

2020

POPULAR ANNUAL FINANCIAL REPORT



Fiscal Year
January 1-December 31, 2020



Beloit
WISCONSIN

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

STRATEGIC GOALS:

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

2021 CITY COUNCIL

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MISSION

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

FROM THE CITY MANAGER

June 30, 2021

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

It is our pleasure to submit to you the popular annual financial report (PAFR) of the City of Beloit for the fiscal year ended December 31, 2020. Information in this report was obtained from the Comprehensive Annual Financial Report, which is located on the City of Beloit's website at www.beloitwi.gov/finance.

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

The City's economy historically and currently remains largely reliant on manufacturing and commercial growth. There have been significant improvements to the local economy and the City remains on a positive path. In 2020, the City's unemployment rate averaged 4.6%, which was slightly higher than the county and state averages of 4.1% and 4.0%, respectively. These rates are in spite of unprecedented economic shutdowns and unemployment claims nationwide due to the COVID-19 pandemic. Amidst all the economic turmoil, the City had no significant closures or shutdowns of large employers or taxpayers. The newly built Amazon distribution center became fully operational with over 1,300 new full-time jobs. The City's conservative fiscal approach resulted in decreased expenditures in 2020 that more than accommodated short-term revenue losses. Fortunately, the City's large cluster of food processing industries continued to experience strong performance during this period. Several of these industries have even added employees and production lines in response to growing demand.

We continue to remain optimistic about the City's economic future and devote considerable time and resources to economic development. The City currently has seven active Tax Increment Districts with over 1,000 acres of land available for development.

The preparation of the Comprehensive Annual Financial Report and PAFR would not have been possible without the efficient and dedicated service of the entire staff of the Finance and Administrative Services Department. We would like to express our appreciation to all the members of the department who assisted and contributed to the preparation of this report with particular recognition to Dawn DeVall, Director of Accounting/Purchasing, Lisa White, Senior Accountant, Jessica Tison, Budget Analyst, and Sarah Lock, Director of Strategic Communications. Credit is also given to the City Council for their support in maintaining the highest standards of professionalism in the management of the City of Beloit's finances.

Respectfully submitted,

Lori S. Curtis Luther, City Manager

Eric R. Miller, Finance and Administrative Services Director

ABOUT BELOIT



36,966
Residents



1400
Beloit College Students



90
Industrial Firms



17
Square Miles



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

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

City Services

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

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

BELOIT'S ECONOMY

10 Largest Employers

Employer	Product or Service	Employees
Amazon	Warehouse	1,350
Beloit Health System	Medical Services	1,200
Kerry Americas*	Dehydrated Food Product	971
ABC Supply Co.	Roofing, Siding & Building Products	911
School District of Beloit	Public Education Grades K-12	836
Frito-Lay	Snack Foods	600+
Hormel Foods	Canned Meat Products	441
Fairbanks Morse Engines	Diesel Engines & Accessories	440
Hendricks Commercial Properties	Real Estate Investment	425
City of Beloit	Municipal Government	370

Source: 2021 Greater Beloit Chamber of Commerce. *Data provided prior to 2020.

Economic Development Update

Amazon Distribution Facility: Opened in Summer 2020; 1.3 million square foot facility.

Ho-Chunk Nation Casino & Resort: Wisconsin Gov. Tony Evers has provided his approval to the Nation to build this destination resort in Beloit; final federal approval is pending. 1,500 jobs projected upon completion of the project.

Residential: The City is experiencing residential growth with 2021 projects planned with several subdivision developments and multi-family apartment buildings under construction.



Downtown Stadium Rendering



Amazon Distribution Facility in Beloit

Beloit Snappers: Construction on the approximately \$35 million privately funded baseball stadium in downtown Beloit began in June 2020 and is expected to open in August 2021.

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

Beloit College Powerhouse & Riverwalk: The Powerhouse, a \$38 million project that repurposed the decommissioned Blackhawk Generating Station on the Rock River into a 120,000-square-foot award-winning student center, was completed in 2020. A riverwalk path that connects downtown Beloit and Beloit College with the riverwalk corridor to Riverside Park and the Eclipse Center was completed in November 2020.

2020 BUDGET PERFORMANCE

The general fund budget appropriations totaled \$32,845,638. The final actual expenditures of \$30,804,614 were \$2,041,024 less than the final budget appropriations. The actual revenues and other financing sources were \$32,490,242, which were \$355,396 under the budgeted amount.

		Final Budget	Actual	Variance with Final Budget
Revenues				
	Taxes	\$ 8,389,671	\$ 8,502,854	\$ 113,183
	Intergovernmental	20,095,773	20,720,123	624,350
	Licenses & Permits	780,257	842,606	62,349
	Fines, forfeitures & penalties	901,240	563,377	(337,863)
	Fees & service charges	1,036,847	481,694	(555,153)
	Rent	48,666	59,006	10,340
	Investment Income	600,794	420,101	(180,693)
	Other	992,390	900,481	(91,909)
	Total Revenues	32,845,638	32,490,242	(355,396)
Expenditures				
	General Government	4,859,610	3,745,846	1,113,764
	Community Development	1,389,505	1,368,586	20,919
	Public Safety	20,770,026	20,715,194	54,832
	Public Works	5,826,497	4,861,416	965,081
	Other Financing Uses	0	113,572	(113,572)
	Total Expenditures	32,845,638	30,804,614	2,041,024
	Excess (deficiency) of revenues over (under) expenditures	0	1,685,628	1,685,628

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

- General government expenditures were \$1,113,764 less than budget largely related to lower costs for contractual services, licenses and permits, and personnel when compared to the budgeted amount.
- Public Works Department expenditures were \$965,081 less than budget due to the reduction in contracted services, vehicle maintenance and fuel costs, as well as lower snow and ice removal expenses related to less severe winter weather.
- Fees and service charges collected related to recreation were \$319,840 less than budgeted due to many of these activities being canceled in 2020 due to COVID-19.
- Fines, forfeitures and penalties were \$337,863 less than budget largely due to decreased fines collected for traffic and non-traffic related offenses as well as parking violations.
- Intergovernmental revenue was \$624,350 more than budget due to the City receiving \$657,243 in Routes to Recovery funding from the state related to the CARES Act.

PROPERTY TAXES

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



City of Beloit
37¢



School District
of Beloit
38¢



Rock County
21¢



Blackhawk Tech
4¢

2019 Property Tax Bill Info

City of Beloit

Tax levy: \$15,979,567, an increase of \$332,098 over the previous year*. The general fund levy portion increased by \$332,098.

- Tax rate: \$11.334, an increase of \$0.057 per \$1,000 of assessed value, or .5% from the previous year.

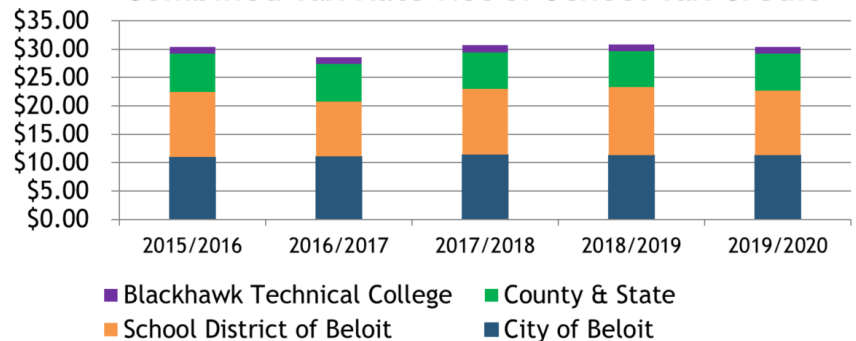
Other taxing entities

- School District of Beloit tax rate: \$11.387; down \$0.691 per \$1,000 of assessed value, or -5.72% from the previous year.
- Rock County tax rate: \$6.483; increased by \$.24 per \$1,000 of assessed value, or 3.84%.
- Blackhawk Tech tax rate: \$1.231; increased by \$.055 per \$1,000 of assessed value, or 4.67%.

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

**Note: the tax rate is set in the fall with billing starting in 2019 and collections completed in 2020.*

Combined Tax Rate Net of School Tax Credit

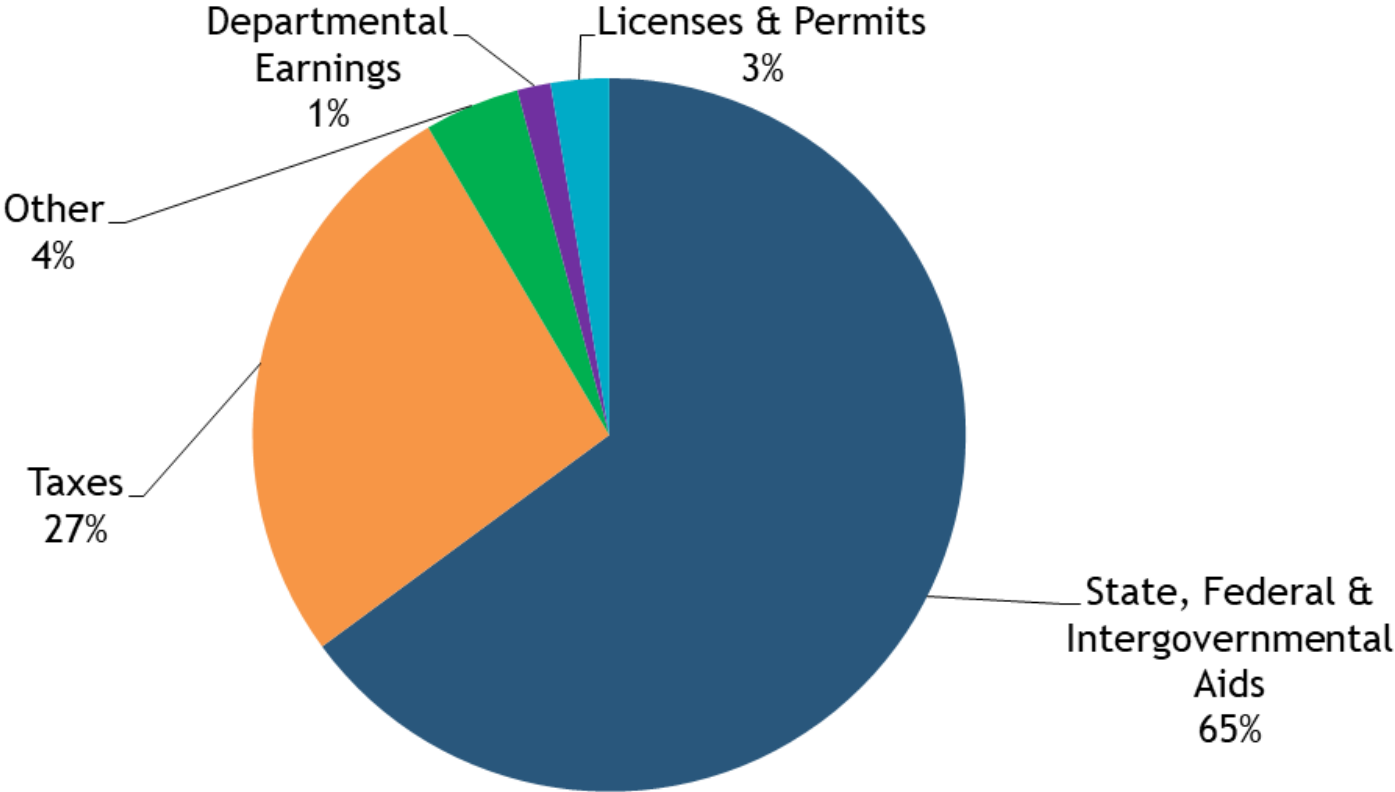


2019 Net New Construction:
1.23% Increase



REVENUES: WHERE IT CAME FROM

The City of Beloit receives substantial funding for its general government services from state and federal sources. In 2020, \$20.7 million of the general fund budget was supported by state and federal aid: this represents 65% of general fund revenues. Municipal aid payments from the State of Wisconsin comprise the largest single source of the city’s state and federal aid. The largest local source of revenue for the city’s general fund is property tax.



2020 Revenue Sources

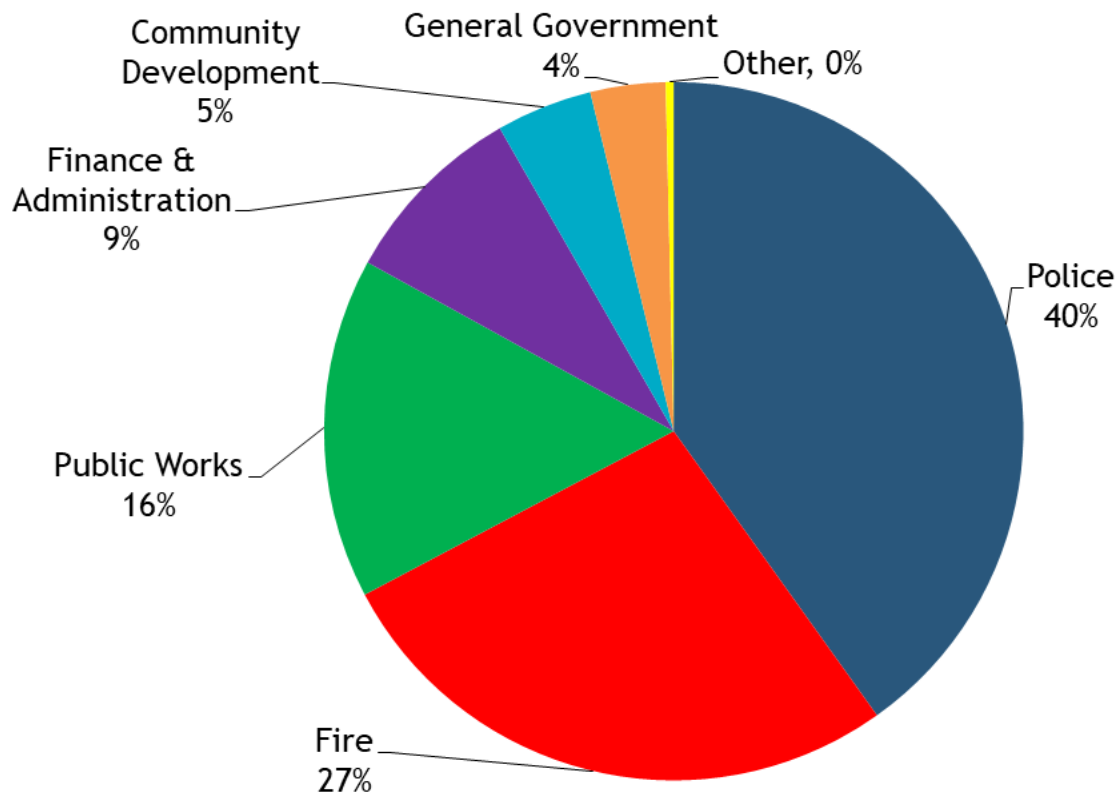
- State, Federal & Intergovernmental Aids
- Taxes
- Other
- Departmental Earnings
- Licenses & Permits
- Fines & Forfeiture

Amount

- \$20,720,123
- \$8,502,854
- \$1,379,588
- \$481,694
- \$842,606
- \$563,377

EXPENDITURES: WHERE IT WENT

The 2020 general fund actuals totaled \$30,804,614, which increased by \$489,908 or 1.61% compared to the 2019 budget actuals. The budget provides funding for all major programs and service levels. Public safety accounts for the majority of the general fund budget at \$20.7 million or 69% of the budget.



2020 Expenditures

	Amount
Police	\$12,360,941
Fire	\$8,354,253
Public Works	\$4,861,416
Finance & Administration	\$2,675,447
Community Development	\$1,368,586
General Government	\$1,070,399
Other Financing Uses	\$113,572

FUND BALANCE

Fund balance shows the City of Beloit's overall financial health. For the fiscal year 2020, the city's fund balance for the general fund equaled \$15,218,843. **87% of the total fund balance, or \$13,298,793 is unassigned fund balance, which is a sign of strong financial health.** There are three categories for fund balance: nonspendable (not in spendable form), assigned (intended for a specific purpose) and unassigned. Unassigned includes residual positive fund balance that has not been classified within the other categories.

AA-

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

