

**MANITOWOC PUBLIC UTILITIES  
CITY OF MANITOWOC, WISCONSIN**

**ANNUAL FINANCIAL STATEMENTS**

**DECEMBER 31, 2006**

**MANITOWOC PUBLIC UTILITIES**  
**CITY OF MANITOWOC, WISCONSIN**  
December 31, 2006

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## INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners  
Manitowoc Public Utilities  
Manitowoc, Wisconsin

We have audited the accompanying basic financial statements of the Manitowoc Public Utilities of the City of Manitowoc, Wisconsin (MPU), as of and for the year ended December 31, 2006, as listed in the table of contents. These basic financial statements are the responsibility of the MPU's management. Our responsibility is to express an opinion on these basic financial statements based on our audit. The prior year summarized comparative information has been derived from the Utilities' 2005 financial statements and, in our report dated February 20, 2006, we expressed an unqualified opinion on those basic financial statements.

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

As discussed in Note A1, the basic financial statements present only the Manitowoc Public Utilities of the City of Manitowoc, Wisconsin and are not intended to present fairly the financial position of the City of Manitowoc, Wisconsin, and the results of its operations and the cash flows of its proprietary fund types in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the basic financial statements referred to above present fairly in all material respects, the financial position of the MPU, as of December 31, 2006, and the results of its operations and the cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 17, 2007 on our consideration of the MPU's internal control over financial reporting and our tests of its compliance with 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis is not a required part of the basic financial statements, but is supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures that consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and we express no opinion on it.

*Schmidt SC*

Certified Public Accountants  
Green Bay, Wisconsin  
March 17, 2007

**MANITOWOC PUBLIC UTILITIES  
MANAGEMENT'S DISCUSSION & ANALYSIS**

