

# **CITY OF BELOIT**

Beloit, Wisconsin

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

As of and for the Year Ended  
December 31, 2019

Prepared By:

DEPARTMENT OF FINANCE AND ADMINISTRATIVE SERVICES

Eric Miller, Director

Dawn DeuVall, Director of Accounting and Purchasing

# CITY OF BELOIT

## COMPREHENSIVE ANNUAL FINANCIAL REPORT As of and for the Year Ended December 31, 2019

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CITY MANAGER

June 19, 2020

To the City Council and  
Citizens of the City of Beloit, Wisconsin

It is our pleasure to submit to you the comprehensive annual financial report (CAFR) of the City of Beloit for the fiscal year ended December 31, 2019. 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 CAFR fulfills these requirements.

This CAFR 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 CAFR.

In compliance with the above statutory requirements, the City has retained the services of Baker Tilly Virchow Krause, 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, 2019, are fairly presented in all material respects in accordance with GAAP. Their report is located at the beginning of the financial section of this CAFR.

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 36,548 residents as well as more than 90 industrial firms, 850 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 1,300 students come from nearly every state and 40 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 citizens 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 and economic development, transit system, 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 CAFR 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 CAFR.

### ***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 March 2020, the unemployment rate was 4.0% which was a positive trend and had been continuing to improve, yet still lagged behind the State and National rate of 3.8%. Fortunately, the City's large cluster of food processing industries continued to experience strong performance during this period. Several of these industries have even added employees and production lines in response to growing demand.

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

The City's Tax Increment District No. 10 continues to be its major economic development driver. Several major employers are now 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 \$166 million to the City's tax base and has provided over 1,000 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 1,100 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 general obligation debt, Sewer utility revenue bonded debt, and Stormwater utility revenue bonded debt and an "A-" for its Water utility revenue bonded debt. The general obligation rating was upgraded to "AA-/Stable" by Standard and Poor's on March 12, 2020.

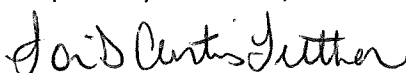
## **AWARDS and ACKNOWLEDGEMENTS**

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 CAFR for the fiscal year ended December 31, 2018. This was the seventeenth 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 CAFR. 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 CAFR 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 also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the fiscal year beginning January 1, 2020. 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-second year the City has received this award and is also valid for only one year.

The preparation of the CAFR 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, 2018**

*Christopher P. Morrill*

Executive Director/CEO

**City of Beloit, Wisconsin  
List of Elected and Appointed Officials  
December 31, 2019**

**CITY COUNCIL MEMBERS**

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

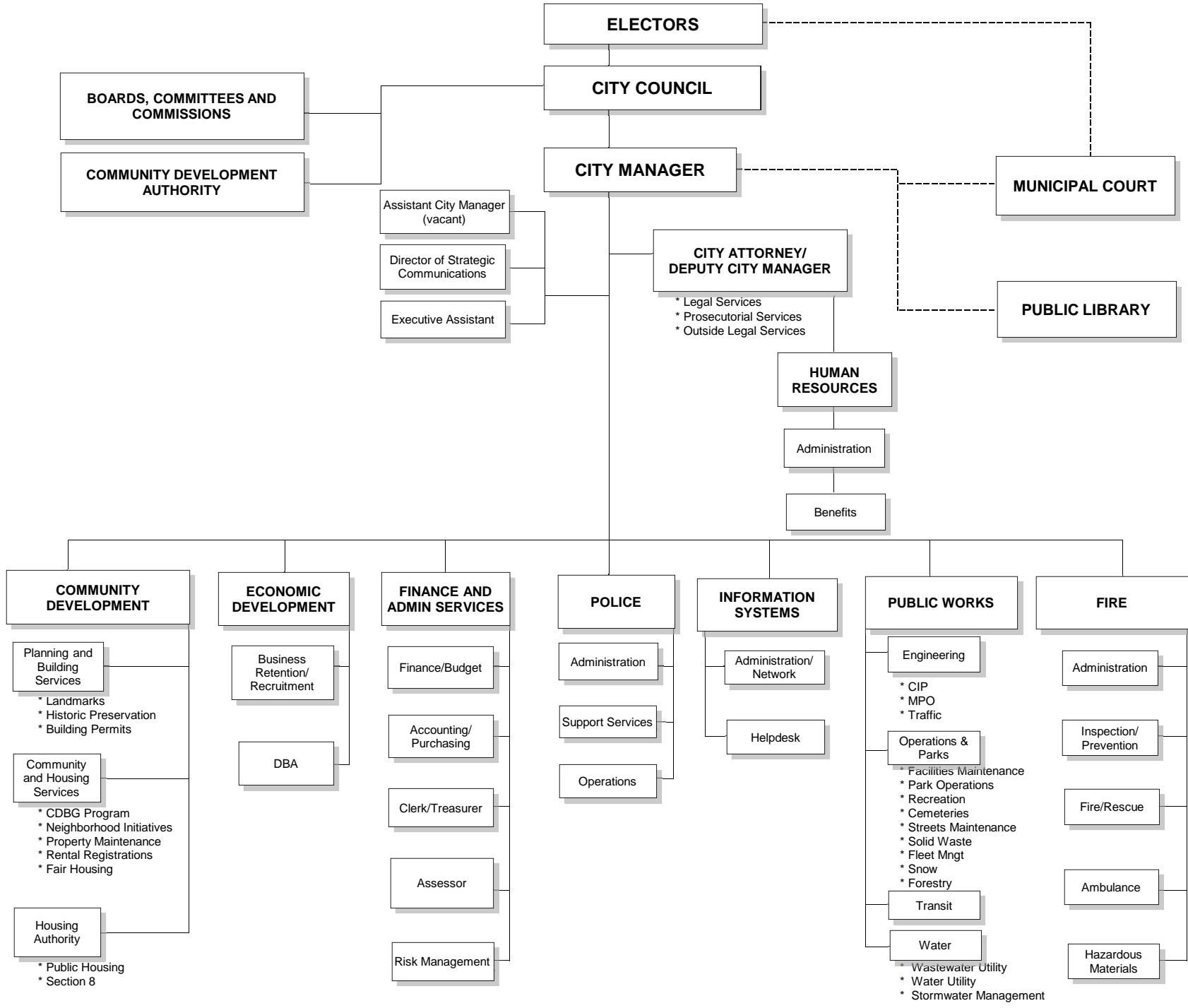
**CITY MANAGER**

Lori S. Curtis Luther

**DEPARTMENT DIRECTORS**

Eric Miller – Finance & Administrative Services Director  
Elizabeth Krueger – City Attorney  
David Zibolski – Police Chief  
Daniel Pease – Interim 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, WISCONSIN ORGANIZATIONAL CHART 2019



## INDEPENDENT AUDITORS' REPORT

To the City Council  
City of Beloit  
Beloit, Wisconsin

### **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, 2019, 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 3 percent, respectively, of the assets, net position and revenues of the discretely presented component units. The LLCs of the CDA represent 78 percent, 65 percent, and 15 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 report 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, 2019 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.

### ***Emphasis of Matter***

As discussed in Note I, the City of Beloit adopted the provisions of Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*, effective January 1, 2019. Our opinions are not modified with respect to this matter.

### ***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 schedule 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 19, 2020 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 Virchow Krause, LLP*

Madison, Wisconsin  
June 19, 2020



# CITY OF БЕЛОIT

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) For Year Ended December 31, 2019

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, 2019. 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 (CAFR).

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### FINANCIAL HIGHLIGHTS

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- > The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources as of December 31, 2019, by \$68,865,449 (*net position*). Of this amount, \$(67,639,042) is an unrestricted deficit.
- > The City's total net position decreased \$1,979,332 largely due to expenditures exceeding revenues in the Governmental 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, the City recorded a pension liability of \$7,385,073 in 2019. This is a decrease of \$13,517,319 as the City reported a \$6,132,246 asset in 2018. As of the December 31, 2018 measurement date used for the 2019 financial statements, WRS reported total resources available to provide pension benefits of \$96.7 billion. They also reported a total liability for pensions of \$100.3 billion, resulting in a net pension liability of \$3.6 billion. The City's proportionate share of this liability is \$7,385,073.
- > As of December 31, 2019, the City's governmental funds reported combined ending fund balances of \$35,554,308, an increase of \$2,344,244 from the prior year. Of this amount, \$9,228,578 or 26% 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 TIF District No. 10. A large portion of the general fund increase was attributable to a \$1,475,414 transfer in from TIF District No. 6 related to its share of the district's dissolution.
- > As of December 31, 2019, the unassigned fund balance for the general fund was \$11,882,949 or 39.2% of total general fund expenditures.
- > The business-type activities total net position at December 31, 2019 was \$67,327,855, which represents a decrease of \$2,720 from the prior year. Of this amount, \$51,152,284 represents the business-type activities net investment in capital assets.
- > As discussed in Note I of this CAFR, the City adopted the provisions of GASB issued Statement No. 84 – *Fiduciary Activities* and Statement No. 88 - *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, effective January 1, 2019.

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### OVERVIEW OF THE FINANCIAL STATEMENTS

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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 CAFR also includes supplementary information intended to provide additional detail to support the basic financial statements themselves.

# CITY OF BELOIT

## MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.) (UNAUDITED) For Year Ended December 31, 2019

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### OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)

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#### 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, recreation, and education, 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 to 3 of this CAFR.

#### 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 (cont.) (UNAUDITED) For Year Ended December 31, 2019

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### OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)

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#### Fund Financial Statements (cont.)

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 22 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 CAFR.

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 4 to 7 of this CAFR.

**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 CAFR.

The basic proprietary fund financial statements can be found on pages 8 to 12 of this CAFR.

# CITY OF BELOIT

## MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.) (UNAUDITED) For Year Ended December 31, 2019

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### OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)

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#### Fund Financial Statements (cont.)

**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 13 and 14 of this CAFR.

**Other Information** – In addition to the basic financial statements and accompanying notes, this CAFR 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 104 to 113 of this CAFR. 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 114 to 119 of this CAFR.

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### GOVERNMENT-WIDE FINANCIAL ANALYSIS

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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 \$68,865,449 as of December 31, 2019. This is a decrease of \$1,979,332 from the previous year.

# CITY OF BELOIT

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.)  
(UNAUDITED)  
For Year Ended December 31, 2019

## GOVERNMENT-WIDE FINANCIAL ANALYSIS (cont.)

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)**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>
Current and other assets	\$ 74.7	\$ 71.5	\$ 25.6	\$ 23.4	\$ 100.3	\$ 94.9
Capital assets	107.0	106.0	77.6	77.1	184.6	183.1
Total Assets	<u>181.7</u>	<u>177.5</u>	<u>103.2</u>	<u>100.5</u>	<u>284.9</u>	<u>278.0</u>
Deferred outflows of resources	<u>14.7</u>	<u>20.5</u>	<u>1.7</u>	<u>3.1</u>	<u>16.4</u>	<u>23.6</u>
Long-term liabilities	155.5	155.4	34.5	33.3	190.0	188.7
Other liabilities	<u>5.0</u>	<u>5.0</u>	<u>0.8</u>	<u>0.8</u>	<u>5.8</u>	<u>5.8</u>
Total Liabilities	<u>160.5</u>	<u>160.4</u>	<u>35.3</u>	<u>34.1</u>	<u>195.8</u>	<u>194.5</u>
Deferred inflows of resources	<u>32.4</u>	<u>36.0</u>	<u>2.3</u>	<u>2.2</u>	<u>34.7</u>	<u>38.2</u>
Net position:						
Net investment in capital assets,	72.5	73.8	52.5	51.2	121.6	122.0
Restricted	19.8	12.1	3.0	2.2	22.8	14.3
Unrestricted (deficit)	<u>(88.8)</u>	<u>(84.4)</u>	<u>11.8</u>	<u>14.0</u>	<u>(73.6)</u>	<u>(67.5)</u>
Total Net Position	<u>\$ 3.5</u>	<u>\$ 1.5</u>	<u>\$ 67.3</u>	<u>\$ 67.3</u>	<u>\$ 70.8</u>	<u>\$ 68.9</u>

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. Columns may not total due to rounding.

An additional portion of the City's net position (approximately 21%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (deficit) is \$(67,466,144).

**Analysis of City Operations** – The following table provides a summary of the City's operations for the year ended December 31, 2019. Governmental activities decreased the City's net position by \$2 million and business-type activities remained very similar.

## CITY OF BELOIT

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.)  
(UNAUDITED)  
For Year Ended December 31, 2019

### GOVERNMENT-WIDE FINANCIAL ANALYSIS (cont.)

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2018	2019	2018	2019	2018	2019
<b>REVENUES</b>						
Program Revenues:						
Charges for services	\$ 9.7	\$ 8.4	\$ 16.8	\$ 17.0	\$ 26.5	\$ 25.4
Operating grants & contributions	0.9	0.8	1.2	1.2	2.1	2.0
Capital grants & contributions	1.1	0.4	0.1	0.8	1.2	1.2
General Revenues:						
Property taxes	22.7	21.8	0.7	0.6	23.4	22.4
Other taxes	0.6	0.7	-	-	0.6	0.7
Intergovernmental	21.7	21.6	-	-	21.7	21.6
Investment income	0.6	1.1	0.5	0.5	1.1	1.6
Miscellaneous	1.1	0.8	-	-	1.1	0.8
Total Revenues	58.4	55.6	19.3	20.1	77.7	75.7
<b>EXPENSES</b>						
General government	1.2	1.2	-	-	1.2	1.2
Finance and Administration	7.7	5.6	-	-	7.7	5.6
Community development	2.9	5.8	-	-	2.9	5.8
Economic development	0.4	0.4	-	-	0.4	0.4
Police services	13.5	14.5	-	-	13.5	14.5
Fire services	9.7	9.3	-	-	9.7	9.3
Public works	16.8	17.3	-	-	16.8	17.3
Parks, recreation, and education	2.6	2.5	-	-	2.6	2.5
Interest & fiscal charges	2.0	1.8	-	-	2.0	1.8
Water utility	-	-	5.0	4.5	5.0	4.5
Sewer utility	-	-	9.2	9.3	9.2	9.3
Storm utility	-	-	1.0	1.0	1.0	1.0
Other non-major proprietary funds	-	-	4.4	4.4	4.4	4.4
Total Expenses	56.8	58.4	19.5	19.2	76.4	77.6
<b>Change in net position before transfers</b>	1.4	(2.8)	(0.2)	0.8	1.2	(2.0)
Transfers	(0.1)	0.8	0.1	(0.8)	-	-
<b>Change in net position</b>	1.3	(2.0)	(0.1)	-	1.2	(2.0)
<b>Net position – beginning</b>	2.1	3.5	67.5	67.3	69.6	70.8
<b>Net position – ending</b>	\$ 3.5	\$ 1.5	\$ 67.3	\$ 67.3	\$ 70.8	\$ 68.9

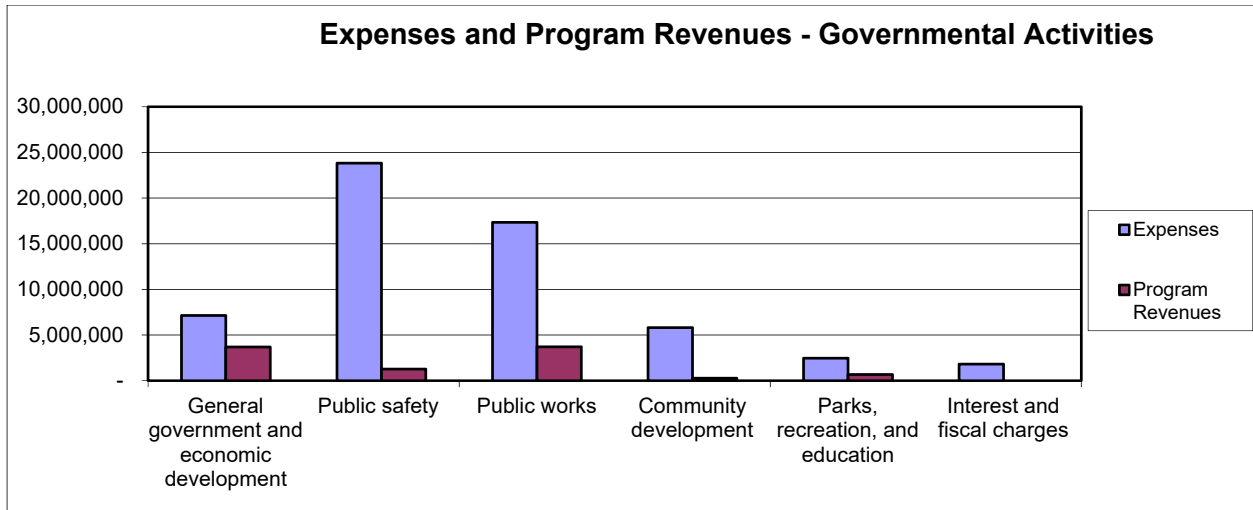
Columns may not total due to rounding.

# CITY OF BELOIT

## MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.) (UNAUDITED) For Year Ended December 31, 2019

### GOVERNMENT-WIDE FINANCIAL ANALYSIS (cont.)

For 2019, revenues decreased by approximately 2,000,000 or 2.5% due primarily to a decrease in charges for services as well as property taxes. Expenses increased by approximately \$1,200,000 or 1.5% compared to the prior year.



Intergovernmental revenue, such as state shared revenue, and property taxes are biggest sources of revenue for the City. Combined they make up 78% of the total revenue for Governmental Activities. The Public Safety and Public Works departments make up 41% and 30% of Governmental Activity Expenses respectively.

Charges for services account for 85% of the revenue for Business-type Activities. The Water and Sewer Utilities combine to make up 71% of the total Business-type Activities expenses.

# CITY OF BELOIT

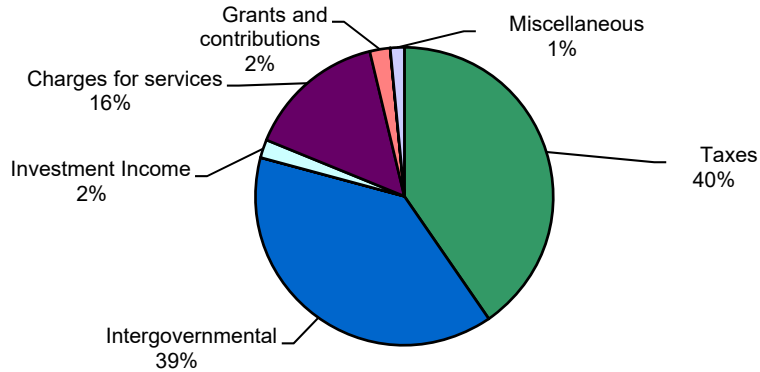
MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.)  
(UNAUDITED)  
For Year Ended December 31, 2019

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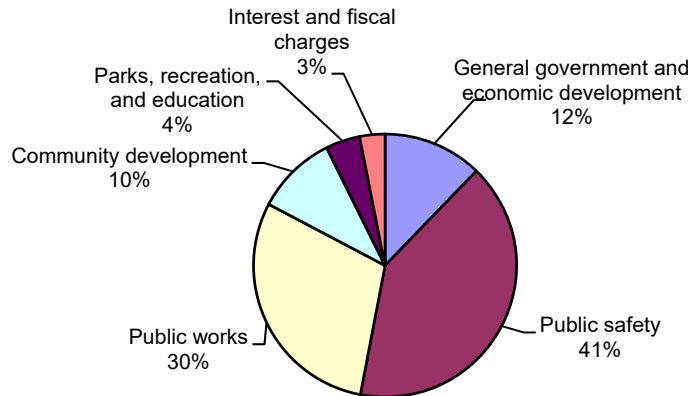
## GOVERNMENT-WIDE FINANCIAL ANALYSIS (cont.)

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**Revenue by Source - Governmental Activities**



**Expenses by Function - Governmental Activities**

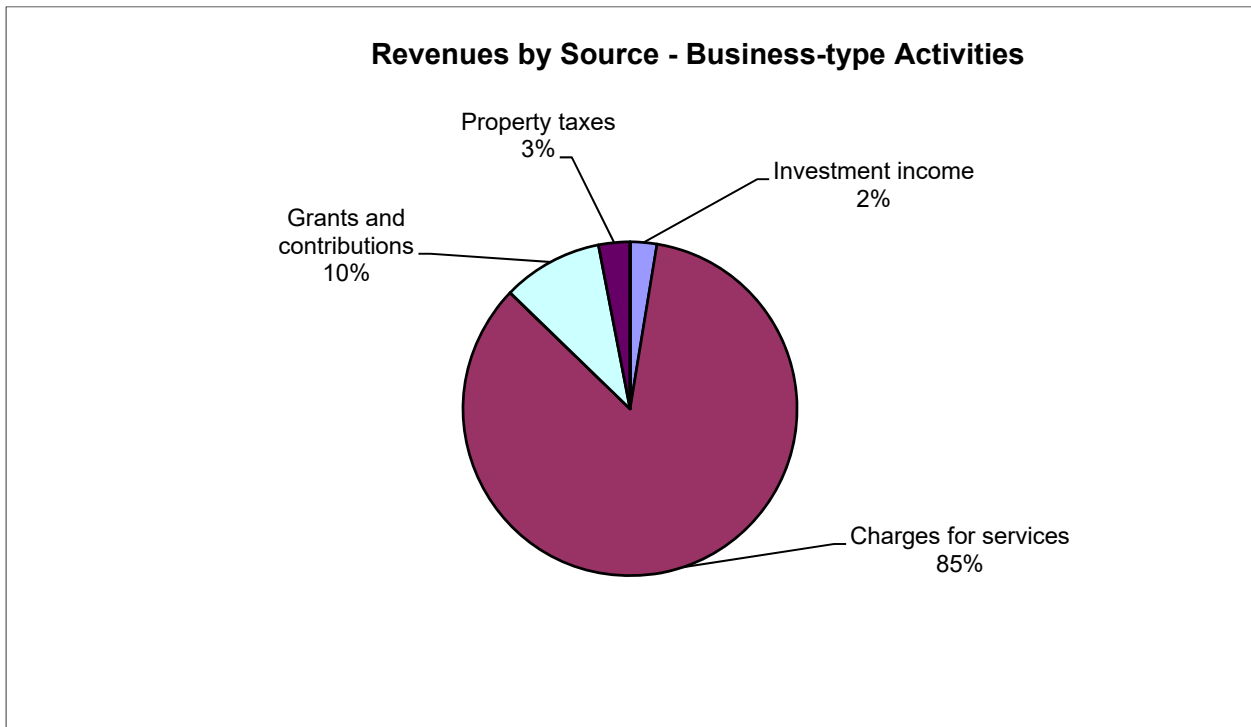
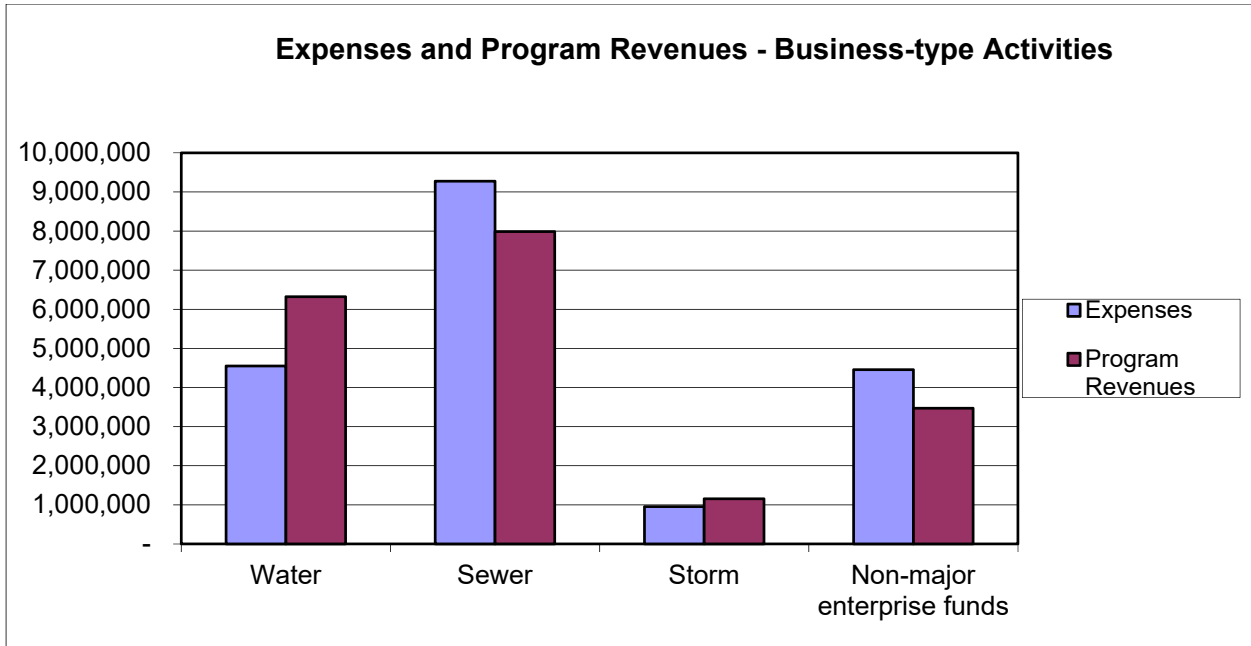




# CITY OF BELOIT

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.)  
(UNAUDITED)  
For Year Ended December 31, 2019

## GOVERNMENT-WIDE FINANCIAL ANALYSIS (cont.)



# CITY OF BELOIT

## MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.) (UNAUDITED) For Year Ended December 31, 2019

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### FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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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, 2019, the City of Beloit's governmental funds reported combined ending fund balances of \$35,554,308. This is an increase of \$2,344,244 from the previous year. Approximately 26% of this total or \$9,228,578 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 TIF District No. 10. A large portion of the general fund increase was attributable to a \$1,475,414 transfer in from TIF District No. 6 related to its share of the district's dissolution.

The remainder of fund balance is restricted, assigned or non-spendable. Restricted fund balance totals \$15,388,596 and can be used for only those purposes established by parties outside the government. The largest single component being \$3,844,409 restricted for economic development. Other restrictions in this category are for bridge maintenance, debt service, capital projects, grant programs, library operations, solid waste, and cemetery perpetual care. Assigned fund balance totals \$9,367,272 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 and equipment replacement. The non-spendable portion of fund balance totals \$1,569,862 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% of operating revenues or 3 months of estimated General Fund expenditures whichever is greater. As of December 31, 2019, the total fund balance of the general fund was \$13,533,215 of which \$11,882,949 was unrestricted (*assigned and unassigned*). This unrestricted fund balance represents 39% of general fund expenditures or 4.7 months. The City's total general fund balance increased \$2,802,230 from the prior year. The City budgeted for a change in fund balance of \$0.

**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 \$9,309,831 of which \$5,895,578 is restricted for unspent bond proceeds and the remainder being assigned for capital improvement projects.

# CITY OF BELOIT

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.)  
(UNAUDITED)  
For Year Ended December 31, 2019

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## FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS (cont.)

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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 1,000 new jobs and additional tax base valued in excess of \$140 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 \$5 million.

**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 \$1,255,829 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 \$8,170,624, a decrease of \$1,667,150 from last year. There are three tax increment districts that have deficit fund balances as of December 31, 2019.

### 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 \$223,748 or 12% increase in operating income of \$2,037,528 in 2019 from \$1,813,780 in 2018. This increase was the result of a decrease in contractual service costs for maintenance in 2019. The change in net position in 2019 was an increase of \$1,083,767. The City serves 15,338 water customers and maintains eight wells and approximately 200 miles of water mains.

**Sewer Utility:** The sewer utility realized an operating loss of \$1,133,988 in 2019 compared to a loss of \$1,230,317 for 2018. This loss is largely the result of depreciation expense and increased contractual services to maintain the plant and equipment. Net position decreased \$1,091,102 due primarily to the increase in operating costs and depreciation. Cash flow decreased for the sewer utility with a decrease in cash and cash equivalents of \$1,298,690 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 \$20,195 increase in operating income of \$215,468 in 2019 from \$195,273 in 2018. This increase was the result of an increase in charges for services and a decrease in operation and maintenance costs in 2019. The change in net position in 2019 was an increase of \$216,479.

# CITY OF BELOIT

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.)  
(UNAUDITED)  
For Year Ended December 31, 2019

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## FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS (cont.)

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The net position of the City's Enterprise Funds as of December 31, 2019 was \$67,455,844. The water, sewer, and storm utility's net position accounted for \$63,136,117 or 94% of this total.

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## GENERAL FUND BUDGETARY HIGHLIGHTS

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The general fund budget appropriations totaled \$31,988,212. The final actual expenditures of \$30,314,706 were \$1,673,506 less than the final budget appropriations.

The actual revenues and other financing sources were \$33,116,936, which were \$1,128,724 more than the budgeted amount. Investment income in 2019 was \$604,316. Interest rates continue to remain low but have shown signs of improvement. At \$7,852,636, the property tax levy is the second largest local source revenue in the general fund. Total taxes were higher than the final budget by \$2,063. 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 2019, these payments totaled \$19,537,708. This represents 59% of total general fund revenues and other financing sources and is consistent with prior year's totals. Revenues and other financing sources were \$2,802,230 greater than expenditures and other financing uses, which is the net change in fund balance for 2019. As was previously mentioned, no change in fund balance was budgeted for the general fund in 2019.

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

- > General government expenditures were \$1,188,665 less than budget largely related to reduced costs related to licenses and permits, when compared to the budgeted amount.
- > Public Works department expenditures were \$440,587 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
- > License and permit revenues were \$22,159 more than budget due to more construction permits being issued than budgeted.
- > Fines, forfeitures and penalties were \$97,071 less than budget largely due to decreased fines collected for traffic and non-traffic related offenses and parking violations.
- > Transfers in were greater than budget by \$1,475,414, which was a result of the transfer in from TIF District No. 6 related to its share of the district's dissolution.

## CITY OF BELOIT

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.)  
(UNAUDITED)  
For Year Ended December 31, 2019

### CAPITAL ASSETS

The City of Beloit's investment in capital assets for its governmental and business-type activities as of December 31, 2019, was \$183,131,700 (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 a decrease in net book value of \$1,525,255 from last year.

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

- > The City added \$1,684,365 in vehicles and equipment in 2019.
- > Current year CWIP additions of \$968,901 in the Governmental Activities relates to the Milwaukee Road Gateway Corridor reconstruction and the fiber optic and radio expansion project.
- > The City added almost \$4.65M 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)**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>
Land	\$ 5.6	\$ 5.6	\$ 3.7	\$ 3.7	\$ 9.3	\$ 9.3
Construction in progress	3.5	3.8	0.6	-	4.1	3.8
Buildings	13.5	13.7	6.7	6.4	20.2	20.1
Machinery & equipment	10.9	10.9	3.0	3.2	13.9	14.1
Other improvements	2.9	2.8	-	-	2.9	2.8
Streets	53.8	52.6	-	-	53.8	52.6
Structures	0.3	0.4	-	-	0.3	0.4
Street lights	4.9	4.8	-	-	4.9	4.8
Traffic signals	0.4	0.4	-	-	0.4	0.4
Bridges	11.2	11.0	-	-	11.2	11.0
Storm sewer infrastructure	-	-	9.0	8.9	9.0	8.9
Water plant & equipment	-	-	27.7	27.6	27.7	27.6
Sewer plant & equipment	-	-	27.0	27.3	27.0	27.3
Totals	<u>\$ 107.0</u>	<u>\$ 106.0</u>	<u>\$ 77.6</u>	<u>\$ 77.1</u>	<u>\$ 184.7</u>	<u>\$ 183.1</u>

Columns may not total due to rounding.

Additional information on the City's capital assets can be found in note IV.D on pages 40-42 of this CAFR.

## CITY OF BELOIT

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.)  
(UNAUDITED)  
For Year Ended December 31, 2019

### LONG-TERM OBLIGATIONS

In 2019, the City issued \$5,565,000 in general obligation debt and retired \$6,778,863 resulting in \$78,293,072 in outstanding general obligation and revenue bonds at the end of 2019. Of the total bonded debt outstanding, \$50,527,025 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% of the equalized assessed value of taxable property located within the City. The total debt applicable to the statutory limit is 57% of the maximum allowed of \$89,292,745. The City's Stormwater utility revenue bonds and general obligation notes and bonds are rated "A+" and the Water utility revenue bonds are rated "A-" by Standard and Poor's. The general obligation debt rating was affirmed in 2019.

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

	Governmental Activities		Business-Type Activities		Total	
	2018	2019	2018	2019	2018	2019
General obligation bonds	\$ 47.0	\$ 47.8	\$ 2.9	\$ 2.7	\$ 49.9	\$ 50.5
Revenue bonds	-	-	29.6	27.8	29.6	27.8
Debt Outstanding	<u>\$ 47.0</u>	<u>\$ 47.8</u>	<u>\$ 32.5</u>	<u>\$ 30.5</u>	<u>\$ 79.5</u>	<u>\$ 78.3</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 footnote IV.F and IV.G on pages 45-53 of this CAFR.

### CURRENTLY KNOWN FACTS/ECONOMIC CONDITIONS

The City's economy historically and currently remains largely reliant on manufacturing, industry, and commercial growth. There have been significant improvements to the local economy over the last decade and the City remains on a positive path. In March 2020, the unemployment rate for Beloit was 4.0%, which is a positive trend, and has continued to improve, yet still lags behind both the state and national average rate of 3.8%.

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.

## CITY OF БЕЛОIT

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.)  
(UNAUDITED)  
For Year Ended December 31, 2019

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### **CURRENTLY KNOWN FACTS/ECONOMIC CONDITIONS (cont.)**

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This fact has become obvious from the economic development activity and growth being realized in the City's Tax Increment District No.10, which is located at the intersection of these highways. Since its inception in 2000, TID No.10 has realized an additional tax base value in excess of \$140 million with over 1,000 new jobs. We are optimistic that this linkage will further enhance the development potential of TID No. 10 and provide additional economic development opportunities for the City.

Another project that will have a profound impact on the City's economy is the potential for a gaming casino in the City. Eight 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. It is estimated the net gaming proceeds could possibly total \$5 to \$7 million per year. Seven 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 2019, the City's tax base increased \$135,565,700 or 8.21% to \$1,785,854,900. 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 2019 and have shown positive growth in net new construction for the City. Several commercial and manufacturing construction projects were completed in 2019.

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

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### **REQUESTS FOR INFORMATION**

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This CAFR 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 CAFR 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  
As of December 31, 2019

	Primary Government			Component Units
	Governmental Activities	Business- type Activities	Totals	
<b>ASSETS</b>				
Cash and investments	\$ 32,195,429	\$ 12,559,524	\$ 44,754,953	\$ 1,734,730
Receivables (net of allowance for uncollectibles)				
Taxes	21,609,532	610,019	22,219,551	-
Delinquent personal property taxes	73,600	-	73,600	-
Accounts	1,016,416	3,009,398	4,025,814	130,674
Special assessments	467,829	-	467,829	-
Loans	2,496,435	-	2,496,435	-
Accrued interest	145,497	-	145,497	540
Land contract	1,377,793	-	1,377,793	-
Other	113,753	906,679	1,020,432	-
Due from other governmental units	541,911	1,327,773	1,869,684	4,941
Internal balances - interfunds	1,319,771	(1,319,771)	-	-
Internal balances - advances	1,508,900	(1,508,900)	-	-
Due from component unit	142,127	-	142,127	-
Inventories	525,243	262,069	787,312	-
Tax credit fees	-	-	-	105,472
Prepaid items	2,021	17,721	19,742	13,904
Lease receivable from primary government	-	-	-	3,838,285
Restricted Assets				
Temporarily Restricted				
Cash and investments	-	7,417,514	7,417,514	2,670,068
Deposit with risk pool	1,575,475	-	1,575,475	-
Other assets	-	83,712	83,712	-
Land held for resale	6,356,370	-	6,356,370	-
Capital Assets				
Land	5,604,384	3,736,753	9,341,137	601,285
Construction in progress	3,823,231	-	3,823,231	-
Capital assets net of depreciation	96,556,841	73,410,491	169,967,332	14,863,824
Total Assets	<u>177,452,558</u>	<u>100,512,982</u>	<u>277,965,540</u>	<u>23,963,723</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Unamortized loss on advanced refunding	699,999	5,258	705,257	-
Pension related amounts	17,058,898	3,029,848	20,088,746	323,935
OPEB related amounts - health	2,646,679	13,104	2,659,783	-
OPEB related amounts - life	110,760	33,184	143,944	3,511
Total Deferred Outflows of Resources	<u>20,516,336</u>	<u>3,081,394</u>	<u>23,597,730</u>	<u>327,446</u>
<b>LIABILITIES</b>				
Accounts payable	2,020,158	514,547	2,534,705	33,829
Accrued liabilities	1,322,414	162,060	1,484,474	1,759,806
Claims payable	1,663,133	-	1,663,133	-
Due to primary government	-	-	-	142,127
Other liabilities	-	4,502	4,502	-
Deposits	-	135,000	135,000	82,957
Noncurrent liabilities				
OPEB liability - health	92,708,624	144,919	92,853,543	-
Net OPEB liability - life	861,242	256,879	1,118,121	27,215
Net pension liability	6,305,608	1,079,465	7,385,073	107,543
Due within one year	8,159,886	2,633,232	10,793,118	1,855,000
Due in more than one year	47,405,901	29,124,153	76,530,054	4,523,030
Total Liabilities	<u>160,446,966</u>	<u>34,054,757</u>	<u>194,501,723</u>	<u>8,531,507</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Property tax levied for next period	21,602,368	610,107	22,212,475	1,032,664
OPEB related amounts - health	5,436,887	8,500	5,445,387	-
Pension related amounts	8,662,396	1,508,842	10,171,238	167,956
OPEB related amounts - life	282,683	84,315	366,998	8,932
Total Deferred Inflows of Resources	<u>35,984,334</u>	<u>2,211,764</u>	<u>38,196,098</u>	<u>1,209,552</u>
<b>NET POSITION (DEFICIT)</b>				
Net investment in capital assets	73,804,277	51,152,284	122,015,168	15,465,109
Restricted for debt service	879,948	619,901	1,499,849	-
Restricted for library operations	486,533	-	486,533	-
Restricted for replacement	-	1,595,400	1,595,400	-
Restricted for economic development	4,483,029	-	4,483,029	-
Restricted for grant programs	3,537,091	-	3,537,091	5,470,974
Restricted for solid waste	464,527	-	464,527	-
Restricted for cemetery perpetual care	2,342,490	-	2,342,490	-
Restricted for bridge activities	80,404	-	80,404	-
Unrestricted (deficit)	<u>(84,540,705)</u>	<u>13,960,270</u>	<u>(67,639,042)</u>	<u>(6,385,973)</u>
<b>TOTAL NET POSITION</b>	<u>\$ 1,537,594</u>	<u>\$ 67,327,855</u>	<u>\$ 68,865,449</u>	<u>\$ 14,550,110</u>

See accompanying notes to financial statements.



**CITY OF BELOIT**

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2019

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
Governmental Activities				
General Government				
City Council, Manager, Attorney	\$ 1,146,064	\$ 37,381	\$ -	\$ -
Finance and Administrative Services	5,554,143	3,619,505	36,193	-
Community Development	5,810,962	136,214	142,625	-
Economic Development	440,630	-	-	-
Public Safety				
Police Services	14,535,554	1,137,947	470	-
Fire Services	9,280,506	53,510	75,120	-
Public works	17,344,453	3,039,585	230,902	445,809
Parks, recreation, and education	2,465,679	378,531	301,763	-
Interest and fiscal charges	1,818,478	-	-	-
Total Governmental Activities	<u>58,396,469</u>	<u>8,402,673</u>	<u>787,073</u>	<u>445,809</u>
Business-type Activities				
Water	4,548,386	5,888,465	-	434,039
Sewer	9,292,453	7,985,607	-	-
Golf course	416,361	396,620	-	-
Cemeteries	244,152	173,585	-	-
Ambulance	1,469,591	1,215,904	-	-
Storm sewer	952,574	1,126,622	-	27,531
Transit	2,325,124	196,000	1,169,143	319,400
Total Business-type Activities	<u>19,248,641</u>	<u>16,982,803</u>	<u>1,169,143</u>	<u>780,970</u>
Total Primary Government	<u>\$ 77,645,110</u>	<u>\$ 25,385,476</u>	<u>\$ 1,956,216</u>	<u>\$ 1,226,779</u>
<b>Component Units - Business-type Activities</b>				
Community Development Authority	\$ 5,539,027	\$ 299,756	\$ 3,891,949	\$ -
Beloit Public Library Foundation, Inc.	33,954	-	14,083	-
Total Component Units	<u>\$ 5,572,981</u>	<u>\$ 299,756</u>	<u>\$ 3,906,032</u>	<u>\$ -</u>

General Revenues  
 Taxes  
   Property taxes, levied for general purposes  
   Property taxes, levied for debt service  
   Property taxes, tax increment  
   Property taxes, levied for other  
   Other taxes  
 Intergovernmental revenues not restricted to specific programs  
 Investment income  
 Gain on sale of property  
 Miscellaneous  
 Transfers  
 Total General Revenues and Transfers

**Change in net position**

NET POSITION - Beginning

**NET POSITION - ENDING**

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Units
Governmental Activities	Business-type Activities	Totals	
\$ (1,108,683)	\$ -	\$ (1,108,683)	\$ -
(1,898,445)	-	(1,898,445)	-
(5,532,123)	-	(5,532,123)	-
(440,630)	-	(440,630)	-
(13,397,137)	-	(13,397,137)	-
(9,151,876)	-	(9,151,876)	-
(13,628,157)	-	(13,628,157)	-
(1,785,385)	-	(1,785,385)	-
(1,818,478)	-	(1,818,478)	-
(48,760,914)	-	(48,760,914)	-
-	1,774,118	1,774,118	-
-	(1,306,846)	(1,306,846)	-
-	(19,741)	(19,741)	-
-	(70,567)	(70,567)	-
-	(253,687)	(253,687)	-
-	201,579	201,579	-
-	(640,581)	(640,581)	-
-	(315,725)	(315,725)	-
(48,760,914)	(315,725)	(49,076,639)	-
-	-	-	(1,347,322)
-	-	-	(19,871)
-	-	-	(1,367,193)
7,852,636	610,019	8,462,655	-
5,250,052	-	5,250,052	-
6,841,436	-	6,841,436	-
1,806,895	-	1,806,895	-
713,589	-	713,589	-
21,565,462	-	21,565,462	-
1,099,877	518,050	1,617,927	450,937
2,763	-	2,763	97,334
836,528	-	836,528	184,908
815,064	(815,064)	-	-
46,784,302	313,005	47,097,307	733,179
(1,976,612)	(2,720)	(1,979,332)	(634,014)
3,514,206	67,330,575	70,844,781	15,184,124
\$ 1,537,594	\$ 67,327,855	\$ 68,865,449	\$ 14,550,110

See accompanying notes to financial statements.

**CITY OF BELOIT**

**BALANCE SHEET - GOVERNMENTAL FUNDS**  
As of December 31, 2019

	General	TIF District No. 10	General Debt Service	Capital Improvements	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and investments	\$ 11,092,043	\$ 3,320,040	\$ 177,623	\$ 9,026,771	\$ 7,346,793	\$ 30,963,270
Receivables						
Taxes	8,209,077	4,478,141	5,250,000	59,153	3,613,161	21,609,532
Delinquent personal property taxes	73,600	-	-	-	-	73,600
Accounts (net)	346,033	-	-	-	538,979	885,012
Special assessments	-	-	-	467,829	-	467,829
Loans	-	-	-	-	2,496,435	2,496,435
Accrued interest	106,009	-	-	-	39,488	145,497
Land contract	-	-	-	-	1,377,793	1,377,793
Other	113,753	-	-	-	-	113,753
Due from other governmental units	-	-	-	1,061	540,850	541,911
Due from other funds	2,301,475	-	-	-	-	2,301,475
Due from component unit	-	-	-	-	142,127	142,127
Inventories	525,243	-	-	-	-	525,243
Prepaid items	2,021	-	-	-	-	2,021
Advances to other funds	968,998	-	1,083,738	1,119,806	3,181,371	6,353,913
<b>TOTAL ASSETS</b>	<b>\$ 23,738,252</b>	<b>\$ 7,798,181</b>	<b>\$ 6,511,361</b>	<b>\$ 10,674,620</b>	<b>\$ 19,276,997</b>	<b>\$ 67,999,411</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>						
<b>Liabilities</b>						
Accounts payable	\$ 800,137	\$ 35,231	\$ -	\$ 837,807	\$ 292,558	\$ 1,965,733
Accrued liabilities	946,533	-	-	-	-	946,533
Due to other funds	-	-	5,532	-	1,104,161	1,109,693
Advances from other funds	-	-	-	-	2,203,544	2,203,544
<b>Total Liabilities</b>	<b>1,746,670</b>	<b>35,231</b>	<b>5,532</b>	<b>837,807</b>	<b>3,600,263</b>	<b>6,225,503</b>
<b>Deferred Inflows of Resources</b>						
Property tax levied for next period	8,209,077	4,478,141	5,250,000	59,153	3,605,997	21,602,368
Unavailable revenue	249,290	-	-	467,829	3,900,113	4,617,232
<b>Total Deferred Inflows of Resources</b>	<b>8,458,367</b>	<b>4,478,141</b>	<b>5,250,000</b>	<b>526,982</b>	<b>7,506,110</b>	<b>26,219,600</b>
<b>Fund Balances (Deficit)</b>						
Nonspendable	1,569,862	-	-	-	-	1,569,862
Restricted	80,404	3,284,809	1,255,829	5,895,578	4,871,976	15,388,596
Assigned	-	-	-	3,414,253	5,953,019	9,367,272
Unassigned (deficit)	11,882,949	-	-	-	(2,654,371)	9,228,578
<b>Total Fund Balances</b>	<b>13,533,215</b>	<b>3,284,809</b>	<b>1,255,829</b>	<b>9,309,831</b>	<b>8,170,624</b>	<b>35,554,308</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 23,738,252</b>	<b>\$ 7,798,181</b>	<b>\$ 6,511,361</b>	<b>\$ 10,674,620</b>	<b>\$ 19,276,997</b>	

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 II.A.	105,980,631
Land held for resale is not reported in the funds	6,356,370
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 IV.B.	4,617,232
Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	16,833,768
Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	(8,544,186)
Deferred outflows of resources related to OPEB's do not relate to current financial resources and are not reported in the governmental funds.	2,753,456
Deferred inflows of resources related to OPEB's do not relate to current financial resources and are not reported in the governmental funds.	(5,709,405)
Internal service funds are reported in the statement of net position as governmental activities.	(1,300,773)
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 II.A.	(155,703,806)
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.	699,999
<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b>\$ 1,537,594</b>

See accompanying notes to financial statements.

# CITY OF BELOIT

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS For the Year Ended December 31, 2019

	General	TIF District No. 10
<b>REVENUES</b>		
Taxes	\$ 8,100,078	\$ 4,285,418
Intergovernmental	19,537,708	236,558
Licenses and permits	818,294	-
Fines, forfeitures and penalties	798,169	-
Fees and service charges	845,790	-
Rent	77,441	-
Special assessments	-	-
Investment income (loss)	604,316	60,367
Public charges for services	-	-
Other	41,876	27,103
Total Revenues	30,823,672	4,609,446
<b>EXPENDITURES</b>		
Current		
General government	3,456,460	-
Community development	1,373,292	-
Public safety	19,939,616	-
Public works	5,545,338	-
Parks, recreation, and education	-	-
Capital Outlay	-	1,019,800
Debt Service		
Principal retirement	-	1,750,000
Interest and fiscal charges	-	293,865
Total Expenditures	30,314,706	3,063,665
Excess (deficiency) of revenues over (under) expenditures	508,966	1,545,781
<b>OTHER FINANCING SOURCES (USES)</b>		
Debt issued	-	-
Debt premium	-	-
Sale of city property	2,786	-
Transfers in	2,290,478	-
Transfers out	-	(184,077)
Total Other Financing Sources (Uses)	2,293,264	(184,077)
<b>Net Change in Fund Balances</b>	2,802,230	1,361,704
FUND BALANCES - Beginning	10,730,985	1,923,105
<b>FUND BALANCES - ENDING</b>	\$ 13,533,215	\$ 3,284,809

General Debt Service	Capital Improvements	Nonmajor Governmental Funds	Total Governmental Funds
\$ 5,250,052	\$ -	\$ 4,385,544	\$ 22,021,092
-	-	2,523,814	22,298,080
-	-	56,621	874,915
-	41,400	-	839,569
-	-	22,425	868,215
-	-	-	77,441
-	445,809	-	445,809
834	162,607	306,351	1,134,475
-	-	2,954,676	2,954,676
-	47,553	1,640,350	1,756,882
<u>5,250,886</u>	<u>697,369</u>	<u>11,889,781</u>	<u>53,271,154</u>
-	-	-	3,456,460
-	-	3,960,871	5,334,163
-	-	695,390	20,635,006
-	-	2,996,657	8,541,995
-	-	2,224,300	2,224,300
-	6,337,586	1,542,997	8,900,383
4,640,579	-	222,455	6,613,034
1,368,890	152,381	44,989	1,860,125
<u>6,009,469</u>	<u>6,489,967</u>	<u>11,687,659</u>	<u>57,565,466</u>
<u>(758,583)</u>	<u>(5,792,598)</u>	<u>202,122</u>	<u>(4,294,312)</u>
-	5,470,000	-	5,470,000
172,898	70,249	-	243,147
-	-	107,559	110,345
685,494	-	1,025,170	4,001,142
-	-	(3,002,001)	(3,186,078)
<u>858,392</u>	<u>5,540,249</u>	<u>(1,869,272)</u>	<u>6,638,556</u>
99,809	(252,349)	(1,667,150)	2,344,244
<u>1,156,020</u>	<u>9,562,180</u>	<u>9,837,774</u>	<u>33,210,064</u>
<u>\$ 1,255,829</u>	<u>\$ 9,309,831</u>	<u>\$ 8,170,624</u>	<u>\$ 35,554,308</u>

See accompanying 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 For the Year Ended December 31, 2019

Net change in fund balances - total governmental funds	\$	2,344,244
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>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.</p>		
Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements		8,900,383
Less: Some items are reported as capital outlay but not capitalized		(6,064,793)
Depreciation is reported in the government-wide statements		(3,836,337)
Change in land held for resale		83,272
Net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins) is to decrease net position.		(31,330)
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.		(538,293)
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 (\$5,470,000 G.O. debt) were less than payments (\$4,593,666 G.O. debt, \$10,000 other debt, and \$2,009,368 capital leases).		1,143,034
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.		(229,251)
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		(60,409)
Accrued interest on debt		25,341
Net pension liability/asset		(11,436,672)
Deferred outflows of resources related to pensions		7,216,682
Deferred inflows of resources related to pensions		1,794,714
OPEB liabilities		5,342,628
Deferred outflows of resources related to OPEB's		(1,375,530)
Deferred inflows of resources related to OPEB's		(5,689,349)
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.		435,054
<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b>\$</b>	<b>(1,976,612)</b>

See accompanying notes to financial statements.

**CITY OF BELOIT**

STATEMENT OF NET POSITION - PROPRIETARY FUNDS  
As of December 31, 2019

	Business-type Activities - Enterprise Funds				Totals	Governmental Activities - Internal Service Funds
	Water Utility	Sewer Utility	Storm Utility	Nonmajor Enterprise Funds		
<b>ASSETS</b>						
<b>Current Assets</b>						
Cash and investments	\$ 1,569,188	\$ 9,710,323	\$ 1,197,515	\$ 82,498	\$ 12,559,524	\$ 1,232,159
Receivables						
Taxes	-	-	-	610,019	610,019	-
Accounts	838,845	1,156,235	185,728	828,590	3,009,398	131,404
Other	97,429	809,250	-	-	906,679	-
Due from other governmental units	-	720,694	-	607,079	1,327,773	-
Inventories	65,764	38,040	-	158,265	262,069	-
Prepayments	17,721	-	-	-	17,721	-
Restricted Assets						
Bond redemption account	383,039	226,616	49,250	-	658,905	-
Total Current Assets	<u>2,971,986</u>	<u>12,661,158</u>	<u>1,432,493</u>	<u>2,286,451</u>	<u>19,352,088</u>	<u>1,363,563</u>
<b>Noncurrent Assets</b>						
<b>Restricted Assets</b>						
Bond reserve account	1,899,707	269,100	110,500	-	2,279,307	-
Replacement account	-	1,595,400	-	-	1,595,400	-
Construction account	2,249,318	634,584	-	-	2,883,902	-
Deposit with risk pool	-	-	-	-	-	1,575,475
Total Restricted Assets	<u>4,149,025</u>	<u>2,499,084</u>	<u>110,500</u>	<u>-</u>	<u>6,758,609</u>	<u>1,575,475</u>
<b>Capital Assets</b>						
Land	1,050,724	1,416,029	-	1,270,000	3,736,753	-
Land improvements	-	-	-	702,418	702,418	-
Buildings	5,449,135	73,328,246	-	4,923,206	83,700,587	-
Machinery, equipment, and vehicles	2,805,751	2,111,443	-	4,804,738	9,721,932	67,165
Infrastructure	45,610,573	18,593,861	12,446,737	-	76,651,171	-
Less: Accumulated depreciation	(22,017,301)	(66,004,013)	(3,534,575)	(5,809,728)	(97,365,617)	(63,340)
Total Capital Assets, Net	<u>32,898,882</u>	<u>29,445,566</u>	<u>8,912,162</u>	<u>5,890,634</u>	<u>77,147,244</u>	<u>3,825</u>
<b>Other Assets</b>						
Preliminary survey and engineering	-	83,712	-	-	83,712	-
Total Other Assets	<u>-</u>	<u>83,712</u>	<u>-</u>	<u>-</u>	<u>83,712</u>	<u>-</u>
Total Noncurrent Assets	<u>37,047,907</u>	<u>32,028,362</u>	<u>9,022,662</u>	<u>5,890,634</u>	<u>83,989,565</u>	<u>1,579,300</u>
Total Assets	<u>40,019,893</u>	<u>44,689,520</u>	<u>10,455,155</u>	<u>8,177,085</u>	<u>103,341,653</u>	<u>2,942,863</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Unamortized loss on advance refunding	3,313	1,215	-	730	5,258	-
Pension related amounts	217,705	1,029,287	52,071	1,730,785	3,029,848	225,130
OPEB related amounts - health	1,342	6,324	278	5,160	13,104	-
OPEB related amounts - life	2,347	17,457	-	13,380	33,184	3,983
Total Deferred Outflows of Resources	<u>224,707</u>	<u>1,054,283</u>	<u>52,349</u>	<u>1,750,055</u>	<u>3,081,394</u>	<u>229,113</u>

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Water Utility	Sewer Utility	Storm Utility	Nonmajor Enterprise Funds	Totals	
<b>LIABILITIES</b>						
Current Liabilities						
Accounts payable	\$ 206,461	\$ 248,010	\$ 5,787	\$ 54,289	\$ 514,547	\$ 54,425
Accrued liabilities	5,668	2,856	2,711	1,321	12,556	-
Claims payable	-	-	-	-	-	1,663,133
Due to other funds	-	-	-	1,191,782	1,191,782	-
Compensated absences	15,236	191,648	7,531	150,010	364,425	-
Current maturities of general obligation debt	133,750	69,047	65,080	53,292	321,169	-
Customer deposits	135,000	-	-	-	135,000	-
Other current liabilities	-	-	-	4,502	4,502	-
Current Liabilities Payable From Restricted Assets						
Current maturities of revenue debt	1,570,000	302,638	75,000	-	1,947,638	-
Accrued interest	114,644	29,935	4,925	-	149,504	-
<b>Total Current Liabilities</b>	<b>2,180,759</b>	<b>844,134</b>	<b>161,034</b>	<b>1,455,196</b>	<b>4,641,123</b>	<b>1,717,558</b>
Noncurrent Liabilities						
General obligation debt, less current maturities	1,013,710	448,240	574,913	329,684	2,366,547	-
Compensated absences	23,662	179,003	-	32,367	235,032	-
OPEB liability - health	10,242	94,951	2,622	37,104	144,919	-
Net OPEB liability - life	18,365	135,741	-	102,773	256,879	30,976
Revenue debt, less current maturities (including unamortized premium)	20,015,298	5,599,415	907,861	-	26,522,574	-
Advances from other funds	-	-	-	1,508,900	1,508,900	2,641,469
Net pension liability	77,017	347,714	17,269	637,465	1,079,465	82,360
<b>Total Noncurrent Liabilities</b>	<b>21,158,294</b>	<b>6,805,064</b>	<b>1,502,665</b>	<b>2,648,293</b>	<b>32,114,316</b>	<b>2,754,805</b>
<b>Total Liabilities</b>	<b>23,339,053</b>	<b>7,649,198</b>	<b>1,663,699</b>	<b>4,103,489</b>	<b>36,755,439</b>	<b>4,472,363</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Property tax levied for next period	-	-	-	610,107	610,107	-
OPEB related amounts - health	601	5,568	154	2,177	8,500	-
Pension related amounts	108,799	516,373	25,762	857,908	1,508,842	118,210
OPEB related amounts - life	6,031	44,552	-	33,732	84,315	10,165
<b>Total Deferred Inflows of Resources</b>	<b>115,431</b>	<b>566,493</b>	<b>25,916</b>	<b>1,503,924</b>	<b>2,211,764</b>	<b>128,375</b>
<b>NET POSITION (DEFICIT)</b>						
Net investment in capital assets	14,318,463	23,931,125	7,289,308	5,613,388	51,152,284	3,825
Restricted for debt service	268,395	196,681	154,825	-	619,901	-
Restricted for replacement	-	1,595,400	-	-	1,595,400	-
Unrestricted (deficit)	2,203,258	11,804,906	1,373,756	(1,293,661)	14,088,259	(1,432,587)
<b>TOTAL NET POSITION</b>	<b>\$ 16,790,116</b>	<b>\$ 37,528,112</b>	<b>\$ 8,817,889</b>	<b>\$ 4,319,727</b>	<b>67,455,844</b>	<b>\$ (1,428,762)</b>
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						
					(127,989)	
<b>NET POSITION OF BUSINESS-TYPE ACTIVITIES</b>					<b>\$ 67,327,855</b>	

See accompanying notes to financial statements.



**CITY OF BELOIT**

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN  
NET POSITION - PROPRIETARY FUNDS  
For the Year Ended December 31, 2019

	Business-type Activities - Enterprise Funds				Totals	Governmental Activities - Internal Service Funds
	Water Utility	Sewer Utility	Storm Utility	Nonmajor Enterprise Funds		
<b>OPERATING REVENUES</b>						
Charges for services	\$ 5,315,424	\$ 7,531,569	\$ 1,126,622	\$ 1,906,118	\$ 15,879,733	\$ 12,293,401
Other	573,041	454,038	-	75,991	1,103,070	8,052
Total Operating Revenues	<u>5,888,465</u>	<u>7,985,607</u>	<u>1,126,622</u>	<u>1,982,109</u>	<u>16,982,803</u>	<u>12,301,453</u>
<b>OPERATING EXPENSES</b>						
Operation and maintenance	1,711,675	4,877,952	556,248	4,075,170	11,221,045	11,139,408
Contractual services	844,895	1,542,545	208,064	126,752	2,722,256	647,305
Depreciation	1,294,367	2,699,098	146,842	279,788	4,420,095	-
Total Operating Expenses	<u>3,850,937</u>	<u>9,119,595</u>	<u>911,154</u>	<u>4,481,710</u>	<u>18,363,396</u>	<u>11,786,713</u>
Operating Income (Loss)	<u>2,037,528</u>	<u>(1,133,988)</u>	<u>215,468</u>	<u>(2,499,601)</u>	<u>(1,380,593)</u>	<u>514,740</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>						
Intergovernmental revenues	-	-	-	1,169,143	1,169,143	-
Investment income	138,611	244,304	18,698	116,437	518,050	-
Interest expense	(842,774)	(191,041)	(50,578)	(6,948)	(1,091,341)	-
Amortization of loss on refunding	(1,111)	-	-	-	(1,111)	-
Amortization of debt premium	132,538	7,064	5,360	-	144,962	-
General property taxes	-	-	-	610,019	610,019	-
Miscellaneous	-	(17,441)	-	-	(17,441)	-
Total Nonoperating Revenues (Expenses)	<u>(572,736)</u>	<u>42,886</u>	<u>(26,520)</u>	<u>1,888,651</u>	<u>1,332,281</u>	<u>-</u>
Income (loss) before contributions and transfers	1,464,792	(1,091,102)	188,948	(610,950)	(48,312)	514,740
<b>CONTRIBUTIONS AND TRANSFERS</b>						
Capital contributions	434,039	-	27,531	319,400	780,970	-
Transfers out	(815,064)	-	-	-	(815,064)	-
Total Contributions and Transfers	<u>(381,025)</u>	<u>-</u>	<u>27,531</u>	<u>319,400</u>	<u>(34,094)</u>	<u>-</u>
<b>Change in Net Position</b>	1,083,767	(1,091,102)	216,479	(291,550)	(82,406)	514,740
TOTAL NET POSITION (DEFICIT) - Beginning	<u>15,706,349</u>	<u>38,619,214</u>	<u>8,601,410</u>	<u>4,611,277</u>		<u>(1,943,502)</u>
<b>TOTAL NET POSITION (DEFICIT) - ENDING</b>	<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>
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					79,686	
<b>CHANGE IN NET POSITION OF BUSINESS-TYPE ACTIVITIES</b>					<u>\$ (2,720)</u>	

See accompanying notes to financial statements.

**CITY OF BELOIT**

STATEMENT OF CASH FLOWS -  
 PROPRIETARY FUNDS  
 For the Year Ended December 31, 2019

	Business-type Activities - Enterprise Funds				Totals	Governmental Activities - Internal Service Funds
	Water Utility	Sewer Utility	Storm Sewer	Nonmajor Enterprise Funds		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Received from customers	\$ 6,030,818	\$ 7,861,998	\$ 1,130,347	\$ 2,110,354	\$ 17,133,517	\$ 12,708,850
Paid to suppliers for goods and services	(1,819,477)	(4,220,176)	(458,092)	(1,769,979)	(8,267,724)	(12,143,762)
Payments to employees for services	(724,028)	(1,919,257)	(295,613)	(2,245,760)	(5,184,658)	(615,884)
Net Cash Flows from Operating Activities	<u>3,487,313</u>	<u>1,722,565</u>	<u>376,642</u>	<u>(1,905,385)</u>	<u>3,681,135</u>	<u>(50,796)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Operating grants received	-	-	-	1,222,108	1,222,108	-
Transfers in (out)	(815,064)	-	-	-	(815,064)	-
Property taxes received	-	-	-	610,019	610,019	-
Noncapital interfund/advance repayment	-	-	-	(78,373)	(78,373)	(154,546)
Noncapital interfund/advance	-	-	-	102,915	102,915	240,968
Net Cash Flows from Noncapital Financing Activities	<u>(815,064)</u>	<u>-</u>	<u>-</u>	<u>1,856,669</u>	<u>1,041,605</u>	<u>86,422</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Debt retired	(1,614,223)	(374,332)	(148,761)	(47,881)	(2,185,197)	-
Interest paid	(866,026)	(191,041)	(50,578)	(8,593)	(1,116,238)	-
Proceeds from issuance of new debt	-	-	-	95,000	95,000	-
Debt issuance costs and premium	-	-	-	1,918	1,918	-
Acquisition and construction of capital assets	(714,714)	(2,700,186)	-	(407,573)	(3,822,473)	-
Construction grants received	-	-	-	319,400	319,400	-
Contributions received for construction	213,169	-	-	-	213,169	-
Net Cash Flows from Capital and Related Financing Activities	<u>(2,981,794)</u>	<u>(3,265,559)</u>	<u>(199,339)</u>	<u>(47,729)</u>	<u>(6,494,421)</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Investment income	138,611	244,304	18,698	116,437	518,050	-
Net Cash Flows from Investing Activities	<u>138,611</u>	<u>244,304</u>	<u>18,698</u>	<u>116,437</u>	<u>518,050</u>	<u>-</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(170,934)	(1,298,690)	196,001	19,992	(1,253,631)	35,626
CASH AND CASH EQUIVALENTS - Beginning	<u>6,272,186</u>	<u>13,734,713</u>	<u>1,161,264</u>	<u>62,506</u>	<u>21,230,669</u>	<u>1,196,533</u>
<b>CASH AND CASH EQUIVALENTS - ENDING</b>	<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>

	Business-type Activities - Enterprise Funds				Totals	Governmental Activities - Internal Service Funds
	Water Utility	Sewer Utility	Storm Sewer	Nonmajor Enterprise Funds		
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Operating income (Loss)	\$ 2,037,528	\$ (1,133,988)	\$ 215,468	\$ (2,499,601)	\$ (1,380,593)	\$ 514,740
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows From Operating Activities						
Depreciation charged to other funds	133,882	10,548	-	-	144,430	-
Depreciation expense	1,294,367	2,699,098	146,842	279,788	4,420,095	-
Change in assets, deferred outflows, liabilities, and deferred inflows						
Accounts receivable	54,989	(181,000)	3,725	93,405	(28,881)	397,978
Inventories	952	-	-	-	952	-
Prepayments	(17,721)	-	-	-	(17,721)	-
Accounts payable	14,723	185,795	3,514	5,522	209,554	(155,185)
Unearned credits	(40,137)	-	1,068	-	(39,069)	-
OPEB related deferrals and liabilities	(5,020)	14,696	(146)	16,898	26,428	2,637
Other current liabilities	(11,374)	(11,630)	-	(152)	(23,156)	-
Pension related deferrals and assets/liabilities	25,124	139,046	6,171	198,755	369,096	38,444
Claims payable	-	-	-	-	-	(849,410)
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>\$ 3,487,313</b>	<b>\$ 1,722,565</b>	<b>\$ 376,642</b>	<b>\$ (1,905,385)</b>	<b>\$ 3,681,135</b>	<b>\$ (50,796)</b>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION - PROPRIETARY FUNDS</b>						
Cash and investments - statement of net position	\$ 1,569,188	\$ 9,710,323	\$ 1,197,515	\$ 82,498	\$ 12,559,524	\$ 1,232,159
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	2,249,318	634,584	-	-	2,883,902	-
Bond reserve account	1,899,707	269,100	110,500	-	2,279,307	-
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 6,101,252</b>	<b>\$ 12,436,023</b>	<b>\$ 1,357,265</b>	<b>\$ 82,498</b>	<b>\$ 19,977,038</b>	<b>\$ 1,232,159</b>
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>						
During 2019, the water utility received \$315,087 in capital contributions.						
During 2019, the storm utility received \$27,531 in capital contributions.						

See accompanying notes to financial statements.

# CITY OF BELOIT

## STATEMENT OF FIDUCIARY NET POSITION

### CUSTODIAL FUND

As of December 31, 2019

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	Tax Collection Fund
<b>ASSETS</b>	
Cash and investments	\$ 6,162,064
Property taxes receivable	<u>20,937,463</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 27,099,527</u></b>
<b>LIABILITIES</b>	
Due to other taxing units	<u>27,099,527</u>
<b>TOTAL LIABILITIES</b>	<b><u>27,099,527</u></b>
<b>NET POSITION</b>	
<b>TOTAL NET POSITION</b>	<b><u>\$ -</u></b>

See accompanying notes to financial statements.

# CITY OF BELOIT

## STATEMENT OF CHANGES IN FIDUCIARY NET POSITION CUSTODIAL FUND For the Year Ended December 31, 2019

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	<u>Tax Collection Fund</u>
<b>ADDITIONS</b>	
Property taxes collected for other governments	\$ 26,815,022
Total Additions	<u>26,815,022</u>
<b>DEDUCTIONS</b>	
Property taxes distributed to other governments	\$ 26,815,022
Total Deductions	<u>26,815,022</u>
<b>Change in Fiduciary Net Postion</b>	-
NET POSITION - Beginnning of Year	<u>-</u>
<b>NET POSITION - END OF YEAR</b>	<u><u>\$ -</u></u>

See accompanying notes to financial statements.

**CITY OF BELOIT**

STATEMENT OF NET POSITION - COMPONENT UNITS  
As of December 31, 2019

	Major	Nonmajor	
	Community Development Authority	Beloit Public Library Foundation, Inc.	Totals
<b>ASSETS</b>			
Current Assets			
Cash and investments	\$ 1,033,498	\$ 701,232	\$ 1,734,730
Receivables			
Accounts	129,424	1,250	130,674
Accrued interest	-	540	540
Lease receivable from primary government	1,855,000	-	1,855,000
Due from other governmental units	4,941	-	4,941
Prepaid items	13,904	-	13,904
Tax credit fees	105,472	-	105,472
Total Current Assets	<u>3,142,239</u>	<u>703,022</u>	<u>3,845,261</u>
Noncurrent Assets			
Restricted Assets			
Cash and investments	2,670,068	-	2,670,068
Total Restricted Assets	<u>2,670,068</u>	<u>-</u>	<u>2,670,068</u>
Capital Assets			
Land	601,285	-	601,285
Land improvements	612,630	-	612,630
Buildings	1,796,431	-	1,796,431
Building improvements	17,702,221	-	17,702,221
Machinery, equipment, furnishings and vehicles	795,232	-	795,232
Less: Accumulated depreciation	(6,042,690)	-	(6,042,690)
Total Capital Assets, Net	<u>15,465,109</u>	<u>-</u>	<u>15,465,109</u>
Other Assets			
Lease receivable from primary government	1,983,285	-	1,983,285
Total Other Assets	<u>1,983,285</u>	<u>-</u>	<u>1,983,285</u>
Total Noncurrent Assets	<u>20,118,462</u>	<u>-</u>	<u>20,118,462</u>
Total Assets	<u>23,260,701</u>	<u>703,022</u>	<u>23,963,723</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension related amounts	323,935	-	323,935
OPEB related amounts - life	3,511	-	3,511
Total Deferred Outflows of Resources	<u>327,446</u>	<u>-</u>	<u>327,446</u>
<b>LIABILITIES</b>			
Current Liabilities			
Accounts payable	33,730	99	33,829
Accrued liabilities	1,759,806	-	1,759,806
Due to primary government	142,127	-	142,127
Deposits	82,957	-	82,957
Lease revenue bonds payable	1,855,000	-	1,855,000
Total Current Liabilities	<u>3,873,620</u>	<u>99</u>	<u>3,873,719</u>
Noncurrent Liabilities			
Compensated absences	92,902	-	92,902
Other notes payable	740,128	-	740,128
Net OPEB liability - life	27,215	-	27,215
Lease revenue bonds payable	3,690,000	-	3,690,000
Net pension liability	107,543	-	107,543
Total Noncurrent Liabilities	<u>4,657,788</u>	<u>-</u>	<u>4,657,788</u>
Total Liabilities	<u>8,531,408</u>	<u>99</u>	<u>8,531,507</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unearned revenue	1,032,664	-	1,032,664
Pension related amounts	167,956	-	167,956
OPEB related amounts - life	8,932	-	8,932
Total Deferred Inflows of Resources	<u>1,209,552</u>	<u>-</u>	<u>1,209,552</u>
<b>NET POSITION (DEFICIT)</b>			
Net investment in capital assets	15,465,109	-	15,465,109
Restricted for grant programs	5,470,974	-	5,470,974
Unrestricted (deficit)	<u>(7,088,896)</u>	<u>702,923</u>	<u>(6,385,973)</u>
<b>TOTAL NET POSITION</b>	<u>\$ 13,847,187</u>	<u>\$ 702,923</u>	<u>\$ 14,550,110</u>

See accompanying notes to financial statements.

# CITY OF BELOIT

## STATEMENT OF ACTIVITIES - COMPONENT UNITS For the Year Ended December 31, 2019

	Major	Nonmajor	
	Community Development Authority	Beloit Public Library Foundation, Inc.	Totals
<b>EXPENSES</b>			
Community development	\$ 4,969,245	\$ -	\$ 4,969,245
Library services	-	33,954	33,954
Total Expenses	4,969,245	33,954	5,003,199
<b>PROGRAM REVENUES</b>			
Charges for services	299,756	-	299,756
Operating grants and contributions	3,891,949	14,083	3,906,032
Other revenue	67,414	-	67,414
Total Program Revenues	4,259,119	14,083	4,273,202
Net Revenues (Expenses)	(710,126)	(19,871)	(729,997)
<b>GENERAL REVENUES (EXPENSES)</b>			
Investment income	329,228	121,709	450,937
Interest and amortization expense	(569,782)	-	(569,782)
Gain on sale of property	97,334	-	97,334
Miscellaneous	117,494	-	117,494
Total General Revenues (Expenses)	(25,726)	121,709	95,983
<b>Change in Net Position</b>	(735,852)	101,838	(634,014)
TOTAL NET POSITION - Beginning	14,583,039	601,085	15,184,124
<b>TOTAL NET POSITION - ENDING</b>	<b>\$ 13,847,187</b>	<b>\$ 702,923</b>	<b>\$ 14,550,110</b>

See accompanying notes to financial statements

# CITY OF BELOIT

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# CITY OF БЕЛОIT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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### **NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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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).

#### **A. 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 IV.1.). 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, 2019. The CDA does not issue separate financial statements. Additional information may be obtained from the CDA's office.

# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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#### A. REPORTING ENTITY (cont.)

##### ***Discretely Presented Component Units*** (cont.)

##### ***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, 2019 (see Note IV.I.). Separately issued financial statements of the Foundation may be obtained from the Foundation's office.

#### B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

In January 2017, the GASB issued Statement No. 84 – *Fiduciary Activities*. This statement establishes criteria for identifying fiduciary activities of all state and local governments for accounting and financial reporting purposes and how those activities should be reported. This standard was implemented January 1, 2019.

In March 2018, the GASB issued Statement No. 88 - *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. This Statement defines debt for purposes of disclosure in notes to financial statements and establishes additional financial statement note disclosure requirements related to debt obligations of governments, including direct borrowings and direct placements. This standard was implemented January 1, 2019.

##### ***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.

# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

---

### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

#### **B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)**

##### **Government-Wide Financial Statements (cont.)**

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% 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% test is at least 5% 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.

The City reports the following major governmental funds:

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 – 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 – 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 - 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 As of and for the Year Ended December 31, 2019

---

### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

#### **B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)**

##### ***Fund Financial Statements*** (cont.)

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 – 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)	TIF District No. 14
Community Development Block Grant	Fire Multi-Year Grants
TIF District No. 6	DPW Multi-Year Grants
TIF District No. 8	Community Development
TIF District No. 9	Library
TIF District No. 11	Police
TIF District No. 12	Solid Waste
TIF District No. 13	Perpetual Care

Capital Projects Funds – 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

Enterprise Funds – may be used to report any activity for which a fee is charged to external uses for goods or services and must be used for activities which meet certain debt or cost recovery criteria.

- Golf Course
- Cemeteries
- Ambulance
- Transit System

# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

---

### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

#### ***B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)***

##### ***Fund Financial Statements (cont.)***

In addition, the City reports the following fund types:

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

- Tax Collections

#### ***C. 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.

# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

---

### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

#### **C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (cont.)**

##### ***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.

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, 2019, there were \$1,308,173 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.

# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

---

### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

#### **C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (cont.)**

##### ***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.

#### **D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY**

##### **1. 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.
- 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.

# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

---

### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

#### **D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)**

##### **1. Deposits and Investments (cont.)**

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 IV.A. 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, 2019, 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 IV.A. for further information.

##### **2. 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 – 2019 tax roll:

Lien date and levy date	December 2019
Tax bills mailed	December 2019
Payment in full, or	January 31, 2020
First installment due	January 31, 2020
Second installment due	March 31, 2020
Third installment due	May 31, 2020
Fourth installment due	July 31, 2020
Personal property taxes in full	January 31, 2020
Tax sale – 2019 delinquent real estate taxes	October 2022



# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

---

### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

#### **D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)**

##### **2. Receivables (cont.)**

###### *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 \$544,205 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% interest over 20 years. The receivable balance related to this land contract is \$1,377,793 as of December 31, 2019.

# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

---

### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

#### **D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)**

##### **3. 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.

##### **4. 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.

##### **5. 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

# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

---

### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

#### **D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)**

##### **5. Capital Assets (cont.)**

###### **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.

##### **6. 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.

##### **7. 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, 2019 are determined on the basis of current salary rates and include salary related payments.

##### **8. 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.

# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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#### ***D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)***

##### ***9. 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.

##### ***10. 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 \$2,941,393.

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.

# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

---

### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

#### **D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)**

##### **10. Equity Classifications (cont.)**

###### **Fund Statements (cont.)**

- 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% of operating revenue or three months of General Fund operating expenditures, whichever is greater. The General Fund's unrestricted fund balance was \$11,882,949 at year-end, or the equivalent of 4.7 months.

See Note IV. H. for further information.

##### **11. 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% rate of return.

###### *Sewer Utility*

Current sewer rates were approved by the council and effective on January 1, 2019.

###### *Storm Sewer Utility*

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

# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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#### **D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)**

##### **12. 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.

##### **13. 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.

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### NOTE II – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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#### **A. 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	\$ 5,604,384
Construction in progress	3,823,231
Land improvements	67,854
Buildings	21,674,255
Machinery and equipment	27,678,624
Other improvements	6,168,407
Infrastructure	95,771,747
Less: Accumulated depreciation	(54,804,046)
Less: Internal service fund capital assets, net of depreciation	<u>(3,825)</u>
Capital Assets	<u>\$ 105,980,631</u>

# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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### NOTE II – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)

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#### A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE STATEMENT OF NET POSITION (cont.)

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 \$155,703,806 difference in liabilities are as follows:

Bonds and notes payable	\$ 47,839,309
Unamortized debt premium	761,576
Compensated absences	2,965,890
Other post-employment benefit liabilities	93,538,890
Capital leases	3,999,012
Net pension liability	6,223,248
Accrued interest	<u>375,881*</u>
Net Adjustment to Reduce Fund Balance – Total Governmental Funds to Arrive at Net Position – Governmental Activities	<u>\$ 155,703,806</u>

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

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### NOTE III – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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#### A. 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.

#### B. 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 As of and for the Year Ended December 31, 2019

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### NOTE III – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (cont.)

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#### **C. DEFICIT BALANCES**

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

As of December 31, 2019, the following individual funds held a deficit balance:

<u>Fund</u>	<u>Amount</u>	<u>Reason</u>
Special Revenue – TIF District No. 8	\$ 739,173	Excess expenditures over revenues
Special Revenue – TIF District No. 9	761,498	Excess expenditures over revenues
Special Revenue – TIF District No. 13	1,082,531	Excess expenditures over revenues
Special Revenue – Police	71,169	Excess expenditures over revenues
Enterprise – Golf Course	145,932	Excess expenses over revenues
Internal Service – Retiree Health Insurance	2,610,815	Excess expenses over revenues
Internal Service – Health Insurance	958,404	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.

#### **D. 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 As of and for the Year Ended December 31, 2019

#### NOTE IV – DETAILED NOTES ON ALL FUNDS

##### **A. DEPOSITS AND INVESTMENTS**

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

	Carrying Value	Statement Balance	Associated Risks
Demand deposits	\$ 7,619,220	\$ 8,334,286	Custodial credit risk Custodial credit risk, interest rate risk, credit risk, concentration of credit risk
U.S. agencies – implicitly guaranteed	3,771,761	3,771,761	Custodial credit risk, interest rate risk, credit risk, concentration of credit risk
Municipal bonds	5,515,410	5,515,410	Credit risk, custodial credit risk, concentration of credit risk
Corporate bonds	14,261,725	14,261,725	Credit risk, interest rate risk
LGIP	27,156,930	27,156,930	Credit risk
Petty cash	9,485	-	N/A
<b>Total Cash and Investments</b>	<b>\$ 58,334,531</b>	<b>\$ 59,040,112</b>	
Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 44,754,953		
Restricted cash and investments	7,417,514		
Per statement of fiduciary net position – custodial fund			
Cash and investments	6,162,064		
<b>Total Cash and Investments</b>	<b>\$ 58,334,531</b>		

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.

# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

### NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

#### A. DEPOSITS AND INVESTMENTS (cont.)

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, 2019, the letter of credit was held in the amount of \$8,500,000 to secure the City's deposits.

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:

- > U.S. agencies – implicitly guaranteed – Similar institutional bond quotes – evaluations based on various market and industry inputs
- > 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, 2019			
	Level 1	Level 2	Level 3	Total
U.S. agencies – implicitly guaranteed	\$ -	\$ 3,771,761	\$ -	\$ 3,771,761
Municipal bonds	-	5,515,410	-	5,515,410
Corporate bonds	-	14,261,725	-	14,261,725
Totals	\$ -	\$ 23,548,896	\$ -	\$ 23,548,896

# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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### NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

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#### A. DEPOSITS AND INVESTMENTS (cont.)

##### **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, 2019, the City had no deposits exposed to custodial credit risk.

As of the December 31, 2019, 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, 2019, the City's investments were rated as follows:

<u>Investment Type</u>	<u>Standard &amp; Poor's</u>	<u>Fitch Ratings</u>	<u>Moody's Investor Service</u>
U.S. agencies – implicitly guaranteed	AA+	N/A	AAA
Municipal bonds	AA	N/A	Aa3 to Aa1
Corporate bonds	BBB+ to AA-	N/A	Baa1 to Aa2

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

LGIP – external pool

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.

# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

### NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

#### A. DEPOSITS AND INVESTMENTS (cont.)

##### **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, 2019, of the City's total portfolio, 6.10% was invested in Wells Fargo corporate bonds and 5.92% was invested in Federal Home Loan Bank securities.

##### **Concentration of Credit Risk (by Dealer):**

Dealer	Fair Value	Percentage of Portfolio
Multi-Bank Securities, Inc.	\$ 3,064,360	6%
Vinning Sparks	13,266,580	26
BOSC, Inc.	5,466,241	11
FHN	1,751,715	3
<b>Total Concentrated Investments</b>	<b>\$ 23,548,896</b>	<b>46%</b>

According to the City's investment policy, the City will diversify its investments by security type and institution. No more than 40% 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, 2019, the City's investments were as follows:

Investment Type	Fair Value	Percentage of Portfolio	Maturity			
			Less than 1 Yr.	1 to 5 Yrs.	6 to 10 Yrs.	More than 10 Yrs.
U.S. agencies – implicitly guaranteed	\$ 3,771,761	6%	\$ 1,000,200	\$ 2,272,841	\$ 498,720	\$ -
Municipal bonds	5,515,410	23	-	1,878,037	3,637,373	-
Corporate bonds	14,261,725	27	505,865	13,755,860	-	-
<b>Totals</b>	<b>\$ 23,548,896</b>		<b>\$ 1,506,065</b>	<b>\$ 17,906,738</b>	<b>\$ 4,136,093</b>	<b>\$ -</b>

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

# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

### NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

#### **B. RECEIVABLES**

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

General Fund – delinquent personal property taxes	\$ 73,600
Capital Projects – capital improvement – special assessments	467,829
Special Revenue – TIF No. 8 – land contract	1,315,476
Nonmajor Governmental Funds – loans	<u>2,306,271</u>
Total Amount Not Expected to be Collected Within One Year	<u>\$ 4,163,176</u>

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

	Total
Governmental Fund Types – municipal court receivable	\$ 314,243
Governmental Fund Types – conditional loans	544,205
Governmental Fund Types – economic development loans	10,735
Governmental Fund Types – extrication services	36,051
Business Type – ambulance receivables	<u>314,803</u>
Total Uncollectibles	<u>\$ 1,220,037</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:

	Unearned	Unavailable
Property taxes receivable for subsequent year	\$ 21,602,368	\$ -
Loans receivable	-	2,496,435
Accounts receivable – noncurrent	-	165,227
Investment income – noncurrent	-	108,032
Special assessments	-	469,745
Land contract receivable	<u>-</u>	<u>1,377,793</u>
Total Unearned/Unavailable Revenue for Governmental Funds	<u>\$ 21,602,368</u>	<u>\$ 4,617,232</u>

# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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### NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

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#### **C. 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.

Following is a list of restricted cash and investments at December 31, 2019:

	<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	1,899,707	269,100	110,500
Construction account	<u>2,249,318</u>	<u>634,584</u>	<u>-</u>
Total Enterprise Fund Restricted Cash and Investments	<u>\$ 4,532,064</u>	<u>\$ 2,725,700</u>	<u>\$ 159,750</u>

# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

### NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

#### D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2019 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental Activities</b>				
Capital assets not being depreciated				
Land	\$ 5,635,714	\$ -	\$ 31,330	\$ 5,604,384
Construction in progress	3,474,803	968,901	620,473	3,823,231
Total Capital Assets Not Being Depreciated	9,110,517	968,901	651,803	9,427,615
Capital assets being depreciated				
Land improvements	67,854	-	-	67,854
Buildings	21,036,978	637,277	-	21,674,255
Machinery, equipment, and vehicles	26,516,254	1,684,365	521,995	27,678,624
Other improvements	6,168,407	-	-	6,168,407
Streets	71,977,522	-	-	71,977,522
Structures	405,684	165,520	-	571,204
Street lights	6,578,339	-	-	6,578,339
Traffic signals	2,562,159	-	-	2,562,159
Bridges	14,082,523	-	-	14,082,523
Total Capital Assets Being Depreciated	149,395,720	2,487,162	521,995	151,360,887
Less: Accumulated depreciation for				
Land improvements	(61,070)	-	-	(61,070)
Buildings	(7,550,650)	(385,870)	-	(7,936,520)
Machinery, equipment, and vehicles	(15,638,292)	(1,703,205)	521,995	(16,819,502)
Other improvements	(3,255,850)	(87,528)	-	(3,343,378)
Streets	(18,180,382)	(1,210,871)	-	(19,391,253)
Structures	(127,347)	(17,578)	-	(144,925)
Street lights	(1,665,365)	(126,842)	-	(1,792,207)
Traffic signals	(2,129,848)	(70,434)	-	(2,200,282)
Bridges	(2,880,900)	(234,009)	-	(3,114,909)
Total Accumulated Depreciation	(51,489,704)	(3,836,337)	521,995	(54,804,046)
Net Capital Assets Being Depreciated	97,906,016	(1,349,175)	-	96,556,841
Total Governmental Activities – Capital Assets, Net of Depreciation	\$ 107,016,533			\$ 105,984,456

# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

### NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

#### D. CAPITAL ASSETS (cont.)

Depreciation expense was charged to functions as follows:

#### Governmental Activities

Finance and administrative services	\$ 98,235
Public safety – police	245,439
Public safety – fire	392,785
Public works, which includes the depreciation of infrastructure	2,970,410
Library	<u>129,468</u>
Total Governmental Activities Depreciation Expense	<u>\$ 3,836,337</u>

<b>Business-type Activities</b>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital assets not being depreciated				
Land	\$ 3,736,753	\$ -	\$ -	\$ 3,736,753
Construction in progress	<u>568,183</u>	<u>-</u>	<u>568,183</u>	<u>-</u>
Total Capital Assets Not Being Depreciated	<u>4,304,936</u>	<u>-</u>	<u>568,183</u>	<u>3,736,753</u>
Other capital assets				
Land improvements	702,418	-	-	702,418
Buildings	10,372,341	-	-	10,372,341
Machinery, equipment, and Vehicles	9,269,592	572,292	119,952	9,721,932
Sewer mains	18,593,861	-	-	18,593,861
Sewer treatment facility	71,883,685	3,044,561	1,600,000	73,328,246
Water mains	45,022,966	1,012,586	424,979	45,610,573
Storm infrastructure	<u>12,419,206</u>	<u>27,531</u>	<u>-</u>	<u>12,446,737</u>
Total Capital Assets Being Depreciated	<u>168,264,069</u>	<u>4,656,970</u>	<u>2,144,931</u>	<u>170,776,108</u>
Less: Accumulated depreciation for				
Land improvements	(699,399)	-	-	(699,399)
Buildings	(3,691,110)	(266,903)	-	(3,958,013)
Machinery, equipment, and vehicles	(6,226,785)	(330,001)	91,963	(6,464,823)
Sewer mains	(5,128,974)	(185,065)	-	(5,314,039)
Sewer treatment facility	(58,481,734)	(2,453,490)	1,600,000	(59,335,224)
Water mains	(17,312,848)	(1,171,675)	424,979	(18,059,544)
Storm infrastructure	<u>(3,387,733)</u>	<u>(146,842)</u>	<u>-</u>	<u>(3,534,575)</u>
Total Accumulated Depreciation	<u>(94,928,583)</u>	<u>(4,553,976)</u>	<u>2,116,942</u>	<u>(97,365,617)</u>
Business-type Capital Assets, Net of Depreciation	<u>73,335,486</u>	<u>102,994</u>	<u>27,989</u>	<u>73,410,491</u>
Total Business-type Capital Assets, Net of Depreciation	<u>\$ 77,640,422</u>			<u>\$ 77,147,244</u>



**CITY OF BELOIT**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2019

**NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)**

**D. CAPITAL ASSETS (cont.)**

Depreciation expense was charged to functions as follows:

**Business-type Activities**

Water	\$ 1,294,367
Sewer	2,699,098
Storm	146,842
Transit	269,420
Golf Course	8,351
Cemetery	<u>2,017</u>
Total Business-type Activities	
Depreciation Expense	<u>\$ 4,420,095</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.

**E. 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	\$ 670,723
General	Special Revenue – Community Development	282,711
General	Special Revenue – Police	150,727
General	General Debt Service	5,532
General	Enterprise – Transit System	1,031,697
General	Enterprise – Ambulance	<u>160,085</u>
Sub-total – Fund Financial Statements		2,301,475
Add: Allocation of Internal Service funds		127,989
Less: Fund eliminations		<u>(1,109,693)</u>
Total – Government-Wide Statement of Net Position		<u>\$ 1,319,771</u>

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.

# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

### NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

#### *E. INTERFUND RECEIVABLES/PAYABLES, ADVANCES, AND TRANSFERS (cont.)*

##### **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, transit 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:

Receivable Fund	Payable Fund	Totals	Amount Not Due in One Year
General	Enterprise – Golf Course	\$ 968,998	\$ 968,998
Equipment Replacement	Enterprise – Cemeteries	206,177	206,177
Equipment Replacement	Enterprise – Transit System	333,725	333,725
Equipment Replacement	Internal Service – Retiree Health Insurance	2,641,469	2,641,469
General Debt Service	Special Revenue – TIF District No. 8	1,083,738	1,083,738
Capital Improvements	Special Revenue – TIF District No. 9	803,875	803,875
Capital Improvements	Special Revenue – TIF District No. 13	<u>315,931</u>	<u>315,931</u>
Sub-Totals		6,353,913	6,353,913
Less: Fund eliminations		<u>(4,845,013)</u>	<u>(4,845,013)</u>
Totals		<u>\$ 1,508,900</u>	<u>\$ 1,508,900</u>

## CITY OF BELOIT

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

#### NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

#### *E. INTERFUND RECEIVABLES/PAYABLES, ADVANCES, AND TRANSFERS (cont.)*

##### *Transfers*

The following is a schedule of interfund transfers:

Fund Transferred To	Fund Transferred From	Amount	Purpose
General	Water Utility	\$ 815,064	Payment in lieu of tax
General	Special Revenue – TIF District No. 6	1,475,414	Close out TIF
Debt Service – General Debt Service	Special Revenue – TIF District No. 6	106,690	Debt service
Debt Service – General Debt Service	Special Revenue – TIF District No. 8	213,481	Debt service
Debt Service – General Debt Service	Special Revenue – TIF District No. 9	20,200	Debt service
Debt Service – General Debt Service	Special Revenue – TIF District No. 10	184,077	Debt service
Debt Service – General Debt Service	Special Revenue – TIF District No. 11	3,375	Debt service
Debt Service – General Debt Service	Special Revenue – TIF District No. 12	63,283	Debt service
Debt Service – General Debt Service	Special Revenue – TIF District No. 13	<u>94,388</u>	Debt service
Total Debt Service – General		<u>685,494</u>	
Equipment Replacement Special Revenue – TIF District No. 9	Solid Waste Special Revenue – TIF District No. 11	75,170	Capital asset purchases
		<u>950,000</u>	Donor/donee districts
Sub-Total – Fund Financial Statements		4,001,142	
Less: Fund eliminations		<u>(3,186,078)</u>	
Total – Government-wide Statement of Activities		<u>\$ 815,064</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 As of and for the Year Ended December 31, 2019

### NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

#### F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2019 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<b>GOVERNMENTAL ACTIVITIES</b>					
Bonds and Notes Payable					
General obligation debt	\$ 45,946,198	\$ 5,470,000	\$ 4,344,629	\$ 47,071,569	\$ 4,254,859
General obligation debt from direct borrowings	1,016,777	-	249,037	767,740	257,534
Premium on debt	674,971	243,147	156,542	761,576	-
Sub-totals	<u>47,637,946</u>	<u>5,713,147</u>	<u>4,750,208</u>	<u>48,600,885</u>	<u>4,512,393</u>
Other Liabilities					
Compensated Absences					
Sick leave	1,374,181	212,265	178,644	1,407,802	183,014
Vacation	1,531,300	1,548,088	1,521,300	1,558,088	1,558,088
Other Debt					
Town of Turtle	10,000	-	10,000	-	-
Capital Leases					
Payable to component unit	5,798,330	-	1,960,045	3,838,285	1,855,000
Other capital leases	210,050	-	49,323	160,727	51,391
Total Other Liabilities	<u>8,923,861</u>	<u>1,760,353</u>	<u>3,719,312</u>	<u>6,964,902</u>	<u>3,647,493</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 56,561,807</u>	<u>\$ 7,473,500</u>	<u>\$ 8,469,520</u>	<u>\$ 55,565,787</u>	<u>\$ 8,159,886</u>
<b>BUSINESS-TYPE ACTIVITIES</b>					
Bonds and Notes Payable					
General obligation debt	\$ 2,943,806	\$ 95,000	\$ 355,370	\$ 2,683,436	\$ 320,141
General obligation debt from direct borrowings	5,280	-	1,000	4,280	1,028
Revenue bonds	27,205,000	-	1,670,000	25,535,000	1,785,000
CWFL revenue bond – direct borrowing	2,389,874	-	158,827	2,231,047	162,638
Add/(Subtract) Deferred Amounts For					
Premiums	849,609	-	145,444	704,165	-
Sub-total	<u>33,393,569</u>	<u>95,000</u>	<u>2,330,641</u>	<u>31,157,928</u>	<u>2,268,807</u>
Other Liabilities					
Compensated absences					
Sick leave	287,570	19,965	37,384	270,151	35,120
Vacation	335,032	329,305	335,031	329,306	329,305
Sub-total	<u>622,602</u>	<u>349,270</u>	<u>372,415</u>	<u>599,457</u>	<u>364,425</u>
Total Business-type Activities Long-Term Liabilities	<u>\$ 34,016,171</u>	<u>\$ 444,270</u>	<u>\$ 2,703,056</u>	<u>\$ 31,757,385</u>	<u>\$ 2,633,232</u>

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

#### **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 As of and for the Year Ended December 31, 2019

### NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

#### F. LONG-TERM OBLIGATIONS (cont.)

##### General Obligation Debt (cont.)

In accordance with Wisconsin Statutes, total general obligation indebtedness of the City may not exceed 5% of the equalized value of taxable property within the City's jurisdiction. The debt limit as of December 31, 2019, was \$89,292,745. Total general obligation debt outstanding at year-end was \$50,527,025.

	Date of Issue	Due Date	Interest Rates	Original Indebted- ness	Balance 12-31-19
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	\$ 1,022,000
General obligation refunding bonds Series 2011A	10-21-11	4-1-25	2.45	9,726,168	3,504,230
General obligation refunding bonds Series 2011B	12-8-11	3-1-25	1.00-4.10	4,280,000	1,495,000
2011 State trust fund loan - direct	8-1-11	3-15-21	3.75	1,500,000	340,985
General obligation corporate purpose bonds Series 2012A	6-21-12	3-1-32	2.00-3.25	7,130,000	4,750,000
General obligation refunding bonds Series 2013A	2-13-13	5-1-27	2.00-3.00	6,729,000	2,627,700
General obligation refunding bonds Series 2013C	2-13-13	5-1-21	0.55-2.50	885,000	235,000
General obligation corporate purpose bonds Series 2013D	6-13-13	4-1-33	2.00-3.38	7,485,000	4,605,000
2013 State trust fund loan - direct	8-1-13	3-15-23	2.75	667,100	285,782
General obligation promissory notes Series 2014A	5-15-14	5-1-24	2.00-2.40	850,000	485,000
General obligation corporate purpose bonds Series 2014B	5-15-14	5-1-34	2.00-3.50	7,777,275	5,342,639
General obligation promissory notes Series 2015B	3-19-15	3-1-25	0.80-2.40	720,000	450,000
General obligation corporate purpose bonds Series 2015C	3-19-15	3-1-35	2.00-3.25	2,450,000	1,895,000
2015 State trust fund loan - direct	11-23-15	3-15-25	3.25	200,000	140,973
General obligation promissory notes Series 2016A	5-12-16	4-1-26	1.60-2.00	1,725,000	1,450,000
General obligation corporate purpose bonds Series 2016B	5-12-16	4-1-36	2.00-3.00	3,235,000	2,950,000
General obligation promissory notes Series 2017A	6-22-17	6-1-27	2.00-3.00	1,715,000	1,465,000
General obligation corporate purpose bonds Series 2017B	6-22-17	6-1-37	3.00-3.25	4,320,000	4,040,000
General obligation promissory notes Series 2018A	4-18-18	4-1-28	3.00-4.00	2,080,000	1,995,000
General obligation corporate purpose bonds Series 2018B	4-18-18	4-1-28	3.00-4.00	3,315,000	3,290,000
General obligation corporate promissory notes Series 2019A	5-22-19	5-1-29	3.00	1,835,000	1,835,000
General obligation corporate purpose bonds Series 2019B	5-22-19	5-1-39	3.00-4.00	3,635,000	3,635,000
Total Governmental Activities – General Obligation Debt					<u>\$ 47,839,309</u>

## CITY OF BELOIT

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

#### NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

#### F. LONG-TERM OBLIGATIONS (cont.)

##### General Obligation Debt (cont.)

	Date of Issue	Due Date	Interest Rates	Original Indebted- ness	Balance 12-31-19
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	\$ 153,000
General obligation refunding bonds Series 2011A	10-21-11	4-1-25	2.45	1,353,832	650,774
General obligation corporate purpose bonds Series 2012A	6-21-12	3-1-26	2.00-3.25	110,000	110,000
General obligation refunding bonds Series 2013A	2-13-13	5-1-27	2.00-3.00	601,000	192,300
General obligation corporate purpose bonds Series 2013D	6-13-13	4-1-30	2.00-3.38	250,000	150,000
2013 State trust fund loan - direct	8-1-13	3-15-23	2.75	129,600	4,280
General obligation promissory notes Series 2014A	5-15-14	5-1-24	2.00-2.40	270,000	140,000
General obligation corporate purpose bonds Series 2014B	5-15-14	5-1-24	2.00-3.50	387,725	247,362
General obligation promissory notes Series 2015B refunding	3-19-15	3-1-25	0.80-2.40	40,000	10,000
General obligation corporate purpose bonds Series 2017B	6-22-17	6-1-37	3.00-3.25	1,105,000	880,000
General obligation promising note Series 2018A	4-18-18	4-1-28	3.00-4.00	60,000	55,000
General obligation promising note Series 2019A	5-22-19	5-1-29	3.00	95,000	<u>95,000</u>
Total Business-type Activities – General Obligation Debt					<u>\$ 2,687,716</u>

Debt service requirements to maturity are as follows:

Years	Governmental Activities		Business-type Activities	
	General Obligation Debt		General Obligation Debt	
	Principal	Interest	Principal	Interest
2020	\$ 4,254,859	\$ 1,372,734	\$ 320,141	\$ 72,120
2021	4,164,483	1,181,694	325,517	62,322
2022	4,349,163	1,066,690	340,837	53,526
2023	4,094,994	952,513	345,006	44,435
2024	4,258,410	837,131	351,592	35,024
2025 – 2029	15,524,660	2,598,282	980,340	59,457
2030 – 2034	7,085,000	1,038,113	20,000	325
2035 – 2039	3,340,000	205,738	-	-
Totals	<u>\$ 47,071,569</u>	<u>\$ 9,252,895</u>	<u>\$ 2,683,433</u>	<u>\$ 327,209</u>

## CITY OF BELOIT

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

#### NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

#### *F. LONG-TERM OBLIGATIONS* (cont.)

##### *General Obligation Debt* (cont.)

<u>Years</u>	<u>Governmental Activities General Obligation Debt from Direct Borrowings</u>		<u>Business-type Activities General Obligation Debt from Direct Borrowings</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 257,534	\$ 25,297	\$ 1,028	\$ 118
2021	266,467	16,363	1,056	90
2022	95,484	7,187	1,085	61
2023	98,226	4,446	1,111	31
2024	24,612	1,630	-	-
2025	25,417	826	-	-
Totals	<u>\$ 767,740</u>	<u>\$ 55,749</u>	<u>\$ 4,280</u>	<u>\$ 300</u>

The City's outstanding State Trust Fund loans from direct borrowings related to governmental activities and business-type activities of \$772,020 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.

##### ***Capital Leases***

Refer to Note IV.G.

##### ***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.

**CITY OF BELOIT**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2019

**NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)**

**F. LONG-TERM OBLIGATIONS (cont.)**

**Other Debt – Governmental Activities**

In May 1999, the City of Beloit and the Town of Turtle entered a Cooperative Boundary Plan. Under this plan, the City of Beloit is obligated to pay the Town of Turtle \$10,000 per year until December 31, 2019. The original amount owed was \$200,000.

	Balance 1-1-19	Increases	Decreases	Balance 12-31-19
Town of Turtle	\$ 10,000	\$ -	\$ 10,000	\$ -
Total Other Debt	\$ 10,000	\$ -	\$ 10,000	\$ -

**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 2009, 2010, 2016 and 2018. 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 40% of net revenues. The total principal and interest remaining to be paid on the bonds is \$26,246,836. Principal and interest paid for the current year and total customer net revenues were \$2,294,865 and \$3,470,506, 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 27% of net revenues. The total principal and interest remaining to be paid on the bonds is \$1,140,825. Principal and interest paid for the current year and total customer net revenues were \$100,250 and \$381,008, respectively.

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 22% of net revenues. The total principal and interest remaining to be paid on the loan is \$7,461,515. Principal and interest paid for the current year and total customer net revenues were \$469,509 and \$1,809,414, respectively.



## CITY OF BELOIT

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

#### NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

#### F. LONG-TERM OBLIGATIONS (cont.)

##### Revenue Debt (cont.)

	Date of Issue	Due Date	Interest Rates	Original Indebted- Ness	Balance 12-31-19
Water Utility					
Revenue bonds	5-28-09	11-1-29	3.50-5.00%	\$ 3,910,000	\$ 2,265,000
Revenue bonds	4-6-10	11-1-30	2.00-4.50	4,025,000	2,410,000
Refunding revenue bonds	11-9-16	11-1-28	4.00-4.50	12,555,000	12,495,000
Revenue bonds	5-3-18	11-1-38	3.00-4.00	3,980,000	3,780,000
Total Water Utility Revenue Debt					20,950,000
Stormwater Utility					
Refunding revenue bonds	3-4-15	5-1-30	2.00-3.50	1,225,000	960,000
Total Stormwater Utility Revenue Debt					960,000
Sewer Utility					
Revenue bonds	5-3-18	5-1-38	3.00-4.00	3,760,000	3,625,000
Total Sewer Utility Revenue Debt					3,625,000
Total Revenue Bonds					\$ 25,535,000

Debt service requirements to maturity are as follows:

<u>Years</u>	Business-type Activities – Revenue Debt	
	Principal	Interest
2020	\$ 1,785,000	\$ 925,818
2021	1,845,000	856,468
2022	1,915,000	784,243
2023	1,985,000	708,793
2024	2,070,000	630,468
2025 – 2029	10,500,000	2,026,505
2030 – 2034	3,280,000	641,189
2035 – 2038	2,155,000	173,263
Totals	\$ 25,535,000	\$ 6,746,747

# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

### NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

#### F. LONG-TERM OBLIGATIONS (cont.)

##### **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% 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, 2019, the City has received \$3,397,675 in loan proceeds and paid \$158,827 and \$55,451 in principal and interest, respectively, in 2019.

	Fund Retired By	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
CWFP Loan (No. 4139-05)	Sewer	\$ 2,389,874	-	\$ 158,827	\$ 2,231,047	\$ 162,638

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

Years Ending	Principal	Interest	Business-Type Activities
2020	\$ 162,638	\$ 51,593	\$ 214,231
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 – 2029	960,588	108,803	1,069,391
2030 – 2031	417,285	10,073	427,358
Totals	<u>\$ 2,231,047</u>	<u>\$ 336,382</u>	<u>\$ 2,567,429</u>

#### G. LEASE DISCLOSURES

	Balance 1-1-19	Increases	Decreases	Balance 12-31-19
<b>Capital Leases</b>				
Governmental Activities (to Note IV.F.)				
Payable to component unit	\$ 5,798,330	\$ -	\$ 1,960,045	\$ 3,838,285
Other capital leases	210,050	-	49,323	160,727
Totals	<u>\$ 6,008,380</u>	<u>\$ -</u>	<u>\$ 2,009,368</u>	<u>\$ 3,999,012</u>

## CITY OF BELOIT

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

#### **NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)**

#### **G. LEASE DISCLOSURES (cont.)**

##### ***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”).

The future minimum lease payments are required as follows:

<u>Calendar Years</u>	<u>TIF No. 13</u>	<u>TIF No. 10</u>
2020	\$ 103,295	\$ 1,989,800
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	<u>91,980</u>	<u>-</u>
Sub-Totals	706,694	5,597,552
Less: Reserve funds to be applied to final principal payment	(61,520)	(1,645,199)
Less: Amount representing interest	<u>(91,692)</u>	<u>(667,550)</u>
Present Value of Minimum Lease Payments	<u>\$ 553,482</u>	<u>\$ 3,284,803</u>
Total TIF No. 13 and TIF No. 10		<u>\$ 3,838,285</u>

**CITY OF BELOIT**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2019

**NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)**

**G. LEASE DISCLOSURES (cont.)**

**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.

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

The future minimum lease obligations and the net present value on these minimum lease payments as of December 31, 2019, are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Governmental Activities</u>
2020	\$ 51,391	\$ 6,739	\$ 58,130
2021	53,546	4,584	58,130
2022	<u>55,790</u>	<u>2,340</u>	<u>58,130</u>
	<u><u>\$ 160,727</u></u>	<u><u>\$ 13,663</u></u>	174,390
Less: Amount representing interest			<u>(13,663)</u>
Present Value of Minimum Lease Payments			<u><u>\$ 160,727</u></u>

# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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### NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

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#### **H. NET POSITION/FUND BALANCES**

Net position reported on the government wide statement of net position at December 31, 2019 includes the following:

#### **Governmental Activities**

Net investment in capital assets	
Land	\$ 5,604,384
Construction in progress	3,823,231
Other capital assets, net of accumulated depreciation	96,556,841
Less: Related long-term debt outstanding	(30,776,348)
Less: Capital leases – payable to component unit	(4,634,588)
Less: Unamortized premium on debt	(761,576)
Add: Unamortized loss on advance refunding	699,999
Add: Unspent capital bond proceeds	3,292,334
Total Net Investment in Capital Assets	<u>73,804,277</u>
Restricted	
General debt service	879,948
TIF District No. 8 – economic development	638,620
TIF District No. 10 – economic development	3,284,809
TIF District No. 11 – economic development	78,633
TIF District No. 12 – economic development	333,866
TIF District No. 14 – economic development	147,101
Rental rehab (WRRP/HOME) grant	1,010,168
Community Development Block Grant	1,925,918
Fire – multi-year grants	2,455
DPW – multi-year grants	330,711
Community development grants	267,839
Library operations	486,533
Cemetery perpetual care	2,342,490
Bridge activities	80,404
Solid waste	464,527
Total Restricted	<u>12,274,022</u>
Unrestricted (deficit)	<u>(84,540,705)</u>
Total Governmental Activities Net Position	<u>\$ 1,537,594</u>

# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

### NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

#### H. NET POSITION/FUND BALANCES (cont.)

##### Governmental Activities (cont.)

Governmental fund balances reported on the fund financial statements at December 31, 2019 include the following:

	General	TIF District No. 10	General Debt Service	Capital Improvements	Nonmajor Governmental Funds	Total Governmental Funds
<b>Fund Balances</b>						
<b>Nonspendable:</b>						
Delinquent personal property taxes	\$ 73,600	\$ -	\$ -	\$ -	\$ -	\$ 73,600
Inventories	525,243	-	-	-	-	525,243
Prepaid items	2,021	-	-	-	-	2,021
Advances to other funds	968,998	-	-	-	-	968,998
Total Nonspendable	<u>1,569,862</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,569,862</u>
<b>Restricted for:</b>						
Bridge maintenance	80,404	-	-	-	-	80,404
Debt service	-	-	1,255,829	-	-	1,255,829
Capital projects	-	-	-	5,895,578	-	5,895,578
Economic development	-	3,284,809	-	-	559,600	3,844,409
Grant programs	-	-	-	-	1,040,656	1,040,656
Library operations	-	-	-	-	486,533	486,533
Solid waste	-	-	-	-	464,527	464,527
Cemetery perpetual care	-	-	-	-	2,320,660	2,320,660
Total Restricted	<u>80,404</u>	<u>3,284,809</u>	<u>1,255,829</u>	<u>5,895,578</u>	<u>4,871,976</u>	<u>15,388,596</u>
<b>Assigned to:</b>						
Capital projects	-	-	-	3,414,253	5,953,019	9,367,272
Total Assigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,414,253</u>	<u>5,953,019</u>	<u>9,367,272</u>
<b>Unassigned (deficit):</b>						
	<u>11,882,949</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,654,371)</u>	<u>9,228,578</u>
Total Fund Balances	<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>

# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

### NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

#### H. NET POSITION/FUND BALANCES (cont.)

##### **Business-type Activities**

	Water	Sewer	Storm	Nonmajor Proprietary Funds	Totals
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)	31,848,158	28,029,537	8,912,162	4,620,634	73,410,491
Less: Long-term debt outstanding	(22,097,460)	(6,373,334)	(1,599,993)	(382,976)	(30,453,763)
Add: Noncapital debt outstanding	-	-	-	105,000	105,000
Add: Unamortized loss on advance refunding	3,313	1,215	-	730	5,258
Less: Unamortized premium on debt	(635,297)	(46,006)	(22,861)	-	(704,164)
Add: Restricted assets not funded by revenues	4,149,025	903,684	-	-	5,052,709
Total Net Investment in Capital Assets	14,318,463	23,931,125	7,289,308	5,613,388	51,152,284
Restricted Net Position					
Redemption account	383,039	226,616	49,250	-	658,905
Replacement account	-	1,595,400	-	-	1,595,400
Reserve account	1,899,707	269,100	110,500	-	2,279,307
Construction account	2,249,318	634,584	-	-	2,883,902
Less: Restricted assets not funded by revenues	(4,149,025)	(903,684)	-	-	(5,052,709)
Less: Current liabilities payable from restricted assets	(114,644)	(29,935)	(4,925)	-	(149,504)
Total Restricted Net Position	268,395	1,792,081	154,825	-	2,215,301
Unrestricted (Deficit)	2,203,258	11,804,906	1,373,756	(1,293,661)	14,088,259
Total Enterprise Funds Net Position	\$ 16,790,116	\$ 37,528,112	\$ 8,817,889	\$ 4,319,727	
Less: Portion of internal service funds net position allocated to business-type activities					(127,989)
Total Business-type Activities Net Position					\$ 67,327,855

# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

### NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

#### ***I. 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***

a. 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.

b. Cash and Investments

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

	Carrying Value	Statement Balance	Associated Risks
Demand deposits	\$ 2,381,218	\$ 2,400,657	Custodial credit risk
Total Cash and Investments	\$ 2,381,218	\$ 2,400,657	
Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 674,503		
Restricted cash and investments	1,706,715		
Total Cash and Investments	\$ 2,381,218		

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.



# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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### NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

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#### *I. COMPONENT UNITS* (cont.)

##### ***Community Development Authority – Primary Government*** (cont.)

#### b. Cash and Investments (cont.)

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, 2019, \$1,456,715 of the CDA's total bank balances of \$2,400,657 were exposed to custodial credit risk as follows:

Uninsured and uncollateralized	<u>\$ 1,456,715</u>
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#### c. Restricted Assets

Restricted assets at December 31, 2019, consist of the following:

Cash and cash equivalents – bond redemption	<u>\$ 1,706,715</u>
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Total Restricted Assets	<u>\$ 1,706,715</u>
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## CITY OF BELOIT

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

#### NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

#### I. COMPONENT UNITS (cont.)

##### Community Development Authority – Primary Government (cont.)

#### d. 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 2019 are as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated				
Land	\$ 414,539	\$ -	\$ -	\$ 414,539
Capital assets being depreciated				
Buildings	846,310	-	254,859	591,451
Furniture, equipment, and machinery-dwellings	59,120	-	10,890	48,230
Furniture, equipment, and machine-administrative	167,196	-	-	167,196
Total Capital Assets Being Depreciated	1,072,626	-	265,749	806,877
Less: Accumulated Depreciation	(754,368)	(16,439)	162,231	(608,576)
Total Capital Assets, Net of Depreciation	\$ 732,797			\$ 612,840

#### e. Long-Term Obligations

##### Lease Revenue Bonds

The CDA has pledged future revenues from the City of Beloit resulting from TIF increments to repay \$24,915,000 in lease revenue bonds issued between 2007-2012. 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% of TIF increment lease payments. The total principal and interest remaining to be paid on the bonds is \$6,304,242. Principal and interest paid for the current year and total pledged revenues were both \$2,390,119.

The following is a summary of the lease revenue bond transactions for the year ended December 31, 2019.

	Balance 1-1-19	Increases	Decreases	Balance 12-31-19
Lease revenue bonds	\$ 7,610,000	\$ -	\$ 2,065,000	\$ 5,545,000

**CITY OF BELOIT**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2019

**NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)**

**I. COMPONENT UNITS (cont.)**

**Community Development Authority – Primary Government (cont.)**

e. Long-Term Obligations (cont.)

**Lease Revenue Bonds (cont.)**

Title of Issue	Date of Issue	Due Date	Interest Rates	Original Indebted- Ness	Balance 12-31-19
2007A Lease Revenue Refunding Bonds	2-21-07	3-1-20	3.50-4.20%	\$ 8,915,000	\$ 1,200,000
2008A Lease Revenue Refunding Bonds	6-19-08	3-1-25	4.00-6.75	2,640,000	1,390,000
2009A Lease Revenue Bonds	7-1-09	3-1-25	1.30-5.00	5,340,000	2,340,000
2011B Lease Revenue Bonds	6-27-11	6-1-26	2.90-4.40	1,165,000	615,000
Totals					<u>\$ 5,545,000</u>

Debt service requirements to maturity are as follows:

Calendar Years	Principal	Interest	Totals
2020	\$ 1,855,000	\$ 238,095	\$ 2,093,095
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	90,000	1,980	91,980
Totals	<u>\$ 5,545,000</u>	<u>\$ 759,242</u>	<u>\$ 6,304,242</u>

**CITY OF BELOIT**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2019

**NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)**

**I. COMPONENT UNITS (cont.)**

**Community Development Authority – Primary Government (cont.)**

f. 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 V.A. for details.

g. 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 V.D for details.

h. Lease Disclosures

Refer to Note IV.G.

i. Net Position

Net position at December 31, 2019 includes the following:

Net investment in capital assets		
Land	\$	414,539
Other capital assets, net of accumulated depreciation		198,301
Total Net Investment in Capital Assets		612,840
Restricted		
Low Rent Public Housing		5,362,878
Project Based Vouchers		108,096
Total Restricted		5,470,974
Unrestricted		428,268
Total Net Position	\$	6,512,082

# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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### NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

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#### *I. COMPONENT UNITS* (cont.)

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

#### a. 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.

# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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### NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

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#### I. COMPONENT UNITS (cont.)

##### **Community Development Authority Component Unit - Beloit Apartments Redevelopment-Phase 1, LLC (cont.)**

#### a. Nature of Business and Significant Accounting Policies (cont.)

##### **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.

# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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### NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

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#### **I. COMPONENT UNITS** (cont.)

##### **Community Development Authority Component Unit - Beloit Apartments Redevelopment-Phase 1, LLC** (cont.)

#### a. Nature of Business and Significant Accounting Policies (cont.)

##### **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 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, 2019.

##### **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) (See Note I.h. in this section). 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.

# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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### NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

---

#### I. COMPONENT UNITS (cont.)

##### **Community Development Authority Component Unit - Beloit Apartments Redevelopment-Phase 1, LLC (cont.)**

#### a. Nature of Business and Significant Accounting Policies (cont.)

##### **Subsequent Events**

These financial statements have not been updated for subsequent events occurring after March 5, 2020, 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.

#### b. Restricted Cash

Restricted cash is comprised of the following:

Replacement reserve	\$ 130,901
Operating reserve	145,936
Tenants' security deposits	<u>30,794</u>
Total	<u>\$ 307,631</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%. Disbursements are restricted to capital improvements and repairs of the project. Disbursements in excess of \$5,000 or 10% 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	\$ 104,708
Deposits	26,078
Interest earned	<u>115</u>
Balance, Ending	<u>\$ 130,901</u>



## CITY OF BELOIT

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

#### NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

**I. COMPONENT UNITS** (cont.)

**Community Development Authority Component Unit - Beloit Apartments Redevelopment-Phase 1, LLC** (cont.)

b. Restricted Cash (cont.)

**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% of the then balance of the reserve require written approval from the investor members.

Balance, beginning	\$ 145,790
Deposits	-
Interest earned	146
Balance, Ending	\$ 145,936

c. 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	265,998
	10,840,308
Less: Accumulated depreciation	2,388,362
Total	\$ 8,451,946

## CITY OF BELOIT

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

#### NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

##### *I. COMPONENT UNITS (cont.)*

##### **Community Development Authority Component Unit - Beloit Apartments Redevelopment-Phase 1, LLC (cont.)**

d. Mortgage and Other Notes Payable

Mortgage and other notes payable consists of the following:

<p>CDA; managing member; non-recourse 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 \$125,273 for the year ended December 31, 2019; accrued interest was \$977,793 as of December 31, 2019.</p>	<p>\$ 1,950,000</p>
<p>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.</p>	<p>500,000</p>
<p>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.</p>	<p>430,559</p>
<p>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 \$18,305 for the year ended December 31, 2019; accrued interest was \$125,929 as of December 31, 2019.</p>	<p>350,000</p>
<p>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, 2019.</p>	<p style="border-top: 1px solid black;">-</p>
<p style="padding-left: 40px;">Total Long-term Debt</p>	<p style="border-top: 1px solid black;">3,230,559</p>
<p>Less: Unamortized debt issuance costs</p>	<p style="border-top: 1px solid black;">11,606</p>
<p style="padding-left: 40px;">Total</p>	<p style="border-top: 1px solid black; border-bottom: 3px double black;">\$ 3,218,953</p>

# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

### NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

#### I. COMPONENT UNITS (cont.)

##### **Community Development Authority Component Unit - Beloit Apartments Redevelopment-Phase 1, LLC (cont.)**

#### d. Mortgage and Other Notes Payable (cont.)

Repayment of principal on the mortgage and other notes payable as of December 31, 2019, is as follows:

##### Years Ending December 31.

2020	\$	-
2021		-
2022		-
2023		-
2024		-
Thereafter		<u>3,230,559</u>
Total	\$	<u><u>3,230,559</u></u>

#### e. 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 non-cancellable capital lease consists of:

Land	\$	409,500
Buildings		<u>1,540,500</u>
Total	\$	<u><u>1,950,000</u></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 \$184,056 as of December 31, 2019.

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%, 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 September 21, 2050. The capital lease obligation is secured by a mortgage note as described in Note I.d. 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 (see Note I.g. in this section).

# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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### NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

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#### I. COMPONENT UNITS (cont.)

##### **Community Development Authority Component Unit - Beloit Apartments Redevelopment-Phase 1, LLC (cont.)**

#### f. Members' Capital Contributions

The company has one managing member, the CDA, which has a .01% interest, and three investor members, BMO, First National Bank and Trust Company (FNB), and Blackhawk State Bank (BSB) which have 19.998%, 39.996%, and 39.996% 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, 2019.

#### g. Related Party Transactions

##### **Accounts Payable**

Included in accounts payable are amounts owed to the CDA for reimbursement of operating expenses totaling \$99,858 as of December 31, 2019.

##### **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% of gross residential rents on a monthly basis. The agreement is automatically renewed from year to year unless otherwise terminated. Property management fees totaled \$4,859 for the period ended December 31, 2019.

##### **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% 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% 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 \$9,230 as of December 31, 2019.

# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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### NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

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#### **I. COMPONENT UNITS** (cont.)

##### **Community Development Authority Component Unit - Beloit Apartments Redevelopment-Phase 1, LLC** (cont.)

#### g. Related Party Transactions (cont.)

##### **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 non-interest bearing and repayable solely from available cash flow as defined in the operating agreement. There was no operating deficit loans as of December 31, 2019.

##### **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 \$238,477 were earned during the period ended December 31, 2019. Included in accounts receivable are operating subsidies of \$81,113 as of December 31, 2019.

#### h. 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.

# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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### NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

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#### **I. COMPONENT UNITS** (cont.)

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

#### a. 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.

# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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### NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

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#### I. COMPONENT UNITS (cont.)

##### **Community Development Authority Component Unit - Beloit Apartments Redevelopment-Phase 2, LLC (cont.)**

#### a. Nature of Business and Significant Accounting Policies (cont.)

##### **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.

# CITY OF BELOIT

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2019

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## NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

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### I. COMPONENT UNITS (cont.)

#### **Community Development Authority Component Unit - Beloit Apartments Redevelopment-Phase 2, LLC (cont.)**

##### a. Nature of Business and Significant Accounting Policies (cont.)

#### **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, 2019.

#### **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, 2020, 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.

##### b. Restricted Cash

Restricted cash is comprised of the following:

Replacement reserve	\$	161,749
Operating reserve		191,271
ACC reserve		281,873
Tenants' security deposits		<u>20,829</u>
Total	\$	<u>655,722</u>



# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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### NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

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#### I. COMPONENT UNITS (cont.)

##### **Community Development Authority Component Unit - Beloit Apartments Redevelopment-Phase 2, LLC (cont.)**

#### b. Restricted Cash (cont.)

##### **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%. 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	\$	137,250
Deposits		24,352
Interest earned		<u>147</u>
Balance, Ending	\$	<u><u>161,749</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 \$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	\$	191,080
Interest earned		<u>191</u>
Balance, Ending	\$	<u><u>191,271</u></u>

# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

### NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

**I. COMPONENT UNITS** (cont.)

**Community Development Authority Component Unit - Beloit Apartments Redevelopment-Phase 2, LLC** (cont.)

b. Restricted Cash (cont.)

**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	\$ 281,591
Interest earned	<u>282</u>
Balance, Ending	<u><u>\$ 281,873</u></u>

c. 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><u>3,045,752</u></u>
Total	<u><u>\$ 8,555,343</u></u>

# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

### NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

#### I. COMPONENT UNITS (cont.)

##### **Community Development Authority Component Unit - Beloit Apartments Redevelopment-Phase 2, LLC (cont.)**

#### d. 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 \$79,449 for the year ended December 31, 2019; accrued interest was \$565,600 as of December 31, 2019.	\$ 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, 2019; accrued interest was \$7,669 as of December 31, 2019.	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, 2019; accrued interest was \$8,871 as of December 31, 2019.	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, 2019; accrued interest was \$15,561 as of December 31, 2019.	<u>474,260</u>
Total Mortgage Notes Payable	2,910,834
Less: Unamortized financing cost	<u>9,585</u>
Total	<u><u>\$ 2,901,249</u></u>

## CITY OF BELOIT

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

#### NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

##### I. COMPONENT UNITS (cont.)

##### **Community Development Authority Component Unit - Beloit Apartments Redevelopment-Phase 2, LLC (cont.)**

##### d. Mortgage and Other Notes Payable (cont.)

Repayment of principal on the mortgage and other notes payable as of December 31, 2019, is follows:

##### Year Ending December 31,

2020	\$	-
2021		-
2022		-
2023		-
2024		-
Thereafter		<u>2,910,834</u>
Total	\$	<u>2,910,834</u>

##### e. 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 non-cancellable 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 \$118,700 as of December 31, 2019.

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%, 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 as described in Note I.d. 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) (see Note I.f. in this section).

# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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### NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

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#### I. COMPONENT UNITS (cont.)

##### **Community Development Authority Component Unit - Beloit Apartments Redevelopment-Phase 2, LLC (cont.)**

#### f. Related Party Transactions

##### **Accounts Payable**

Included in accounts payable are amounts owed to the CDA for reimbursement of operating expenses totaling \$88,451 as of December 31, 2019.

##### **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% 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 \$13,194 for the period ended December 31, 2019.

##### **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%. 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 \$8,117 for the period ended December 31, 2019. Asset management fees accrued and included in accrued expenses were \$8,117 as of December 31, 2019.

##### **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 stabilized occupancy and ending on after achievement of 36 consecutive months with an expense coverage ratio of 1.00 or better commencing on or after the second anniversary of the later of the achievement of stabilized occupancy or repayment in full of the construction loan. The obligation to fund operating deficits shall be limited to \$190,000. Such loans are non-interest bearing and repayable solely from available cash flow as defined in the operating agreement. There was no operating deficit guaranty loans as of December 31, 2019.

##### **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 \$160,658 were earned during the period ended December 31, 2019. Included in accounts receivables are operating subsidies receivable of \$63,526 as of December 31, 2019.

# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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### NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

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#### I. COMPONENT UNITS (cont.)

##### **Community Development Authority Component Unit - Beloit Apartments Redevelopment-Phase 2, LLC (cont.)**

#### f. Related Party Transactions (cont.)

##### **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% 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.

#### g. Company Profits and Losses and Distributions

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

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

#### h. 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.

# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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### NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

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#### I. COMPONENT UNITS (cont.)

##### **Community Development Authority Component Unit - Beloit Apartments Redevelopment-Phase 2, LLC (cont.)**

#### h. Commitments and Contingencies (cont.)

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

##### **Beloit Public Library Foundation, Inc.**

#### a. Organization

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

#### b. Summary of Significant Accounting Policies

1. 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.
2. Net position and revenues, support, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net position of the Foundation and changes therein are classified and reported as follows:

**Net Position Without Donor Restrictions** - Net position without donor restrictions are available for use at the discretion of the Board of Directors and management for general operating purposes. From time to time the Board may designate a portion of this net position for specific purposes which makes them unavailable for use at management's discretion.

**Net Position With Donor Restrictions** - Net position with donor restrictions consist of assets whose use is limited by donor-imposed, time and/or purpose restrictions. The Foundation reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net position is reclassified as net position without donor restrictions and reported in the Statements or Activities as net position released from restrictions. Some net position with donor restrictions include a stipulation the assets be maintained permanently (perpetual in nature) while permitting the Foundation to expend the income generated by the assets in accordance with the provisions of additional donor-imposed stipulations or a Board approved spending policy.

# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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### NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

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#### **I. COMPONENT UNITS** (cont.)

##### ***Beloit Public Library Foundation, Inc.*** (cont.)

#### b. Summary of Significant Accounting Policies (cont.)

3. 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 purpose restriction is accomplished, net position with donor restrictions are reclassified to net position without donor restrictions and reported in the Statements of Activities as net position released from restrictions. Donor restricted contributions are booked in the net position without donor restrictions class for restrictions expiring during the fiscal year in which the contribution was made.
4. Direct support expenses are requests from the library to purchase books and other supplies, and grants and awards, and are charged to program activities. 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.
5. The preparation of financial statements in conformity with GAAP) 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.
6. The Foundation has evaluated subsequent events through May 20, 2020, which was the date that these financial statements were available for issuance and determined there were no significant non-recognized events through that date except as noted below.

In January 2020, the World Health Organization declared the novel coronavirus outbreak originating in Wuhan, China to be a public health emergency. This coronavirus spread to other countries, including the United States, and efforts to contain the spread of this coronavirus intensified. The outbreak and any preventative or protective actions that governments or the Foundation may take in respect of this coronavirus may result in a period of business disruption and reduced operations. There has been no material effect at this point, although any resulting financial impact cannot be reasonably estimated at this time but may materially affect the Foundation's financial condition and results of operations. The extent to which the coronavirus impacts the Foundation's results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and the actions to contain the coronavirus or treat its impact, among others.



# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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### NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

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#### I. COMPONENT UNITS (cont.)

##### *Beloit Public Library Foundation, Inc.* (cont.)

#### b. Summary of Significant Accounting Policies (cont.)

The carrying amount of the Foundation's investments is their fair value at the end of the year, which reflected general market activity during the year. At the time these financial statements were issued, the market was in decline due primarily to the effect of the coronavirus on the economy. The market value as a percentage of cost for the Foundation's investments decreased from 100% at December 31, 2019 to 93% at March 31, 2020, a decline of 7%. However, the market is still in fluctuation, and there is a reasonable possibility the fair value of investments will continue to change, but that amount cannot be predicted.

The Foundation started a capital campaign to raise funds for a building improvement project at the Library and to increase their endowment investments. The Foundation has committed to fund the building improvement project, which will add two classrooms, for \$240,000. Subsequent to year end, the Foundation has received pledges towards this project in the amount of \$175,000. The pledges are to be received over the next five years.

#### c. Liquidity and Availability

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.

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.

As of December 31, 2019, the following table show the total financial assets held by the Foundation and the amounts of those financial assets that could readily be made available within one year of the Statement of Financial Position date to meet general expenditures and other cash needs:

Financial assets at year-end-	
Cash and investments	\$ 701,232
Accounts receivable	1,250
Interest receivable	540
Financial Assets Available to Meet Cash Needs for General Expenditure within One Year	<u>\$ 703,022</u>

#### d. Cash and Cash Equivalents

For purposes of the statements of cash flows, the Foundation considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. Bank balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Money market funds held in one of the Foundation's investment accounts are insured by the Securities Investor Protection Corporation (SIPC) up to \$500,000 for all accounts. As of December 31, 2019, the Foundation had an uninsured cash balance of \$437.

**CITY OF BELOIT**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2019

**NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)**

**I. COMPONENT UNITS (cont.)**

***Beloit Public Library Foundation, Inc.* (cont.)**

e. Receivables

Accounts receivable at December 31, 2019 consist of amounts due from another nonprofit organization related to special events sponsorships which are expected to be collected within 30 days. Management feels that all amounts will be collected and therefore an allowance for uncollectables is not recorded.

f. Investments

In accordance with GAAP, investments are reported at fair market value. At December 31, as quoted by the trustee or from stock quotes, the market and cost are as follows:

	2019	
	Market	Cost
Mutual Funds -		
Equity	\$ 647,748	\$ 646,944
Fixed income	-	-
Totals	\$ 647,748	\$ 646,944

Unrealized gain amounted to \$804 as of December 31, 2019. Current unrealized gains amount to \$31,252 for 2019. Interest and dividends earned on the above investments amounted to \$15,630 for 2019. Investment fees amounted to \$5,730 for 2019. These amounts are all reflected in the Statements of Activities as investment return, net. Investments are exposed to potential risks including interest rate risk, credit risk, and overall market volatility. Accordingly, it is reasonably possible that changes in the value of investments will occur in the near term and such changes could be material in amount.

g. Net Position

The following funds have been designated from general operations by the Board of Directors:

	12-31-19
Library programming	\$ -

# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

### NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

#### I. COMPONENT UNITS (cont.)

##### *Beloit Public Library Foundation, Inc.* (cont.)

#### h. Fair Value Measurements

The Foundation has adopted the Financial Accounting Standards Board (FASB) FASB ASC 820-10, *Fair Value Measurements and Disclosures*. FASB ASC 820-10 defines fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants in the measurement date. When determining the fair value measurements for assets and liabilities required to be recorded at fair value, the Foundation considers the principal or most advantageous market in which it would transact and considers assumptions that market participants would use when pricing the asset or liability, such as inherent risk, transfer restrictions, and risk of nonperformance.

FASB ASC 820-10 establishes a fair value hierarchy that requires the Foundation to maximize the use of unobservable inputs when measuring fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level on input that is significant to the fair value measurement.

Level 1 – Quoted prices in 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.

The fair values of assets measured on a recurring basis at December 31, 2019 are as follows.

	Fair Value Measurements at Reporting Date Using	
December 31, 2019	Fair Value	Quoted Prices In Active Markets for Identical Assets (Level 1)
Marketable securities	\$ 647,748	\$ 647,748

#### i. Income Taxes

The Foundation is a nonprofit organization and is exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3) and, therefore, there is no provision for income taxes in the financial statements.

# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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### NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

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#### **I. COMPONENT UNITS** (cont.)

##### ***Beloit Public Library Foundation, Inc.*** (cont.)

#### i. Income Taxes (cont.)

Management of the Foundation has evaluated for uncertain tax positions and has determined that there are no uncertain tax positions as of December 31, 2019. Tax regulations within each jurisdiction are subject to the interpretation of the related tax laws and regulations and require significant judgment to apply. The Foundation is subject to income taxes in the United States Federal jurisdiction and the State of Wisconsin. Tax returns remain open for federal examination for the past three years and state examination for the past four years.

#### j. 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 services expenses of the Foundation are for the benefit of the Library. The Foundation's contributions to the library as of December 31, 2019 were \$19,062.

#### k. Blender Café

During 2016, the Foundation started a capital campaign for Blender Café', which is a café at the library that opened in 2017. The Foundation is collecting donations for the Blender Café' and then passing those donations through to the City of Beloit to pay for the construction of the Café. The Foundation's contributions for the Blender Café as of December 31, 2019 were \$6,000.

#### l. Change in Accounting Principle

In 2019, the Foundation adopted, retrospectively, ASU 2014-19 *Revenue from Contracts with Customers*. The guidance requires the Foundation to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the Foundation expects to be entitled in exchange for those goods or services. The guidance also requires expanded disclosures relating to the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. Additionally, qualitative and quantitative disclosures are required regarding customer contracts, significant judgements and changes in judgements, and assets recognized from the costs to obtain or fulfill a contract.

In 2019, the Foundation also adopted, retrospectively, ASU 2016-01 *Financial Instruments – Overall* and ASU 2016-18 *Statement of Cash flows*. ASU 2016-01 requires equity investments to be measured at fair value with changes in fair value recognized in net income. ASU 2016-18 requires entities to include restricted cash and equivalents with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the Statement of Cash Flows.

# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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### NOTE V – OTHER INFORMATION

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#### **A. EMPLOYEES' RETIREMENT SYSTEM**

##### **Summary of Significant Accounting Policies**

**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 (CAFR), 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.

## CITY OF BELOIT

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

#### NOTE V – OTHER INFORMATION (cont.)

##### A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

**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
2009	(2.1)%	(42.0)%
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

**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 \$2,174,393 in contributions from the City and CDA.

Contribution rates for the plan year reported as of December 31, 2019 are:

Employee Category	Employee	Employer
General (Executives & Elected Officials)	6.7%	6.7%
Protective with Social Security	6.7%	10.7%
Protective without Social Security	6.7%	14.9%

# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

### NOTE V – OTHER INFORMATION (cont.)

#### A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

#### ***Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

At December 31, 2019, the City and CDA reported a liability of \$7,492,616 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017 rolled forward to December 31, 2018. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City and CDA's proportion of the net pension liability was based on the City and CDA's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2018, the City and CDA's proportion was 0.21056771%, which was an increase of 0.00088676% from its proportion measured as of December 31, 2017.

For the year ended December 31, 2019, the City and CDA recognized pension expense of \$5,221,900.

At December 31, 2019, the City and CDA reported deferred outflows of resources and deferred outflow (inflows) of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 5,835,700	\$ 10,312,499
Change in assumptions	1,262,062	-
Net differences between projected and actual earnings on pension plan investments	10,936,186	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	47,691	26,695
Employer contributions subsequent to the measurement date	2,331,042	-
Totals	\$ 20,412,681	\$ 10,339,194

\$2,331,042 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:

Year Ended December 31:	Deferred Outflows of Resources and Deferred Inflows of Resources (net)
2020	\$ 2,790,783
2021	714,404
2022	1,241,359
2023	2,995,899

# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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### NOTE V – OTHER INFORMATION (cont.)

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#### A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

**Actuarial assumptions.** The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2017
Measurement Date of Net Pension Liability (Asset)	December 31, 2018
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% 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, 2018 is based upon a roll-forward of the liability calculated from the December 31, 2017 actuarial valuation.



# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

### NOTE V – OTHER INFORMATION (cont.)

#### A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

**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:

<u>Core Fund Asset Class</u>	<u>Current Asset Allocation %</u>	<u>Long-Term Expected Nominal Rate of Return %</u>	<u>Long-Term Expected Real Rate of Return %</u>
Global Equities	49%	8.1%	5.5%
Fixed Income	24.5	4.0	1.5
Inflation Sensitive Assets	15.5	3.8	1.3
Real Estate	9	6.5	3.9
Private Equity/Debt	8	9.4	6.7
Multi-Asset	4	6.7	4.1
Total Core Fund	110	7.3	4.7
 <u>Variable Fund Asset Class</u>			
U.S. Equities	70	7.6	5.0
International Equities	30	8.5	5.9
Total Variable Fund	100	8.0	5.4

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

# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

### NOTE V – OTHER INFORMATION (cont.)

#### A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

**Single discount rate.** A single discount rate of 7.00% 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% and a long-term bond rate of 3.71%. Because of the unique structure of WRS, the 7.00% expected rate of return implies that a dividend of approximately 1.9% 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 7.00 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 (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease to Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase to Discount Rate (8.00%)
City and CDA's proportionate share of the net pension liability (asset)	\$29,771,367	\$7,492,616	(\$9,075,589)

**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, 2019, the City and CDA reported a payable to the pension plan, which represents contractually required contributions outstanding as of the end of the year.

#### B. 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.

**CITY OF BELOIT**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2019

**NOTE V – OTHER INFORMATION (cont.)**

**B. RISK MANAGEMENT (cont.)**

***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 each of the past four years. Total amounts charged back to the various departments during the year were \$9,033,571.

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, 2019. The estimated liability for self insured losses for this program consisted of the following at December 31, 2019:

Reported and Known Claims	\$ 948,836
Incurred but not Reported Claims	<u>604,194</u>
Total	<u>\$ 1,553,030</u>

Changes in the claims payable follow:

	<u>Balance January 1</u>	<u>Incurred Claims</u>	<u>Claims Paid</u>	<u>Balance December 31</u>
2018	\$ 2,235,241	\$ 9,418,261	\$ 9,339,653	\$ 2,313,849
2019	2,313,849	4,932,197	5,693,016	1,553,030

# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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### NOTE V – OTHER INFORMATION (cont.)

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#### **B. RISK MANAGEMENT** (cont.)

##### **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 3.29%.

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, 2019. A total liability of approximately \$110,103 at December 31, 2019 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.

# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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### NOTE V – OTHER INFORMATION (cont.)

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#### **B. RISK MANAGEMENT** (cont.)

##### ***Transit Mutual Insurance Corporation of Wisconsin (TMI)*** (cont.)

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 1.67% for auto liability and 1.49% 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.

#### **C. 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	\$ 1,522,412
Nonmajor Funds	642,712

# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

### NOTE V – OTHER INFORMATION (cont.)

#### **D. 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% and 100% of the current year premiums for a family and a single plan, respectively, for eligible retired plan members and their spouses. Fire and police plan members receiving benefits contribute 0% and 0% of their premium costs for a family plan and a single plan, respectively. All others pay 100% of their premiums.

**Employees covered by benefit terms.** At December 31, 2019, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefit payments	197
Active plan members	311
Total	508

##### **Total OPEB Liability**

The City's total OPEB liability of \$92,853,543 was measured as of December 31, 2018, and was determined by an actuarial valuation as of December 31, 2017.

**Actuarial assumptions and other inputs.** The total OPEB liability in the December 31, 2017 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	7.50% decreasing by 0.50% per year down to 6.50%, then by 0.10% per year down to 5.0%, and level thereafter
Retirees' share of benefit-related costs	Fire and police members 0%. All others 100%
Discount rate	4.0%

The discount rate was based on upon all years of projected payments discounted at the municipal bond rate of 4.0% per the Bond Buyer 20-Bond Go Index.

Mortality rates were based on the Wisconsin 2012 Mortality Table.

## CITY OF BELOIT

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

#### NOTE V – OTHER INFORMATION (cont.)

##### **D. OTHER POSTEMPLOYMENT BENEFITS** (cont.)

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study for the period 2012-2014.

##### **Changes in the Total OPEB Liability**

	Total OPEB Liability
Balances at December 31, 2018	\$ 98,007,600
Changes for the year:	
Service cost	2,015,681
Interest	3,395,010
Changes in assumptions	(6,534,464)
Benefit payments	(4,030,284)
Net changes	(5,154,057)
Balances at December 31, 2019	\$ 92,853,543

**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 (3.0 percent) or 1-percentage-point higher (5.0 percent) than the current discount rate:

	1% Decrease (3.0%)	Discount Rate (4.0%)	1% Increase (5.0%)
Net OPEB liability	\$ 106,565,127	\$ 92,853,543	\$ 81,653,519

**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 (6.5 percent decreasing to 4.0 percent) or 1-percentage-point higher (8.5 percent decreasing to 6.0 percent) than the current healthcare cost trend rates:

	1% Decrease (6.5% Decreasing to 4.0%)	Healthcare Cost Trend Rates (7.5% Decreasing to 5.0%)	1% Increase (8.5% Decreasing to 6.0%)
Total OPEB liability	\$ 80,398,299	\$ 92,853,543	\$ 108,147,103

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

For the year ended December 31, 2019, the City recognized an OPEB expense of \$4,321,614.

## CITY OF BELOIT

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

#### NOTE V – OTHER INFORMATION (cont.)

##### **D. OTHER POSTEMPLOYMENT BENEFITS** (cont.)

##### **OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEBs** (cont.)

At December 31, 2019, the City 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	\$ -	\$ -
Change in assumptions	-	5,445,387
Employer contributions subsequent to the measurement date	2,659,783	-
Totals	\$ 2,659,783	\$ 5,445,387

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:

Year Ended December 31:	Deferred Outflows of Resources and Deferred Inflows of Resources (net)
2020	\$ (1,089,077)
2021	(1,089,077)
2022	(1,089,077)
2023	(1,089,077)
2024	(1,089,079)

##### **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 (CAFR), 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.



**CITY OF BELOIT**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2019

**NOTE V – OTHER INFORMATION (cont.)**

**D. OTHER POSTEMPLOYMENT BENEFITS (cont.)**

**LOCAL RETIREE LIFE INSURANCE FUND (LRLIF) (cont.)**

**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, 2019 are:

Coverage Type	Employer Contributions
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 \$8,551 in contributions from the City and CDA.

# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

### NOTE V – OTHER INFORMATION (cont.)

#### **D. OTHER POSTEMPLOYMENT BENEFITS (cont.)**

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

At December 31, 2019, the City and CDA reported a liability of \$1,145,336 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2017 rolled forward to December 31, 2018. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City and CDA's proportion of the net OPEB liability was based on the City and CDA's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2018, the City and CDA's proportion was 0.44382573%, which was a decrease of 0.02693632% from its proportion measured as of December 31, 2017.

For the year ended December 31, 2019, the City and CDA recognized OPEB expense of \$103,688.

At December 31, 2019, the City and 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	\$ -	\$ 58,103
Net differences between projected and actual earnings on OPEB plan investments	109,284	248,263
Changes of assumptions	27,372	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	69,564
Employer contributions subsequent to the measurement date	10,799	-
Total	\$ 147,455	\$ 375,930

## CITY OF BELOIT

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

#### NOTE V – OTHER INFORMATION (cont.)

#### *D. OTHER POSTEMPLOYMENT BENEFITS* (cont.)

#### *OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs* (cont.)

\$10,799 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:

<u>Year Ended December 31:</u>	<u>Deferred Outflows of Resources and Deferred Inflows of Resources (net)</u>
2020	\$ (33,971)
2021	(33,971)
2022	(33,971)
2023	(37,815)
2024	(41,775)
Thereafter	(57,771)

**Actuarial assumptions.** The total OPEB liability in the January 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	January 1, 2018
Measurement Date of Net OPEB Liability:	December 31, 2018
Actuarial Cost Method:	Entry Age Normal
20 Year Tax-Exempt Municipal Bond Yield:	4.10%
Long-Term Expected Rate of Return:	5.00%
Discount Rate:	4.22%
Salary Increases:	
Inflation	3.00%
Seniority/Merit	0.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table

# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

### NOTE V – OTHER INFORMATION (cont.)

#### *D. OTHER POSTEMPLOYMENT BENEFITS* (cont.)

#### *OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs* (cont.)

**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, 2018**

Asset Class	Index	Target Allocation	Long-Term Expected Geometric Real Rate of Return %
US Government Bonds	Barclays Government	1%	1.44%
US Credit Bonds	Barclays Credit	40	2.69
US Long Credit Bonds	Barclays Long Credit	4	3.01
US Mortgages	Barclays MBS	54	2.25
US Municipal Bonds	Bloomberg Barclays Muni	1	1.68
Inflation			2.30
Long-Term Expected Rate of Return			5.00

**Single discount rate.** A single discount rate of 4.22% 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.

# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

### NOTE V – OTHER INFORMATION (cont.)

#### **D. OTHER POSTEMPLOYMENT BENEFITS** (cont.)

##### **OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs** (cont.)

**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 4.22 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 (3.22 percent) or 1-percentage-point higher (5.22 percent) than the current rate:

	1% Decrease Discount Rate (3.22%)	Current Discount Rate (4.22%)	1% Increase to Discount Rate (5.22%)
City and CDA's proportionate share of the net OPEB liability	\$ 1,629,151	\$ 1,145,336	\$ 771,977

**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>.

#### **E. 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.

	Water – 2019	Sewer – 2019	Stormwater – 2019
Operating revenues	\$ 5,888,465	\$ 7,985,607	\$ 1,126,622
Investment income	138,611	244,304	18,698
Operating expenses excluding depreciation	(2,556,570)	(6,420,497)	(764,312)
Defined Earnings	\$ 3,470,506	\$ 1,809,414	\$ 381,008
Annual debt service on revenue bonds	\$ 2,351,287	\$ 470,337	\$ 103,425
Coverage factor	x 1.25	x 1.10	x 1.25
Required Net Earnings	\$ 2,939,108	\$ 517,371	\$ 129,281

#### **F. 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.

# CITY OF BELOIT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

### NOTE V – OTHER INFORMATION (cont.)

#### F. TAX ABATEMENT (cont.)

The City, through its Tax Incremental Financing Districts (TID) Nos. 6, 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.

Agreement Description	Calculation Method	Developer Commitment	2019 Payments
TIF 6	35%	Construction of improvements	\$ 32,855
TIF 10	20%	Construction of improvements	54,062
TIF 10	35%	Construction of improvements	393,119
TIF 10	35%	Construction of improvements	44,787
TIF 10	35%	Construction of improvements	44,106
TIF 10	35%	Construction of improvements	171,494
TIF 10	25%	Construction of improvements	15,904
TIF 11	25%	Construction of improvements	38,498

#### G. SUBSEQUENT EVENTS

On April 30, 2020, the City issued General Obligation Promissory Notes in the amount of \$1,780,000. The amount will be used to finance projects in the City's Capital Improvement Program.

On April 30, 2020, the City issued General Obligation Corporate Bonds in the amount of \$3,580,000. The amount will be used to finance projects in the City's Capital Improvement Program.

On April 30, 2020, the City issued Water System Revenue Refunding Bonds in the amount of \$2,165,000. The amount will be used to refinance the 2009 Revenue Bonds.

#### H. 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*

The statements listed above through Statement No. 93 had their required effective dates postponed by one year with the issuance of Statement No. 95, *Postponement of Effective Dates of Certain Authoritative Guidance*, with the exception of Statement No. 87, which was postponed by one and a half years.

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**

For the Year Ended December 31, 2019

	Original and Final Budget	Actual	Variance with Final Budget
<b>TAXES</b>			
Current levy	\$ 7,850,573	\$ 7,852,636	\$ 2,063
Mobile home taxes	16,800	18,198	1,398
Payment in lieu of taxes - housing authority	-	22,547	22,547
Motel tax	185,000	206,697	21,697
Total Taxes	<u>8,052,373</u>	<u>8,100,078</u>	<u>47,705</u>
<b>INTERGOVERNMENTAL</b>			
Shared aidable revenue	16,155,600	16,152,936	(2,664)
Fire distribution fee	72,000	75,120	3,120
Expenditure restraint payment	661,000	659,106	(1,894)
State highway aids	1,565,000	1,506,746	(58,254)
State aid - connecting streets	265,775	265,593	(182)
Motor vehicle registration	545,000	561,719	16,719
Municipal service payment	17,000	16,671	(329)
Computer exemption aid	119,505	118,834	(671)
Other state payments	180,983	180,983	-
Total Intergovernmental Revenues	<u>19,581,863</u>	<u>19,537,708</u>	<u>(44,155)</u>
<b>LICENSES AND PERMITS</b>			
Licenses			
Liquor - malt permits	68,225	80,093	11,868
Cable TV	405,000	400,751	(4,249)
Other licenses	37,600	36,739	(861)
Total Licenses	<u>510,825</u>	<u>517,583</u>	<u>6,758</u>
Permits			
Construction permits	204,700	255,361	50,661
Other permits	78,010	39,093	(38,917)
Underground storage tank inspection	2,600	6,257	3,657
Total Permits	<u>285,310</u>	<u>300,711</u>	<u>15,401</u>
Total Licenses and Permits	<u>796,135</u>	<u>818,294</u>	<u>22,159</u>

See accompanying auditor's report and notes to required supplementary information.



**CITY OF BELOIT**

SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES  
 BUDGET AND ACTUAL - GENERAL FUND  
 For the Year Ended December 31, 2019

	Original and Final Budget	Actual	Variance with Final Budget
<b>FINES, FORFEITURES AND PENALTIES</b>			
Municipal court costs	\$ 125,000	\$ 121,550	\$ (3,450)
Nontraffic fines	260,000	252,011	(7,989)
Traffic fines	145,000	146,854	1,854
Parking fines	200,000	121,394	(78,606)
Penalties on taxes	100,000	102,012	2,012
Other	65,240	54,348	(10,892)
Total Fines, Forfeitures and Penalties	<u>895,240</u>	<u>798,169</u>	<u>(97,071)</u>
<b>FEES AND SERVICE CHARGES</b>			
Animal shelter	9,700	11,578	1,878
Recreation			
Other recreation	180,537	177,474	(3,063)
Telfer Park and Rivercenter	135,979	152,456	16,477
Swimming pool	69,472	72,769	3,297
Total Recreation	<u>385,988</u>	<u>402,699</u>	<u>16,711</u>
Other General Revenue			
Fire inspection fees	137,390	134,003	(3,387)
Property transfer certificates	15,450	28,891	13,441
In-house fees	37,450	37,648	198
Hazardous material response	16,000	46,340	30,340
Donations and miscellaneous	159,250	74,622	(84,628)
Nutrition coordinator	16,868	10,975	(5,893)
Recoveries from city	50,000	2,762	(47,238)
Miscellaneous police revenues	96,000	96,272	272
Total Other General Revenue	<u>528,408</u>	<u>431,513</u>	<u>(96,895)</u>
Total Fees and Service Charges	<u>924,096</u>	<u>845,790</u>	<u>(78,306)</u>

See accompanying auditor's report and notes to required supplementary information.

**CITY OF BELOIT**

SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES  
BUDGET AND ACTUAL - GENERAL FUND  
For the Year Ended December 31, 2019

	Original and Final Budget	Actual	Variance with Final Budget
<b>RENT</b>	\$ 48,666	\$ 77,441	\$ 28,775
<b>INVESTMENT INCOME</b>	697,958	604,316	(93,642)
<b>OTHER</b>	48,881	41,876	(7,005)
Total Revenues	<u>31,045,212</u>	<u>30,823,672</u>	<u>(221,540)</u>
<b>OTHER FINANCING SOURCES</b>			
Sale of city property	103,000	2,786	(100,214)
Transfers in - tax equivalent	840,000	815,064	(24,936)
Transfers in - operating	-	1,475,414	1,475,414
Total Other Financing Sources	<u>943,000</u>	<u>2,293,264</u>	<u>1,350,264</u>
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<u>\$ 31,988,212</u>	<u>\$ 33,116,936</u>	<u>\$ 1,128,724</u>

See accompanying auditor's report and notes to required supplementary information.

**CITY OF BELOIT**

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES  
 BUDGET AND ACTUAL - GENERAL FUND  
 For the Year Ended December 31, 2019

<b>CURRENT EXPENDITURES</b>	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>GENERAL GOVERNMENT</b>			
City Council, Manager, Attorney			
Council	\$ 50,653	\$ 51,217	\$ (564)
City manager	369,805	367,092	2,713
City attorney	<u>715,802</u>	<u>619,148</u>	<u>96,654</u>
Total City Council, Manager and Attorney	<u>1,136,260</u>	<u>1,037,457</u>	<u>98,803</u>
Finance and Administrative Services			
Personnel and labor relations	185,188	126,295	58,893
Municipal court	374,242	321,502	52,740
Computer information systems	710,152	614,507	95,645
Records and elections	344,459	338,919	5,540
Property appraisal	183,715	118,115	65,600
Accounting	290,667	296,930	(6,263)
Financial management	230,250	212,657	17,593
Licenses and permits	870,579	70,576	800,003
Insurance	319,503	319,502	1
City hall operation	110	-	110
Total Finance and Administrative Services	<u>3,508,865</u>	<u>2,419,003</u>	<u>1,089,862</u>
Total General Government	<u>4,645,125</u>	<u>3,456,460</u>	<u>1,188,665</u>
<b>COMMUNITY DEVELOPMENT</b>			
City planning	735,031	742,235	(7,204)
Economic development	291,356	296,058	(4,702)
Code enforcement	<u>332,897</u>	<u>334,999</u>	<u>(2,102)</u>
Total Community Development	<u>1,359,284</u>	<u>1,373,292</u>	<u>(14,008)</u>
<b>PUBLIC SAFETY</b>			
Police Department			
Staff services	<u>12,024,827</u>	<u>11,960,824</u>	<u>64,003</u>
Total Police Department	<u>12,024,827</u>	<u>11,960,824</u>	<u>64,003</u>
Fire Department			
Staff services	615,850	554,895	60,955
Inspection and prevention	333,208	323,242	9,966
Fire fighting and rescue	<u>7,023,993</u>	<u>7,100,655</u>	<u>(76,662)</u>
Total Fire Department	<u>7,973,051</u>	<u>7,978,792</u>	<u>(5,741)</u>
Total Public Safety	<u>19,997,878</u>	<u>19,939,616</u>	<u>58,262</u>

See accompanying auditor's report and notes to required supplementary information.

**CITY OF BELOIT**

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES  
 BUDGET AND ACTUAL - GENERAL FUND  
 For the Year Ended December 31, 2019

<b>CURRENT EXPENDITURES (cont.)</b>	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>PUBLIC WORKS</b>			
DPW engineering			
DPW administration and engineering	\$ 644,109	\$ 593,403	\$ 50,706
Total DPW engineering	<u>644,109</u>	<u>593,403</u>	<u>50,706</u>
DPW operations			
Streets and sanitation	2,440,343	2,291,350	148,993
Central stores	<u>53,773</u>	<u>44,935</u>	<u>8,838</u>
Total DPW operations	<u>2,494,116</u>	<u>2,336,285</u>	<u>157,831</u>
DPW parks and recreation			
Parks	1,455,833	1,338,985	116,848
Recreation	407,813	368,275	39,538
Edwards pavilion	219,267	210,061	9,206
Senior center	170,052	167,822	2,230
Rotary river center	15,286	14,615	671
Swimming pools	179,441	164,387	15,054
Big Hill park	37,019	26,201	10,818
Buildings and grounds operations	294,979	273,226	21,753
Ice Arena	30,250	15,339	14,911
Other summer recreation	<u>37,760</u>	<u>36,739</u>	<u>1,021</u>
Total DPW parks and recreation	<u>2,847,700</u>	<u>2,615,650</u>	<u>232,050</u>
Total Public Works	<u>5,985,925</u>	<u>5,545,338</u>	<u>440,587</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 31,988,212</u>	<u>\$ 30,314,706</u>	<u>\$ 1,673,506</u>

See accompanying auditor's report and notes to required supplementary information.

## CITY OF BELOIT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCE - BUDGET AND ACTUAL - TIF DISTRICT NO. 10 (MAJOR FUND)  
For the Year Ended December 31, 2019

	Original and Final Budget	Actual	Variance
<b>REVENUES</b>			
Taxes	\$ 4,072,272	\$ 4,285,418	\$ 213,146
Intergovernmental	235,839	236,558	719
Investment income	33,000	60,367	27,367
Other	15,774	27,103	11,329
Total Revenues	<u>4,356,885</u>	<u>4,609,446</u>	<u>252,561</u>
<b>EXPENDITURES</b>			
Capital Outlay	1,002,529	1,019,800	(17,271)
Debt Service			
Principal retirement	1,750,000	1,750,000	-
Interest and fiscal charges	293,865	293,865	-
Total Expenditures	<u>3,046,394</u>	<u>3,063,665</u>	<u>(17,271)</u>
Excess of Revenues Over Expenditures	<u>1,310,491</u>	<u>1,545,781</u>	<u>235,290</u>
<b>OTHER FINANCING USES</b>			
Transfers out	(187,453)	(184,077)	3,376
Total Other Financing Uses	<u>(187,453)</u>	<u>(184,077)</u>	<u>3,376</u>
Net Change in Fund Balance	1,123,038	1,361,704	238,666
FUND BALANCE - Beginning	<u>1,923,105</u>	<u>1,923,105</u>	<u>-</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ 3,046,143</u>	<u>\$ 3,284,809</u>	<u>\$ 238,666</u>

See accompanying auditor's report and notes to required supplementary information.

**CITY OF БЕЛОIT**

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET) -  
WISCONSIN RETIREMENT SYSTEM\*  
For the Year Ended December 31, 2019

<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>
12/31/19	0.21056771%	\$ 7,492,616	\$ 23,121,668	32.41%	96.45%
12/31/18	0.20968095%	(6,226,069)	22,564,747	27.59%	102.93%
12/31/17	0.21275916%	1,753,645	22,815,405	7.69%	99.12%
12/31/16	0.21368493%	3,472,339	22,979,036	15.10%	98.20%
12/31/15	0.21355431%	(5,245,478)	23,533,359	22.29%	102.74%

SCHEDULE OF EMPLOYER CONTRIBUTIONS - WISCONSIN RETIREMENT SYSTEM\*  
For the Year Ended December 31, 2019

<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>
12/31/19	\$ 2,331,042	\$ 2,331,042	\$ -	\$ 23,173,688	10.06%
12/31/18	2,338,585	2,338,585	-	22,349,799	10.46%
12/31/17	2,293,274	2,293,274	-	21,484,613	10.67%
12/31/16	2,042,843	2,042,843	-	22,815,405	8.94%
12/31/15	2,006,238	2,006,238	-	22,979,036	8.73%

SCHEDULE OF PROPORTIONATE SHARE OF THE NET LIFE INSURANCE OPEB LIABILITY  
LOCAL RETIREE LIFE INSURANCE FUND\*  
For the Year Ended December 31, 2019

<u>Fiscal Year Ending</u>	<u>Proportion of the Net OPEB Liability</u>	<u>Proportionate Share of the Net OPEB Liability</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability</u>
12/31/19	0.44382573%	\$ 1,145,336	\$ 21,861,710	5.22%	48.69%
12/31/18	0.47076205%	1,416,337	19,797,059	7.15%	44.81%

SCHEDULE OF EMPLOYER CONTRIBUTIONS - LOCAL RETIREE LIFE INSURANCE FUND\*  
For the Year Ended December 31, 2019

<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>
12/31/19	\$ 10,799	\$ 10,799	\$ -	\$ 22,922,945	0.05%
12/31/18	10,353	10,353	-	22,928,622	0.05%

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

See independent auditors' report and accompanying notes to the required supplementary information.

**CITY OF BELOIT**

SCHEDULE OF CHANGES IN EMPLOYER'S TOTAL OPEB LIABILITY AND RELATED RATIOS  
HEALTH INSURANCE  
December 31, 2019

	<b>2019</b>	<b>2018</b>
<b>Total OPEB Liability</b>		
Service cost	\$ 2,015,681	\$ 2,015,681
Interest	3,395,010	3,315,958
Changes of benefit terms	-	-
Differences between expected and actual experience	-	-
Changes of assumptions	(6,534,464)	-
Benefit payments	(4,030,284)	(2,115,684)
<b>Net Change in Total OPEB Liability</b>	<b>(5,154,057)</b>	<b>3,215,955</b>
<b>Total OPEB Liability - Beginning</b>	<b>98,007,600</b>	<b>94,791,645</b>
<b>Total OPEB Liability - Ending</b>	<b>\$ 92,853,543</b>	<b>\$ 98,007,600</b>
<b>Covered-employee payroll</b>	<b>\$ 20,585,113</b>	<b>\$ 20,585,113</b>
<b>Total OPEB liability as a percentage of covered-employee payroll</b>	<b>451.07%</b>	<b>476.11%</b>

**Notes to Schedule:**

*Benefit changes.* There were no changes to the benefits.

*Changes in assumptions:* The discount rate was changed to 4.0% to be reflective of a 20 year AA municipal bond 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, 2017.

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	7.50 percent initial, decreasing by .50 percent per year to 6.50% and than .10 percent per year down 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, 2016 actuarial valuation for the Wisconsin Retirement System (WRS)
Mortality	Assumed life expectancies were based on the Wisconsin 2012 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 For the Year Ended December 31, 2019

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#### ***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.* Actuarial assumptions are based upon an experience study conducted in 2018 using experience from 2015 – 2017. Based on the experience study conducted in 2018, actuarial assumptions used to develop Total Pension Liability changed, including the discount rate, long-term expected rate of return, post-retirement adjustment, wage inflation rate, mortality and separation rates.

See accompanying auditor's report.



## CITY OF BELOIT

### NOTES TO REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended December 31, 2019

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#### ***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:* Actuarial assumptions are based upon an experience study conducted in 2018 using experience from 2015 – 2017. Based on the experience study conducted in 2018, actuarial assumptions used to develop Total OPEB Liability changed, including the discount rate, long-term expected rate of return, post-retirement adjustment, wage inflation rate, mortality and separation rates.

**SUPPLEMENTARY INFORMATION**

**CITY OF BELOIT**

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS  
As of December 31, 2019

	Special Revenue Funds				
	Rental Rehab (WRRP/HOME)	Community Development Block Grant	TIF District No. 6	TIF District No. 8	TIF District No. 9
<b>ASSETS</b>					
Cash and investments	\$ 189,093	\$ 142,128	\$ -	\$ 344,565	\$ 9,415
Receivables					
Taxes	-	-	-	404,657	165,938
Accounts (net)	-	120	-	-	32,962
Loans	835,736	1,619,142	-	-	-
Accrued interest	-	-	-	-	-
Land contract	-	-	-	1,377,793	-
Due from other governmental units	6,903	235,120	-	-	-
Due from component unit	-	-	-	-	-
Advances to other funds	-	-	-	-	-
<b>TOTAL ASSETS</b>	<u>\$ 1,031,732</u>	<u>\$ 1,996,510</u>	<u>\$ -</u>	<u>\$ 2,127,015</u>	<u>\$ 208,315</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)</b>					
Liabilities					
Accounts payable	\$ 21,564	\$ 70,592	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-
Advances from other funds	-	-	-	1,083,738	803,875
Total Liabilities	<u>21,564</u>	<u>70,592</u>	<u>-</u>	<u>1,083,738</u>	<u>803,875</u>
Deferred Inflows of Resources					
Property tax levied for next period	-	-	-	404,657	165,938
Unavailable revenue	835,736	1,619,142	-	1,377,793	-
Total Deferred Inflows of Resources	<u>835,736</u>	<u>1,619,142</u>	<u>-</u>	<u>1,782,450</u>	<u>165,938</u>
Fund Balances (Deficits)					
Restricted	174,432	306,776	-	-	-
Assigned	-	-	-	-	-
Unassigned (deficit)	-	-	-	(739,173)	(761,498)
Total Fund Balances (Deficits)	<u>174,432</u>	<u>306,776</u>	<u>-</u>	<u>(739,173)</u>	<u>(761,498)</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)</b>	<u>\$ 1,031,732</u>	<u>\$ 1,996,510</u>	<u>\$ -</u>	<u>\$ 2,127,015</u>	<u>\$ 208,315</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
\$ 78,633	\$ 303,592	\$ -	\$ 147,101	\$ 4,108	\$ 262,168	\$ 221,998	\$ 516,492
207,010	37,403	774,018	80,094	-	26,000	-	1,780,877
-	30,274	-	-	-	-	-	2,020
-	-	-	-	-	-	41,557	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	71,240	146,050	2,128
-	-	-	-	-	-	142,127	-
-	-	-	-	-	-	-	-
<u>\$ 285,643</u>	<u>\$ 371,269</u>	<u>\$ 774,018</u>	<u>\$ 227,195</u>	<u>\$ 4,108</u>	<u>\$ 359,408</u>	<u>\$ 551,732</u>	<u>\$ 2,301,517</u>
\$ -	\$ -	\$ 95,877	\$ -	\$ 1,653	\$ 2,697	\$ 1,182	\$ 34,107
-	-	670,723	-	-	-	282,711	-
-	-	315,931	-	-	-	-	-
-	-	<u>1,082,531</u>	-	<u>1,653</u>	<u>2,697</u>	<u>283,893</u>	<u>34,107</u>
207,010	37,403	774,018	80,094	-	26,000	-	1,780,877
-	-	-	-	-	-	41,557	-
<u>207,010</u>	<u>37,403</u>	<u>774,018</u>	<u>80,094</u>	<u>-</u>	<u>26,000</u>	<u>41,557</u>	<u>1,780,877</u>
78,633	333,866	-	147,101	2,455	330,711	226,282	486,533
-	-	-	-	-	-	-	-
-	-	(1,082,531)	-	-	-	-	-
<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>\$ 285,643</u>	<u>\$ 371,269</u>	<u>\$ 774,018</u>	<u>\$ 227,195</u>	<u>\$ 4,108</u>	<u>\$ 359,408</u>	<u>\$ 551,732</u>	<u>\$ 2,301,517</u>

CITY OF БЕЛОIT

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COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS (cont.)  
As of December 31, 2019

	Special Revenue Funds			Capital Projects Funds		Total Nonmajor Governmental Funds
	Police	Solid Waste	Perpetual Care	Computer Replacement	Equipment Replacement	
<b>ASSETS</b>						
Cash and investments	\$ -	\$ 48,795	\$ 2,320,660	\$ 207,427	\$ 2,550,618	\$ 7,346,793
Receivables						
Taxes	130,000	7,164	-	-	-	3,613,161
Accounts (net)	12,819	460,784	-	-	-	538,979
Loans	-	-	-	-	-	2,496,435
Accrued interest	-	-	21,830	-	17,658	39,488
Land contract	-	-	-	-	-	1,377,793
Due from other governmental units	79,409	-	-	-	-	540,850
Due from component unit	-	-	-	-	-	142,127
Advances to other funds	-	-	-	-	3,181,371	3,181,371
<b>TOTAL ASSETS</b>	<b>\$ 222,228</b>	<b>\$ 516,743</b>	<b>\$ 2,342,490</b>	<b>\$ 207,427</b>	<b>\$ 5,749,647</b>	<b>\$ 19,276,997</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)</b>						
Liabilities						
Accounts payable	\$ 12,670	\$ 52,216	\$ -	\$ -	\$ -	\$ 292,558
Due to other funds	150,727	-	-	-	-	1,104,161
Advances from other funds	-	-	-	-	-	2,203,544
Total Liabilities	163,397	52,216	-	-	-	3,600,263
Deferred Inflows of Resources						
Property tax levied for next period	130,000	-	-	-	-	3,605,997
Unavailable revenue	-	-	21,830	-	4,055	3,900,113
Total Deferred Inflows of Resources	130,000	-	21,830	-	4,055	7,506,110
Fund Balances (Deficits)						
Restricted	-	464,527	2,320,660	-	-	4,871,976
Assigned	-	-	-	207,427	5,745,592	5,953,019
Unassigned (deficit)	(71,169)	-	-	-	-	(2,654,371)
Total Fund Balances (Deficits)	(71,169)	464,527	2,320,660	207,427	5,745,592	8,170,624
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)</b>	<b>\$ 222,228</b>	<b>\$ 516,743</b>	<b>\$ 2,342,490</b>	<b>\$ 207,427</b>	<b>\$ 5,749,647</b>	<b>\$ 19,276,997</b>

**CITY OF BELOIT**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES (DEFICITS) - NONMAJOR GOVERNMENTAL FUNDS  
For the Year Ended December 31, 2019

	Special Revenue Funds				
	Rental Rehab (WRRP/HOME)	Community Development Block Grant	TIF District No. 6	TIF District No. 8	TIF District No. 9
<b>REVENUES</b>					
Taxes	\$ -	\$ -	\$ 886,503	\$ 413,469	\$ 171,018
Intergovernmental	18,368	844,005	474,526	2,487	4,681
Licenses and permits	-	-	-	-	-
Fees and service charges	-	-	-	-	-
Investment income (loss)	13,516	19,863	21,699	61,340	7,892
Public charges for services	-	-	-	-	32,962
Other	67,200	324,837	-	9,504	-
Total Revenues	<u>99,084</u>	<u>1,188,705</u>	<u>1,382,728</u>	<u>486,800</u>	<u>216,553</u>
<b>EXPENDITURES</b>					
Current					
Community development	210,104	1,110,373	2,483,001	-	-
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Parks, recreation, and education	-	-	-	-	-
Capital Outlay	-	-	43,555	3,630	150
Debt Service					
Principal retirement	-	-	147,455	-	-
Interest and fiscal charges	-	-	19,173	-	-
Total Expenditures	<u>210,104</u>	<u>1,110,373</u>	<u>2,693,184</u>	<u>3,630</u>	<u>150</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(111,020)</u>	<u>78,332</u>	<u>(1,310,456)</u>	<u>483,170</u>	<u>216,403</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Sale of city property	-	-	-	59,877	-
Transfers in	-	-	-	-	950,000
Transfers out	-	-	(1,582,104)	(213,481)	(20,200)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(1,582,104)</u>	<u>(153,604)</u>	<u>929,800</u>
Net Change in Fund Balances	(111,020)	78,332	(2,892,560)	329,566	1,146,203
FUND BALANCES (DEFICIT) - Beginning of Year	<u>285,452</u>	<u>228,444</u>	<u>2,892,560</u>	<u>(1,068,739)</u>	<u>(1,907,701)</u>
<b>FUND BALANCES (DEFICIT) - END OF YEAR</b>	<u>\$ 174,432</u>	<u>\$ 306,776</u>	<u>\$ -</u>	<u>\$ (739,173)</u>	<u>\$ (761,498)</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
\$ 218,735	\$ 40,835	\$ 629,098	\$ 66,360	\$ -	\$ 26,000	\$ -	\$ 1,780,895
3,714	512	11,537	6,366	270	223,335	150,044	303,891
-	-	-	-	-	21,034	-	-
-	-	-	-	-	-	-	22,425
16,981	5,325	(10,857)	2,558	114	148	1,585	3,130
-	30,274	-	-	-	-	-	91,176
-	-	15,636	-	50	17,288	24,210	42,235
<u>239,430</u>	<u>76,946</u>	<u>645,414</u>	<u>75,284</u>	<u>434</u>	<u>287,805</u>	<u>175,839</u>	<u>2,243,752</u>
-	-	-	-	-	-	157,393	-
-	-	-	-	7,463	-	-	-
-	-	-	-	-	300,019	-	-
-	-	-	-	-	-	-	2,224,300
55,225	150	798,484	41,023	9,986	-	-	11,928
-	-	75,000	-	-	-	-	-
-	-	25,816	-	-	-	-	-
<u>55,225</u>	<u>150</u>	<u>899,300</u>	<u>41,023</u>	<u>17,449</u>	<u>300,019</u>	<u>157,393</u>	<u>2,236,228</u>
<u>184,205</u>	<u>76,796</u>	<u>(253,886)</u>	<u>34,261</u>	<u>(17,015)</u>	<u>(12,214)</u>	<u>18,446</u>	<u>7,524</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>(953,375)</u>	<u>(63,283)</u>	<u>(94,388)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(953,375)</u>	<u>(63,283)</u>	<u>(94,388)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(769,170)	13,513	(348,274)	34,261	(17,015)	(12,214)	18,446	7,524
<u>847,803</u>	<u>320,353</u>	<u>(734,257)</u>	<u>112,840</u>	<u>19,470</u>	<u>342,925</u>	<u>207,836</u>	<u>479,009</u>
<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>

**CITY OF БЕЛОIT**

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COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES (DEFICITS) - NONMAJOR GOVERNMENTAL FUNDS (cont.)  
For the Year Ended December 31, 2019

	Special Revenue Funds			Capital Projects Funds		Total Nonmajor Governmental Funds
	Police	Solid Waste	Perpetual Care	Computer Replacement	Equipment Replacement	
<b>REVENUES</b>						
Taxes	\$ 130,000	\$ 22,631	\$ -	\$ -	\$ -	\$ 4,385,544
Intergovernmental	342,604	137,474	-	-	-	2,523,814
Licenses and permits	-	35,587	-	-	-	56,621
Fees and service charges	-	-	-	-	-	22,425
Investment income (loss)	393	-	321	3,529	158,814	306,351
Public charges for services	240,464	2,502,191	57,609	-	-	2,954,676
Other	4,000	-	-	536	1,134,854	1,640,350
<b>Total Revenues</b>	<b>717,461</b>	<b>2,697,883</b>	<b>57,930</b>	<b>4,065</b>	<b>1,293,668</b>	<b>11,889,781</b>
<b>EXPENDITURES</b>						
Current						
Community development	-	-	-	-	-	3,960,871
Public safety	687,927	-	-	-	-	695,390
Public works	-	2,696,638	-	-	-	2,996,657
Parks, recreation, and education	-	-	-	-	-	2,224,300
Capital Outlay	39,201	-	-	-	539,665	1,542,997
Debt Service						
Principal retirement	-	-	-	-	-	222,455
Interest and fiscal charges	-	-	-	-	-	44,989
<b>Total Expenditures</b>	<b>727,128</b>	<b>2,696,638</b>	<b>-</b>	<b>-</b>	<b>539,665</b>	<b>11,687,659</b>
Excess (deficiency) of revenues over (under) expenditures	(9,667)	1,245	57,930	4,065	754,003	202,122
<b>OTHER FINANCING SOURCES (USES)</b>						
Sale of city property	-	882	-	-	46,800	107,559
Transfers in	-	-	-	-	75,170	1,025,170
Transfers out	-	(75,170)	-	-	-	(3,002,001)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>(74,288)</b>	<b>-</b>	<b>-</b>	<b>121,970</b>	<b>(1,869,272)</b>
Net Change in Fund Balances	(9,667)	(73,043)	57,930	4,065	875,973	(1,667,150)
FUND BALANCES (DEFICIT) - Beginning of Year	(61,502)	537,570	2,262,730	203,362	4,869,619	9,837,774
FUND BALANCES (DEFICIT) - END OF YEAR	\$ (71,169)	\$ 464,527	\$ 2,320,660	\$ 207,427	\$ 5,745,592	\$ 8,170,624



## CITY OF BELOIT

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL DEBT SERVICE FUND (MAJOR FUND)  
For the Year Ended December 31, 2019

	Original and Final Budget	Actual	Variance
<b>REVENUES</b>			
Taxes	\$ 5,250,000	\$ 5,250,052	\$ 52
Investment income	-	834	834
Total Revenues	<u>5,250,000</u>	<u>5,250,886</u>	<u>886</u>
<b>EXPENDITURES</b>			
Debt Service			
Principal retirement	4,642,989	4,642,989	-
Interest and fiscal charges	<u>1,357,255</u>	<u>1,366,480</u>	<u>(9,225)</u>
Total Expenditures	<u>6,000,244</u>	<u>6,009,469</u>	<u>(9,225)</u>
Deficiency of Revenues Under Expenditures	<u>(750,244)</u>	<u>(758,583)</u>	<u>(8,339)</u>
<b>OTHER FINANCING SOURCES</b>			
Debt premium	-	172,898	172,898
Transfers in	<u>750,244</u>	<u>685,494</u>	<u>(64,750)</u>
Total Other Financing Sources	<u>750,244</u>	<u>858,392</u>	<u>108,148</u>
Net Change in Fund Balance	-	99,809	99,809
FUND BALANCE - Beginning	<u>1,156,020</u>	<u>1,156,020</u>	<u>-</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ 1,156,020</u>	<u>\$ 1,255,829</u>	<u>\$ 99,809</u>

## CITY OF BELOIT

### SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - CAPITAL IMPROVEMENTS FUND (MAJOR FUND)

For the Year Ended December 31, 2019

	Original and Final Budget	Actual	Variance
<b>REVENUES</b>			
Intergovernmental	\$ 2,887,497	\$ -	\$ (2,887,497)
Fines, forfeitures and penalties	42,000	41,400	(600)
Special assessments	245,000	445,809	200,809
Investment income	145,300	162,607	17,307
Other	275,000	47,553	(227,447)
Total Revenues	<u>3,594,797</u>	<u>697,369</u>	<u>(2,897,428)</u>
<b>EXPENDITURES</b>			
Capital Outlay	11,868,871	6,337,586	5,531,285
Debt service			
Interest and fiscal charges	134,800	152,381	(17,581)
Total Expenditures	<u>12,003,671</u>	<u>6,489,967</u>	<u>5,513,704</u>
Deficiency of Revenues Over Expenditures	<u>(8,408,874)</u>	<u>(5,792,598)</u>	<u>2,616,276</u>
<b>OTHER FINANCING SOURCES</b>			
Debt issued	5,529,656	5,470,000	(59,656)
Debt premium	244,000	70,249	(173,751)
Transfers in	41,000	-	(41,000)
Total Other Financing Sources	<u>5,814,656</u>	<u>5,540,249</u>	<u>(274,407)</u>
Net Change in Fund Balance	(2,594,218)	(252,349)	2,341,869
FUND BALANCE - Beginning	<u>9,562,180</u>	<u>9,562,180</u>	<u>-</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ 6,967,962</u>	<u>\$ 9,309,831</u>	<u>\$ 2,341,869</u>

## CITY OF BELOIT

### SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - RENTAL REHAB (WRRP/HOME) FUND For the Year Ended December 31, 2019

	Original and Final Budget	Actual	Variance
<b>REVENUES</b>			
Intergovernmental	\$ 195,257	\$ 18,368	\$ (176,889)
Investment income	13,515	13,516	1
Other	<u>66,485</u>	<u>67,200</u>	<u>715</u>
Total Revenues	<u>275,257</u>	<u>99,084</u>	<u>(176,173)</u>
<b>EXPENDITURES</b>			
Current			
Community development	<u>200,000</u>	<u>210,104</u>	<u>(10,104)</u>
Total Expenditures	<u>200,000</u>	<u>210,104</u>	<u>(10,104)</u>
Net Change in Fund Balance	75,257	(111,020)	(186,277)
FUND BALANCE - Beginning	<u>285,452</u>	<u>285,452</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 360,709</u>	<u>\$ 174,432</u>	<u>\$ (186,277)</u>

## CITY OF BELOIT

### SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - COMMUNITY DEVELOPMENT BLOCK GRANT

For the Year Ended December 31, 2019

	Original and Final Budget	Actual	Variance
<b>REVENUES</b>			
Intergovernmental	\$ 822,193	\$ 844,005	\$ 21,812
Investment income	19,865	19,863	(2)
Other	312,475	324,837	12,362
Total Revenues	<u>1,154,533</u>	<u>1,188,705</u>	<u>34,172</u>
<b>EXPENDITURES</b>			
Current			
Community development	1,130,955	1,110,373	20,582
Total Expenditures	<u>1,130,955</u>	<u>1,110,373</u>	<u>20,582</u>
Net Change in Fund Balance	23,578	78,332	54,754
FUND BALANCE - Beginning	<u>228,444</u>	<u>228,444</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 252,022</u>	<u>\$ 306,776</u>	<u>\$ 54,754</u>

## CITY OF BELOIT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL - TIF DISTRICT NO. 6  
 For the Year Ended December 31, 2019

	Original and Final Budget	Actual	Variance
<b>REVENUES</b>			
Taxes	\$ 854,202	\$ 886,503	\$ 32,301
Intergovernmental	472,624	474,526	1,902
Investment income	38,400	21,699	(16,701)
Total Revenues	<u>1,365,226</u>	<u>1,382,728</u>	<u>17,502</u>
<b>EXPENDITURES</b>			
Current			
Community development	-	2,483,001	(2,483,001)
Capital Outlay	36,928	43,555	(6,627)
Debt Service			
Principal retirement	250,000	147,455	102,545
Interest and fiscal charges	5,438	19,173	(13,735)
Total Expenditures	<u>292,366</u>	<u>2,693,184</u>	<u>(2,400,818)</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>1,072,860</u>	<u>(1,310,456)</u>	<u>(2,383,316)</u>
<b>OTHER FINANCING USES</b>			
Transfers out	-	(1,582,104)	(1,582,104)
Total Other Financing Uses	<u>-</u>	<u>(1,582,104)</u>	<u>(1,582,104)</u>
Net Change in Fund Balance	1,072,860	(2,892,560)	(3,965,420)
FUND BALANCE - Beginning	<u>2,892,560</u>	<u>2,892,560</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 3,965,420</u>	<u>\$ -</u>	<u>\$ (3,965,420)</u>

## CITY OF BELOIT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCE (DEFICIT) - BUDGET AND ACTUAL - TIF DISTRICT NO. 8  
For the Year Ended December 31, 2019

	Original and Final Budget	Actual	Variance With Final Budget
<b>REVENUES</b>			
Taxes	\$ 398,404	\$ 413,469	\$ 15,065
Intergovernmental	2,486	2,487	1
Investment income	57,017	61,340	4,323
Other	67,377	9,504	(57,873)
Total Revenues	<u>525,284</u>	<u>486,800</u>	<u>(38,484)</u>
<b>EXPENDITURES</b>			
Capital Outlay	<u>12,500</u>	<u>3,630</u>	<u>8,870</u>
Total Expenditures	<u>12,500</u>	<u>3,630</u>	<u>8,870</u>
Excess of Revenues Over Expenditures	<u>512,784</u>	<u>483,170</u>	<u>(29,614)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Sale of city property	-	59,877	59,877
Transfers out	<u>(213,481)</u>	<u>(213,481)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(213,481)</u>	<u>(153,604)</u>	<u>59,877</u>
Net Change in Fund Balance	299,303	329,566	30,263
FUND BALANCE (DEFICIT) - Beginning	<u>(1,068,739)</u>	<u>(1,068,739)</u>	<u>-</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ (769,436)</u>	<u>\$ (739,173)</u>	<u>\$ 30,263</u>

## CITY OF BELOIT

### SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (DEFICIT) - BUDGET AND ACTUAL - TIF DISTRICT NO. 9 For the Year Ended December 31, 2019

	Original and Final Budget	Actual	Variance
<b>REVENUES</b>			
Taxes	\$ 164,786	\$ 171,018	\$ 6,232
Intergovernmental	4,669	4,681	12
Investment income	3,800	7,892	4,092
Public charges for services	34,114	32,962	(1,152)
Total Revenues	<u>207,369</u>	<u>216,553</u>	<u>9,184</u>
<b>EXPENDITURES</b>			
Capital Outlay	<u>1,150</u>	<u>150</u>	<u>1,000</u>
Total Expenditures	<u>1,150</u>	<u>150</u>	<u>1,000</u>
Excess of Revenues Over Expenditures	<u>206,219</u>	<u>216,403</u>	<u>10,184</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	950,000	950,000
Transfers out	<u>(20,200)</u>	<u>(20,200)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(20,200)</u>	<u>929,800</u>	<u>950,000</u>
Net Change in Fund Balance	186,019	1,146,203	960,184
FUND BALANCE (DEFICIT) - Beginning	<u>(1,907,701)</u>	<u>(1,907,701)</u>	<u>-</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ (1,721,682)</u>	<u>\$ (761,498)</u>	<u>\$ 960,184</u>

## CITY OF BELOIT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCE - BUDGET AND ACTUAL - TIF DISTRICT NO. 11  
For the Year Ended December 31, 2019

	Original and Final Budget	Actual	Variance
<b>REVENUES</b>			
Taxes	\$ 210,765	\$ 218,735	7,970
Intergovernmental	2,935	3,714	779
Investment income	14,300	16,981	2,681
Total Revenues	<u>228,000</u>	<u>239,430</u>	<u>11,430</u>
<b>EXPENDITURES</b>			
Capital Outlay	<u>43,906</u>	<u>55,225</u>	<u>(11,319)</u>
Total Expenditures	<u>43,906</u>	<u>55,225</u>	<u>(11,319)</u>
Excess of Revenues Over Expenditures	<u>184,094</u>	<u>184,205</u>	<u>111</u>
<b>OTHER FINANCING USES</b>			
Transfers out	<u>-</u>	<u>(953,375)</u>	<u>(953,375)</u>
Total Other Financing Uses	<u>-</u>	<u>(953,375)</u>	<u>(953,375)</u>
Net Change in Fund Balance	184,094	(769,170)	(953,264)
FUND BALANCE - Beginning	<u>847,803</u>	<u>847,803</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 1,031,897</u>	<u>\$ 78,633</u>	<u>\$ (953,264)</u>



## CITY OF BELOIT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCE - BUDGET AND ACTUAL - TIF DISTRICT NO. 12  
For the Year Ended December 31, 2019

	Original and Final Budget	Actual	Variance
<b>REVENUES</b>			
Taxes	\$ 39,547	\$ 40,835	\$ 1,288
Intergovernmental	512	512	-
Investment income	4,300	5,325	1,025
Public charges for services	<u>32,223</u>	<u>30,274</u>	<u>(1,949)</u>
Total Revenues	<u>76,582</u>	<u>76,946</u>	<u>364</u>
<b>EXPENDITURES</b>			
Capital Outlay	<u>64,533</u>	150	<u>64,383</u>
Total Expenditures	<u>64,533</u>	<u>150</u>	<u>64,383</u>
Excess of Revenues Over Expenditures	<u>12,049</u>	<u>76,796</u>	<u>64,747</u>
<b>OTHER FINANCING USES</b>			
Transfers out	<u>(63,283)</u>	<u>(63,283)</u>	<u>-</u>
Total Other Financing Uses	<u>(63,283)</u>	<u>(63,283)</u>	<u>-</u>
Net Change in Fund Balance	(51,234)	13,513	64,747
FUND BALANCE - Beginning	<u>320,353</u>	<u>320,353</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 269,119</u>	<u>\$ 333,866</u>	<u>\$ 64,747</u>

## CITY OF BELOIT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCE (DEFICIT) - BUDGET AND ACTUAL - TIF DISTRICT NO. 13  
For the Year Ended December 31, 2019

	Original and Final Budget	Actual	Variance
<b>REVENUES</b>			
Taxes	\$ 606,176	\$ 629,098	\$ 22,922
Intergovernmental	11,520	11,537	17
Investment income (loss)	1,800	(10,857)	(12,657)
Other	55,000	15,636	(39,364)
Total Revenues	<u>674,496</u>	<u>645,414</u>	<u>(29,082)</u>
<b>EXPENDITURES</b>			
Capital Outlay	65,250	798,484	(733,234)
Debt Service			
Principal retirement	75,000	75,000	-
Interest and fiscal charges	25,816	25,816	-
Total Expenditures	<u>166,066</u>	<u>899,300</u>	<u>(733,234)</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>508,430</u>	<u>(253,886)</u>	<u>(762,316)</u>
<b>OTHER FINANCING USES</b>			
Transfers out	<u>(94,388)</u>	<u>(94,388)</u>	-
Total Other Financing Uses	<u>(94,388)</u>	<u>(94,388)</u>	-
Net Change in Fund Balance	414,042	(348,274)	(762,316)
FUND BALANCE (DEFICIT) - Beginning	<u>(734,257)</u>	<u>(734,257)</u>	-
FUND BALANCE (DEFICIT) - ENDING	<u>\$ (320,215)</u>	<u>\$ (1,082,531)</u>	<u>\$ (762,316)</u>

## CITY OF BELOIT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCE - BUDGET AND ACTUAL - TIF DISTRICT NO. 14  
For the Year Ended December 31, 2019

	Original and Final Budget	Actual	Variance
<b>REVENUES</b>			
Taxes	\$ 63,942	\$ 66,360	\$ 2,418
Intergovernmental	6,343	6,366	23
Investment income	900	2,558	1,658
Total Revenues	<u>71,185</u>	<u>75,284</u>	<u>4,099</u>
<b>EXPENDITURES</b>			
Capital Outlay	<u>1,500</u>	<u>41,023</u>	<u>(39,523)</u>
Total Expenditures	<u>1,500</u>	<u>41,023</u>	<u>(39,523)</u>
Net Change in Fund Balance	69,685	34,261	(35,424)
FUND BALANCE - Beginning	<u>112,840</u>	<u>112,840</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 182,525</u>	<u>\$ 147,101</u>	<u>\$ (35,424)</u>

## CITY OF BELOIT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL - DPW MULTI-YEAR GRANTS  
 For the Year Ended December 31, 2019

	Original and Final Budget	Actual	Variance
<b>REVENUES</b>			
Taxes	\$ 26,000	\$ 26,000	\$ -
Intergovernmental	219,112	223,335	4,223
Licenses and permits	-	21,034	21,034
Investment income	-	148	148
Other	-	17,288	17,288
Total Revenues	<u>245,112</u>	<u>287,805</u>	<u>42,693</u>
<b>EXPENDITURES</b>			
Current			
Public works	<u>245,112</u>	<u>300,019</u>	<u>(54,907)</u>
Total Expenditures	<u>245,112</u>	<u>300,019</u>	<u>(54,907)</u>
Net Change in Fund Balance	-	(12,214)	(12,214)
FUND BALANCE - Beginning	<u>342,925</u>	<u>342,925</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 342,925</u>	<u>\$ 330,711</u>	<u>\$ (12,214)</u>

## CITY OF BELOIT

### SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - LIBRARY For the Year Ended December 31, 2019

	Original and Final Budget	Actual	Variance
<b>REVENUES</b>			
Taxes	\$ 1,780,895	\$ 1,780,895	\$ -
Intergovernmental	301,763	303,891	2,128
Fees and service charges	30,000	22,425	(7,575)
Investment income	2,200	3,130	930
Public charges for services	216,841	91,176	(125,665)
Other	38,200	42,235	4,035
Total Revenues	<u>2,369,899</u>	<u>2,243,752</u>	<u>(126,147)</u>
<b>EXPENDITURES</b>			
Current			
Parks, recreation and education	2,369,899	2,224,300	145,599
Capital Outlay	-	11,928	(11,928)
Total Expenditures	<u>2,369,899</u>	<u>2,236,228</u>	<u>133,671</u>
Net Change in Fund Balance	-	7,524	7,524
FUND BALANCE - Beginning	<u>479,009</u>	<u>479,009</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 479,009</u>	<u>\$ 486,533</u>	<u>\$ 7,524</u>

## CITY OF BELOIT

### SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (DEFICIT) - BUDGET AND ACTUAL - POLICE For the Year Ended December 31, 2019

	Original and Final Budget	Actual	Variance
<b>REVENUES</b>			
Taxes	\$ 130,000	\$ 130,000	\$ -
Intergovernmental	326,850	342,604	15,754
Investment income	393	393	-
Public charges for services	309,610	240,464	(69,146)
Other	4,000	4,000	-
Total Revenues	<u>770,853</u>	<u>717,461</u>	<u>(53,392)</u>
<b>EXPENDITURES</b>			
Current			
Public safety	713,407	687,927	25,480
Capital Outlay	-	39,201	(39,201)
Total Expenditures	<u>713,407</u>	<u>727,128</u>	<u>(13,721)</u>
Net Change in Fund Balance	57,446	(9,667)	(67,113)
FUND BALANCE (DEFICIT) - Beginning	<u>(61,502)</u>	<u>(61,502)</u>	<u>-</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ (4,056)</u>	<u>\$ (71,169)</u>	<u>\$ (67,113)</u>

## CITY OF BELOIT

### SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - SOLID WASTE

For the Year Ended December 31, 2019

	Original and Final Budget	Actual	Variance
<b>REVENUES</b>			
Taxes	\$ -	\$ 22,631	\$ 22,631
Intergovernmental	137,000	137,474	474
Licenses and permits	-	35,587	35,587
Public charges for services	<u>2,617,710</u>	<u>2,502,191</u>	<u>(115,519)</u>
Total Revenues	<u>2,754,710</u>	<u>2,697,883</u>	<u>(56,827)</u>
<b>EXPENDITURES</b>			
Current			
Public works	<u>2,754,710</u>	<u>2,696,638</u>	<u>58,072</u>
Total Expenditures	<u>2,754,710</u>	<u>2,696,638</u>	<u>58,072</u>
Excess of Revenues Over Expenditures	<u>-</u>	<u>1,245</u>	<u>1,245</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Sale of city property	-	882	882
Transfers out	<u>-</u>	<u>(75,170)</u>	<u>(75,170)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>(74,288)</u>	<u>(74,288)</u>
Net Change in Fund Balance	-	(73,043)	(73,043)
FUND BALANCE - Beginning	<u>537,570</u>	<u>537,570</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 537,570</u>	<u>\$ 464,527</u>	<u>\$ (73,043)</u>

## CITY OF BELOIT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL - COMPUTER REPLACEMENT  
 For the Year Ended December 31, 2019

	Original and Final Budget	Actual	Variance
<b>REVENUES</b>			
Investment income	\$ 3,600	\$ 3,529	\$ (71)
Other	56,400	536	(55,864)
Total Revenues	<u>60,000</u>	<u>4,065</u>	<u>(55,935)</u>
<b>EXPENDITURES</b>			
Capital Outlay	60,000	-	60,000
Total Expenditures	<u>60,000</u>	<u>-</u>	<u>60,000</u>
Net Change in Fund Balance	-	4,065	4,065
FUND BALANCE - Beginning	<u>203,362</u>	<u>203,362</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 203,362</u>	<u>\$ 207,427</u>	<u>\$ 4,065</u>



## CITY OF BELOIT

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL - EQUIPMENT REPLACEMENT FUND  
 For the Year Ended December 31, 2019

	Original and Final Budget	Actual	Variance
<b>REVENUES</b>			
Investment income	\$ 119,116	\$ 158,814	\$ 39,698
Other	<u>1,134,854</u>	<u>1,134,854</u>	<u>-</u>
Total Revenues	<u>1,253,970</u>	<u>1,293,668</u>	<u>39,698</u>
<b>EXPENDITURES</b>			
Capital Outlay	<u>1,000,445</u>	<u>539,665</u>	<u>460,780</u>
Total Expenditures	<u>1,000,445</u>	<u>539,665</u>	<u>460,780</u>
Excess of Revenues Over Expenditures	<u>253,525</u>	<u>754,003</u>	<u>500,478</u>
<b>OTHER FINANCING SOURCES</b>			
Sale of fixed assets	-	46,800	46,800
Transfers in	<u>-</u>	<u>75,170</u>	<u>75,170</u>
Total Other Financing Sources	<u>-</u>	<u>121,970</u>	<u>121,970</u>
Net Change in Fund Balance	253,525	875,973	622,448
FUND BALANCE - Beginning	<u>4,869,619</u>	<u>4,869,619</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 5,123,144</u>	<u>\$ 5,745,592</u>	<u>\$ 622,448</u>

**CITY OF BELOIT**

COMBINING STATEMENT OF NET POSITION (DEFICIT) - NONMAJOR PROPRIETARY FUNDS  
As of December 31, 2019

	Enterprise Funds				Totals
	Golf Course	Cemeteries	Ambulance	Transit System	
<b>ASSETS</b>					
Current Assets					
Cash and investments	\$ 15,641	\$ 61,396	\$ -	\$ 5,461	\$ 82,498
Receivables					
Taxes	50,000	-	-	560,019	610,019
Customer accounts	2,710	-	784,237	41,643	828,590
Due from other governmental units	-	-	-	607,079	607,079
Inventories	-	-	-	158,265	158,265
Total Current Assets	<u>68,351</u>	<u>61,396</u>	<u>784,237</u>	<u>1,372,467</u>	<u>2,286,451</u>
Noncurrent Assets					
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	-	4,522,065	4,923,206
Machinery, equipment, and vehicles	64,388	43,028	-	4,697,322	4,804,738
Less: Accumulated depreciation	<u>(985,258)</u>	<u>(151,173)</u>	<u>-</u>	<u>(4,673,297)</u>	<u>(5,809,728)</u>
Total Capital Assets, Net	<u>843,088</u>	<u>369,456</u>	<u>-</u>	<u>4,678,090</u>	<u>5,890,634</u>
Total Noncurrent Assets	<u>843,088</u>	<u>369,456</u>	<u>-</u>	<u>4,678,090</u>	<u>5,890,634</u>
Total Assets	<u>911,439</u>	<u>430,852</u>	<u>784,237</u>	<u>6,050,557</u>	<u>8,177,085</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Unamortized loss on advance refunding	-	-	-	730	730
Pension related amounts	94,525	14,210	975,710	646,340	1,730,785
OPEB related amounts - health	331	-	239	4,590	5,160
OPEB related amounts - life	<u>1,427</u>	<u>-</u>	<u>2,216</u>	<u>9,737</u>	<u>13,380</u>
Total Deferred Outflows of Resources	<u>96,283</u>	<u>14,210</u>	<u>978,165</u>	<u>661,397</u>	<u>1,750,055</u>
<b>LIABILITIES</b>					
Current Liabilities					
Accounts payable	6,287	1,642	23,491	22,869	54,289
Accrued liabilities	-	-	-	1,321	1,321
Due to other funds	-	-	160,085	1,031,697	1,191,782
Compensated absences	11,414	2,961	56,247	79,388	150,010
Current maturities of					
general obligation debt	5,000	11,028	-	37,264	53,292
Other current liabilities	<u>4,502</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,502</u>
Total Current Liabilities	<u>27,203</u>	<u>15,631</u>	<u>239,823</u>	<u>1,172,539</u>	<u>1,455,196</u>
Noncurrent Liabilities					
General obligation debt	5,000	88,255	-	236,429	329,684
Compensated absences	19,596	4,539	-	8,232	32,367
OPEB liability - health	2,619	-	3,396	31,089	37,104
Net OPEB liability - life	11,063	-	17,147	74,563	102,773
Advances from other funds	968,998	206,177	-	333,725	1,508,900
Net pension liability	<u>19,928</u>	<u>4,905</u>	<u>395,343</u>	<u>217,289</u>	<u>637,465</u>
Total Noncurrent Liabilities	<u>1,027,204</u>	<u>303,876</u>	<u>415,886</u>	<u>901,327</u>	<u>2,648,293</u>
Total Liabilities	<u>1,054,407</u>	<u>319,507</u>	<u>655,709</u>	<u>2,073,866</u>	<u>4,103,489</u>

	Enterprise Funds				Totals
	Golf Course	Cemeteries	Ambulance	Transit System	
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Property tax levied for next period	\$ 50,356	\$ -	\$ -	\$ 559,751	\$ 610,107
Pension related amounts	45,108	7,203	486,651	318,946	857,908
OPEB related amounts - health	154	-	199	1,824	2,177
OPEB related amounts - life	3,629	-	5,629	24,474	33,732
Total Deferred Inflows of Resources	<u>99,247</u>	<u>7,203</u>	<u>492,479</u>	<u>904,995</u>	<u>1,503,924</u>
<b>NET POSITION (DEFICIT)</b>					
Net investment in capital assets	843,088	365,173	-	4,405,127	5,613,388
Unrestricted (deficit)	<u>(989,020)</u>	<u>(246,821)</u>	<u>614,214</u>	<u>(672,034)</u>	<u>(1,293,661)</u>
TOTAL NET POSITION (DEFICIT)	<u>\$ (145,932)</u>	<u>\$ 118,352</u>	<u>\$ 614,214</u>	<u>\$ 3,733,093</u>	<u>\$ 4,319,727</u>

## CITY OF BELOIT

### COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION (DEFICIT) - NONMAJOR PROPRIETARY FUNDS For the Year Ended December 31, 2019

	Enterprise Funds				Totals
	Golf Course	Cemeteries	Ambulance	Transit System	
<b>OPERATING REVENUES</b>					
Charges for services	\$ 395,696	\$ 166,214	\$ 1,215,904	\$ 128,304	\$ 1,906,118
Other	924	7,371	-	67,696	75,991
Total Operating Revenues	396,620	173,585	1,215,904	196,000	1,982,109
<b>OPERATING EXPENSES</b>					
Operation and maintenance	405,342	238,456	1,484,114	1,947,258	4,075,170
Contractual services	-	-	-	126,752	126,752
Depreciation	8,351	2,017	-	269,420	279,788
Total Operating Expenses	413,693	240,473	1,484,114	2,343,430	4,481,710
Operating Income (Loss)	(17,073)	(66,888)	(268,210)	(2,147,430)	(2,499,601)
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Intergovernmental revenues	-	-	-	1,169,143	1,169,143
Investment income (loss)	81	118,227	(201)	(1,670)	116,437
Interest expense	(196)	(3,973)	-	(2,779)	(6,948)
General property taxes	50,000	-	-	560,019	610,019
Total Nonoperating Revenues (Expenses)	49,885	114,254	(201)	1,724,713	1,888,651
Income (loss) before contributions	32,812	47,366	(268,411)	(422,717)	(610,950)
Capital contributions	-	-	-	319,400	319,400
Change in Net Position	32,812	47,366	(268,411)	(103,317)	(291,550)
TOTAL NET POSITION (DEFICIT) - Beginning	(178,744)	70,986	882,625	3,836,410	4,611,277
<b>TOTAL NET POSITION (DEFICIT) - ENDING</b>	\$ (145,932)	\$ 118,352	\$ 614,214	\$ 3,733,093	\$ 4,319,727

**CITY OF BELOIT**

COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR PROPRIETARY FUNDS  
For the Year Ended December 31, 2019

	Enterprise Funds				Totals
	Golf Course	Cemeteries	Ambulance	Transit System	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Received from customers	\$ 402,833	\$ 173,585	\$ 1,288,082	\$ 245,854	\$ 2,110,354
Paid to suppliers for goods and services	(242,394)	(131,742)	(287,220)	(1,108,623)	(1,769,979)
Payments to employees for services	(152,932)	(104,225)	(1,064,968)	(923,635)	(2,245,760)
Net Cash Provided by Operating Activities	7,507	(62,382)	(64,106)	(1,786,404)	(1,905,385)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Operating grants received	-	-	-	1,222,108	1,222,108
Property taxes received	50,000	-	-	560,019	610,019
Noncapital interfund/advance repayment	(37,501)	(40,872)	-	-	(78,373)
Noncapital interfund/advance	-	-	64,307	38,608	102,915
Net Cash Provided by Noncapital Financing Activities	12,499	(40,872)	64,307	1,820,735	1,856,669
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Debt retired	(5,000)	(11,000)	-	(31,881)	(47,881)
Interest paid	(196)	(3,973)	-	(4,424)	(8,593)
Proceeds from issuance of new debt	-	-	-	95,000	95,000
Debt issuance costs	-	-	-	1,918	1,918
Acquisition and construction of capital assets	-	-	-	(407,573)	(407,573)
Construction grants received	-	-	-	319,400	319,400
Net Cash Provided (Used) by Capital and Related Financing Activities	(5,196)	(14,973)	-	(27,560)	(47,729)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Investment income (loss)	81	118,227	(201)	(1,670)	116,437
Net Cash Provided by Investing Activities	81	118,227	(201)	(1,670)	116,437
Net Increase in Cash and Cash Equivalents	14,891	-	-	5,101	19,992
CASH AND CASH EQUIVALENTS - Beginning	750	61,396	-	360	62,506
CASH AND CASH EQUIVALENTS - ENDING	\$ 15,641	\$ 61,396	\$ -	\$ 5,461	\$ 82,498
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES</b>					
Operating Income (Loss)	\$ (17,073)	\$ (66,888)	\$ (268,210)	\$ (2,147,430)	\$ (2,499,601)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows From Operating Activities					
Depreciation expense	8,351	2,017	-	269,420	279,788
Change in noncash Components of Working Capital					
Accounts receivable	1,300	-	66,765	25,340	93,405
Accounts payable	4,792	742	13,316	(13,328)	5,522
Other current liabilities	1,648	(91)	(362)	(1,347)	(152)
OPEB related deferrals and liabilities	7,006	-	1,498	8,394	16,898
Pension related deferrals and assets/liabilities	1,483	1,838	122,887	72,547	198,755
NET CASH FLOWS FROM OPERATING ACTIVITIES	\$ 7,507	\$ (62,382)	\$ (64,106)	\$ (1,786,404)	\$ (1,905,385)
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION - PROPRIETARY FUNDS</b>					
Cash and investments - statement of net position	\$ 15,641	\$ 61,396	\$ -	\$ 5,461	\$ 82,498
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 15,641	\$ 61,396	\$ -	\$ 5,461	\$ 82,498
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITY</b>					
None					

# CITY OF BELOIT

## ENTERPRISE FUND - BELOIT MASS TRANSIT DETAILED SCHEDULE OF REVENUES AND EXPENSES - REGULATORY BASIS For the Year Ended December 31, 2019

	<u>2019</u>
<b>REVENUE</b>	
401 - Passenger fares for transit service	\$ 128,304
407 - Non-transportation revenue	
Advertising	24,726
Investment Income	(1,670)
Rental Income	41,656
Charter and miscellaneous	1,314 *
409 - Local operating assistance - city levy	560,019
409 - Local operating assistance - inter-government	94,551
411 - State operating assistance	447,651
State paratransit grant	19,593
413 - Federal operating assistance	607,979
Capital contributions	<u>-</u>
Total Revenue	<u>1,924,123</u>
<b>EXPENSES - BY OBJECT CLASS TOTAL</b>	
501 - Labor	923,635
502 - Fringe benefits	746,576
503 - Services	54,950
504 - Materials and supplies	202,360
505 - Utilities	68,669
506 - Casualty and liability costs	40,784
508 - Purchased transportation services	32,122
509 - Miscellaneous	4,914
509 - Interest expense	2,779
513 - Depreciation	<u>269,420</u>
Total Expenses	<u>2,346,209</u>
EXCESS EXPENSES OVER REVENUES FOR THE YEAR	<u><u>\$ (422,086)</u></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  
 For the Year Ended December 31, 2019

	Per WisDOT Guidelines	Per Federal Guidelines
Beloit Revenues	\$ 1,924,123	\$ 1,924,123
Less Unrecognized Revenues		
Advertising Revenue	-	24,726
Charter Revenue	1,314	1,314
Investment income	(1,670)	(1,670)
Rental income	41,656	41,656
Local Operating Assistance	654,570	654,570
State Operating Assistance	467,244	467,244
Federal Operating Assistance	607,979	607,979
Capital Contributions	1 -	-
<b>ADJUSTED REVENUES</b>	<b><u>\$ 153,030</u></b>	<b><u>\$ 128,304</u></b>
 Total Expenses	 \$ 2,346,209	 \$ 2,346,209
Less Non-Recognized Expenses		
Interest	2,779	2,779
Depreciation	269,420	269,420
Less Contra Expenses		
Charter Revenue	1,314	1,314
State Paratransit Assistance	19,593	19,593
Capital Contributions for Operating Expenses	2 -	-
<b>RECOGNIZED EXPENSES</b>	<b><u>\$ 2,053,103</u></b>	<b><u>\$ 2,053,103</u></b>
<b>RECOGNIZED EARNINGS (DEFICITS)</b>	<b><u>\$ (1,900,073)</u></b>	<b><u>\$ (1,924,799)</u></b>
 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 БЕЛОIT**

ENTERPRISE FUND - БЕЛОIT MASS TRANSIT  
COMPUTATION OF THE DEFICIT DISTRIBUTION AMONG THE SUBSIDY GRANTORS  
For the Year Ended December 31, 2019

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<b>STATE FUNDS</b>		
WisDOT Contract Amount		<u>\$ 447,651</u>
Local Operating Subsidy	<u>\$ 654,570</u>	
5 Times Operating Subsidy		<u>\$ 3,272,850</u>
WisDOT Recognized Deficit	<u>\$ 1,937,078</u>	
Federal Share of Operating Assistance	<u>\$ 607,979</u>	
Remaining State Share of Deficit		<u>\$ 1,329,099</u>
WisDOT Recognized Expenses	<u>\$ 2,090,108</u>	
Maximum State and Federal Operating Assistance	60.00%	
	<u>\$ 1,254,065</u>	
Federal Share of Operating Assistance	<u>\$ 607,979</u>	
Remaining State Share of Operating Assistance		<u>\$ 646,086</u>
State Share – Least of the Five		<u>\$ 447,651</u>
<b>FEDERAL SECTION 9 FUNDS</b>		
Federally Recognized Deficit	<u>\$ 1,961,804</u>	
50% of Federal Deficit		<u>\$ 980,902</u>
Federal Recognized Deficit	\$ 1,961,804	
Less: State share	<u>447,651</u>	
Local Share		<u>\$ 1,514,153</u>
Maximum Federal Share Per Grant Award	<u>\$ 607,979</u>	
Federal Section 9 Share – Least of the Three		<u>\$ 607,979</u>



## CITY OF BELOIT

### COMBINING STATEMENT OF NET POSITION (DEFICIT) - INTERNAL SERVICE FUNDS As of December 31, 2019

	Equipment Operations	General Liability Insurance	Health Insurance	Retiree Health Insurance	Totals
<b>ASSETS</b>					
Current Assets					
Cash and investments	\$ 156,442	\$ 525,995	\$ 549,722	\$ -	\$ 1,232,159
Accounts receivable	19,511	28,005	53,233	30,655	131,404
Total Current Assets	175,953	554,000	602,955	30,655	1,363,563
Noncurrent Assets					
Restricted Assets					
Deposit with risk pool	-	1,575,475	-	-	1,575,475
Total Restricted Assets	-	1,575,475	-	-	1,575,475
Capital Assets					
Machinery, equipment, and vehicles	67,165	-	-	-	67,165
Less: Accumulated depreciation	(63,340)	-	-	-	(63,340)
Net Capital Assets	3,825	-	-	-	3,825
Total Noncurrent Assets	3,825	1,575,475	-	-	1,579,300
Total Assets	179,778	2,129,475	602,955	30,655	2,942,863
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Pension related amounts	177,232	31,295	16,603	-	225,130
OPEB related amounts - life	3,316	345	322	-	3,983
Total Deferred Outflows of Resources	180,548	31,640	16,925	-	229,113
<b>LIABILITIES</b>					
Current Liabilities					
Accounts payable	40,280	14,144	-	1	54,425
Claims payable	-	110,103	1,553,030	-	1,663,133
Total Current Liabilities	40,280	124,247	1,553,030	1	1,717,558
Noncurrent Liabilities					
Net OPEB liability - life	25,555	2,655	2,766	-	30,976
Advances from other funds	-	-	-	2,641,469	2,641,469
Net pension liability	57,744	15,430	9,186	-	82,360
Total Noncurrent Liabilities	83,299	18,085	11,952	2,641,469	2,754,805
Total Liabilities	123,579	142,332	1,564,982	2,641,470	4,472,363
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Pension related amounts	91,637	14,176	12,397	-	118,210
OPEB related amounts - life	8,386	874	905	-	10,165
Total Deferred Inflows of Resources	100,023	15,050	13,302	-	128,375
<b>NET POSITION (DEFICIT)</b>					
Net investment in capital assets	3,825	-	-	-	3,825
Unrestricted (deficit)	132,899	2,003,733	(958,404)	(2,610,815)	(1,432,587)
TOTAL NET POSITION (DEFICIT)	\$ 136,724	\$ 2,003,733	\$ (958,404)	\$ (2,610,815)	\$ (1,428,762)

## CITY OF BELOIT

### COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION (DEFICIT) - INTERNAL SERVICE FUNDS

For the Year Ended December 31, 2019

	Equipment Operations	General Liability Insurance	Health Insurance	Retiree Health Insurance	Totals
<b>OPERATING REVENUES</b>					
Charges for services	\$ 1,146,391	\$ 1,844,729	\$ 6,789,759	\$ 2,512,522	\$ 12,293,401
Other	8,052	-	-	-	8,052
Total Operating Revenue	<u>1,154,443</u>	<u>1,844,729</u>	<u>6,789,759</u>	<u>2,512,522</u>	<u>12,301,453</u>
<b>OPERATING EXPENSES</b>					
Operation and maintenance	1,218,159	1,230,172	5,668,771	3,022,306	11,139,408
Contractual services	20,955	626,350	-	-	647,305
Total Operating Expenses	<u>1,239,114</u>	<u>1,856,522</u>	<u>5,668,771</u>	<u>3,022,306</u>	<u>11,786,713</u>
Operating Income (Loss)	(84,671)	(11,793)	1,120,988	(509,784)	514,740
TOTAL NET POSITION (DEFICIT) - Beginning	<u>221,395</u>	<u>2,015,526</u>	<u>(2,079,392)</u>	<u>(2,101,031)</u>	<u>(1,943,502)</u>
<b>TOTAL NET POSITION (DEFICIT) - ENDING</b>	<u>\$ 136,724</u>	<u>\$ 2,003,733</u>	<u>\$ (958,404)</u>	<u>\$ (2,610,815)</u>	<u>\$ (1,428,762)</u>

## CITY OF BELOIT

### COMBINING STATEMENT OF CASH FLOWS INTERNAL SERVICE FUNDS For the Year Ended December 31, 2019

	Equipment Operations	General Liability Insurance	Health Insurance	Retiree Health Insurance	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Received from customers	\$ 1,168,755	\$ 1,827,052	\$ 6,931,705	\$ 2,781,338	\$ 12,708,850
Paid to suppliers for goods and services	(731,733)	(1,965,178)	(6,424,545)	(3,022,306)	(12,143,762)
Payments to employees for services	(485,699)	(130,185)	-	-	(615,884)
Net Cash Provided (Used) by Operating Activities	<u>(48,677)</u>	<u>(268,311)</u>	<u>507,160</u>	<u>(240,968)</u>	<u>(50,796)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Noncapital interfund/advance repayment	-	-	(154,546)	-	(154,546)
Noncapital interfund/advance	-	-	-	240,968	240,968
Net Cash Used by Noncapital Financing Activities	<u>-</u>	<u>-</u>	<u>(154,546)</u>	<u>240,968</u>	<u>86,422</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(48,677)	(268,311)	352,614	-	35,626
CASH AND CASH EQUIVALENTS - Beginning	<u>205,119</u>	<u>794,306</u>	<u>197,108</u>	<u>-</u>	<u>1,196,533</u>
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ 156,442</u>	<u>\$ 525,995</u>	<u>\$ 549,722</u>	<u>\$ -</u>	<u>\$ 1,232,159</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES</b>					
Operating income (loss)	\$ (84,671)	\$ (11,793)	\$ 1,120,988	\$ (509,784)	\$ 514,740
Change in noncash components of working capital					
Accounts receivable	6,542	(18,486)	141,106	268,816	397,978
Accounts payable	955	(155,140)	(1,000)	-	(155,185)
OPEB related deferrals and liabilities	2,120	175	342	-	2,637
Pension related deferrals and assets/liabilities	26,377	5,524	6,543	-	38,444
Claims payable	-	(88,591)	(760,819)	-	(849,410)
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ (48,677)</u>	<u>\$ (268,311)</u>	<u>\$ 507,160</u>	<u>\$ (240,968)</u>	<u>\$ (50,796)</u>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION - INTERNAL SERVICE FUNDS</b>					
Cash and investments - statement of net position	<u>\$ 156,442</u>	<u>\$ 525,995</u>	<u>\$ 549,722</u>	<u>\$ -</u>	<u>\$ 1,232,159</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 156,442</u>	<u>\$ 525,995</u>	<u>\$ 549,722</u>	<u>\$ -</u>	<u>\$ 1,232,159</u>

# CITY OF BELOIT

## COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - CUSTODIAL FUND For the Year Ended December 31, 2019

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	Balance			Balance
	January 1, 2019	Additions	Deductions	December 31, 2019
<b>TAX COLLECTIONS</b>				
<b>Assets</b>				
Cash and investments	\$ 7,103,354	\$ 6,162,064	\$ 7,103,354	\$ 6,162,064
Property taxes receivable	<u>19,841,459</u>	<u>20,937,463</u>	<u>19,841,459</u>	<u>20,937,463</u>
<b>TOTAL ASSETS</b>	<u>\$ 26,944,813</u>	<u>\$ 27,099,527</u>	<u>\$ 26,944,813</u>	<u>\$ 27,099,527</u>
<b>Liabilities</b>				
Due to other taxing units	<u>\$ 26,944,813</u>	<u>\$ 27,099,527</u>	<u>\$ 26,944,813</u>	<u>\$ 27,099,527</u>
<b>TOTAL LIABILITIES</b>	<u>\$ 26,944,813</u>	<u>\$ 27,099,527</u>	<u>\$ 26,944,813</u>	<u>\$ 27,099,527</u>

**CITY OF БЕЛОIT**

COMBINING STATEMENT OF NET POSITION - COMMUNITY DEVELOPMENT AUTHORITY  
As of December 31, 2019

	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		Apartments Redevelopment Phase 1, LLC	Apartments Redevelopment Phase 2, LLC			
<b>ASSETS</b>											
Current Assets											
Cash and investments	\$ 276,203	\$ 198,179	\$ 55,482	\$ 144,639	\$ -	\$ 674,503	\$ 185,970	\$ 173,025	\$ 1,033,498	\$ -	\$ 1,033,498
Receivables											
Accounts	72,013	156	8,533	-	-	80,702	117,641	75,720	274,063	(144,639)	129,424
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	-	-	-	-	1,855,000	1,855,000	-	-	1,855,000	-	1,855,000
Due from Beloit Apartments Redevelopment - Phase 1 - LLC	-	99,858	-	-	-	99,858	-	-	99,858	(99,858)	-
Due from Beloit Apartments Redevelopment - Phase 2 - LLC	-	88,451	-	-	-	88,451	-	-	88,451	(88,451)	-
Due from other governmental units	-	4,941	-	-	-	4,941	-	-	4,941	-	4,941
Tax credit fees	-	-	-	-	-	-	45,615	59,857	105,472	-	105,472
Prepaid items	7,801	5,535	-	-	-	13,336	-	568	13,904	-	13,904
Total Current Assets	<u>356,017</u>	<u>5,777,194</u>	<u>64,015</u>	<u>144,639</u>	<u>1,855,000</u>	<u>8,196,865</u>	<u>349,226</u>	<u>309,170</u>	<u>8,855,261</u>	<u>(5,713,022)</u>	<u>3,142,239</u>
Noncurrent Assets											
Restricted Assets											
Cash and investments	-	-	-	-	1,706,715	1,706,715	307,631	655,722	2,670,068	-	2,670,068
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	445,918	-	-	591,451	1,540,500	640,000	2,771,951	(975,520)	1,796,431
Building improvements	-	-	-	-	-	-	8,397,386	9,304,835	17,702,221	-	17,702,221
Machinery, equipment, furnishings and vehicles	16,092	175,318	24,016	-	-	215,426	265,998	313,808	795,232	-	795,232
Less: Accumulated depreciation	(16,092)	(284,365)	(308,119)	-	-	(608,576)	(2,388,362)	(3,045,752)	(6,042,690)	-	(6,042,690)
Total Capital Assets, Net	-	380,553	232,287	-	-	612,840	8,451,946	8,555,343	17,620,129	(2,155,020)	15,465,109
Other Assets											
Lease receivable from primary government	-	-	-	-	1,983,285	1,983,285	-	-	1,983,285	-	1,983,285
Total Noncurrent Assets	-	380,553	232,287	-	3,690,000	4,302,840	8,759,577	9,211,065	22,273,482	(2,155,020)	20,118,462
Total Assets	<u>356,017</u>	<u>6,157,747</u>	<u>296,302</u>	<u>144,639</u>	<u>5,545,000</u>	<u>12,499,705</u>	<u>9,108,803</u>	<u>9,520,235</u>	<u>31,128,743</u>	<u>(7,868,042)</u>	<u>23,260,701</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>											
Pension related amounts	180,347	123,982	19,606	-	-	323,935	-	-	323,935	-	323,935
OPEB related amounts - life	1,982	1,426	103	-	-	3,511	-	-	3,511	-	3,511
Total Deferred Outflows of Resources	<u>182,329</u>	<u>125,408</u>	<u>19,709</u>	<u>-</u>	<u>-</u>	<u>327,446</u>	<u>-</u>	<u>-</u>	<u>327,446</u>	<u>-</u>	<u>327,446</u>
Total Assets and Deferred Outflows of Resources	<u>538,346</u>	<u>6,283,155</u>	<u>316,011</u>	<u>144,639</u>	<u>5,545,000</u>	<u>12,827,151</u>	<u>9,108,803</u>	<u>9,520,235</u>	<u>31,456,189</u>	<u>(7,868,042)</u>	<u>23,588,147</u>

	Primary Government					Total Primary Government	Component Units		Totals Before Eliminations	Eliminations	Totals
	Major	Major	Major	Major	Major		Beloit Apartments Redevelopment Phase 1, LLC	Beloit Apartments Redevelopment Phase 2, LLC			
	Section 8 Rental Voucher Program	Low Rent Public Housing	Project Based Vouchers	Administration	Leases Receivable						
<b>LIABILITIES</b>											
<b>Current Liabilities</b>											
Accounts payable	\$ 1,910	\$ 23,459	\$ 1,383	\$ -	\$ -	\$ 26,752	\$ 102,050	\$ 93,237	\$ 222,039	\$ (188,309)	\$ 33,730
Accrued liabilities	7,777	22,421	249	-	-	30,447	1,112,952	616,407	1,759,806	-	1,759,806
Due to Beloit Apartments Redevelopment - Phase 1 - LLC	-	81,113	-	-	-	81,113	-	-	81,113	(81,113)	-
Due to Beloit Apartments Redevelopment - Phase 2 - LLC	-	63,526	-	-	-	63,526	-	-	63,526	(63,526)	-
Due to primary government	-	142,127	-	-	-	142,127	-	-	142,127	-	142,127
Deposits	5,258	9,895	6,403	-	-	21,556	34,900	26,501	82,957	-	82,957
Lease revenue bonds payable	-	-	-	-	1,855,000	1,855,000	-	-	1,855,000	-	1,855,000
Total Current Liabilities	14,945	342,541	8,035	-	1,855,000	2,220,521	1,249,902	736,145	4,206,568	(332,948)	3,873,620
<b>Noncurrent Liabilities</b>											
Compensated absences	14,382	78,520	-	-	-	92,902	-	-	92,902	-	92,902
Mortgage notes payable	-	-	-	-	-	-	2,800,000	2,580,074	5,380,074	(5,380,074)	-
Other notes payable	-	-	-	-	-	-	418,953	321,175	740,128	-	740,128
Net OPEB liability - life	15,365	11,244	606	-	-	27,215	-	-	27,215	-	27,215
Lease revenue bonds payable	-	-	-	-	3,690,000	3,690,000	-	-	3,690,000	-	3,690,000
Net pension liability	59,815	32,194	15,534	-	-	107,543	-	-	107,543	-	107,543
Total Noncurrent Liabilities	89,562	121,958	16,140	-	3,690,000	3,917,660	3,218,953	2,901,249	10,037,862	(5,380,074)	4,657,788
Total Liabilities	104,507	464,499	24,175	-	5,545,000	6,138,181	4,468,855	3,637,394	14,244,430	(5,713,022)	8,531,408
<b>DEFERRED INFLOWS OF RESOURCES</b>											
Unearned revenue	-	-	-	-	-	-	1,032,664	-	1,032,664	-	1,032,664
Pension related amounts	94,091	72,072	1,793	-	-	167,956	-	-	167,956	-	167,956
OPEB related amounts - life	5,023	3,153	756	-	-	8,932	-	-	8,932	-	8,932
Total Deferred Inflows of Resources	99,114	75,225	2,549	-	-	176,888	1,032,664	-	1,209,552	-	1,209,552
<b>NET POSITION</b>											
Net investment in capital assets	-	380,553	232,287	-	-	612,840	8,451,946	8,555,343	17,620,129	(2,155,020)	15,465,109
Restricted for grant programs	108,096	5,362,878	-	-	-	5,470,974	-	-	5,470,974	-	5,470,974
Unrestricted (deficit)	226,629	-	57,000	144,639	-	428,268	(4,844,662)	(2,672,502)	(7,088,896)	-	(7,088,896)
TOTAL NET POSITION	\$ 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

**CITY OF БЕЛОIT**

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN  
NET POSITION - COMMUNITY DEVELOPMENT AUTHORITY  
For the Year Ended December 31, 2019

	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	Lease Receivable		Apartment Redevelopment Phase 1, LLC	Apartment Redevelopment Phase 2, LLC			
<b>EXPENSES</b>											
Community development	\$ 3,242,483	\$ 779,017	\$ 91,302	\$ -	\$ -	\$ 4,112,802	\$ 596,317	\$ 646,032	\$ 5,355,151	\$ (385,906)	\$ 4,969,245
<b>PROGRAM REVENUES</b>											
Charges for services	-	18,053	47,626	-	-	65,679	96,285	137,792	299,756	-	299,756
Operating grants and contributions	3,253,518	630,632	-	-	-	3,884,150	283,477	160,658	4,328,285	(436,336)	3,891,949
Other revenue	-	-	1,305	-	-	1,305	57,862	8,247	67,414	-	67,414
Total Program Revenues	3,253,518	648,685	48,931	-	-	3,951,134	437,624	306,697	4,695,455	(436,336)	4,259,119
Net Revenues (Expenses)	11,035	(130,332)	(42,371)	-	-	(161,668)	(158,693)	(339,335)	(659,696)	(50,430)	(710,126)
<b>GENERAL REVENUES (EXPENSES)</b>											
Investment income	2,237	965	-	-	325,119	328,321	277	630	329,228	-	329,228
Interest and amortization	-	-	-	-	(325,119)	(325,119)	(151,557)	(93,106)	(569,782)	-	(569,782)
Payment to Beloit Apartments Redevelopment - Phase 1 - LLC	-	(24,352)	-	-	-	(24,352)	-	-	(24,352)	24,352	-
Payment to Beloit Apartments Redevelopment - Phase 2 - LLC	-	(26,078)	-	-	-	(26,078)	-	-	(26,078)	26,078	-
Gain on sale of property	-	-	97,334	-	-	97,334	-	-	97,334	-	97,334
Miscellaneous	47,428	81,433	-	-	-	128,861	(3,250)	(8,117)	117,494	-	117,494
Total General Revenue (Expenses)	49,665	31,968	97,334	-	-	178,967	(154,530)	(100,593)	(76,156)	50,430	(25,726)
Revenues (Expenses) Before Transfers	60,700	(98,364)	54,963	-	-	17,299	(313,223)	(439,928)	(735,852)	-	(735,852)
Transfers in (out)	-	187,453	(187,453)	-	-	-	-	-	-	-	-
<b>CHANGE IN NET POSITION</b>	60,700	89,089	(132,490)	-	-	17,299	(313,223)	(439,928)	(735,852)	-	(735,852)
NET POSITION – Beginning of Year	274,025	5,654,342	421,777	144,639	-	6,494,783	3,920,507	6,322,769	16,738,059	(2,155,020)	14,583,039
<b>NET POSITION – END OF YEAR</b>	\$ 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

**CITY OF BELOIT**

COMBINING STATEMENT OF CASH FLOWS - COMMUNITY DEVELOPMENT AUTHORITY  
For the Year Ended December 31, 2019

	Primary Government					Totals
	Major Section 8 Rental Voucher Program	Major Low Rent Public Housing	Major Project Based Vouchers	Major Administration	Major Leases Receivable	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Received from customers	\$ 11,597	\$ 84,498	\$ 49,088	\$ -	\$ -	\$ 145,183
Paid to suppliers for goods and services	(3,045,622)	(589,906)	(58,303)	-	-	(3,693,831)
Payments to employees for services	(188,353)	(109,843)	(17,637)	-	-	(315,833)
Net Cash Flows From Operating Activities	(3,222,378)	(615,251)	(26,852)	-	-	(3,864,481)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Governmental grants received	3,253,518	646,699	-	-	-	3,900,217
Paid to LLC's	-	(117,719)	-	-	-	(117,719)
Transfers in (out)	-	187,453	(187,453)	-	-	-
Collections on leases receivable	-	-	-	-	1,960,045	1,960,045
Net Cash Flows From Noncapital Financing Activities	3,253,518	716,433	(187,453)	-	1,960,045	5,742,543
<b>CASH FLOWS FROM CAPITAL AND FINANCING ACTIVITIES</b>						
Proceeds from sale of property	-	-	200,852	-	-	200,852
Debt retired	-	-	-	-	(2,065,000)	(2,065,000)
Interest paid	-	-	-	-	(325,119)	(325,119)
Net Cash Flows From Capital and Related Financing Activities	-	-	200,852	-	(2,390,119)	(2,189,267)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Investment income	2,237	965	-	-	325,119	328,321
Net Cash Flows From Investing Activities	2,237	965	-	-	325,119	328,321
Net Change in Cash and Cash Equivalents	33,377	102,147	(13,453)	-	(104,955)	17,116
CASH AND CASH EQUIVALENTS - Beginning of Year	242,826	96,032	68,935	144,639	1,811,670	2,364,102
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 276,203	\$ 198,179	\$ 55,482	\$ 144,639	\$ 1,706,715	\$ 2,381,218
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>						
Operating income (loss)	\$ (3,242,483)	\$ (760,964)	\$ (42,371)	\$ -	\$ -	\$ (4,045,818)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities						
Nonoperating income	47,428	81,433	-	-	-	128,861
Depreciation	-	4,167	12,272	-	-	16,439
Change in assets, deferred outflows, liabilities, and deferred inflows						
Accounts receivable	(32,141)	7,792	546	-	-	(23,803)
Prepaid items	(380)	1,335	-	-	-	955
Pension related deferrals and assets/liabilities	25,304	16,074	3,897	-	-	45,275
OPEB related deferrals and liabilities	1,275	793	200	-	-	2,268
Accounts payable and accrued liabilities	(13,038)	84,445	(274)	-	-	71,133
Due to primary government	-	(24,656)	-	-	-	(24,656)
Deposits	(8,343)	(25,670)	(1,122)	-	-	(35,135)
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ (3,222,378)	\$ (615,251)	\$ (26,852)	\$ -	\$ -	\$ (3,864,481)
<b>NONCASH CAPITAL AND FINANCING ACTIVITIES</b>						
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**

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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**

158 - 162

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**

163 - 166

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**

167 - 168

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**

169 - 171

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**

	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>Governmental activities</b>										
Net investment in capital assets	\$ 32,392,062	\$ 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
Restricted	8,659,283	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
Unrestricted (deficit)	2,410,345	(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)
Total governmental activities net position	<u>\$ 43,461,690</u>	<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>
<b>Business-type activities</b>										
Net investment in capital assets	\$ 62,944,168	\$ 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
Restricted	3,138,458	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
Unrestricted	8,713,964	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
Total business-type activities net position	<u>\$ 74,796,590</u>	<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>
<b>Primary government</b>										
Net investment in capital assets	\$ 89,611,229	\$ 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
Restricted	11,797,741	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
Unrestricted	16,849,310	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)
Total primary government net position	<u>\$ 118,258,280</u>	<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>

**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. Refer to Note I D. 10.

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

	<b>Fiscal Year</b>									
	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>Expenses</b>										
Governmental activities:										
General government	\$ 680,410	\$ 820,889	\$ 747,997	\$ 788,296	\$ 772,449	\$ 778,843	\$ 782,031	\$ 1,007,820	\$ 1,199,584	\$ 1,146,064
Finance and administrative services	7,947,872	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
Community development	3,569,817	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
Economic development	315,893	336,540	283,643	340,202	355,466	268,874	368,492	420,046	433,082	440,630
Public safety:										
Police services	14,431,648	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
Fire services	9,460,266	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
Public works	13,882,641	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
Library	2,222,913	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
Interest and fiscal charges	3,164,857	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
<b>Total governmental activities</b>	<b>55,676,317</b>	<b>56,886,379</b>	<b>55,973,627</b>	<b>57,343,044</b>	<b>54,553,448</b>	<b>52,761,569</b>	<b>60,225,735</b>	<b>57,219,371</b>	<b>56,899,799</b>	<b>58,396,469</b>
Business-type activities:										
Water	4,505,850	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
Sewer	7,920,544	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
Storm	-	-	-	-	-	-	998,387	977,034	978,025	952,574
Other non-major enterprise funds	4,962,055	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
<b>Total business-type activities</b>	<b>17,388,449</b>	<b>17,517,407</b>	<b>17,910,779</b>	<b>18,998,005</b>	<b>18,740,589</b>	<b>19,450,676</b>	<b>18,919,450</b>	<b>18,418,812</b>	<b>19,456,797</b>	<b>19,248,641</b>
<b>Total expenses</b>	<b>\$ 73,064,766</b>	<b>\$ 74,403,786</b>	<b>\$ 73,884,406</b>	<b>\$ 76,341,049</b>	<b>\$ 73,294,037</b>	<b>\$ 72,212,245</b>	<b>\$ 79,145,185</b>	<b>\$ 75,638,183</b>	<b>\$ 76,356,596</b>	<b>\$ 77,645,110</b>
<b>Program Revenues (see Schedule 3)</b>										
Governmental activities:										
Charges for services:										
General government	\$ 26,550	\$ 31,670	\$ 35,761	\$ 45,430	\$ 24,937	\$ 49,500	\$ 43,065	\$ 37,381	\$ -	\$ 37,381
Finance and administrative services	3,670,559	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
Community development	113,941	180,125	115,177	262,901	270,531	121,212	147,455	91,562	126,459	136,214
Public safety:										
Police services	1,383,631	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
Fire services	52,421	1,310	38,329	2,676	49,148	28,248	11,972	40,258	36,032	53,510
Public works	2,519,039	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
Library	194,405	199,207	188,106	179,073	193,649	226,895	279,608	317,482	444,274	378,531
Operating grants and contributions	1,992,886	2,640,623	2,212,186	2,083,822	1,352,609	1,054,099	4,147,241	832,304	913,335	787,073
Capital grants and contributions	234,354	507,677	14,404,161	75,722	160,386	172,012	626,960	79,484	1,136,615	445,809
<b>Total governmental activities</b>	<b>10,187,786</b>	<b>11,995,887</b>	<b>22,061,219</b>	<b>8,292,192</b>	<b>7,368,339</b>	<b>6,650,674</b>	<b>12,440,423</b>	<b>8,570,787</b>	<b>11,754,209</b>	<b>9,635,555</b>
Business-type activities:										
Charges for services:										
Water	5,029,628	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
Sewer	6,946,357	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
Storm	-	-	-	-	-	-	1,124,771	1,127,563	1,119,715	1,126,622
Other non-major enterprise funds	2,873,575	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
Operating grants and contributions	-	-	-	22,439	1,195,763	1,234,243	1,234,089	1,179,413	1,184,400	1,169,143
Capital grants and contributions	-	27,386	32,203	147,573	734,718	68,837	6,490	59,245	91,647	780,970
<b>Total business-type activities</b>	<b>14,849,560</b>	<b>14,935,803</b>	<b>15,522,968</b>	<b>15,109,791</b>	<b>16,940,813</b>	<b>16,414,830</b>	<b>16,846,441</b>	<b>17,838,046</b>	<b>18,080,074</b>	<b>18,932,916</b>
<b>Total revenues</b>	<b>\$ 25,037,346</b>	<b>\$ 26,931,690</b>	<b>\$ 37,584,187</b>	<b>\$ 23,401,983</b>	<b>\$ 24,309,152</b>	<b>\$ 23,065,504</b>	<b>\$ 29,286,864</b>	<b>\$ 26,408,833</b>	<b>\$ 29,834,283</b>	<b>\$ 28,568,471</b>
<b>Net (expense)/revenue</b>										
Governmental activities	\$ (45,488,531)	\$ (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)
Business-type activities	(2,538,889)	(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)
<b>Total net expense</b>	<b>\$ (48,027,420)</b>	<b>\$ (47,472,096)</b>	<b>\$ (36,300,219)</b>	<b>\$ (52,939,066)</b>	<b>\$ (48,984,885)</b>	<b>\$ (49,146,741)</b>	<b>\$ (49,858,321)</b>	<b>\$ (49,229,350)</b>	<b>\$ (46,522,313)</b>	<b>\$ (49,076,639)</b>

(continued) (continued)

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

	<u>2010</u>	<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>
<b>General revenues</b>										
Governmental activities:										
Taxes										
Property taxes, levied for general purposes	\$ 5,990,830	\$ 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
Property taxes, levied for debt service	4,298,477	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
Property taxes, levied for other	8,560,888	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
Other taxes	612,327	561,291	567,650	658,072	591,020	668,830	724,441	660,550	628,669	713,589
Intergovernmental revenues not restricted to specific programs	21,209,003	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
Public gifts and/or grants	-	-	-	-	-	-	-	-	-	-
Investment income	39,470	986,271	1,163,493	(384,380)	972,002	262,851	292,699	205,821	621,267	1,099,877
Gain (loss) on sale of property	172,518	20,672	52,738	65,842	214,055	35,026	961,838	1,650	760	2,763
Miscellaneous	1,628,340	1,661,285	1,651,813	1,835,433	1,237,121	882,350	974,468	858,406	1,067,892	836,528
Transfers	584,499	(690,285)	775,073	830,166	(10,654)	633,315	388,040	837,543	(98,359)	815,064
Total general revenues and transfers	<u>43,096,352</u>	<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>
Business-type activities:										
Taxes	519,980	567,256	537,256	554,367	612,481	662,833	662,833	662,833	634,719	610,019
Intergovernmental revenues not restricted to specific programs	1,172,108	1,194,315	1,154,514	1,163,443	-	-	-	-	-	-
Investment income	377,693	529,770	592,441	343,408	299,078	281,989	265,580	266,130	453,836	518,050
Miscellaneous	26,838	14,261	-	-	-	-	-	-	-	-
Gain (loss) on sale of property	-	-	127,789	(70,744)	5,231	8,968	43,811	10,077	11,083	-
Transfers	(584,499)	690,285	(775,073)	(830,166)	10,654	(633,315)	(388,040)	(837,543)	98,359	(815,064)
Total business-type activities	<u>1,512,120</u>	<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>
Total primary government	<u>\$ 44,608,472</u>	<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>
<b>Change in net position</b>										
Governmental activities	\$ (2,392,179)	\$ (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)
Business-type activities	(1,026,769)	414,283	(750,884)	(2,727,906)	(872,332)	(2,715,371)	(1,488,825)	(479,269)	(178,726)	(2,720)
Total change in net position	<u>\$ (3,418,948)</u>	<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>

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

	<u>2010</u>	<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>
<b>Function/Program</b>										
Governmental activities:										
General government	\$ 26,550	\$ 31,670	\$ 35,761	\$ 45,430	\$ 24,937	\$ 49,500	\$ 43,065	\$ 37,381	\$ -	\$ 37,381
Finance and administrative services	3,873,509	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
Community development	1,059,927	1,681,051	1,181,594	1,221,147	478,325	149,384	3,152,232	129,548	264,462	278,839
Public safety:										
Police services	1,433,267	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
Fire services	118,626	64,433	97,985	60,008	109,580	88,520	79,249	112,583	104,964	128,630
Public works	3,206,532	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
Library	469,375	482,091	495,114	467,143	478,794	503,527	558,287	592,801	735,688	680,294
Total governmental activities	<u>10,187,786</u>	<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>
Business-type activities:										
Water	6,123,465	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
Sewer	6,946,357	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
Storm	-	-	-	-	-	-	1,124,771	1,127,563	1,119,715	1,154,153
Other non-major enterprise funds	3,190,272	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
Total business-type activities	<u>16,260,094</u>	<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>
Total primary government	<u>\$ 26,447,880</u>	<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>

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

	<u>2010</u>	<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>
<b>General fund</b>										
Reserved	\$ 2,076,049	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	8,724,137	-	-	-	-	-	-	-	-	-
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
Assigned	-	605,321	589,028	626,840	300,000	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	77,500	80,404
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
Total general fund	<u>\$ 10,800,186</u>	<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>
<b>All other governmental funds</b>										
Reserved	\$ 7,271,469	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	243,976	-	-	-	-	-	-	-	-	-
Capital projects funds	9,354,103	-	-	-	-	-	-	-	-	-
Debt service 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
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
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)
Total all other governmental funds	<u>\$ 16,869,548</u>	<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>
Total governmental funds	<u>\$ 27,669,734</u>	<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>

**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 2019 was \$8,005,666 which represents three months of budgeted operating expenditures. The city exceeded this limit by \$3,877,283. The city implemented GASB Statement 54 beginning with fiscal year 2011. Refer to Note I D 10 in the Notes to Financial Statements section of the report.

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

	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>Revenues</b>										
Taxes (see Schedule 6)	\$ 18,928,612	\$ 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
Intergovernmental	23,009,047	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
Licenses and permits	579,017	590,135	652,541	863,215	938,474	970,400	908,737	810,263	930,851	874,915
Fines, forfeitures and penalties	1,270,139	1,217,884	1,151,148	1,134,664	1,077,893	937,079	795,998	793,591	780,934	839,569
Fees and service charges	720,898	655,964	664,322	732,733	792,397	816,604	818,488	816,408	850,262	868,215
Rent	15,469	56	3,615	13,031	19,178	47,003	57,804	47,992	48,426	77,441
Special assessments	158,485	225,047	204,105	188,098	190,402	312,480	280,934	301,179	181,709	445,809
Investment income	28,627	1,027,796	1,163,493	580,052	431,892	433,241	513,378	290,359	663,241	1,134,475
Unrealized Gain (loss) on investment	-	-	-	(964,552)	479,956	(187,938)	(226,204)	-	-	-
Public charges for services	2,576,526	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
Other	2,963,236	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
<b>Total revenues</b>	<b>50,250,056</b>	<b>52,231,706</b>	<b>53,161,987</b>	<b>51,585,570</b>	<b>52,163,450</b>	<b>52,016,182</b>	<b>52,418,503</b>	<b>52,056,244</b>	<b>53,547,475</b>	<b>53,271,154</b>
<b>Expenditures</b>										
<b>Current</b>										
General government	3,849,649	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
Community development	3,963,150	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
Public safety	18,447,116	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
Public works	8,325,488	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
Parks, recreation, and education	1,992,966	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
Capital outlay	9,474,436	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
<b>Debt service:</b>										
Principal retirement	5,609,568	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
Interest and fiscal charges	3,119,978	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
<b>Total expenditures</b>	<b>54,782,351</b>	<b>57,385,766</b>	<b>66,210,132</b>	<b>60,008,066</b>	<b>56,838,542</b>	<b>56,424,807</b>	<b>58,396,236</b>	<b>56,070,052</b>	<b>58,723,808</b>	<b>57,565,466</b>
Excess of revenues over (under) expenditures	(4,532,295)	(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)
<b>Other financing sources (uses)</b>										
Debt issued	4,462,587	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
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
Payments to escrow agent	-	(9,759,095)	(2,458,608)	(7,664,827)	(5,643,847)	-	-	-	-	-
Sale of city property	262,246	302,433	106,598	150,427	568,504	116,084	340,759	63,480	96,003	110,345
Debt service - principal	-	-	-	-	-	-	-	-	-	-
Transfers in	2,141,710	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
Transfers out	(1,557,211)	(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)
<b>Total other financing sources (uses)</b>	<b>5,309,332</b>	<b>10,352,584</b>	<b>7,535,385</b>	<b>9,654,981</b>	<b>4,656,818</b>	<b>4,346,938</b>	<b>6,221,166</b>	<b>7,165,581</b>	<b>6,483,173</b>	<b>6,638,556</b>
<b>Net change in fund balances</b>	<b>\$ 777,037</b>	<b>\$ 5,198,524</b>	<b>\$ (5,512,760)</b>	<b>\$ 1,232,485</b>	<b>\$ (18,274)</b>	<b>\$ (61,687)</b>	<b>\$ 243,433</b>	<b>\$ 3,151,773</b>	<b>\$ 1,306,840</b>	<b>\$ 2,344,244</b>
<b>Debt service as a percentage of non-capital expenditures</b>	16.78%	17.92%	24.74%	24.14%	16.81%	18.12%	18.54%	20.82%	17.76%	15.48%

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

<b>Fiscal Year</b>	<b>Property</b>	<b>Mobile Home</b>	<b>Payments In Lieu of</b>	<b>Prior Year Collections/ (Rescinded)</b>	<b>Motel</b>	<b>Total</b>
2010	18,852,196	12,182	10,509	899	52,826	18,928,612
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

**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**

<b>Fiscal Year</b>	<b>Residential Property</b>	<b>Commercial Property</b>	<b>Manufacturing Property</b>	<b>Agricultural Property</b>	<b>Personal Property</b>	<b>Total Taxable Assessed Value</b>	<b>City Direct Tax Rate</b>	<b>Total Equalized Value</b>	<b>Taxable Assessed Value as a Percentage of Equalized Value</b>
2010	900,230,900	427,694,300	135,080,700	679,600	87,133,340	1,550,818,840	10.04	1,610,889,800	96.27%
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%

**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			
2010	2011	7.09	2.95	10.04	6.23	0.18	1.80	9.84	28.08	(1.37)	26.71
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

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			
2010	2011	7.09	2.95	10.04	6.23	0.18	1.80	10.95	29.20	(1.37)	27.83
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

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			
2010	2011	7.09	2.95	10.04	6.23	0.18	1.80	11.97	30.21	(1.37)	28.84
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

**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	2019			2010		
		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	\$ 82,820,690	5.13%	1	\$ 63,466,540	4.09%	1
Kerry Ingredients	Mfg of Food Additives	38,924,300	2.41%	2	51,218,100	3.30%	2
Frito Lay Inc	Food Processor	22,035,600	1.36%	3	22,261,600	1.44%	4
Pratt Industries	Corrugated Packaging Manufacturer	17,434,900	1.08%	4			
Woodmans	Retail Grocer	16,531,570	1.02%	5	14,643,250	0.94%	8
One Reynolds Drive LLC	Warehouse	16,106,800	1.00%	6			
Beloit Health Systems	Health Services	15,289,980	0.95%	7	14,866,820	0.96%	7
Staples Contract & Commercial	Fullfillment Center	14,625,800	0.91%	8	34,139,420	2.20%	3
Kettle Foods	Food Processor	13,642,400	0.84%	9			
Walmart	Retailer	12,464,240	0.77%	10	16,322,510	1.05%	5
Menards	Retailer				16,076,710	1.04%	6
Jacobson Beloit LLC	Southeastern Container				12,825,000	0.83%	9
Hawks Ridge Apartments LLC	Apartment Rentals				11,711,350	0.76%	10
Totals		<u>\$ 249,876,280</u>	<u>15.48%</u>		<u>\$ 257,531,300</u>	<u>16.61%</u>	

Source: City of Beloit Assessor's Office.

**City of Beloit, Wisconsin  
Property Tax Levies and Collections  
Last Ten Fiscal Years**

Levy Year	Collection Year	Total City Tax Levy (1)	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2010	2011	15,564,530	3,861,158	24.81%	11,692,161	15,553,319	99.93%
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%	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**

<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Issuance Premiums (Discounts)</b>	<b>Other Debt</b>	<b>Capital Leases</b>	<b>Other Capital Leases</b>	<b>Sewer Revenue Bonds</b>	<b>Water Revenue Bonds</b>	<b>Storm Water Revenue Bonds</b>	<b>Total Outstanding Debt</b>	<b>Estimated Full Property Value</b>	<b>Percentage of Full Property Value</b>	<b>Population</b>	<b>Debt per Capita</b>	<b>Debt to Personal Income</b>
<b><u>Governmental Activities</u></b>														
2010	54,003,141	(278,357)	100,000	17,723,067	602,607	-	-	-	72,150,458	1,610,889,800	4.48%	36,966	1,952	6.12%
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	3.09%
<b><u>Business-Type Activities</u></b>														
2010	5,925,112	(626,876)	-	-	-	-	29,155,000	1,470,000	35,923,236	1,610,889,800	2.23%	36,966	972	3.05%
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	1.83%
<b><u>Total Government-wide</u></b>														
2010	59,928,253	(905,233)	100,000	17,723,067	602,607	-	29,155,000	1,470,000	108,073,694	1,610,889,800	6.71%	36,966	2,924	9.17%
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	4.92%

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

<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Less: Amounts Available in Debt Service Fund (a)</b>	<b>Total</b>	<b>Per Capita (c)</b>	<b>Percentage of Estimated Actual Market Value of Property (b)</b>	<b>Total Debt Applicable to Debt Limit</b>	<b>Legal Debt Limit (d)</b>	<b>Legal Debt Margin (e)</b>	<b>Legal Debt Margin as a Percentage of the Debt Limit</b>
2010	59,928,253	2,077,288	57,850,965	1,565	3.59%	59,928,253	80,544,490	20,616,237	25.60%
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%

**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, 2019**

<u>Governmental Unit</u>	<u>General Obligation Debt Outstanding</u>	<u>Estimated Percentage Applicable (a)</u>	<u>Estimated Share of Overlapping Debt</u>
<b>Debt repaid with property taxes</b>			
County of Rock, Wisconsin	\$ 48,730,000	14.44%	\$ 7,038,269
Blackhawk Technical College	45,775,000	12.16%	5,564,501
Beloit School District	48,152,328	94.50%	45,505,009
Beloit Turner School District	23,365,000	11.14%	2,601,903
Clinton Community School District	1,695,000	12.95%	219,480
<b>Subtotal, overlapping debt</b>			<u>60,929,162</u>
<b>City direct debt</b>			<u>52,599,897</u>
<b>Total direct and overlapping debt</b>			<u>\$ 113,529,059</u>
<b>Population</b>			36,548
<b>Overlapping debt per capita</b>			\$ 1,667
<b>Direct and overlapping debt per capita</b>			\$ 3,106

**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	
2010	7,083,699	5,370,311	1,713,388	-	-	-
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

**Water Utility Revenue Bonds**

	Utility Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2010	5,174,136	1,853,338	3,320,798	1,110,000	1,189,850	1.44
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

**Stormwater Utility Revenue Bonds**

	Utility Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2010	951,506	737,653	213,853	-	41,424	5.16
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

**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>
2010	36,966	1,179,104,502	31,897	9,525	17,923	14,988	2,935	16.4%
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	1,701,192,885	46,547*	9,089	17,372	16,621	751	4.3%

**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.

\* 2019 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**

Employer	2019			2010		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Beloit Health Systems	1,553	1	9.34%	1,491	1	9.95%
Kerry Ingredients	971	2	5.84%	633	4	4.22%
School District of Beloit	938	3	5.64%	1,159	2	7.73%
Birds Eye	800	4	4.81%			0.00%
Frito-Lay	663	5	3.99%	739	3	4.93%
Blackhawk Technical College	588	6	3.54%			
Taylor Company	525	7	3.16%			
City of Beloit	520	8	3.13%	519	5	3.46%
Fairbanks - Morse	505	9	3.04%	345	7	2.30%
Beloit College	384	10	2.31%	422	6	2.82%
Hormel				304	8	2.03%
First National Bank & Trust				252	9	1.68%
Staples Distribution Center				242	10	1.61%
<b>Total</b>	<b>7,447</b>		<b>44.80%</b>	<b>6,106</b>		<b>40.74%</b>

**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	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
City Manager	3.00	3.30	3.14	3.00	3.00	3.00	2.00	2.00	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	4.00	5.00	5.00	5.00	4.00	4.00	4.00	4.50	5.00	5.00
Human Resources	2.00	2.00	2.00	2.00	2.00	3.00	2.00	2.10	2.25	2.25
Economic Development	4.50	4.50	4.50	4.50	4.50	5.00	5.00	5.00	5.00	5.00
Finance and Administrative Services	24.35	23.25	22.50	22.20	22.25	21.35	21.50	20.35	20.50	20.35
Police	95.91	95.91	88.76	90.26	90.66	91.16	91.16	91.16	91.16	92.41
Fire	65.55	65.65	59.25	59.74	64.74	63.24	64.86	64.73	61.83	61.83
Community Development	28.00	29.00	29.50	28.50	28.50	27.50	28.00	27.50	27.50	27.50
Department of Public Works	159.41	161.31	153.15	153.99	152.49	155.14	153.11	149.90	151.40	149.90
Library	25.59	25.76	27.15	25.59	27.34	27.60	26.98	32.66	32.66	25.44
<b>Total</b>	<b>416.31</b>	<b>419.68</b>	<b>398.95</b>	<b>398.78</b>	<b>403.48</b>	<b>404.99</b>	<b>402.61</b>	<b>403.90</b>	<b>404.55</b>	<b>396.93</b>

**Source:** City of Beloit annual budget

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**

<b>Function/Program</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
General government										
New Building permits	2	3	2	7	6	7	10	12	20	20
Building permits issued	925	1,030	1,156	990	1,074	1,002	1,009	945	1,199	1,171
Building inspections conducted	3,972	3,932	4,540	3,874	1,657	2,269	3,449	3,025	3,463	3,778
Site plans reviewed	14	18	21	25	14	13	12	14	22	19
Police										
Physical Arrests	7,952	7,736	8,756	10,026	4,850	4,683	3,802	3,635	2,362	3,555
Traffic Violations	6,434	6,261	6,494	5,529	4,746	3,564	2,611	3,253	3,968	4,051
Parking Violations	9,536	8,461	6,782	6,230	7,072	3,837	2,275	3,440	2,778	2,538
Fire										
Emergency responses	7,834	7,896	7,693	8,194	8,452	8,513	8,929	10,067	8,331	8,587
Fires extinguished	125	134	150	107	122	134	114	115	198	95
Inspections conducted	2,336	2,293	2,029	2,000	2,050	2,096	1,964	1,945	1,953	1,992
Ambulance runs	3,498	3,534	3,517	3,726	3,835	3,969	4,428	4,837	4,690	4,699
Engineering and public works										
Development plans reviewed	14	18	21	25	14	13	12	14	22	25
Infrastructure projects designed	30	20	23	16	15	24	16	29	33	20
Infrastructure projects completed	20	18	19	16	14	20	15	21	25	15
Highways and Streets										
Street resurfacing (miles)	4.8	1.9	3.1	5.5	1.92	6.3	6.1	3.6	5.67	5.11
Potholes repaired	47,218	50,590	40,319	38,725	38,176	38,720	43,737	36,921	37,507	40,305
Sanitation										
Refuse collected (tons/day)	34	33	32.39	33.79	39.07	37	42.51	42.55	42.56	41.16
Recyclables collected (tons/day)	23	16	15.92	15.15	18.47	16.5	19.96	24.25	21.8	16.68
Culture and Recreation										
Facility use permits issued	448	460	469	431	491	530	577	589	596	565
Number of programs offered	77	75	78	81	84	86	84	87	90	86
Rounds of golf played	28,117	17,524	25,174	21,822	20,056	19,502	19,266	20,575	17,801	19,358
Senior center participants	24,318	24,011	23,919	25,822	25,934	26,194	26,546	26,599	22,706	20,019
Number of cemetery internments	161	185	170	175	147	164	141	152	160	148
Water										
Work orders processed	3,656	2,952	2,711	2,724	2,321	2,336	2,910	2,157	3,614	3,804
DHL locate tickets processed	4,248	4,187	4,289	5,196	4,170	5,183	5,033	5,175	5,484	4,802
Main breaks	35	30	32	56	52	34	36	33	37	41
Average daily production (MGD)	5.89	5.47	5.75	5.55	5.468	6.109	5.804	5.931	6.062	6.004
Peak daily production (MGD)	8.36	8.59	10.14	8.726	7.500	8.427	8.593	8.786	7.809	7.692
Wastewater										
Average daily treatment (MGD)	4.26	3.664	3.529	4.32	3.776	3.95	4.205	4.272	4.992	5.88
Peak daily treatment (MGD)	6.22	4.999	4.671	15.459	9.640	6.071	5.414	6.466	14.4	16.44
Transit										
Total route miles	343,029	343,029	343,029	343,029	311,017	287,839	287,963	287,963	287,963	274,461
Passengers	272,089	265,590	246,323	243,859	223,291	198,719	184,013	146,198	143,158	131,561

Source: Various city departments.

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

<b>Function/Program</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>Police</b>										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	39	40	40	40	40	40	51	47	45	45
<b>Fire</b>										
Stations	3	3	3	3	3	3	3	3	3	3
Trucks	10	10	10	14	14	14	14	14	14	12
Ambulances	3	3	3	4	4	4	4	4	4	4
<b>Refuse Collection</b>										
Garbage trucks	14	14	14	13	13	13	12	12	12	12
94 Gallon trash cart	0	0	0	0	0	0	12,647	12,647	12,720	12,776
94 Gallon recycling cart	0	0	0	0	0	0	12,647	12,647	12,735	12,788
64 Gallon trash cart	0	0	0	0	0	0	278	278	288	320
64 Gallon recycling cart	0	0	0	0	0	0	278	278	288	320
<b>Other public works</b>										
Streets/highways (miles)	183.5	183.5	183.5	183.5	183.5	184.8	184.8	184.8	186.7	186.7
Streetlights	1,229	1,320	1,308	1,308	1,308	1,456	1,498	1,499	1,538	1,538
Traffic signals	40	40	40	40	40	41	42	42	43	43
<b>Parks and recreation</b>										
Acreage	861	861	861	924	924	924	924	924	924	924
Parks	35	35	35	39	39	39	39	39	39	39
Tennis courts	11	11	11	11	11	11	11	10	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	1	2	2	2	1	1
<b>Water</b>										
Wells	7	7	8	8	9	8	8	8	8	8
Water mains (miles)	197.7	197.7	198.9	198.9	198.9	199	199	199	204.2	204.4
Hydrants	1,464	1,464	1,555	1,555	1,555	1,558	1,488	1,574	1,613	1,653
Storage capacity (MGD)	2.75	2.75	4.15	4.15	4.150	4.15	4.15	4.15	4.15	5.25
<b>Wastewater</b>										
Treatment plants	1	1	1	1	1	1	1	1	1	1
Sanitary sewer (miles)	175	172.8	172.8	172.8	172.8	172.8	172.8	172.8	177.7	187.1
Storm sewer (miles)	110.2	110.2	110.2	110.2	110.2	110.2	110.2	110.2	111.8	113.8
Treatment capacity (MGD)	11	11.3	11.3	11.3	11.3	11.3	11.3	11.3	13.2	13.2
<b>Transit</b>										
Buses	12	12	12	12	12	12	12	12	12	12

**Source:** Various city departments.

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*

INDEPENDENT AUDITORS' REPORT

To the City Council  
City of Beloit  
Beloit, Wisconsin

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, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 19, 2020. 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 opinions 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 2019-001 and 2019-002, 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.

*Baker Tilly Virchow Krause, LLP*

Madison, Wisconsin  
June 19, 2020

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*

INDEPENDENT AUDITORS' REPORT

To the City Council  
City of Beloit  
Beloit, Wisconsin

**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, 2019. 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, 2019.

### **Other Matters**

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and the *State Single Audit Guidelines* and which is described in the accompanying schedule of findings and questioned costs as item 2019-003. Our opinion on each major federal and major state program is not modified with respect to this matter.

### **City's Response to Finding**

The City response to the noncompliance finding 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 a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2019-003, that we consider to be a significant deficiency.

### **City's Response to Finding**

The City's response to the internal control over compliance finding 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.

*Baker Tilly Virchow Krause, LLP*

Madison, Wisconsin  
June 19, 2020

**CITY OF BELOIT**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended December 31, 2019

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
<b>U.S. Department of Housing and Urban Development</b>					
CDBG - Entitlement Grants Cluster					
Community Development Block Grants/Entitlement Grants	14.218	Direct	359**	\$ 844,005	\$ 254,948
Community Development Block Grants/Entitlement Grants - Revolving Loan/Program Income	14.218	Direct	359**	266,368	-
Total CDBG - Entitlement Grants Cluster				1,110,373	254,948
Home Investment Partnerships Program	14.239	C/ Janesville	35125-36125	18,368	-
Home Investment Partnerships Program - Program Income	14.239	C/ Janesville	35125-36125	191,736	-
Total CFDA #14.239				210,104	-
Public and Indian Housing	14.850	Direct		390,703	-
Housing Voucher Cluster					
Section 8 Housing Choice Vouchers	14.871	Direct		3,291,771	-
Public Housing Capital Fund					
WI39-PO64-501-15	14.872	Direct		9,417	-
WI39-PO64-501-16	14.872	Direct		23,968	-
WI39-PO64-501-17	14.872	Direct		50,430	-
WI39-PO64-501-18	14.872	Direct		141,508	-
Total CFDA #14.872				225,323	-
Family Self-Sufficiency Program	14.896	Direct		14,606	-
Total U.S. Department of Housing and Urban Development				5,242,880	254,948
<b>U.S. Department of Justice</b>					
Bulletproof Vest Partnership	16.607	Direct	38378	4,238	-
<b>U.S. Department of Transportation</b>					
Highway Planning and Construction Cluster					
Highway Planning and Construction	20.205	WI DOT	35278	93,817	-
Highway Planning and Construction	20.205	IL DOT	35279	100,656	-
Total Highway Planning and Construction Cluster				194,473	-
Federal Transit Cluster					
Federal Transit Capital Investment Grants	20.500	WI DOT	WI-04-X045	320,300	-
Federal Transit Formula Grants	20.507	Direct	WI-90-X794-00	607,979	-
Total Federal Transit Cluster				928,279	-
Highway Safety Cluster					
State and Community Highway Safety					
Seatbelt CLOT	20.600	WI DOT	10669	5,949	-
Alcohol Enforcement	20.600	WI DOT	10579	64,093	-
Total Highway Safety Cluster				70,042	-
Total U.S. Department of Transportation				1,192,794	-
<b>TOTAL FEDERAL AWARDS</b>				<b>\$ 6,439,912</b>	<b>\$ 254,948</b>

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, 2019

State Agency/Pass-Through Agency/Program Title	State Number	Grant Number	Total Expenditures	Passed Through to Other Agencies
<b>Wisconsin Department of Transportation</b>				
Transit Operating Aids				
2019 Operating Aids	395.104	25707410-436001	\$ 447,020	\$ -
2019 Paratransit Aids	395.104	85.205	19,593	-
Total Wisconsin Department of Transportation			<u>466,613</u>	<u>-</u>
<b>Wisconsin Department of Natural Resources</b>				
Recycling Grants to Responsible Units	370.670	N/A	128,141	-
Recycling Consolidation Grant	370.673	N/A	9,333	-
Total Wisconsin Department of Natural Resources			<u>137,474</u>	<u>-</u>
<b>Wisconsin Department of Administration</b>				
<b>Office of Justice Assistance</b>				
Uniform Beat Patrol Officers	455.275	61622239-406001-10029	111,234	-
<b>TOTAL STATE AWARDS</b>			<u>\$ 715,321</u>	<u>\$ -</u>

See notes to schedules of expenditures of federal and state awards.

# CITY OF BELOIT

## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS For the Year Ended December 31, 2019

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### NOTE 1 – BASIS OF PRESENTATION

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The accompanying schedule of expenditures of federal and state awards (the “schedule”) 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, 2019. The information in this schedule is 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 schedule presents 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.

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### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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Expenditures reported on the schedule 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 schedule 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.

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### NOTE 3 – PASS-THROUGH AGENCIES

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

C/ Janesville	City of Janesville, Wisconsin
WI DOT	Wisconsin Department of Transportation
IL DOT	Illinois Department of Transportation

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### NOTE 4 – INDIRECT COST RATE

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

**CITY OF BELOIT**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended December 31, 2019

**SECTION I – SUMMARY OF AUDITORS’ RESULTS**

***FINANCIAL STATEMENTS***

Type of auditors’ report issued: 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:

	Federal Programs	State Programs
> 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

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 For the Year Ended December 31, 2019

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### SECTION I – SUMMARY OF AUDITORS’ RESULTS (cont.)

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#### *FEDERAL AND STATE AWARDS* (cont.)

Identification of major federal programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
	<u>Housing Voucher Cluster</u>
14.871	Section 8 Housing Choice Vouchers
	<u>Federal Transit Cluster</u>
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

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### SECTION II – FINANCIAL STATEMENT FINDINGS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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#### *FINDING 2019-001: INTERNAL CONTROL OVER FINANCIAL REPORTING*

##### **Repeat of prior year finding 2018-001**

**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.

**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.

## CITY OF BELOIT

### SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2019

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#### SECTION II – FINANCIAL STATEMENT FINDINGS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS (cont.)

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##### ***FINDING 2019-001: INTERNAL CONTROL OVER FINANCIAL REPORTING (cont.)***

**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 2019-002: INTERNAL CONTROL ENVIRONMENT***

**Repeat of prior year finding 2018-002 – certain aspects of finding 2018-002 were addressed and no longer appear and one new point added**

**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.

##### ***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 2020, 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 For the Year Ended December 31, 2019

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#### SECTION III – FEDERAL AWARDS AND STATE AWARDS FINDINGS AND QUESTIONED COSTS

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##### *FINDING 2019-003*

**PROGRAM CFDA NUMBER:** 14.871 Section 8 Housing Choice Vouchers  
**FEDERAL GRANTOR:** U.S. Department of Housing and Urban Development

**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 4 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:** The four files with deficiencies belonged to a CDA employee who is no longer with the agency. These four files were participants who "Ported-In" to our agency from other housing authorities. CDA staff has been instructed to meet with individuals porting into our jurisdiction to ensure that all income information and HUD-required forms are executed and up to date. This will ensure that this finding won't occur in the future. Upon port-in to the CDA, the files will be reviewed by the CDA Director to ensure compliance.

**CITY OF BELOIT**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
For the Year Ended December 31, 2019

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**SECTION IV – OTHER ISSUES**

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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       X   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	_____	yes	<u>  X  </u>	no
Department of Natural Resources	_____	yes	<u>  X  </u>	no
Department of Administration	_____	yes	<u>  X  </u>	no

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

Name and signature of partner



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Carla A. Gogin, CPA, Partner

Date of report June 19, 2020