

CITY MANAGER

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City of Beloit Releases Popular Annual Financial Report

June 30, 2020 - The City of Beloit has released its 2019 Popular Annual Financial Report (PAFR). The PAFR is designed to extract information about the city's operating budget from the Comprehensive Annual Financial Report in a format that is readily accessible and easily understood by those who do not have a background in public finance.

A highlight of the 2019 PAFR includes information about the City of Beloit's upgraded bond rating. The City of Beloit's Standard & Poor's bond rating was increased in 2020 from an A+ to a AA- rating. This improved bond rating will help the city be able to borrow at a lower interest rate.

The City of Beloit began completing the PAFR starting with the 2018 financial year. The City of Beloit was notified in March 2020 that its 2018 PAFR received an Award for Outstanding Achievement in Popular Annual Financial Reporting from the Government Finance Officers Association.

The PAFR is available online at www.beloitwi.gov/finance.

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2019

POPULAR ANNUAL FINANCIAL REPORT



Beloit
WISCONSIN

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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. The PAFR only includes information for the operating budget; the CAFR includes all enterprise and debt-service funds.

STRATEGIC GOALS:

1. Create and sustain safe and healthy neighborhoods.
2. Create and sustain a high performing organization.
3. Create and sustain economic and residential growth.
4. Create and sustain a high quality of life.
5. Create and sustain high quality infrastructure and connectivity.
6. Create and sustain a positive image, enhance communications, and engage the community.

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MISSION

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

FROM THE CITY MANAGER

June 30, 2020

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, 2019. 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/finance.

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 City's economy historically and currently remains largely reliant on manufacturing and commercial growth. There have been significant improvements to the local economy and the City remains on a positive path. In March 2020, the unemployment rate was 4.0% which was a positive trend and had been continuing to improve, yet still lagged behind the State and National rate of 3.8%. Fortunately, the City's large cluster of food processing industries continued to experience strong performance during this period. Several of these industries have even added employees and production lines in response to growing demand.

However, in December 2019, a novel strain of coronavirus was reported in Wuhan, Hubei province, China. In the first several months of 2020, the virus, SARS-CoV-2, and resulting disease, COVID-19, spread to the United States, including to areas impacting the City. As of the date above, the City's evaluation of the effects of these events is ongoing. The extent of the impact of COVID-19 on the City's operational and financial performance will depend on future developments, including the duration and spread of the outbreak and related governmental or other regulatory actions.

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 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

ABOUT BELOIT



36,683
Residents



1400
Beloit College Students



90
Industrial Firms



17
Square Miles



Beloit was forged in fire and heavy industrial manufacturing, but we survived the great recession with a renewed spirit. We celebrate a proud legacy of strength, beauty, and diversity. Some of our greatest assets include our world-class riverfront, our charming downtown, the internationally renowned Beloit College and historic residential neighborhoods.

Beloit is located on the southern Wisconsin state line and our Welcome Center near the Interstate 39/90 and I-43 interchange greets over 1,000,000 tourists annually.

City Services

The following are just some of the services provided by the City of Beloit:

- Public Safety (Fire & Police)
- Emergency Medical Services
- Solid Waste Collection
- Street Maintenance
- Water, Sewer & Stormwater
- Transit
- Assessor
- Beloit Housing Authority
- Parks, Recreation & Forestry
- Cemetery
- Elections
- Municipal Court
- Community Development

BELOIT'S ECONOMY

10 Largest Employers

Employer	Product or Service	Employees
Beloit Health Systems	Medical Services	1553
Kerry Americas	Dehydrated Food Product	971
School District of Beloit	Public Education Grades K-12	938
Frito-Lay	Snack Foods	663
ABC Supply Co.	Roofing, Siding & Building Products	520
Fairbanks Morse Engines	Diesel Engines & Accessories	505
Beloit College	4-Year Liberal Arts College	384
City of Beloit	Municipal Services	368
Walmart	Retail Department Store	350
Hormel Foods	Canned Meat Products	325

Economic Development Update

Amazon Distribution Facility: Construction completion is planned for July 2020; 1.3 million square feet facility; 500+ employees.

Ho-Chunk Nation Casino & Resort: Federal approval received in April 2020 with final determination still coming from the Wisconsin governor's office; 1,500 jobs projected upon completion of the project.

Residential: The City is experiencing residential growth with 2020 projects planned for the Oaks Subdivision, Hawks Ridge, and loft apartments downtown.



Downtown Stadium Rendering

Beloit Snappers: Construction on the approximately \$35 million privately funded baseball stadium in downtown Beloit began in June 2020.

ABC Supply Expansion: ABC Supply is constructing a \$30.5 million four-story office building that will result in 270 associates working at the building with growth up to 600 employees.

Beloit College Powerhouse & Riverwalk: The Powerhouse is a \$38 million project that repurposes the decommissioned Blackhawk Generating Station on the Rock River into a 120,000-square-foot award-winning student center. A public-private partnership is adding a riverwalk path that will connect downtown Beloit and Beloit College with the riverwalk corridor to Riverside Park and the Eclipse Center.



Powerhouse Riverwalk Rendering

2019 BUDGET PERFORMANCE

The general fund budget appropriations totaled \$31,988,212. The final actual expenditures of \$30,314,706 were \$1,673,506 less than the final budget appropriations. The actual revenues and other financing sources were \$33,116,936, which were \$1,128,724 more than the budgeted amount.

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
Taxes	\$ 8,052,373	\$ 8,100,078	\$ 47,705
Intergovernmental	19,581,863	19,537,708	(44,155)
Licenses and permits	796,135	818,294	22,159
Fines, forfeitures and penalties	895,240	798,169	(97,071)
Fees and service charges	924,096	845,790	(78,306)
Rent	48,666	77,441	28,775
Investment income	697,958	604,316	(93,642)
Other*	<u>991,881</u>	<u>2,335,140</u>	<u>1,343,259</u>
Total Revenues	\$31,988,212	\$33,116,936	\$1,128,724
EXPENDITURES			
Current			
General government	4,645,125	3,456,460	1,188,665
Community development	1,359,284	1,373,292	(14,008)
Public safety	19,997,878	19,939,616	58,262
Public works	<u>5,985,925</u>	<u>5,545,338</u>	<u>440,587</u>
Total Expenditures	\$31,988,212	\$30,314,706	\$1,673,506
Excess (deficiency) of revenues over (under) expenditures	<u>0</u>	<u>\$2,802,230</u>	<u>\$2,802,230</u>

*Includes transfers of funds from the closure of TIF 6 and the sale of city property as identified on page 5 of the CAFR under "Other Financing Sources."

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

- The city's overall financial positive has continued to trend in a positive direction. However, we continue to monitor the impacts of COVID-19 on the city, including any potential shared revenues in 2020 and beyond.
- Overall, actual expenditures were \$1.67 million less than budget .
- Actual expenditures for the Public Safety departments were \$58,262 less than the final budget amount. This is in part thanks to vigilant monitoring of overtime, positively reversing trends from previous years.
- Public Works department expenditures were \$440,587 less than budget due to the reduction in contracted services, vehicle maintenance and fuel costs.
- License and permit revenues were \$22,159 more than budget due to more construction permits being issued than budgeted. Fines, forfeitures and penalties were \$97,071 less than budget largely due to decreased fines collected for traffic and non-traffic related offenses and parking violations. Efforts are being made to capture those revenues in future years.

2019 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
39¢



Rock County
20¢



Blackhawk Tech
4¢

Property Tax Bill Info

City of Beloit

Tax levy: \$15,647,469, an increase of \$603,942 over the previous year*. The general fund levy portion increased by \$228,642.

- Tax rate: \$11.277, a decrease of \$0.128 per \$1000 of assessed value, or -1.12% from 2017.

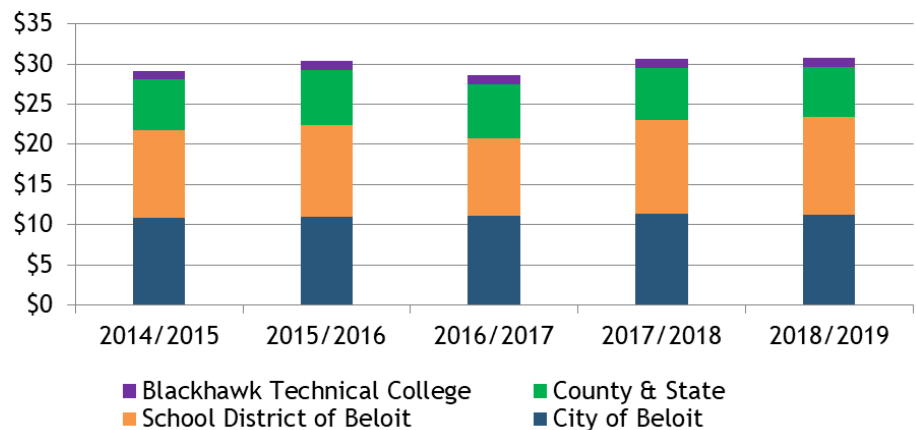
Other taxing entities

- School District of Beloit tax rate: \$12.078; up \$0.45 per \$1000 of assessed value, or 3.88% from the previous year.
- Rock County tax rate: \$6.243; decreased by \$.1895 per \$1000 of assessed value, or -2.95%.
- Blackhawk Tech tax rate: \$1.176; decreased by \$.0358 per \$1000 of assessed value, or -2.97%.

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.

**Note: the tax rate is set in the fall with billing starting in 2018 and collections completed in 2019.*

Combined Tax Rate Net of School Tax Credit

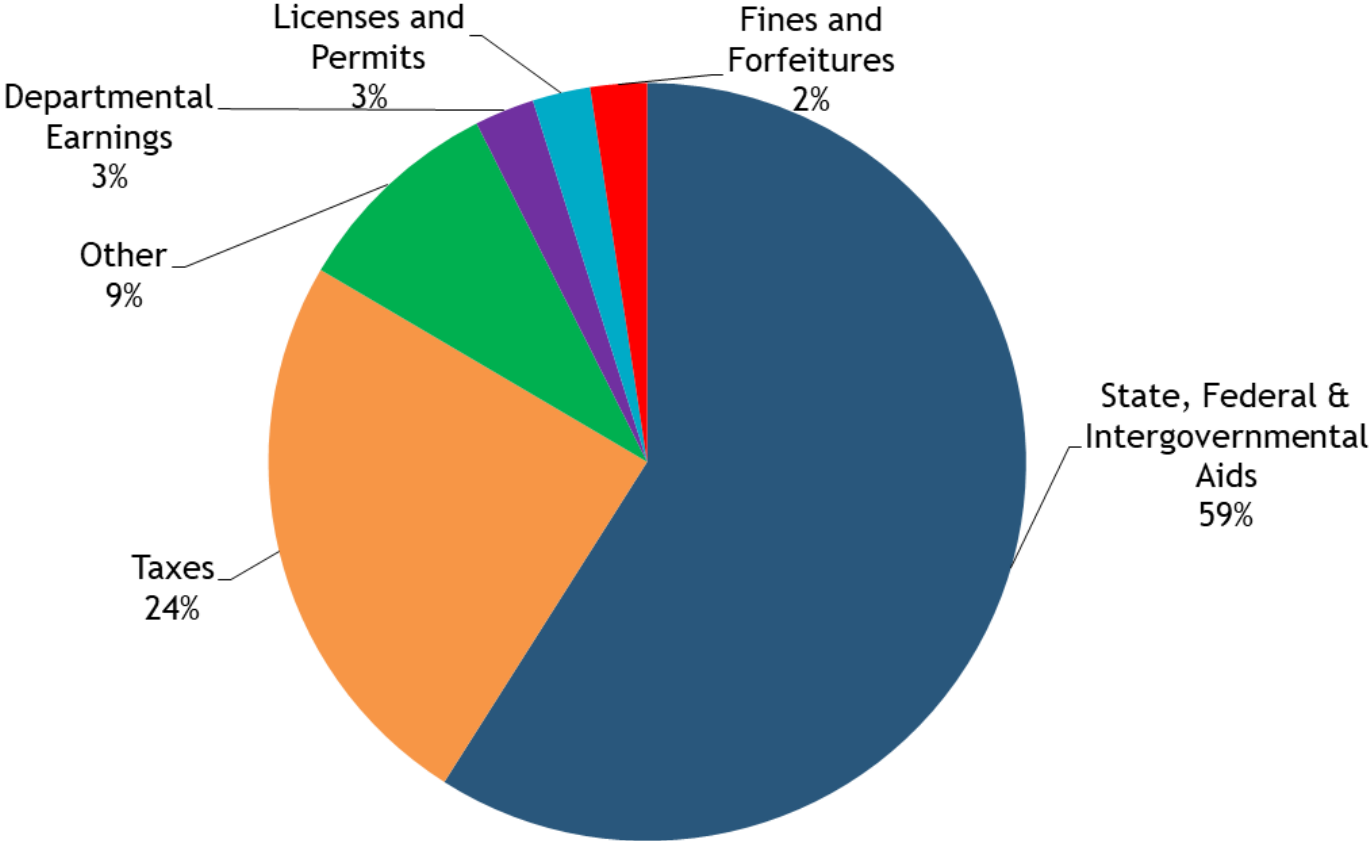


Net New Construction:
1.1% Increase



REVENUES: WHERE IT CAME FROM

The City receives substantial funding for its general government services from State and Federal sources. In 2019, \$19.5 million of the General Fund budget was supported by State and Federal aid: this represents 59% 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.



2019 Revenue Sources

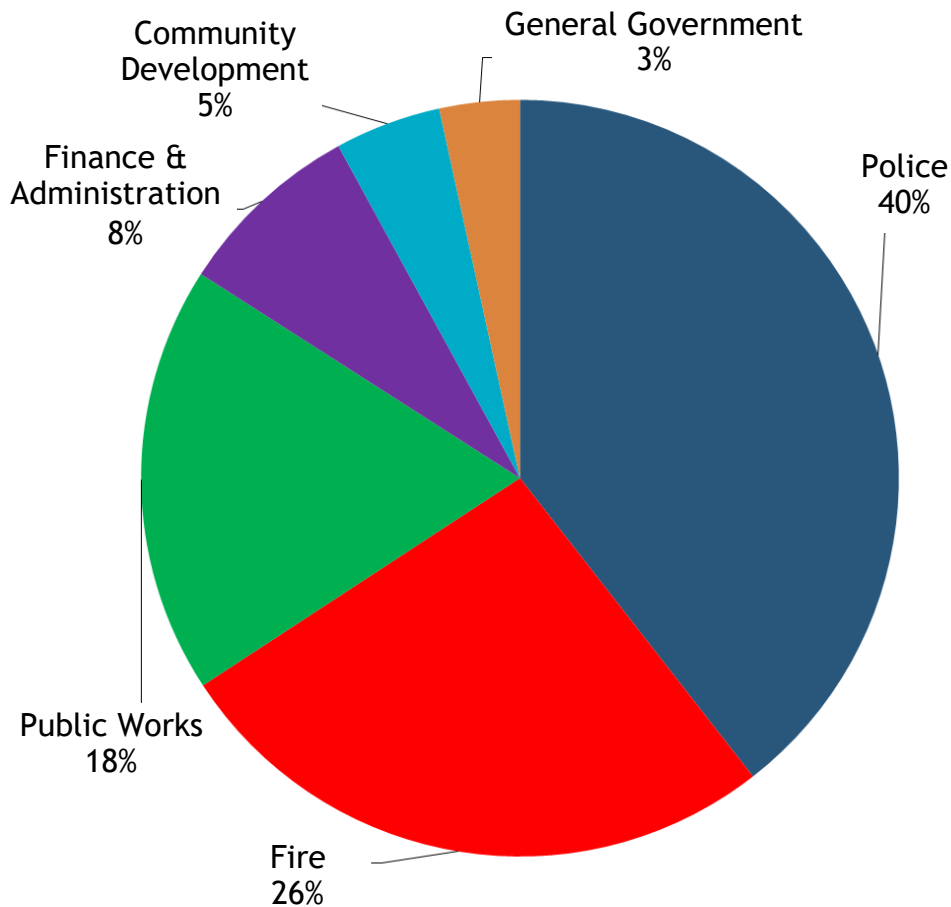
Amount

State, Federal & Intergovernmental Aids	\$19,537,708
Taxes	\$8,100,078
Other*	\$3,016,897
Departmental Earnings	\$845,790
Licenses and Permits	\$818,294
Fines and Forfeitures	\$798,169

*Includes transfers of funds from the closure of TIF 6 and the sale of city property as identified on page 5 of the CAFR under “Other Financing Sources”, as well as investment income.

EXPENDITURES: WHERE IT WENT

The 2019 General Fund actuals totaled \$30,314,706, which decreased by \$618,379 or -2% compared to the 2018 actuals. The budget provides funding for all major programs and service levels. Public safety accounts for the majority of the general fund budget at \$19.9 million or 66% of the actuals.



2019 Expenditures

	Amount
Police	\$11,960,824
Fire	\$7,978,792
Public Works	\$5,545,338
Finance & Administration	\$2,419,003
Community Development	\$1,373,292
General Government	\$1,037,457

FUND BALANCE

Fund balance shows the City of Beloit's overall financial health. For the fiscal year 2019, the city's fund balance for the general fund equaled \$13,533,215. **88% of the total fund balance, or \$11,882,949, is unassigned fund balance, which is a sign of strong financial health.**

There are three categories for fund balance: nonspendable (not in 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. The City of Beloit did not have assigned fund balance in 2015-2019.

AA-

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 AA- bond rating (Standard & Poor's). Our bond rating was increased in early 2020 from an A+ to a AA-, which helps the city be able to borrow at a lower interest rate.

