

# 2018

## POPULAR ANNUAL FINANCIAL REPORT



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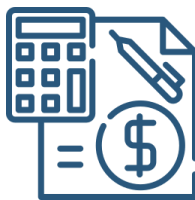
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The information in the Popular Annual Financial Report (PAFR) provides an overview of the City of Beloit's Operating Budget. The City of Beloit's Comprehensive Annual Financial Report (CAFR) is available at [www.beloitwi.gov](http://www.beloitwi.gov). The PAFR only includes information for the operating budget; the CAFR includes all enterprise and debt-service funds.

## ABOUT BELOIT



36,683  
Residents



\$30M  
City Operating Budget



17  
Square Miles



850  
Retail Establishments



1400  
Beloit College Students



90  
Industrial Firms

# FROM THE CITY MANAGER

To the City Council and residents of the City of Beloit, Wisconsin:

It is our pleasure to submit to you the popular annual financial report (PAFR) of the City of Beloit for the fiscal year ended December 31, 2018. Information in this report was obtained from the Comprehensive Annual Financial Report (CAFR), which is located on the City of Beloit's website at [www.beloitwi.gov](http://www.beloitwi.gov).

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 at their first meeting in October. Workshops and a public hearing are held by the Council in October. The Council normally adopts the budget at 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 PAFR for the general operating budget.

The local economy continues to grow at a modest pace. The City's unemployment rate, at 3.7% 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 the low state average of 2.7% which ranks 5th lowest nationally. The City is also slightly above the national average of 3.3%. Fortunately, the City's large cluster of food processing industries continued to experience strong performance during this period. Several of these industries have recently added employees and production lines in response to growing sales. We continue to remain optimistic about the City's economic future and devote considerable time and resources to economic development.

The preparation of the CAFR and PAFR 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 DeVall, 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

## CITY COUNCIL

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## MISSION

The City of Beloit's mission is to provide outstanding public service.



# 2018 BUDGET PERFORMANCE

The general fund budget appropriations totaled \$30,933,085. The final actual expenditures of \$30,342,737 were \$590,348 less than the final budget appropriations. The actual revenues and other financing sources were \$30,902,379, which were \$30,706 less than the budgeted amount.

	<u>Final Budget</u>	<u>Actual</u>	Variance with <u>Final Budget</u>
<b>REVENUES</b>			
Taxes	\$ 7,785,931	\$ 7,816,316	\$ 30,385
Intergovernmental	19,272,200	19,420,102	147,902
Licenses and permits	705,285	849,281	143,996
Fines, forfeitures and penalties	855,100	765,201	(89,899)
Fees and service charges	807,780	826,011	18,231
Rent	48,666	48,426	(240)
Investment income	501,132	263,314	(237,818)
Other	<u>956,991</u>	<u>913,728</u>	<u>(43,263)</u>
<b>Total Revenues</b>	<b>30,933,085</b>	<b>30,902,379</b>	<b>(30,706)</b>
<b>EXPENDITURES</b>			
Current			
General government	4,148,799	3,735,593	413,206
Community development	1,358,269	1,369,619	(11,350)
Public safety	19,473,058	19,593,417	(120,359)
Public works	<u>5,952,959</u>	<u>5,644,108</u>	<u>308,851</u>
<b>Total Expenditures</b>	<b>30,933,085</b>	<b>30,342,737</b>	<b>590,348</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u><b>0</b></u>	<u><b>559,642</b></u>	<u><b>559,642</b></u>

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

- General government expenditures were \$413,206 less than budget largely related to reduced costs related to equipment and contracted services.
- Actual expenditures for the Public Safety departments were \$120,359 more than the final budget amount. This was due mainly to increases in overtime and legal fees.
- Public Works department expenditures were \$308,851 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 \$590,348 less than budgeted amounts.
- License and permit revenues were \$143,996 more than budget due to more construction permits being issued than budgeted. Fines, forfeitures and penalties were \$89,899 less than budget largely due to decreased fines collected for traffic and non-traffic related offenses and parking violations.

# 2018 PROPERTY TAXES

The City of Beloit bills all property taxes and is responsible for allocating tax payments between the various governmental entities represented on the tax statement. The city's property taxes are collected by and remitted to the City by the Rock County Treasurer's office. For every dollar of property taxes collected, \$.37 goes to the City of Beloit.



City of Beloit  
37¢



School District  
of Beloit  
38¢

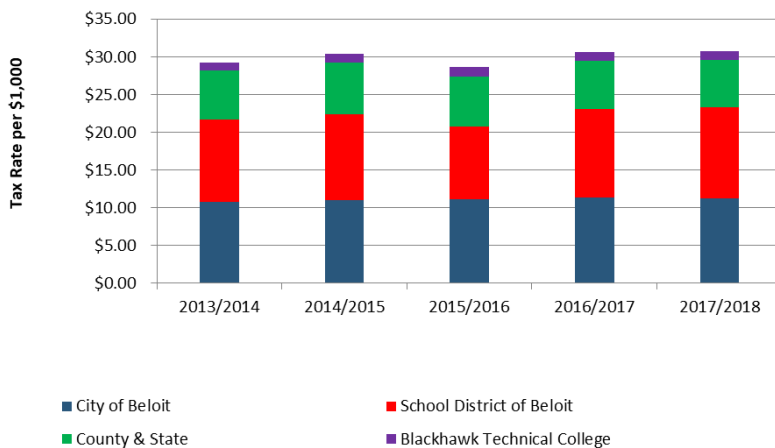


Rock County  
21¢



Blackhawk Tech  
4¢

**Combined Tax Rate Net of School Tax Credit**



The city's tax levy for 2017 was \$15,043,527, an increase of \$288,894 over the previous year\*. The 2017 rate for city services was \$11.404, an increase of \$0.298 per \$1000 of assessed value, or 2.68%, from 2016. The general fund levy portion increased by \$317,008. The 2017 tax rate for the School District of Beloit was up \$1.994 per \$1000 of assessed value, or 20.69%, from the previous year. The county tax rate decreased by \$.0819 per \$1000 of assessed value, or -1.26%. Blackhawk Technical College increased its rate by .92%, which was a decrease of \$.011 from 2016.

*\*Note: The tax rate is set in the fall with billing starting in 2017 and collections completed in 2018.*

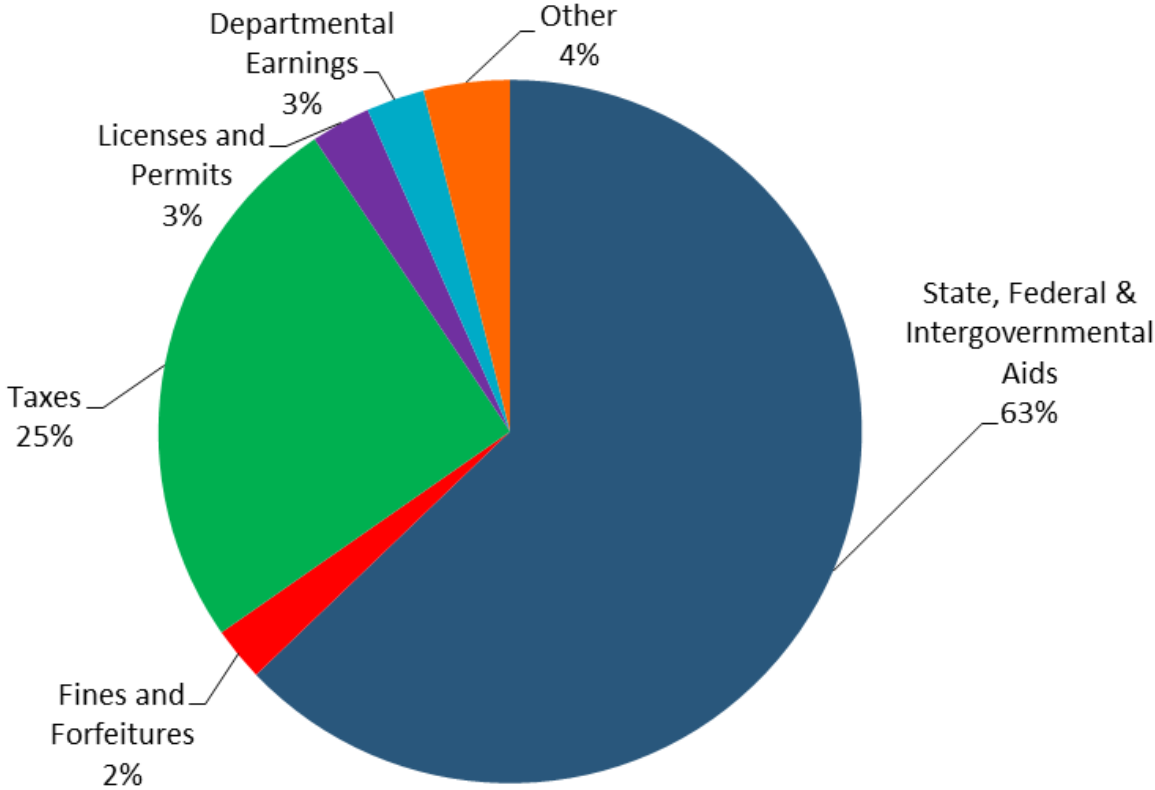
The state retained the same formula for calculating the property tax levy limit, which remains flat or the percent increase in net new construction, whichever is greater. The city's increase in net new construction for 2017 was .824%.

**Net New Construction:  
.824% Increase**



# REVENUES: WHERE IT CAME FROM

The City receives substantial funding for its general government services from State and Federal sources. In 2018, \$19 million of the General Fund budget was supported by State and Federal aid; this represents 63% of General Fund revenues. Municipal aid payments from the State of Wisconsin comprise the largest single source of the City's State and Federal aid. The largest local source of revenue for the City's General Fund is property tax.



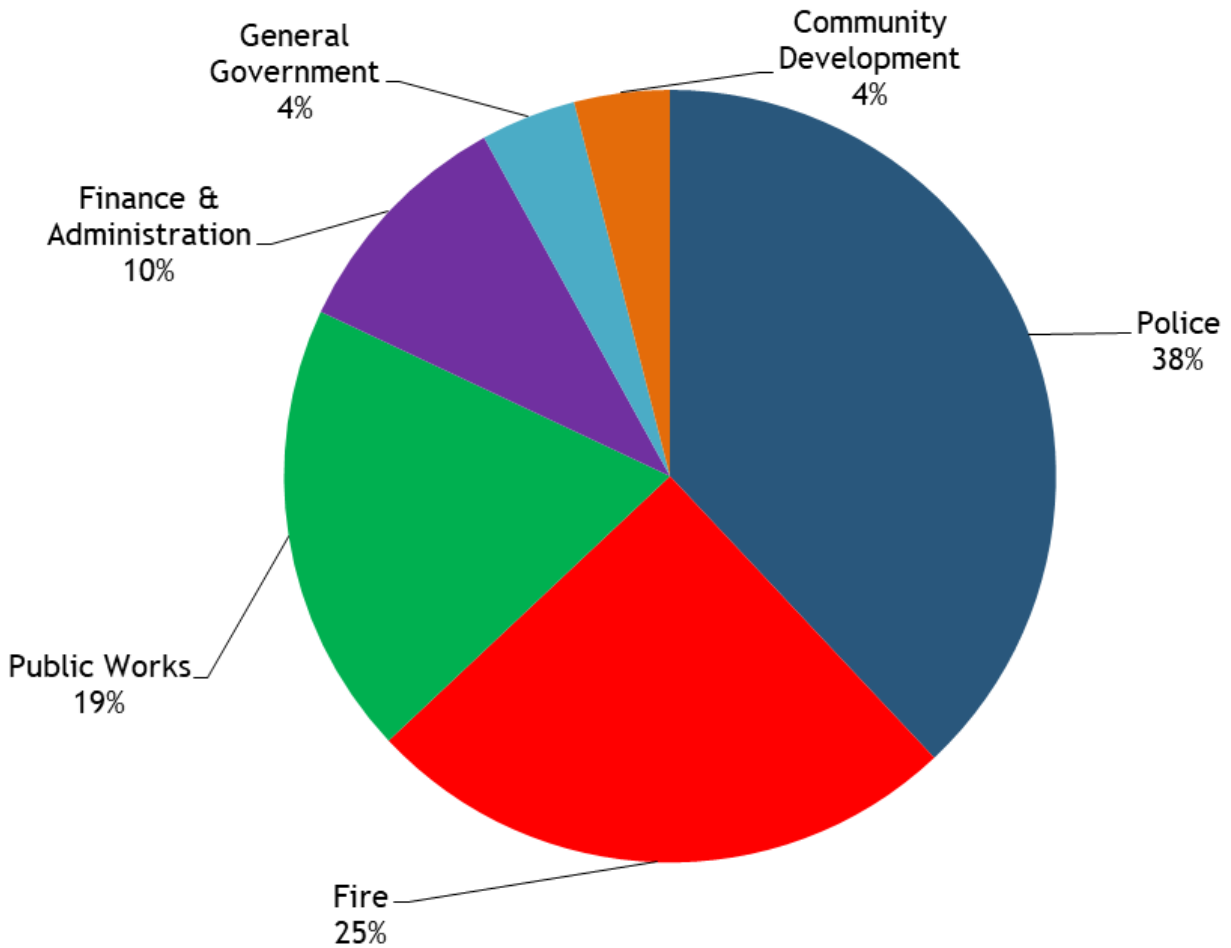
## 2018 Revenue Sources

## Amount

State, Federal & Intergovernmental Aids	\$19,420,102
Taxes	\$7,816,316
Other	\$1,225,468
Licenses and Permits	\$849,281
Departmental Earnings	\$826,011
Fines and Forfeitures	\$765,201

# EXPENDITURES: WHERE IT WENT

The 2018 General Fund actuals totaled \$30,933,085, which increased by \$1,050,751 or 3.5% compared to the 2017 budget actuals. The budget provides funding for all major programs and service levels. Public safety accounts for the majority of the general fund budget at \$19.4 million or 63% of the budget.



## 2018 Expenditures

	Amount
Police	\$11,748,292
Fire	\$7,724,766
Public Works	\$5,952,959
Finance & Administration	\$3,058,863
Community Development	\$1,358,269
General Government	\$1,089,936

# FUND BALANCE

Fund balance shows the City of Beloit's overall financial health. For the fiscal year 2018, the city's fund balance for the General Fund equaled \$10,730,985. 84% of the total fund balance, or \$9,033,798, is unassigned fund balance, which is a sign of strong financial health. There are three categories for fund balance: nonspendable (not in a spendable form), assigned (intended for a specific purpose) and unassigned. Unassigned includes residual positive fund balance that has not been classified within the other categories.



Preserving the fund balance affects everything from the ability to cover operating expenses during periods of reduced cash flow, to preserving or improving the City's A+ bond rating (Standard & Poor's).

