

2022

POPULAR ANNUAL FINANCIAL REPORT



PHOTO CREDIT: VISIT BELOIT

Fiscal Year
January 1-December 31, 2022



TABLE OF CONTENTS



Back: Councilors Markese Terrell, Sherry Blakeley, Kevin Day
Front: Councilor Kevin Leavy, President Regina Dunkin, Vice President Nancy Forbeck, Councilor Yusuf Adama

Page 3	Letter From the City Manager
Page 4	About Beloit
Page 5	Beloit's Economy
Page 6	Budget Performance
Page 7	Property Taxes
Page 8	Revenues
Page 9	Expenditures
Page 10	Fund Balance

STRATEGIC GOALS

1. Create and sustain safe and healthy neighborhoods.
2. Create and sustain a high performing organization.
3. Create and sustain economic and residential growth.
4. Create and sustain a high quality of life.
5. Create and sustain high quality infrastructure and connectivity.
6. Create and sustain enhanced communications & community engagement, while maintaining a positive image.

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

2023 CITY COUNCIL

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MISSION

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

FROM THE CITY MANAGER

June 30, 2023

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

It is our pleasure to submit to you the popular annual financial report (PAFR) of the City of Beloit for the fiscal year ended December 31, 2022. Information in this report was obtained from the Comprehensive Annual Financial Report, which is located on the City of Beloit's website at www.beloitwi.gov/finance.

The annual budget provides the foundation for the City's financial planning and control. The budget is prepared by fund, function and department. Departmental budgets are prepared by department heads and are submitted each year in July for examination. After review by the Manager and budget committee, the proposed budget is prepared and submitted to the Council for consideration at their first meeting in October. Workshops and a public hearing are held by the Council in October. The Council normally adopts the budget at their first meeting in November for the ensuing fiscal year. Once adopted, transfers among departments or supplemental appropriations require approval of the Council; the manager is authorized to make adjustments within departments. Budget to actual comparisons are provided in this PAFR for the general operating budget.

The City's economy historically and currently remains largely reliant on manufacturing and commercial growth. There have been significant improvements to the local economy and the City remains on a positive path. In December 2022, the City's unemployment rate averaged a record low of 2.8%, which was slightly higher than the county and state averages of 2.5% and 2.2%, respectively.

Tax Increment District No. 10, which was the City's major economic development driver, reached its statutory useful life and was closed in 2022. This allowed the \$386M of additional value to fully hit the tax roll which created some much needed levy capacity and tax relief in subsequent years. This TID was very successful and houses several major employers including the Kerry America's headquarters, Diamond Foods Kettle Brands, Pratt Industries, and the new Amazon Order Fulfillment Center.

We continue to remain optimistic about the City's economic future and devote considerable time and resources to economic development. The City had five active Tax Increment Districts with land available for development as of December 2022; two TIDs were closed in 2022, which provided tax relief in the 2023 budget.

The preparation of the Comprehensive Annual Financial Report and PAFR would not have been possible without the efficient and dedicated service of the entire staff of the Finance and Administrative Services Department. We would like to express our appreciation to all the members of the department who assisted and contributed to the preparation of this report with particular recognition to Dawn DeVall, Director of Accounting/Purchasing, Lisa White, Senior Accountant, Jessica Tison, Budget Analyst, and Sarah Lock, Director of Strategic Communications. 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,

Jerry R. Gabrielatos, City Manager

Eric R. Miller, Finance and Administrative Services Director

ABOUT BELOIT



36,657
Residents



1,000
Beloit College Students



90
Industrial Firms



17
Square Miles



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

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

The City of Beloit prides itself on its diversity. According to the 2022 U.S. Census population estimate, the residents are:

- White alone: 63.7%
- Black or African American alone, 14.4%
- Two or more races, 9.9%
- Asian alone, 1/5%
- American or Alaska Native alone, .5%
- Hispanic or Latino, 21.1%
- White alone, not Hispanic or Latino, 57.2%

City Services

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

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

2022 BUDGET PERFORMANCE

The general fund budget appropriations totaled \$35,177,701. The final actual expenditures of \$32,543,925 were \$2,633,776 less than the final budget appropriations. The actual revenues and other financing sources were \$33,897,490 which were \$1,030,211 under the budgeted amount. The city remains in a sound financial position.

	Final Budget	Actual	Variance with Final Budget
Revenues			
Taxes	\$ 9,739,841	\$ 9,718,982	\$ (20,859)
Intergovernmental	20,054,207	20,040,631	(13,576)
Licenses & Permits	828,203	819,283	(8,920)
Fines, forfeitures & penalties	811,000	673,685	(137,315)
Fees & service charges	1,352,169	610,003	(742,166)
Rent	57,967	66,451	8,484
Investment Income	424,375	(7,608)	(431,983)
Other	1,659,939	1,976,063	316,124
Total Revenues	34,927,701	33,897,490	(1,030,211)
Expenditures			
General Government	6,090,229	4,134,821	1,955,408
Community Development	1,382,255	1,350,953	31,302
Public Safety	21,460,144	21,087,065	373,079
Public works	6,245,073	5,971,086	273,987
Other Financing Uses	0	0	0
Total Expenditures	35,177,701	32,543,925	2,633,776
Excess (deficiency) of revenues over (under) expenditures	(250,000)	1,353,565	1,603,565

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

- General government expenditures were \$1,955,408 less than budget largely related to reduced costs related to licenses and permits, when compared to the budgeted amount.
- Public Safety expenditures were \$373,079 less than budget due to lower post retirement health insurance costs and unfilled vacancies.
- Fees and service charges collected related to recreation were \$179,347 less than budgeted due to the impact of COVID-19 in previous years.
- Fines, forfeitures and penalties were \$137,315 less than budget largely due to decreased fines collected for traffic and non-traffic related offenses and parking violations.
- Investment income was \$431,983 less than budgeted due to unfavorable market conditions during 2022.
- Other general revenue was under budget by \$562,480 and other revenues were under budget by \$480,387. Other general revenues and other revenues are under budget primarily related to unrealized donations, sale of city scrap, and miscellaneous revenues.
- The general fund transferred in funds from TIF No. 10 due to its closure in the amount of \$1,210,505. This was not budgeted for.

PROPERTY TAXES

The City of Beloit bills all property taxes and is responsible for allocating tax payments between the various governmental entities represented on the tax statement. The city's property taxes are collected by and remitted to the City by the Rock County Treasurer's office. For every dollar of property taxes collected, \$.36 goes to the City of Beloit.



City of Beloit
36¢



School District
of Beloit
39¢



Rock County
21¢



Blackhawk Tech
4¢

2021 Property Tax Bill Info

City of Beloit

- Tax levy: \$17,425,737, an increase of \$1,011,124 over the previous year*. The general fund levy portion increased by \$398,880.
- Tax rate: \$12.37, an increase of \$0.799 per \$1,000 of assessed value, or 6.91% from the previous year.

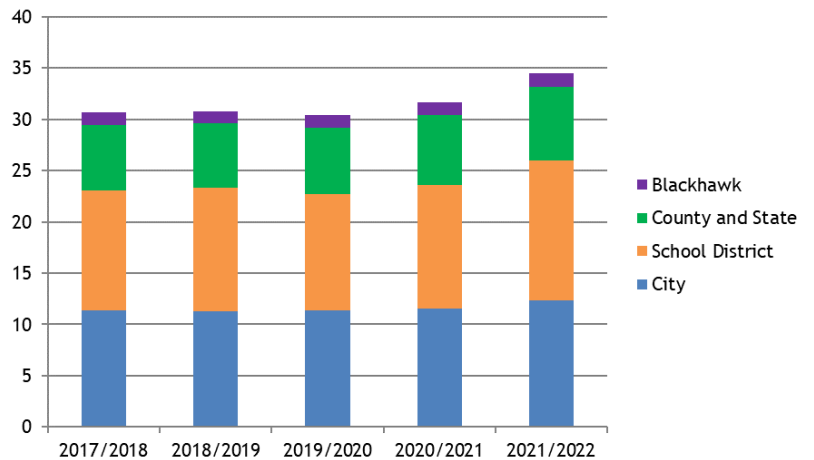
Other taxing entities

- School District of Beloit tax rate: \$13.605; up \$1.597 per \$1,000 of assessed value, or 8.32% from the previous year.
- Rock County tax rate: \$7.173; increased by \$.371 per \$1,000 of assessed value, or 5.44%.
- Blackhawk Tech tax rate: \$1.348; increased by \$.059 per \$1,000 of assessed value, or 4.58%.

The state retained the same formula for calculating the property tax levy limit, which remains flat or the percent increase in net new construction, whichever is greater.

*Note: the tax rate is set in the fall with billing starting in 2021 and collections completed in 2022. The 2023 budget included a reduced tax rate.

Combined Tax Rate Net of School Tax Credit

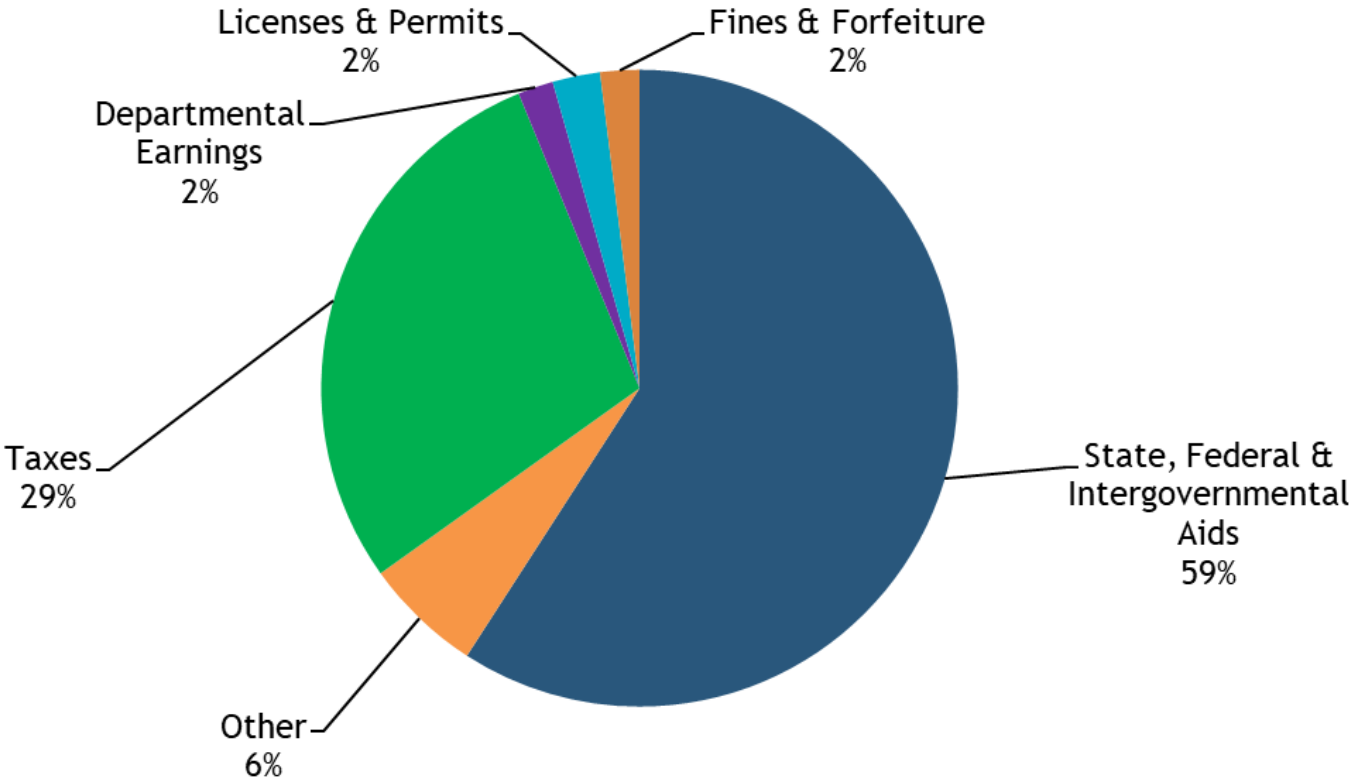


2021 Net New Construction: 8.67% Increase



REVENUES: WHERE IT CAME FROM

The City receives substantial funding for its general government services from State and Federal sources. In 2022, \$20 million of the General Fund budget was supported by State and Federal aid: this represents 59% of General Fund revenues. Municipal aid payments from the State of Wisconsin comprise the largest single source of the City’s State and Federal aid. The largest local source of revenue for the City’s General Fund is property tax.

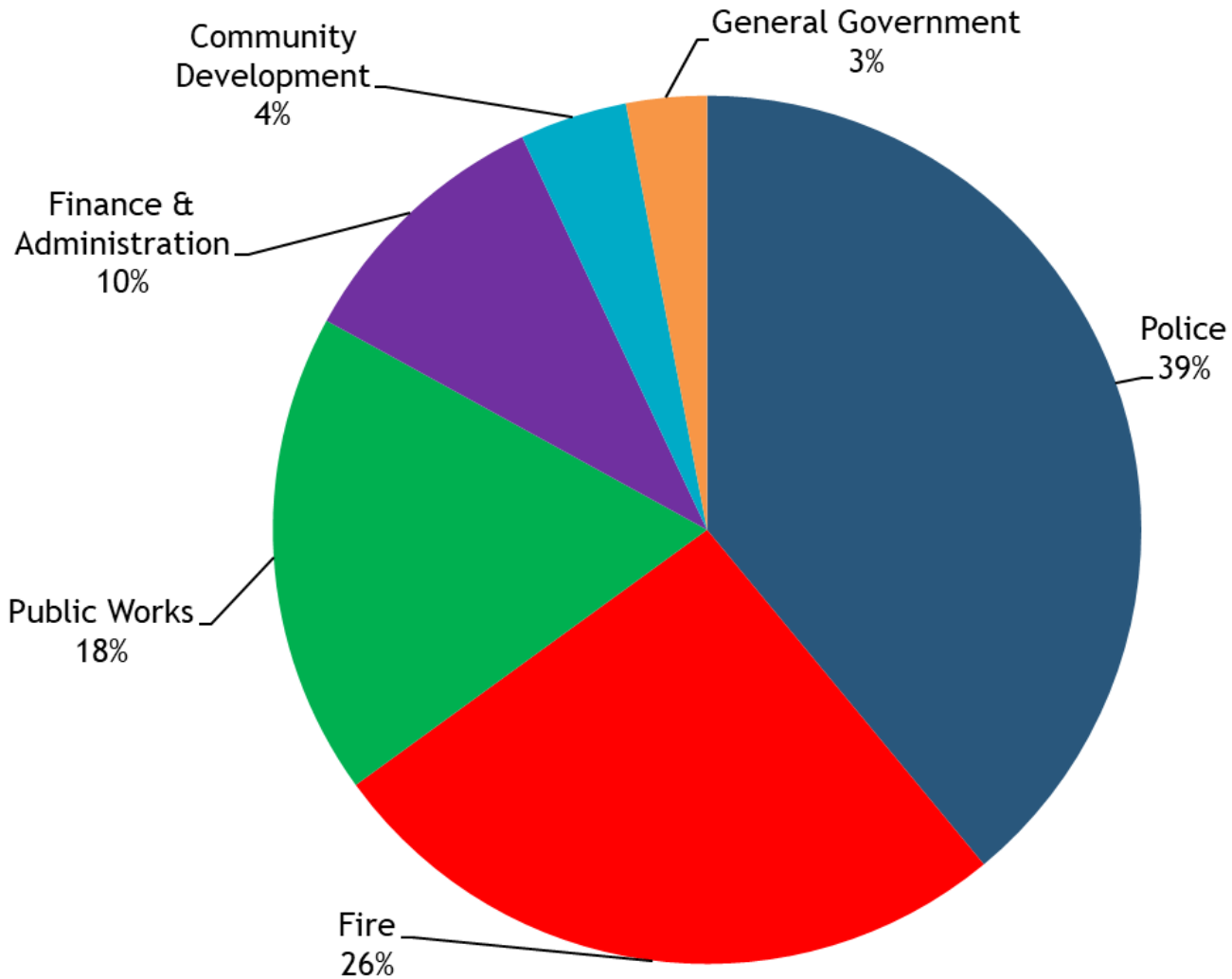


2022 Revenue Sources

	Amount
State, Federal & Intergovernmental Aids	\$20,040,631
Taxes	\$9,718,982
Other	\$ 2,034,906
Departmental Earnings	\$610,003
Licenses & Permits	\$819,283
Fines & Forfeiture	\$673,685

EXPENDITURES: WHERE IT WENT

The 2022 General Fund actuals totaled \$32,543,925, which increased by \$1,406,513 or 4.52% compared to the 2021 budget actuals. The budget provides funding for all major programs and service levels. Public safety accounts for the majority of the general fund budget at \$21 million or 65% of the budget.



2022 Expenditures

Police

Amount
\$12,502,627

Fire

\$8,584,438

Public Works

\$5,971,086

Finance & Administration

\$3,067,864

Community Development

\$1,350,953

General Government

\$1,066,987

FUND BALANCE

Fund balance shows the City of Beloit's overall financial health. For the fiscal year 2022, the city's fund balance for the general fund equaled \$17,453,722. **81% of the total fund balance, or \$14,090,516 is unassigned fund balance, which is a sign of strong financial health.** There are three categories for fund balance: nonspendable (not in spendable form), assigned (intended for a specific purpose) and unassigned. Unassigned includes residual positive fund balance that has not been classified within the other categories.

AA-

Preserving the fund balance affects everything from the ability to cover operating expenses during periods of reduced cash flow, to preserving or improving the City's AA- bond rating (Standard & Poor's). Our bond rating was increased in early 2020 from an A+ to a AA-, which helps the city be able to borrow at a lower interest rate.

