

City of Beloit

Comprehensive Annual Financial Report

December 31, 2020

Prepared By:

Department of Finance and Administrative Services
Eric Miller, Director
Dawn DeuVall, Director of Accounting and Purchasing

City of Beloit

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CITY MANAGER

June 18, 2021

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

It is our pleasure to submit to you the comprehensive annual financial report of the City of Beloit for the fiscal year ended December 31, 2020. 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/Treasurer as a matter of public record. This annual financial report fulfills these requirements.

This annual financial report 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 annual financial report.

In compliance with the above statutory requirements, the City has retained the services of Baker Tilly US, 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, 2020, are fairly presented in all material respects in accordance with GAAP. The independent auditors' report is located at the beginning of the financial section of this report.

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.

PROFILE of the CITY OF BELOIT

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 36,162 residents as well as a multitude of industrial firms, retail establishments, several corporate headquarters, and a minor league baseball team. 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 1,150 students come from nearly every state and approximately 20 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 residents 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, economic development, and transit along with water, sewer, and stormwater 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, stormwater, and sanitary sewer utilities, ambulance services, cemeteries, transit, and the municipal golf course. Internal service funds provide information on the operations of the risk management, employee and retiree health benefits, and centralized vehicle and 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 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 report 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 annual financial report.

ECONOMIC CONDITION / MAJOR INITIATIVES

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 2020, the City's unemployment rate averaged 4.6% which was slightly higher than the county and state averages of 4.1% and 4.0% respectively. These rates are in spite of unprecedented economic shutdowns and unemployment claims nationwide due to the COVID-19 pandemic. Amidst all the economic turmoil the City had no significant closures or shutdowns of large employers or taxpayers. The newly built Amazon distribution center became fully operational with 1,200 new full-time jobs. The City's conservative fiscal approach resulted in decreased expenditures in 2020 that more than accommodated short term revenue losses. 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.

The City's Tax Increment District No. 10 continues to be its major economic development driver. Several major employers are located in the TID including Kerry America's headquarters, Diamond Foods Kettle Brands, Pratt Industries, and the new Amazon Order Fulfillment Center; collectively all development in the TID has added \$178 million to the City's tax base and has provided over 2,000 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 seven active Tax Increment Districts with over 1,000 acres of land available for development.

The City's economy has an exceptionally 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, Madison to the north, and Interstate 43, providing a direct link east to Milwaukee, the City's location is marketed as one of the Midwest's major distribution areas.

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 which utilizes the City's ability to borrow funds and use other funding sources such as operating budgets, fund balance, 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 Sewer utility revenue bonded debt, and Stormwater utility revenue bonded debt and an

“A-” for its Water utility revenue bonded debt. The general obligation debt rating was upgraded to “AA-/Stable” by Standard and Poor’s on March 12, 2020.

AWARDS and ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Beloit for its comprehensive annual financial report for the fiscal year ended December 31, 2019. This was the eighteenth 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 annual report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current annual report continues to meet the Certificate of Achievement Program’s requirements and we will be submitting it to the GFOA to determine its eligibility for another certificate.

The City has also been awarded the GFOA’s Popular Annual Financial Reporting Award for its 2019 Popular Annual Financial Report (PAFR). In order to qualify for the PAFR Award the government must receive the Certificate of Achievement, contain information derived from the GAAP data in the financial report, and provide narrative or graphic analysis explaining items of significant interest or concern. This is the second year the City has received this award and is also valid for only one year.

The City also received the GFOA’s Distinguished Budget Presentation Award for its annual budget document for the fiscal year beginning January 1, 2021. In order to qualify for the Distinguished Budget Presentation Award, the government’s budget document must be judged and determined to be proficient as a policy document, a financial plan, an operations guide, and a communication device. This is the twenty-third year the City has received this award and is also valid for only one year.

The preparation of the annual financial report 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, 2019

Christopher P. Morill

Executive Director/CEO

**City of Beloit, Wisconsin
List of Elected and Appointed Officials
December 31, 2020**

CITY COUNCIL MEMBERS

Regina Dunkin – President
Clinton Anderson – Vice President
Sherry Blakeley
Nancy V. Forbeck
Kevin D. Leavy
Mark Preuschl
Brittany Keyes

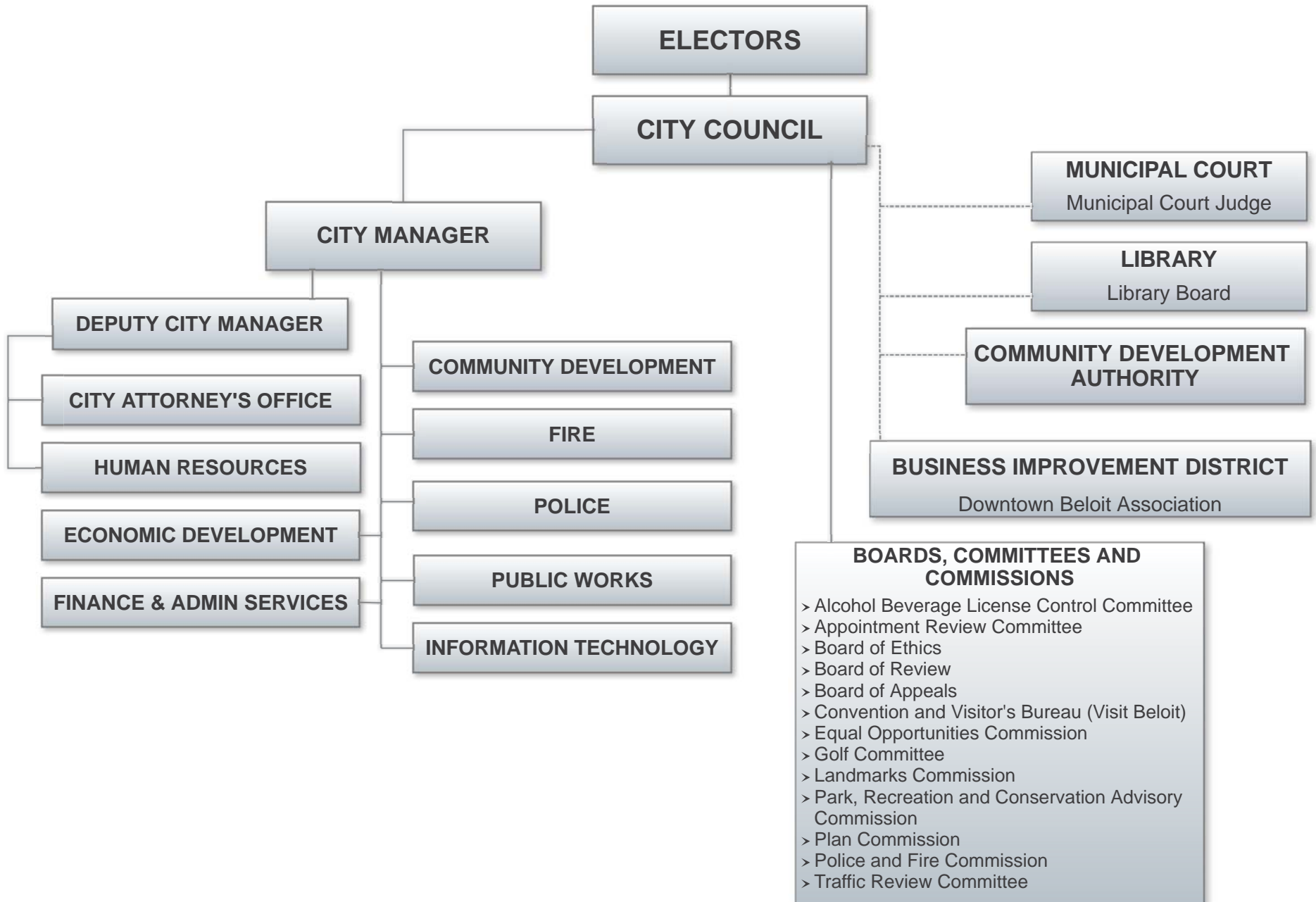
CITY MANAGER

Lori S. Curtis Luther

DEPARTMENT DIRECTORS

Eric Miller – Finance & Administrative Services Director
Elizabeth Krueger – City Attorney
Thomas Stigler – Interim Police Chief
Daniel Pease – Fire Chief
Julie Christensen – Community Development Director
Andrew Janke – Economic Development Director
Raymond Gorsline – Information Technology Director
Laura Williamson – Public Works Director

CITY OF BELOIT ORGANIZATIONAL CHART



Independent Auditors' Report

To the City Council of
City of Beloit

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, 2020, 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 3 percent, 5 percent and 5 percent, respectively, of the assets, net position and revenues of the discretely presented component units. The LLCs of the CDA represent 84 percent, 63 percent and 14 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 reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the 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 reports 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., and the LLCs of the CDA were not audited in accordance with *Government Auditing Standards*.

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 reports 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, 2020 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.

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.

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 as listed in the table of contents, which includes the schedules 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 for Federal Awards* and the *Wisconsin State Single Audit Guidelines*, 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 18, 2021 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 solely 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 effectiveness of the City of Beloit's 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 US, LLP

Madison, Wisconsin
June 18, 2021

City of Beloit

Management's Discussion and Analysis
December 31, 2020
(Unaudited)

As management of the City of Beloit, Wisconsin (the City), 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, 2020. 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 (AFR).

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources as of December 31, 2020, by \$76,762,879 (*net position*). Of this amount, \$(74,312,755) is an unrestricted deficit.
- The City's total net position increased \$7,897,430 largely due to revenues exceeding expenditures in the both the Governmental and Business-Type Activities.
- 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 liability/asset, of which the City recorded a pension asset of \$6,657,574 in 2020. This is an increase of \$14,042,647 as the City reported a \$7,385,073 liability in 2019. As of the December 31, 2019 measurement date used for the 2020 financial statements, WRS reported total resources available to provide pension benefits of \$112.1 billion. They also reported a total liability for pensions of \$108.9 billion, resulting in a net pension asset of \$3.2 billion.
- As of December 31, 2020, the City's governmental funds reported combined ending fund balances of \$40,345,290, an increase of \$4,790,982 from the prior year. Of this amount, \$11,765,395 or 29 percent is unassigned and is available for spending at the government's discretion. The increase in fund balance was largely due to revenues exceeding expenses in the general fund and various TIF District's.
- As of December 31, 2020, the unassigned fund balance for the general fund was \$13,298,793 or 43.3 percent of total general fund expenditures.
- The business-type activities total net position at December 31, 2020 was \$69,486,060, which represents an increase of \$2,158,205 from the prior year. Of this amount, \$50,317,450 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 AFR also includes supplementary information intended to provide additional detail to support the basic financial statements themselves.

City of Beloit

Management's Discussion and Analysis
December 31, 2020
(Unaudited)

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 and recreation, public safety, public works, and community development. The business-type activities of the City include the water, sewer, and storm 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 and 2 of this AFR.

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

Management's Discussion and Analysis
December 31, 2020
(Unaudited)

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 21 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, capital improvements 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 AFR.

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 3 to 5 of this AFR.

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, sewer, and storm 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 AFR.

The basic proprietary fund financial statements can be found on pages 6 to 10 of this AFR.

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Custodial Funds – Custodial funds are used to account for resources held for the benefit of parties outside the government. Custodial 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 custodial funds is much like that used for proprietary funds.

The basic custodial fund financial statements can be found on pages 11 and 12 of this AFR.

Other Information – In addition to the basic financial statements and accompanying notes, this AFR 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 91 to 100 of this AFR. 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 101 to 108 of this AFR.

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 \$76,762,879 as of December 31, 2020. This is an increase of \$7,897,430 from the previous year.

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The largest portion of the City's net position 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'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)

	Governmental Activities		Business-Type Activities		Total	
	2019	2020	2019	2020	2019	2020
Current and other assets	\$ 71.5	\$ 87.5	\$ 23.4	\$ 25.9	\$ 94.9	\$ 113.4
Capital assets	106.0	109.6	77.1	74.7	183.1	184.3
Total assets	177.5	197.2	100.5	100.6	278.0	297.7
Deferred outflows of resources	20.5	28.2	3.1	2.4	23.6	30.6
Long-term liabilities	155.4	166.7	33.3	30.0	188.7	196.7
Other liabilities	5.0	6.2	0.8	0.6	5.8	6.8
Total liabilities	160.4	172.9	34.1	30.6	194.5	203.5
Deferred inflows of resources	36.0	45.1	2.2	2.9	38.2	48.0
Net position:						
Net investment in capital assets,	73.8	78.9	51.2	50.3	122.0	126.7
Restricted	12.1	21.2	2.2	3.2	14.3	24.4
Unrestricted (deficit)	(84.4)	(92.8)	14.0	16.0	(67.5)	(74.3)
Total net position	\$ 1.5	\$ 7.3	\$ 67.3	\$ 69.5	\$ 68.9	\$ 76.8

Columns may not total due to rounding.

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.

An additional portion of the City's net position (approximately 32 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (deficit) is \$(74,312,755).

Analysis of City Operations – The following table provides a summary of the City's operations for the year ended December 31, 2020. Governmental activities increased the City's net position by \$5.7 million and business-type activities increased net position by \$2.2 million.

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

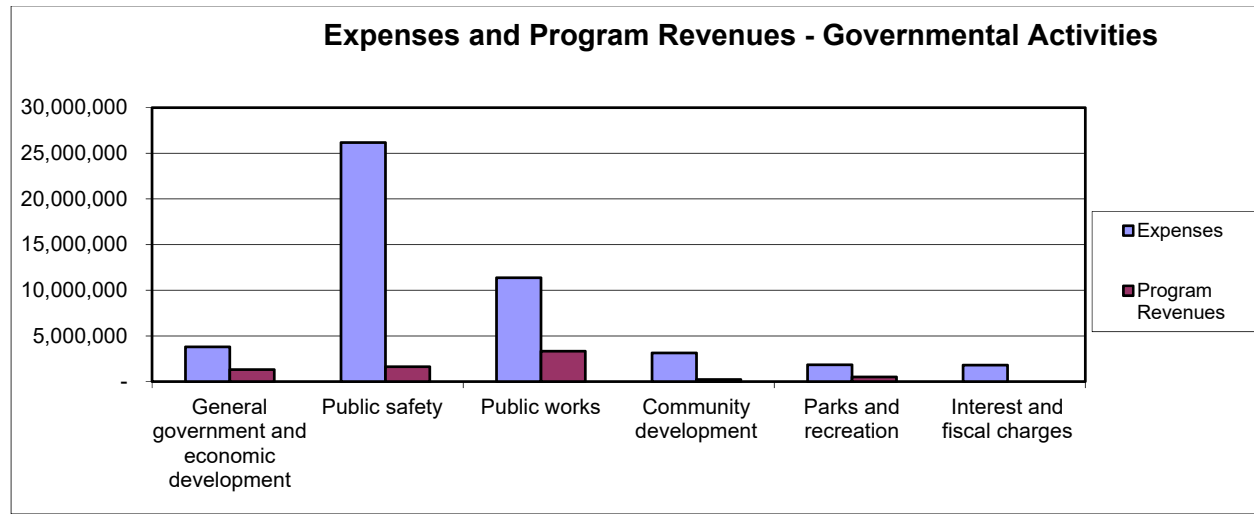
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2019	2020	2019	2020	2019	2020
Revenues						
Program revenues:						
Charges for services	\$ 8.4	\$ 6.1	\$ 17.0	\$ 17.1	\$ 25.4	\$ 23.2
Operating grants and contributions	0.8	0.7	1.2	1.8	2.0	2.5
Capital grants and contributions	0.4	0.2	0.8	1.4	1.2	1.6
General revenues:						
Property taxes	21.8	22.0	0.6	0.2	22.4	22.1
Other taxes	0.7	0.6	-	-	0.7	0.6
Intergovernmental	21.6	21.4	-	-	21.6	21.4
Investment income	1.1	0.8	0.5	0.3	1.6	1.1
Miscellaneous	0.8	1.9	-	0.1	0.8	2.0
Total revenues	55.6	53.7	20.1	20.9	75.7	74.5
Expenses						
General government	1.2	1.0	-	-	1.2	1.0
Finance and administration	5.6	2.4	-	-	5.6	2.4
Community development	5.8	3.1	-	-	5.8	3.1
Economic development	0.4	0.4	-	-	0.4	0.4
Police services	14.5	15.3	-	-	14.5	15.3
Fire services	9.3	10.8	-	-	9.3	10.8
Public works	17.3	11.4	-	-	17.3	11.4
Parks and recreation	2.5	1.8	-	-	2.5	1.8
Interest and fiscal charges	1.8	1.8	-	-	1.8	1.8
Water utility	-	-	4.5	4.4	4.5	4.4
Sewer utility	-	-	9.3	9.0	9.3	9.0
Storm utility	-	-	1.0	0.9	1.0	0.9
Other nonmajor proprietary funds	-	-	4.4	4.2	4.4	4.2
Total expenses	58.4	48.1	19.2	18.5	77.6	66.6
Change in Net Position Before Transfers						
Transfers	(2.8)	5.6	0.8	2.4	(2.0)	7.9
Change in net position	(2.0)	5.7	-	2.2	(2.0)	7.9
Net Position, Beginning	3.5	1.5	67.3	67.3	70.8	68.9
Net Position, Ending	\$ 1.5	\$ 7.3	\$ 67.3	\$ 69.5	\$ 68.9	\$ 76.8

Columns may not total due to rounding.

For 2020, revenues decreased by approximately \$1,200,000 or 1.6 percent due primarily to a decrease in charges for services. Expenses decreased by approximately \$11,000,000 or 14 percent compared to the prior year, mainly due to the various impacts of COVID-19.

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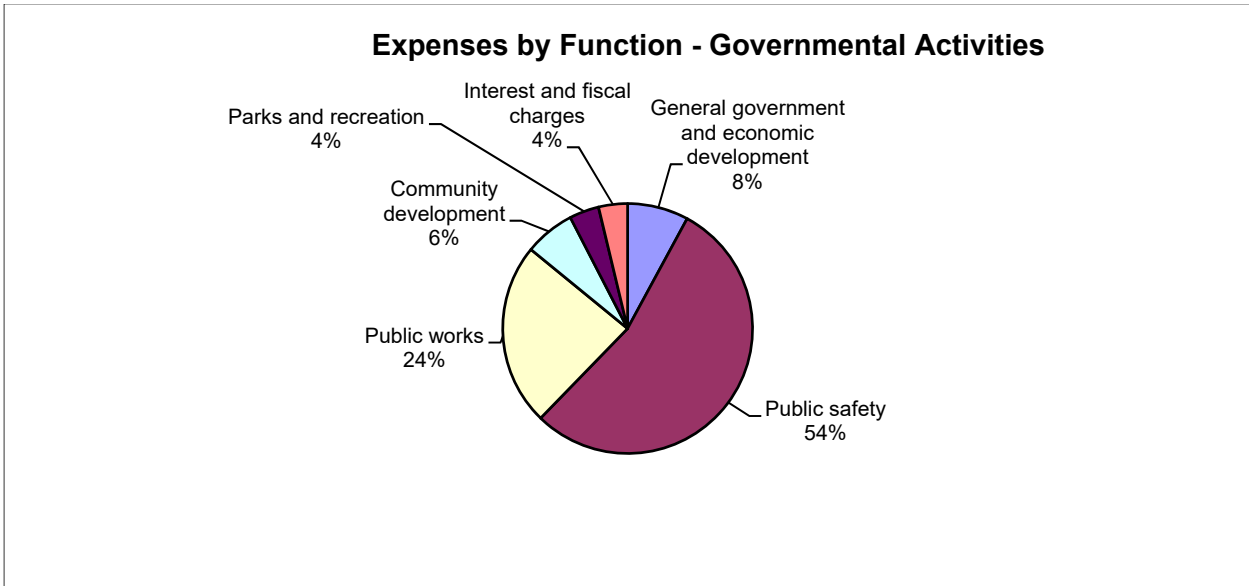
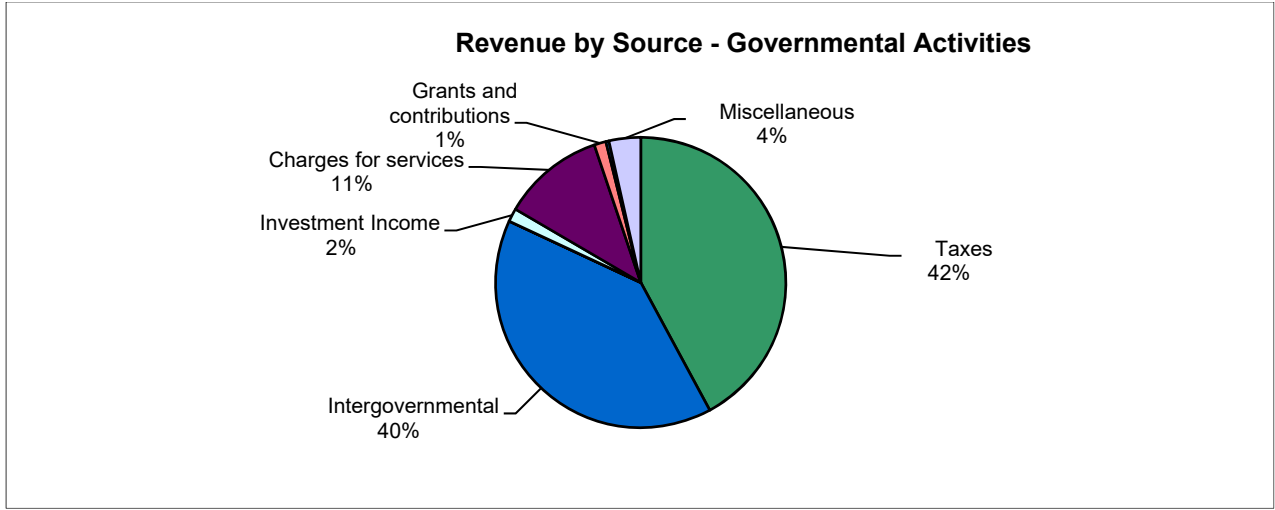


Intergovernmental revenue, such as state shared revenue, and property taxes are biggest sources of revenue for the City. Combined they make up 82 percent of the total revenue for Governmental Activities. The Public Safety and Public Works departments make up 54 percent and 24 percent of Governmental Activity Expenses respectively.

Charges for services account for 82 percent of the revenue for Business-type Activities. The Water and Sewer Utilities combine to make up 72 percent of the total Business-type Activities expenses.

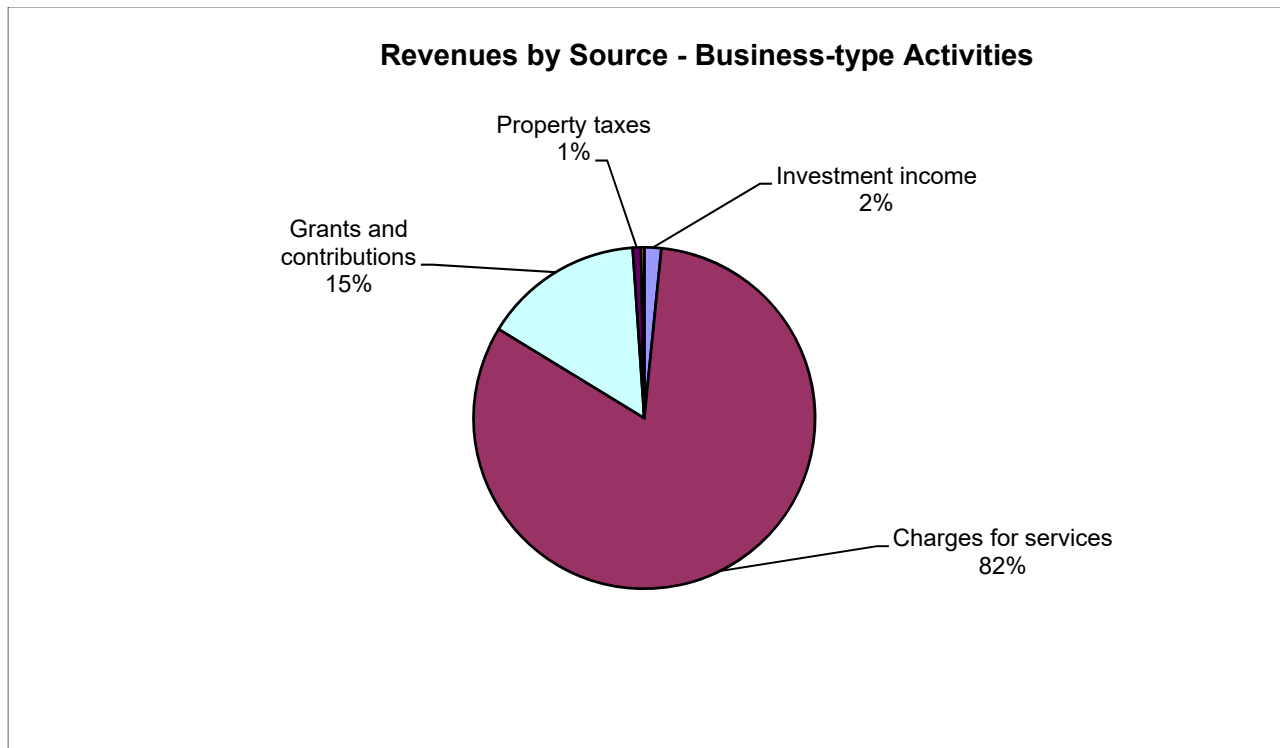
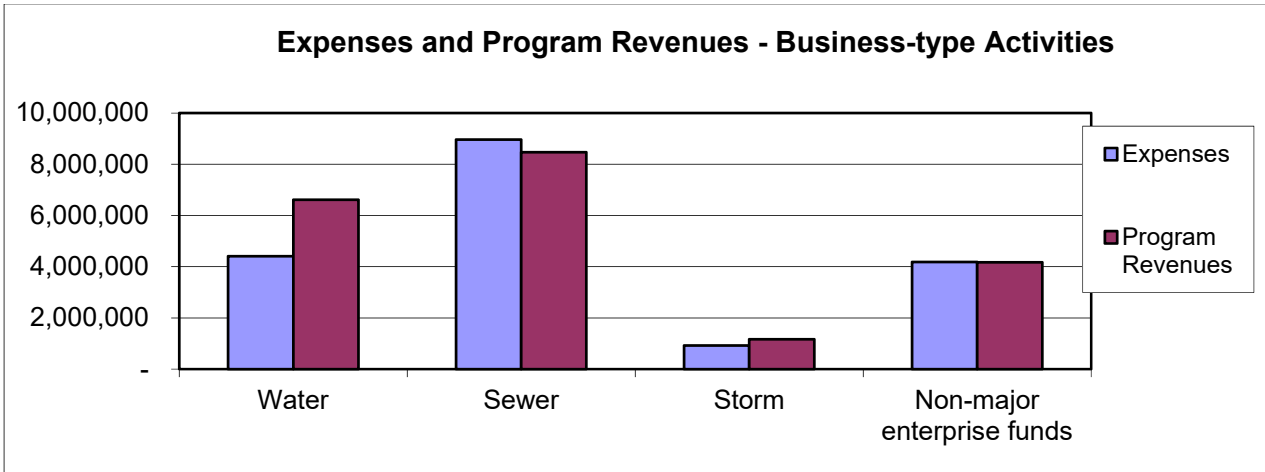
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Financial Analysis of the Government's Funds

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, 2020, the City of Beloit's governmental funds reported combined ending fund balances of \$40,345,290. This is an increase of \$4,790,982 from the previous year. Approximately 29 percent of this total or \$11,765,395 constitutes unassigned fund balance, which is available for spending at the government's discretion. The increase in fund balance was largely due to revenues exceeding expenses in the general fund and the various TIF Districts.

The remainder of fund balance is restricted, assigned or non-spendable. Restricted fund balance totals \$19,172,352 and can be used for only those purposes established by parties outside the government. The largest single component being \$6,586,349 restricted for capital projects. Other restrictions in this category are for bridge maintenance, debt service, economic development, grant programs, library operations, solid waste, and cemetery perpetual care. Assigned fund balance totals \$7,738,348 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, equipment replacement, and the 2021 budget. The non-spendable portion of fund balance totals \$1,669,195 and is comprised primarily of advances to other funds, delinquent personal property taxes, 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 percent of operating revenues or 3 months of estimated General Fund expenditures whichever is greater. As of December 31, 2020, the total fund balance of the general fund was \$15,218,843 of which \$13,468,847 was unrestricted (*assigned and unassigned*). This unrestricted fund balance represents 43 percent of general fund expenditures or 5.2 months. The City's total general fund balance increased \$1,685,628 from the prior year. The City budgeted for a change in fund balance of \$0. The main reason for this increase in fund balance relates to expenditures being under budget in various categories including parks, recreation, and licenses and permits which were all impacted by COVID-19.

Capital Improvements Fund: The capital improvements fund is used to account for and report financial resources that are restricted, committed, or assigned for expenditures for capital improvement projects. It has a fund balance of \$7,605,793 of which \$6,586,349 is restricted for unspent bond proceeds and the remainder being assigned for capital improvement projects. The capital improvement funds fund balance decreased \$1,704,038 from the prior year as a result of spending previous unspent debt proceeds on various capital projects during the year.

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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 2,000 new jobs and additional tax base valued in excess of \$178 million. The premier projects in the TID are Diamond Foods Kettle Brands, Kerry Americas Headquarters, Pratt Industries, and the Amazon Order Fulfillment Center. The district is scheduled to close in 2023. The annual tax increment of the TID exceeds \$4 million. The fund balance for the TID increased \$2,805,217 compared to the prior year as a result of revenues being greater than expenditures.

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 \$1,273,782 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 \$10,156,846, an increase of \$1,986,222 from last year. There are three tax increment districts, as well as the Police fund, that have deficit fund balances as of December 31, 2020.

Proprietary Funds

The City of Beloit's major proprietary funds consist of the water, sewer, and storm 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 \$251,649 or 12.4 percent increase in operating income of \$2,289,177 in 2020 from \$2,037,528 in 2019. This increase was the result of a decrease in contractual service costs for maintenance in 2020. The change in net position in 2020 was an increase of \$1,381,007. The City serves 15,376 water customers and maintains eight wells and approximately 200 miles of water mains.

Sewer Utility: The sewer utility realized an operating loss of \$908,793 in 2020 compared to a loss of \$1,133,988 for 2019. This loss is largely the result of depreciation expense and contractual services to maintain the plant and equipment. Net position decreased \$544,302 due primarily to the increase in operating costs and depreciation. Cash flow increased for the sewer utility with an increase in cash and cash equivalents of \$1,492,351 from the prior year. The City serves 13,303 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.

Storm Utility: The storm utility realized a \$38,073 increase in operating income of \$253,541 in 2020 from \$215,468 in 2019. This increase was the result of an increase in charges for services in 2020. The change in net position in 2020 was an increase of \$226,330.

The net position of the City's Enterprise Funds as of December 31, 2020 was \$69,486,060. The water, sewer, and storm utility's net position accounted for \$64,199,152 or 92 percent of this total.

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General Fund Budgetary Highlights

The general fund budget appropriations totaled \$32,845,638. The final actual expenditures of \$30,804,614 were \$2,041,024 less than the final budget appropriations.

The actual revenues and other financing sources were \$32,490,242, which were \$355,396 less than the budgeted amount. Investment income in 2020 was \$420,101. Interest rates fell drastically due to the COVID-19 pandemic but long term rates have shown some signs of improvement. At \$8,303,092, the property tax levy is the second largest local source revenue in the general fund. Total taxes were higher than the final budget by \$113,183. 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 2020, these payments totaled \$20,720,123. This represents 64 percent of total general fund revenues and other financing sources and is consistent with prior year's totals. Revenues and other financing sources were \$1,685,628 greater than expenditures and other financing uses, which is the net change in fund balance for 2020. As was previously mentioned, no change in fund balance was budgeted for the general fund in 2020.

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

- General government expenditures were \$1,113,764 less than budget largely related to reduced costs related to licenses and permits, when compared to the budgeted amount.
- Public Works department expenditures were \$965,081 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.
- Fees and services collected related to recreation were \$319,840 less than budgeted related to many of these activities being closed in 2020 due to COVID-19.
- Fines, forfeitures and penalties were \$337,863 less than budget largely due to decreased fines collected for traffic and non-traffic related offenses and parking violations.
- Intergovernmental revenue was \$624,350 more than budget due to the City receiving \$657,243 in Routes to Recovery funding from the state related to the CARES Act.

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Capital Assets

The City of Beloit's investment in capital assets for its governmental and business-type activities as of December 31, 2020, was \$184,318,106 (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 an increase in net book value of \$1,186,406 from last year.

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

- The City completed the Milwaukee Road Gateway Corridor and Prairie Avenue reconstruction projects during the year.
- Current year CWIP additions of \$2.5M in the Governmental Activities relates mainly to the Powerhouse Riverwalk project that will be completed in 2021.
- The City added almost \$2.18M 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	
	2019	2020	2019	2020	2019	2020
Land	\$ 5.6	\$ 5.6	\$ 3.7	\$ 3.7	\$ 9.3	\$ 9.3
Construction in progress	3.8	2.3	-	-	3.8	2.3
Buildings	13.7	15.1	6.4	6.3	20.1	21.4
Machinery and equipment	10.9	9.7	3.2	3.5	14.1	13.2
Other improvements	2.8	2.7	-	-	2.8	2.7
Streets	52.6	57.3	-	-	52.6	57.3
Structures	0.4	0.4	-	-	0.4	0.4
Street lights	4.8	5.4	-	-	4.8	5.4
Traffic signals	0.4	0.3	-	-	0.4	0.3
Bridges	11.0	10.8	-	-	11.0	10.8
Storm sewer infrastructure	-	-	8.9	8.8	8.9	8.8
Water plant and equipment	-	-	27.6	27.5	27.6	27.5
Sewer plant and equipment	-	-	27.3	24.9	27.3	24.9
Total	<u>\$ 106.0</u>	<u>\$ 109.6</u>	<u>\$ 77.1</u>	<u>\$ 74.7</u>	<u>\$ 183.1</u>	<u>\$ 184.3</u>

Columns may not total due to rounding.

Additional information on the City's capital assets can be found in Note 4 on pages 34-36 of this AFR.

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Long-Term Obligations

In 2020, the City issued \$7,525,000 in general obligation and revenue debt and retired \$9,071,197 in debt resulting in \$76,746,875 in outstanding general obligation and revenue bonds at the end of 2020. Of the total bonded debt outstanding, \$51,053,466 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 percent of the equalized assessed value of taxable property located within the City. The total debt applicable to the statutory limit is 53 percent of the maximum allowed of \$97,243,055. The City's Stormwater utility revenue bonds are rated "A+" and the Water utility revenue bonds are rated "A-" by Standard and Poor's. The general obligation debt was upgraded to "AA-Stable" on March 12, 2020.

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

	Governmental Activities		Business-Type Activities		Total	
	2019	2020	2019	2020	2019	2020
General obligation bonds	\$ 47.8	\$ 48.5	\$ 2.7	\$ 2.5	\$ 50.5	\$ 51.0
Revenue bonds	-	-	27.8	25.7	27.8	25.7
Debt outstanding	<u>\$ 47.8</u>	<u>\$ 48.5</u>	<u>\$ 30.5</u>	<u>\$ 28.2</u>	<u>\$ 78.3</u>	<u>\$ 76.7</u>

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 Note 4 on pages 39-44 of this AFR.

Currently Known Facts/Economic Conditions

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 2020, the City's unemployment rate averaged 4.6 percent which was slightly higher than the county and state averages of 4.1 percent and 4.0 percent respectively. These rates are in spite of unprecedented economic shutdowns and unemployment claims nationwide due to the COVID-19 pandemic. Amidst all the economic turmoil, the City had no significant closures or shutdowns of large employers or taxpayers. The newly built Amazon distribution center became fully operational with 1,200 new full-time jobs. The City's conservative fiscal approach resulted in decreased expenditures in 2020 that more than accommodated short term revenue losses.

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.

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The City's Tax Increment District No. 10 continues to be its major economic development driver. Several major employers are located in the TID including Kerry America's headquarters, Diamond Foods Kettle Brands, Pratt Industries, and the new Amazon Order Fulfillment Center; collectively all development in the TID has added \$178 million to the City's tax base and has provided over 2,000 new jobs with more to come.

Another project that will have a profound impact on the City's economy is the potential for a gaming casino in the City. Nine 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 \$405 million. Once operational the facility is expected to provide approximately 1,500 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. Eight 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 2020, the City's tax base increased \$159,006,200 or 9 percent to \$1,944,861,100. Most of this increase occurred in commercial property values and was attributable to new economic development projects and increased economic conditions. Property values continued to stabilize in 2020 and have shown positive growth in net new construction for the City. Several commercial and manufacturing construction projects were completed in 2020.

Requests for Information

This AFR 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 AFR 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
 December 31, 2020

	Primary Government			
	Governmental Activities	Business- Type Activities	Totals	Component Units
Assets				
Cash and investments	\$ 40,791,854	\$ 14,530,583	\$ 55,322,437	\$ 2,061,827
Receivables (net of allowance for uncollectibles):				
Taxes	23,249,131	97,775	23,346,906	-
Delinquent personal property taxes	71,906	-	71,906	-
Accounts	1,047,089	3,157,255	4,204,344	109,078
Special assessments	340,900	-	340,900	-
Loans	2,343,669	-	2,343,669	-
Accrued interest	149,914	-	149,914	-
Land contract	1,315,477	-	1,315,477	-
Other	78,666	652,281	730,947	-
Due from other governmental units	501,445	2,637,180	3,138,625	11,603
Internal balances - interfunds	2,034,547	(2,034,547)	-	-
Internal balances - advances	1,192,645	(1,192,645)	-	-
Due from component unit	165,731	-	165,731	-
Inventories	618,670	335,101	953,771	-
Tax credit fees	-	-	-	89,318
Prepaid items	9,600	-	9,600	14,594
Lease receivable from primary government	-	-	-	2,893,321
Restricted assets:				
Temporarily restricted:				
Cash and investments	-	6,729,414	6,729,414	1,817,132
Deposit with risk pool	1,575,475	-	1,575,475	-
Net pension asset	5,714,810	942,764	6,657,574	98,623
Other assets	-	25,196	25,196	-
Land held for resale	6,325,492	-	6,325,492	-
Capital assets:				
Land	5,570,137	3,736,753	9,306,890	601,285
Construction in progress	2,335,902	-	2,335,902	-
Capital assets net of depreciation	101,725,214	70,950,100	172,675,314	14,102,013
Total assets	<u>197,158,274</u>	<u>100,567,210</u>	<u>297,725,484</u>	<u>21,798,794</u>
Deferred Outflows of Resources				
Unamortized loss on advanced refunding	557,353	3,736	561,089	-
Pension related amounts	13,396,486	2,191,164	15,587,650	239,187
OPEB related amounts, health	13,615,817	21,591	13,637,408	-
OPEB related amounts, life	585,451	183,454	768,905	19,618
Total deferred outflows of resources	<u>28,155,107</u>	<u>2,399,945</u>	<u>30,555,052</u>	<u>258,805</u>
Liabilities				
Accounts payable	3,312,109	371,110	3,683,219	13,391
Accrued liabilities	1,510,544	155,481	1,666,025	1,992,285
Claims payable	1,374,285	-	1,374,285	-
Due to primary government	-	-	-	165,731
Other liabilities	-	27,564	27,564	-
Deposits	-	1,491	1,491	84,649
Noncurrent liabilities due within one year	7,139,750	2,714,664	9,854,414	685,000
Noncurrent liabilities due in more than one year				
OPEB liability, health	109,820,119	117,109	109,937,228	-
Net OPEB liability, life	1,432,807	453,946	1,886,753	48,567
Other liabilities due in more than one year	48,302,641	26,762,840	75,065,481	3,849,508
Total liabilities	<u>172,892,255</u>	<u>30,604,205</u>	<u>203,496,460</u>	<u>6,839,131</u>
Deferred Inflows of Resources				
Property tax levied for next period	23,241,974	98,082	23,340,056	999,536
OPEB related amounts, health	4,351,670	4,641	4,356,311	-
Pension related amounts	17,281,450	2,694,120	19,975,570	297,894
OPEB related amounts, life	269,213	80,047	349,260	8,475
Total deferred inflows of resources	<u>45,144,307</u>	<u>2,876,890</u>	<u>48,021,197</u>	<u>1,305,905</u>
Net Position (Deficit)				
Net investment in capital assets	78,886,500	50,317,450	126,671,444	14,703,298
Restricted for debt service	954,732	626,177	1,580,909	-
Restricted for library operations	527,488	-	527,488	-
Restricted for replacement	-	1,595,400	1,595,400	-
Restricted for economic development	7,583,817	-	7,583,817	-
Restricted for grant programs	3,393,034	-	3,393,034	5,552,569
Restricted for solid waste	597,446	-	597,446	-
Restricted for cemetery perpetual care	2,387,721	-	2,387,721	-
Restricted for bridge activities	80,801	-	80,801	-
Restricted for pension	5,714,810	942,764	6,657,574	98,623
Unrestricted (deficit)	<u>(92,849,530)</u>	<u>16,004,269</u>	<u>(74,312,755)</u>	<u>(6,441,927)</u>
Total net position	<u>\$ 7,276,819</u>	<u>\$ 69,486,060</u>	<u>\$ 76,762,879</u>	<u>\$ 13,912,563</u>

See notes to financial statements

City of Beloit

Statement of Activities

Year Ended December 31, 2020

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Units
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-Type Activities	Totals	
Primary Government								
Governmental activities:								
General government:								
City council, manager, attorney	\$ 1,028,238	\$ -	\$ -	\$ -	\$ (1,028,238)	\$ -	\$ (1,028,238)	\$ -
Finance and administrative services	2,371,271	1,286,489	26,471	-	(1,058,311)	-	(1,058,311)	-
Community development	3,137,997	135,656	89,551	-	(2,912,790)	-	(2,912,790)	-
Economic development	403,260	-	-	-	(403,260)	-	(403,260)	-
Public safety:								
Police services	15,327,257	1,529,668	210	-	(13,797,379)	-	(13,797,379)	-
Fire services	10,842,510	24,198	77,919	-	(10,740,393)	-	(10,740,393)	-
Public works	11,377,938	2,976,547	157,049	186,786	(8,057,556)	-	(8,057,556)	-
Parks and recreation	1,841,398	164,822	350,504	-	(1,326,072)	-	(1,326,072)	-
Interest and fiscal charges	1,807,465	-	-	-	(1,807,465)	-	(1,807,465)	-
Total governmental activities	48,137,334	6,117,380	701,704	186,786	(41,131,464)	-	(41,131,464)	-
Business-type activities:								
Water	4,408,316	6,013,155	-	467,332	-	2,072,171	2,072,171	-
Sewer	8,963,305	8,107,787	-	359,723	-	(495,795)	(495,795)	-
Golf course	395,662	341,239	-	-	-	(54,423)	(54,423)	-
Cemeteries	294,378	178,815	-	-	-	(115,563)	(115,563)	-
Ambulance	1,278,441	1,249,096	-	-	-	(29,345)	(29,345)	-
Storm sewer	921,231	1,163,345	-	-	-	242,114	242,114	-
Transit	2,212,524	66,953	1,766,175	569,738	-	190,342	190,342	-
Total business-type activities	18,473,857	17,120,390	1,766,175	1,396,793	-	1,809,501	1,809,501	-
Total primary government	\$ 66,611,191	\$ 23,237,770	\$ 2,467,879	\$ 1,583,579	(41,131,464)	1,809,501	(39,321,963)	-
Component units, business-type activities:								
Community Development Authority	\$ 5,233,187	\$ 245,315	\$ 3,837,880	\$ -	-	-	-	(1,149,992)
Beloit Public Library Foundation, Inc.	258,179	-	173,672	-	-	-	-	(84,507)
Total component units	\$ 5,491,366	\$ 245,315	\$ 4,011,552	\$ -	-	-	-	(1,234,499)
General Revenues								
Taxes								
Property taxes, levied for general purposes					8,303,092	162,722	8,465,814	-
Property taxes, levied for debt service					5,249,998	-	5,249,998	-
Property taxes, tax increment					6,147,261	-	6,147,261	-
Property taxes, levied for other					2,270,602	-	2,270,602	-
Other taxes					629,104	-	629,104	-
Intergovernmental revenues not restricted to specific programs								
Investment income					21,374,359	-	21,374,359	-
Gain on sale of property					794,254	333,198	1,127,452	305,855
Miscellaneous					-	-	-	198,656
Transfers					1,888,360	66,443	1,954,803	92,441
					213,659	(213,659)	-	-
Total general revenues and transfers					46,870,689	348,704	47,219,393	596,952
Change in net position					5,739,225	2,158,205	7,897,430	(637,547)
Net position, beginning					1,537,594	67,327,855	68,865,449	14,550,110
Net Position, Ending					\$ 7,276,819	\$ 69,486,060	\$ 76,762,879	\$ 13,912,563

See notes to financial statements

City of Beloit

Balance Sheet - Governmental Funds
December 31, 2020

	General	TIF District No. 10	General Debt Service	Capital Improvements	Nonmajor Governmental Funds	Total Governmental Funds
Assets						
Cash and investments	\$ 11,629,345	\$ 6,085,063	\$ 773,772	\$ 9,275,214	\$ 9,344,818	\$ 37,108,212
Receivables:						
Taxes	9,063,795	4,722,600	5,350,000	60,017	4,052,719	23,249,131
Delinquent personal property taxes	71,906	-	-	-	-	71,906
Accounts (net)	332,098	-	-	-	532,137	864,235
Special assessments	-	-	-	340,900	-	340,900
Loans	-	-	-	-	2,343,669	2,343,669
Accrued interest	115,519	-	-	-	34,395	149,914
Land contract	-	-	-	-	1,315,477	1,315,477
Other	78,666	-	-	-	-	78,666
Due from other governmental units	-	-	-	659	500,786	501,445
Due from other funds	3,650,150	6,650	10	-	1,576	3,658,386
Due from component unit	-	-	-	-	165,731	165,731
Inventories	618,670	-	-	-	-	618,670
Prepaid items	9,600	-	-	-	-	9,600
Advances to other funds	969,019	-	500,000	400,000	2,005,505	3,874,524
Total assets	\$ 26,538,768	\$ 10,814,313	\$ 6,623,782	\$ 10,076,790	\$ 20,296,813	\$ 74,350,466
Liabilities, Deferred Inflows of Resources and Fund Balances						
Liabilities:						
Accounts payable	\$ 837,675	\$ 1,687	\$ -	\$ 2,070,025	\$ 353,257	\$ 3,262,644
Accrued liabilities	1,191,494	-	-	-	-	1,191,494
Due to other funds	25,337	-	-	55	1,161,210	1,186,602
Advances from other funds	-	-	-	-	900,000	900,000
Total liabilities	2,054,506	1,687	-	2,070,080	2,414,467	6,540,740
Deferred inflows of resources:						
Property tax levied for next period	9,063,795	4,722,600	5,350,000	60,017	4,045,562	23,241,974
Unavailable revenue	201,624	-	-	340,900	3,679,938	4,222,462
Total deferred inflows of resources	9,265,419	4,722,600	5,350,000	400,917	7,725,500	27,464,436
Fund balances (deficit):						
Nonspendable	1,669,195	-	-	-	-	1,669,195
Restricted	80,801	6,090,026	1,273,782	6,586,349	5,141,394	19,172,352
Assigned	170,054	-	-	1,019,444	6,548,850	7,738,348
Unassigned (deficit)	13,298,793	-	-	-	(1,533,398)	11,765,395
Total fund balances	15,218,843	6,090,026	1,273,782	7,605,793	10,156,846	40,345,290
Total liabilities, deferred inflows of resources and fund balances	\$ 26,538,768	\$ 10,814,313	\$ 6,623,782	\$ 10,076,790	\$ 20,296,813	

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 2.	\$ 109,627,428
Land held for resale is not reported in the funds	6,325,492
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 4.	4,222,462
Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	13,224,458
Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	(17,063,771)
Deferred outflows of resources related to OPEB's do not relate to current financial resources and are not reported in the governmental funds.	14,179,548
Deferred inflows of resources related to OPEB's do not relate to current financial resources and are not reported in the governmental funds.	(4,611,224)
Net pension asset does not relate to current financial resources and is not reported in the governmental funds.	5,645,528
Internal service funds are reported in the statement of net position as governmental activities.	1,784,856
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 2.	(166,960,601)
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.	557,353

Net Position of Governmental Activities

\$ 7,276,819

See notes to financial statements

City of Beloit

Statement of Revenues, Expenditures and Changes in Fund Balances -

Governmental Funds

Year Ended December 31, 2020

	<u>General</u>	<u>TIF District No. 10</u>	<u>General Debt Service</u>	<u>Capital Improvements</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues						
Taxes	\$ 8,502,854	\$ 4,478,141	\$ 5,249,998	\$ -	\$ 3,953,896	\$ 22,184,889
Intergovernmental	20,720,123	362,816	-	-	2,001,182	23,084,121
Licenses and permits	842,606	-	-	-	50,240	892,846
Fines, forfeitures and penalties	563,377	-	-	12,998	-	576,375
Fees and service charges	481,694	-	-	-	11,591	493,285
Rent	59,006	-	-	-	-	59,006
Special assessments	-	-	-	317,334	-	317,334
Investment income (loss)	420,101	75,152	392	31,224	351,810	878,679
Public charges for services	-	-	-	-	2,921,251	2,921,251
Other	104,531	26,505	-	32,500	1,787,746	1,951,282
Total revenues	<u>31,694,292</u>	<u>4,942,614</u>	<u>5,250,390</u>	<u>394,056</u>	<u>11,077,716</u>	<u>53,359,068</u>
Expenditures						
Current:						
General government	3,745,846	-	-	-	-	3,745,846
Community development	1,368,586	-	-	-	1,267,854	2,636,440
Public safety	20,715,194	-	-	-	663,925	21,379,119
Public works	4,861,416	-	-	-	2,730,349	7,591,765
Parks, recreation, and education	-	-	-	-	2,222,186	2,222,186
Capital Outlay	-	871,666	-	7,140,903	1,459,994	9,472,563
Debt Service:						
Principal retirement	-	864,964	4,563,784	-	80,000	5,508,748
Interest and fiscal charges	-	214,365	1,470,479	91,081	23,250	1,799,175
Total expenditures	<u>30,691,042</u>	<u>1,950,995</u>	<u>6,034,263</u>	<u>7,231,984</u>	<u>8,447,558</u>	<u>54,355,842</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,003,250</u>	<u>2,991,619</u>	<u>(783,873)</u>	<u>(6,837,928)</u>	<u>2,630,158</u>	<u>(996,774)</u>
Other Financing Sources (Uses)						
Debt issued	-	-	-	5,240,000	-	5,240,000
Debt premium	-	-	115,550	-	-	115,550
Sale of city property	-	-	-	20,832	62,721	83,553
Transfers in	795,950	-	689,651	10,000	303,545	1,799,146
Transfers out	(113,572)	(186,402)	(3,375)	(136,942)	(1,010,202)	(1,450,493)
Total other financing sources (uses)	<u>682,378</u>	<u>(186,402)</u>	<u>801,826</u>	<u>5,133,890</u>	<u>(643,936)</u>	<u>5,787,756</u>
Net change in fund balances	1,685,628	2,805,217	17,953	(1,704,038)	1,986,222	4,790,982
Fund Balances, Beginning	<u>13,533,215</u>	<u>3,284,809</u>	<u>1,255,829</u>	<u>9,309,831</u>	<u>8,170,624</u>	<u>35,554,308</u>
Fund Balances, Ending	<u>\$ 15,218,843</u>	<u>\$ 6,090,026</u>	<u>\$ 1,273,782</u>	<u>\$ 7,605,793</u>	<u>\$ 10,156,846</u>	<u>\$ 40,345,290</u>

See notes to financial statements

City of Beloit

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended December 31, 2020

Net change in fund balances - total governmental funds	\$ 4,790,982
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	9,472,563
Less some items are reported as capital outlay but not capitalized	(1,765,762)
Depreciation is reported in the government-wide statements	(3,981,357)
Change in land held for resale	(30,878)
Net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins) is to decrease net position.	(78,647)
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.	(394,770)
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 debt issues (\$5,240,000 G.O. debt) were less than payments (\$4,512,393 G.O. debt, and \$996,355 capital leases).	268,748
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.	(180,671)
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	(107,327)
Accrued interest on debt	56,833
Net pension liability/asset	11,868,776
Deferred outflows of resources related to pensions	(3,609,310)
Deferred inflows of resources related to pensions	(8,519,585)
OPEB liabilities	(17,660,272)
Deferred outflows of resources related to OPEB's	11,426,092
Deferred inflows of resources related to OPEB's	1,098,181
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.	<u>3,085,629</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 5,739,225</u>

See notes to financial statements

City of Beloit

Statement of Net Position - Proprietary Funds
December 31, 2020

	<u>Business-Type Activities - Enterprise Funds</u>				<u>Totals</u>	<u>Governmental Activities - Internal Service Funds</u>
	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Storm Utility</u>	<u>Nonmajor Enterprise Funds</u>		
Assets						
Current assets:						
Cash and investments	\$ 1,542,715	\$ 11,462,366	\$ 1,433,546	\$ 91,956	\$ 14,530,583	\$ 3,683,642
Receivables:						
Taxes	-	-	-	97,775	97,775	-
Accounts	861,647	1,179,656	182,155	933,797	3,157,255	182,854
Other	62,333	589,948	-	-	652,281	-
Due from other governmental units	-	863,342	-	1,773,838	2,637,180	-
Due from other funds	2,938	12,882	1,281	-	17,101	-
Inventories	138,796	38,040	-	158,265	335,101	-
Restricted assets:						
Bond redemption account	383,039	226,616	49,250	-	658,905	-
Total current assets	2,991,468	14,372,850	1,666,232	3,055,631	22,086,181	3,866,496
Noncurrent assets						
Restricted assets:						
Bond reserve account	1,744,262	269,100	110,500	-	2,123,862	-
Replacement account	-	1,595,400	-	-	1,595,400	-
Construction account	1,976,355	374,892	-	-	2,351,247	-
Net pension asset	70,655	292,050	16,518	563,541	942,764	69,282
Deposit with risk pool	-	-	-	-	-	1,575,475
Total restricted assets	3,791,272	2,531,442	127,018	563,541	7,013,273	1,644,757
Capital assets:						
Land	1,050,724	1,416,029	-	1,270,000	3,736,753	-
Land improvements	-	-	-	702,418	702,418	-
Buildings	5,449,135	73,326,565	-	5,079,634	83,855,334	-
Machinery, equipment and vehicles	2,816,740	2,111,443	-	5,307,287	10,235,470	67,165
Infrastructure	46,560,833	18,953,360	12,446,737	-	77,960,930	-
Less accumulated depreciation	(23,266,458)	(68,763,457)	(3,681,417)	(6,092,720)	(101,804,052)	(63,340)
Total capital assets, net	32,610,974	27,043,940	8,765,320	6,266,619	74,686,853	3,825
Other assets:						
Preliminary survey and engineering	-	25,196	-	-	25,196	-
Total other assets	-	25,196	-	-	25,196	-
Total noncurrent assets	36,402,246	29,600,578	8,892,338	6,830,160	81,725,322	1,648,582
Total assets	39,393,714	43,973,428	10,558,570	9,885,791	103,811,503	5,515,078
Deferred Outflows of Resources						
Unamortized loss on advance refunding	2,360	852	-	524	3,736	-
Pension related amounts	164,052	724,750	38,138	1,264,224	2,191,164	172,028
OPEB related amounts, health	2,038	12,626	-	6,927	21,591	-
OPEB related amounts, life	10,981	92,689	-	79,784	183,454	21,720
Total deferred outflows of resources	179,431	830,917	38,138	1,351,459	2,399,945	193,748

See notes to financial statements

City of Beloit

Statement of Net Position - Proprietary Funds
December 31, 2020

	<u>Business-Type Activities - Enterprise Funds</u>				<u>Totals</u>	<u>Governmental Activities - Internal Service Funds</u>
	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Storm Utility</u>	<u>Nonmajor Enterprise Funds</u>		
Liabilities						
Current liabilities:						
Accounts payable	\$ 132,088	\$ 145,596	\$ 19,677	\$ 73,749	\$ 371,110	\$ 49,465
Accrued liabilities	4,992	2,856	3,086	1,321	12,255	-
Claims payable	-	-	-	-	-	1,374,285
Due to other funds	-	-	-	2,488,652	2,488,652	233
Compensated absences	25,799	190,106	-	155,643	371,548	-
Current maturities of general obligation debt	136,695	65,309	65,739	63,831	331,574	-
Customer deposits	1,491	-	-	-	1,491	-
Other current liabilities	-	23,281	-	4,283	27,564	-
Current liabilities payable from restricted assets:						
Current maturities of revenue debt	1,630,000	306,542	75,000	-	2,011,542	-
Accrued interest	108,743	29,935	4,550	-	143,228	-
Total current liabilities	<u>2,039,808</u>	<u>763,625</u>	<u>168,052</u>	<u>2,787,479</u>	<u>5,758,964</u>	<u>1,423,983</u>
Noncurrent liabilities:						
General obligation debt, less current maturities	877,016	382,931	509,175	385,854	2,154,976	-
Compensated absences	24,603	200,089	-	53,516	278,208	-
OPEB liability - health	10,380	75,276	-	31,453	117,109	-
Net OPEB liability, life	25,985	227,421	-	200,540	453,946	53,764
Revenue debt, less current maturities (including unamortized premium)	18,214,311	5,287,249	828,096	-	24,329,656	-
Advances from other funds	-	-	-	1,192,645	1,192,645	1,781,879
Total noncurrent liabilities	<u>19,152,295</u>	<u>6,172,966</u>	<u>1,337,271</u>	<u>1,864,008</u>	<u>28,526,540</u>	<u>1,835,643</u>
Total liabilities	<u>21,192,103</u>	<u>6,936,591</u>	<u>1,505,323</u>	<u>4,651,487</u>	<u>34,285,504</u>	<u>3,259,626</u>
Deferred Inflows of Resources						
Property tax levied for next period	-	-	-	98,082	98,082	-
OPEB related amounts, health	411	2,983	-	1,247	4,641	-
Pension related amounts	203,721	838,547	47,166	1,604,686	2,694,120	217,679
OPEB related amounts, life	5,787	42,414	-	31,846	80,047	9,659
Total deferred inflows of resources	<u>209,919</u>	<u>883,944</u>	<u>47,166</u>	<u>1,735,861</u>	<u>2,876,890</u>	<u>227,338</u>
Net Position (Deficit)						
Net investment in capital assets	15,475,929	21,646,753	7,287,310	5,907,458	50,317,450	3,825
Restricted for debt service	274,296	196,681	155,200	-	626,177	-
Restricted for replacement	-	1,595,400	-	-	1,595,400	-
Restricted for pension	70,655	292,050	16,518	563,541	942,764	69,282
Unrestricted (deficit)	2,350,243	13,252,926	1,585,191	(1,621,097)	15,567,263	2,148,755
Total net position	<u>\$ 18,171,123</u>	<u>\$ 36,983,810</u>	<u>\$ 9,044,219</u>	<u>\$ 4,849,902</u>	<u>69,049,054</u>	<u>\$ 2,221,862</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

437,006

Net Position of Business-Type Activities

\$ 69,486,060

See notes to financial statements

City of Beloit

Statement of Revenues, Expenses and Changes in Net Position -
 Proprietary Funds
 Year Ended December 31, 2020

	Business-Type Activities - Enterprise Funds				Totals	Governmental Activities - Internal Service Funds
	Water Utility	Sewer Utility	Storm Utility	Nonmajor Enterprise Funds		
Operating Revenues						
Charges for services	\$ 5,311,793	\$ 8,019,417	\$ 1,163,345	\$ 1,817,352	\$ 16,311,907	\$ 13,509,317
Other	701,362	88,370	-	77,642	867,374	75
Total operating revenues	<u>6,013,155</u>	<u>8,107,787</u>	<u>1,163,345</u>	<u>1,894,994</u>	<u>17,179,281</u>	<u>13,509,392</u>
Operating Expenses						
Operation and maintenance	1,655,740	4,520,479	569,378	3,929,767	10,675,364	9,245,213
Contractual services	755,000	1,736,433	193,584	171,693	2,856,710	613,555
Depreciation	1,313,238	2,759,668	146,842	282,992	4,502,740	-
Total operating expenses	<u>3,723,978</u>	<u>9,016,580</u>	<u>909,804</u>	<u>4,384,452</u>	<u>18,034,814</u>	<u>9,858,768</u>
Operating income (loss)	<u>2,289,177</u>	<u>(908,793)</u>	<u>253,541</u>	<u>(2,489,458)</u>	<u>(855,533)</u>	<u>3,650,624</u>
Nonoperating Revenues (Expenses)						
Intergovernmental revenues	-	-	-	1,766,175	1,766,175	-
Investment income	57,401	173,099	17,227	85,471	333,198	-
Interest expense	(788,210)	(181,144)	(49,203)	(11,770)	(1,030,327)	-
Amortization of loss on refunding	(953)	-	-	-	(953)	-
Amortization of debt premium	137,568	5,261	4,765	-	147,594	-
General property taxes	-	-	-	162,722	162,722	-
Debt issuance expense	(116,192)	-	-	-	(116,192)	-
Miscellaneous	(4,160)	7,552	-	-	3,392	-
Total nonoperating revenues (expenses)	<u>(714,546)</u>	<u>4,768</u>	<u>(27,211)</u>	<u>2,002,598</u>	<u>1,265,609</u>	<u>-</u>
Income (loss) before contributions and transfers	1,574,631	(904,025)	226,330	(486,860)	410,076	3,650,624
Contributions and Transfers						
Capital contributions - municipal	134,994	-	-	-	134,994	-
Capital contributions	467,332	359,723	-	569,738	1,396,793	-
Transfers out	(795,950)	-	-	-	(795,950)	-
Transfers in	-	-	-	447,297	447,297	-
Total contributions and transfers	<u>(193,624)</u>	<u>359,723</u>	<u>-</u>	<u>1,017,035</u>	<u>735,837</u>	<u>-</u>
Change in net position	1,381,007	(544,302)	226,330	530,175	1,593,210	3,650,624
Total Net Position (Deficit), Beginning	<u>16,790,116</u>	<u>37,528,112</u>	<u>8,817,889</u>	<u>4,319,727</u>		<u>(1,428,762)</u>
Total Net Position, Ending	<u>\$ 18,171,123</u>	<u>\$ 36,983,810</u>	<u>\$ 9,044,219</u>	<u>\$ 4,849,902</u>		<u>\$ 2,221,862</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

564,995

**Change in net position of business-type
 activities**

\$ 2,158,205

See notes to financial statements

City of Beloit

 Statement of Cash Flows - Proprietary Funds
 Year Ended December 31, 2020

	Business-Type Activities - Enterprise Funds				Totals	Governmental Activities - Internal Service Funds
	Water Utility	Sewer Utility	Storm Sewer	Nonmajor Enterprise Funds		
Cash Flows From Operating Activities						
Received from customers	\$ 6,156,404	\$ 8,150,967	\$ 1,165,637	\$ 1,786,971	\$ 17,259,979	\$ 13,457,436
Paid to suppliers for goods and services	(1,765,631)	(4,232,188)	(424,923)	(1,738,535)	(8,161,277)	(9,595,140)
Payments to employees for services	(763,958)	(1,995,520)	(332,628)	(2,280,405)	(5,372,511)	(551,223)
Net cash flows from operating activities	<u>3,626,815</u>	<u>1,923,259</u>	<u>408,086</u>	<u>(2,231,969)</u>	<u>3,726,191</u>	<u>3,311,073</u>
Cash Flows From Noncapital Financing Activities						
Operating grants received	-	-	-	599,416	599,416	-
Transfers in (out)	(795,950)	-	-	-	(795,950)	-
Property taxes received	-	-	-	162,722	162,722	-
Noncapital interfund/advance repayment	-	-	-	-	-	(859,590)
Noncapital interfund/advance	-	-	-	1,427,912	1,427,912	-
Net cash flows from noncapital financing activities	<u>(795,950)</u>	<u>-</u>	<u>-</u>	<u>2,190,050</u>	<u>1,394,100</u>	<u>(859,590)</u>
Cash Flows From Capital and Related Financing Activities						
Debt retired	(3,993,749)	(371,685)	(140,079)	(53,291)	(4,558,804)	-
Interest paid	(794,787)	(181,144)	(49,203)	(11,660)	(1,036,794)	-
Proceeds from issuance of new debt	2,165,000	-	-	120,000	2,285,000	-
Debt issuance costs and premium	(24,611)	-	-	96	(24,515)	-
Acquisition and construction of capital assets	(696,485)	(51,178)	-	(658,977)	(1,406,640)	-
Construction grants received	-	-	-	569,738	569,738	-
Contributions received for construction	1,485	-	-	-	1,485	-
Net cash flows from capital and Related financing activities	<u>(3,343,147)</u>	<u>(604,007)</u>	<u>(189,282)</u>	<u>(34,094)</u>	<u>(4,170,530)</u>	<u>-</u>
Cash Flows From Investing Activities						
Investment income	<u>57,401</u>	<u>173,099</u>	<u>17,227</u>	<u>85,471</u>	<u>333,198</u>	<u>-</u>
Net cash flows from investing activities	<u>57,401</u>	<u>173,099</u>	<u>17,227</u>	<u>85,471</u>	<u>333,198</u>	<u>-</u>
Net increase (decrease) in cash and Cash equivalents	(454,881)	1,492,351	236,031	9,458	1,282,959	2,451,483
Cash and Cash Equivalents, Beginning	<u>6,101,252</u>	<u>12,436,023</u>	<u>1,357,265</u>	<u>82,498</u>	<u>19,977,038</u>	<u>1,232,159</u>
Cash and Cash Equivalents, Ending	<u>\$ 5,646,371</u>	<u>\$ 13,928,374</u>	<u>\$ 1,593,296</u>	<u>\$ 91,956</u>	<u>\$ 21,259,997</u>	<u>\$ 3,683,642</u>

See notes to financial statements

City of Beloit

 Statement of Cash Flows - Proprietary Funds
 Year Ended December 31, 2020

	Business-Type Activities - Enterprise Funds				Totals	Governmental Activities - Internal Service Funds
	Water Utility	Sewer Utility	Storm Sewer	Nonmajor Enterprise Funds		
Reconciliation of Operating Income (Loss) to Net Cash Flows From Operating Activities						
Operating income (loss)	\$ 2,289,177	\$ (908,793)	\$ 253,541	\$ (2,489,458)	\$ (855,533)	\$ 3,650,624
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:						
Depreciation charged to other funds	134,327	7,552	-	-	141,879	-
Depreciation expense	1,313,238	2,759,668	146,842	282,992	4,502,740	-
Change in assets, deferred outflows, liabilities and deferred inflows:						
Accounts receivable	12,294	40,351	3,573	(105,207)	(48,989)	(51,450)
Inventories	(73,032)	-	-	-	(73,032)	-
Other assets	-	83,712	-	-	83,712	-
Prepayments	17,721	-	-	-	17,721	-
Accounts payable	(74,373)	(74,751)	13,890	19,460	(115,774)	(4,960)
OPEB related deferrals and liabilities	(2,006)	(14,252)	(2,622)	21,199	2,319	5,477
Due to other funds	(2,938)	-	(1,281)	-	(4,219)	233
Other current liabilities	11,504	42,825	(7,531)	26,712	73,510	-
Pension related deferrals and assets/liabilities	903	(13,053)	1,674	12,333	1,857	(3)
Claims payable	-	-	-	-	-	(288,848)
Net cash flows from operating activities	<u>\$ 3,626,815</u>	<u>\$ 1,923,259</u>	<u>\$ 408,086</u>	<u>\$ (2,231,969)</u>	<u>\$ 3,726,191</u>	<u>\$ 3,311,073</u>
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position, Proprietary Funds						
Cash and investments - statement of net position	\$ 1,542,715	\$ 11,462,366	\$ 1,433,546	\$ 91,956	\$ 14,530,583	\$ 3,683,642
Restricted cash and investments - statement of net position						
Bond redemption account	\$ 383,039	\$ 226,616	\$ 49,250	\$ -	\$ 658,905	\$ -
Replacement account	-	1,595,400	-	-	1,595,400	-
Construction account	1,976,355	374,892	-	-	2,351,247	-
Bond reserve account	<u>1,744,262</u>	<u>269,100</u>	<u>110,500</u>	<u>-</u>	<u>2,123,862</u>	<u>-</u>
Cash and Cash Equivalents, Ending	<u>\$ 5,646,371</u>	<u>\$ 13,928,374</u>	<u>\$ 1,593,296</u>	<u>\$ 91,956</u>	<u>\$ 21,259,997</u>	<u>\$ 3,683,642</u>

Noncash Investing, Capital and Financing Activities

During 2020, the water utility received \$467,332 in capital contributions.
 During 2020, the sewer utility received \$359,723 in capital contributions.
 During 2020, there was \$447,297 of advances and interfunds forgiven for the transit.

See notes to financial statements

City of Beloit

Statement of Fiduciary Net Position

Custodial Fund

December 31, 2020

	Tax Collection Fund
Assets	
Cash and investments	\$ 3,561,338
Property taxes receivable	<u>25,097,286</u>
Total assets	<u>\$ 28,658,624</u>
Liabilities	
Due to other taxing units	<u>28,658,624</u>
Total liabilities	<u>28,658,624</u>
Net Position	
Total net position	<u><u>\$ -</u></u>

See notes to financial statements

City of Beloit

Statement of Changes in Fiduciary Net Position

Custodial Fund

Year Ended December 31, 2020

	Tax Collection Fund
Additions	
Property taxes collected for other governments	<u>\$ 26,965,260</u>
Total additions	<u>26,965,260</u>
Deductions	
Property taxes distributed to other governments	<u>\$ 26,965,260</u>
Total deductions	<u>26,965,260</u>
Change in fiduciary net position	-
Net Position, Beginning	<u>-</u>
Net Position, Ending	<u><u>\$ -</u></u>

See notes to financial statements

City of Beloit

 Statement of Net Position - Component Units
 December 31, 2020

	Major	Nonmajor	
	Community	Beloit Public	
	Development	Library	
	Authority	Foundation, Inc.	Totals
Assets			
Current assets:			
Cash and investments	\$ 1,378,108	\$ 683,719	\$ 2,061,827
Receivables:			
Accounts	109,078	-	109,078
Lease receivable from primary government	685,000	-	685,000
Due from other governmental units	11,603	-	11,603
Prepaid items	14,594	-	14,594
Tax credit fees	89,318	-	89,318
Total current assets	2,287,701	683,719	2,971,420
Noncurrent assets:			
Restricted assets:			
Cash and investments	1,817,132	-	1,817,132
Net pension asset	98,623	-	98,623
Total restricted assets	1,915,755	-	1,915,755
Capital assets:			
Land	601,285	-	601,285
Land improvements	612,630	-	612,630
Buildings	1,456,619	-	1,456,619
Building improvements	17,702,221	-	17,702,221
Machinery, equipment, furnishings and vehicles	777,716	-	777,716
Less accumulated depreciation	(6,447,173)	-	(6,447,173)
Total capital assets, net	14,703,298	-	14,703,298
Other assets:			
Lease receivable from primary government	2,208,321	-	2,208,321
Total other assets	2,208,321	-	2,208,321
Total noncurrent assets	18,827,374	-	18,827,374
Total assets	21,115,075	683,719	21,798,794
Deferred Outflows of Resources			
Pension related amounts	239,187	-	239,187
OPEB related amounts, life	19,618	-	19,618
Total Deferred Outflows of Resources	258,805	-	258,805
Liabilities			
Current liabilities:			
Accounts payable	13,221	170	13,391
Accrued liabilities	1,992,285	-	1,992,285
Due to primary government	165,731	-	165,731
Deposits	84,649	-	84,649
Lease revenue bonds payable	685,000	-	685,000
Total current liabilities	2,940,886	170	2,941,056
Noncurrent liabilities:			
Compensated absences	103,701	-	103,701
Other notes payable	740,807	-	740,807
Net OPEB liability, life	48,567	-	48,567
Lease revenue bonds payable	3,005,000	-	3,005,000
Total noncurrent liabilities	3,898,075	-	3,898,075
Total liabilities	6,838,961	170	6,839,131
Deferred Inflows of Resources			
Unearned revenue	999,536	-	999,536
Pension related amounts	297,894	-	297,894
OPEB related amounts, life	8,475	-	8,475
Total deferred inflows of resources	1,305,905	-	1,305,905
Net Position (Deficit)			
Net investment in capital assets	14,703,298	-	14,703,298
Restricted for grant programs	5,552,569	-	5,552,569
Restricted for pensions	98,623	-	98,623
Unrestricted (deficit)	(7,125,476)	683,549	(6,441,927)
Total net position	\$ 13,229,014	\$ 683,549	\$ 13,912,563

See notes to financial statements

City of Beloit

Statement of Activities - Component Units
Year Ended December 31, 2020

	<u>Major</u>	<u>Nonmajor</u>	
	<u>Community</u>	<u>Beloit Public</u>	
	<u>Development</u>	<u>Library</u>	
	<u>Authority</u>	<u>Foundation, Inc.</u>	<u>Totals</u>
Expenses			
Community development	\$ 4,740,768	\$ -	\$ 4,740,768
Library services	<u>-</u>	<u>258,179</u>	<u>258,179</u>
Total expenses	<u>4,740,768</u>	<u>258,179</u>	<u>4,998,947</u>
Program Revenues			
Charges for services	245,315	-	245,315
Operating grants and contributions	3,837,880	173,672	4,011,552
Other revenue	<u>64,493</u>	<u>-</u>	<u>64,493</u>
Total program revenues	<u>4,147,688</u>	<u>173,672</u>	<u>4,321,360</u>
Net revenues (expenses)	<u>(593,080)</u>	<u>(84,507)</u>	<u>(677,587)</u>
General Revenues (Expenses)			
Investment income	240,722	65,133	305,855
Interest and amortization expense	(492,419)	-	(492,419)
Gain on sale of property	198,656	-	198,656
Miscellaneous	<u>27,948</u>	<u>-</u>	<u>27,948</u>
Total general revenues (expenses)	<u>(25,093)</u>	<u>65,133</u>	<u>40,040</u>
Change in net position	(618,173)	(19,374)	(637,547)
Total Net Position, Beginning	<u>13,847,187</u>	<u>702,923</u>	<u>14,550,110</u>
Total Net Position, Ending	<u>\$ 13,229,014</u>	<u>\$ 683,549</u>	<u>\$ 13,912,563</u>

See notes to financial statements

City of Beloit

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December 31, 2020

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City of Beloit

Notes to Financial Statements

December 31, 2020

1. 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).

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 three methods, discrete presentation, blended or fiduciary. 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 4). 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, 2020. The CDA does not issue separate financial statements. Additional information may be obtained from the CDA's office.

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, 2020 (see Note 4). Separately issued financial statements of the Foundation may be obtained from the Foundation's office.

Government-Wide and Fund Financial Statements

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.

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 percent of the corresponding total for all funds of that category or type and
- b. The same element of the individual governmental fund or enterprise fund that met the 10 percent test is at least 5 percent of the corresponding total for all governmental and enterprise funds combined.
- c. In addition, any other governmental or enterprise fund that the City believes is particularly important to financial statement users may be reported as a major fund.

Governmental Funds

The City reports the following major governmental funds:

General Fund

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

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

General Debt Service is 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.

Capital Improvements - Capital Projects Fund

Capital Improvements - Capital Projects Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditure to be used capital improvement projects.

City of Beloit

Notes to Financial Statements
December 31, 2020

Enterprise Funds

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
Storm Sewer - accounts for operations of the storm sewer system

The City reports the following nonmajor governmental and enterprise funds:

Special Revenue Funds

Special Revenue Funds are 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)	Perpetual Care
Community Development Block Grant	Fire Multi-Year Grants
TIF District No. 8	DPW Multi-Year Grants
TIF District No. 9	Community Development
TIF District No. 11	Library
TIF District No. 12	Police
TIF District No. 13	Solid Waste
TIF District No. 14	

Capital Projects Funds

Capital Projects Funds are 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.

Computer Replacement	Equipment Replacement
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Enterprise Funds

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
Transit System

In addition, the City reports the following fund types:

Internal Service Funds

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

Custodial Funds

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

Tax Collections

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.

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.

City of Beloit

Notes to Financial Statements

December 31, 2020

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, 2020, there were \$1,319,617 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 and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note.

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, sewer and storm funds are charges to customers for sales and services. Special assessments are recorded as receivables and contribution revenue when levied. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

All Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, 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.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity

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.

City of Beloit

Notes to Financial Statements

December 31, 2020

- 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.

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 methods and inputs as outlined in Note 4. 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, 2020, 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 4 for further information.

City of Beloit

Notes to Financial Statements

December 31, 2020

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 fiduciary net position.

Property tax calendar - 2020 tax roll:

Lien date and levy date	December 2020
Tax bills mailed	December 2020
Payment in full, or	January 31, 2021
First installment due	January 31, 2021
Second installment due	March 31, 2021
Third installment due	May 31, 2021
Fourth installment due	July 31, 2021
Personal property taxes in full	January 31, 2021
Tax sale - 2020 delinquent real estate taxes	October 2023

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 \$10,735. The loans receivable balance within the fund statements also includes conditional-type loans in the amount of \$454,654 which are not expected to be repaid unless conditional use or other provisions occur as part of the loan agreement. For these types of loans an allowance was established.

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.

Land Contract

During 2016, the City entered into a land contract which shows up as a receivable and unavailable revenue in TIF No. 8 in the fund statements. A monthly payment schedule has been setup charging 4 percent interest over 20 years. The receivable balance related to this land contract is \$1,315,477 as of December 31, 2020.

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.

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.

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 acquisition 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.

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.

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, 2020 are determined on the basis of current salary rates and include salary related payments.

Long-Term Obligations

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, accrued compensated absences and OPEB liabilities.

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.

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.

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 \$2,532,506.

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.
- 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 percent of operating revenue or three months of General Fund operating expenditures, whichever is greater. The General Fund's unrestricted fund balance was \$13,298,793 at year-end or the equivalent of 5.2 months.

See Note 4 for further information.

Basis for Existing Rates**Water Utility**

The water utility was authorized current rates by the Public Service Commission (PSC) effective May 1, 2017 and is allowed to earn a 5.00 percent rate of return.

Sewer Utility

Current sewer rates were approved by the council and effective on January 1, 2020.

Storm Sewer Utility

Current storm sewer rates were approved by the council and effective on January 1, 2016.

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.

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, have been determined on the same basis as they are reported by the City OPEB Plan. For this purpose, the City OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

The fiduciary net position of the Local Retiree Life Insurance Fund (LRLIF) has been determined using the flow of economic resources measurement focus and the accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, OPEB expense and information about the fiduciary net position of the LRLIF and additions to/deductions from LRLIFs fiduciary net position have been determined on the same basis as they are reported by LRLIF. 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
December 31, 2020

2. Reconciliation of Government-Wide and Fund Financial Statements

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	\$	5,570,137
Construction in progress		2,335,902
Land improvements		67,854
Buildings		23,435,540
Machinery and equipment		27,949,308
Other improvements		6,168,407
Infrastructure		102,633,042
Less: Accumulated depreciation		(58,528,937)
Less: Internal service fund capital assets, net of depreciation		<u>(3,825)</u>
Capital assets	\$	<u>109,627,428</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 \$166,960,601 difference in liabilities are as follows:

Bonds and notes payable	\$	48,566,916
Unamortized debt premium		799,601
Compensated absences		3,073,217
Other post-employment benefit liabilities		111,199,162
Capital leases		3,002,657
Accrued interest		<u>319,048*</u>
Net adjustment to reduce fund balance, total governmental funds to arrive at net position, governmental activities	\$	<u>166,960,601</u>

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

3. Stewardship, Compliance and Accountability

Budgetary Information

A budget has been adopted for all funds with the exception of the Perpetual Care, Fire Multi-Year Grants and Community Development special revenue funds. Wisconsin Statute 65.90 requires that an annual budget be adopted for all funds.

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.

City of Beloit

Notes to Financial Statements

December 31, 2020

Deficit Balances

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

As of December 31, 2020, the following individual funds held a deficit balance:

Fund	Amount	Reason
Special Revenue - TIF District No. 8	\$ 416,901	Excess expenditures over revenues
Special Revenue - TIF District No. 9	325,130	Excess expenditures over revenues
Special Revenue - TIF District No. 13	662,114	Excess expenditures over revenues
Special Revenue - Police	129,253	Excess expenditures over revenues
Enterprise - Golf Course	150,778	Excess expenses over revenues
Internal Service - Retiree Health Insurance	1,759,154	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.

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
December 31, 2020

4. Detailed Notes on All Funds

Deposits and Investments

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

	<u>Carrying Value</u>	<u>Statement Balance</u>	<u>Associated Risks</u>
Demand deposits	\$ 10,966,416	\$11,216,509	Custodial credit risk Custodial credit risk, interest rate risk, credit risk, concentration of credit risk
Municipal bonds	3,402,328	3,402,328	Credit risk, custodial credit risk, concentration of credit risk, interest rate risk
Corporate bonds	16,355,116	16,355,116	Credit risk
LGIP	34,880,734	34,880,734	N/A
Petty cash	<u>8,595</u>	<u>-</u>	
Total cash and investments	<u>\$ 65,613,189</u>	<u>\$ 65,854,687</u>	
Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	55,322,437		
Restricted cash and investments	6,729,414		
Per statement of fiduciary net position - custodial fund			
Cash and investments	<u>3,561,338</u>		
Total cash and investments	<u>\$ 65,613,189</u>		

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 determining custodial credit risk.

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 an irrevocable letter of credit with First National Bank. At December 31, 2020, the letter of credit was held in the amount of \$10,500,000 to secure the City's deposits.

City of Beloit

Notes to Financial Statements

December 31, 2020

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The valuation methods for recurring fair value measurements are as follows:

- Municipal bonds - Similar institutional bond quotes - evaluations based on various market and industry inputs
- Corporate bonds - Similar institutional bond quotes - evaluations based on various market and industry inputs

Investment Type	December 31, 2020			
	Level 1	Level 2	Level 3	Total
Municipal bonds	\$ -	\$ 3,402,328	\$ -	\$ -
Corporate bonds	-	16,355,116	-	-
Total	\$ -	\$ 19,757,444	\$ -	\$ -

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, 2020, the City had no deposits exposed to custodial credit risk.

As of December 31, 2020, 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, 2020, the City's investments were rated as follows:

Investment Type	Standard & Poor's	Fitch Ratings	Moody's Investor Service
Municipal bonds	AA to AA+	N/A	Aa3 to Aa1
Corporate bonds	BBB+ to AA	N/A	A2 to Aa2

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

LGIP - external pool

City of Beloit

Notes to Financial Statements

December 31, 2020

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.

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, 2020, of the City's total portfolio, 7.98 percent was invested in Wells Fargo corporate bonds.

Concentration of Credit Risk (by Dealer)

<u>Dealer</u>	<u>Fair Value</u>	<u>Percentage of Portfolio</u>
Multi-Bank Securities, Inc.	\$ 2,027,720	4%
Vinning Sparks	14,876,901	26
BOSC, Inc.	2,476,859	5
FHN	375,964	1
Total concentrated investments	<u>\$ 19,757,444</u>	<u>36%</u>

According to the City's investment policy, the City will diversify its investments by security type and institution. No more than 40 percent 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, 2020, the City's investments were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Percentage of Portfolio</u>	<u>Maturity</u>			
			<u>Less than 1 Yr.</u>	<u>1 to 5 Yrs.</u>	<u>6 to 10 Yrs.</u>	<u>More than 10 Yrs.</u>
Municipal bonds	\$ 3,402,328	6%	\$ 375,964	\$ 998,644	\$ 2,027,720	\$ -
Corporate bonds	16,355,116	30	4,361,391	10,485,525	1,508,200	-
Total	<u>\$ 19,757,444</u>		<u>\$ 4,737,355</u>	<u>\$ 11,484,169</u>	<u>\$ 3,535,920</u>	<u>\$ -</u>

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

Receivables

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

General Fund - delinquent personal property taxes	\$ 71,906
Capital Projects - capital improvement - special assessments	340,900
Special Revenue - TIF No. 8 - land contract	1,250,622
Nonmajor Governmental Funds - loans	<u>2,356,271</u>
Total amount not expected to be collected within one year	<u>\$ 4,019,699</u>

City of Beloit

Notes to Financial Statements
December 31, 2020

Allowances on receivables as of year-end are as follows:

	<u>Total</u>
Governmental Fund Types - municipal court receivable	\$ 379,109
Governmental Fund Types - conditional loans	454,654
Governmental Fund Types - economic development loans	10,735
Governmental Fund Types - extrication services	36,051
Business Type - ambulance receivables	<u>396,930</u>
Total uncollectibles	<u>\$ 1,277,479</u>

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:

	<u>Unearned</u>	<u>Unavailable</u>
Property taxes receivable for subsequent year	\$ 23,241,974	\$ -
Loans receivable	-	2,343,669
Accounts receivable - noncurrent	-	136,833
Investment income - noncurrent	-	85,923
Special assessments	-	340,560
Land contract receivable	<u>-</u>	<u>1,315,477</u>
Total unearned/unavailable revenue for governmental funds	<u>\$ 23,241,974</u>	<u>\$ 4,222,462</u>

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.

Construction - Used to report debt proceeds restricted for use in construction

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 5 for further information.

City of Beloit

Notes to Financial Statements
December 31, 2020

Following is a list of restricted cash and investments at December 31, 2020:

	<u>Water</u>	<u>Sewer</u>	<u>Storm</u>
Bond redemption account	\$ 383,039	\$ 226,616	\$ 49,250
Equipment replacement account	-	1,595,400	-
Bond reserve account	1,744,262	269,100	110,500
Construction account	<u>1,976,355</u>	<u>374,892</u>	<u>-</u>
Total enterprise fund restricted cash and investments	<u>\$ 4,103,656</u>	<u>\$ 2,466,008</u>	<u>\$ 159,750</u>

Capital Assets

Capital asset activity for the year ended December 31, 2020 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 5,604,384	\$ 44,400	\$ 78,647	\$ 5,570,137
Construction in progress	<u>3,823,231</u>	<u>2,507,998</u>	<u>3,995,327</u>	<u>2,335,902</u>
Total capital assets not being depreciated	<u>9,427,615</u>	<u>2,552,398</u>	<u>4,073,974</u>	<u>7,906,039</u>
Capital assets being depreciated				
Land improvements	67,854	-	-	67,854
Buildings	21,674,255	1,761,285	-	23,435,540
Machinery, equipment, and vehicles	27,678,624	527,150	256,466	27,949,308
Other improvements	6,168,407	-	-	6,168,407
Streets	71,977,522	6,059,664	-	78,037,186
Structures	571,204	-	-	571,204
Street lights	6,578,339	801,631	-	7,379,970
Traffic signals	2,562,159	-	-	2,562,159
Bridges	<u>14,082,523</u>	<u>-</u>	<u>-</u>	<u>14,082,523</u>
Total capital assets being depreciated	<u>151,360,887</u>	<u>9,149,730</u>	<u>256,466</u>	<u>160,254,151</u>
Less Accumulated depreciation for				
Land improvements	(61,070)	-	-	(61,070)
Buildings	(7,936,520)	(380,887)	-	(8,317,407)
Machinery, equipment, and vehicles	(16,819,502)	(1,641,652)	256,466	(18,204,688)
Other improvements	(3,343,378)	(91,192)	-	(3,434,570)
Streets	(19,391,253)	(1,391,391)	-	(20,782,644)
Structures	(144,925)	(19,217)	-	(164,142)
Street lights	(1,792,207)	(177,283)	-	(1,969,490)
Traffic signals	(2,200,282)	(70,434)	-	(2,270,716)
Bridges	<u>(3,114,909)</u>	<u>(209,301)</u>	<u>-</u>	<u>(3,324,210)</u>
Total accumulated depreciation	<u>(54,804,046)</u>	<u>(3,981,357)</u>	<u>256,466</u>	<u>(58,528,937)</u>
Net capital assets being depreciated	<u>96,556,841</u>	<u>5,168,373</u>	<u>-</u>	<u>101,725,214</u>
Total governmental activities, capital assets, net of depreciation	<u>\$ 105,984,456</u>			<u>\$ 109,631,253</u>

City of Beloit

Notes to Financial Statements

December 31, 2020

Depreciation expense was charged to functions as follows:

Governmental Activities

Finance and administrative services	\$	89,825
Public safety - police		213,952
Public safety - fire		375,957
Public works, which includes the depreciation of infrastructure		3,174,393
Library		127,230
Total governmental activities depreciation expense	\$	<u>3,981,357</u>

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Business-Type Activities				
Capital assets not being depreciated:				
Land	\$ 3,736,753	\$ -	\$ -	\$ 3,736,753
Total capital assets not being depreciated	<u>3,736,753</u>	<u>-</u>	<u>-</u>	<u>3,736,753</u>
Other capital assets				
Land improvements	702,418	-	-	702,418
Buildings	10,372,341	156,428	-	10,528,769
Machinery, equipment and vehicles	9,721,932	527,970	14,430	10,235,472
Sewer mains	18,593,861	359,723	224	18,953,360
Sewer treatment facility	73,328,246	-	1,681	73,326,565
Water mains	45,610,573	1,138,398	188,138	46,560,833
Storm infrastructure	<u>12,446,737</u>	<u>-</u>	<u>-</u>	<u>12,446,737</u>
Total capital assets being depreciated	<u>170,776,108</u>	<u>2,182,519</u>	<u>204,473</u>	<u>172,754,154</u>
Less accumulated depreciation for:				
Land improvements	(699,399)	-	-	(699,399)
Buildings	(3,958,013)	(266,903)	-	(4,224,916)
Machinery, equipment and vehicles	(6,464,823)	(329,230)	14,654	(6,779,399)
Sewer mains	(5,314,039)	(186,895)	-	(5,500,934)
Sewer treatment facility	(59,335,224)	(2,516,754)	-	(61,851,978)
Water mains	(18,059,544)	(1,190,447)	183,980	(19,066,011)
Storm infrastructure	<u>(3,534,575)</u>	<u>(146,842)</u>	<u>-</u>	<u>(3,681,417)</u>
Total accumulated depreciation	<u>(97,365,617)</u>	<u>(4,637,071)</u>	<u>198,634</u>	<u>(101,804,054)</u>
Business-type capital assets, net of depreciation	<u>73,410,491</u>	<u>(2,454,552)</u>	<u>5,839</u>	<u>(70,950,100)</u>
Total business-type capital assets, net of depreciation	<u>\$ 77,147,244</u>			<u>\$ 74,686,853</u>

City of Beloit

Notes to Financial Statements

December 31, 2020

Depreciation expense was charged to functions as follows:

Business-Type Activities

Water	\$ 1,313,238
Sewer	2,759,668
Storm	146,842
Transit	275,593
Golf Course	5,382
Cemetery	<u>2,017</u>
Total business-type activities depreciation expense	<u>\$ 4,502,740</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.

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. 13	\$ 660,065
General	Special Revenue - Community Development	310,338
General	Special Revenue - Community Development Block Grant	79
General	Special Revenue - Police	189,765
General	Special Revenue - Solid Waste	963
General	Capital Improvements Fund	55
General	Enterprise - Transit System	2,060,114
General	Enterprise - Ambulance	428,538
General	Internal Service - Equipment Operations	233
Enterprise Fund - Water	General	2,938
Enterprise Fund - Sewer	General	12,882
Enterprise Fund - Stormwater	General	1,281
Special Revenue - TIF District No. 8	General	404
Special Revenue - TIF District No. 9	General	131
Special Revenue - TIF District No. 10	General	6,650
Special Revenue - TIF District No. 11	General	150
Special Revenue - TIF District No. 12	General	338
Special Revenue - TIF District No. 14	General	260
Special Revenue - Library Operations	General	13
Special Revenue - WI Rental Rehab Program	General	6
Special Revenue - DPW Multi-Year Grants	General	1
Special Revenue - Community Develop	General	5
Special Revenue - Fire Multi-Year Grants	General	1
Equipment Replacement Fund	General	38
Computer Replacement Fund	General	229
Debt Service	General	<u>10</u>
Subtotal - fund financial statements		3,675,487
Less allocation of Internal Service funds		(437,006)
Less government-wide eliminations		(34,200)
Less fund eliminations		<u>(1,169,734)</u>
Total - government-wide statement of net position		<u>\$ 2,034,547</u>

City of Beloit

Notes to Financial Statements
December 31, 2020

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.

Advances

The general debt service fund and the capital improvements 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 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:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Totals</u>	<u>Amount Not Due in One Year</u>
General	Enterprise - Golf Course	\$ 969,019	\$ 969,019
Equipment Replacement	Enterprise - Cemeteries	223,626	223,626
Equipment Replacement	Internal Service - Retiree Health Insurance	1,781,879	1,781,879
General Debt Service	Special Revenue - TIF District No. 8	500,000	500,000
Capital Improvements	Special Revenue - TIF District No. 9	<u>400,000</u>	<u>400,000</u>
Subtotal		3,874,524	3,874,524
Less fund eliminations		<u>(2,681,879)</u>	<u>(2,681,879)</u>
Total		<u>\$ 1,192,645</u>	<u>\$ 1,192,645</u>

City of Beloit

Notes to Financial Statements

December 31, 2020

Transfers

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Purpose</u>
General	Water Utility	\$ 795,950	Payment in lieu of tax
Debt Service - General Debt Service	Special Revenue - TIF District No. 8	211,506	Debt service
Debt Service - General Debt Service	Special Revenue - TIF District No. 10	186,402	Debt service
Debt Service - General Debt Service	Special Revenue - TIF District No. 12	62,113	Debt service
Debt Service - General Debt Service	Special Revenue - TIF District No. 13	92,688	Debt service
Debt Service - General Debt Service	Capital Projects - Capital Improvements Program	<u>136,942</u>	Debt service premium from prior years
Total debt service - general		<u>689,651</u>	
Special Revenue - TIF District No. 11	Debt Service - General Debt Service	3,375	Debt service correction
Equipment Replacement	Solid Waste	75,170	Capital asset purchases
Enterprise - Transit System	Equipment Replacement	333,725	Forgiveness of advances made
Enterprise - Transit System	General	113,572	Forgiveness of advances made
Capital Projects - Capital Improvements Program	Special Revenue - DPW Multi-Year Grants	10,000	Park impact fees
Special Revenue - TIF District No. 9	Special Revenue - TIF District No. 11	<u>225,000</u>	Donor/donee districts
Subtotal - fund financial statements		2,246,443	
Less fund eliminations		(1,003,196)	
Less government-wide eliminations		(894,594)	
Less capital contributions from GA to BTA		<u>(134,994)</u>	
Total - government-wide statement of activities		<u>\$ 213,659</u>	

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

December 31, 2020

Long-Term Obligations

Long-term obligations activity for the year ended December 31, 2020 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities					
Bonds and Notes Payable:					
General obligation debt	\$ 47,071,569	\$ 5,240,000	\$ 4,254,859	\$ 48,056,710	\$ 4,359,483
General obligation debt from direct borrowings	767,740	-	257,534	510,206	266,467
Premium on debt	761,576	106,800	68,775	799,601	-
Subtotal	<u>48,600,885</u>	<u>5,346,800</u>	<u>4,581,168</u>	<u>49,366,517</u>	<u>4,625,950</u>
Other Liabilities					
Compensated Absences:					
Sick leave	1,407,802	267,123	183,014	1,491,911	193,948
Vacation	1,558,088	1,581,306	1,558,088	1,581,306	1,581,306
Capital Leases:					
Payable to component unit	3,838,285	-	944,964	2,893,321	685,000
Other capital leases	160,727	-	51,391	109,336	53,546
Total other liabilities	<u>6,964,902</u>	<u>1,848,429</u>	<u>2,737,457</u>	<u>6,075,874</u>	<u>2,513,800</u>
Total governmental activities - long-term liabilities	<u>\$ 55,565,787</u>	<u>\$ 7,195,229</u>	<u>\$ 7,318,625</u>	<u>\$ 55,442,391</u>	<u>\$ 7,139,750</u>
Business-Type Activities					
Bonds and Notes Payable:					
General obligation debt	\$ 2,683,436	\$ 120,000	\$ 320,138	\$ 2,483,298	\$ 330,546
General obligation debt from direct borrowings	4,280	-	1,028	3,252	1,028
Revenue bonds	25,535,000	2,165,000	4,075,000	23,625,000	1,845,000
CWFL revenue bond - direct borrowing	2,231,047	-	162,638	2,068,409	166,542
Add/(subtract) deferred amounts for premiums	704,165	-	56,376	647,789	-
Subtotal	<u>31,157,928</u>	<u>2,285,000</u>	<u>4,615,180</u>	<u>28,827,748</u>	<u>2,343,116</u>
Other Liabilities					
Compensated absences:					
Sick leave	270,151	84,747	35,120	319,778	41,570
Vacation	329,306	329,977	329,305	329,978	329,978
Subtotal	<u>599,457</u>	<u>414,724</u>	<u>364,425</u>	<u>649,756</u>	<u>371,548</u>
Total business-type activities - long-term liabilities	<u>\$ 31,757,385</u>	<u>\$ 2,699,724</u>	<u>\$ 4,979,605</u>	<u>\$ 29,477,504</u>	<u>\$ 2,714,664</u>

In addition to the liabilities above, information on the net pension liability (asset) and OPEB liabilities are provided in Note 5.

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.

City of Beloit

Notes to Financial Statements

December 31, 2020

In accordance with Wisconsin Statutes, total general obligation indebtedness of the City may not exceed 5 percent of the equalized value of taxable property within the City's jurisdiction. The debt limit as of December 31, 2020, was \$97,243,055. Total general obligation debt outstanding at year-end was \$51,053,466.

	<u>Date of Issue</u>	<u>Due Date</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 12-31-20</u>
Governmental Activities -					
General Obligation Debt					
General obligation corporate purpose bonds Series 2009	5-28-09	5-1-29	1.10-4.60%	\$ 7,057,000	\$ 935,000
General obligation refunding bonds Series 2011A	10-21-11	4-1-25	2.45	9,726,168	2,870,650
General obligation refunding bonds Series 2011B	12-8-11	3-1-25	1.00-4.10	4,280,000	1,115,000
2011 State trust fund loan - direct	8-1-11	3-15-21	3.75	1,500,000	173,647
General obligation corporate purpose bonds Series 2012A	6-21-12	3-1-32	2.00-3.25	7,130,000	4,255,000
General obligation refunding bonds Series 2013A	2-13-13	5-1-27	2.00-3.00	6,729,000	2,595,100
General obligation refunding bonds Series 2013C	2-13-13	5-1-21	0.55-2.50	885,000	115,000
General obligation corporate purpose bonds Series 2013D	6-13-13	4-1-33	2.00-3.38	7,485,000	4,235,000
2013 State trust fund loan - direct	8-1-13	3-15-23	2.75	667,100	217,234
General obligation promissory notes Series 2014A	5-15-14	5-1-24	2.00-2.40	850,000	400,000
General obligation corporate purpose bonds Series 2014B	5-15-14	5-1-34	2.00-3.50	7,777,275	4,550,960
General obligation promissory notes Series 2015B	3-19-15	3-1-25	0.80-2.40	720,000	380,000
General obligation corporate purpose bonds Series 2015C	3-19-15	3-1-35	2.00-3.25	2,450,000	1,795,000
2015 State trust fund loan - direct	11-23-15	3-15-25	3.25	200,000	119,325
General obligation promissory notes Series 2016A	5-12-16	4-1-26	1.60-2.00	1,725,000	1,325,000
General obligation corporate purpose bonds Series 2016B	5-12-16	4-1-36	2.00-3.00	3,235,000	2,875,000
General obligation promissory notes Series 2017A	6-22-17	6-1-27	2.00-3.00	1,715,000	1,335,000
General obligation corporate purpose bonds Series 2017B	6-22-17	6-1-37	3.00-3.25	4,320,000	3,850,000
General obligation promissory notes Series 2018A	4-18-18	4-1-28	3.00-4.00	2,080,000	1,820,000
General obligation corporate purpose bonds Series 2018B	4-18-18	4-1-28	3.00-4.00	3,315,000	3,190,000
General obligation corporate promissory notes Series 2019A	5-22-19	5-1-29	3.00	1,835,000	1,725,000
General obligation corporate purpose bonds Series 2019B	5-22-19	5-1-39	3.00-4.00	3,635,000	3,450,000
General obligation promissory notes Series 2020A	4-30-20	4-1-30	2.00	1,660,000	1,660,000
General obligation promissory notes Series 2020B	4-30-20	4-1-40	2.00-3.00	3,580,000	<u>3,580,000</u>
Total governmental activities - general obligation debt					<u>\$ 48,566,916</u>

City of Beloit

Notes to Financial Statements

December 31, 2020

	<u>Date of Issue</u>	<u>Due Date</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 12-31-20</u>
Business-Type Activities -					
General Obligation Debt					
General obligation corporate purpose bonds Series 2009	5-28-09	5-1-29	1.10-4.60%	\$ 333,000	\$ 140,000
General obligation refunding bonds Series 2011A	10-21-11	4-1-25	2.45	1,353,832	549,358
General obligation corporate purpose bonds Series 2012A	6-21-12	3-1-26	2.00-3.25	110,000	90,000
General obligation refunding bonds Series 2013A	2-13-13	5-1-27	2.00-3.00	601,000	189,900
General obligation corporate purpose bonds Series 2013D	6-13-13	4-1-30	2.00-3.38	250,000	140,000
2013 State trust fund loan - direct	8-1-13	3-15-23	2.75	129,600	3,252
General obligation promissory notes Series 2014A	5-15-14	5-1-24	2.00-2.40	270,000	115,000
General obligation corporate purpose bonds Series 2014B	5-15-14	5-1-24	2.00-3.50	387,725	199,040
General obligation promissory notes Series 2015B refunding	3-19-15	3-1-25	0.80-2.40	40,000	5,000
General obligation corporate purpose bonds Series 2017B	6-22-17	6-1-28	3.00-3.25	1,105,000	795,000
General obligation promising note Series 2018A	4-18-18	4-1-28	3.00-4.00	60,000	50,000
General obligation promising note Series 2019A	5-22-19	5-1-29	3.00	95,000	90,000
General obligation promising note Series 2020A	4-30-20	4-1-30	1.85	120,000	120,000
Total business-type activities - general obligation debt					<u>\$ 2,486,550</u>

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Governmental Activities General Obligation Debt</u>		<u>Business-Type Activities General Obligation Debt</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 4,359,483	\$ 1,298,232	\$ 330,546	\$ 64,672
2022	4,589,163	1,177,877	350,837	55,726
2023	4,369,996	1,057,375	355,009	46,435
2024	4,573,408	934,704	361,566	36,824
2025	4,528,660	807,576	351,340	27,035
2026 - 2030	14,806,000	2,500,515	734,000	38,097
2031 - 2035	7,430,000	999,866	-	-
2036 - 2040	3,400,000	176,819	-	-
Total	<u>\$ 48,056,710</u>	<u>\$ 8,952,964</u>	<u>\$ 2,483,298</u>	<u>\$ 268,789</u>

City of Beloit

Notes to Financial Statements

December 31, 2020

Years	Governmental Activities General Obligation Debt From Direct Borrowings		Business-Type Activities General Obligation Debt From Direct Borrowings	
	Principal	Interest	Principal	Interest
2021	\$ 266,467	\$ 16,363	\$ 1,028	\$ 90
2022	95,484	7,187	1,085	61
2023	98,226	4,446	1,139	31
2024	24,612	1,630	-	-
2025	25,417	826	-	-
Total	<u>\$ 510,206</u>	<u>\$ 30,452</u>	<u>\$ 3,252</u>	<u>\$ 182</u>

The City's outstanding State Trust Fund loans from direct borrowings related to governmental activities and business-type activities of \$513,458 contain clauses that any delinquent payments are subject to a penalty of one percent per month and shall be deducted from any state payments that are due to the City.

Other Debt Information

Estimated payments of compensated absences 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.

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 2010, 2016, 2018 and 2020. Proceeds from the bonds provided financing for the water systems. The bonds are payable solely from water revenues and are payable through 2038. Annual principal and interest payments on the bonds are expected to require 36 percent of net revenues. The total principal and interest remaining to be paid on the bonds is \$23,495,880. Principal and interest paid for the current year and total customer net revenues were \$2,351,287 and \$3,659,816, 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 25 percent of net revenues. The total principal and interest remaining to be paid on the bonds is \$1,037,400. Principal and interest paid for the current year and total customer net revenues were \$103,425 and \$417,610, respectively.

City of Beloit

Notes to Financial Statements

December 31, 2020

The sewer utility has pledged future sales revenues, net of specified operating expenses, to repay a clean water fund loan issued in 2011 and revenue bonds issued in 2018. Proceeds from the loan provided financing for the sewer system. The loan is payable solely from sewer revenues and is payable through 2038. Annual principal and interest payments on the bonds are expected to require 19 percent of net revenues. The total principal and interest remaining to be paid on the loan is \$6,991,178. Principal and interest paid for the current year and total customer net revenues were \$470,337 and \$2,023,974, respectively.

	<u>Date of Issue</u>	<u>Due Date</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 12-31-20</u>
Water Utility					
Revenue bonds	4-6-10	11-1-30	2.00-4.50	4,025,000	2,280,000
Refunding revenue bonds	11-9-16	11-1-28	4.00-4.50	12,555,000	11,345,000
Revenue bonds	5-3-18	11-1-38	3.00-4.00	3,980,000	3,680,000
Revenue bonds	4-30-20	11-1-29	3.00-4.00	2,165,000	1,950,000
Total water utility revenue debt					<u>19,255,000</u>
Stormwater Utility					
Refunding revenue bonds	3-4-15	5-1-30	2.00-3.50	1,225,000	<u>885,000</u>
Total stormwater utility revenue debt					<u>885,000</u>
Sewer Utility					
Revenue bonds	5-3-18	5-1-38	3.00-4.00	3,760,000	<u>3,485,000</u>
Total sewer utility Revenue debt					<u>3,485,000</u>
Total revenue bonds					<u><u>\$ 23,625,000</u></u>

Debt service requirements to maturity are as follows:

<u>Years</u>	Business-Type Activities - Revenue Debt	
	<u>Principal</u>	<u>Interest</u>
2021	\$ 1,845,000	\$ 810,688
2022	1,915,000	741,263
2023	1,980,000	668,888
2024	2,060,000	593,938
2025	2,145,000	514,800
2026 - 2030	9,490,000	1,588,025
2031 - 2035	2,555,000	526,257
2036 - 2038	1,635,000	102,400
Total	<u><u>\$ 23,625,000</u></u>	<u><u>\$ 5,546,259</u></u>

Current Refunding

On April 30, 2020, bonds in the amount of \$2,165,000 were issued by the Water Utility with an average interest rate of 2.65% to refund \$2,265,000 of outstanding bonds with an average interest rate of 4.65%. The net proceeds were used to prepay the remaining outstanding debt service requirements on the old bonds. The cash flow requirements on the old bonds prior to the current refunding was \$2,838,387 from 2020 through 2029.

City of Beloit

Notes to Financial Statements

December 31, 2020

The cash flow requirements on the new bonds are \$2,438,712 from 2020 through 2029. The current refunding resulted in an economic gain of \$222,215.

Clean Water Fund Loan Revenue Bond - Direct Borrowing

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 percent 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, 2020, the City has received \$3,397,675 in loan proceeds and paid \$162,638 and \$51,593 in principal and interest, respectively, in 2020.

	<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	\$ 2,231,047	\$ -	\$ 162,638	\$ 2,068,409	\$ 166,542

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

<u>Years Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Business-Type Activities</u>
2021	\$ 166,542	\$ 47,643	\$ 214,185
2022	170,539	43,599	214,138
2023	174,632	39,456	214,088
2024	178,823	35,215	214,038
2025	183,115	30,872	213,987
2026 - 2030	983,641	85,472	1,069,113
2031	211,117	2,533	213,650
Total	<u>\$ 2,068,409</u>	<u>\$ 284,790</u>	<u>\$ 2,353,199</u>

Lease Disclosures

	<u>Balance 1-1-20</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 12-31-20</u>
Capital Leases				
Governmental Activities				
Payable to component unit	\$ 3,838,285	\$ -	\$ 944,964	\$ 2,893,321
Other capital leases	160,727	-	51,391	109,336
Total	<u>\$ 3,999,012</u>	<u>\$ -</u>	<u>\$ 996,355</u>	<u>\$ 3,002,657</u>

Lessee - Community Development Authority

The City, through TIF District No. 13 and TIF District No. 10, is obligated to make lease payments to the Community Development Authority of Beloit (CDA) to retire debt issued by the CDA for TIF purposes. Each lease obligation is directly attributable to the underlying debt issues noted.

Lessee - Capital Asset Capital Leases

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

City of Beloit

Notes to Financial Statements

December 31, 2020

The future minimum lease payments are required as follows:

<u>Calendar Years</u>	<u>TIF No. 13</u>	<u>TIF No. 10</u>
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	-
Subtotal	603,399	3,607,752
Less reserve funds to be applied to final principal payment	(61,503)	(735,179)
Less amount representing interest	<u>(68,398)</u>	<u>(452,750)</u>
Present Value of Minimum Lease Payments	<u>\$ 473,498</u>	<u>\$ 2,419,823</u>
Total TIF No. 13 and TIF No. 10		<u>\$ 2,893,321</u>

The TIF District No. 10 lease was callable and paid off in early 2021 with cash on hand. See the Subsequent Events footnote for further details.

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	Governmental Activities
Building improvements	\$ 394,912
Less: Accumulated depreciation	<u>(394,912)</u>
Total	<u>\$ -</u>

The future minimum lease obligations and the net present value on these minimum lease payments as of December 31, 2020, are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Governmental Activities</u>
2021	\$ 53,546	\$ 4,584	\$ 58,130
2022	55,790	2,340	58,130
	<u>\$ 109,336</u>	<u>\$ 6,924</u>	
Less amount representing interest			<u>(6,924)</u>
Present value of minimum lease payments			<u>\$ 109,336</u>

City of Beloit

Notes to Financial Statements
December 31, 2020

Net Position/Fund Balances

Net position reported on the government wide statement of net position at December 31, 2020 includes the following:

Governmental Activities	
Net investment in capital assets	
Land	\$ 5,570,137
Construction in progress	2,335,902
Other capital assets, net of accumulated depreciation	101,725,214
Less related long-term debt outstanding	(30,322,091)
Less capital leases - payable to component unit	(3,259,427)
Less unamortized premium on debt	(799,601)
Add unamortized loss on advance refunding	557,354
Add unspent capital bond proceeds	<u>3,089,912</u>
Total net investment in capital assets	<u>78,886,500</u>
Restricted	
General debt service	\$ 954,732
TIF District No. 8 - economic development	898,576
TIF District No. 10 - economic development	6,090,026
TIF District No. 11 - economic development	20,177
TIF District No. 12 - economic development	336,779
TIF District No. 14 - economic development	238,259
Rental rehab (WRRP/HOME) grant	1,059,598
Community Development Block Grant	1,706,125
Fire - multi-year grants	6,857
DPW - multi-year grants	351,546
Community development grants	268,908
Library operations	527,488
Cemetery perpetual care	2,387,721
Bridge activities	80,801
Solid waste	597,446
Pension	<u>5,714,810</u>
Total restricted	<u>21,239,849</u>
Unrestricted (deficit)	<u>(92,849,530)</u>
Total governmental activities net position	<u><u>7,276,819</u></u>

City of Beloit

Notes to Financial Statements December 31, 2020

Governmental fund balances reported on the fund financial statements at December 31, 2020 include the following:

	General	TIF District No. 10	General Debt Service	Capital Improvements	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balances						
Nonspendable:						
Delinquent personal property taxes	\$ 71,906	\$ -	\$ -	\$ -	\$ -	\$ 71,906
Inventories	618,670	-	-	-	-	618,670
Prepaid items	9,600	-	-	-	-	9,600
Advances to other funds	969,019	-	-	-	-	969,019
Total nonspendable	<u>1,669,195</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,669,195</u>
Restricted for:						
Bridge maintenance	80,801	-	-	-	-	80,801
Debt service	-	-	1,273,782	-	-	1,273,782
Capital projects	-	-	-	6,586,349	-	6,586,349
Economic development	-	6,090,026	-	-	595,215	6,685,241
Grant programs	-	-	-	-	1,049,365	1,049,365
Library operations	-	-	-	-	527,488	527,488
Solid waste	-	-	-	-	597,446	597,446
Cemetery perpetual care	-	-	-	-	2,371,880	2,371,880
Total restricted	<u>80,801</u>	<u>6,090,026</u>	<u>1,273,782</u>	<u>6,586,349</u>	<u>5,141,394</u>	<u>19,172,352</u>
Assigned to:						
Capital projects	-	-	-	1,019,444	6,548,850	7,568,294
Applied to subsequent year's expenditures	170,054	-	-	-	-	170,054
Total assigned	<u>170,054</u>	<u>-</u>	<u>-</u>	<u>1,019,444</u>	<u>6,548,850</u>	<u>7,738,348</u>
Unassigned (deficit):	<u>13,298,793</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,533,398)</u>	<u>11,765,395</u>
Total fund balances	<u>\$ 15,218,843</u>	<u>\$ 6,090,026</u>	<u>\$ 1,273,782</u>	<u>\$ 7,605,793</u>	<u>\$ 10,156,846</u>	<u>\$ 40,345,290</u>

City of Beloit

Notes to Financial Statements

December 31, 2020

Business-Type Activities

	<u>Water</u>	<u>Sewer</u>	<u>Storm</u>	<u>Nonmajor Proprietary Funds</u>	<u>Totals</u>
Net investment in capital assets					
Land	\$ 1,050,724	\$ 1,416,029	\$ -	\$ 1,270,000	\$ 3,736,753
Other capital assets, net of accumulated Depreciation (including CWIP)	31,560,250	25,627,911	8,765,320	4,996,619	70,950,100
Less long-term debt outstanding	(20,268,711)	(6,001,649)	(1,459,914)	(449,685)	(28,179,959)
Add noncapital debt outstanding	-	-	-	90,000	90,000
Add unamortized loss on advance refunding	2,360	852	-	524	3,736
Less unamortized premium on debt	(589,311)	(40,382)	(18,096)	-	(647,789)
Add restricted cash funded with borrowed funds	3,720,617	643,992	-	-	4,364,609
Total net investment in capital assets	<u>15,475,929</u>	<u>21,646,753</u>	<u>7,287,310</u>	<u>5,907,458</u>	<u>50,317,450</u>
Restricted Net Position					
Redemption account	383,039	226,616	49,250	-	658,905
Replacement account	-	1,595,400	-	-	1,595,400
Reserve account	1,744,262	269,100	110,500	-	2,123,862
Net pension asset	70,655	292,050	16,518	563,541	942,764
Construction account	1,976,355	374,892	-	-	2,351,247
Less restricted cash funded with borrowed funds	(3,720,617)	(643,992)	-	-	(4,364,609)
Less current liabilities payable from restricted assets	<u>(108,743)</u>	<u>(29,935)</u>	<u>(4,550)</u>	<u>-</u>	<u>(143,228)</u>
Total restricted net position	<u>344,951</u>	<u>2,084,131</u>	<u>171,718</u>	<u>563,541</u>	<u>3,164,341</u>
Unrestricted (Deficit)	<u>2,350,243</u>	<u>13,252,926</u>	<u>1,585,191</u>	<u>(1,621,097)</u>	<u>15,567,263</u>
Total enterprise funds net position	<u>\$ 18,171,123</u>	<u>\$ 36,983,810</u>	<u>\$ 9,044,219</u>	<u>\$ 4,849,902</u>	
Less portion of internal service funds net position allocated to business-type activities					<u>437,006</u>
Total business-type activities net position					<u>\$ 69,486,060</u>

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

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

December 31, 2020

Cash and Investments

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

	<u>Carrying Value</u>	<u>Statement Balance</u>	<u>Associated Risks</u>
Demand deposits	\$ 1,830,254	\$ 1,850,260	Custodial credit risk
Total cash and investments	<u>\$ 1,830,254</u>	<u>\$ 1,850,260</u>	
Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 1,033,575		
Restricted cash and investments	<u>796,679</u>		
Total cash and investments	<u>\$ 1,830,254</u>		

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, 2020, \$546,679 of the CDA's total bank balances of \$1,850,260 were exposed to custodial credit risk as follows:

Uninsured and uncollateralized	<u>\$ 546,679</u>
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Restricted Assets

Restricted assets at December 31, 2020, consist of the following:

Cash and cash equivalents - bond redemption	<u>\$ 796,679</u>
Total restricted assets	<u>\$ 796,679</u>

City of Beloit

Notes to Financial Statements
December 31, 2020

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 2020 are as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital assets not being depreciated				
Land	\$ 414,539	\$ -	\$ -	\$ 414,539
Capital assets being depreciated				
Buildings	591,451	-	339,812	251,639
Furniture, equipment and machinery- dwellings	48,230	-	10,338	37,892
Furniture, equipment and machine- administrative	167,196	-	7,178	160,018
Total capital assets being depreciated	806,877	-	357,328	864,088
Less accumulated depreciation	(608,576)	-	221,450	(387,126)
Total capital assets, net of depreciation	<u>\$ 612,840</u>			<u>\$ 476,962</u>

Long-Term Obligations

Lease Revenue Bonds

The CDA has pledged future revenues from the City of Beloit resulting from TIF increments to repay \$9,145,000 in lease revenue bonds issued between 2008-2011. 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 percent of TIF increment lease payments. The total principal and interest remaining to be paid on the bonds is \$4,211,147. Principal and interest paid for the current year and total pledged revenues were both \$2,093,095.

The following is a summary of the lease revenue bond transactions for the year ended December 31, 2020.

	<u>Balance 1-1-20</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 12-31-20</u>
Lease revenue bonds	\$ 5,545,000	\$ -	\$ 1,855,000	\$ 3,690,000

City of Beloit

Notes to Financial Statements
December 31, 2020

<u>Title of Issue</u>	<u>Date of Issue</u>	<u>Due Date</u>	<u>Interest Rates</u>	<u>Original Indebted- Ness</u>	<u>Balance 12-31-20</u>
2008A Lease Revenue Refunding Bonds	6-19-08	3-1-25	4.00-6.75%	\$ 2,640,000	\$ 1,190,000
2009A Lease Revenue Bonds	7-1-09	3-1-25	1.30-5.00	5,340,000	1,965,000
2011B Lease Revenue Bonds	6-27-11	6-1-26	2.90-4.40	1,165,000	<u>535,000</u>
Total					<u>\$ 3,690,000</u>

Debt service requirements to maturity are as follows:

<u>Calendar Years</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2021	\$ 685,000	\$ 179,045	\$ 864,045
2022	700,000	143,249	843,249
2023	715,000	105,745	820,745
2024	740,000	66,188	806,188
2025	760,000	24,940	784,940
2026	<u>90,000</u>	<u>1,980</u>	<u>91,980</u>
Total	<u>\$ 3,690,000</u>	<u>\$ 521,147</u>	<u>\$ 4,211,147</u>

The TIF District No. 10 lease was callable and paid off in early 2021 with cash on hand. The amount relates to the 2008A and 2009A issuances above. See the Subsequent Events footnote for further details.

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 5 for details.

Postemployment Benefits Other Than Pensions (OPEB)

All eligible authority employees participate in the Local Retiree Life Insurance Fund (LRLIF), a multi-employer defined benefit OPEB plan. All authority employees are considered to be City employees. Refer to Note 5 for details.

Lease Disclosures

Refer to Note 4.

Net Position

Net position at December 31, 2020 includes the following:

Net investment in capital assets	
Land	\$ 414,539
Other capital assets, net of accumulated depreciation	<u>62,423</u>
Total net investment in capital assets	<u>476,962</u>

City of Beloit

Notes to Financial Statements

December 31, 2020

Restricted	
Low Rent Public Housing	\$ 5,527,552
Pensions	98,623
Project Based Vouchers	25,017
	<hr/>
Total restricted	5,561,192
	<hr/>
Unrestricted	530,850
	<hr/>
Total net position	\$ 6,659,004
	<hr/>

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

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.

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.

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.

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 when management determines an account is uncollectible. 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. Operating subsidies represent grants from governmental agencies to provide housing to tenants. These grants are recognized in revenue in the same period in which the Company recognizes the related expenses for which the grants are intended to compensate.

Other revenue consists of various tenant charges and other services and is recognized when the service is complete.

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	15-40
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.

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

December 31, 2020

Debt Issuance Costs

Debt issuance 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, 2020.

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). 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.

Subsequent Events

These financial statements have not been updated for subsequent events occurring after March 16, 2021, 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.

Restricted Cash

Restricted cash is comprised of the following:

Replacement reserve	\$	156,495
Operating reserve		146,082
Tenants' security deposits		<u>34,027</u>
Total	\$	<u><u>336,604</u></u>

City of Beloit

Notes to Financial Statements

December 31, 2020

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 percent. Disbursements are restricted to capital improvements and repairs of the project. Disbursements in excess of \$5,000 or 10 percent 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	\$	130,901
Deposits		25,443
Interest earned		<u>151</u>
Balance, Ending	\$	<u><u>156,495</u></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 \$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 percent of the then balance of the reserve require written approval from the investor members.

Balance, beginning	\$	145,936
Deposits		-
Interest earned		<u>146</u>
Balance, Ending	\$	<u><u>146,082</u></u>

Rental Property, Net

Rental property, net is comprised of the following:

Land	\$	11,349
Land and buildings under capital lease		1,950,000
Building improvements		8,397,386
Land improvements		215,575
Furnishings and equipment		<u>265,998</u>
Less accumulated depreciation		<u>(2,634,244)</u>
Total	\$	<u><u>8,206,064</u></u>

City of Beloit

Notes to Financial Statements

December 31, 2020

Mortgage and Other Notes Payable

Mortgage and other notes payable consists of the following:

CDA; managing member; nonrecourse mortgage note payable under the capital lease described in Note I.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 \$130,872 for the year ended December 31, 2020; accrued interest was \$1,108,665 as of December 31, 2020.	\$ 1,950,000
CDA; nonrecourse mortgage note in the original amount of \$500,000; noninterest bearing; due in one installment on September 21, 2040; collateralized by a mortgage on the project's rental property.	500,000
CDA; nonrecourse mortgage note in the original amount of \$619,253; noninterest bearing; due in one installment on September 21, 2040; collateralized by a mortgage on the project's rental property.	430,559
CDA; nonrecourse 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 \$19,037 for the year ended December 31, 2020; accrued interest was \$144,966 as of December 31, 2020.	350,000
City of Beloit; nonrecourse mortgage note in the original amount up to \$170,639; noninterest 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, 2020.	<u>-</u>
Total long-term debt	3,230,559
Less unamortized debt issuance costs	<u>(11,229)</u>
Total	<u>\$ 3,219,330</u>

Repayment of principal on the mortgage and other notes payable as of December 31, 2020, is as follows:

Years Ending December 31,

2021	\$ -
2022	-
2023	-
2024	-
2025	-
Thereafter	<u>3,230,559</u>
Total	<u>\$ 3,230,559</u>

City of Beloit

Notes to Financial Statements

December 31, 2020

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 noncancellable 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 \$203,954 as of December 31, 2020.

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 percent, compounded annually. 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 the section above. 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.

Members' Capital Contributions

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

The CDA is required to make capital contributions of \$100,000. The investor members are required to make capital contributions totaling \$6,439,817. All contributions were made as of December 31, 2020.

Related Party Transactions

Accounts Payable

Included in accounts payable are amounts owed to the CDA for reimbursement of operating expenses totaling \$166,118 as of December 31, 2020.

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 percent of gross residential rents on a monthly basis. The agreement is automatically renewed from year to year unless otherwise terminated. Property management fees totaled \$3,718 for the period ended December 31, 2020.

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 percent compounded annually.

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 percent 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. PILOT expense incurred and accrued totaled \$7,126 as of December 31, 2020.

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 noninterest bearing and repayable solely from available cash flow as defined in the operating agreement. There was no operating deficit loans as of December 31, 2020.

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 \$204,566 were earned during the period ended December 31, 2020. Included in accounts receivable are operating subsidies of \$155,319 as of December 31, 2020.

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.

Uncertainty

In March 2020, the World Health Organization (WHO) characterized the coronavirus disease (COVID-19) as a global pandemic. Since that time, local, U.S. and world governments have encouraged self-isolation to curtail the spread of the global pandemic by mandating temporary work stoppage in many sectors and imposing limitations on travel and size and duration of group meetings. Most industries are experiencing disruption to business operations and the impact of reduced consumer spending. There is unprecedented uncertainty surrounding the duration of the pandemic, its potential economic ramifications and any government actions to mitigate them. Accordingly, while management cannot quantify the financial and other impacts to the company as of March 16, 2021, management believes that a material impact on the company's financial position and results of future operations is reasonably possible.

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

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.

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.

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. Operating subsidies represent grants from governmental agencies to provide housing to tenants. These grants are recognized in revenue in the same period in which the Company recognizes the related expenses for which the grants are intended to compensate. Other revenue consists of various tenant charges and other services and is recognized when the service is complete.

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.

Debt Issuance

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, 2020.

City of Beloit

Notes to Financial Statements

December 31, 2020

Tax Credit Fees

In connection with obtaining an allocation of low-income housing tax credits from the Wisconsin Housing and Economic Development 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 February 24, 2021, 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.

Restricted Cash

Restricted cash is comprised of the following:

Replacement reserve	\$ 187,014
Operating reserve	191,462
ACC reserve	282,155
Tenants' security deposits	<u>23,218</u>
Total	<u>\$ 683,849</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 percent. 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	\$ 161,749
Deposits	25,082
Interest earned	<u>183</u>
Balance, Ending	<u>\$ 187,014</u>

City of Beloit

Notes to Financial Statements

December 31, 2020

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	\$ 191,271
Interest earned	<u>191</u>
Balance, Ending	<u><u>\$ 191,462</u></u>

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	\$ 281,873
Interest earned	<u>282</u>
Balance, Ending	<u><u>\$ 282,155</u></u>

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	9,304,835
Land improvements	397,055
Furnishings and equipment	<u>313,808</u>
	11,601,095
Less accumulated depreciation	<u>(3,425,803)</u>
Total	<u><u>\$ 8,175,292</u></u>

City of Beloit

Notes to Financial Statements

December 31, 2020

Mortgage and Other Notes Payable

Mortgage and other notes payable consists of the following:

CDA; managing member; nonrecourse mortgage note payable under the capital lease described in Note I.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 \$82,778 for the year ended December 31, 2020; accrued interest was \$648,378 as of December 31, 2020.	\$ 1,410,000
CDA; nonrecourse 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 \$1,150 for the year ended December 31, 2020; accrued interest was \$8,819 as of December 31, 2020.	230,074
CDA; nonrecourse 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 \$1,283 for the year ended December 31, 2020; accrued interest was \$10,154 as of December 31, 2020.	256,500
CDA; nonrecourse mortgage note in the original amount of \$540,000; noninterest bearing; due in one installment on October 13, 2051, collateralized by a mortgage on the project's rental property.	540,000
CDA; nonrecourse 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, 2020; accrued interest was \$17,932 as of December 31, 2020.	<u>474,260</u>
Total mortgage notes payable	2,910,834
Less unamortized financing cost	<u>(9,283)</u>
Total	<u>\$ 2,901,551</u>

Repayment of principal on the mortgage and other notes payable as of December 31, 2020, is follows:

<u>Year Ending December 31,</u>	
2021	\$ -
2022	-
2023	-
2024	-
2025	-
Thereafter	<u>2,910,834</u>
Total	<u>\$ 2,910,834</u>

City of Beloit

Notes to Financial Statements

December 31, 2020

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 noncancellable 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 \$133,088 as of December 31, 2020.

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 percent, compounded annually (see Note I.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. 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).

Related Party Transactions

Accounts Payable

Included in accounts payable are amounts owed to the CDA for reimbursement of operating expenses totaling \$155,822 as of December 31, 2020.

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 percent 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 \$13,071 for the period ended December 31, 2020. Accrued property management fees as of December 31, 2020 were \$14,764.

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 percent. 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 \$8,361 for the period ended December 31, 2020. Asset management fees accrued and included in accrued expenses were \$0 as of December 31, 2020.

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 \$192,138 were earned during the period ended December 31, 2020. Included in accounts receivables are operating subsidies receivable of \$156,459 as of December 31, 2020.

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 percent 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.

Company Profits and Losses and Distributions

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

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

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.

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 percent, 60 percent and 80 percent, respectively, of the county median income (CMI) of Rock County, Wisconsin. The compliance period will terminate 15 years from the date of project completion.

Uncertainty

In March 2020, the World Health Organization (WHO) characterized the coronavirus disease (COVID-19) as a global pandemic. Since that time, local, U.S. and world governments have encouraged self-isolation to curtail the spread of the global pandemic by mandating temporary work stoppage in many sectors and imposing limitations on travel and size and duration of group meetings. Most industries are experiencing disruption to business operations and the impact of reduced consumer spending. There is unprecedented uncertainty surrounding the duration of the pandemic, its potential economic ramifications and any government actions to mitigate them. Accordingly, while management cannot quantify the financial and other impacts to the company as of February 24, 2021, management believes that a material impact on the company's financial position and results of future operations is reasonably possible.

Beloit Public Library Foundation, Inc.**Nature of the Organization**

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

Summary of Significant Accounting Policies

Basis of Accounting

The Foundation's financial statements are presented on the accrual basis in accordance with accounting principles generally accepted in the United States of America (GAAP) as promulgated by the American Institute of Certified Public Accountants.

Financial Statement Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board FASB ASC 958-205-05, Not-for-Profit Entities Presentation of Financial Statements. Under FASB ASC 958-205-05, the Foundation is required to report information regarding its financial position and activities according to three classes of net position: unrestricted net position, temporarily restricted net position, and permanently restricted net position. Accordingly, net position and changes therein are classified and reported as follows:

Net Position Without Donor Restrictions - Net position that is not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objective of the Foundation. These net assets may be used at the discretion of the Foundation's management and board of directors.

Net Position With Donor Restrictions - Net position subject to donor-imposed stipulations. Some donor restrictions may be temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions may be perpetual in nature, whereby the donor has stipulated that funds be maintained in perpetuity.

Cash and Cash Equivalents

For purpose of the statement of net position, the Foundation considers cash and highly liquid investments with original maturities of less than three months to be cash equivalents. Bank balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per financial institution. Investments held in one of the Foundation's investment accounts are insured by the Securities Investor Protection Corporation (SIPC) up to \$500,000, which includes a \$250,000 limit for cash. As of December 31, 2020, the Foundation had uninsured cash and investment balances of \$136,073.

Donated Services

The value of donated services is included in revenue and corresponding expenses when applicable.

Fair Values of Financial Instruments

FASB ASC 820-10-50, Disclosures about Fair Value of Financial Instruments, requires disclosure of fair value information about financial instruments.

The carrying amounts reporting in the statement of net position for cash and cash equivalents, investments, and accounts receivable approximate the assets' fair value.

Income Taxes

The Foundation has received a favorable determination with respect to tax-exempt status from the Internal Revenue Service under provision of Section 501(c)(3) of the Internal Revenue Code and has been classified as an organization other than a private foundation.

Management of the Foundation has evaluated uncertain tax positions and has determined there are no uncertain tax positions as of December 31, 2020. Tax regulations within each jurisdiction are subject to interpretation of the related tax laws and regulations and require significant judgment to apply. The Foundation is subject to informational reporting requirements in the United States federal jurisdiction and the State of Wisconsin. Tax returns remain open for federal examinations for the past 3 years and state examination for the past four years. At December 31, 2020, there are no ongoing income tax audits or unresolved disputes with the various taxing authorities the Foundation currently files, or has filed, with.

Contributions

The Foundation accounts for contributions in accordance with 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 the purpose restriction has been satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions. Donor restricted contributions are booked in the net assets without donor restrictions class for restrictions expiring during the fiscal year in which the contribution was made.

Direct Support

Direct support expenses are requests from the library to purchase books and other supplies, grants and awards and special library projects which are charged to program services. All other expenses are management and general or fundraising. Management and general expenses include those expenses that are not directly identifiable with any specific function but provide for the overall support and direction of the Foundation.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures 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.

Availability and Liquidity

The Foundation regularly monitors liquidity required to meet its operating needs. Financial assets in excess of daily cash requirements are invested in short-term investments. In addition, the Foundation receives support without donor restrictions; such support has historically funded annual programs and supporting service needs, together with investment income without donor restrictions. The Foundation projects revenue through contributions and special events, with any financial shortfall being made up by a draw from the investment account.

City of Beloit

Notes to Financial Statements

December 31, 2020

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Foundation considers all administrative and general expenses, fundraising expenses and grand commitments expected to be paid in the subsequent year to be general expenditures.

The following represent the Foundation's financial assets at December 31, 2020:

Financial assets at year-end:	
Cash and investments	\$ 79,860
Interest receivable	<u>603,859</u>
Financial assets available to meet dash needs for general expenditure within one year:	<u>\$ 683,719</u>

Investments

In accordance with GAAP, investments are reported at market value. At December 31, 2020, the market and cost values are as follows as reported by the trustee:

	<u>2020</u>	
	<u>Market</u>	<u>Cost</u>
Mutual Funds:		
Equity	<u>\$ 603,859</u>	<u>\$ 556,850</u>

The Statement of Activities reports investment returns, net. Components of net investment returns are as follows:

Interest and dividend income	\$ 10,463
Realized gain (losses)	10,290
Unrealized gain (losses)	<u>44,380</u>
	<u>\$ 65,133</u>

The Foundation categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the assets and is described as follows:

Level 1 - Quoted prices in accessible and 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.

	Fair Value Measurement at Using	
	<u>Total</u>	<u>(Level 1)</u>
Marketable securities	<u>\$ 603,859</u>	<u>\$ 603,859</u>

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 service expenses of the Foundation are for the benefit of the Beloit Public Library. The Foundations contributions to the library for the year ended December 31, 2020 were \$249,473, which included library special projects.

Blender Café

During 2016, the Foundation started a capital campaign for the Blender Café, which is a café at the library which opened for business in 2017. The Foundation collected donations and passed those donations through to the City of Beloit to assist in constructions costs for the café. From time to time, the Foundation contributes resources for café programs.

Capital Projects

During the year ended December 31, 2020 the Foundation received \$150,615 in contributions to be used for a building improvement project at the Beloit Public Library. The project was completed during the year and the Foundation paid their agreed upon portion. The total amount paid by the Foundation for the construction project was \$216,083.

Subsequent Events

Management has evaluated subsequent events for possible recognition or disclosure through the date the financial statements were available to be distributed (May 3, 2021). As a result of the spread of the Covid-19 coronavirus economic uncertainties have arisen which may negatively impact future income. The related duration and financial impact, if any, cannot be reasonably estimated at this time.

5. Other Information

Employees' Retirement System

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 1,200 hours a year (880 hours teacher and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

ETF issues a standalone Comprehensive Annual Financial Report, which can be found at <http://etf.wi.gov/publications/cafr.htm>.

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 executive service retirement participants, if hired on or before December 31, 2016) are entitled to receive benefit based on a formula factor, their average earnings and creditable service.

Final average earnings is the average of the participant's three highest annual earnings period. Creditable service includes current service and prior service for which a participant received earnings and made contributions as required. Creditable service also includes military service. The retirement benefit will be calculated as money purchase benefit based on the employee's contributions plus matching employer's contributions, with interest, if that benefit is higher than the formula benefit.

Vested participants may retire at age 55 (50 for protective occupations) and receive an actuarially reduced benefits. Participants terminating covered employment prior to eligibility for an annuity may either receive employee-required contributions plus interest as a separation benefit or leave contributions on deposit and defer application until eligible to receive a retirement benefit.

The WRS also provides death and disability benefits for employees.

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:

Years	Core Fund Adjustment	Variable Fund Adjustment
2010	(1.3)%	22.0%
2011	(1.2)	11.0
2012	(7.0)	(7.0)
2013	(9.6)	9.0
2014	4.7	25.0
2015	2.9	2.0
2016	0.5	(5.0)
2017	2.0	4.0
2018	2.4	17.0
2019	0.0	(10.0)

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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. Starting January 1, 2016, the Executives and Elected Officials category merged into the General Employee category. 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 \$2,118,957 in contributions from the City and \$28,952 in contributions from the CDA.

Contribution rates for the plan year reported as of December 31, 2020 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (Executives & Elected Officials)	6.6%	6.6%
Protective with Social Security	6.6%	10.6%
Protective without Social Security	6.6%	15.0%

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

City Information

At December 31, 2020, the City reported an asset of \$6,657,574 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2019, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2018 rolled forward to December 31, 2019. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City's proportion of the net pension asset was based on the City's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2019, the City's proportion was 0.20668991 percent, which was a decrease of 0.00105620 percent from its proportion measured as of December 31, 2018.

For the year ended December 31, 2020, the City recognized pension expense of \$2,559,796.

City of Beloit

Notes to Financial Statements

December 31, 2020

At December 31, 2020, the City reported deferred outflows of resources and deferred outflow (inflows) of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 12,633,943	\$ 6,306,415
Change in assumptions	511,972	-
Net differences between projected and actual earnings on pension plan investments	-	13,629,862
Changes in proportion and differences between employer contributions and proportionate share of contributions	31,343	39,293
Employer contributions subsequent to the measurement date	<u>2,410,392</u>	<u>-</u>
Total	<u>\$ 15,587,650</u>	<u>\$ 19,975,570</u>

CDA Information

At December 31, 2020, the CDA reported an asset of \$98,623 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2019, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2018 rolled forward to December 31, 2019. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The CDA's proportion of the net pension asset was based on the CDA's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2019, the CDA's proportion was 0.00282400 percent, which was an increase of 0.00000239 percent from its proportion measured as of December 31, 2018.

For the year ended December 31, 2020, the CDA recognized pension expense of \$42,547.

At December 31, 2020, the CDA reported deferred outflows of resources and deferred outflow (inflows) of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 191,945	\$ 110,533
Change in assumptions	13,811	-
Net differences between projected and actual earnings on pension plan investments	-	186,608
Changes in proportion and differences between employer contributions and proportionate share of contributions	497	753
Employer contributions subsequent to the measurement date	<u>32,934</u>	<u>-</u>
Total	<u>\$ 239,187</u>	<u>\$ 297,894</u>

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City Information

\$2,410,392 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	Deferred Outflows of Resources and Deferred Inflows of Resources (Net)
Year Ended December 31:	
2021	\$ (2,015,083)
2022	(1,497,251)
2023	226,752
2024	(3,512,730)

CDA Information

\$32,934 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	Deferred Outflows of Resources and Deferred Inflows of Resources (Net)
Year Ended December 31:	
2021	\$ (27,163)
2022	(20,183)
2023	3,057
2024	(47,352)

Actuarial Assumptions

The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2018
Measurement Date of Net Pension Liability (Asset)	December 31, 2019
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	7.0%
Discount Rate:	7.0%
Salary Increases:	
Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table
Post-Retirement Adjustments*:	1.9%

- * No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 1.9 percent 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 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. Based on this experience study, actuarial assumptions used to measure the Total Pension Liability changed from prior year, including the discount rate, long-term expected rate of return, post-retirement adjustment, wage inflation rate, mortality and separation rates. The Total Pension Liability for December 31, 2019 is based upon a roll-forward of the liability calculated from the December 31, 2018 actuarial valuation.

City of Beloit

Notes to Financial Statements

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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:

Core Fund Asset Class	Current Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Global Equities	49.0%	8.0%	5.1%
Fixed Income	24.5	4.9	2.1
Inflation Sensitive Assets	15.5	4.0	1.2
Real Estate	9.0	6.3	3.5
Private Equity/Debt	8.0	10.6	7.6
Multi-Asset	4.0	6.9	4.0
Total Core Fund	110.0%	7.5%	4.6%
Variable Fund Asset Class			
U.S. Equities	70%	7.5%	4.6%
International Equities	30	8.2	5.3
Total Variable Fund	100%	7.8%	4.9%

New England Pension Consultants Long-Term US CPI (Inflation) Forecast: 2.75%

Asset Allocations are managed within established ranges; target percentages may differ from actual monthly allocations

Single Discount Rate

A single discount rate of 7.00 percent 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 7.00 percent and a long-term bond rate of 2.87 percent. Because of the unique structure of WRS, the 7.00 percent expected rate of return implies that a dividend of approximately 1.9 percent 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 Liability (Asset) to Changes in the Discount Rate

The following presents the City and CDA's proportionate share of the net pension liability (asset) calculated using the discount rate of 2.87 percent, as well as what the City and CDA's proportionate share of the net pension liability(asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (1.87 percent) or 1-percentage-point higher (3.87 percent) than the current rate:

	1% Decrease to Discount Rate (1.87%)	Current Discount Rate (2.87%)	1% Increase to Discount Rate (3.87%)
City's proportionate share of the net pension liability (asset)	\$17,162,605	(\$6,657,574)	(\$23,986,550)
CDA's proportionate share of the net pension liability (asset)	\$234,499	(\$98,623)	(\$327,737)

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, 2020, the City and CDA reported a payable to the pension plan, which represents contractually required contributions outstanding as of the end of the year.

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 three of the past four years. Total amounts charged back to the various departments during the year were \$ 9,791,129.

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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, 2020. The estimated liability for self-insured losses for this program consisted of the following at December 31, 2020:

Reported and Known Claims	\$ 1,022,331
Incurred but not Reported Claims	<u>304,729</u>
Total	<u>\$ 1,327,060</u>

Changes in the claims payable follow:

	<u>Balance</u> <u>January 1</u>	<u>Incurred</u> <u>Claims</u>	<u>Claims</u> <u>Paid</u>	<u>Balance</u> <u>December 31</u>
2019	\$ 2,313,849	\$ 4,932,197	\$ 5,693,016	\$ 1,553,030
2020	1,553,030	5,908,984	6,133,984	1,327,060

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 3.275 percent.

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, 2020. A total liability of approximately \$47,225 at December 31, 2020 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.

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 1.76 percent for auto liability and 1.04 percent 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.

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

Major Funds	\$1,727,241
Nonmajor Funds	627,531

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Other Postemployment Benefits (OPEB)

Health Insurance Plan

Plan Description

The City's defined benefit healthcare OPEB plan, Retiree Benefits Plan (RBP), provides OPEB for all permanent full-time general and public safety employees of the City. RBP is a single-employer defined benefit OPEB plan administered by the City. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the City council. Benefit provisions are established through collective bargaining agreements and state that eligible retirees and their spouses be at established contribution rates. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

Benefits Provided

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 percent and 100 percent of the current year premiums for a family and a single plan, respectively, for eligible public safety retired plan members and their spouses. Eligible police and fire plan members receiving benefits contribute 0 percent and 0 percent of their premium costs for a family plan and a single plan, respectively. All others pay 100 percent of their premiums.

Employees Covered By Benefit Terms

At December 31, 2020, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefit payments	181
Active plan members	<u>321</u>
Total	<u><u>502</u></u>

Total OPEB Liability

The City's total OPEB liability of \$109,937,228 was measured as of December 31, 2019, and was determined by an actuarial valuation as of December 31, 2018.

Actuarial Assumptions And Other Inputs

The total OPEB liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	3.0%
Healthcare cost trend rates	6.50% decreasing by 0.10% per year down to 5.00% and level thereafter
Retirees' share of benefit-related costs	Fire and police members 0%. All others 100%
Discount rate	2.75%

The discount rate was based on upon all years of projected payments discounted at the municipal bond rate of 2.75 percent per the Bond Buyer 20-Bond Go Index.

City of Beloit

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December 31, 2020

Mortality rates were based on the Wisconsin 2018 Mortality Table.

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study for the period 2015-2017.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balances at December 31, 2019	\$ 92,853,543
Changes for the year:	
Service cost	1,887,305
Interest	3,698,692
Changes of benefit terms	(11,911)
Changes in assumptions	10,855,096
Differences between expected and actual experience	3,314,366
Benefit payments	<u>(2,659,783)</u>
Net changes	<u>17,083,685</u>
Balances at December 31, 2020	<u>\$ 109,937,228</u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.75 percent) or 1-percentage-point higher (3.75 percent) than the current discount rate:

	<u>1% Decrease (1.75%)</u>	<u>Discount Rate (2.75%)</u>	<u>1% Increase (3.75%)</u>
Total OPEB liability	\$ 129,206,862	\$ 109,937,228	\$ 94,755,472

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (5.5 percent decreasing to 4.0 percent) or 1-percentage-point higher (7.5 percent decreasing to 6.0 percent) than the current healthcare cost trend rates:

	<u>1% Decrease (5.5% Decreasing to 4.0%)</u>	<u>Healthcare Cost Trend Rates (6.5% Decreasing to 5.0%)</u>	<u>1% Increase (7.5% Decreasing to 6.0%)</u>
Total OPEB liability	\$ 94,332,283	\$ 109,937,228	\$ 129,563,475

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2020, the City recognized an OPEB expense of \$6,846,506.

City of Beloit

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At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 2,761,972	\$ -
Change in assumptions	9,045,913	4,356,311
Employer contributions subsequent to the measurement date	<u>1,829,523</u>	<u>-</u>
Total	<u>\$ 13,637,408</u>	<u>4,356,311</u>

Deferred outflows related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the Total OPEB Liability in the year ended December 31, 2020. Other amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended December 31:</u>	<u>Deferred Outflows of Resources and Deferred Inflows of Resources (net)</u>
2021	\$ 1,272,500
2022	1,272,500
2023	1,272,500
2024	1,272,498
2025	2,361,577

Local Retiree Life Insurance Fund (LRLIF)

Plan Description

The LRLIF is a multiple-employer defined benefit OPEB plan. LRLIF benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. The Wisconsin Department of Employee Trust Funds (ETF) and the Group Insurance Board have statutory authority for program administration and oversight. The plan provides post-employment life insurance benefits for all eligible employees.

ETF issues a standalone Comprehensive Annual Financial Report, which can be found at <http://etf.wi.gov/publications/cafr.htm>.

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 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

The LRLIF plan provides fully paid up life insurance benefits for post-age 64 retired employees and pre-65 retirees who pay for their coverage.

Contributions

The Group Insurance Board approves contribution rates annually, based on recommendations from the insurance carrier. Recommended rates are based on an annual valuation, taking into consideration an estimate of the present value of future benefits and the present value of future contributions. A portion of employer contributions made during a member's working lifetime funds a post-retirement benefit.

Employers are required to pay the following contribution based on employee contributions for active members to provide them with Basic Coverage after age 65. There are no employer contributions required for pre-age 65 annuitant coverage. If a member retires prior to age 65, they must continue paying the employee premiums until age 65 in order to be eligible for the benefit after age 65.

Contribution rates for the plan year reported as of December 31, 2020 are:

<u>Coverage Type</u>	<u>Employer Contributions</u>
50% Post Retirement Coverage	40% of Employee Contribution
25% Post Retirement Coverage	20% of Employee Contribution

Employee contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating employees must pay monthly contribution rates per \$1,000 of coverage until the age of 65 (age 70 if active). The employee contribution rates in effect for the plan year are as listed below:

Life Insurance Employee Contribution Rates for the Plan Year	
<u>Attained Age</u>	<u>Basic</u>
Under 30	\$0.05
30-34	0.06
34-39	0.07
40-44	0.08
45-49	0.12
50-54	0.22
55-59	0.39
60-64	0.49
65-69	0.57

During the reporting period, the LRLIF recognized \$7,994 in contributions from the City and \$222 in contributions from the CDA.

City of Beloit

Notes to Financial Statements

December 31, 2020

OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs

City Information

At December 31, 2020, the City reported a liability of \$1,886,753 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2018 rolled forward to December 31, 2019.

No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City's proportion of the net OPEB liability was based on the City's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2019, the City's proportion was 0.44225000 percent, which was an increase of 0.01040759 percent from its proportion measured as of December 31, 2018.

For the year ended December 31, 2020, the City recognized OPEB expense of \$125,933.

At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 84,609
Net differences between projected and actual earnings on OPEB plan investments	35,630	-
Changes of assumptions	696,197	207,884
Changes in proportion and differences between employer contributions and proportionate share of contributions	26,465	56,767
Employer contributions subsequent to the measurement date	<u>10,613</u>	<u>-</u>
Total	<u>\$ 768,905</u>	<u>\$ 349,260</u>

CDA Information

At December 31, 2020, the CDA reported a liability of \$48,567 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2018 rolled forward to December 31, 2019. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The CDA's proportion of the net OPEB liability was based on the CDA's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2019, the CDA's proportion was 0.01230000 percent, which was an increase of 0.00031671 percent from its proportion measured as of December 31, 2018.

For the year ended December 31, 2020, the CDA recognized OPEB expense of \$4,788.

City of Beloit

Notes to Financial Statements

December 31, 2020

At December 31, 2020, the CDA reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 2,098
Net differences between projected and actual earnings on OPEB plan investments	880	-
Changes of assumptions	17,764	5,011
Changes in proportion and differences between employer contributions and proportionate share of contributions	681	1,366
Employer contributions subsequent to the measurement date	<u>293</u>	<u>-</u>
Total	<u>\$ 19,618</u>	<u>\$ 8,475</u>

City Information

\$10,613 reported as deferred outflows related to OPEB resulting from the LRLIF Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	Deferred Outflows of Resources and Deferred Inflows of Resources (Net)
Year Ended December 31:	
2021	\$68,327
2022	68,327
2023	64,492
2024	60,542
2025	49,161
Thereafter	98,183

CDA Information

\$293 reported as deferred outflows related to OPEB resulting from the LRLIF Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	Deferred Outflows of Resources and Deferred Inflows of Resources (Net)
Year Ended December 31:	
2021	\$1,812
2022	1,812
2023	1,711
2024	1,606
2025	1,304
Thereafter	2,605

City of Beloit

Notes to Financial Statements

December 31, 2020

Actuarial Assumptions

The total OPEB liability in the January 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	January 1, 2019
Measurement Date of Net OPEB Liability:	December 31, 2019
Actuarial Cost Method:	Entry Age Normal
20 Year Tax-Exempt Municipal Bond Yield:	2.74%
Long-Term Expected Rate of Return:	4.25%
Discount Rate:	2.87%
Salary Increases:	
Inflation	3.00%
Seniority/Merit	0.2% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table

Long-Term Expected Return on Plan Assets

The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. Investments for the LRLIF are held with Securian, the insurance carrier. Interest is calculated and credited to the LRLIF based on the rate of return for a segment of the insurance carriers' general fund, specifically 10-year A-Bonds (as a proxy and not tied to any specific investments). The overall aggregate interest rate is calculated using a tiered approach based on the year the funds were originally invested and the rate of return for that year. Investment interest is credited based on the aggregate rate of return and assets are not adjusted to fair market value. Furthermore, the insurance carrier guarantees the principal amounts of the reserves, including all interest previously credited thereto.

Local OPEB Life Insurance Asset Allocation Targets and Expected Returns As of December 31, 2019

<u>Asset Class</u>	<u>Index</u>	<u>Target Allocation</u>	<u>Long-Term Expected Geometric Real Rate of Return %</u>
U.S. Credit Bonds	Barclays Credit	45%	2.12%
U.S. Long Credit Bonds	Barclays Long Credit	5	2.90
U.S. Mortgages	Barclays MBS	50	1.53
U.S. Municipal Bonds	Bloomberg Barclays Muni		
Inflation			2.20
Long-Term Expected Rate of Return			4.25

City of Beloit

Notes to Financial Statements

December 31, 2020

Single Discount Rate

A single discount rate of 2.87 percent was used to measure the total OPEB liability. The Plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the Total OPEB Liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payment to the extent that the plan's fiduciary net position is projected to be insufficient.

Sensitivity of the City and CDA's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the City and CDA's proportionate share of the net OPEB liability calculated using the discount rate of 2.87 percent, as well as what the City and CDA's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.87 percent) or 1-percentage-point higher (3.87 percent) than the current rate:

	<u>1% Decrease Discount Rate (1.87%)</u>	<u>Current Discount Rate (2.87%)</u>	<u>1% Increase to Discount Rate (3.87%)</u>
City's proportionate share of the net OPEB liability	\$ 2,600,373	\$ 1,886,753	\$ 1,337,557
CDA's proportionate share of the net OPEB liability	\$ 71,791	\$ 48,567	\$ 36,927

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in separately issued financial statements available at <http://etf.wi.gov/publications/cafr.htm>.

For the year ended December 31, 2020, the City and CDA recognized an aggregate OPEB expense of \$6,977,227.

City of Beloit

Notes to Financial Statements

December 31, 2020

Bond Covenant Disclosures

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 stormwater 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.

	<u>Water - 2020</u>	<u>Sewer - 2020</u>	<u>Stormwater - 2020</u>
Operating revenues	\$ 6,013,155	\$ 8,107,787	\$ 1,163,345
Investment income	57,401	173,099	17,227
Operating expenses excluding depreciation	<u>(2,410,740)</u>	<u>(6,256,912)</u>	<u>(762,962)</u>
Defined earnings	<u>\$ 3,659,816</u>	<u>\$ 2,023,974</u>	<u>\$ 417,610</u>
Annual debt service on revenue bonds	\$ 2,302,232	\$ 466,091	\$ 101,550
Coverage factor	<u>x 1.25</u>	<u>x 1.10</u>	<u>x 1.25</u>
Required net earnings	<u>\$ 2,877,790</u>	<u>\$ 512,700</u>	<u>\$ 126,938</u>

Tax Abatement

Tax abatements are a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

The City, through its Tax Incremental Financing Districts (TID) Nos. 10 and 11, has entered into tax abatement agreements with developers in the form of tax incremental financing incentive payments to stimulate economic development. The abatements are authorized through the TID project plans. The developers pay property taxes as they become due, and after meeting the criteria established in the development agreements, are entitled to future incentive payments that directly correlate to the taxes paid.

<u>Agreement Description</u>	<u>Calculation Method</u>	<u>Developer Commitment</u>	<u>2020 Payments</u>
TIF 10	20%	Construction of improvements	\$ 23,576
TIF 10	35%	Construction of improvements	381,603
TIF 10	35%	Construction of improvements	30,076
TIF 10	35%	Construction of improvements	37,942
TIF 10	35%	Construction of improvements	155,886
TIF 10	25%	Construction of improvements	14,585
TIF 11	25%	Construction of improvements	35,722

Subsequent Events

On February 26, 2021, the City paid off the TIF District No. 10 lease with the CDA. The total payment was for \$2,507,152 which consisted of \$87,337 in interest, \$3,155,000 in principal and \$735,185 in reserve funds applied towards the payment.

On April 8, 2021, the City issued General Obligation Promissory Notes in the amount of \$1,120,000. The amount will be used to finance projects in the City's Capital Improvement Program.

On April 8, 2021, the City issued General Obligation Corporate Refunding Bonds in the amount of \$12,940,000. A portion of the amount will be used to refund multiple prior issuances with the remaining amounts being used to finance projects in the City's Capital Improvement Program.

The federal government passed the American Rescue Plan Act on March 11, 2021 to respond to the COVID-19 public health emergency and its negative economic impacts. Amounts were appropriated for fiscal year 2021 to units of local government to mitigate the fiscal effects stemming from the public health emergency. The City's estimated award is \$16.2M, which will be used to combat the negative effects of the public health emergency in the local economy. The City received 50% of the funds in 2021, with the remaining expected a year later. The funds are to cover costs incurred by December 31, 2024.

Effect of New Accounting Standards on Current-Period Financial Statements

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

- Statement No. 87, *Leases*
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- Statement No. 91, *Conduit Debt Obligations*
- Statement No. 92, *Omnibus*
- Statement No. 93, *Replacement of Interbank Offered Rates*
- Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*
- Statement No. 96, *Subscription-Based Information Technology Arrangements*
- Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a suppression of GASB Statement No. 32*

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

Year Ended December 31, 2020

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Taxes			
Current levy	\$ 8,182,671	\$ 8,303,092	\$ 120,421
Mobile home taxes	12,000	10,901	(1,099)
Payment in lieu of taxes, housing authority	-	20,068	20,068
Motel tax	195,000	168,793	(26,207)
Total taxes	<u>8,389,671</u>	<u>8,502,854</u>	<u>113,183</u>
			-
Intergovernmental			
Routes to recovery	-	657,243	657,243
Shared aidable revenue	16,148,763	16,150,695	1,932
Fire distribution fee	68,930	77,919	8,989
Expenditure restraint payment	642,764	642,764	-
State highway aids	1,687,746	1,676,858	(10,888)
State aid - connecting streets	265,592	264,931	(661)
Motor vehicle registration	575,000	545,796	(29,204)
Municipal service payment	16,769	14,361	(2,408)
Computer exemption aid	584,559	583,906	(653)
Other state payments	105,650	105,650	-
Total intergovernmental revenues	<u>20,095,773</u>	<u>20,720,123</u>	<u>624,350</u>
Licenses and Permits			
Licenses			
Liquor - malt permits	59,185	56,036	(3,149)
Cable TV	400,000	405,521	5,521
Other licenses	27,247	11,321	(15,926)
Total licenses	<u>486,432</u>	<u>472,878</u>	<u>(13,554)</u>
Permits			
Construction permits	214,200	317,000	102,800
Other permits	77,025	48,412	(28,613)
Underground storage tank inspection	2,600	4,316	1,716
Total permits	<u>293,825</u>	<u>369,728</u>	<u>75,903</u>
Total licenses and permits	<u>780,257</u>	<u>842,606</u>	<u>62,349</u>
Fines, Forfeitures and Penalties			
Municipal court costs	130,000	87,958	(42,042)
Nontraffic fines	270,000	150,191	(119,809)
Traffic fines	150,000	112,013	(37,987)
Parking fines	200,000	79,146	(120,854)
Penalties on taxes	96,000	85,767	(10,233)
Other	55,240	48,302	(6,938)
Total fines, forfeitures and penalties	<u>901,240</u>	<u>563,377</u>	<u>(337,863)</u>

City of Beloit

Schedule of Revenues and Other Financing Sources

Budget and Actual - General Fund

Year Ended December 31, 2020

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Fees and Service Charges			
Animal shelter	\$ 10,700	\$ 10,795	\$ 95
Recreation			
Other recreation	219,806	25,215	(194,591)
Telfer Park and Rivercenter	136,812	72,185	(64,627)
Swimming pool	70,642	10,020	(60,622)
Total recreation	<u>427,260</u>	<u>107,420</u>	<u>(319,840)</u>
Other General Revenue			
Fire inspection fees	133,390	138,862	5,472
Property transfer certificates	20,650	22,210	1,560
In-house fees	40,450	118	(40,332)
Hazardous material response	20,000	2,788	(17,212)
Donations and miscellaneous	170,635	93,656	(76,979)
Nutrition coordinator	11,762	9,225	(2,537)
Recoveries from city	100,000	13,227	(86,773)
Miscellaneous police revenues	102,000	83,393	(18,607)
Total other general revenue	<u>598,887</u>	<u>363,479</u>	<u>(235,408)</u>
Total fees and service charges	<u>1,036,847</u>	<u>481,694</u>	<u>(555,153)</u>
Rent	<u>48,666</u>	<u>59,006</u>	<u>10,340</u>
Investment Income	<u>600,794</u>	<u>420,101</u>	<u>(180,693)</u>
Other	<u>51,390</u>	<u>104,531</u>	<u>53,141</u>
Total revenues	<u>31,904,638</u>	<u>31,694,292</u>	<u>(210,346)</u>
Other Financing Sources			
Sale of city property	101,000	-	(101,000)
Transfers in - tax equivalent	840,000	795,950	(44,050)
Total other financing sources	<u>941,000</u>	<u>795,950</u>	<u>(145,050)</u>
Total revenues and other financing sources	<u>\$ 32,845,638</u>	<u>\$ 32,490,242</u>	<u>\$ (355,396)</u>

City of Beloit

Schedule of Expenditures and Other Financing Uses

Budget and Actual - General Fund

Year Ended December 31, 2020

Current Expenditures	Original and Final Budget	Actual	Variance
General Government			
City Council, Manager, Attorney:			
Council	\$ 50,644	\$ 49,885	\$ 759
City manager	373,281	379,139	(5,858)
City attorney	702,442	641,375	61,067
Total City Council, Manager and Attorney	<u>1,126,367</u>	<u>1,070,399</u>	<u>55,968</u>
Finance and Administrative Services:			
Personnel and labor relations	239,265	169,757	69,508
Municipal court	386,115	313,080	73,035
Computer information systems	753,460	696,182	57,278
Records and elections	389,435	436,144	(46,709)
Property appraisal	226,562	111,803	114,759
Accounting	300,033	283,804	16,229
Financial management	224,598	222,085	2,513
Licenses and permits	861,079	89,777	771,302
Insurance	352,586	352,587	(1)
City hall operation	110	228	(118)
Total finance and administrative services	<u>3,733,243</u>	<u>2,675,447</u>	<u>1,057,796</u>
Total general government	<u>4,859,610</u>	<u>3,745,846</u>	<u>1,113,764</u>
Community Development			
City planning	764,761	781,711	(16,950)
Economic development	308,841	281,924	26,917
Code enforcement	315,903	304,951	10,952
Total community development	<u>1,389,505</u>	<u>1,368,586</u>	<u>20,919</u>
Public Safety			
Police Department:			
Staff services	<u>12,472,387</u>	<u>12,360,941</u>	<u>111,446</u>
Total police department	<u>12,472,387</u>	<u>12,360,941</u>	<u>111,446</u>
Fire Department:			
Staff services	543,472	497,869	45,603
Inspection and prevention	343,197	294,217	48,980
Fire fighting and rescue	7,410,970	7,562,167	(151,197)
Total fire department	<u>8,297,639</u>	<u>8,354,253</u>	<u>(56,614)</u>
Total public safety	<u>20,770,026</u>	<u>20,715,194</u>	<u>54,832</u>

City of Beloit

Schedule of Expenditures and Other Financing Uses

Budget and Actual - General Fund

Year Ended December 31, 2020

Current Expenditures	Original and Final Budget	Actual	Variance
Public Works			
DPW engineering:			
DPW administration and engineering	\$ 617,506	\$ 566,291	\$ 51,215
Total DPW engineering	<u>617,506</u>	<u>566,291</u>	<u>51,215</u>
DPW operations:			
Streets and sanitation	2,371,347	2,056,118	315,229
Central stores	<u>48,919</u>	<u>50,374</u>	<u>(1,455)</u>
Total DPW operations	<u>2,420,266</u>	<u>2,106,492</u>	<u>313,774</u>
DPW parks and recreation:			
Parks	1,376,568	1,156,615	219,953
Recreation	402,143	279,799	122,344
Edwards pavilion	190,498	125,537	64,961
Senior center	178,374	126,638	51,736
Rotary river center	18,661	8,088	10,573
Swimming pools	169,693	69,945	99,748
Big Hill park	35,044	20,998	14,046
Buildings and grounds operations	354,520	364,915	(10,395)
Ice Arena	21,200	8,218	12,982
Other summer recreation	<u>42,024</u>	<u>27,880</u>	<u>14,144</u>
Total DPW parks and recreation	<u>2,788,725</u>	<u>2,188,633</u>	<u>600,092</u>
Total public works	<u>5,826,497</u>	<u>4,861,416</u>	<u>965,081</u>
Other Financing Uses			
Transfers out, transit	-	113,572	(113,572)
Total expenditures and other financing uses	<u>\$ 32,845,638</u>	<u>\$ 30,804,614</u>	<u>\$ 2,041,024</u>

City of Beloit

Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - TIF District No. 10 (Major Fund)
Year Ended December 31, 2020

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Taxes	\$ 4,524,242	\$ 4,478,141	\$ (46,101)
Intergovernmental	236,558	362,816	126,258
Investment income	45,200	75,152	29,952
Other	15,774	26,505	10,731
Total revenues	<u>4,821,774</u>	<u>4,942,614</u>	<u>120,840</u>
Expenditures			
Capital Outlay	780,360	871,666	(91,306)
Debt Service			
Principal retirement	1,775,000	864,964	910,036
Interest and fiscal charges	<u>214,800</u>	<u>214,365</u>	<u>435</u>
Total expenditures	<u>2,770,160</u>	<u>1,950,995</u>	<u>819,165</u>
Excess of revenues over expenditures	<u>2,051,614</u>	<u>2,991,619</u>	<u>940,005</u>
Other Financing Uses			
Transfers out	<u>(183,028)</u>	<u>(186,402)</u>	<u>(3,374)</u>
Total other financing uses	<u>(183,028)</u>	<u>(186,402)</u>	<u>(3,374)</u>
Net change in fund balance	1,868,586	2,805,217	936,631
Fund Balance, Beginning	<u>3,284,809</u>	<u>3,284,809</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 5,153,395</u>	<u>\$ 6,090,026</u>	<u>\$ 936,631</u>

City of Beloit

Schedule of Proportionate Share of the Net Pension Liability (Asset) (City) -
Wisconsin Retirement System*
Year Ended December 31, 2020

<u>Fiscal Year Ending</u>	<u>Proportion of the Net Pension Liability (Asset)</u>	<u>Proportionate Share of the Net Pension Liability (Asset)</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
12/31/20	0.20668991%	\$ (6,657,574)	\$ 22,763,635	29.25%	102.96%
12/31/19	0.20774611%	7,392,215	22,811,838	-32.41%	96.45%
12/31/18	0.20687123%	(6,142,640)	22,262,379	27.59%	102.93%
12/31/17	0.20990819%	1,730,146	22,509,679	-7.69%	99.12%
12/31/16	0.21082155%	3,425,810	22,671,117	-15.11%	98.20%
12/31/15	0.21069268%	(5,175,189)	23,218,012	22.29%	102.74%

Schedule of Employer Contributions (City) - Wisconsin Retirement System*
Year Ended December 31, 2020

<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>
12/31/20	\$ 2,410,392	\$ 2,410,392	\$ -	\$ 22,125,262	10.89%
12/31/19	2,299,806	2,299,806	-	22,863,161	10.06%
12/31/18	2,307,248	2,307,248	-	22,050,312	10.46%
12/31/17	2,262,544	2,262,544	-	21,196,719	10.67%
12/31/16	2,015,469	2,015,469	-	22,509,679	8.95%
12/31/15	1,979,354	1,979,354	-	22,671,117	8.73%

Schedule of Proportionate Share of the Net Pension Liability (Asset) (CDA) -
Wisconsin Retirement System*
Year Ended December 31, 2020

<u>Fiscal Year Ending</u>	<u>Proportion of the Net Pension Liability (Asset)</u>	<u>Proportionate Share of the Net Pension Liability (Asset)</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
12/31/20	0.00282400%	\$ (98,623)	\$ 337,173	29.25%	102.96%
12/31/19	0.00282161%	100,401	309,830	-32.41%	96.45%
12/31/18	0.00280972%	(83,429)	302,368	27.59%	102.93%
12/31/17	0.00285097%	23,499	305,726	-7.69%	99.12%
12/31/16	0.00286338%	46,529	307,919	-15.11%	98.20%
12/31/15	0.00286163%	(70,289)	315,347	22.29%	102.74%

Schedule of Employer Contributions (CDA) - Wisconsin Retirement System*
Year Ended December 31, 2020

<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>
12/31/20	\$ 32,934	\$ 32,934	\$ -	\$ 491,552	6.70%
12/31/19	31,236	31,236	-	310,527	10.06%
12/31/18	31,337	31,337	-	299,487	10.46%
12/31/17	30,730	30,730	-	287,894	10.67%
12/31/16	27,374	27,374	-	305,726	8.95%
12/31/15	26,884	26,884	-	307,919	8.73%

*Note: These schedules are intended to show information for ten years; additional years' information will be displayed as it becomes available.

City of Beloit

Schedule of Proportionate Share of the Net Life Insurance OPEB Liability (City)

Local Retiree Life Insurance Fund*

Year Ended December 31, 2020

Fiscal Year Ending	Proportion of the Net OPEB Liability	Proportionate Share of the Net OPEB Liability	Covered Payroll	Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
12/31/20	0.44225000%	\$ 1,886,753	\$ 21,862,974	8.63%	37.58%
12/31/19	0.43184241%	1,114,412	21,271,444	5.24%	48.69%
12/31/18	0.45805147%	1,378,096	19,262,538	7.15%	44.81%

Schedule of Employer Contributions (City) - Local Retiree Life Insurance Fund*

Year Ended December 31, 2020

Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/20	\$ 10,613	\$ 10,613	\$ -	\$ 22,081,159	0.05%
12/31/19	10,507	10,507	-	22,126,703	0.05%
12/31/18	10,073	10,073	-	21,271,444	0.05%

Schedule of Proportionate Share of the Net Life Insurance OPEB Liability (CDA)

Local Retiree Life Insurance Fund*

Year Ended December 31, 2020

Fiscal Year Ending	Proportion of the Net OPEB Liability	Proportionate Share of the Net OPEB Liability	Covered Payroll	Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
12/31/20	0.01230000%	\$ 48,567	\$ 607,932	7.99%	37.58%
12/31/19	0.01198329%	30,924	590,266	5.24%	48.69%
12/31/18	0.01271058%	38,241	534,521	7.15%	44.81%

Schedule of Employer Contributions (CDA) - Local Retiree Life Insurance Fund*

Year Ended December 31, 2020

Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/20	\$ 293	\$ 293	\$ -	\$ 613,999	0.05%
12/31/19	292	292	-	618,920	0.05%
12/31/18	280	280	-	619,073	0.05%

*Note: These schedules are intended to show information for ten years; additional years' information will be displayed as it becomes available.

City of Beloit

Schedule of Changes in Employer's Total OPEB Liability and Related Ratios

Health Insurance

December 31, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability			
Service cost	\$ 1,887,305	\$ 2,015,681	\$ 2,015,681
Interest	3,698,692	3,395,010	3,315,958
Changes of benefit terms	(11,991)	-	-
Differences between expected and actual experience	3,314,366	-	-
Changes of assumptions	10,855,096	(6,534,464)	-
Benefit payments	<u>(2,659,783)</u>	<u>(4,030,284)</u>	<u>(2,115,684)</u>
Net change in total OPEB liability	17,083,685	(5,154,057)	3,215,955
Total OPEB Liability, Beginning	<u>92,853,543</u>	<u>98,007,600</u>	<u>94,791,645</u>
Total OPEB Liability, Ending	<u>\$ 109,937,228</u>	<u>\$ 92,853,543</u>	<u>\$ 98,007,600</u>
Covered-employee payroll	\$ 20,694,825	\$ 20,585,113	\$ 20,585,113
Total OPEB liability as a percentage of covered-employee payroll	531.23%	451.07%	476.11%

Notes to Schedule:

Benefit changes. There were no changes to the benefits.

Changes in assumptions: The discount rate was changed to 2.75% to be reflective of a 20 year GO Bond Buyer Index rate. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Valuation date:

Actuarially determined contribution rates are calculated as of December 31, 2019.

Methods and assumptions used to determine the total OPEB liability:

Actuarial cost method	Entry age normal (level percent of salary)
Amortization method	Average of expected remaining service lives
Amortization period	6 years
Asset valuation method	Market Value
Inflation	2.50 percent
Healthcare cost trend rates	6.50 percent initial, decreasing by .10 percent per year to 5.0 percent and level thereafter
Salary increases	3 percent average
Investment rate of return	N/A
Retirement age	Based upon rates from the December 31, 2018 actuarial valuation for the Wisconsin Retirement System (WRS)
Mortality	Assumed life expectancies were based on the Wisconsin 2018 Mortality Table

The City implemented GASB Statement No. 75 in 2018. Information prior to 2018 is not available.

City of Beloit

Notes to Required Supplementary Information
December 31, 2020

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 2020. 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. The additional information will be displayed as it becomes available.

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

Changes in Assumptions. No significant change in assumptions were noted from the prior year

Local Retiree Life Insurance Fund

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

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

Changes in Benefits: There were no change of benefit terms for any participating employer in LRLIF.

Changes in Assumptions: Several actuarial assumptions changed from the prior year, including the single discount rate, long-term expected rate of return and expected inflation. Please refer to the Actuarial Assumptions section above for additional details.

SUPPLEMENTARY INFORMATION

City of Beloit

Combining Balance Sheet - Nonmajor Governmental Funds
December 31, 2020

	Special Revenue Funds			
	Rental Rehab (WRRP/HOME)	Community Development Block Grant	TIF District No. 8	TIF District No. 9
Assets				
Cash and investments	\$ 279,353	\$ 9,074	\$ 82,748	\$ 30,027
Receivables:				
Taxes	-	-	564,981	176,288
Accounts (net)	-	120	-	44,712
Loans	769,097	1,537,565	-	-
Accrued interest	-	-	-	-
Land contract	-	-	1,315,477	-
Due from other governmental units	11,152	168,413	-	-
Due from component unit	-	-	-	-
Due from other funds	6	-	404	131
Advances to other funds	-	-	-	-
Total assets	<u>\$ 1,059,608</u>	<u>\$ 1,715,172</u>	<u>\$ 1,963,610</u>	<u>\$ 251,158</u>
Liabilities, Deferred Inflows of Resources and Fund Balances (Deficit)				
Liabilities:				
Accounts payable	\$ 10	\$ 8,968	\$ 53	\$ -
Due to other funds	-	79	-	-
Advances from other funds	-	-	500,000	400,000
Total liabilities	<u>10</u>	<u>9,047</u>	<u>500,053</u>	<u>400,000</u>
Deferred inflows of resources:				
Property tax levied for next period	-	-	564,981	176,288
Unavailable revenue	769,097	1,537,565	1,315,477	-
Total deferred inflows of resources	<u>769,097</u>	<u>1,537,565</u>	<u>1,880,458</u>	<u>176,288</u>
Fund balances (deficit):				
Restricted	290,501	168,560	-	-
Assigned	-	-	-	-
Unassigned (deficit)	-	-	(416,901)	(325,130)
Total fund balances (deficit)	<u>290,501</u>	<u>168,560</u>	<u>(416,901)</u>	<u>(325,130)</u>
Total liabilities, deferred inflows of resources and fund balances (deficit)	<u>\$ 1,059,608</u>	<u>\$ 1,715,172</u>	<u>\$ 1,963,610</u>	<u>\$ 251,158</u>

Special Revenue Funds

<u>TIF District No. 11</u>	<u>TIF District No. 12</u>	<u>TIF District No. 13</u>	<u>TIF District No. 14</u>	<u>Fire Multi-Year Grants</u>	<u>DPW Multi-Year Grants</u>	<u>Community Development</u>	<u>Library</u>
\$ 23,955	\$ 309,982	\$ -	\$ 237,999	\$ 6,856	\$ 284,258	\$ 228,039	\$ 598,697
204,502	37,325	1,012,190	113,399	-	26,000	-	1,780,877
-	26,459	-	-	-	-	-	-
-	-	-	-	-	-	37,007	-
-	-	-	-	-	-	-	-
-	-	-	-	-	117,156	151,873	-
-	-	-	-	-	-	165,731	-
150	338	-	260	1	1	5	13
-	-	-	-	-	-	-	-
<u>\$ 228,607</u>	<u>\$ 374,104</u>	<u>\$ 1,012,190</u>	<u>\$ 351,658</u>	<u>\$ 6,857</u>	<u>\$ 427,415</u>	<u>\$ 582,655</u>	<u>\$ 2,379,587</u>
\$ 3,928	\$ -	\$ 2,049	\$ -	\$ -	\$ 49,869	\$ 3,409	\$ 71,222
-	-	660,065	-	-	-	310,338	-
-	-	-	-	-	-	-	-
<u>3,928</u>	<u>-</u>	<u>662,114</u>	<u>-</u>	<u>-</u>	<u>49,869</u>	<u>313,747</u>	<u>71,222</u>
204,502	37,325	1,012,190	113,399	-	26,000	-	1,780,877
-	-	-	-	-	-	37,007	-
<u>204,502</u>	<u>37,325</u>	<u>1,012,190</u>	<u>113,399</u>	<u>-</u>	<u>26,000</u>	<u>37,007</u>	<u>1,780,877</u>
20,177	336,779	-	238,259	6,857	351,546	231,901	527,488
-	-	-	-	-	-	-	-
-	-	(662,114)	-	-	-	-	-
<u>20,177</u>	<u>336,779</u>	<u>(662,114)</u>	<u>238,259</u>	<u>6,857</u>	<u>351,546</u>	<u>231,901</u>	<u>527,488</u>
<u>\$ 228,607</u>	<u>\$ 374,104</u>	<u>\$ 1,012,190</u>	<u>\$ 351,658</u>	<u>\$ 6,857</u>	<u>\$ 427,415</u>	<u>\$ 582,655</u>	<u>\$ 2,379,587</u>

City of Beloit

Combining Balance Sheet - Nonmajor Governmental Funds
December 31, 2020

	Special Revenue Funds			Capital Projects Funds		Total Nonmajor Governmental Funds
	Police	Solid Waste	Perpetual Care	Computer Replacement	Equipment Replacement	
Assets						
Cash and investments	\$ -	\$ 213,556	\$ 2,371,880	\$ 209,969	\$ 4,458,425	\$ 9,344,818
Receivables:						
Taxes	130,000	7,157	-	-	-	4,052,719
Accounts (net)	8,696	452,150	-	-	-	532,137
Loans	-	-	-	-	-	2,343,669
Accrued interest	-	-	15,841	-	18,554	34,395
Land contract	-	-	-	-	-	1,315,477
Due from other governmental units	52,192	-	-	-	-	500,786
Due from component unit	-	-	-	-	-	165,731
Due from other funds	-	-	-	229	38	1,576
Advances to other funds	-	-	-	-	2,005,505	2,005,505
Total assets	<u>\$ 190,888</u>	<u>\$ 672,863</u>	<u>\$ 2,387,721</u>	<u>\$ 210,198</u>	<u>\$ 6,482,522</u>	<u>\$ 20,296,813</u>
Liabilities, Deferred Inflows of Resources and Fund Balances (Deficit)						
Liabilities:						
Accounts payable	\$ 376	\$ 74,454	\$ -	\$ -	\$ 138,919	\$ 353,257
Due to other funds	189,765	963	-	-	-	1,161,210
Advances from other funds	-	-	-	-	-	900,000
Total liabilities	<u>190,141</u>	<u>75,417</u>	<u>-</u>	<u>-</u>	<u>138,919</u>	<u>2,414,467</u>
Deferred inflows of resources:						
Property tax levied for next period	130,000	-	-	-	-	4,045,562
Unavailable revenue	-	-	15,841	-	4,951	3,679,938
Total deferred inflows of resources	<u>130,000</u>	<u>-</u>	<u>15,841</u>	<u>-</u>	<u>4,951</u>	<u>7,725,500</u>
Fund balances (deficit):						
Restricted	-	597,446	2,371,880	-	-	5,141,394
Assigned	-	-	-	210,198	6,338,652	6,548,850
Unassigned (deficit)	(129,253)	-	-	-	-	(1,533,398)
Total fund balances (deficit)	<u>(129,253)</u>	<u>597,446</u>	<u>2,371,880</u>	<u>210,198</u>	<u>6,338,652</u>	<u>10,156,846</u>
Total liabilities, deferred inflows of resources and fund balances (deficit)	<u>\$ 190,888</u>	<u>\$ 672,863</u>	<u>\$ 2,387,721</u>	<u>\$ 210,198</u>	<u>\$ 6,482,522</u>	<u>\$ 20,296,813</u>

City of Beloit

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit) -
 Nonmajor Governmental Funds
 Year Ended December 31, 2020

	Special Revenue Funds			
	Rental Rehab (WRRP/HOME)	Community Development Block Grant	TIF District No. 8	TIF District No. 9
Revenues				
Taxes	\$ -	\$ -	\$ 404,657	\$ 165,938
Intergovernmental	5,359	788,536	355	3,224
Licenses and permits	-	-	-	-
Fees and service charges	-	-	-	-
Investment income (loss)	8,409	18,360	61,374	2,195
Public charges for services	-	-	-	44,712
Other	122,815	149,707	9,504	-
Total revenues	<u>136,583</u>	<u>956,603</u>	<u>475,890</u>	<u>216,069</u>
Expenditures				
Current				
Community development	20,514	1,094,819	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Parks, recreation, and education	-	-	-	-
Capital Outlay	-	-	4,429	4,701
Debt Service				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>20,514</u>	<u>1,094,819</u>	<u>4,429</u>	<u>4,701</u>
Excess (deficiency) of revenues over (under) expenditures	<u>116,069</u>	<u>(138,216)</u>	<u>471,461</u>	<u>211,368</u>
Other Financing Sources (Uses)				
Sale of city property	-	-	62,317	-
Transfers in	-	-	-	225,000
Transfers out	-	-	(211,506)	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(149,189)</u>	<u>225,000</u>
Net change in fund balances	116,069	(138,216)	322,272	436,368
Fund Balances (Deficit), Beginning	<u>174,432</u>	<u>306,776</u>	<u>(739,173)</u>	<u>(761,498)</u>
Fund Balances (Deficit), Ending	<u>\$ 290,501</u>	<u>\$ 168,560</u>	<u>\$ (416,901)</u>	<u>\$ (325,130)</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	Police
\$ 207,010	\$ 37,403	\$ 774,018	\$ 80,094	\$ -	\$ 26,000	\$ -	\$ 1,780,877	\$ 130,000
935	-	39,028	11,345	4,381	224,510	151,870	350,504	283,782
-	-	-	-	-	22,847	-	-	-
-	-	-	-	-	-	-	11,591	-
2,948	4,314	(8,580)	2,869	21	27	1,309	578	118
-	26,459	-	-	-	-	-	49,290	227,095
-	-	-	-	-	7,300	4,961	663,805	-
<u>210,893</u>	<u>68,176</u>	<u>804,466</u>	<u>94,308</u>	<u>4,402</u>	<u>280,684</u>	<u>158,140</u>	<u>2,856,645</u>	<u>640,995</u>
-	-	-	-	-	-	152,521	-	-
-	-	-	-	-	-	-	-	663,925
-	-	-	-	-	249,849	-	-	-
-	-	-	-	-	-	-	2,222,186	-
47,724	3,150	188,111	3,150	-	-	-	593,504	35,154
-	-	80,000	-	-	-	-	-	-
-	-	23,250	-	-	-	-	-	-
<u>47,724</u>	<u>3,150</u>	<u>291,361</u>	<u>3,150</u>	<u>-</u>	<u>249,849</u>	<u>152,521</u>	<u>2,815,690</u>	<u>699,079</u>
<u>163,169</u>	<u>65,026</u>	<u>513,105</u>	<u>91,158</u>	<u>4,402</u>	<u>30,835</u>	<u>5,619</u>	<u>40,955</u>	<u>(58,084)</u>
-	-	-	-	-	-	-	-	-
3,375	-	-	-	-	-	-	-	-
(225,000)	(62,113)	(92,688)	-	-	(10,000)	-	-	-
<u>(221,625)</u>	<u>(62,113)</u>	<u>(92,688)</u>	<u>-</u>	<u>-</u>	<u>(10,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
(58,456)	2,913	420,417	91,158	4,402	20,835	5,619	40,955	(58,084)
<u>78,633</u>	<u>333,866</u>	<u>(1,082,531)</u>	<u>147,101</u>	<u>2,455</u>	<u>330,711</u>	<u>226,282</u>	<u>486,533</u>	<u>(71,169)</u>
<u>\$ 20,177</u>	<u>\$ 336,779</u>	<u>\$ (662,114)</u>	<u>\$ 238,259</u>	<u>\$ 6,857</u>	<u>\$ 351,546</u>	<u>\$ 231,901</u>	<u>\$ 527,488</u>	<u>\$ (129,253)</u>

City of Beloit

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit) -
 Nonmajor Governmental Funds
 Year Ended December 31, 2020

	<u>Special Revenue Funds</u>		<u>Capital Projects Funds</u>		<u>Total Nonmajor Governmental Funds</u>
	<u>Solid Waste</u>	<u>Perpetual Care</u>	<u>Computer Replacement</u>	<u>Equipment Replacement</u>	
Revenues					
Taxes	\$ 14,174	\$ -	\$ -	\$ 333,725	\$ 3,953,896
Intergovernmental	137,353	-	-	-	2,001,182
Licenses and permits	27,393	-	-	-	50,240
Fees and service charges	-	-	-	-	11,591
Investment income (loss)	-	(13,210)	2,771	268,307	351,810
Public charges for services	2,509,265	64,430	-	-	2,921,251
Other	-	-	-	829,654	1,787,746
Total revenues	<u>2,688,185</u>	<u>51,220</u>	<u>2,771</u>	<u>1,431,686</u>	<u>11,077,716</u>
Expenditures					
Current					
Community development	-	-	-	-	1,267,854
Public safety	-	-	-	-	663,925
Public works	2,480,500	-	-	-	2,730,349
Parks, recreation, and education	-	-	-	-	2,222,186
Capital Outlay	-	-	-	580,071	1,459,994
Debt Service					
Principal retirement	-	-	-	-	80,000
Interest and fiscal charges	-	-	-	-	23,250
Total expenditures	<u>2,480,500</u>	<u>-</u>	<u>-</u>	<u>580,071</u>	<u>8,447,558</u>
Excess (deficiency) of revenues over (under) expenditures	<u>207,685</u>	<u>51,220</u>	<u>2,771</u>	<u>851,615</u>	<u>2,630,158</u>
Other Financing Sources (Uses)					
Sale of city property	404	-	-	-	62,721
Transfers in	-	-	-	75,170	303,545
Transfers out	(75,170)	-	-	(333,725)	(1,010,202)
Total other financing sources (uses)	<u>(74,766)</u>	<u>-</u>	<u>-</u>	<u>(258,555)</u>	<u>(643,936)</u>
Net change in fund balances	132,919	51,220	2,771	593,060	1,986,222
Fund Balances (Deficit), Beginning	<u>464,527</u>	<u>2,320,660</u>	<u>207,427</u>	<u>5,745,592</u>	<u>8,170,624</u>
Fund Balances (Deficit), Ending	<u>\$ 597,446</u>	<u>\$ 2,371,880</u>	<u>\$ 210,198</u>	<u>\$ 6,338,652</u>	<u>\$ 10,156,846</u>

City of Beloit

Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - General Debt Service Fund (Major Fund)
Year Ended December 31, 2020

	Original and Final Budget	Actual	Variance
Revenues			
Taxes	\$ 5,250,000	\$ 5,249,998	\$ (2)
Investment income	391	392	1
Total revenues	<u>5,250,391</u>	<u>5,250,390</u>	<u>(1)</u>
Expenditures			
Debt service:			
Principal retirement	4,563,784	4,563,784	-
Interest and fiscal charges	<u>1,404,770</u>	<u>1,470,479</u>	<u>(65,709)</u>
Total expenditures	<u>5,968,554</u>	<u>6,034,263</u>	<u>(65,709)</u>
Deficiency of revenues under expenditures	<u>(718,163)</u>	<u>(783,873)</u>	<u>(65,710)</u>
Other Financing Sources			
Debt premium	234,319	115,550	(118,769)
Transfers in	-	689,651	689,651
Transfers out	<u>-</u>	<u>(3,375)</u>	<u>(3,375)</u>
Total other financing sources	<u>234,319</u>	<u>801,826</u>	<u>567,507</u>
Net change in fund balance	<u>(483,844)</u>	<u>17,953</u>	<u>501,797</u>
Fund Balance, Beginning	<u>1,255,829</u>	<u>1,255,829</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 771,985</u>	<u>\$ 1,273,782</u>	<u>\$ 501,797</u>

City of Beloit

Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Capital Improvements Fund (Major Fund)
Year Ended December 31, 2020

	Original and Final Budget	Actual	Variance
Revenues			
Intergovernmental	\$ 55,000	\$ -	\$ (55,000)
Fines, forfeitures and penalties	144,220	12,998	(131,222)
Special assessments	195,000	317,334	122,334
Investment income	109,500	31,224	(78,276)
Other	305,198	32,500	(272,698)
Total revenues	<u>808,918</u>	<u>394,056</u>	<u>(414,862)</u>
Expenditures			
Capital outlay	7,356,374	7,140,903	215,471
Debt service			
Interest and fiscal charges	<u>132,180</u>	<u>91,081</u>	<u>41,099</u>
Total expenditures	<u>7,488,554</u>	<u>7,231,984</u>	<u>256,570</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(6,679,636)</u>	<u>(6,837,928)</u>	<u>(158,292)</u>
Other Financing Sources (Uses)			
Debt issued	5,529,656	5,240,000	(289,656)
Debt premium	76,104	-	(76,104)
Sale of city property	20,900	20,832	(68)
Transfers in	-	10,000	10,000
Transfers out	<u>-</u>	<u>(136,942)</u>	<u>(136,942)</u>
Total other financing sources (uses)	<u>5,626,660</u>	<u>5,133,890</u>	<u>(492,770)</u>
Net change in fund balance	(1,052,976)	(1,704,038)	(651,062)
Fund Balance, Beginning	<u>9,309,831</u>	<u>9,309,831</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 8,256,855</u>	<u>\$ 7,605,793</u>	<u>\$ (651,062)</u>

City of Beloit

Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Rental Rehab (WRRP/Home) Fund
Year Ended December 31, 2020

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Intergovernmental	\$ 5,360	\$ 5,359	\$ (1)
Investment income	8,410	8,409	(1)
Other	<u>122,816</u>	<u>122,815</u>	<u>(1)</u>
Total revenues	<u>136,586</u>	<u>136,583</u>	<u>(3)</u>
Expenditures			
Current:			
Community development	<u>175,000</u>	<u>20,514</u>	<u>154,486</u>
Total expenditures	<u>175,000</u>	<u>20,514</u>	<u>154,486</u>
Net change in fund balance	(38,414)	116,069	154,483
Fund Balance, Beginning	<u>174,432</u>	<u>174,432</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 136,018</u>	<u>\$ 290,501</u>	<u>\$ 154,483</u>

City of Beloit

Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Community Development Block Grant
Year Ended December 31, 2020

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Intergovernmental	\$ 661,300	\$ 788,536	\$ 127,236
Investment income	20,000	18,360	(1,640)
Other	<u>165,000</u>	<u>149,707</u>	<u>(15,293)</u>
Total revenues	<u>846,300</u>	<u>956,603</u>	<u>110,303</u>
Expenditures			
Current:			
Community development	<u>850,400</u>	<u>1,094,819</u>	<u>(244,419)</u>
Total expenditures	<u>850,400</u>	<u>1,094,819</u>	<u>(244,419)</u>
Net change in fund balance	(4,100)	(138,216)	(134,116)
Fund Balance, Beginning	<u>306,776</u>	<u>306,776</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 302,676</u>	<u>\$ 168,560</u>	<u>\$ (134,116)</u>

City of Beloit

Schedule of Revenues, Expenditures and Changes in Fund Balance (Deficit) -

Budget and Actual - TIF District No. 8

Year Ended December 31, 2020

	Original and Final Budget	Actual	Variance
Revenues			
Taxes	\$ 405,000	\$ 404,657	\$ (343)
Intergovernmental	355	355	-
Investment income	61,375	61,374	(1)
Other	9,500	9,504	4
Total revenues	<u>476,230</u>	<u>475,890</u>	<u>(340)</u>
Expenditures			
Capital outlay	<u>12,500</u>	<u>4,429</u>	<u>8,071</u>
Total expenditures	<u>12,500</u>	<u>4,429</u>	<u>8,071</u>
Excess of revenues over expenditures	<u>463,730</u>	<u>471,461</u>	<u>7,731</u>
Other Financing Sources (Uses)			
Sale of city property	62,300	62,317	17
Transfers out	<u>(211,500)</u>	<u>(211,506)</u>	<u>(6)</u>
Total other financing sources (uses)	<u>(149,200)</u>	<u>(149,189)</u>	<u>11</u>
Net change in fund balance	314,530	322,272	7,742
Fund Balance (Deficit), Beginning	<u>(739,173)</u>	<u>(739,173)</u>	<u>-</u>
Fund Balance (Deficit), Ending	<u>\$ (424,643)</u>	<u>\$ (416,901)</u>	<u>\$ 7,742</u>

City of Beloit

Schedule of Revenues, Expenditures and Changes in Fund Balance (Deficit) -
Budget and Actual - TIF District No. 9
Year Ended December 31, 2020

	Original and Final Budget	Actual	Variance
Revenues			
Taxes	\$ 166,265	\$ 165,938	\$ (327)
Intergovernmental	3,225	3,224	(1)
Investment income	6,900	2,195	(4,705)
Public charges for services	<u>54,735</u>	<u>44,712</u>	<u>(10,023)</u>
Total revenues	<u>231,125</u>	<u>216,069</u>	<u>(15,056)</u>
Expenditures			
Capital outlay	<u>1,150</u>	<u>4,701</u>	<u>(3,551)</u>
Total expenditures	<u>1,150</u>	<u>4,701</u>	<u>(3,551)</u>
Excess of revenues over expenditures	<u>229,975</u>	<u>211,368</u>	<u>(18,607)</u>
Other Financing Sources (Uses)			
Transfers in	-	225,000	225,000
Transfers out	<u>(30,058)</u>	<u>-</u>	<u>30,058</u>
Total other financing sources (uses)	<u>(30,058)</u>	<u>225,000</u>	<u>255,058</u>
Net change in fund balance	199,917	436,368	236,451
Fund Balance (Deficit), Beginning	<u>(761,498)</u>	<u>(761,498)</u>	<u>-</u>
Fund Balance (Deficit), Ending	<u>\$ (561,581)</u>	<u>\$ (325,130)</u>	<u>\$ 236,451</u>

City of Beloit

Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - TIF District No. 11
Year Ended December 31, 2020

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Taxes	\$ 207,419	\$ 207,010	\$ (409)
Intergovernmental	3,714	935	(2,779)
Investment income	15,600	2,948	(12,652)
	<u>226,733</u>	<u>210,893</u>	<u>(15,840)</u>
Expenditures			
Capital outlay	<u>39,748</u>	<u>47,724</u>	<u>(7,976)</u>
	<u>39,748</u>	<u>47,724</u>	<u>(7,976)</u>
Excess of revenues over expenditures	<u>186,985</u>	<u>163,169</u>	<u>(23,816)</u>
Other Financing Sources (Uses)			
Transfers in	-	3,375	3,375
Transfers out	-	(225,000)	(225,000)
	<u>-</u>	<u>(221,625)</u>	<u>(221,625)</u>
Net change in fund balance	186,985	(58,456)	(245,441)
Fund Balance, Beginning	<u>78,633</u>	<u>78,633</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 265,618</u>	<u>\$ 20,177</u>	<u>\$ (245,441)</u>

City of Beloit

Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - TIF District No. 12
Year Ended December 31, 2020

	Original and Final Budget	Actual	Variance
Revenues			
Taxes	\$ 37,477	\$ 37,403	\$ (74)
Intergovernmental	512	-	(512)
Investment income	4,500	4,314	(186)
Public charges for services	<u>26,307</u>	<u>26,459</u>	<u>152</u>
Total revenues	<u>68,796</u>	<u>68,176</u>	<u>(620)</u>
Expenditures			
Capital outlay	<u>1,250</u>	<u>3,150</u>	<u>(1,900)</u>
Total expenditures	<u>1,250</u>	<u>3,150</u>	<u>(1,900)</u>
Excess of revenues over expenditures	<u>67,546</u>	<u>65,026</u>	<u>(2,520)</u>
Other Financing Uses			
Transfers out	<u>(62,113)</u>	<u>(62,113)</u>	<u>-</u>
Total other financing uses	<u>(62,113)</u>	<u>(62,113)</u>	<u>-</u>
Net change in fund balance	5,433	2,913	(2,520)
Fund Balance, Beginning	<u>333,866</u>	<u>333,866</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 339,299</u>	<u>\$ 336,779</u>	<u>\$ (2,520)</u>

City of Beloit

Schedule of Revenues, Expenditures and Changes in Fund Balance (Deficit) -
Budget and Actual - TIF District No. 13
Year Ended December 31, 2020

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Taxes	\$ 775,546	\$ 774,018	\$ (1,528)
Intergovernmental	11,537	39,028	27,491
Investment income (loss)	<u>-</u>	<u>(8,580)</u>	<u>(8,580)</u>
Total revenues	<u>787,083</u>	<u>804,466</u>	<u>17,383</u>
Expenditures			
Capital outlay	10,000	188,111	(178,111)
Debt service:			
Principal retirement	80,000	80,000	-
Interest and fiscal charges	<u>23,295</u>	<u>23,250</u>	<u>45</u>
Total expenditures	<u>113,295</u>	<u>291,361</u>	<u>(178,066)</u>
Excess of revenues over expenditures	<u>673,788</u>	<u>513,105</u>	<u>(160,683)</u>
Other Financing Uses			
Transfers out	<u>(92,688)</u>	<u>(92,688)</u>	<u>-</u>
Total other financing uses	<u>(92,688)</u>	<u>(92,688)</u>	<u>-</u>
Net change in fund balance	581,100	420,417	(160,683)
Fund Balance (Deficit), Beginning	<u>(1,082,531)</u>	<u>(1,082,531)</u>	<u>-</u>
Fund Balance (Deficit), Ending	<u>\$ (501,431)</u>	<u>\$ (662,114)</u>	<u>\$ (160,683)</u>

City of Beloit

Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - TIF District No. 14
Year Ended December 31, 2020

	Original and Final Budget	Actual	Variance
Revenues			
Taxes	\$ 80,252	\$ 80,094	\$ (158)
Intergovernmental	6,365	11,345	4,980
Investment income	<u>3,100</u>	<u>2,869</u>	<u>(231)</u>
Total revenues	<u>89,717</u>	<u>94,308</u>	<u>4,591</u>
Expenditures			
Capital outlay	<u>1,500</u>	<u>3,150</u>	<u>(1,650)</u>
Total expenditures	<u>1,500</u>	<u>3,150</u>	<u>(1,650)</u>
Net change in fund balance	88,217	91,158	2,941
Fund Balance, Beginning	<u>147,101</u>	<u>147,101</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 235,318</u>	<u>\$ 238,259</u>	<u>\$ 2,941</u>

City of Beloit

Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - DPW Multi-Year Grants
Year Ended December 31, 2020

	Original and Final Budget	Actual	Variance
Revenues			
Taxes	\$ 26,000	\$ 26,000	\$ -
Intergovernmental	219,650	224,510	4,860
Licenses and permits	-	22,847	22,847
Investment income	-	27	27
Other	-	7,300	7,300
	<u>245,650</u>	<u>280,684</u>	<u>35,034</u>
Total revenues			
	<u>245,650</u>	<u>280,684</u>	<u>35,034</u>
Expenditures			
Current:			
Public works	<u>245,650</u>	<u>249,849</u>	<u>(4,199)</u>
Total expenditures	<u>245,650</u>	<u>249,849</u>	<u>(4,199)</u>
Excess of revenues over expenditures	<u>-</u>	<u>30,835</u>	<u>30,835</u>
Other Financing Uses			
Transfers out	<u>-</u>	<u>(10,000)</u>	<u>(10,000)</u>
Total other financing uses	<u>-</u>	<u>(10,000)</u>	<u>(10,000)</u>
Net change in fund balance	-	20,835	20,835
Fund Balance, Beginning	<u>330,711</u>	<u>330,711</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 330,711</u>	<u>\$ 351,546</u>	<u>\$ 20,835</u>

City of Beloit

Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Library
Year Ended December 31, 2020

	Original and Final Budget	Actual	Variance
Revenues			
Taxes	\$ 1,780,895	\$ 1,780,877	\$ (18)
Intergovernmental	301,763	350,504	48,741
Fees and service charges	30,000	11,591	(18,409)
Investment income	2,200	578	(1,622)
Public charges for services	216,841	49,290	(167,551)
Other	38,200	663,805	625,605
	<u>2,369,899</u>	<u>2,856,645</u>	<u>486,746</u>
Total revenues			
	<u>2,369,899</u>	<u>2,856,645</u>	<u>486,746</u>
Expenditures			
Current:			
Parks, recreation and education	2,369,899	2,222,186	147,713
Capital outlay	-	593,504	(593,504)
	<u>2,369,899</u>	<u>2,815,690</u>	<u>(445,791)</u>
Total expenditures			
	<u>2,369,899</u>	<u>2,815,690</u>	<u>(445,791)</u>
Net change in fund balance	-	40,955	40,955
Fund Balance, Beginning	<u>486,533</u>	<u>486,533</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 486,533</u>	<u>\$ 527,488</u>	<u>\$ 40,955</u>

City of Beloit

Schedule of Revenues, Expenditures and Changes in Fund Balance (Deficit) -
Budget and Actual - Police
Year Ended December 31, 2020

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Taxes	\$ 40,000	\$ 130,000	\$ 90,000
Intergovernmental	307,597	283,782	(23,815)
Investment income	150	118	(32)
Public charges for services	<u>345,000</u>	<u>227,095</u>	<u>(117,905)</u>
Total revenues	<u>692,747</u>	<u>640,995</u>	<u>(51,752)</u>
Expenditures			
Current:			
Public safety	671,943	663,925	8,018
Capital outlay	<u>-</u>	<u>35,154</u>	<u>(35,154)</u>
Total expenditures	<u>671,943</u>	<u>699,079</u>	<u>(27,136)</u>
Net change in fund balance	20,804	(58,084)	(78,888)
Fund Balance (Deficit), Beginning	<u>(71,169)</u>	<u>(71,169)</u>	<u>-</u>
Fund Balance (Deficit), Ending	<u><u>\$ (50,365)</u></u>	<u><u>\$ (129,253)</u></u>	<u><u>\$ (78,888)</u></u>

City of Beloit

Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Solid Waste
Year Ended December 31, 2020

	Original and Final Budget	Actual	Variance
Revenues			
Taxes	\$ -	\$ 14,174	\$ 14,174
Intergovernmental	137,000	137,353	353
Licenses and permits	-	27,393	27,393
Public charges for services	<u>2,617,710</u>	<u>2,509,265</u>	<u>(108,445)</u>
Total revenues	<u>2,754,710</u>	<u>2,688,185</u>	<u>(66,525)</u>
Expenditures			
Current:			
Public works	<u>2,754,710</u>	<u>2,480,500</u>	<u>274,210</u>
Total expenditures	<u>2,754,710</u>	<u>2,480,500</u>	<u>274,210</u>
Excess of revenues over expenditures	<u>-</u>	<u>207,685</u>	<u>207,685</u>
Other Financing Sources (Uses)			
Sale of city property	-	404	404
Transfers out	<u>-</u>	<u>(75,170)</u>	<u>(75,170)</u>
Total other financing sources (uses)	<u>-</u>	<u>(74,766)</u>	<u>(74,766)</u>
Net change in fund balance	-	132,919	132,919
Fund Balance, Beginning	<u>464,527</u>	<u>464,527</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 464,527</u>	<u>\$ 597,446</u>	<u>\$ 132,919</u>

City of Beloit

Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Computer Replacement
Year Ended December 31, 2020

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Investment income	\$ 3,200	\$ 2,771	\$ (429)
Total revenues	<u>3,200</u>	<u>2,771</u>	<u>(429)</u>
Net change in fund balance	3,200	2,771	(429)
Fund Balance, Beginning	<u>207,427</u>	<u>207,427</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 210,627</u>	<u>\$ 210,198</u>	<u>\$ (429)</u>

City of Beloit

Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Equipment Replacement Fund
Year Ended December 31, 2020

	Original and Final Budget	Actual	Variance
Revenues			
Taxes	\$ -	\$ 333,725	\$ 333,725
Investment income	116,500	268,307	151,807
Other	<u>986,000</u>	<u>829,654</u>	<u>(156,346)</u>
Total revenues	<u>1,102,500</u>	<u>1,431,686</u>	<u>329,186</u>
Expenditures			
Capital outlay	<u>511,575</u>	<u>580,071</u>	<u>(68,496)</u>
Total expenditures	<u>511,575</u>	<u>580,071</u>	<u>(68,496)</u>
Excess of revenues over expenditures	<u>590,925</u>	<u>851,615</u>	<u>260,690</u>
Other Financing Sources (Uses)			
Transfers in	-	75,170	75,170
Transfers out	<u>-</u>	<u>(333,725)</u>	<u>(333,725)</u>
Total other financing sources (uses)	<u>-</u>	<u>(258,555)</u>	<u>(258,555)</u>
Net change in fund balance	590,925	593,060	2,135
Fund Balance, Beginning	<u>5,745,592</u>	<u>5,745,592</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 6,336,517</u>	<u>\$ 6,338,652</u>	<u>\$ 2,135</u>

City of Beloit

Combining Statement of Net Position (Deficit) - Nonmajor Proprietary Funds
December 31, 2020

	Enterprise Funds				Totals
	Golf Course	Cemeteries	Ambulance	Transit System	
Assets					
Current assets:					
Cash and investments	\$ 13,432	\$ 61,396	\$ -	\$ 17,128	\$ 91,956
Receivables:					
Taxes	50,000	-	-	47,775	97,775
Customer accounts	1,410	-	931,960	427	933,797
Due from other governmental units	-	-	-	1,773,838	1,773,838
Inventories	-	-	-	158,265	158,265
Total current assets	64,842	61,396	931,960	1,997,433	3,055,631
Noncurrent assets:					
Restricted assets:					
Net pension asset	17,518	4,374	341,601	200,048	563,541
Total restricted assets	17,518	4,374	341,601	200,048	563,541
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	-	4,678,493	5,079,634
Machinery, equipment and vehicles	64,388	43,028	-	5,199,871	5,307,287
Less accumulated depreciation	(990,640)	(153,190)	-	(4,948,890)	(6,092,720)
Total capital assets, net	837,706	367,439	-	5,061,474	6,266,619
Total noncurrent assets	855,224	371,813	341,601	5,261,522	6,830,160
Total assets	920,066	433,209	1,273,561	7,258,955	9,885,791
Deferred Outflows of Resources					
Unamortized loss on advance refunding	-	-	-	524	524
Pension related amounts	47,632	10,444	749,585	456,563	1,264,224
OPEB related amounts, health	453	-	545	5,929	6,927
OPEB related amounts, life	8,076	-	12,131	59,577	79,784
Total deferred outflows of resources	56,161	10,444	762,261	522,593	1,351,459
Liabilities					
Current liabilities:					
Accounts payable	4,095	2,749	22,942	43,963	73,749
Accrued liabilities	-	-	-	1,321	1,321
Due to other funds	-	-	428,538	2,060,114	2,488,652
Compensated absences	12,262	12,718	44,724	85,939	155,643
Current maturities of general obligation debt	5,000	11,056	-	47,775	63,831
Other current liabilities	4,283	-	-	-	4,283
Total current liabilities	25,640	26,523	496,204	2,239,112	2,787,479
Noncurrent liabilities:					
General obligation debt	-	77,199	-	308,655	385,854
Compensated absences	19,989	21,550	-	11,977	53,516
OPEB liability, health	2,091	-	3,554	25,808	31,453
Net OPEB liability, life	20,072	-	29,929	150,539	200,540
Advances from other funds	969,019	223,626	-	-	1,192,645
Total noncurrent liabilities	1,011,171	322,375	33,483	496,979	1,864,008
Total liabilities	1,036,811	348,898	529,687	2,736,091	4,651,487
Deferred Inflows of Resources					
Property tax levied for next period	50,426	-	-	47,656	98,082
Pension related amounts	36,245	12,765	992,943	562,733	1,604,686
OPEB related amounts, health	83	-	141	1,023	1,247
OPEB related amounts, life	3,440	-	5,347	23,059	31,846
Total deferred inflows of resources	90,194	12,765	998,431	634,471	1,735,861
Net Position (Deficit)					
Net investment in capital assets	837,706	364,184	-	4,705,568	5,907,458
Restricted for pension	17,518	4,374	341,601	200,048	563,541
Unrestricted (deficit)	(1,006,002)	(286,568)	166,103	(494,630)	(1,621,097)
Total net position (deficit)	\$ (150,778)	\$ 81,990	\$ 507,704	\$ 4,410,986	\$ 4,849,902

City of Beloit

Combining Statement of Revenues, Expenses and Changes in Net Position (Deficit) -
 Nonmajor Proprietary Funds
 Year Ended December 31, 2020

	Enterprise Funds				Totals
	Golf Course	Cemeteries	Ambulance	Transit System	
Operating Revenues					
Charges for services	\$ 340,821	\$ 160,482	\$ 1,249,096	\$ 66,953	\$ 1,817,352
Other	418	18,333	-	58,891	77,642
Total operating revenues	<u>341,239</u>	<u>178,815</u>	<u>1,249,096</u>	<u>125,844</u>	<u>1,894,994</u>
Operating Expenses					
Operation and maintenance	390,604	296,275	1,355,500	1,887,388	3,929,767
Contractual services	-	-	-	171,693	171,693
Depreciation	5,382	2,017	-	275,593	282,992
Total operating expenses	<u>395,986</u>	<u>298,292</u>	<u>1,355,500</u>	<u>2,334,674</u>	<u>4,384,452</u>
Operating income (loss)	<u>(54,747)</u>	<u>(119,477)</u>	<u>(106,404)</u>	<u>(2,208,830)</u>	<u>(2,489,458)</u>
Nonoperating Revenues (Expenses)					
Intergovernmental revenues	-	-	-	1,766,175	1,766,175
Investment income (loss)	25	85,883	(106)	(331)	85,471
Interest expense (including amortization)	(124)	(2,768)	-	(8,878)	(11,770)
General property taxes	50,000	-	-	112,722	162,722
Total nonoperating revenues (expenses)	<u>49,901</u>	<u>83,115</u>	<u>(106)</u>	<u>1,869,688</u>	<u>2,002,598</u>
Income (loss) before contributions and transfers	<u>(4,846)</u>	<u>(36,362)</u>	<u>(106,510)</u>	<u>(339,142)</u>	<u>(486,860)</u>
Capital contributions	-	-	-	569,738	569,738
Transfers in	-	-	-	447,297	447,297
Change in net position	<u>(4,846)</u>	<u>(36,362)</u>	<u>(106,510)</u>	<u>677,893</u>	<u>530,175</u>
Total Net Position (Deficit), Beginning	<u>(145,932)</u>	<u>118,352</u>	<u>614,214</u>	<u>3,733,093</u>	<u>4,319,727</u>
Total Net Position (Deficit), Ending	<u>\$ (150,778)</u>	<u>\$ 81,990</u>	<u>\$ 507,704</u>	<u>\$ 4,410,986</u>	<u>\$ 4,849,902</u>

City of Beloit

 Combining Statement of Cash Flows
 Nonmajor Proprietary Funds
 Year Ended December 31, 2020

	Enterprise Funds				Totals
	Golf Course	Cemeteries	Ambulance	Transit System	
Cash Flows From Operating Activities					
Received from customers	\$ 342,130	\$ 178,815	\$ 1,101,033	\$ 164,993	\$ 1,786,971
Paid to suppliers for goods and services	(236,329)	(121,010)	(304,941)	(1,076,255)	(1,738,535)
Payments to employees for services	(152,932)	(147,341)	(1,064,439)	(915,693)	(2,280,405)
Net cash provided by operating activities	(47,131)	(89,536)	(268,347)	(1,826,955)	(2,231,969)
Cash Flows From Noncapital Financing Activities					
Operating grants received	-	-	-	599,416	599,416
Property taxes received	50,000	-	-	112,722	162,722
Noncapital interfund/advance	21	17,449	268,453	1,141,989	1,427,912
Net cash provided by noncapital financing activities	50,021	17,449	268,453	1,854,127	2,190,050
Cash Flows From Capital and Related Financing Activities					
Debt retired	(5,000)	(11,028)	-	(37,263)	(53,291)
Interest paid	(124)	(2,768)	-	(8,768)	(11,660)
Proceeds from issuance of new debt	-	-	-	120,000	120,000
Debt issuance costs	-	-	-	96	96
Acquisition and construction of capital assets	-	-	-	(658,977)	(658,977)
Construction grants received	-	-	-	569,738	569,738
Net cash provided (used) by capital and related financing activities	(5,124)	(13,796)	-	(15,174)	(34,094)
Cash Flows From Investing Activities					
Investment income (loss)	25	85,883	(106)	(331)	85,471
Net cash provided by investing activities	25	85,883	(106)	(331)	85,471
Net increase in cash and cash equivalents	(2,209)	-	-	11,667	9,458
Cash and Cash Equivalents, Beginning	15,641	61,396	-	5,461	82,498
Cash and Cash Equivalents, Ending	\$ 13,432	\$ 61,396	\$ -	\$ 17,128	\$ 91,956
Reconciliation of Operating Income (Loss) to Net Cash Flows From Operating Activities					
Operating income (loss)	\$ (54,747)	\$ (119,477)	\$ (106,404)	\$ (2,208,830)	\$ (2,489,458)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:					
Depreciation expense	5,382	2,017	-	275,593	282,992
Change in noncash Components of Working Capital:					
Accounts receivable	1,300	-	(147,723)	41,216	(105,207)
Accounts payable	(2,192)	1,107	(549)	21,094	19,460
Other current liabilities	1,022	26,768	(11,523)	10,445	26,712
OPEB related deferrals and liabilities	1,520	-	2,379	17,300	21,199
Pension related deferrals and assets/liabilities	584	49	(4,527)	16,227	12,333
Net cash flows from operating activities	(47,131)	(89,536)	(268,347)	(1,826,955)	(2,231,969)
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position, Proprietary Funds					
Cash and investments, statement of net position	\$ 13,432	\$ 61,396	\$ -	\$ 17,128	\$ 91,956
Cash and Cash Equivalents, Ending	\$ 13,432	\$ 61,396	\$ -	\$ 17,128	\$ 91,956

Noncash Investing, Capital and Financing Activity

During 2020, there was \$447,297 of advance and interfund forgiven for the transit.

City of Beloit

Enterprise Fund - Beloit Mass Transit
Detailed Schedule of Revenues and Expenses - Regulatory Basis
Year Ended December 31, 2020

	<u>2020</u>
Revenue	
401 - Passenger fares for transit service	\$ 66,953
407 - Non-transportation revenue	
Advertising	16,860
Investment Income	(331)
Rental Income	41,883
Charter and miscellaneous	148 *
409 - Local operating assistance - city levy	112,722
409 - Local operating assistance - inter-government	57,407
411 - State operating assistance	482,050
State paratransit grant	21,718
413 - Federal operating assistance	644,183
CARES Act	560,817
Capital contributions	<u>-</u>
Total revenue	<u>2,004,410</u>
Expenses, by Object Class Total	
501 - Labor	915,693
502 - Fringe benefits	723,262
503 - Services	101,558
504 - Materials and supplies	146,757
505 - Utilities	91,910
506 - Casualty and liability costs	44,765
508 - Purchased transportation services	28,381
509 - Miscellaneous	6,755
509 - Interest expense	8,878
513 - Depreciation	<u>275,593</u>
Total expenses	<u>2,343,552</u>
Excess expenses over revenues for the year	<u>\$ (339,142)</u>

* Contra expense for state subsidy purposes.

City of Beloit

Enterprise Fund - Beloit Mass Transit
 Reconciliation of Revenues and Expenses to WisDOT and Federal
 Recognized Revenues and Expenses
 Year Ended December 31, 2020

	<u>Per WisDOT Guidelines</u>	<u>Per Federal Guidelines</u>
Beloit Revenues	\$ 2,004,410	\$ 2,004,410
Less Unrecognized Revenues		
Advertising Revenue	-	16,860
Charter Revenue	148	148
Investment income	(331)	(331)
Rental income	41,883	41,883
Local Operating Assistance	170,129	170,129
State Operating Assistance	503,768	503,768
Federal Operating Assistance	1,205,000	1,205,000
Capital Contributions	1 -	-
Adjusted revenues	<u>\$ 83,813</u>	<u>\$ 66,953</u>
Total Expenses	\$ 2,343,552	\$ 2,343,552
Less Nonrecognized Expenses		
Interest	8,878	8,878
Depreciation	275,593	275,593
Less Contra Expenses		
Charter Revenue	148	148
State Paratransit Assistance	21,718	21,718
Capital Contributions for Operating Expenses	2 -	-
Recognized expenses	<u>\$ 2,037,215</u>	<u>\$ 2,037,215</u>
Recognized earnings (deficits)	<u>\$ (1,953,402)</u>	<u>\$ (1,970,262)</u>
1 - Capital contributions - assets capitalized	\$ -	
Capital contributions - expensed	-	
Total capital contributions	<u>-</u>	
2 - Capital contributions - expensed	-	
Federal share	80%	
Federal and local share of expenses	<u>\$ -</u>	

City of Beloit

Enterprise Fund - Beloit Mass Transit
Computation of the Deficit Distribution Among the Subsidy Grantors
Year Ended December 31, 2020

State Funds		
WisDOT Contract Amount		<u>\$ 482,050</u>
Local Operating Subsidy	<u>\$ 170,129</u>	
5 Times Operating Subsidy		<u>\$ 850,645</u>
WisDOT Recognized Deficit	<u>\$ 1,953,402</u>	
Federal Share of Operating Assistance	<u>\$ 644,183</u>	
Remaining State Share of Deficit		<u>\$ 1,309,219</u>
WisDOT Recognized Expenses	<u>\$ 2,037,215</u>	
Maximum State and Federal Operating Assistance	60.00%	
	<u>\$ 1,222,329</u>	
Federal Share of Operating Assistance	<u>\$ 644,183</u>	
Remaining State Share of Operating Assistance		<u>\$ 578,146</u>
State Share – Least of the Five		<u>\$ 482,050</u>
Federal Section 9 Funds		
Federally Recognized Deficit	<u>\$ 1,970,262</u>	
50% of Federal Deficit		<u>\$ 985,131</u>
Federal Recognized Deficit	<u>\$ 1,970,262</u>	
Less: State share	<u>482,050</u>	
Local Share		<u>\$ 1,488,212</u>
Maximum Federal Share Per Grant Award		<u>\$ 644,183</u>
Federal Section 9 Share – Least of the Three		<u>\$ 644,183</u>

City of Beloit

Combining Statement of Net Position (Deficit) - Internal Service Funds
December 31, 2020

	<u>Equipment Operations</u>	<u>General Liability Insurance</u>	<u>Health Insurance</u>	<u>Retiree Health Insurance</u>	<u>Totals</u>
Assets					
Current assets:					
Cash and investments	\$ 90,874	\$ 699,232	\$ 2,893,536	\$ -	\$ 3,683,642
Accounts receivable	18,636	56,098	85,395	22,725	182,854
Total current assets	<u>109,510</u>	<u>755,330</u>	<u>2,978,931</u>	<u>22,725</u>	<u>3,866,496</u>
Noncurrent assets:					
Restricted assets:					
Net pension asset	52,277	14,454	2,551	-	69,282
Deposit with risk pool	-	1,575,475	-	-	1,575,475
Total restricted assets	<u>52,277</u>	<u>1,589,929</u>	<u>2,551</u>	<u>-</u>	<u>1,644,757</u>
Capital assets:					
Machinery, equipment and vehicles	67,165	-	-	-	67,165
Less accumulated depreciation	(63,340)	-	-	-	(63,340)
Net capital assets	<u>3,825</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,825</u>
Total noncurrent assets	<u>56,102</u>	<u>1,589,929</u>	<u>2,551</u>	<u>-</u>	<u>1,648,582</u>
Total assets	<u>165,612</u>	<u>2,345,259</u>	<u>2,981,482</u>	<u>22,725</u>	<u>5,515,078</u>
Deferred Outflows of Resources					
Pension related amounts	127,477	31,107	13,444	-	172,028
OPEB related amounts, life	19,506	1,771	443	-	21,720
Total deferred outflows of resources	<u>146,983</u>	<u>32,878</u>	<u>13,887</u>	<u>-</u>	<u>193,748</u>
Liabilities					
Current liabilities:					
Accounts payable	36,000	2,443	11,022	-	49,465
Due to other funds	233	-	-	-	233
Claims payable	-	47,225	1,327,060	-	1,374,285
Total current liabilities	<u>36,233</u>	<u>49,668</u>	<u>1,338,082</u>	<u>-</u>	<u>1,423,983</u>
Noncurrent liabilities:					
Net OPEB liability, life	49,104	4,302	358	-	53,764
Advances from other funds	-	-	-	1,781,879	1,781,879
Total noncurrent liabilities	<u>49,104</u>	<u>4,302</u>	<u>358</u>	<u>1,781,879</u>	<u>1,835,643</u>
Total liabilities	<u>85,337</u>	<u>53,970</u>	<u>1,338,440</u>	<u>1,781,879</u>	<u>3,259,626</u>
Deferred Inflows of Resources					
Pension related amounts	159,180	44,985	13,514	-	217,679
OPEB related amounts, life	7,924	834	901	-	9,659
Deferred inflows of resources	<u>167,104</u>	<u>45,819</u>	<u>14,415</u>	<u>-</u>	<u>227,338</u>
Net Position (Deficit)					
Net investment in capital assets	3,825	-	-	-	3,825
Restricted for pension	52,277	14,454	2,551	-	69,282
Unrestricted (deficit)	4,052	2,263,894	1,639,963	(1,759,154)	2,148,755
Total net position (deficit)	<u>\$ 60,154</u>	<u>\$ 2,278,348</u>	<u>\$ 1,642,514</u>	<u>\$ (1,759,154)</u>	<u>\$ 2,221,862</u>

City of Beloit

Combining Statement of Revenues, Expenses and Changes in Net Position (Deficit) -

Internal Service Funds

Year Ended December 31, 2020

	<u>Equipment Operations</u>	<u>General Liability Insurance</u>	<u>Health Insurance</u>	<u>Retiree Health Insurance</u>	<u>Totals</u>
Operating Revenues					
Charges for services	\$ 920,516	\$ 1,761,828	\$ 7,881,144	\$ 2,945,829	\$ 13,509,317
Other	75	-	-	-	75
Total operating revenues	<u>920,591</u>	<u>1,761,828</u>	<u>7,881,144</u>	<u>2,945,829</u>	<u>13,509,392</u>
Operating Expenses					
Operation and maintenance	979,305	891,514	5,280,226	2,094,168	9,245,213
Contractual services	<u>17,856</u>	<u>595,699</u>	<u>-</u>	<u>-</u>	<u>613,555</u>
Total operating expenses	<u>997,161</u>	<u>1,487,213</u>	<u>5,280,226</u>	<u>2,094,168</u>	<u>9,858,768</u>
Operating income (loss)	(76,570)	274,615	2,600,918	851,661	3,650,624
Total Net Position (Deficit), Beginning	<u>136,724</u>	<u>2,003,733</u>	<u>(958,404)</u>	<u>(2,610,815)</u>	<u>(1,428,762)</u>
Total Net Position (Deficit), Ending	<u>\$ 60,154</u>	<u>\$ 2,278,348</u>	<u>\$ 1,642,514</u>	<u>\$ (1,759,154)</u>	<u>\$ 2,221,862</u>

City of Beloit

 Combining Statement of Cash Flows
 Internal Service Funds
 Year Ended December 31, 2020

	<u>Equipment Operations</u>	<u>General Liability Insurance</u>	<u>Health Insurance</u>	<u>Retiree Health Insurance</u>	<u>Totals</u>
Cash Flows From Operating Activities					
Received from customers	\$ 921,004	\$ 1,733,695	\$ 7,848,978	\$ 2,953,759	\$ 13,457,436
Paid to suppliers for goods and services	(565,886)	(1,429,921)	(5,505,164)	(2,094,169)	(9,595,140)
Payments to employees for services	(420,686)	(130,537)	-	-	(551,223)
Net cash provided (used) by operating activities	<u>(65,568)</u>	<u>173,237</u>	<u>2,343,814</u>	<u>859,590</u>	<u>3,311,073</u>
Cash Flows From Noncapital Financing Activities					
Noncapital interfund/advance repayment	-	-	-	(859,590)	(859,590)
Net cash used by noncapital financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>(859,590)</u>	<u>(859,590)</u>
Net increase (decrease) in cash and cash equivalents	(65,568)	173,237	2,343,814	-	2,451,483
Cash and Cash Equivalents, Beginning	<u>156,442</u>	<u>525,995</u>	<u>549,722</u>	<u>-</u>	<u>1,232,159</u>
Cash and Cash Equivalents, Ending	<u>\$ 90,874</u>	<u>\$ 699,232</u>	<u>\$ 2,893,536</u>	<u>\$ -</u>	<u>\$ 3,683,642</u>
Reconciliation of Operating Income (Loss) to Net Cash From Operating Activities					
Operating income (loss)	\$ (76,570)	\$ 274,615	\$ 2,600,918	\$ 851,661	\$ 3,650,624
Change in noncash components of working capital					
Accounts receivable	875	(28,093)	(32,162)	7,930	(51,450)
Accounts payable	(4,280)	(11,701)	11,022	(1)	(4,960)
Due to other funds	233	-	-	-	233
OPEB related deferrals and liabilities	6,897	1,113	(2,533)	-	5,477
Pension related deferrals and assets/liabilities	7,277	181	(7,461)	-	(3)
Claims payable	-	(62,878)	(225,970)	-	(288,848)
Net cash flows from operating activities	<u>\$ (65,568)</u>	<u>\$ 173,237</u>	<u>\$ 2,343,814</u>	<u>\$ 859,590</u>	<u>\$ 3,311,073</u>
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position, Internal Service Funds					
Cash and investments, statement of net position	<u>\$ 90,874</u>	<u>\$ 699,232</u>	<u>\$ 2,893,536</u>	<u>\$ -</u>	<u>\$ 3,683,642</u>
Cash and Cash Equivalents, Ending	<u>\$ 90,874</u>	<u>\$ 699,232</u>	<u>\$ 2,893,536</u>	<u>\$ -</u>	<u>\$ 3,683,642</u>

City of Beloit

Combining Statement of Net Position - Community Development Authority
December 31, 2020

	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	\$ 433,059	\$ 410,896	\$ 44,981	\$ 144,639	\$ -	\$ 1,033,575	\$ 186,465	\$ 158,068	\$ 1,378,108	\$ -	\$ 1,378,108
Receivables:											
Accounts	34,284	157	5,911	-	-	40,352	197,289	172,426	410,067	(300,989)	109,078
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	-	-	-	-	685,000	685,000	-	-	685,000	-	685,000
Due from Beloit Apartments Redevelopment, Phase 1, LLC	-	170,338	-	-	-	170,338	-	-	170,338	(170,338)	-
Due from Beloit Apartments Redevelopment, Phase 2, LLC	-	170,654	-	-	-	170,654	-	-	170,654	(170,654)	-
Due from other governmental units	-	11,603	-	-	-	11,603	-	-	11,603	-	11,603
Tax credit fees	-	-	-	-	-	-	38,012	51,306	89,318	-	89,318
Prepaid items	8,201	5,808	-	-	-	14,009	-	585	14,594	-	14,594
Total current assets	475,544	6,149,530	50,892	144,639	685,000	7,505,605	421,766	382,385	8,309,756	(6,022,055)	2,287,701
Noncurrent assets:											
Restricted assets:											
Cash and investments	-	-	-	-	796,679	796,679	336,604	683,849	1,817,132	-	1,817,132
Net pension asset	56,094	39,805	2,724	-	-	98,623	-	-	98,623	-	98,623
Total restricted assets	56,094	39,805	2,724	-	796,679	895,302	336,604	683,849	1,915,755	-	1,915,755
Capital assets:											
Land	-	344,067	70,472	-	-	414,539	420,849	945,397	1,780,785	(1,179,500)	601,285
Land improvements	-	-	-	-	-	-	215,575	397,055	612,630	-	612,630
Buildings	-	145,533	106,106	-	-	251,639	1,540,500	640,000	2,432,139	(975,520)	1,456,619
Building improvements	-	-	-	-	-	-	8,397,386	9,304,835	17,702,221	-	17,702,221
Machinery, equipment, furnishings and vehicles	16,092	175,318	6,500	-	-	197,910	265,998	313,808	777,716	-	777,716
Less accumulated depreciation	(16,092)	(288,526)	(82,508)	-	-	(387,126)	(2,634,244)	(3,425,803)	(6,447,173)	-	(6,447,173)
Total capital assets, net	-	376,392	100,570	-	-	476,962	8,206,064	8,175,292	16,858,318	(2,155,020)	14,703,298
Other assets:											
Lease receivable from primary government	-	-	-	-	2,208,321	2,208,321	-	-	2,208,321	-	2,208,321
Total noncurrent assets	56,094	416,197	103,294	-	3,005,000	3,580,585	8,542,668	8,859,141	20,982,394	(2,155,020)	18,827,374
Total assets	531,638	6,565,727	154,186	144,639	3,690,000	11,086,190	8,964,434	9,241,526	29,292,150	(8,177,075)	21,115,075
Deferred Outflows of Resources											
Pension related amounts	132,700	94,386	12,101	-	-	239,187	-	-	239,187	-	239,187
OPEB related amounts, life	9,871	9,092	655	-	-	19,618	-	-	19,618	-	19,618
Total deferred outflows of resources	142,571	103,478	12,756	-	-	258,805	-	-	258,805	-	258,805
Total assets and deferred outflows of resources	674,209	6,669,205	166,942	144,639	3,690,000	11,344,995	8,964,434	9,241,526	29,550,955	(8,177,075)	21,373,880

City of Beloit

Combining Statement of Net Position - Community Development Authority
December 31, 2020

	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			
Liabilities											
Current liabilities:											
Accounts payable	\$ 1,468	\$ 6,658	\$ 242	\$ -	\$ -	\$ 8,368	\$ 171,810	\$ 174,035	\$ 354,213	\$ (340,992)	\$ 13,221
Accrued liabilities	10,966	25,102	-	-	-	36,068	1,260,757	695,460	1,992,285	-	1,992,285
Due to Beloit Apartments Redevelopment, Phase 1, LLC	-	156,836	-	-	-	156,836	-	-	156,836	(156,836)	-
Due to Beloit Apartments Redevelopment, Phase 2, LLC	-	144,153	-	-	-	144,153	-	-	144,153	(144,153)	-
Due to primary government	-	165,731	-	-	-	165,731	-	-	165,731	-	165,731
Deposits	16,592	5,303	3,803	-	-	25,698	35,150	23,801	84,649	-	84,649
Lease revenue bonds payable	-	-	-	-	685,000	685,000	-	-	685,000	-	685,000
Total current liabilities	29,026	503,783	4,045	-	685,000	1,221,854	1,467,717	893,296	3,582,867	(641,981)	2,940,886
Noncurrent liabilities:											
Compensated absences	23,819	79,882	-	-	-	103,701	-	-	103,701	-	103,701
Mortgage notes payable	-	-	-	-	-	-	2,800,000	2,580,074	5,380,074	(5,380,074)	-
Other notes payable	-	-	-	-	-	-	419,330	321,477	740,807	-	740,807
Net OPEB liability, life	25,824	21,406	1,337	-	-	48,567	-	-	48,567	-	48,567
Lease revenue bonds payable	-	-	-	-	3,005,000	3,005,000	-	-	3,005,000	-	3,005,000
Total noncurrent liabilities	49,643	101,288	1,337	-	3,005,000	3,157,268	3,219,330	2,901,551	9,278,149	(5,380,074)	3,898,075
Total liabilities	78,669	605,071	5,382	-	3,690,000	4,379,122	4,687,047	3,794,847	12,861,016	(6,022,055)	6,838,961
Deferred Inflows of Resources											
Unearned revenue	-	-	500	-	-	500	999,036	-	999,536	-	999,536
Pension related amounts	167,137	117,450	13,307	-	-	297,894	-	-	297,894	-	297,894
OPEB related amounts, life	4,800	2,935	740	-	-	8,475	-	-	8,475	-	8,475
Total deferred inflows of resources	171,937	120,385	14,547	-	-	306,869	999,036	-	1,305,905	-	1,305,905
Net Position											
Net investment in capital assets	-	376,392	100,570	-	-	476,962	8,206,064	8,175,292	16,858,318	(2,155,020)	14,703,298
Restricted for grant programs	25,017	5,527,552	-	-	-	5,552,569	-	-	5,552,569	-	5,552,569
Restricted for pensions	56,094	39,805	2,724	-	-	98,623	-	-	98,623	-	98,623
Unrestricted (deficit)	342,492	-	43,719	144,639	-	530,850	(4,927,713)	(2,728,613)	(7,125,476)	-	(7,125,476)
Total net position	\$ 423,603	\$ 5,943,749	\$ 147,013	\$ 144,639	\$ -	\$ 6,659,004	\$ 3,278,351	\$ 5,446,679	\$ 15,384,034	\$ (2,155,020)	\$ 13,229,014

City of Beloit

Combining Statement of Revenues, Expenses and Changes in Net Position -
 Community Development Authority
 Year Ended December 31, 2020

	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	Apartment Redevelopment Phase 1, LLC	Apartment Redevelopment Phase 2, LLC				
Expenses											
Community development	\$ 3,212,251	\$ 625,771	\$ 73,349	\$ -	\$ -	\$ 3,911,371	\$ 495,752	\$ 673,569	\$ 5,080,692	\$ (339,924)	\$ 4,740,768
Program Revenues											
Charges for services	-	16,789	19,706	-	-	36,495	73,997	134,823	245,315	-	245,315
Operating grants and contributions	3,273,458	632,442	-	-	-	3,905,900	204,566	192,138	4,302,604	(464,724)	3,837,880
Other revenue	-	-	834	-	-	834	49,084	14,575	64,493	-	64,493
Total program revenues	3,273,458	649,231	20,540	-	-	3,943,229	327,647	341,536	4,612,412	(464,724)	4,147,688
Net revenues (expenses)	61,207	23,460	(52,809)	-	-	31,858	(168,105)	(332,033)	(468,280)	(124,800)	(593,080)
General Revenues (Expenses)											
Investment income	679	970	-	-	238,095	239,744	311	667	240,722	-	240,722
Interest and amortization	-	-	-	-	(238,095)	(238,095)	(157,889)	(96,435)	(492,419)	-	(492,419)
Payment to Beloit Apartments Redevelopment, Phase 1, LLC	-	(66,442)	-	-	-	(66,442)	-	-	(66,442)	66,442	-
Payment to Beloit Apartments Redevelopment, Phase 2, LLC	-	(58,358)	-	-	-	(58,358)	-	-	(58,358)	58,358	-
Gain on sale of property	-	-	198,656	-	-	198,656	-	-	198,656	-	198,656
Miscellaneous	26,992	12,567	-	-	-	39,559	(3,250)	(8,361)	27,948	-	27,948
Total general revenues (expenses)	27,671	(111,263)	198,656	-	-	115,064	(160,828)	(104,129)	(149,893)	124,800	(25,093)
Revenues (expenses) before transfers	88,878	(87,803)	145,847	-	-	146,922	(328,933)	(436,162)	(618,173)	-	(618,173)
Transfers in (out)	-	288,121	(288,121)	-	-	-	-	-	-	-	-
Change in net position	88,878	200,318	(142,274)	-	-	146,922	(328,933)	(436,162)	(618,173)	-	(618,173)
Net Position, Beginning	334,725	5,743,431	289,287	144,639	-	6,512,082	3,607,284	5,882,841	16,002,207	(2,155,020)	13,847,187
Net Position, Ending	\$ 423,603	\$ 5,943,749	\$ 147,013	\$ 144,639	\$ -	\$ 6,659,004	\$ 3,278,351	\$ 5,446,679	\$ 15,384,034	\$ (2,155,020)	\$ 13,229,014

City of Beloit

 Combining Statement of Cash Flows - Community Development Authority
 Year Ended December 31, 2020

	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	\$ 75,832	\$ 24,545	\$ 21,046	\$ -	\$ -	\$ 121,423
Paid to suppliers for goods and services	(3,127,399)	(287,994)	(54,840)	-	-	(3,470,233)
Payments to employees for services	(65,714)	(140,461)	(6,986)	-	-	(213,161)
Net cash flows from operating activities	(3,117,281)	(403,910)	(40,780)	-	-	(3,561,971)
Cash Flows From Noncapital Financing Activities						
Governmental grants received	3,273,458	625,780	-	-	-	3,899,238
Paid to LLC's	-	(298,244)	-	-	-	(298,244)
Transfers in (out)	-	288,121	(288,121)	-	-	-
Collections on leases receivable	-	-	-	-	944,964	944,964
Net cash flows from noncapital financing activities	3,273,458	615,657	(288,121)	-	944,964	4,545,958
Cash Flows From Capital and Financing Activities						
Proceeds from sale of property	-	-	318,400	-	-	318,400
Debt retired	-	-	-	-	(1,855,000)	(1,855,000)
Interest paid	-	-	-	-	(238,095)	(238,095)
Net cash flows from capital and related financing activities	-	-	318,400	-	(2,093,095)	(1,774,695)
Cash Flows From Investing Activities						
Investment income	679	970	-	-	238,095	239,744
Net cash flows from investing activities	679	970	-	-	238,095	239,744
Net change in cash and cash equivalents	156,856	212,717	(10,501)	-	(910,036)	(550,964)
Cash and Cash Equivalents, Beginning	276,203	198,179	55,482	144,639	1,706,715	2,381,218
Cash and Cash Equivalents, Ending	\$ 433,059	\$ 410,896	\$ 44,981	\$ 144,639	\$ 796,679	\$ 1,830,254
Reconciliation of Operating Income (Loss) to Net Cash From Operating Activities						
Operating income (loss)	\$ (3,212,251)	\$ (608,982)	\$ (52,803)	\$ -	\$ -	\$ (3,874,036)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities						
Nonoperating income	26,992	12,567	-	-	-	39,559
Depreciation	-	4,161	11,973	-	-	16,134
Change in assets, deferred outflows, liabilities, and deferred inflows						
Accounts receivable	37,729	(1)	2,622	-	-	40,350
Prepaid items	(400)	(273)	-	-	-	(673)
Pension related deferrals and assets/liabilities	4,784	2,975	755	-	-	8,514
OPEB related deferrals and liabilities	2,347	2,278	663	-	-	5,288
Accounts payable and accrued liabilities	12,184	164,353	(1,390)	-	-	175,147
Due to primary government	-	23,604	-	-	-	23,604
Deposits	11,334	(4,592)	(2,600)	-	-	4,142
Net cash provided by operating activities	\$ (3,117,281)	\$ (403,910)	\$ (40,780)	\$ -	\$ -	\$ (3,561,971)
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

136 - 141

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

142 - 146

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

147 - 150

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

151 - 152

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

153 - 155

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)
Fiscal Year

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Governmental activities										
Net investment in capital assets	\$ 32,741,870	\$ 54,274,785	\$ 53,354,535	\$ 55,479,784	\$ 59,758,251	\$ 65,844,049	\$ 67,681,103	\$ 72,490,136	\$ 73,804,277	\$ 78,886,500
Restricted	15,589,925	11,580,550	12,309,637	12,769,533	17,998,995	13,240,969	15,943,566	19,793,501	12,274,022	21,239,849
Unrestricted (deficit)	(5,964,986)	(11,324,043)	(15,825,906)	(20,090,783)	(21,550,970)	(23,910,707)	(31,078,924)	(88,769,431)	(84,540,705)	(92,849,530)
Total governmental activities net position	<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>	<u>\$ 55,174,311</u>	<u>\$ 52,545,745</u>	<u>\$ 3,514,206</u>	<u>\$ 1,537,594</u>	<u>\$ 7,276,819</u>
Business-type activities										
Net investment in capital assets	\$ 63,001,736	\$ 60,323,671	\$ 58,348,338	\$ 57,555,475	\$ 55,645,129	\$ 53,967,808	\$ 52,335,132	\$ 52,474,261	\$ 51,152,284	\$ 50,317,450
Restricted	3,157,163	3,169,002	3,194,991	3,212,483	3,979,871	2,109,432	2,112,303	3,036,621	2,215,301	3,164,341
Unrestricted	9,051,974	10,967,316	10,188,754	10,091,793	10,056,464	12,115,399	13,265,935	11,819,693	13,960,270	16,004,269
Total business-type activities net position	<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>	<u>\$ 68,192,639</u>	<u>\$ 67,713,370</u>	<u>\$ 67,330,575</u>	<u>\$ 67,327,855</u>	<u>\$ 69,486,060</u>
Primary government										
Net investment in capital assets	\$ 89,992,940	\$ 108,794,859	\$ 106,308,162	\$ 107,836,387	\$ 110,826,442	\$ 115,643,805	\$ 116,257,070	\$ 121,614,118	\$ 122,015,168	\$ 126,671,444
Restricted	18,747,088	14,749,552	15,504,628	15,982,016	21,978,866	15,350,401	18,055,869	22,830,122	14,489,323	24,404,190
Unrestricted	8,837,654	5,446,870	(242,441)	(4,800,118)	(6,917,568)	(7,627,256)	(14,053,824)	(73,599,459)	(67,639,042)	(74,312,755)
Total primary government net position	<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>	<u>\$ 123,366,950</u>	<u>\$ 120,259,115</u>	<u>\$ 70,844,781</u>	<u>\$ 68,865,449</u>	<u>\$ 76,762,879</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.

City of Beloit, Wisconsin
Changes in Net Position
Last Ten Fiscal Years
(Accrual basis of accounting)
Fiscal Year

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Expenses										
Governmental activities:										
General government	\$ 820,889	\$ 747,997	\$ 788,296	\$ 772,449	\$ 778,843	\$ 782,031	\$ 1,007,820	\$ 1,199,584	\$ 1,146,064	\$ 1,028,238
Finance and administrative services	9,029,097	4,249,269	4,589,561	4,358,216	5,446,685	6,391,553	6,476,937	7,678,069	5,554,143	2,371,271
Community development	3,978,299	3,593,036	3,271,431	2,143,055	3,029,594	6,574,221	3,266,790	2,949,491	5,810,962	3,137,997
Economic development	336,540	283,643	340,202	355,466	268,874	368,492	420,046	433,082	440,630	403,260
Public safety:										
Police services	14,780,278	15,044,071	15,892,086	15,311,616	15,005,398	15,906,565	15,777,635	13,534,636	14,535,554	15,327,257
Fire services	9,797,889	10,210,826	10,883,679	10,153,177	10,680,264	9,395,681	10,658,395	9,735,744	9,280,506	10,842,510
Public works	12,828,126	16,676,877	15,538,957	16,731,753	13,037,701	16,224,141	14,973,850	16,836,734	17,344,453	11,377,938
Library	2,272,383	2,211,860	2,242,126	2,290,591	2,344,409	2,571,609	2,627,298	2,560,159	2,465,679	1,841,398
Interest and fiscal charges	3,042,878	2,956,048	3,796,706	2,437,125	2,169,801	2,011,442	2,010,600	1,972,300	1,818,478	1,807,465
Total governmental activities	<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>	<u>60,225,735</u>	<u>57,219,371</u>	<u>56,899,799</u>	<u>58,396,469</u>	<u>48,137,334</u>
Business-type activities:										
Water	4,467,294	4,436,025	5,075,698	4,567,804	4,894,535	4,761,331	3,995,317	4,957,318	4,548,386	4,408,316
Sewer	8,019,535	8,445,553	8,739,011	8,820,728	9,206,619	8,873,499	9,012,687	9,168,565	9,292,453	8,963,305
Storm	-	-	-	-	-	998,387	977,034	978,025	952,574	921,231
Other non-major enterprise funds	5,030,578	5,029,201	5,183,296	5,352,057	5,349,522	4,286,233	4,433,774	4,352,889	4,455,228	4,181,005
Total business-type activities	<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>	<u>18,919,450</u>	<u>18,418,812</u>	<u>19,456,797</u>	<u>19,248,641</u>	<u>18,473,857</u>
Total expenses	<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>	<u>\$ 79,145,185</u>	<u>\$ 75,638,183</u>	<u>\$ 76,356,596</u>	<u>\$ 77,645,110</u>	<u>\$ 66,611,191</u>
Program Revenues (see Schedule 3)										
Governmental activities:										
Charges for services:										
General government	\$ 31,670	\$ 35,761	\$ 45,430	\$ 24,937	\$ 49,500	\$ 43,065	\$ 37,381	\$ -	\$ 37,381	\$ -
Finance and administrative services	4,529,164	1,181,472	1,599,407	1,267,188	1,058,211	3,433,164	3,317,896	4,891,235	3,619,505	1,286,489
Community development	180,125	115,177	262,901	270,531	121,212	147,455	91,562	126,459	136,214	135,656
Public safety:										
Police services	1,429,097	1,254,166	1,368,350	1,307,662	1,208,635	970,757	1,111,992	1,108,601	1,137,947	1,529,668
Fire services	1,310	38,329	2,676	49,148	28,248	11,972	40,258	36,032	53,510	24,198
Public works	2,477,014	2,631,861	2,674,811	2,742,229	2,731,862	2,780,201	2,742,428	3,097,658	3,039,585	2,976,547
Library	199,207	188,106	179,073	193,649	226,895	279,608	317,482	444,274	378,531	164,822
Operating grants and contributions	2,640,623	2,212,186	2,083,822	1,352,609	1,054,099	4,147,241	832,304	913,335	787,073	701,704
Capital grants and contributions	507,677	14,404,161	75,722	160,386	172,012	626,960	79,484	1,136,615	445,809	186,786
Total governmental activities	<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>	<u>12,440,423</u>	<u>8,570,787</u>	<u>11,754,209</u>	<u>9,635,555</u>	<u>7,005,870</u>
Business-type activities:										
Charges for services:										
Water	5,428,312	5,812,294	5,542,677	5,465,477	5,496,668	5,507,429	5,873,464	5,883,446	5,888,465	6,013,155
Sewer	6,742,228	6,792,043	6,615,442	6,725,986	6,751,680	7,167,202	7,614,184	7,604,279	7,985,607	8,107,787
Storm	-	-	-	-	-	1,124,771	1,127,563	1,119,715	1,126,622	1,163,345
Other non-major enterprise funds	2,737,877	2,886,428	2,781,660	2,818,869	2,863,402	1,806,460	1,984,177	2,196,587	1,982,109	1,836,103
Operating grants and contributions	-	-	22,439	1,195,763	1,234,243	1,234,089	1,179,413	1,184,400	1,169,143	1,766,175
Capital grants and contributions	27,386	32,203	147,573	734,718	68,837	6,490	59,245	91,647	780,970	1,396,793
Total business-type activities	<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>	<u>16,846,441</u>	<u>17,838,046</u>	<u>18,080,074</u>	<u>18,932,916</u>	<u>20,283,358</u>
Total revenues	<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>	<u>\$ 29,286,864</u>	<u>\$ 26,408,833</u>	<u>\$ 29,834,283</u>	<u>\$ 28,568,471</u>	<u>\$ 27,289,228</u>
Net (expense)/revenue										
Governmental activities	\$ (44,890,492)	\$ (33,912,408)	\$ (49,050,852)	\$ (47,185,109)	\$ (46,110,895)	\$ (47,785,312)	\$ (48,648,584)	\$ (45,145,590)	\$ (48,760,914)	\$ (41,131,464)
Business-type activities	(2,581,604)	(2,387,811)	(3,888,214)	(1,799,776)	(3,035,846)	(2,073,009)	(580,766)	(1,376,723)	(315,725)	1,809,501
Total net expense	<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>	<u>\$ (49,858,321)</u>	<u>\$ (49,229,350)</u>	<u>\$ (46,522,313)</u>	<u>\$ (49,076,639)</u>	<u>\$ (39,321,963)</u>

(continued)

City of Beloit, Wisconsin
Changes in Net Position
Last Ten Fiscal Years
(Accrual basis of accounting)
Fiscal Year

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
General revenues										
Governmental activities:										
Taxes										
Property taxes, levied for general purposes	\$ 6,170,168	\$ 6,167,786	\$ 6,794,942	\$ 6,867,316	\$ 6,886,366	\$ 7,080,809	\$ 7,246,136	\$ 7,631,364	\$ 7,852,636	\$ 8,303,092
Property taxes, levied for debt service	4,573,523	4,873,523	4,445,195	4,787,927	4,800,000	4,769,154	4,850,000	4,849,994	5,250,052	5,249,998
Property taxes, levied for other	8,555,227	9,117,555	9,600,907	8,885,545	9,077,710	9,625,284	9,673,138	10,236,771	8,648,331	8,417,863
Other taxes	561,291	567,650	658,072	591,020	668,830	724,441	660,550	628,669	713,589	629,104
Intergovernmental revenues not restricted to specific programs	21,957,459	21,707,260	20,511,649	21,961,045	22,177,385	21,936,614	21,686,774	21,637,351	21,565,462	21,374,359
Public gifts and/or grants										
Investment income	986,271	1,163,493	(384,380)	972,002	262,851	292,699	205,821	621,267	1,099,877	794,254
Gain (loss) on sale of property	20,672	52,738	65,842	214,055	35,026	961,838	1,650	760	2,763	-
Miscellaneous	1,661,285	1,651,813	1,835,433	1,237,121	882,350	974,468	858,406	1,067,892	836,528	1,888,360
Transfers	(690,285)	775,073	830,166	(10,654)	633,315	388,040	837,543	(98,359)	815,064	213,659
Total general revenues and transfers	<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>	<u>46,753,347</u>	<u>46,020,018</u>	<u>46,575,709</u>	<u>46,784,302</u>	<u>46,870,689</u>
Business-type activities:										
Taxes	567,256	537,256	554,367	612,481	662,833	662,833	662,833	634,719	610,019	162,722
Intergovernmental revenues not restricted to specific programs	1,194,315	1,154,514	1,163,443	-	-	-	-	-	-	-
Investment income	529,770	592,441	343,408	299,078	281,989	265,580	266,130	453,836	518,050	333,198
Miscellaneous	14,261	-	-	-	-	-	-	-	-	66,443
Gain (loss) on sale of property	-	127,789	(70,744)	5,231	8,968	43,811	10,077	11,083	-	-
Transfers	690,285	(775,073)	(830,166)	10,654	(633,315)	(388,040)	(837,543)	98,359	(815,064)	(213,659)
Total business-type activities	<u>2,995,887</u>	<u>1,636,927</u>	<u>1,160,308</u>	<u>927,444</u>	<u>320,475</u>	<u>584,184</u>	<u>101,497</u>	<u>1,197,997</u>	<u>313,005</u>	<u>348,704</u>
Total primary government	<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>	<u>\$ 47,337,531</u>	<u>\$ 46,121,515</u>	<u>\$ 47,773,706</u>	<u>\$ 47,097,307</u>	<u>\$ 47,219,393</u>
Change in net position										
Governmental activities	\$ (1,094,881)	\$ 12,164,483	\$ (4,693,026)	\$ (1,679,732)	\$ (687,062)	\$ (1,031,965)	\$ (2,628,566)	\$ 1,430,119	\$ (1,976,612)	\$ 5,739,225
Business-type activities	414,283	(750,884)	(2,727,906)	(872,332)	(2,715,371)	(1,488,825)	(479,269)	(178,726)	(2,720)	2,158,205
Total change in net position	<u>\$ (680,598)</u>	<u>\$ 11,413,599</u>	<u>\$ (7,420,932)</u>	<u>\$ (2,552,064)</u>	<u>\$ (3,402,433)</u>	<u>\$ (2,520,790)</u>	<u>\$ (3,107,835)</u>	<u>\$ 1,251,393</u>	<u>\$ (1,979,332)</u>	<u>\$ 7,897,430</u>

City of Beloit, Wisconsin
Program Revenues by Function/Program
Last Ten Fiscal Years
(Accrual basis of accounting)
Fiscal Year

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Function/Program										
Governmental activities:										
General government	\$ 31,670	\$ 35,761	\$ 45,430	\$ 24,937	\$ 49,500	\$ 43,065	\$ 37,381	\$ -	\$ 37,381	\$ -
Finance and administrative services	4,847,967	1,556,285	1,979,567	1,564,123	1,385,039	3,604,755	3,358,715	4,899,942	3,655,698	1,312,960
Community development	1,681,051	1,181,594	1,221,147	478,325	149,384	3,152,232	129,548	264,462	278,839	225,207
Public safety:										
Police services	1,458,056	1,254,481	1,368,595	1,307,867	1,208,635	971,617	1,112,922	1,109,331	1,138,417	1,529,878
Fire services	64,433	97,985	60,008	109,580	88,520	79,249	112,583	104,964	128,630	102,117
Public works	3,430,619	17,439,999	3,150,302	3,404,713	3,266,069	4,031,218	3,226,837	4,639,822	3,716,296	3,320,382
Library	482,091	495,114	467,143	478,794	503,527	558,287	592,801	735,688	680,294	515,326
Total governmental activities	<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>	<u>12,440,423</u>	<u>8,570,787</u>	<u>11,754,209</u>	<u>9,635,555</u>	<u>7,005,870</u>
Business-type activities:										
Water	5,428,312	5,812,294	5,647,690	5,540,195	5,525,879	5,513,919	5,932,709	5,975,093	6,322,504	6,480,487
Sewer	6,742,228	6,792,043	6,615,442	6,725,986	6,751,680	7,167,202	7,614,184	7,604,279	7,985,607	8,467,510
Storm	-	-	-	-	-	1,124,771	1,127,563	1,119,715	1,154,153	1,163,345
Other non-major enterprise funds	2,765,263	2,918,631	2,846,659	4,674,632	4,137,271	3,040,549	3,163,590	3,380,987	3,470,652	4,172,016
Total business-type activities	<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>	<u>16,846,441</u>	<u>17,838,046</u>	<u>18,080,074</u>	<u>18,932,916</u>	<u>20,283,358</u>
Total primary government	<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>	<u>\$ 29,286,864</u>	<u>\$ 26,408,833</u>	<u>\$ 29,834,283</u>	<u>\$ 28,568,471</u>	<u>\$ 27,289,228</u>

City of Beloit, Wisconsin
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(Modified accrual basis of accounting)
Fiscal Year

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
General fund										
Nonspendable	\$ 1,761,379	\$ 1,634,901	\$ 1,449,818	\$ 2,071,820	\$ 1,791,582	\$ 1,578,930	\$ 1,623,597	\$ 1,619,687	\$ 1,569,862	\$ 1,669,195
Assigned	605,321	589,028	626,840	300,000	-	-	-	-	-	170,054
Restricted	-	-	-	-	-	-	-	77,500	80,404	80,801
Unassigned	8,408,569	9,144,726	8,339,711	7,762,537	8,007,592	8,303,332	8,547,746	9,033,798	11,882,949	13,298,793
Total general fund	<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>	<u>\$ 9,882,262</u>	<u>\$ 10,171,343</u>	<u>\$ 10,730,985</u>	<u>\$ 13,533,215</u>	<u>\$ 15,218,843</u>
All other governmental funds										
Nonspendable	\$ 75,000	\$ -	\$ -	\$ 11,709	\$ 402,577	\$ -	\$ -	\$ 230,000	\$ -	\$ -
Restricted	15,502,709	9,892,961	10,314,163	10,480,740	10,974,549	12,697,326	15,725,655	14,756,865	15,308,192	19,091,551
Assigned	11,069,132	10,666,183	12,231,672	11,784,859	11,235,991	9,844,541	9,514,852	11,264,413	9,367,272	7,568,294
Unassigned	(4,553,852)	(4,572,305)	(4,374,225)	(3,841,960)	(3,904,273)	(3,672,678)	(3,508,626)	(3,772,199)	(2,654,371)	(1,533,398)
Total all other governmental funds	<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>	<u>\$ 18,869,189</u>	<u>\$ 21,731,881</u>	<u>\$ 22,479,079</u>	<u>\$ 22,021,093</u>	<u>\$ 25,126,447</u>
Total governmental funds	<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>	<u>\$ 28,751,451</u>	<u>\$ 31,903,224</u>	<u>\$ 33,210,064</u>	<u>\$ 35,554,308</u>	<u>\$ 40,345,290</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 2020 was \$8,219,097 which represents three months of budgeted operating expenditures. The city exceeded this limit by \$5,079,696. The city implemented GASB Statement 54 beginning with fiscal year 2011.

City of Beloit, Wisconsin
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(Modified accrual basis of accounting)
Fiscal Year

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Revenues										
Taxes (see Schedule 6)	\$ 19,372,644	\$ 20,225,496	\$ 20,959,622	\$ 20,588,063	\$ 20,887,634	\$ 21,617,852	\$ 21,981,699	\$ 22,925,315	\$ 22,021,092	\$ 22,184,889
Intergovernmental	23,963,992	23,612,491	22,449,953	22,704,505	22,913,912	22,964,293	22,436,639	22,386,326	22,298,080	23,084,121
Licenses and permits	590,135	652,541	863,215	938,474	970,400	908,737	810,263	930,851	874,915	892,846
Fines, forfeitures and penalties	1,217,884	1,151,148	1,134,664	1,077,893	937,079	795,998	793,591	780,934	839,569	576,375
Fees and service charges	655,964	664,322	732,733	792,397	816,604	818,488	816,408	850,262	868,215	493,285
Rent	56	3,615	13,031	19,178	47,003	57,804	47,992	48,426	77,441	59,006
Special assessments	225,047	204,105	188,098	190,402	312,480	280,934	301,179	181,709	445,809	317,334
Investment income	1,027,796	1,163,493	580,052	431,892	433,241	513,378	290,359	663,241	1,134,475	878,679
Unrealized Gain (loss) on investment	-	-	(964,552)	479,956	(187,938)	(226,204)	-	-	-	-
Public charges for services	2,520,878	2,642,302	2,703,076	2,709,994	2,686,514	2,512,226	2,805,361	2,951,775	2,954,676	2,921,251
Other	2,657,310	2,842,474	2,925,678	2,230,696	2,199,253	2,174,997	1,772,753	1,828,636	1,756,882	1,951,282
Total revenues	52,231,706	53,161,987	51,585,570	52,163,450	52,016,182	52,418,503	52,056,244	53,547,475	53,271,154	53,359,068
Expenditures										
Current										
General government	3,935,480	3,769,962	3,828,921	3,705,212	3,739,168	3,594,944	3,802,126	3,735,593	3,456,460	3,745,846
Community development	3,916,607	4,224,110	3,452,579	2,864,857	3,408,202	2,959,096	3,011,525	2,929,178	5,334,163	2,636,440
Public safety	19,113,358	19,118,570	20,372,113	20,423,475	20,470,156	20,137,594	20,174,270	20,452,943	20,635,006	21,379,119
Public works	8,194,319	7,958,183	8,883,972	8,943,426	8,600,822	8,346,050	7,860,052	8,534,307	8,541,995	7,591,765
Parks, recreation, and education	2,045,247	2,036,683	2,038,937	2,090,762	2,140,358	2,236,552	2,352,785	2,232,644	2,224,300	2,222,186
Capital outlay	11,075,644	14,064,117	7,254,823	9,513,875	8,663,135	11,549,110	7,579,934	11,215,512	8,900,383	9,472,563
Debt service:										
Principal retirement	5,923,641	11,952,889	11,334,674	6,993,294	7,237,072	7,561,023	9,350,155	7,703,037	6,613,034	5,508,748
Interest and fiscal charges	3,181,470	3,085,618	2,842,047	2,303,641	2,165,894	2,011,867	1,939,205	1,920,594	1,860,125	1,799,175
Total expenditures	57,385,766	66,210,132	60,008,066	56,838,542	56,424,807	58,396,236	56,070,052	58,723,808	57,565,466	54,355,842
Excess of revenues over (under) expenditures	(5,154,060)	(13,048,145)	(8,422,496)	(4,675,092)	(4,408,625)	(5,977,733)	(4,013,808)	(5,176,333)	(4,294,312)	(996,774)
Other financing sources (uses)										
Debt issued	1,500,000	3,753,800	3,686,989	3,149,816	3,370,000	4,960,000	3,525,000	5,395,000	5,470,000	5,240,000
Debt issued - refunding	14,006,168	3,706,200	12,079,111	5,477,459	-	-	2,510,000	-	-	-
Capital lease issued	3,915,445	1,498,489	-	-	-	-	-	-	-	-
Premium on bonds	-	139,913	423,115	256,111	-	130,133	200,080	131,430	243,147	115,550
Payments to escrow agent	(9,759,095)	(2,458,608)	(7,664,827)	(5,643,847)	-	-	-	-	-	-
Sale of city property	302,433	106,598	150,427	568,504	116,084	340,759	63,480	96,003	110,345	83,553
Transfers in	2,509,837	2,613,170	3,387,428	2,439,001	2,266,370	2,752,842	2,441,410	4,879,721	4,001,142	1,799,146
Transfers out	(2,122,204)	(1,824,177)	(2,407,262)	(1,590,226)	(1,405,516)	(1,962,568)	(1,574,389)	(4,018,981)	(3,186,078)	(1,450,493)
Total other financing sources (uses)	10,352,584	7,535,385	9,654,981	4,656,818	4,346,938	6,221,166	7,165,581	6,483,173	6,638,556	5,787,756
Net change in fund balances	\$ 5,198,524	\$ (5,512,760)	\$ 1,232,485	\$ (18,274)	\$ (61,687)	\$ 243,433	\$ 3,151,773	\$ 1,306,840	\$ 2,344,244	\$ 4,790,982
Debt service as a percentage of non-capital expenditures	17.92%	24.74%	24.14%	16.81%	18.12%	18.54%	20.82%	17.76%	15.48%	15.67%

City of Beloit, Wisconsin
Tax Revenues by Source, Governmental Funds
Last Ten Fiscal Years
(Modified accrual basis of accounting)

<u>Fiscal Year</u>	<u>Property</u>	<u>Mobile Home</u>	<u>Payments In Lieu of</u>	<u>Prior Year Collections/ (Rescinded)</u>	<u>Motel</u>	<u>Total</u>
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
2016	21,491,882	13,891	26,342	-	85,737	21,617,852
2017	21,823,022	11,774	19,462	-	127,441	21,981,699
2018	22,740,363	12,391	24,294	-	148,267	22,925,315
2019	21,773,650	18,198	22,547	-	206,697	22,021,092
2020	21,985,127	10,901	20,068	-	168,793	22,184,889

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
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%
2016	883,276,700	471,910,400	165,852,600	546,900	87,247,190	1,608,833,790	11.11	1,593,559,300	100.96%
2017	887,557,400	439,840,500	183,826,900	549,500	82,752,330	1,594,526,630	11.40	1,607,119,800	99.22%
2018	896,333,000	441,798,280	201,252,600	540,500	63,378,600	1,603,302,980	11.28	1,650,289,200	97.15%
2019	907,040,900	444,963,280	195,112,400	532,500	66,880,100	1,614,529,180	11.33	1,785,854,900	90.41%
2020	907,396,840	465,284,600	194,408,900	532,500	67,426,750	1,635,049,590	11.57	1,944,861,100	84.07%

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 annual 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			
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
2016	2017	8.09	3.02	11.11	6.52	0.17	1.20	9.63	28.62	(1.59)	27.04
2017	2018	8.39	3.01	11.40	6.43	-	1.21	11.63	30.68	(1.72)	28.96
2018	2019	8.02	3.26	11.28	6.24	-	1.18	12.08	30.77	(1.73)	29.04
2019	2020	8.07	3.26	11.33	6.48	-	1.23	11.39	30.43	(1.76)	28.67
2020	2021	8.30	3.27	11.57	6.80	-	1.29	12.01	31.67	(1.82)	29.85

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			
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
2016	2017	8.09	3.02	11.11	6.52	0.17	1.20	10.52	29.51	(1.59)	27.92
2017	2018	8.39	3.01	11.40	6.43	-	1.21	10.36	29.40	(1.72)	27.68
2018	2019	8.02	3.26	11.28	6.24	-	1.18	10.56	29.26	(1.73)	27.53
2019	2020	8.07	3.26	11.33	6.48	-	1.23	11.93	30.98	(1.76)	29.22
2020	2021	8.30	3.27	11.57	6.80	-	1.29	11.83	31.49	(1.82)	29.67

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			
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
2016	2017	8.09	3.02	11.11	6.52	0.17	1.20	12.13	31.12	(1.59)	29.53
2017	2018	8.39	3.01	11.40	6.43	-	1.21	12.21	31.26	(1.72)	29.54
2018	2019	8.02	3.26	11.28	6.24	-	1.18	11.55	30.24	(1.73)	28.51
2019	2020	8.07	3.26	11.33	6.48	-	1.23	10.23	29.27	(1.76)	27.51
2020	2021	8.30	3.27	11.57	6.80	-	1.29	11.67	31.33	(1.82)	29.51

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	2020			2011		
		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	\$ 91,787,310	5.61%	1	\$ 63,466,540	3.88%	1
Kerry Ingredients	Mfg of Food Additives	30,163,400	1.84%	2	51,218,100	3.13%	2
Frito Lay Inc	Food Processor	16,206,200	0.99%	3	22,261,600	1.36%	4
Woodmans	Retail Grocer	15,683,040	0.96%	4	14,643,250	0.90%	8
Beloit Health Systems	Health Services	15,496,680	0.95%	5	14,866,820	0.91%	7
Hawks Ridge Apartments LLC	Apartment Rentals	15,320,360	0.94%	6	11,711,350	0.72%	10
Staples Contract & Commercial	Fullfillment Center	15,077,940	0.92%	7	34,139,420	2.09%	3
Pratt Industries	Corrugated Packaging Manufacturer	15,069,300	0.92%	8			
One Reynolds Drive LLC	Warehouse	14,965,000	0.92%	9			
Kettle Foods	Retailer	12,314,700	0.75%	10			
Walmart	Retailer				16,322,510	1.00%	5
Menards	Retailer				16,076,710	0.98%	6
Jacobson Beloit LLC	Manufacturer				12,825,000	0.78%	9
Totals		\$ 242,083,930	14.81%		\$ 257,531,300	15.75%	

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>
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%	14,104,637	17,167,248	99.74%
2016	2017	17,868,428	4,374,679	24.48%	13,387,123	17,761,802	99.40%
2017	2018	18,184,413	4,510,840	24.81%	13,598,548	18,109,388	99.59%
2018	2019	18,080,071	4,660,287	25.78%	13,395,570	18,055,857	99.87%
2019	2020	18,298,448	3,200,950	17.49%	14,963,529	18,164,479	99.27%
2020	2021	18,918,305	3,220,348	17.02%	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	Debt to Personal Income
<u>Governmental Activities</u>														
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	6.16%
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	5.33%
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	4.92%
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	4.61%
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	4.20%
2016	46,798,538	530,646	40,000	11,473,188	302,821	-	-	-	59,145,193	1,593,559,300	3.71%	36,657	1,613	3.99%
2017	46,163,976	622,695	30,000	8,848,028	257,388	-	-	-	55,922,087	1,607,119,800	3.48%	36,520	1,531	3.64%
2018	46,962,975	674,971	20,000	5,798,330	210,050	-	-	-	53,666,326	1,650,289,200	3.25%	36,683	1,463	3.31%
2019	47,839,309	761,576	-	3,838,285	160,727	-	-	-	52,599,897	1,785,854,900	2.95%	36,548	1,439	3.11%
2020	48,566,916	799,601	-	2,893,321	109,336	-	-	-	52,369,174	1,944,861,100	2.69%	36,162	1,448	3.60%
<u>Business-Type Activities</u>														
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	3.04%
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	2.76%
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	2.51%
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	2.36%
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	2.15%
2016	3,715,865	1,001,970	-	-	-	2,696,447	21,155,000	1,160,000	29,729,282	1,593,559,300	1.87%	36,657	811	2.00%
2017	3,219,819	924,830	-	-	-	2,544,978	19,855,000	1,095,000	27,639,627	1,607,119,800	1.72%	36,520	757	1.80%
2018	2,949,086	849,609	-	-	-	6,149,874	22,415,000	1,030,000	33,393,569	1,650,289,200	2.02%	36,683	910	2.06%
2019	2,687,716	704,165	-	-	-	5,856,047	20,950,000	960,000	31,157,928	1,785,854,900	1.74%	36,548	853	1.84%
2020	2,486,550	647,789	-	-	-	5,553,409	19,255,000	885,000	28,827,748	1,944,861,100	1.48%	36,162	797	1.98%
<u>Total Government-wide</u>														
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	9.20%
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	8.09%
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	7.43%
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	6.97%
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	6.35%
2016	50,514,403	1,532,616	40,000	11,473,188	302,821	2,696,447	21,155,000	1,160,000	88,874,475	1,593,559,300	5.58%	36,657	2,424	5.99%
2017	49,383,795	1,547,525	30,000	8,848,028	257,388	2,544,978	19,855,000	1,095,000	83,561,714	1,607,119,800	5.20%	36,520	2,288	5.44%
2018	49,912,061	1,524,580	20,000	5,798,330	210,050	6,149,874	22,415,000	1,030,000	87,059,895	1,650,289,200	5.28%	36,683	2,373	5.37%
2019	50,527,025	1,465,741	-	3,838,285	160,727	5,856,047	20,950,000	960,000	83,757,825	1,785,854,900	4.69%	36,548	2,292	4.96%
2020	51,053,466	1,447,390	-	2,893,321	109,336	5,553,409	19,255,000	885,000	81,196,922	1,944,861,100	4.17%	36,162	2,245	5.58%

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

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund (a)	Total	Per Capita (c)	Percentage of Estimated Actual Market Value of Property (b)	Total Debt Applicable to Debt Limit	Legal Debt Limit (d)	Legal Debt Margin (e)	Legal Debt Margin as a Percentage of the Debt Limit
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%
2016	50,514,403	1,745,892	48,768,511	1,330	3.06%	50,514,403	79,677,965	29,163,562	36.60%
2017	49,383,795	1,241,939	48,141,856	1,318	3.00%	49,383,795	80,355,990	30,972,195	38.54%
2018	49,912,061	754,798	49,157,263	1,340	2.98%	49,912,061	82,514,460	32,602,399	39.51%
2019	50,527,025	879,948	49,647,077	1,358	2.78%	50,527,025	89,292,745	38,765,720	43.41%
2020	51,053,466	954,732	50,098,734	1,385	2.58%	51,053,466	97,243,055	46,189,589	47.50%

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 15: 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, 2020**

<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	\$ 38,602,311	14.76%	\$ 5,696,736
Blackhawk Technical College	43,490,000	12.48%	5,425,725
Beloit School District	36,669,138	94.51%	34,655,196
Beloit Turner School District	22,515,000	11.01%	2,477,866
Clinton Community School District	23,325,000	12.75%	2,974,334
Subtotal, overlapping debt			<u>51,229,857</u>
City direct debt			<u>52,369,174</u>
Total direct and overlapping debt			<u><u>\$ 103,599,031</u></u>
Population			36,162
Overlapping debt per capita			\$ 1,417
Direct and overlapping debt per capita			\$ 2,865

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	
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
2016	7,297,866	6,102,227	1,195,639	147,919	66,490	5.58
2017	7,752,906	6,191,780	1,561,126	133,242	81,080	7.28
2018	7,829,771	6,202,268	1,627,503	155,104	119,667	5.92
2019	8,229,911	6,420,497	1,809,414	293,827	175,682	3.85
2020	8,280,886	6,256,912	2,023,974	302,637	167,700	4.30

Water Utility Revenue Bonds

	Utility Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
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
2016	5,550,013	2,306,354	3,243,659	1,300,000	963,725	1.43
2017	5,919,662	2,061,800	3,857,862	1,260,198	797,172	1.88
2018	6,008,411	2,809,093	3,199,318	1,420,000	810,323	1.43
2019	6,027,076	2,556,570	3,470,506	1,465,000	829,865	1.51
2020	6,070,556	2,410,740	3,659,816	1,595,000	763,325	1.55

Stormwater Utility Revenue Bonds

	Utility Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
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	-	23,371	5.38
2016	1,131,853	778,841	353,012	65,000	34,850	3.54
2017	1,137,755	748,405	389,350	36,215	60,385	4.03
2018	1,134,838	777,875	356,963	65,000	31,600	3.70
2019	1,145,320	764,312	381,008	70,000	30,250	3.80
2020	1,180,572	762,962	417,610	75,000	28,425	4.04

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>
2011	36,945	1,230,453,225	33,305	9,618	17,182	14,981	2,201	12.8%
2012	36,850	1,321,256,750	35,855	9,671	17,082	15,205	1,877	11.0%
2013	36,820	1,401,148,280	38,054	9,754	17,281	15,429	1,852	10.7%
2014	36,805	1,424,831,965	38,713	9,812	16,933	15,666	1,267	7.5%
2015	36,792	1,472,636,592	40,026	9,702	17,120	16,002	1,118	6.5%
2016	36,657	1,483,765,389	40,477	9,575	17,264	16,298	966	5.6%
2017	36,520	1,534,789,520	42,026	9,466	17,449	16,622	827	4.7%
2018	36,683	1,621,535,332	44,204	9,180	17,273	16,579	694	4.0%
2019	36,548	1,689,833,328	46,236	9,089	17,372	16,621	751	4.3%
2020	36,162	1,455,882,120	40,260*	9,491	17,142	15,796	1,346	7.9%

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.

* 2020 Per Capita Personal Income is an estimate from the Wisconsin Department of Revenue in their Metropolitan Statistical Area Outlook Report.

(4) State of Wisconsin Department of Public Instruction.

(5) State of Wisconsin Department of Workforce Development - Office of Economic Advisors.

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

<u>Employer</u>	<u>2020</u>			<u>2011</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>
Amazon	1,220	1	7.72%			
Beloit Health Systems	1,200	2	7.60%	1,464	1	9.77%
ABC Supply	911	3	5.77%	451	6	3.01%
School District of Beloit	836	4	5.29%	881	2	5.88%
Frito-Lay	600	5	3.80%	739	3	4.93%
Hormel	441	6	2.79%	284	9	1.90%
Fairbanks - Morse	440	7	2.79%	445	7	2.97%
City of Beloit	370	8	2.34%	465	5	3.10%
Campbell's Snack Foods	209	9	1.32%			
State Collection Service	206	10	1.30%			
Beloit College				425	8	2.84%
Kerry Ingredients				634	4	4.23%
First National Bank & Trust				252	10	1.68%
Total	<u>6,433</u>		<u>40.73%</u>	<u>6,040</u>		<u>40.32%</u>

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	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
City Manager	3.30	3.14	3.00	3.00	3.00	2.00	2.00	3.25	3.25	3.25
City Attorney	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Information Technology	5.00	5.00	5.00	4.00	4.00	4.00	4.50	5.00	5.00	5.00
Human Resources	2.00	2.00	2.00	2.00	3.00	2.00	2.10	2.25	2.25	3.00
Economic Development	4.50	4.50	4.50	4.50	5.00	5.00	5.00	5.00	5.00	5.00
Municipal Court	4.20	4.20	4.20	4.20	4.20	4.20	4.20	4.20	4.20	4.20
Finance and Administrative Services	19.05	18.30	18.00	18.05	17.15	17.30	16.15	16.30	16.15	16.30
Police	95.91	88.76	90.26	90.66	91.16	91.16	91.16	91.16	91.66	92.41
Fire	65.65	59.25	59.74	64.74	63.24	64.86	64.73	61.83	61.83	61.83
Community Development	29.00	29.50	28.50	28.50	27.50	28.00	27.50	27.50	27.50	*47.2
Department of Public Works	161.31	153.15	153.99	152.49	155.14	153.11	150.90	152.40	150.90	129.02
Library	25.76	27.15	25.59	27.34	27.60	26.98	32.66	32.66	25.44	26.35
Total	419.68	398.95	398.78	403.48	404.99	402.61	404.90	405.55	397.18	397.56

Source: City of Beloit annual budget

*In 2020 Transit moved from the Public Works Department to the Community Development Department.

A full time employee is scheduled to work 2,080 hours per year (including vacation and sick leave used). Full time equivalent employment is determined by dividing the total hours worked by 2,080.

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

Function/Program	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General government										
New Building permits	3	2	7	6	7	10	12	20	20	23
Building permits issued	1,030	1,156	990	1,074	1,002	1,009	945	1,199	1,171	1,217
Building inspections conducted	3,932	4,540	3,874	1,657	2,269	3,449	3,025	3,463	3,778	3,904
Site plans reviewed	18	21	25	14	13	12	14	22	19	17
Police										
Physical Arrests	7,736	8,756	10,026	4,850	4,683	3,802	3,635	2,362	3,555	2,590
Traffic Violations	6,261	6,494	5,529	4,746	3,564	2,611	3,253	3,968	4,051	3,160
Parking Violations	8,461	6,782	6,230	7,072	3,837	2,275	3,440	2,778	2,538	2,072
Fire										
Emergency responses	7,896	7,693	8,194	8,452	8,513	8,929	10,067	8,331	8,587	8,253
Fires extinguished	134	150	107	122	134	114	115	198	95	129
Inspections conducted	2,293	2,029	2,000	2,050	2,096	1,964	1,945	1,953	1,992	990
Ambulance runs	3,534	3,517	3,726	3,835	3,969	4,428	4,837	4,690	4,699	4,517
Engineering and public works										
Development plans reviewed	18	21	25	14	13	12	14	22	25	71
Infrastructure projects designed	20	23	16	15	24	16	29	33	20	19
Infrastructure projects completed	18	19	16	14	20	15	21	25	15	14
Highways and Streets										
Street resurfacing (miles)	1.9	3.1	5.5	1.92	6.3	6.1	3.6	5.67	5.11	2.3
Potholes repaired	50,590	40,319	38,725	38,176	38,720	43,737	36,921	37,507	40,305	38,185
Sanitation										
Refuse collected (tons/day)	33	32.39	33.79	39.07	37	42.51	42.55	42.56	41.16	43.18
Recyclables collected (tons/day)	16	15.92	15.15	18.47	16.5	19.96	24.25	21.8	16.68	13.8
Culture and Recreation										
Facility use permits issued	460	469	431	491	530	577	589	596	565	145
Number of programs offered	75	78	81	84	86	84	87	90	86	15
Rounds of golf played	17,524	25,174	21,822	20,056	19,502	19,266	20,575	17,801	19,358	13,722
Senior center participants	24,011	23,919	25,822	25,934	26,194	26,546	26,599	22,706	20,019	6,510
Number of cemetery internments	185	170	175	147	164	141	152	160	148	185
Water										
Work orders processed	2,952	2,711	2,724	2,321	2,336	2,910	2,157	3,614	3,804	2,158
DHL locate tickets processed	4,187	4,289	5,196	4,170	5,183	5,033	5,175	5,484	4,802	5,189
Main breaks	30	32	56	52	34	36	33	37	41	21
Average daily production (MGD)	5.47	5.75	5.55	5.468	6.109	5.804	5.931	6.062	6.004	6.265
Peak daily production (MGD)	8.59	10.14	8.726	7.500	8.427	8.593	8.786	7.809	7.692	8.49
Wastewater										
Average daily treatment (MGD)	3.664	3.529	4.32	3.776	3.95	4.205	4.272	4.992	5.88	4.39
Peak daily treatment (MGD)	4.999	4.671	15.459	9.640	6.071	5.414	6.466	14.4	16.44	6.48
Transit										
Total route miles	343,029	343,029	343,029	311,017	287,839	287,963	287,963	287,963	274,461	265,086
Passengers	265,590	246,323	243,859	223,291	198,719	184,013	146,198	143,158	131,561	37,577

Source: Various city departments.

**City of Beloit, Wisconsin
Capital Asset Statistics by Function/Program
Last Ten Years**

Function/Program	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	40	40	40	40	40	51	47	51	54	58
Fire										
Stations	3	3	3	3	3	3	3	3	3	3
Trucks	10	10	14	14	14	14	14	14	12	12
Ambulances	3	3	4	4	4	4	4	4	4	4
Refuse Collection										
Garbage trucks	14	14	13	13	13	12	12	12	12	12
94 Gallon trash cart	0	0	0	0	0	12,647	12,647	12,720	12,776	12,845
94 Gallon recycling cart	0	0	0	0	0	12,647	12,647	12,735	12,788	12,861
64 Gallon trash cart	0	0	0	0	0	278	278	288	320	327
64 Gallon recycling cart	0	0	0	0	0	278	278	288	320	327
Other public works										
Streets/highways (miles)	183.5	183.5	183.5	183.5	184.8	184.8	184.8	186.7	186.7	186.7
Streetlights	1,320	1,308	1,308	1,308	1,456	1,498	1,499	1,538	1,538	1,555
Traffic signals	40	40	40	40	41	42	42	43	43	45
Parks and recreation										
Acreage	861	861	924	924	924	924	924	924	924	924
Parks	35	35	39	39	39	39	39	39	39	39
Tennis courts	11	11	11	11	11	11	10	9	9	9
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	2	2	2	1	1	1
Water										
Wells	7	8	8	9	8	8	8	8	8	8
Water mains (miles)	197.7	198.9	198.9	198.9	199	199	199	204.2	204.4	205.4
Hydrants	1,464	1,555	1,555	1,555	1,558	1,488	1,574	1,613	1,653	1,671
Storage capacity (MGD)	2.75	4.15	4.15	4.150	4.15	4.15	4.15	4.15	5.25	5.25
Wastewater										
Treatment plants	1	1	1	1	1	1	1	1	1	1
Sanitary sewer (miles)	172.8	172.8	172.8	172.8	172.8	172.8	172.8	177.7	187.1	177.9
Storm sewer (miles)	110.2	110.2	110.2	110.2	110.2	110.2	110.2	111.8	113.8	133.3
Treatment capacity (MGD)	11.3	11.3	11.3	11.3	11.3	11.3	11.3	13.2	13.2	13.2
Transit										
Buses	12	12	12	12	12	12	12	12	12	13

Source: Various city departments.

**Independent Auditors' Report on Internal Control
Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of
Financial Statements Performed in Accordance
With Government Auditing Standards**

To the City Council of
City of Beloit

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 (the City) as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise City's basic financial statements, and have issued our report thereon dated June 18, 2021. 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 Community Development Authority (CDA), as described in our report on the City's financial statements. The financial statements of the Beloit Public Library Foundation, Inc., 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'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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 have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2020-001 and 2020-002, that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City'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*.

The City's Response to Findings

The City's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City'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 US, LLP". The signature is written in a cursive, flowing style.

Madison, Wisconsin
June 18, 2021

**Independent Auditors' Report on Compliance
for Each Major Federal and Major State Program and Report on
Internal Control Over Compliance Required
by the Uniform Guidance and the *State Single Audit Guidelines***

To the City Council of
City of Beloit

Report on Compliance for Each Major Federal and Major State Program

We have audited City of Beloit, Wisconsin's (the City) 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's major federal and major state programs for the year ended December 31, 2020. The City's major federal and major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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'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 a major state program occurred. An audit includes examining, on a test basis, evidence about the City'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's compliance.

Opinion on Each Major Federal and Major State Program

In our opinion, the City 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, 2020.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and the *State Single Audit Guidelines* and which are described in the accompanying schedule of findings and questioned costs as items 2020-003 and 2020-004. Our opinion on each major federal and major state program is not modified with respect to these matters.

City's Response to Findings

The City's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City'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 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's internal control over compliance with the types of requirements that could have a direct and material effect on each 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'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 have not been 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 2020-003 and 2020-004, that we consider to be significant deficiencies.

City's Response to Findings

The City'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'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.



Madison, Wisconsin
June 18, 2021

City of Beloit

Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2020

Federal Agency/Pass-Through 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					
CDBG - Entitlement Grants Cluster					
Community Development Block Grants/Entitlement Grants	14.218	Direct	359**	\$ 748,565	\$ 191,634
Community Development Block Grants/Entitlement Grants - Revolving Loan/Program Income	14.218	Direct	359**	306,461	-
COVID-19 Community Development Block Grants/Entitlement Grants	14.218	Direct	358**	<u>39,971</u>	<u>39,971</u>
Total CDBG - Entitlement Grants Cluster				1,094,997	231,605
Home Investment Partnerships Program					
Home Investment Partnerships Program - Program Income	14.239	C/ Janesville	35125-36125	5,359	-
Total CFDA #14.239	14.239	C/ Janesville	35125-36125	<u>15,751</u>	<u>-</u>
				21,110	-
Public and Indian Housing	14.850	Direct		373,583	-
Resident Opportunity and Supportive Services - Service Coordinators	14.870	Direct		8,531	-
Housing Voucher Cluster					
Section 8 Housing Choice Vouchers	14.871	Direct		3,344,166	-
COVID-19 Section 8 Housing Choice Vouchers	14.871	Direct		<u>139,046</u>	<u>-</u>
Total Housing Voucher Cluster				3,483,212	-
Public Housing Capital Fund					
WI39-PO64-501-16	14.872	Direct		8,084	-
WI39-PO64-501-17	14.872	Direct		5,619	-
WI39-PO64-501-18	14.872	Direct		95,594	-
WI39-PO64-501-19	14.872	Direct		32,433	-
COVID-19 WI064-00000420DC	14.872	Direct		38,276	-
COVID-19 WI064-00000520DC	14.872	Direct		12,019	-
COVID-19 WI064-00000620DC	14.872	Direct		4,526	-
COVID-19 WI064-00000720DC	14.872	Direct		<u>9,357</u>	<u>-</u>
Total CFDA #14.872				205,908	-
Family Self-Sufficiency Program	14.896	Direct		<u>52,739</u>	<u>-</u>
Total U.S. Department of Housing and Urban Development				<u>5,240,080</u>	<u>231,605</u>
U.S. Department of Justice					
COVID-19 Coronavirus Emergency Supplemental Funding Program	16.034	Direct	18020	23,417	-
Bulletproof Vest Partnership					
Bulletproof Vest Partnership	16.607	Direct	38379	9,960	-
Bulletproof Vest Partnership	16.607	Direct	38370	<u>1,892</u>	<u>-</u>
Total CFDA #16.607				11,852	-
Project Safe Neighborhoods	16.609	WI DOJ	2019-PW-01-15823	<u>346</u>	<u>-</u>
Total U.S. Department of Justice				<u>35,615</u>	<u>-</u>
U.S. Department of Transportation					
Highway Planning and Construction Cluster					
Highway Planning and Construction	20.205	WI DOT	35278	129,253	-
Highway Planning and Construction	20.205	IL DOT	35279	<u>95,257</u>	<u>-</u>
Total Highway Planning and Construction Cluster				224,510	-
Federal Transit Cluster					
Federal Transit Capital Investment Grants	20.500	WI DOT	WI201900101	413,310	-
Federal Transit Capital Investment Grants	20.500	WI DOT	WI201900600	156,428	-
COVID-19 Federal Transit Emergency Recovery Grant	20.500	WI DOT	WI202000300	560,817	-
Federal Transit Formula Grants	20.507	Direct	WI-90-X794-00	<u>644,183</u>	<u>-</u>
Total Federal Transit Cluster				1,774,738	-
Highway Safety Cluster					
State and Community Highway Safety					
Speed Enforcement	20.600	WI DOT	10650	11,762	-
Beloit Police Department Equipment Grant	20.600	WI DOT	36890	4,000	-
Seatbelt CIOT	20.600	WI DOT	10669	5,813	-
Alcohol Enforcement	20.600	WI DOT	10579	<u>49,513</u>	<u>-</u>
Total Highway Safety Cluster				71,088	-
Total U.S. Department of Transportation				<u>2,070,336</u>	<u>-</u>
U.S. Department of Treasury					
COVID-19 Coronavirus Relief Fund	21.019	WI DOA	01611998-4632	<u>657,243</u>	<u>-</u>
TOTAL FEDERAL AWARDS				<u>\$ 8,003,274</u>	<u>\$ 231,605</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, 2020

State Agency/Pass-Through Agency/Program Title	State Number	Grant Number	Total Expenditures	Passed Through to Other Agencies
Wisconsin Department of Transportation				
Transit Operating Aids				
2020 Operating Aids	395.104	25707410-436001	\$ 482,050	\$ -
2020 Paratransit Aids	395.104	85.205	<u>21,718</u>	<u>-</u>
Total Wisconsin Department of Transportation			<u>503,768</u>	<u>-</u>
Wisconsin Department of Natural Resources				
Recycling Grants to Responsible Units	370.670	N/A	128,128	-
Recycling Consolidation Grant	370.673	N/A	<u>9,225</u>	<u>-</u>
Total Wisconsin Department of Natural Resources			<u>137,353</u>	<u>-</u>
Wisconsin Department of Administration				
Office of Justice Assistance				
2020 Beloit Drug Response Team	455.208	2020-DT-01-15788	25,000	-
Uniform Beat Patrol Officers	455.275	61622239-406001-10229	<u>10,200</u>	<u>-</u>
Total Wisconsin Department of Administration Office of Justice Assistance			<u>10,200</u>	<u>-</u>
Wisconsin Department of Military Affairs				
Mobile Field Force Gas Masks	465.312	2018-MFF-01-11875	<u>5,359</u>	<u>-</u>
TOTAL STATE AWARDS			<u>\$ 656,680</u>	<u>\$ -</u>

See notes to schedules of expenditures of federal and state awards

City of Beloit

Notes to Schedules of Expenditures of Federal and State Awards
Year Ended December 31, 2020

1. Basis of Presentation

The accompanying schedules of expenditures of federal and state awards (the schedules) includes the federal and state grant activity of the City of Beloit (the City) under programs of the federal and state government for the year ended December 31, 2020. The information in these schedules are 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 schedules present only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position or cash flows of the City.

The reporting entity for the City is based upon criteria established by the Governmental Accounting Standards Board. The City 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.

2. Summary of Significant Accounting Policies

Expenditures reported on the schedules 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 schedules 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.

3. Pass-Through Agencies

The following identifies the pass-through agency acronyms used on the schedule of expenditures of federal awards:

C/ Janesville	City of Janesville, Wisconsin
WI DOA	Wisconsin Department of Administration
WI DOT	Wisconsin Department of Transportation
WI DOJ	Wisconsin Department of Justice
IL DOT	Illinois Department of Transportation

4 Indirect Cost Rate

The City has not elected to use the 10% de minimis indirect cost rate.

City of Beloit

Schedule of Findings and Questioned Costs
Year Ended December 31, 2020

Section 1. Summary of Auditors' Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: 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 and State Awards

Internal control over major programs:

- | | <u>Federal Programs</u> | | <u>State Programs</u> | |
|--|-------------------------|----------------------------|-----------------------|--------------------------|
| • Material weakness(es) identified? | <u> </u> yes | <u> X </u> no | <u> </u> yes | <u> X </u> no |
| • Significant deficiencies identified that are not considered to be material weakness(es)? | <u> X </u> yes | <u> </u> none reported | <u> </u> yes | <u> X </u> none reported |

Type of auditor's report issued on compliance for major programs:

Unmodified

Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a) of the Uniform Guidance or the *State Single Audit Guidelines*?

X yes no yes X no

Auditee qualified as low-risk auditee?

 yes X no yes X no

Dollar threshold used to distinguish between type A and type B programs:

\$ 750,000 \$ 250,000

City of Beloit

Schedule of Findings and Questioned Costs
Year Ended December 31, 2020

Identification of major federal programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
	<u>CDBG – Entitlement Grants Cluster</u>
14.218	Community Development Block Grants/Entitlement Grants
	<u>Housing Voucher 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 2. Financial Statement Findings Required to be Reported in Accordance with *Government Auditing Standards*

Finding 2020-001: Internal Control Over Financial Reporting

Repeat of prior year finding 2019-001

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's financial records contained material misstatements and the City did not prepare its annual financial statements in accordance with generally accepted accounting principles.

Cause: Due to staffing and financial limitations, the City chooses to contract with the auditors to assist with some year-end audit entries and prepare the annual financial statements.

Effect: Complete and accurate financial statements are not available until the conclusion of the audit.

City of Beloit

Schedule of Findings and Questioned Costs
Year Ended December 31, 2020

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.

Management's Response: Most entries are prepared by City staff. 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 2020-002: Internal Control Environment

Repeat of prior year finding 2019-002

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 Information Technology

1. Unnecessary generic accounts within 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. The Information Technology Department reviews this annually and has created a spreadsheet to document why the generic accounts exist.

Controls Over Capital Assets

1. Capital assets and the related accumulated depreciation do not materially reconcile from the City's Fixed Asset System to the financial statements. Also, material capital asset additions were identified during our testing that were not identified by the City.

Management's Response: During 2021, the Accounting Director will reconcile the capital assets and accumulated depreciation from the Munis Fixed Asset System to the financial statements and make the appropriate adjustments as needed. The City will also put a process in place to help capture all capital asset additions during the year.

City of Beloit

Schedule of Findings and Questioned Costs
Year Ended December 31, 2020

Section 3. Federal Awards and State Awards Findings and Questioned Costs

Finding 2020-003

Program CFDA Number: 14.871 Section 8 Housing Choice Vouchers
Federal Grantor: U.S. Department of Housing and Urban Development

Repeat of prior year finding 2019-003

Criteria: According to 24 CFR part 5.230(a), each member of the family of an assistance applicant or participant who is at least 18 years of age, and each family head and spouse regardless of age, shall sign one or more consent forms.

Condition/Context: During our testing of the Section 8 Housing Choice Vouchers Program, it was noted that 1 out of the 40 files selected for testing at the City of Beloit Community Development Authority (CDA) did not contain a signed consent form. The sample was not a statistical sample.

Cause: The CDA did not have a process in place to verify that all applicants sign a consent form.

Effect: Third party income and employment information may have been retrieved on certain applicants without their written consent.

Questioned Costs: None noted.

Recommendation: We recommend the CDA implement a procedure to verify that all applicants sign a consent form and that a copy is kept in their file.

Management's Response: CDA Staff have been counselled and reviewed training regarding HUD required forms related to the Section 8 Housing Choice Vouchers program. Quality control file reviews continue to be conducted by the Director in an effort to ensure compliance.

Finding 2020-004

Program CFDA Number: 14.218 COVID-19 Community Development Block Grants/Entitlement Grants
Federal Grantor: U.S. Department of Housing and Urban Development

Criteria: Under the requirements of the Federal Funding Accountability and Transparency Act (FFATA) (Pub. L. No. 109-282) that are codified in 2 CFR Part 170, direct recipients of grants or cooperative agreements who make first tier subawards of \$30,000 or more are required to register in the Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS) and report subaward data through FSRS. This reporting must happen no later than the last day of the month following the month in which the subaward/subaward amendment obligation was made.

Condition/Context: The City did report any of their first tier subawards of \$30,000 or more through FSRS by the required due dates.

Transactions Tested	Subaward not reported	Report not timely	Subaward amount incorrect	Subaward missing key elements
2	0	2	0	0
Dollar Amount of Tested Transactions	Subaward not reported	Report not timely	Subaward amount incorrect	Subaward missing key elements
\$99,000	\$0	\$99,000	\$0	\$0

City of Beloit

Schedule of Findings and Questioned Costs
Year Ended December 31, 2020

Cause: The City was unaware of the FFATA reporting requirements until the U.S. Department of Housing and Urban Development reached out to them in early 2021. Normally, the City caps the subawards to \$20,000 however with the extra COVID-19 CDBG funding this changed in 2020.

Effect: The City is not in compliance with the reporting guidelines required by FFATA.

Questioned Costs: None noted.

Recommendation: We recommend the City ensure that reporting under FFATA is completed for all relevant subawards by the required deadline.

Management's Response: During 2021 and going forward, the Grants Administrator will file the reporting under FFATA timely, as required. The Accounting Director will verify this is completed.

Section 4. Other Issues

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 no

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	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no
Department of Natural Resources	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no
Department of Administration	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no
Department of Military Affairs	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no

Was a Management Letter or other document conveying audit comments issued as a result of this audit? yes no

Name and signature of partner



Carla A. Gogin, CPA, Partner

Date of report

June 18, 2021