</u>

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

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General fund										
Reserved	\$ 2,272,741	\$ 2,031,796	\$ 2,149,150	\$ 1,924,704	\$ 2,076,049	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	8,165,444	8,547,741	8,184,365	8,519,970	8,724,137	-	-	-	-	-
Nonspendable	-	-	-	-	-	1,761,379	1,634,901	1,449,818	2,071,820	1,791,582
Assigned	-	-	-	-	-	605,321	589,028	626,840	300,000	-
Unassigned	-	-	-	-	-	8,408,569	9,144,726	8,339,711	7,762,537	8,007,592
Total general fund	<u>\$ 10,438,185</u>	<u>\$ 10,579,537</u>	<u>\$ 10,333,515</u>	<u>\$ 10,444,674</u>	<u>\$ 10,800,186</u>	<u>\$ 10,775,269</u>	<u>\$ 11,368,655</u>	<u>\$ 10,416,369</u>	<u>\$ 10,134,357</u>	<u>\$ 9,799,174</u>
All other governmental funds										
Reserved	\$ 11,856,614	\$ 10,935,007	\$ 11,565,636	\$ 8,022,576	\$ 7,271,469	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	3,082,789	3,423,288	533,830	(485,129)	243,976	-	-	-	-	-
Capital projects funds	11,299,595	22,179,563	9,335,975	8,910,576	9,354,103	-	-	-	-	-
Debt service funds	(6,489,022)	(5,136,143)	-	-	-	-	-	-	-	-
Nonspendable	-	-	-	-	-	75,000	-	-	11,709	402,577
Restricted	-	-	-	-	-	15,502,709	9,892,961	10,314,163	10,480,740	10,974,549
Assigned	-	-	-	-	-	11,069,132	10,666,183	12,231,672	11,784,859	11,235,991
Unassigned	-	-	-	-	-	(4,553,852)	(4,572,305)	(4,374,225)	(3,841,960)	(3,904,273)
Total all other governmental funds	<u>\$ 19,749,976</u>	<u>\$ 31,401,715</u>	<u>\$ 21,435,441</u>	<u>\$ 16,448,023</u>	<u>\$ 16,869,548</u>	<u>\$ 22,092,989</u>	<u>\$ 15,986,839</u>	<u>\$ 18,171,610</u>	<u>\$ 18,435,348</u>	<u>\$ 18,708,844</u>
Total governmental funds	<u>\$ 30,188,161</u>	<u>\$ 41,981,252</u>	<u>\$ 31,768,956</u>	<u>\$ 26,892,697</u>	<u>\$ 27,669,734</u>	<u>\$ 32,868,258</u>	<u>\$ 27,355,494</u>	<u>\$ 28,587,979</u>	<u>\$ 28,569,705</u>	<u>\$ 28,508,018</u>

Note: It is the city's policy to maintain an unrestricted general fund balance of not less than 15% of operating revenues or three months of general fund expenditures, whichever is greater. The projected target for 2015 was \$7,739,069 which represents three months of budgeted operating expenditures. The city exceeded this limit by \$268,523. The city implemented GASB Statement 54 beginning with fiscal year 2011. Refer to Note I D 10 in the Notes to Financial Statements section of the report.

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Revenues										
Taxes (see Schedule 6)	\$ 11,572,159	\$ 12,615,533	\$ 16,047,362	\$ 17,006,060	\$ 18,928,612	\$ 19,372,644	\$ 20,225,496	\$ 20,959,622	\$ 20,588,063	\$ 20,887,634
Intergovernmental	23,493,675	21,902,213	21,831,391	22,996,684	23,009,047	23,963,992	23,612,491	22,449,953	22,704,505	22,913,912
Licenses and permits	862,170	758,459	733,953	567,135	579,017	590,135	652,541	863,215	938,474	970,400
Fines, forfeitures and penalties	1,128,260	1,212,231	1,187,381	1,166,653	1,270,139	1,217,884	1,151,148	1,134,664	1,077,893	937,079
Fees and service charges	662,075	630,560	677,097	648,181	720,898	655,964	664,322	732,733	792,397	816,604
Rent	44,459	43,182	30,715	30,026	15,469	56	3,615	13,031	19,178	47,003
Special assessments	388,906	314,066	246,045	250,769	158,485	225,047	204,105	188,098	190,402	312,480
Investment income	1,977,154	2,908,368	2,247,632	671,550	28,627	1,027,796	1,163,493	580,052	431,892	433,241
Unrealized Gain (loss) on investment	-	-	-	-	-	-	-	(964,552)	479,956	(187,938)
Public charges for services	2,031,103	2,256,901	2,261,251	2,254,880	2,576,526	2,520,878	2,642,302	2,703,076	2,709,994	2,686,514
Other	2,085,813	2,775,930	2,350,749	3,373,864	2,963,236	2,657,310	2,842,474	2,925,678	2,230,696	2,199,253
Total revenues	<u>44,245,774</u>	<u>45,417,443</u>	<u>47,613,576</u>	<u>48,965,802</u>	<u>50,250,056</u>	<u>52,231,706</u>	<u>53,161,987</u>	<u>51,585,570</u>	<u>52,163,450</u>	<u>52,016,182</u>
Expenditures										
Current										
General government	3,771,853	3,895,310	3,965,843	4,274,654	3,849,649	3,935,480	3,769,962	3,828,921	3,705,212	3,739,168
Community development	4,143,333	2,775,921	2,600,297	3,101,277	3,963,150	3,916,607	4,224,110	3,452,579	2,864,857	3,408,202
Public safety	16,961,863	17,960,197	18,022,207	18,225,392	18,447,116	19,113,358	19,118,570	20,372,113	20,423,475	20,470,156
Public health	334,012	-	-	-	-	-	-	-	-	-
Public works	8,095,485	8,797,432	8,780,712	8,622,853	8,325,488	8,194,319	7,958,183	8,883,972	8,943,426	8,600,822
Parks, recreation, and education	1,907,205	1,938,463	1,970,069	1,928,426	1,992,966	2,045,247	2,036,683	2,038,937	2,090,762	2,140,358
Capital outlay	14,193,984	10,443,691	18,213,473	20,304,947	9,474,436	11,075,644	14,064,117	7,254,823	9,513,875	8,663,135
Debt service:										
Principal retirement	3,570,886	11,760,034	10,294,458	4,946,407	5,609,568	5,923,641	11,952,889	11,334,674	6,993,294	7,237,072
Interest and fiscal charges	2,862,355	3,876,435	1,956,651	3,181,079	3,119,978	3,181,470	3,085,618	2,842,047	2,303,641	2,165,894
Total expenditures	<u>55,840,976</u>	<u>61,447,483</u>	<u>65,803,710</u>	<u>64,585,035</u>	<u>54,782,351</u>	<u>57,385,766</u>	<u>66,210,132</u>	<u>60,008,066</u>	<u>56,838,542</u>	<u>56,424,807</u>
Excess of revenues over (under) expenditures	(11,595,202)	(16,030,040)	(18,190,134)	(15,619,233)	(4,532,295)	(5,154,060)	(13,048,145)	(8,422,496)	(4,675,092)	(4,408,625)
Other financing sources (uses)										
Debt issued	8,227,299	15,196,994	3,438,190	15,785,965	4,462,587	1,500,000	3,753,800	3,686,989	3,149,816	3,370,000
Debt issued - refunding	-	-	-	-	-	14,006,168	3,706,200	12,079,111	5,477,459	-
Capital lease issued	616,592	11,213,109	5,085,000	-	-	3,915,445	1,498,489	-	-	-
Premium on bonds	-	-	-	-	-	-	139,913	423,115	256,111	-
Payments to escrow agent	-	-	-	(1,194,912)	-	(9,759,095)	(2,458,608)	(7,664,827)	(5,643,847)	-
Sale of city property	734,988	780,745	477,845	88,022	262,246	302,433	106,598	150,427	568,504	116,084
Debt service - principal	-	-	-	(4,880,389)	-	-	-	-	-	-
Transfers in	1,984,009	1,017,571	1,350,505	3,247,606	2,141,710	2,509,837	2,613,170	3,387,428	2,439,001	2,266,370
Transfers out	(1,208,163)	(385,288)	(2,373,702)	(2,303,318)	(1,557,211)	(2,122,204)	(1,824,177)	(2,407,262)	(1,590,226)	(1,405,516)
Total other financing sources (uses)	<u>10,354,725</u>	<u>27,823,131</u>	<u>7,977,838</u>	<u>10,742,974</u>	<u>5,309,332</u>	<u>10,352,584</u>	<u>7,535,385</u>	<u>9,654,981</u>	<u>4,656,818</u>	<u>4,346,938</u>
Net change in fund balances	<u>\$ (1,240,477)</u>	<u>\$ 11,793,091</u>	<u>\$ (10,212,296)</u>	<u>\$ (4,876,259)</u>	<u>\$ 777,037</u>	<u>\$ 5,198,524</u>	<u>\$ (5,512,760)</u>	<u>\$ 1,232,485</u>	<u>\$ (18,274)</u>	<u>\$ (61,687)</u>
Debt service as a percentage of non-capital expenditures	13.28%	28.41%	23.93%	14.68%	16.78%	17.92%	24.74%	24.14%	16.81%	18.12%

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

Fiscal Year	Property	Mobile Home	Payments In Lieu of	Prior Year Collections/ (Rescinded)	Motel	Total
2006	11,430,534	18,786	9,097	63,981	49,761	11,572,159
2007	12,621,107	22,868	-	(82,301)	53,859	12,615,533
2008	15,992,806	25,791	13,185	(64,930)	80,510	16,047,362
2009	16,965,490	10,018	10,312	(372)	20,612	17,006,060
2010	18,852,196	12,182	10,509	899	52,826	18,928,612
2011	19,299,003	12,628	9,038	2,006	49,969	19,372,644
2012	20,147,260	15,267	10,822	(5,420)	57,567	20,225,496
2013	20,867,890	13,462	9,089	1,773	67,408	20,959,622
2014	20,505,168	12,869	8,808	(4)	61,222	20,588,063
2015	20,785,707	12,541	9,104	760	79,522	20,887,634

Note: Wisconsin Statutes limits the amount that the property tax levy may increase to the percentage increase in the tax base attributed to net new construction.

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

Fiscal Year	Residential Property	Commercial Property	Manufacturing Property	Agricultural Property	Personal Property	Total Taxable Assessed Value	City Direct Tax Rate	Total Equalized Value	Taxable Assessed Value as a Percentage of Equalized Value
2006	971,475,800	365,904,900	96,725,400	693,400	55,914,090	1,490,713,590	7.58	1,470,055,900	101.41%
2007	1,046,740,100	423,735,800	114,075,400	710,400	79,446,830	1,664,708,530	7.87	1,630,887,400	102.07%
2008	1,054,404,900	439,788,300	121,180,400	691,200	83,002,580	1,699,067,380	8.08	1,718,751,200	98.85%
2009	1,003,840,630	449,214,400	142,397,900	700,400	88,111,210	1,684,264,540	8.89	1,744,186,100	96.56%
2010	900,230,900	427,694,300	135,080,700	679,600	87,133,340	1,550,818,840	10.04	1,610,889,800	96.27%
2011	899,392,250	432,887,800	141,146,700	596,600	82,989,040	1,557,012,390	10.33	1,558,718,400	99.89%
2012	894,849,000	424,796,000	166,829,600	599,300	102,931,800	1,590,005,700	10.30	1,507,977,900	105.44%
2013	888,191,900	424,675,300	180,902,200	593,200	84,031,800	1,578,394,400	10.62	1,377,134,000	114.61%
2014	884,755,300	430,356,700	168,818,300	576,400	81,975,602	1,566,482,302	10.83	1,471,696,200	106.44%
2015	883,032,900	439,131,000	163,631,548	549,800	84,559,452	1,570,904,700	10.96	1,557,937,900	100.83%

Note: Property in the city is assessed each year as of January 1. Property is assessed at actual value; however, the Wisconsin Department of Revenue each year estimates the market value of all taxable property for the purpose of apportioning tax levies among the various taxing jurisdictions.

This value is referred to as the equalized value. Taxable assessed value does not include tax exempt properties. Tax rates are per \$1,000 of assessed value and the city direct rate represents the city's portion of the tax levy. The total tax rates including those of other taxing jurisdictions can be found on Schedule 8.

Taxes are levied in December based on the assessed value as of January 1 and collected the following year.

Source: City of Beloit budget.

City of Beloit, Wisconsin
Direct and Overlapping Property Tax Rates,
Last Ten Fiscal Years
(rate per \$1,000 of assessed value)

Beloit School District

Levy Year	Collection Year	City of Beloit			Overlapping Rates (a)				Gross Tax Rate	School Tax Credit	Net Tax Rate
		Basic Rate	G. O. Debt Service Rate	Direct Tax Rate	Rock County	State of Wisconsin	Technical College	Beloit School District			
2006	2007	5.65	1.93	7.58	5.40	0.17	1.65	10.22	25.02	(1.45)	23.57
2007	2008	5.71	2.17	7.87	5.25	0.17	1.66	9.08	24.03	(1.47)	22.55
2008	2009	5.83	2.25	8.08	5.33	0.17	1.72	7.73	23.03	(1.56)	21.48
2009	2010	6.34	2.55	8.89	5.75	0.18	1.79	8.53	25.15	(1.40)	23.75
2010	2011	7.09	2.95	10.04	6.23	0.18	1.80	9.84	28.08	(1.37)	26.71
2011	2012	6.59	3.74	10.33	6.30	0.17	1.79	9.48	28.07	(1.30)	26.77
2012	2013	7.51	2.79	10.30	6.18	0.16	1.75	10.11	28.50	(1.27)	27.22
2013	2014	7.59	3.03	10.62	6.00	0.15	1.68	10.08	28.53	(1.31)	27.21
2014	2015	7.77	3.06	10.83	6.27	0.16	1.04	10.88	29.18	(1.34)	27.84
2015	2016	7.92	3.04	10.96	6.60	0.17	1.19	11.47	30.39	(1.59)	28.80

Beloit Turner School District

Levy Year	Collection Year	City of Beloit			Overlapping Rates (a)				Gross Tax Rate	School Tax Credit	Net Tax Rate
		Basic Rate	G. O. Debt Service Rate	Direct Tax Rate	Rock County	State of Wisconsin	Technical College	Beloit Turner School District			
2006	2007	5.65	1.93	7.58	5.40	0.17	1.65	9.19	23.99	(1.45)	22.55
2007	2008	5.71	2.17	7.87	5.25	0.17	1.66	8.94	23.89	(1.47)	22.42
2008	2009	5.83	2.25	8.08	5.33	0.17	1.72	9.98	25.28	(1.56)	23.72
2009	2010	6.34	2.55	8.89	5.75	0.18	1.79	10.35	26.96	(1.40)	25.56
2010	2011	7.09	2.95	10.04	6.23	0.18	1.80	10.95	29.20	(1.37)	27.83
2011	2012	6.59	3.74	10.33	6.30	0.17	1.79	11.05	29.63	(1.30)	28.34
2012	2013	7.51	2.79	10.30	6.18	0.16	1.75	11.08	29.47	(1.27)	28.20
2013	2014	7.59	3.03	10.62	6.00	0.15	1.68	10.35	28.80	(1.31)	27.48
2014	2015	7.77	3.06	10.83	6.27	0.16	1.04	10.72	29.02	(1.34)	27.68
2015	2016	7.92	3.04	10.96	6.60	0.17	1.19	10.88	29.79	(1.59)	28.21

Clinton Community School District

Levy Year	Collection Year	City of Beloit			Overlapping Rates (a)				Gross Tax Rate	School Tax Credit	Net Tax Rate
		Basic Rate	G. O. Debt Service Rate	Direct Tax Rate	Rock County	State of Wisconsin	Technical College	Clinton School District			
2006	2007	5.65	1.93	7.58	5.40	0.17	1.65	10.17	24.97	(1.45)	23.52
2007	2008	5.71	2.17	7.87	5.25	0.17	1.66	9.87	24.82	(1.47)	23.35
2008	2009	5.83	2.25	8.08	5.33	0.17	1.72	10.32	25.62	(1.56)	24.07
2009	2010	6.34	2.55	8.89	5.75	0.18	1.79	11.42	28.03	(1.40)	26.63
2010	2011	7.09	2.95	10.04	6.23	0.18	1.80	11.97	30.21	(1.37)	28.84
2011	2012	6.59	3.74	10.33	6.30	0.17	1.79	12.34	30.92	(1.30)	29.63
2012	2013	7.51	2.79	10.30	6.18	0.16	1.75	11.64	30.03	(1.27)	28.76
2013	2014	7.59	3.03	10.62	6.00	0.15	1.68	10.68	29.13	(1.31)	27.82
2014	2015	7.77	3.06	10.83	6.27	0.16	1.04	11.53	29.82	(1.34)	28.48
2015	2016	7.92	3.04	10.96	6.60	0.17	1.19	12.05	30.97	(1.59)	29.38

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

(a) Overlapping rates are those of other local governments and taxing authorities that apply to property owners within the City of Beloit. The school district rates apply only to those properties located within the various school districts whereas the city, county, state, and technical college rates would apply to all properties in the city.

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

Taxpayer	Type of Business/Property	2015			2006		
		Taxable Assessed Valuation	Percentage of Total Taxable Assessed Valuation	Rank	Taxable Assessed Valuation	Percentage of Total Taxable Assessed Valuation	Rank
ABC Supply/Hendricks	Wholesale Distribution/Property Development	\$ 79,431,530	5.07%	1	\$ 44,733,870	3.24%	1
Kerry Ingredients	Mfg of Food Additives	39,987,400	2.55%	2		0.00%	
Staples Contract & Commercial LLC	Fulfillment Center	34,563,300	2.21%	3			
Frito Lay Inc	Food Processor	22,305,800	1.42%	4	20,286,200	1.47%	2
Kettle Foods	Food Processor	17,289,300	1.10%	5			
Beloit Health Systems	Health Services	15,707,050	1.00%	6	13,550,510	0.98%	5
Woodmans	Retail Grocer	15,295,930	0.98%	7	15,001,500	1.09%	3
Walmart	Retailer	14,530,270	0.93%	8	13,811,440	1.00%	4
McGuire/Morgan Square	Developer Commercial	11,998,800	0.77%	9	8,768,200	0.64%	8
Hawks Ridge Apartment LLC	Apartment Rentals	11,687,710	0.75%	10			
Genencor	Manufacturer				9,584,000	0.70%	7
George Hormel & Co.	Food Processor				8,031,300	0.58%	10
Reynolds Aluminum	Manufacturer				10,286,000	0.75%	6
First National Bank	Commercial Bank				8,179,510	0.59%	9
Totals		<u>\$ 262,797,090</u>	<u>16.78%</u>		<u>\$ 152,232,530</u>	<u>11.04%</u>	

Source: City of Beloit Assessor's Office.

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

<u>Levy Year</u>	<u>Collection Year</u>	<u>Total City Tax Levy (1)</u>	<u>Collected within the Fiscal Year of the Levy</u>		<u>Collections in Subsequent Years</u>	<u>Total Collections to Date</u>	
			<u>Amount</u>	<u>Percentage of Levy</u>		<u>Amount</u>	<u>Percentage of Levy</u>
2006	2007	11,296,602	1,719,444	15.22%	9,576,012	11,295,456	99.99%
2007	2008	13,108,729	2,198,715	16.77%	10,906,854	13,105,569	99.98%
2008	2009	13,727,262	2,804,254	20.43%	10,920,358	13,724,612	99.98%
2009	2010	14,980,809	4,112,716	27.45%	10,858,577	14,971,293	99.94%
2010	2011	15,564,530	3,861,158	24.81%	11,692,161	15,553,319	99.93%
2011	2012	16,085,443	2,917,275	18.14%	13,165,124	16,082,399	99.98%
2012	2013	16,394,872	3,331,278	20.32%	13,062,062	16,393,340	99.99%
2013	2014	16,769,023	1,992,160	11.88%	14,775,750	16,767,910	99.99%
2014	2015	16,963,108	3,843,552	22.66%	13,105,602	16,949,154	99.92%
2015	2016	17,211,767	3,062,611	17.79%	N/A	N/A	N/A

Note: In addition to city property taxes, the city also collects and remits property taxes to the State of Wisconsin, Rock County, Beloit School District, Beloit Turner School District, Clinton Community School District and Blackhawk Technical College. Taxes are levied in December of each year based on the assessed value as of the preceding January 1. Real estate taxes can be paid in four installments on January 31, March 31, May 31 and July 31. Personal property taxes are due January 31. Tax settlements to the other taxing authorities are made in January, February, April, June and the final settlement is in August. The city contracts with the Rock County Treasurer to collect all real estate taxes. The city collects all personal property taxes unpaid after January 31.

(1) Source: City of Beloit budget.

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

Fiscal Year	General Obligation Bonds	Issuance Premiums (Discounts)	Other Debt	Capital Leases	Other Capital Leases	Sewer Revenue Bonds	Water Revenue Bonds	Storm Water Revenue Bonds	Total Outstanding Debt	Estimated Full Property Value	Percentage of Full Property Value	Population	Debt per Capita
Governmental Activities													
2006	41,318,203	(271,968)	527,882	14,137,211	293,548	-	-	-	56,004,876	1,470,055,900	3.81%	36,560	1,532
2007	53,255,304	(420,309)	306,532	16,260,689	876,179	-	-	-	70,278,395	1,630,887,400	4.31%	37,110	1,894
2008	52,967,110	(372,992)	235,479	14,882,996	787,048	-	-	-	68,499,641	1,718,751,200	3.99%	37,110	1,846
2009	53,844,175	(325,674)	110,000	18,984,934	696,897	-	-	-	73,310,332	1,744,186,100	4.20%	37,000	1,981
2010	54,003,141	(278,357)	100,000	17,723,067	602,607	-	-	-	72,150,458	1,610,889,800	4.48%	36,966	1,952
2011	55,450,472	(721,460)	90,000	20,442,853	503,988	-	-	-	75,765,853	1,558,718,400	4.86%	36,945	2,051
2012	50,222,921	(809,965)	80,000	20,446,434	466,990	-	-	-	70,406,380	1,507,977,900	4.67%	36,850	1,911
2013	49,839,619	389,297	70,000	18,269,381	428,441	-	-	-	68,996,738	1,377,134,000	5.01%	36,820	1,874
2014	48,305,828	607,154	60,000	16,370,388	346,426	-	-	-	65,689,796	1,471,696,200	4.46%	36,805	1,785
2015	46,827,654	568,900	50,000	13,991,490	346,426	-	-	-	61,784,470	1,557,937,900	3.97%	36,792	1,679
Business-Type Activities													
2006	2,747,023	(211,358)	-	-	-	9,586,186	23,470,000	-	35,591,851	1,470,055,900	2.42%	36,560	974
2007	4,169,402	(1,086,278)	-	-	-	6,890,000	23,700,000	-	33,673,124	1,630,887,400	2.06%	37,110	907
2008	5,928,389	(866,375)	-	-	-	4,090,000	23,025,000	-	32,177,014	1,718,751,200	1.87%	37,110	867
2009	5,986,851	(734,700)	-	-	-	-	26,240,000	-	31,492,151	1,744,186,100	1.81%	37,000	851
2010	5,925,112	(626,876)	-	-	-	-	29,155,000	1,470,000	35,923,236	1,610,889,800	2.23%	36,966	972
2011	5,577,580	(501,757)	-	-	-	2,866,012	28,075,000	1,420,000	37,436,835	1,558,718,400	2.40%	36,945	1,013
2012	5,225,896	(362,058)	-	-	-	3,267,644	26,960,000	1,365,000	36,456,482	1,507,977,900	2.42%	36,850	989
2013	4,859,952	26,566	-	-	-	3,129,884	25,800,000	1,310,000	35,126,402	1,377,134,000	2.55%	36,820	954
2014	4,680,857	179,630	-	-	-	2,988,818	24,560,000	1,255,000	33,664,305	1,471,696,200	2.29%	36,805	915
2015	4,224,935	124,094	-	-	-	2,844,366	23,290,000	1,225,000	31,708,395	1,557,937,900	2.04%	36,792	862
Total Government-wide													
2006	44,065,226	(483,326)	527,882	14,137,211	293,548	9,586,186	23,470,000	-	91,596,727	1,470,055,900	6.23%	36,560	2,505
2007	57,424,706	(1,506,587)	306,532	16,260,689	876,179	6,890,000	23,700,000	-	103,951,519	1,630,887,400	6.37%	37,110	2,801
2008	58,895,499	(1,239,367)	235,479	14,882,996	787,048	4,090,000	23,025,000	-	100,676,655	1,718,751,200	5.86%	37,110	2,713
2009	59,831,026	(1,060,374)	110,000	18,984,934	696,897	-	26,240,000	-	104,802,483	1,744,186,100	6.01%	37,000	2,832
2010	59,928,253	(905,233)	100,000	17,723,067	602,607	-	29,155,000	1,470,000	108,073,694	1,610,889,800	6.71%	36,966	2,924
2011	61,028,052	(1,223,217)	90,000	20,442,853	503,988	2,866,012	28,075,000	1,420,000	113,202,688	1,558,718,400	7.26%	36,945	3,064
2012	55,448,817	(1,172,023)	80,000	20,446,434	466,990	3,267,644	26,960,000	1,365,000	106,862,862	1,507,977,900	7.09%	36,850	2,900
2013	54,699,571	415,863	70,000	18,269,381	428,441	3,129,884	25,800,000	1,310,000	104,123,140	1,377,134,000	7.56%	36,820	2,828
2014	52,986,685	786,784	60,000	16,370,388	346,426	2,988,818	24,560,000	1,255,000	99,354,101	1,471,696,200	6.75%	36,805	2,699
2015	51,052,589	692,994	50,000	13,991,490	346,426	2,844,366	23,290,000	1,225,000	93,492,865	1,557,937,900	6.00%	36,792	2,541

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

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Less: Amounts Available in Debt Service Fund (a)</u>	<u>Total</u>	<u>Per Capita (c)</u>	<u>Percentage of Estimated Actual Market Value of Property (b)</u>	<u>Total Debt Applicable to Debt Limit</u>	<u>Legal Debt Limit (d)</u>	<u>Legal Debt Margin (e)</u>	<u>Legal Debt Margin as a Percentage of the Debt Limit</u>
2006	44,065,226	6,574,638	37,490,588	1,025	2.55%	44,065,226	73,502,795	29,437,569	40.05%
2007	57,424,706	5,026,140	52,398,566	1,412	3.21%	57,424,706	81,544,370	24,119,664	29.58%
2008	58,895,499	4,000,673	54,894,826	1,479	3.19%	58,895,499	85,937,560	27,042,061	31.47%
2009	59,831,026	2,297,699	57,533,327	1,555	3.30%	59,831,026	87,209,305	27,378,279	31.39%
2010	59,928,253	2,077,288	57,850,965	1,565	3.59%	59,928,253	80,544,490	20,616,237	25.60%
2011	61,028,052	6,031,219	54,996,833	1,489	3.53%	61,028,052	77,935,920	16,907,868	21.69%
2012	55,448,817	1,871,641	53,577,176	1,454	3.55%	55,448,817	75,398,895	19,950,078	26.46%
2013	54,699,571	2,212,595	52,486,976	1,426	3.81%	54,699,571	68,856,700	14,157,129	20.56%
2014	52,986,685	2,048,472	50,938,213	1,384	3.46%	52,986,685	73,584,810	20,598,125	27.99%
2015	51,052,589	2,012,373	49,040,216	1,333	3.15%	51,052,589	77,896,895	26,844,306	34.46%

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

(a) Restricted net position balance for debt service refer to page 1.

(b) Property value data can be found in Schedule 6: Total Equalized Value is used as estimated market value.

(c) Population data can be found in Schedule 14: Demographic and Economic Indicators. Under city's Debt Policy target is \$950-\$1,050.

(d) Wisconsin State Statutes limit the city's general obligation indebtedness to 5% of the equalized value of taxable property within the city's boundaries. The city has established a self imposed limit under its Debt Policy of 3.0-3.5% of equalized value.

(e) The legal debt margin is the city's available borrowing authority under State Statutes and is calculated by subtracting the debt applicable to the legal debt limit from the legal debt limit.

**City of Beloit, Wisconsin
Direct and Overlapping Governmental Activities Debt
as of December 31, 2015**

<u>Governmental Unit</u>	<u>General Obligation Debt Outstanding</u>	<u>Estimated Percentage Applicable (a)</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
County of Rock, Wisconsin	\$ 46,630,000	15.70%	\$ 7,318,812
Blackhawk Technical College	46,775,000	13.09%	\$ 6,123,222
Beloit School District	66,180,915	94.62%	\$ 62,621,044
Beloit Turner School District	5,755,000	10.85%	\$ 624,360
Clinton Community School District	6,505,000	13.37%	\$ 869,725
Subtotal, overlapping debt			<u>77,557,162</u>
City direct debt			<u>61,784,470</u>
Total direct and overlapping debt			<u>\$ 139,341,632</u>
Population			36,792
Overlapping debt per capita			\$ 2,108
Direct and overlapping debt per capita			\$ 3,787

Sources: Equalized value data provided by the Wisconsin Department of Revenue was used to determine the estimated percentage of overlapping debt applicable. Debt outstanding data was provided by each jurisdiction.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Beloit. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be considered. However, this does not imply that every taxpayer is a resident and is responsible for repaying the debt of each overlapping government.

(a) The percentage of overlapping debt applicable is estimated using estimated market value (equalized value) of property as provided by the Wisconsin Department of Revenue. Applicable percentages were calculated by using the portion of the taxing jurisdiction's estimated market value that is within the city's boundaries and dividing it by the jurisdiction's total estimated market value.

Direct Debt includes outstanding long term bonded debt, notes, loans, and capital leases of the city's governmental activities.

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

Sewer Utility Revenue Bonds						
Fiscal Year	Utility Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2006	7,894,227	4,122,852	3,771,375	2,604,318	446,585	1.24
2007	7,854,276	4,341,516	3,512,760	2,696,186	352,407	1.15
2008	7,495,480	4,613,801	2,881,679	2,800,000	248,500	0.95
2009	7,066,624	5,019,792	2,046,832	-	-	-
2010	7,083,699	5,370,311	1,713,388	-	-	-
2011	6,867,461	5,471,436	1,396,025	-	13,820	101.01
2012	6,975,312	5,803,825	1,171,487	130,030	74,991	5.71
2013	6,779,720	6,051,452	728,268	137,760	76,771	3.39
2014	6,878,377	6,135,784	742,593	141,066	73,424	3.46
2015	6,899,605	6,475,410	424,195	144,452	69,998	1.98

Water Utility Revenue Bonds						
Fiscal Year	Utility Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2006	4,791,033	1,757,711	3,033,322	595,000	1,066,170	1.83
2007	4,791,676	1,771,273	3,020,403	780,000	865,315	1.84
2008	4,851,984	1,914,142	2,937,842	675,000	980,887	1.77
2009	4,756,316	2,268,695	2,487,621	695,000	1,030,961	1.44
2010	5,174,136	1,853,338	3,320,798	1,110,000	1,189,850	1.44
2011	5,472,411	1,823,566	3,648,845	1,080,000	1,220,495	1.59
2012	5,874,505	1,810,557	4,063,948	1,115,000	1,183,233	1.77
2013	5,600,028	2,266,499	3,333,529	1,235,000	1,064,519	1.45
2014	5,515,294	2,068,833	3,446,461	1,240,000	992,212	1.54
2015	5,535,133	2,633,314	2,901,819	1,270,000	962,339	1.30

Stormwater Utility Revenue Bonds						
Fiscal Year	Utility Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2006	-	-	-	-	-	-
2007	-	-	-	-	-	-
2008	-	-	-	-	-	-
2009	-	-	-	-	-	-
2010	951,506	737,653	213,853	-	41,424	5.16
2011	950,724	635,318	315,406	50,000	72,369	2.58
2012	958,856	702,539	256,317	55,000	71,444	2.03
2013	958,980	699,169	259,811	55,000	69,813	2.08
2014	959,068	720,259	238,809	55,000	68,694	1.93
2015	972,517	846,762	125,755	0	23,371	5.38

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements. Sewer, water, and stormwater charges include non-operating revenues. Operating expenses do not include interest, amortization, or depreciation. The City's required coverage ratios are 1.10 for the sewer bonds and 1.25 for the water and stormwater bonds.

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

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Estimated Personal Income (2)</u>	<u>Per Capita Personal Income (3)</u>	<u>School Enrollment (4)</u>	<u>Labor Force (5)</u>	<u>Employment (5)</u>	<u>Unemployment (5)</u>	<u>City Unemployment Rate (5)</u>
2006	36,560	1,132,446,000	30,975	7,169	17,459	16,192	1,267	7.3%
2007	37,110	1,171,006,050	31,555	7,125	17,493	16,193	1,300	7.4%
2008	37,110	1,190,154,810	32,071	7,130	16,981	15,548	1,433	8.4%
2009	37,000	1,142,893,000	30,889	7,146	17,275	14,254	3,021	17.5%
2010	36,966	1,179,104,502	31,897	6,891	16,486	14,362	2,124	12.9%
2011	36,945	1,230,453,225	33,305	6,967	16,273	14,484	1,789	11.0%
2012	36,850	1,321,256,750	35,855	6,985	16,474	14,770	1,704	10.3%
2013	36,820	1,401,148,280	38,054	7,116	16,880	15,013	1,867	11.1%
2014	36,805	1,424,831,965	38,713	7,133	17,148	15,850	1,298	7.6%
2015	36,792	NA	NA	7,186	17,179	16,053	1,126	6.6%

Sources: (1) State of Wisconsin Department of Administration or U. S. Census Bureau (2010).

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

(3) Regional Economic Information System, Bureau of Economic Analysis, U.S. Department of Commerce, Rock County, WI.

(4) State of Wisconsin Department of Public Instruction.

(5) State of Wisconsin Department of Workforce Development - Office of Economic Advisors.

Note: In 2008 the General Motors assembly plant in Janesville, WI closed eliminating over 1,200 jobs and severely impacting the regional economy. The affect of the plant's closure on the City of Beloit led to the unemployment rate soaring to almost 20% in 2009 and it remains as one of the highest in the State of Wisconsin.

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

<u>Employer</u>	<u>2015</u>			<u>2006</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Beloit Health Systems	1,576	1	10.50%	1,554	1	9.07%
School District of Beloit	938	2	6.25%	905	2	5.28%
Kerry Ingredients	740	3	4.93%	354	9	2.07%
Frito-Lay	663	4	4.42%	724	3	4.23%
Taylor Company	635	5	4.23%	520	4	3.04%
Birds Eye	559	6	3.72%			
City of Beloit	447	7	2.98%	405	6	2.36%
Beloit College	408	8	2.72%	479	5	2.80%
Fairbanks-Morse	374	9	2.49%			
Hendricks Holdings (ABC Supply)	356	10	2.37%	388	7	2.27%
Alcoa Wheel Products	-	-	-	381	8	2.22%
Wal-Mart	-	-	-	339	10	1.98%
Total	6,696		44.60%	6,049		35.31%

Source: City of Beloit Department of Economic Development.

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

Function	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Government	7.00	7.00	7.00	7.00	7.00	7.30	7.14	7.00	7.00	7.00
Finance and Administrative Services	36.93	36.55	35.60	34.30	33.35	33.25	31.00	30.70	29.75	29.85
Community Development	18.50	19.00	19.00	18.00	18.00	19.00	18.50	16.50	16.50	16.50
Economic Development	3.40	3.40	3.40	3.40	3.40	3.40	3.40	3.40	3.40	3.40
Public Safety:										
Police Services	95.05	95.75	95.95	95.96	95.91	95.91	88.76	90.26	91.16	91.16
Fire Services	65.10	65.62	65.65	65.65	65.65	65.65	59.25	59.74	64.74	63.24
Engineering and public works	58.90	60.83	60.83	61.83	60.54	60.44	57.71	56.08	56.08	59.67
Parks and Recreation	37.16	40.64	40.26	40.26	39.26	39.76	37.37	38.01	38.01	38.07
Library	27.00	27.00	26.48	25.82	25.59	25.76	26.01	27.15	27.34	27.60
Water and Sewer Utility	33.60	35.54	36.80	36.82	37.11	37.11	35.57	37.90	38.40	35.40
Transit	19.50	20.50	20.10	20.50	20.50	20.50	20.50	20.50	20.50	20.50
Total	402.14	411.83	411.07	409.54	406.31	408.08	385.21	387.24	392.88	392.39

Source: City of Beloit budget.

Notes: 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>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General government										
New Building permits	83	27	17	9	2	3	2	7	6	7
Building permits issued	656	967	936	625	925	1,030	1,156	990	1,074	1,002
Building inspections conducted	5,310	5,585	4,215	3,811	3,972	3,932	4,540	3,874	1,657	2,269
Site plans reviewed	30	27	26	22	14	18	21	25	14	13
Rental permits issued	4,837	5,748	5,456	5,673	5,624	5,449	6,010	5,990	5,927	6,134
Police										
Physical Arrests	9,154	10,467	9,777	8,384	7,952	7,736	8,756	10,026	4,850	4,683
Traffic Violations	5,607	6,639	5,578	5,328	6,434	6,261	6,494	5,529	4,746	3,564
Parking Violations	12,401	12,663	11,209	8,197	9,536	8,461	6,782	6,230	7,072	3,837
Fire										
Emergency responses	7,327	7,565	7,979	7,262	7,834	7,896	7,693	8,194	8,452	8,513
Fires extinguished	73	115	122	96	125	134	150	107	122	134
Inspections conducted	2,420	2,430	2,449	2,349	2,336	2,293	2,029	2,000	2,050	2,096
Ambulance runs	3,388	3,392	3,625	3,394	3,498	3,534	3,517	3,726	3,835	3,969
Engineering and public works										
Development plans reviewed	30	27	26	22	14	18	21	25	14	13
Infrastructure projects designed	25	27	28	30	30	20	23	16	15	24
Infrastructure projects completed	20	14	18	20	20	18	19	16	14	20
Highways and Streets										
Street resurfacing (miles)	2.00	1.00	1.50	4.40	4.8	1.9	3.1	5.5	1.92	6.3
Potholes repaired	31,162	42,972	38,897	47,309	47,218	50,590	40,319	38,725	38,176	38,720
Sanitation										
Refuse collected (tons/day)	40	38	38	37	34	33	32.39	33.79	39.07	37
Recyclables collected (tons/day)	21	21	20	20	23	16	15.92	15.15	18.47	16.5
Culture and Recreation										
Facility use permits issued	469	453	465	459	448	460	469	431	491	530
Number of programs offered	64	66	67	79	77	75	78	81	84	86
Rounds of golf played	20,117	22,345	28,202	25,448	28,117	17,524	25,174	21,822	20,056	19,502
Senior center participants	20,571	20,411	22,564	24,199	24,318	24,011	23,919	25,822	25,934	26,194
Number of cemetery internments	193	169	178	148	161	185	170	175	147	164
Water										
Work orders processed	2,142	1,782	1,855	1,876	3,656	2,952	2,711	2,724	2,321	2,336
DHL locate tickets processed			4,706	4,620	4,248	4,187	4,289	5,196	4,170	5,183
Main breaks	30	49	39	34	35	30	32	56	52	34
Average daily production (MGD)	6.46	6.60	6.71	6.15	5.89	5.47	5.75	5.55	5.468	6.109
Peak daily production (MGD)	9.93	9.74	9.81	8.62	8.36	8.59	10.14	8.726	7.500	8.427
Wastewater										
Average daily treatment (MGD)	4.88	5.34	7.35	5.96	4.26	3.664	3.529	4.32	3.776	3.95
Peak daily treatment (MGD)	11.65	12.79	18.81	13.83	6.22	4.999	4.671	15.459	9.640	6.071
Transit										
Total route miles	392,041	392,041	392,041	392,041	343,029	343,029	343,029	343,029	311,017	287,839
Passengers	302,307	311,353	313,845	307,568	272,089	265,590	246,323	243,859	223,291	198,719

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

<u>Function/Program</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	40	40	39	39	39	40	40	40	40	40
Fire										
Stations	3	3	3	3	3	3	3	3	3	3
Trucks	10	10	10	10	10	10	10	14	14	14
Ambulances	3	3	3	3	3	3	3	4	4	4
Refuse Collection										
Garbage trucks	14	14	14	14	14	14	14	13	13	13
Other public works										
Streets/highways (miles)	181.7	181.92	182.2	182.2	183.5	183.5	183.5	183.5	183.5	184.8
Streetlights	855	889	902	1,053	1,229	1,320	1,308	1,308	1,308	1,456
Traffic signals	40	40	40	40	40	40	40	40	40	41
Parks and recreation										
Acreage	851	851	851	861	861	861	861	924	924	924
Parks	34	34	34	35	35	35	35	39	39	39
Tennis courts	11	11	11	11	11	11	11	11	11	11
Golf courses	1	1	1	1	1	1	1	1	1	1
Swimming pools	1	1	1	1	1	1	1	1	1	1
Community centers	1	1	1	1	1	1	1	1	1	2
Water										
Wells	7	7	7	7	7	7	8	8	9	8
Water mains (miles)	177	178	194	196.7	197.7	197.7	198.9	198.9	198.9	199
Hydrants	1,703	1,714	1,436	1,434	1,464	1,464	1,555	1,555	1,555	1,558
Storage capacity (MGD)	2.75	2.75	2.75	2.75	2.75	2.75	4.15	4.15	4.150	4.15
Wastewater										
Treatment plants	1	1	1	1	1	1	1	1	1	1
Sanitary sewer (miles)	164	168	170.5	170.8	175	172.8	172.8	172.8	172.8	172.8
Storm sewer (miles)	171	172	110.5	108	110.2	110.2	110.2	110.2	110.2	110.2
Treatment capacity (MGD)	11	11	11	11	11	11.3	11.3	11.3	11.3	11.3
Transit										
Buses	12	12	12	12	12	12	12	12	12	12

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

Independent Auditors' Report

To the City Council
City of Beloit
Beloit, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Beloit, Wisconsin as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City of Beloit's basic financial statements and have issued our report thereon dated June 24, 2016. Our report includes a reference to other auditors who audited the financial statements of the Beloit Public Library Foundation, Inc., a component unit, and the limited liability corporations (LLC's) presented as component units of the City of Beloit CDA (CDA), as described in our report on the City of Beloit's financial statements. The financial statements of the Beloit Public Library Foundation, Inc., a component unit of the City and the LLC's of the CDA, were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Beloit's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Beloit's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Beloit's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs, that we consider to be material weaknesses. These material weaknesses are items 2015-001 and 2015-002.

To the City Council
City of Beloit

Compliance and Other Matters

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

City of Beloit's Response to Findings

The City of Beloit's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City of Beloit's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Baker Tilly Virchow Krause, LLP". The signature is written in a cursive, flowing style.

Madison, Wisconsin
June 24, 2016

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND MAJOR STATE PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE;
AND REPORT ON SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
REQUIRED BY THE UNIFORM GUIDANCE AND THE *STATE SINGLE AUDIT GUIDELINES*

Independent Auditors' Report

To the City Council
City of Beloit
Beloit, Wisconsin

Report on Compliance for Each Major Federal and Major State Program

We have audited the City of Beloit's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *State Single Audit Guidelines* that could have a direct and material effect on each of the City of Beloit's major federal and major state programs for the year ended December 31, 2015. The City of Beloit's major federal and major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal and state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Beloit's major federal and major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the *State Single Audit Guidelines*. Those standards, the Uniform Guidance, and the *State Single Audit Guidelines* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or major state program occurred. An audit includes examining, on a test basis, evidence about the City of Beloit's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and major state program. However, our audit does not provide a legal determination of the City of Beloit's compliance.

To the City Council
City of Beloit

Opinion on Each Major Federal and Major State Program

In our opinion, the City of Beloit complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and major state programs for the year ended December 31, 2015.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance or the *State Single Audit Guidelines* and which are described in the accompanying schedule of findings and questioned costs as items 2015-003, 2015-004, 2015-005, 2015-006, 2015-007 and 2015-008. Our opinion on each major federal and major state program is not modified with respect to these matters.

City of Beloit's Response to Findings

The City of Beloit's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City of Beloit's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the City of Beloit is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Beloit's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal or major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and major state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and the *State Single Audit Guidelines*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Beloit's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2015-003, 2015-004, 2015-005, 2015-006, 2015-007 and 2014-008, which we consider to be significant deficiencies.

To the City Council
City of Beloit

City of Beloit's Response to Findings

The City of Beloit's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City of Beloit's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and the *State Single Audit Guidelines*. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Baker Tilly Virchow Krause, LLP". The signature is written in a cursive, flowing style.

Madison, Wisconsin
June 24, 2016

CITY OF BELOIT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2015

Federal Agency/Program Title	Federal CFDA Number	Passed Through Agency	Number/ Pass-through Grantor's Number	Total Expenditures	Passed Through to Other Agencies
U.S. Department of Housing and Urban Development					
Community Development Block Grants/Entitlement Grants	14.218	Direct	359**	\$ 585,774	\$ 84,819
Community Development Block Grants/Entitlement Grants - Revolving Loan/Program Income	14.218	Direct	359**	<u>156,519</u>	-
Total CFDA #14.218				742,293	84,819
Community Development Block Grant/State's Program and Non-Entitlement Grants in Hawaii - Program Income	14.228	WI DOA	73675200-4330-10479/71	93,773	-
Community Development Block Grant/State's Program and Non-Entitlement Grants in Hawaii	14.228	WI DOA	3595D (RIPRAP)	<u>225,804</u>	-
Total CFDA #14.228				319,577	-
Home Investment Partnerships Program	14.239	C/ Janesville	35125-36125	262,639	-
Home Investment Partnerships Program - Program Income	14.239	C/ Janesville	35125-36125	<u>240,424</u>	-
Total CFDA #14.239				503,063	-
Public and Indian Housing	14.850	Direct		396,691	-
Resident Opportunity and Supportive Services	14.870	Direct		15,962	-
Section 8 Housing Choice Vouchers	14.871	Direct		3,155,453	-
Public Housing Capital Fund					
WI39-PO64-501-12	14.872	Direct		32,471	-
WI39-PO64-501-13	14.872	Direct		85,978	-
WI39-PO64-501-14	14.872	Direct		2,609	-
WI39-PO64-501-15	14.872	Direct		<u>55,000</u>	-
Total CFDA #14.872				176,058	-
Family Self-Sufficiency Program	14.896	Direct		52,883	-
Lead Hazard Reduction Demonstration Grant Program	14.905	WI DHS	73675200-436001-10510	<u>321,371</u>	-
Total U.S. Department of Housing and Urban Development				<u>5,683,351</u>	<u>84,819</u>
U.S. Department of the Interior					
Intensive Survey of Historic Properties	15.904	WI HS	73675200-10575	<u>19,800</u>	-
U.S. Department of Justice					
Edward Byrne Memorial Justice Assistance Grant	16.738	Direct	35235 prepaid	<u>11,300</u>	-
U.S. Department of Transportation					
Recreational Trails Program	20.219	WI DNR	P2902624	31,305	-
Federal Transit Cluster					
Federal Transit Capital Investment Grants	20.500	WI DOT	WI-04-X045	39,626	-
Federal Transit Formula Grants	20.507	Direct	WI-90-X794-00	<u>605,850</u>	-
Total Federal Transit Cluster				645,476	-
Metropolitan Transportation Planning	20.505	IL DOT	35275	186,605	-
State and Community Highway Safety	20.600	WI DOT	10575-10576	<u>41,554</u>	-
Total U.S. Department of Transportation				<u>904,940</u>	-
U.S. Department of Homeland Security					
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	Direct	35282	<u>382,406</u>	-
TOTAL FEDERAL AWARDS				<u>\$ 7,001,797</u>	<u>\$ 84,819</u>

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, 2015

State Agency/Program Title	State Number	Grant Number	Total Expenditures	Passed Through to Other Agencies
Wisconsin Department of Transportation				
Transit Operating Aids				
2015 Operating Aids	395.104	25707410-436001	\$ 478,275	\$ -
2015 Paratransit Aids	395.104	85.205	20,989	-
Total Transit Operating Aids			499,264	-
Planning Commission Program	395.202	35275	38,332	-
Total Wisconsin Department of Transportation			537,596	-
Wisconsin Department of Health Services				
Ambulance Funding Assistance Grant	435.162	74666400-436001-81021	7,542	-
Wisconsin Department of Natural Resources				
Beloit Storm Water Management Plan Update	370.658	27707508-10715	38,424	-
Recycling Grants to Responsible Units	370.670		128,401	-
Recycling Consolidation Grant	370.673		9,602	-
Total Wisconsin Department of Natural Resources			176,427	-
Wisconsin Department of Administration				
Office of Justice Assistance				
Uniform Beat Patrol Officers	505.620	61622239-406001-10024	121,434	-
TOTAL STATE AWARDS			\$ 842,999	\$ -

CITY OF BELOIT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS For the Year Ended December 31, 2015

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal and state awards (the “schedule”) includes the federal and state grant activity of the City of Beloit under programs of the federal and state government for the year ended December 31, 2015. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the *State Single Audit Guidelines*. Because the schedule presents only a selected portion of the operations of the City of Beloit, it is not intended to and does not present the financial position, changes in net position or cash flows of the City of Beloit.

The reporting entity for the City is based upon criteria established by the Governmental Accounting Standards Board. The City of Beloit is the primary government according to GASB criteria, while the Beloit Community Development Authority (CDA) is a component unit. Federal and state awards received directly by the CDA are included in this report.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

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

NOTE 3 – PASS-THROUGH AGENCIES

The following identifies the pass-through agency acronyms used on the schedule of expenditures of federal awards:

WI DOA	Wisconsin Department of Administration
C/ Janesville	City of Janesville, Wisconsin
WI DHS	Wisconsin Department of Health Services
WI HS	Wisconsin Historical Society
WI DNR	Wisconsin Department of Natural Resources
WI DOT	Wisconsin Department of Transportation
IL DOT	Illinois Department of Transportation

NOTE 4 – INDIRECT COST RATE

The City of Beloit has not elected to use the 10% de minimis indirect cost rate of the Uniform Guidance.

CITY OF BELOIT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2015

SECTION I – SUMMARY OF AUDITORS’ RESULTS

FINANCIAL STATEMENTS

Type of auditors’ report issued: Unmodified

Internal control over financial reporting:

- > Material weakness(es) identified? X yes no
- > Significant deficiency(ies) identified? yes X none reported

Noncompliance material to financial statements noted?

 yes X no

FEDERAL OR STATE AWARDS

Internal control over major programs:

- | | Federal Programs | State Programs |
|---|-----------------------------------|-----------------------------------|
| > Material weakness(es) identified? | <u> </u> yes <u> X </u> no | <u> </u> yes <u> X </u> no |
| > Significant deficiency(ies) identified? | <u> X </u> yes <u> </u> no | <u> </u> yes <u> X </u> no |

Type of auditor’s report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 516(a) of the Uniform Guidance?

	Federal Programs	State Programs
	<u> X </u> yes <u> </u> no	<u> </u> yes <u> X </u> no

Auditee qualified as low-risk auditee?

	Federal Programs	State Programs
	<u> </u> yes <u> X </u> no	<u> </u> yes <u> X </u> no

Dollar threshold used to distinguish between type A and type B programs:

	Federal	State
	<u> \$ 750,000 </u>	<u> \$ 250,000 </u>

CITY OF BELOIT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2015

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

FEDERAL OR STATE AWARDS (cont.)

Identification of major federal programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
14.871	Section 8 Housing Choice Vouchers
	<u>Federal Transit Cluster</u>
20.500	Federal Transit – Capital Investment Grants
20.507	Federal Transit – Formula Grants

Identification of major state programs:

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

SECTION II – FINANCIAL STATEMENT FINDINGS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

FINDING 2015-001: INTERNAL CONTROL OVER FINANCIAL REPORTING

Criteria: According to Statement on Auditing Standards AU-C Section 265, *Communicating Internal Control Related Matters Identified in an Audit*, sufficient internal controls should be in place that provide for the preparation of reliable financial statements that are fairly presented in conformity with generally accepted accounting principles. According to Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), sufficient internal controls should be in place that provide for the preparation of the schedule of expenditures of federal and state awards.

Condition: The City of Beloit's financial records contained material misstatements and the City did not prepare its annual financial statements in accordance with generally accepted accounting principles. The City prepared the schedule of expenditures of federal and state awards in accordance with the Uniform Guidance; however, material changes were proposed to the city during the audit process.

Cause: Due to staffing and financial limitations, the City chooses to contract with the auditors to assist with some year-end audit entries, prepare the annual financial statements, and assist with the schedule of expenditures of federal and state awards.

Effect: Complete and accurate financial statements and the schedule of expenditures of federal and state awards are not available until the conclusion of the audit.

Recommendation: We recommend the city evaluate if additional procedures are practical at this time to eliminate material adjustments proposed by the auditor and to increase the city's involvement in the financial reporting process.

CITY OF BELOIT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2015

SECTION II – FINANCIAL STATEMENT FINDINGS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS (cont.)

FINDING 2015-001: INTERNAL CONTROL OVER FINANCIAL REPORTING (cont.)

Management's Response: Most entries are prepared by City staff, which continues to decrease the amount of audit entries needed. The Finance and Administrative Services Director and Director of Accounting and Purchasing review and approve the financial statements, disclosures and schedules prepared by our auditing firm utilizing a financial statement disclosure checklist. The Director of Accounting and Purchasing and Senior Accountant have also made changes by conducting monthly reconciliations for payables and major receivables, and monthly reconciliations for cash.

FINDING 2015-002: INTERNAL CONTROL ENVIRONMENT

Criteria: According to Statement on Auditing Standards AU-C Section 315, *Understanding the Entity and Its Environment and Assessing the Risks of Material Misstatement*, sufficient internal accounting controls should be in place that mitigate the risk of material misstatement in the financial records due to fraud or error.

Condition: We identified key controls that ideally should be present or strengthened in order to mitigate the risk of material misstatement in relation to the City's significant transaction cycles as follows:

CONTROLS OVER ACCOUNTS PAYABLE/DISBURSEMENTS

1. Accounts payable reconciliations from the general ledger to the accounts payable listing should be performed on a regular basis.

Management's Response: The Director of Accounting and Purchasing and Senior Accountant will reconcile the accounts payable monthly to the general ledger and document the reconciliation.

CONTROLS OVER PAYROLL

1. Enrollment information and initial benefit loads and subsequent amendments to benefit plans should be reviewed for accuracy by an individual other than the individual that entered the information.

Management's Response: The Human Resources Director will review all enrollments entered by the Benefits Coordinator. The Human Resources Director will sign off on the enrollment forms once they have been reviewed for accuracy.

CITY OF BELOIT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2015

SECTION II – FINANCIAL STATEMENT FINDINGS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS (cont.)

FINDING 2015-002: INTERNAL CONTROL ENVIRONMENT (cont.)

CONTROLS OVER BILLING/RECEIVABLES/REVENUE

1. Utility accounts receivable balances should be reconciled to the billing system on a regular basis. The City performed quarterly reconciliations during 2015 and began reconciling monthly in 2016 to address this recommendation.

Management's Response: The Senior Accountant will continue to reconcile monthly.

2. For both utility and general billing, there should be segregation between the bill receipting and accounts receivable billing/adjustments functions.

Management's Response: There is a staff of five employees in the City Treasurer's office; one supervisor, two billing clerks, and two cashiers. Due to staffing limitations there may be a rare occasion that both cashiers are out of the office, one of the billing clerks may process payments. There would be no occasion where a cashier would generate billings.

3. All billing adjustments should be supported by appropriate documentation and reviewed and approved by someone independent of the billing and collecting process. Currently, there is no process in place to review a complete list of billing adjustments. Only adjustments provided to the treasurer are reviewed. Additionally, the approval should be documented.

Management's Response: The City Treasurer will print the Invoice Detail Report from the general ledger accounting software monthly to review all adjustments made by staff. The adjustments will be printed, approved by the City Treasurer or Finance Director and filed along with documentation.

4. There should be segregation between the municipal court billing, receipting and accounts receivable functions. Also, the amounts recorded in the subsidiary municipal court system should be reconciled to the general ledger on a regular basis. Additionally, adjustments made to municipal court receivables in the subsidiary system should be reviewed by an individual that is independent of the billing and collecting process.

Management's Response: With the staffing changes to the Municipal Court, the City will work to segregate billing, receipting, and receivable duties in the department. The Director of Accounting and Purchasing will reconcile the municipal court system to the general ledger on a quarterly basis. All adjustments made to the municipal court receivable will be reviewed and signed off on by the Municipal Court judge, Director of Accounting and Purchasing or the Finance and Administrative Services Director.

CITY OF BELOIT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2015

SECTION II – FINANCIAL STATEMENT FINDINGS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS (cont.)

FINDING 2015-002: INTERNAL CONTROL ENVIRONMENT (cont.)

CONTROLS OVER INFORMATION TECHNOLOGY

1. Access rights for the network and significant applications should be reviewed at least annually by an appropriate person.

Management's Response: The Director of Accounting will assist the IT Director in reviewing significant financial applications and network access annually. Individuals identified as having access to all financial application systems will have complete network access reviewed and folder rights examined and tested annually.

2. The operating system, database, and applications should be monitored to identify any security violations. The City should proactively monitor both internal access on the network and financial applications as well as external access. In addition, there should be a procedure to resolve or escalate any security violations.

Management's Response: The Information Technology Department has completely overhauled the network firewall and hardened virtual private network tunnels for external system access. All internal and external access requires a current user name and password compliant with departmental policy. The IT Supervisor utilizes software which monitors and reviews all network access and all security violations are promptly reported to the IT Director for immediate action.

3. Unnecessary generic accounts within the active directory and Munis should be identified and eliminated.

Management's Response: The Information Technology Department has reviewed all generic level restricted accounts and is in the process of eliminating or revising each account on a case by case basis. Multiple generic system accounts which were created for system level processes will be eliminated or consolidated as needed. Systems requiring generic accounts to maintain reasonable functionality will be thoroughly documented and passwords will be changed per departmental policy.

CONTROLS OVER MONTHLY AND YEAR-END ACCOUNTING

1. There should be controls in place to ensure that year-end amounts for retainages are properly recorded.

Management's Response: The Director of Accounting and Purchasing will record retainages as the projects are approved. The retainages will be reversed once final payment is released. This will ensure the year-end amounts for retainages are properly recorded.

CITY OF BELOIT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2015

SECTION II – FINANCIAL STATEMENT FINDINGS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS (cont.)

FINDING 2015-002: INTERNAL CONTROL ENVIRONMENT (cont.)

2. There should be evidence that the adjusting journal entries and supporting documentation of the CDA have been reviewed and approved by an appropriate person who is not the original preparer.

Management's Response: Beloit Housing Authority Accountant will initial any adjusting journal entries completed by the Fee Accountant. Whenever the Accountant makes any adjusting journal entries, he will have them reviewed and initialed by the Fee Accountant.

ENTITY LEVEL CONTROLS

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

Management's Response: The Finance Director has addressed the risk issue with department heads, and will continue to do so quarterly. All meetings will be documented, and identified areas of risk will be discussed and a policy or procedure will be implemented.

Cause: The City does not have the resources required to adequately segregate all accounting functions at all times. The City's internal control system does not require the above controls to be in place.

Effect: Due to the lack of certain controls, there is a risk that material misstatements (intentional and unintentional) may go undetected in the City's financial records.

Recommendation: We recommend that the City consider the benefits of implementing additional policies and procedures to address key controls related to its significant transaction cycles, as noted above.

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

FINDING 2015-003

PROGRAM CFDA NUMBER: 14.871 Section 8 Housing Choice Vouchers
FEDERAL GRANTOR: U.S. Department of Housing and Urban Development

Criteria: According to 2 CFR part 200, subpart E, charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. Budgeted allocations when timesheets are not completed may be used for interim accounting. However, the City's system of internal control should include a process to review after-the-fact interim charges made to a Federal awards based on budget estimates. All necessary adjustments must be made such that the final amount charged to the Federal award is accurate, allowable, and properly allocated.

Condition/Context: During our testing of the Section 8 Housing Choice Vouchers Program, it was noted that time charged to the program was allocated based on an estimate and never reviewed to verify that no adjustment was needed. The sample was not a statistical sample.

CITY OF BELOIT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2015

SECTION III – FEDERAL AWARDS AND STATE AWARDS FINDINGS AND QUESTIONED COSTS (cont.)

FINDING 2015-003 (cont.)

Cause: The City did not have a process to review actual wages in comparison to estimated wages charged to the program.

Effect: The amounts charged to the Federal grant may not reflect actual distribution of costs.

Questioned Costs: Questioned costs cannot be determined.

Repeat Finding: This finding was reported in the prior year as finding 2014-003.

Recommendation: We recommend the City implement a procedure to document allocated time in accordance with the Uniform Guidance.

Management's Response: Beloit Housing Authority staff that work under multiple grants have been completing timesheets in accordance with the time actually spent in each grant area. This practice began in June of 2015. Now that a year of timesheets has been collected, the Accountant will review actual time worked under each grant, compare it to the amount charged to the grant and make adjustments if needed.

FINDING 2015-004

PROGRAM CFDA NUMBER: 14.871 Section 8 Housing Choice Vouchers
FEDERAL GRANTOR: U.S. Department of Housing and Urban Development

Criteria: Under 24 CFR 982.507 - Rent to owner: Reasonable rent, the Public Housing Authority (PHA) may not approve a lease until the PHA determines that the initial rent to owner is a reasonable rent amount. In addition, under 24 CFR 982.158(f)(7), records to document the basis for the PHA's determination that rent to owner is a reasonable rent (initially and during the term of a HAP contract) must be maintained.

Condition/Context: During testing of this program, it was noted that there was no documented rent reasonableness determination included in 19 of the 40 files tested. The sample was not a statistical sample.

Cause: The PHA did not obtain the required documentation to verify reasonable rent.

Effect: Without a rent reasonableness determination, the PHA could be unaware of landlords charging higher rent than comparable unassisted units.

Questioned Costs: None noted.

Repeat Finding: This finding was reported in the prior year as finding 2014-005.

Recommendation: We recommend that the PHA complete, document and maintain rent reasonableness calculations for all section 8 program participants.

CITY OF BELOIT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2015

SECTION III – FEDERAL AWARDS AND STATE AWARDS FINDINGS AND QUESTIONED COSTS (cont.)

FINDING 2015-004 (cont.)

Management's Response: Since the 2015 Audit, the Beloit Housing Authority (BHA) has hired and trained two new Section 8 Housing Choice Vouchers (HCV) Caseworkers. This training has included in great detail the process of performing Rent Reasonableness in accordance with 24 CFR 982.507, and emphasized the importance that Rent Reasonableness is performed at initial occupancy and when a HCV landlord requests a rent increase for an existing tenant. The Beloit Housing Authority's Housing Programs Manager will review all initial HCV lease ups in 2016; and will perform Quality Control file reviews in accordance with HUD sample size guidelines to ensure BHA compliance.

FINDING 2015-005

PROGRAM CFDA NUMBER: 14.871 Section 8 Housing Choice Vouchers
FEDERAL GRANTOR: U.S. Department of Housing and Urban Development

Criteria: Under 24 CFR sections 5.230, 5.609 and 982.516, the PHA must verify income eligibility by obtaining necessary information from the tenant including information to correctly calculate utility allowances.

Condition/Context: During testing of this program, it was noted that for 2 of the 40 participants selected for testing, the utility allowance listed on Form 50058 did not calculate correctly when compared to documentation in the participant's file. The sample was not a statistical sample.

Cause: The PHA did not maintain the required documentation to verify utility allowance calculations.

Effect: Without proper documentation for utility allowance calculations, the calculation of housing assistance payments could be incorrect.

Questioned Costs: None noted.

Repeat Finding: This finding is not a repeat finding.

Recommendation: We recommend that the PHA complete, document and maintain support for utility allowance calculations for all section 8 participants.

Management's Response: Since the 2015 Audit, the Beloit Housing Authority has hired and trained two new HCV Caseworkers. This training has included HCV tenant rent calculation; and emphasized the importance of correct utility allowance determination in accordance with 24 CFR sections 5.230, 5.609 and 982.516, in order to properly determine tenant rental amounts. The Beloit Housing Authority's Housing Programs Manager will perform Quality Control file reviews in accordance with HUD sample size guidelines to ensure BHA compliance.

CITY OF BELOIT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2015

SECTION III – FEDERAL AWARDS AND STATE AWARDS FINDINGS AND QUESTIONED COSTS (cont.)

FINDING 2015-006

PROGRAM CFDA NUMBER: 14.871 Section 8 Housing Choice Vouchers
FEDERAL GRANTOR: U.S. Department of Housing and Urban Development

Criteria: Under 24 CFR 982.158(d) and 982.405(b), the PHA must inspect the unit leased to a family at least annually to determine if the unit meets Housing Quality Standards (HQS) and the PHA must conduct quality control re-inspections. In addition, the PHA must prepare a unit inspection report.

Condition/Context: During testing of the Section 8 program, it was noted that for 1 of the 40 participants selected for testing, there was no documentation of a completed inspection in their file for the period being audited. The sample was not a statistical sample.

Cause: The PHA did not maintain documentation to verify that the required inspection was performed.

Effect: Without proper documentation, it is not possible to determine if rented units meet the Housing Quality Standards.

Questioned Costs: None noted.

Repeat Finding: This finding is not a repeat finding.

Recommendation: We recommend that the PHA complete and maintain documentation of inspections for all section 8 participants.

Management's Response: After the Beloit Housing Authority was made aware of the omission of one annual inspection after the audit file review, it was determined that this error was due to a problem with the HCV HQS inspection module within the BHA's housing software. This error has since been corrected, and the Beloit Housing Authority's Housing Programs Manager and Inspector will prepare and review a monthly inspection report to ensure BHA compliance with 24 CFR 982.158(d) and 982.405(b).

FINDING 2015-007

PROGRAM CFDA NUMBER: 20.507 Federal Transit Formula Grants
FEDERAL AWARD IDENTIFICATION NUMBER: WI-90-X794-00
FEDERAL GRANTOR: U.S. Department of Transportation

Criteria: According to 2 CFR part 200, subpart E, costs of compensation are allowable to the extent they conform to the established written policy of the non-Federal entity. In addition, incentive compensation is allowable to the extent such costs are paid pursuant to an established plan followed by the non-Federal entity. Also, charges to Federal awards must be based on records that support the distribution of the employee's salary among specific activities if the employee works on a Federal award and a non-Federal award. Budget estimates alone do not qualify as support for Federal awards.

CITY OF BELOIT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2015

SECTION III – FEDERAL AWARDS AND STATE AWARDS FINDINGS AND QUESTIONED COSTS (cont.)

FINDING 2015-007 (cont.)

Condition/Context: During testing of the Federal Transit Formula Grants program, it was noted that two employees were inaccurately paid on the January 15, 2015 payroll. One employee was underpaid due to being paid the regular hourly rate for time that should have been paid at an overtime rate. Another employee was paid for six additional hours for perfect attendance that were not earned per the union contract attendance policy. In addition, a salaried employee is being paid based on a budgeted allocation but is keeping no record of actual hours spent on grant funded activities (via timecard or other method). The sample was not a statistical sample.

Cause: Timecards are not being recalculated or properly reviewed before payroll is processed. Also, the City did not have a process to review actual wages in comparison to estimated wages charged to the program.

Effect: The amounts charged to the Federal grant may not reflect actual distribution of costs.

Questioned Costs: None noted.

Repeat Finding: This finding is not a repeat finding.

Recommendation: We recommend that the City require timesheets for all employees working on federal awards (including salaried individuals) and that the City review timecards in detail before entering payroll to ensure accuracy.

Management's Response: Timesheets will be completed by all employees working on federal awards. The timesheets will be reviewed and signed by the Transit supervisor or Finance Director before payroll processing.

FINDING 2015-008

PROGRAM CFDA NUMBER:	20.507 Federal Transit Formula Grants
FEDERAL AWARD IDENTIFICATION NUMBER:	WI-90-X794-00
FEDERAL GRANTOR:	U.S. Department of Transportation

Criteria: Based on the 2015 Urban Mass Transit Operating Assist Section V.C, all documents and evidence pertaining to revenues, expenses, and cost allocations related to the Transit System shall be maintained for five years. In addition, Section III.C states that the Recipient shall maintain a system of accounting controls to identify, segregate, allocate, and safeguard allowable operating expenses and revenues for the Transit System.

Condition/Context: During testing of the Federal Transit Formula Grants program, it was noted that incorrect amounts were allocated between ledger accounts based on invoices provided by the vendor. Therefore, the disbursement was not properly supported by documentation provided. The sample was not a statistical sample.

Cause: There was a lack of understanding on how the allocation should have been journalized due to turnover in the accounts payable clerk position.

CITY OF BELOIT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2015

SECTION III – FEDERAL AWARDS AND STATE AWARDS FINDINGS AND QUESTIONED COSTS (cont.)

FINDING 2015-008 (cont.)

Effect: The amounts charged to the Federal grant may not reflect actual distribution of costs.

Questioned Costs: None noted.

Repeat Finding: This finding is not a repeat finding.


Recommendation: We recommend that future allocations and journal entries related to this be reviewed before being posted.

Management's Response: The Director of Accounting and Purchasing or the Finance and Administrative Services Director will review all allocations and journal entries prior to posting.

CITY OF BELOIT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2015

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 deficiency, management letter comment, excess revenue or excess reserve) related to grants/contracts with funding agencies that require audits to be in accordance with the *State Single Audit Guidelines*:
- | | | |
|---------------------------------|-------------------|-----------------|
| Department of Transportation | <u> </u> yes | <u> X </u> no |
| Department of Health Services | <u> </u> yes | <u> X </u> no |
| Department of Natural Resources | <u> </u> yes | <u> X </u> no |
| Department of Administration | <u> </u> yes | <u> X </u> no |
3. Was a Management Letter or other document conveying audit comments issued as a result of this audit? X yes no
4. Name and signature of partner 

Carla A. Gogin, CPA, Partner
5. Date of report June 24, 2016