

City of Beloit

Annual Comprehensive Financial Report

December 31, 2021

Prepared By:

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

City of Beloit

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CITY MANAGER

June 17, 2022

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

It is our pleasure to submit to you the annual comprehensive financial report of the City of Beloit for the fiscal year ended December 31, 2021. Wisconsin State Statutes, the Wisconsin Administrative Code, and the Municipal Code of the City of Beloit require that, at the end of the fiscal year, a full and complete examination of all books and accounts of the City be made by a certified public accountant and that the report be filed with the City Clerk/Treasurer as a matter of public record. This annual financial report fulfills these requirements.

This annual financial report was prepared by the City's finance department and consists of management's representations concerning the finances of the City of Beloit. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. Management has established a comprehensive internal control framework that is designed to provide sufficient reliable information for the preparation of the City of Beloit's financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP). The system of internal control has been designed to provide reasonable assurance that the financial statements will be free from material misstatement. The cost of an internal control should not exceed the anticipated benefit; therefore, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements of fact. To the best of our knowledge and belief, the presented financial information is complete and reliable in all material aspects and is reported in a manner that presents fairly the financial position and results of operations of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial position have been included in this annual financial report.

In compliance with the above statutory requirements, the City has retained the services of Baker Tilly US, LLP, Certified Public Accountants, to audit all books and accounts of the City. They have concluded, based upon auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America, that the City's financial statements for the year ended December 31, 2021, are fairly presented in all material respects in accordance with GAAP. The independent auditors' report is located at the beginning of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditors' report and provides an introduction, overview, and analysis of the basic financial statements. MD&A complements this transmittal letter and should be read in conjunction with it.

PROFILE of the CITY OF БЕЛОIT

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 capital 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 36,376 residents as well as a multitude of industrial firms, retail establishments, several corporate headquarters, and a minor league baseball team. The City is also home to Beloit College; founded in 1846 it is Wisconsin's oldest college in continuous operation and is internationally renowned for its scholastic excellence. The college's approximate 1,000 students come from multiple states and approximately 20 nations worldwide.

The City was officially founded in 1836, incorporated as a village February 24, 1846, and incorporated as a city by the State of Wisconsin on March 31, 1856. The residents adopted the Council-Manager form of government in 1929. The City Council is the policy making and legislative body. The Council consists of seven members that are elected at large for two-year staggered terms. At an organizational meeting following each general City election, the Council selects, by majority vote of its members, its president and vice-president for the ensuing Council year. The President acts as the presiding officer of the Council and in his/her absence the Vice-President presides. The Council, in its legislative role, adopts all ordinances and resolutions and establishes the general policies for the City. The Council also sets the tax rate and adopts the annual budget.

The City Manager is appointed by the Council to act as the executive and administrative head of the City. The Manager serves at the pleasure of the Council, carries out its policies, directs business procedures, and has the power of appointment and removal of all employees. Duties and responsibilities of the Manager include preparation, submission and administration of the annual budget, advising Council on the affairs of the City, enforcement of the ordinances and direction and supervision of all departments. The City provides typical municipal services including general administrative and financial services, police, fire, public works, sanitation, parks and recreation, planning, economic development, and transit along with water, sewer, and stormwater utilities.

This report includes all of the funds and component units of the City of Beloit. The criteria used in determining the reporting entity is consistent with criteria established by the Governmental Accounting Standards Board (GASB) as outlined in the Codification of Governmental Accounting and Financial Reporting Standards. This report includes the general fund, which accounts for the general administration of the City, and the special revenue funds relating to economic and community development, the public library, solid waste, and recycling. The report also includes the City's enterprise funds that account for the water, stormwater, and sanitary sewer utilities, ambulance services, cemeteries, transit, and the municipal golf course. Internal service funds provide information on the operations of the risk management, employee and retiree health benefits, and centralized vehicle and equipment functions.

Financial data for the Beloit Public Library Foundation and Community Development Authority are included in the reporting entity by discrete presentation because they are component units of the City. The Beloit Public Library Foundation was formed to raise and provide support monies for the Beloit Public Library. The Community Development Authority was formed to engage in the development and operation of low-income housing. The United States Department of Housing and Urban Development (HUD) regulates such projects.

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

ECONOMIC CONDITION / MAJOR INITIATIVES

The City's economy historically and currently remains largely reliant on manufacturing and commercial growth. There have been significant improvements to the local economy and the City remains on a positive path. In December 2021, the City's unemployment rate was 3.5% which was slightly higher than the county and state averages of 2.8% and 3.1% respectively. Amidst all the economic turmoil related to the COVID-19 pandemic, the City had no significant closures or shutdowns of large employers or taxpayers. The newly built Amazon distribution center became fully operational with 1,500 new full-time jobs.

The City's Tax Increment District No. 10 continues to be its major economic development driver. Several major employers are located in the TID including Kerry America's headquarters, Diamond Foods Kettle Brands, Pratt Industries, and the new Amazon Order Fulfillment Center; collectively all development in the TID has added over \$380 million to the City's tax base and has provided over 2,500 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. At the end of 2021 the City had seven active Tax Increment Districts with over 1,000 acres of land available for development.

The City's economy has an exceptionally diversified employment base in the areas of metal fabrication, food processing, medical services, biotechnology, retail, and education. Located at the intersections of Interstates 90/39, that serves Chicago to the south, Madison to the north, and Interstate 43, providing a direct link east to Milwaukee, the City's location is marketed as one of the Midwest's major distribution areas.

Additional economic and demographic data can be found in the MD&A and Statistical Sections of this report.

LONG-TERM FINANCIAL PLANNING

Each year the City prepares, as part of the budget process, a formal five year capital improvement plan for upgrades and replacement of public infrastructure and the management of related costs. This plan includes a funding methodology for each project which utilizes the City's ability to borrow funds and use other funding sources such as operating budgets, fund balance, and Federal and State grants. For budgetary and planning purposes, the City has policy guidelines establishing the appropriate levels and uses of unrestricted fund balance (15% of operating revenues

or three months average expenditures whichever is greater). The City also has a debt service policy, which is consistent with its long range Financial Management Plan that was approved in 1998. This Plan is currently being updated and established bond-rating objectives, use of debt policies, and debt load indicators that are reviewed annually. Standard and Poor's has assigned an "A+" rating to the City's Sewer utility revenue bonded debt and Stormwater utility revenue bonded debt, an "A-" for its Water utility revenue bonded debt, and a "AA-/Stable" for its General Obligation debt.

AWARDS and ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Beloit for its comprehensive annual financial report for the fiscal year ended December 31, 2020. This was the nineteenth consecutive year the City has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current annual report continues to meet the Certificate of Achievement Program's requirements and we will be submitting it to the GFOA to determine its eligibility for another certificate.

The City has also been awarded the GFOA's Popular Annual Financial Reporting Award for its 2020 Popular Annual Financial Report (PAFR). In order to qualify for the PAFR Award the government must receive the Certificate of Achievement, contain information derived from the GAAP data in the financial report, and provide narrative or graphic analysis explaining items of significant interest or concern. This is the third year the City has received this award and is also valid for only one year.

The City also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the fiscal year beginning January 1, 2022. 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-fourth year the City has received this award and is also valid for only one year.

The preparation of the annual financial report would not have been possible without the efficient and dedicated service of the entire staff of the Finance and Administrative Services Department. We would like to express our appreciation to all the members of the department who assisted and contributed to the preparation of this report with particular recognition to Dawn DeVall, 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 Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2020

Christopher P. Morill

Executive Director/CEO

**City of Beloit, Wisconsin
List of Elected and Appointed Officials
December 31, 2021**

CITY COUNCIL MEMBERS

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

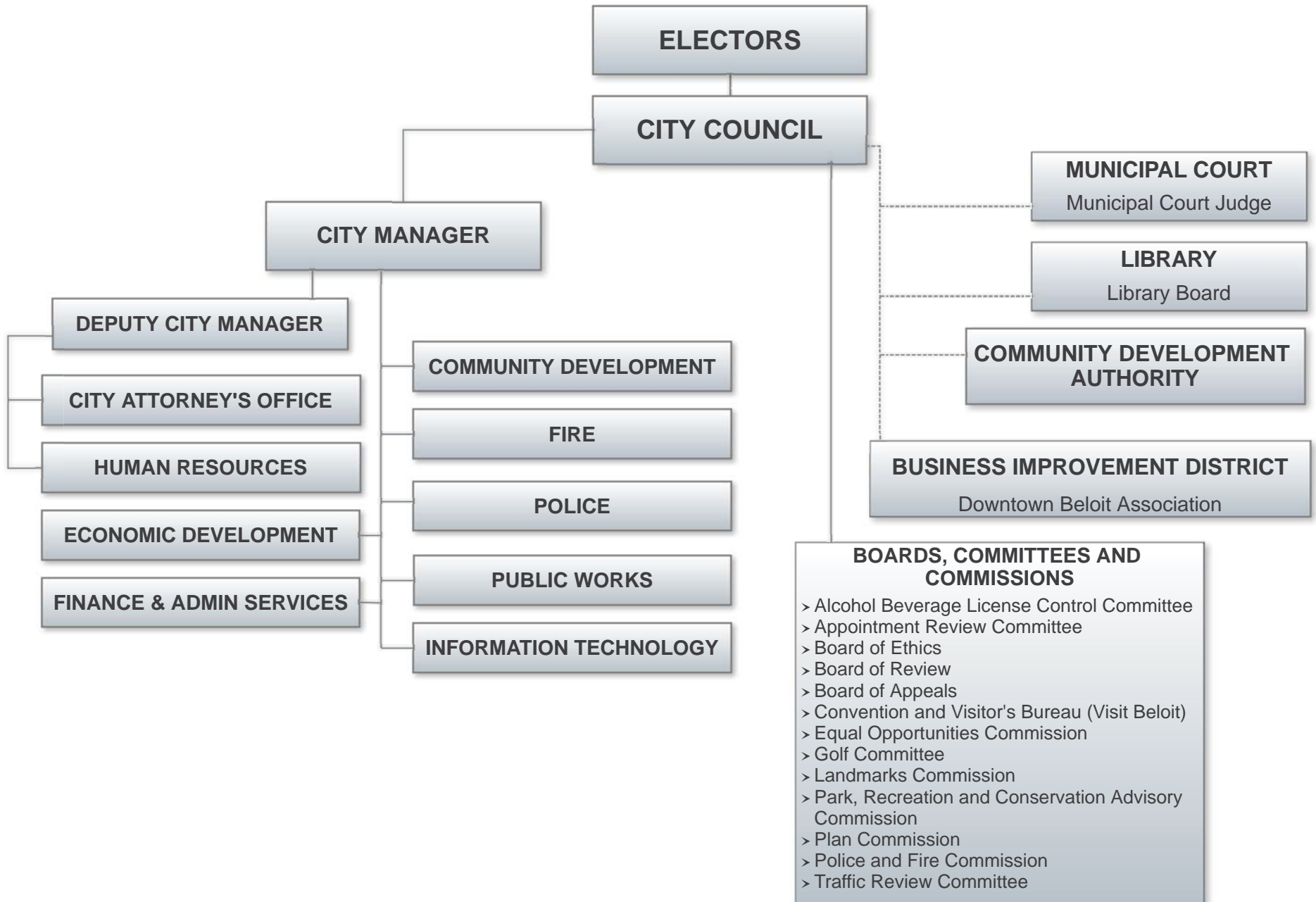
CITY MANAGER

Lori S. Curtis Luther

DEPARTMENT DIRECTORS

Eric Miller – Finance & Administrative Services Director
Elizabeth Krueger – City Attorney
Andre Sayles – Police Chief
Daniel Pease – Fire Chief
Julie Christensen – Community Development Director
Jen Hall – Economic Development Director
Raymond Gorsline – Information Technology Director
Laura Williamson – Public Works Director

CITY OF BELOIT ORGANIZATIONAL CHART



Independent Auditors' Report

To the City Council of
City of Beloit

Report on the Audit of the Financial Statements

Opinions

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 (the City) as of and for the year ended December 31, 2021 and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City as of December 31, 2021 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.

We did not audit the financial statements of 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 4%, 6% and 2%, respectively, of the assets, net position and revenues of the discretely presented component units. The LLCs of the CDA represent 96%, 61% and 15%, 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 opinions, insofar as it relates to the amounts included for Beloit Public Library Foundation, Inc. and the LLCs presented as component units of the CDA, are based solely on the reports of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (GAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. 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*.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and GAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and GAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

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 is the responsibility of management and, 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's basic financial statements. The supplementary information as listed in the table of contents, which includes the schedules of expenditures of federal and state awards as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* and the *Wisconsin State Single Audit Guidelines*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the reports of the other auditors, the supplementary information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises of the introductory and statistical sections listed in the accompanying table of contents but does not include the basic financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 17, 2022 on our consideration of the City'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'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's internal control over financial reporting and compliance.



Madison, Wisconsin
June 17, 2022

City of Beloit

Management's Discussion and Analysis
December 31, 2021
(Unaudited)

As management of the City of Beloit, Wisconsin (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2021. 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 annual comprehensive financial report (ACFR).

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources as of December 31, 2021, by \$85,684,583 (*net position*). Of this amount, \$(79,158,927) is an unrestricted deficit.
- The City's total net position increased \$8,921,704 largely due to revenues exceeding expenditures in both the Governmental and Business-Type Activities. A large portion of the increase in Governmental Activities was attributable to the various TIF districts which have surpassed their statutory expenditure deadlines. The largest increase in Business-Type Activities relates to the Water Utility which has seen a healthy net income each year since new rates went into effect during 2017.
- In accordance with GASB Statement No. 68 which requires governmental entities participating in the Wisconsin Retirement System (WRS) to report their proportionate share of the plan's activity and net pension liability/asset, of which the City recorded a pension asset of \$12,819,063 in 2021. This is an increase of \$6,161,489 as the City reported a \$6,657,574 asset in 2020. As of the December 31, 2020 measurement date used for the 2021 financial statements, WRS reported total resources available to provide pension benefits of \$124.9 billion. They also reported a total liability for pensions of \$118.7 billion, resulting in a net pension asset of \$6.2 billion.
- As of December 31, 2021, the City's governmental funds reported combined ending fund balances of \$45,821,972, an increase of \$5,476,682 from the prior year. Of this amount, \$13,552,855 or 30% is unassigned and is available for spending at the government's discretion. The increase in fund balance was largely due to revenues exceeding expenses in the general fund and various TIF District's. See comment above related to the net income in the TIF District's.
- As of December 31, 2021, the unassigned fund balance for the general fund was \$14,001,286 or 45% of total general fund expenditures.
- The business-type activities total net position at December 31, 2021 was \$72,798,259, which represents an increase of \$3,312,199 from the prior year. Of this amount, \$52,537,428 represents the business-type activities net investment in capital assets.

Overview of the Financial Statements

The discussion and analysis provided here is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This ACFR also includes supplementary information intended to provide additional detail to support the basic financial statements themselves.

City of Beloit

Management's Discussion and Analysis
December 31, 2021
(Unaudited)

Government-Wide Statements

The **government-wide financial statements** are designed to provide information about the City as a whole using the economic resources measurement focus and the accrual basis of accounting, in a manner similar to those of a private-sector business.

The **statement of net position** presents information on all of the City's assets, liabilities and deferred inflows/outflows of resources, with the net amount reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. Additionally, to assess the overall financial health of the City one must also consider non-financial factors such as changes in the City's property tax base and the condition of the City's infrastructure.

The **statement of activities** presents information showing how the City's net position changed during the year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, economic development, parks and recreation, public safety, public works, and community development. The business-type activities of the City include the water, sewer, and storm utilities, which are considered major funds.

The government wide statements include not only the City itself (known as the primary government), but also two discretely presented component units that are separate legal entities for which the City is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government.

The government-wide financial statements can be found on pages 1 and 2 of this ACFR.

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.

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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, TIF District No. 10, American Rescue Plan Act, general debt service fund, and capital improvements 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 ACFR.

The City adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The governmental funds financial statements can be found on pages 3 to 5 of this ACFR.

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 ACFR.

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

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Custodial Funds – Custodial funds are used to account for resources held for the benefit of parties outside the government. Custodial funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support city programs or services. The accounting used for custodial funds is much like that used for proprietary funds.

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

Other Information – In addition to the basic financial statements and accompanying notes, this ACFR 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 (there was no adopted budget for the American Rescue Plan Act). These schedules and all other required supplementary information can be found on pages 92 to 100 of this ACFR. The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information and can be found on pages 101 to 109 of this ACFR.

Government-Wide Financial Analysis

An analysis of the City's financial position begins with a review of the Statement of Net Position and the Statement of Activities. These two statements report the City's net position and changes therein. It should be noted that the City's financial position can also be affected by non-financial factors, including economic conditions, population growth, and new regulations.

As noted earlier, over time net position may serve as a useful indicator of the City's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$85,684,583 as of December 31, 2021. This is an increase of \$8,921,704 from the previous year. A large portion of the increase in Governmental Activities was attributable to the various TIF districts which have surpassed their statutory expenditure deadlines. The largest increase in Business-Type Activities relates to the Water Utility which has seen a healthy net income each year since new rates went into effect during 2017.

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The largest portion of the City's net position reflects its investment in capital assets (e.g., land, buildings, machinery, improvements, construction in progress, and equipment) net of any debt used to acquire those assets that is still outstanding. The City uses these assets to provide services to its citizens; consequently, these assets are not available to fund City operations. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Summary of Net Position As of December 31 (\$ in millions)

| | Governmental Activities | | Business-Type Activities | | Total | |
|----------------------------------|-------------------------|----------|--------------------------|---------|----------|----------|
| | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 |
| Current and other assets | \$ 87.5 | \$ 106.2 | \$ 25.9 | \$ 28.2 | \$ 113.4 | \$ 134.5 |
| Capital assets | 109.6 | 113.9 | 74.7 | 74.1 | 184.3 | 188.0 |
| Total assets | 197.2 | 220.2 | 100.6 | 102.3 | 297.7 | 322.5 |
| Deferred outflows of resources | 28.2 | 38.4 | 2.4 | 3.3 | 30.6 | 41.7 |
| Long-term liabilities | 166.7 | 175.4 | 30.0 | 27.2 | 196.7 | 202.6 |
| Other liabilities | 6.2 | 12.8 | 0.6 | 1.0 | 6.8 | 13.8 |
| Total liabilities | 172.9 | 188.2 | 30.6 | 28.3 | 203.5 | 216.4 |
| Deferred inflows of resources | 45.1 | 57.5 | 2.9 | 4.5 | 48.0 | 62.0 |
| Net position: | | | | | | |
| Net investment in capital assets | 78.9 | 81.3 | 50.3 | 52.5 | 126.7 | 131.7 |
| Restricted | 21.2 | 29.1 | 3.2 | 4.1 | 24.4 | 33.1 |
| Unrestricted (deficit) | (92.8) | (97.5) | 16.0 | 16.2 | (74.3) | (79.2) |
| Total net position | \$ 7.3 | \$ 12.9 | \$ 69.5 | \$ 72.8 | \$ 76.8 | \$ 85.7 |

Columns may not total due to rounding.

The net position section includes an adjustment for capital assets owned by the business-type activities, but financed by the debt of the governmental activities column.

An additional portion of the City's net position (approximately 39%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (deficit) is \$(79,158,927).

Analysis of City Operations – The following table provides a summary of the City's operations for the year ended December 31, 2021. Governmental activities increased the City's net position by \$5.6 million and business-type activities increased net position by \$3.3 million.

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

| | Governmental Activities | | Business-Type Activities | | Total Primary Government | |
|--|-------------------------|---------|--------------------------|---------|--------------------------|---------|
| | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 |
| Revenues | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 6.1 | \$ 5.1 | \$ 17.1 | \$ 18.5 | \$ 23.2 | \$ 23.6 |
| Operating grants and contributions | 0.7 | 1.1 | 1.8 | 1.9 | 2.5 | 3.0 |
| Capital grants and contributions | 0.2 | 0.4 | 1.4 | 1.2 | 1.6 | 1.6 |
| General revenues: | | | | | | |
| Property taxes | 22.0 | 23.2 | 0.2 | 0.1 | 22.1 | 23.4 |
| Other taxes | 0.6 | 0.6 | - | - | 0.6 | 0.6 |
| Intergovernmental | 21.4 | 22.1 | - | - | 21.4 | 22.1 |
| Investment income | 0.8 | - | 0.3 | 0.1 | 1.1 | 0.1 |
| Miscellaneous | 1.9 | 1.1 | 0.1 | - | 2.0 | 1.1 |
| Total revenues | 53.7 | 53.6 | 20.9 | 21.8 | 74.5 | 75.4 |
| Expenses | | | | | | |
| General government | 1.0 | 1.0 | - | - | 1.0 | 1.0 |
| Finance and administration | 2.4 | 3.1 | - | - | 2.4 | 3.1 |
| Community development | 3.1 | 2.3 | - | - | 3.1 | 2.3 |
| Economic development | 0.4 | 0.4 | - | - | 0.4 | 0.4 |
| Police services | 15.3 | 14.6 | - | - | 15.3 | 14.6 |
| Fire services | 10.8 | 8.9 | - | - | 10.8 | 8.9 |
| Public works | 11.4 | 14.3 | - | - | 11.4 | 14.3 |
| Parks and recreation | 1.8 | 2.5 | - | - | 1.8 | 2.5 |
| Interest and fiscal charges | 1.8 | 1.6 | - | - | 1.8 | 1.6 |
| Water utility | - | - | 4.4 | 4.4 | 4.4 | 4.4 |
| Sewer utility | - | - | 9.0 | 8.7 | 9.0 | 8.7 |
| Storm utility | - | - | 0.9 | 1.0 | 0.9 | 1.0 |
| Other nonmajor proprietary funds | - | - | 4.2 | 3.8 | 4.2 | 3.8 |
| Total expenses | 48.1 | 48.7 | 18.5 | 17.9 | 66.6 | 66.6 |
| Change in Net Position Before Transfers | | | | | | |
| Transfers | 5.6 | 4.9 | 2.4 | 4.0 | 7.9 | 8.9 |
| Transfers | 0.2 | 0.7 | (0.2) | (0.7) | - | - |
| Change in net position | 5.7 | 5.6 | 2.2 | 3.3 | 7.9 | 8.9 |
| Net Position, Beginning | 1.5 | 7.3 | 67.3 | 69.5 | 68.9 | 76.8 |
| Net Position, Ending | \$ 7.3 | \$ 12.9 | \$ 69.5 | \$ 72.8 | \$ 76.8 | \$ 85.7 |

Columns may not total due to rounding.

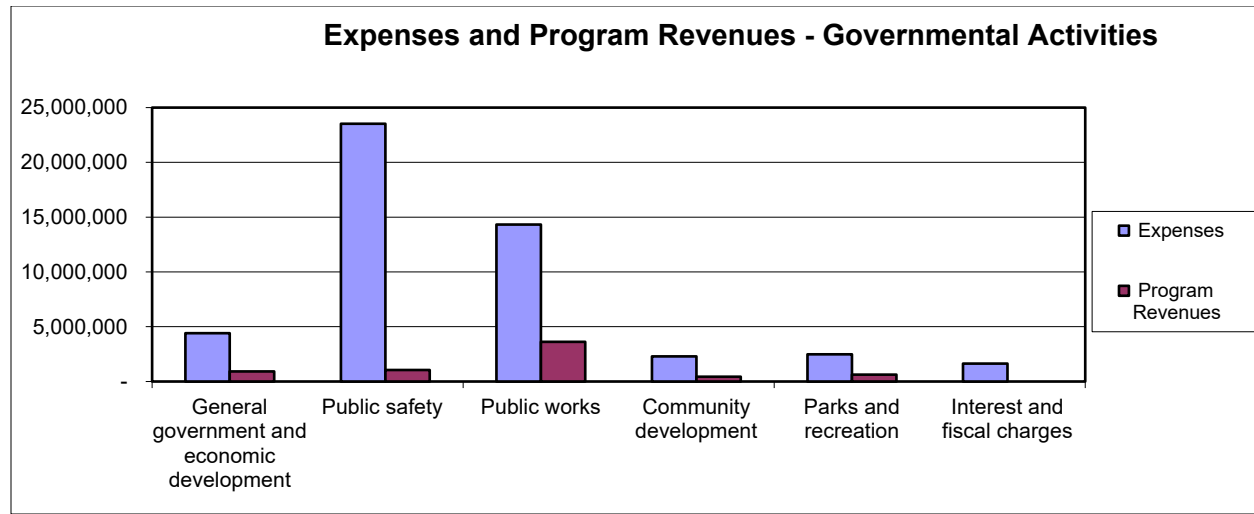
For 2021, revenues and expenses stayed relatively similar to the prior year.

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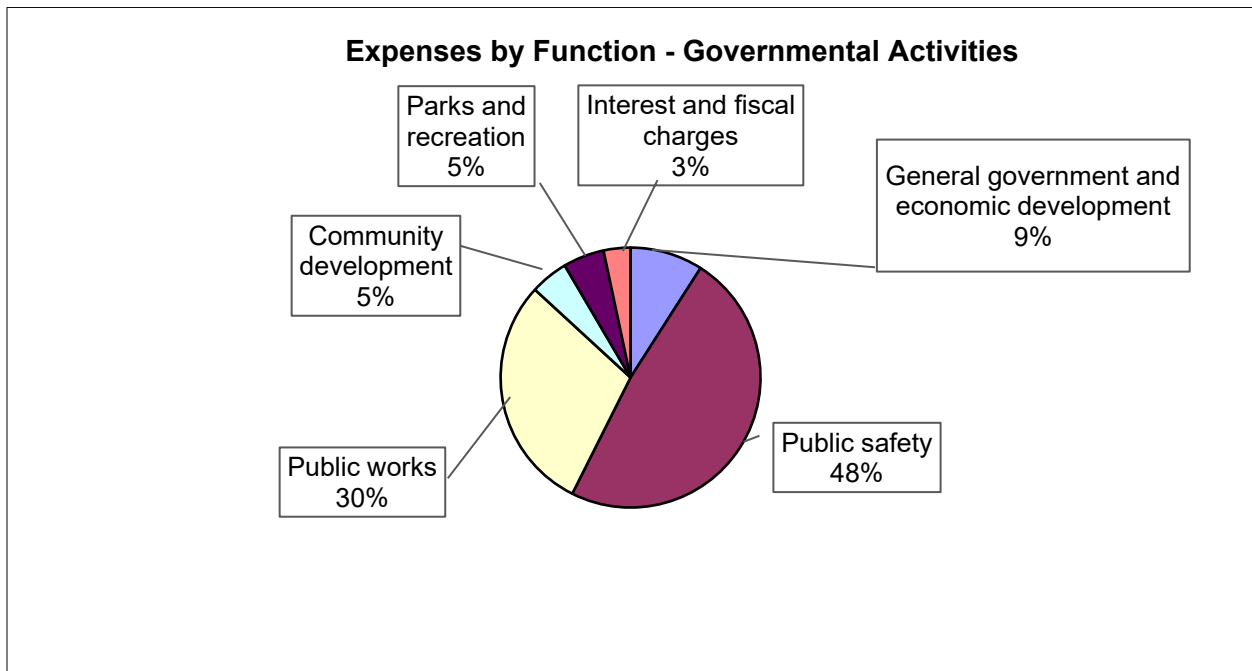
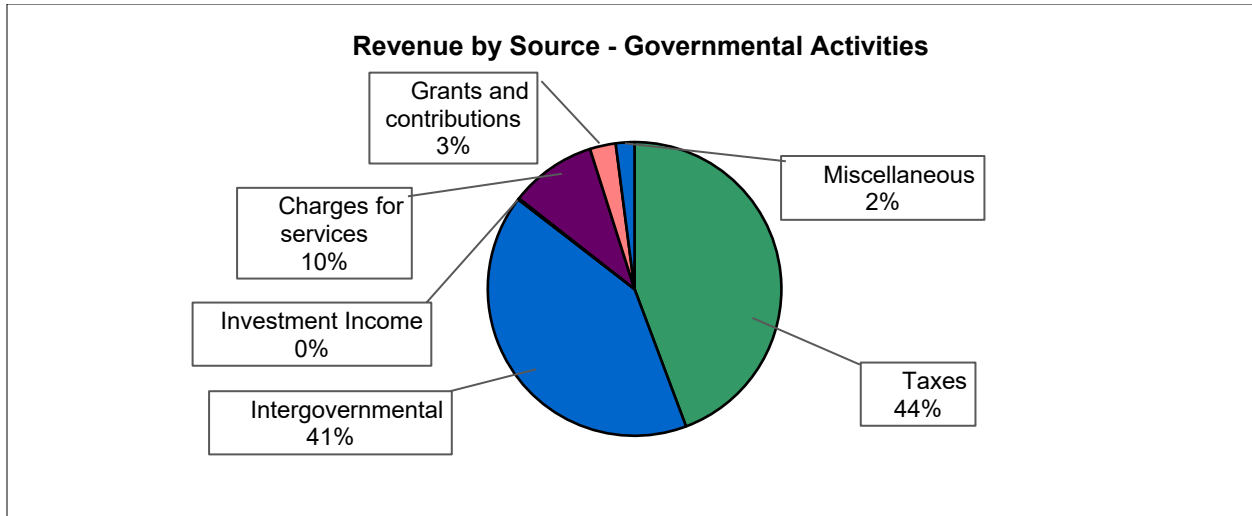


Intergovernmental revenue, such as state shared revenue, and property taxes are biggest sources of revenue for the City. Combined they make up 85% of the total revenue for Governmental Activities. The Public Safety and Public Works departments make up 48% and 30% of Governmental Activity Expenses respectively.

Charges for services account for 85% of the revenue for Business-type Activities. The Water and Sewer Utilities combine to make up 73% of the total Business-type Activities expenses.

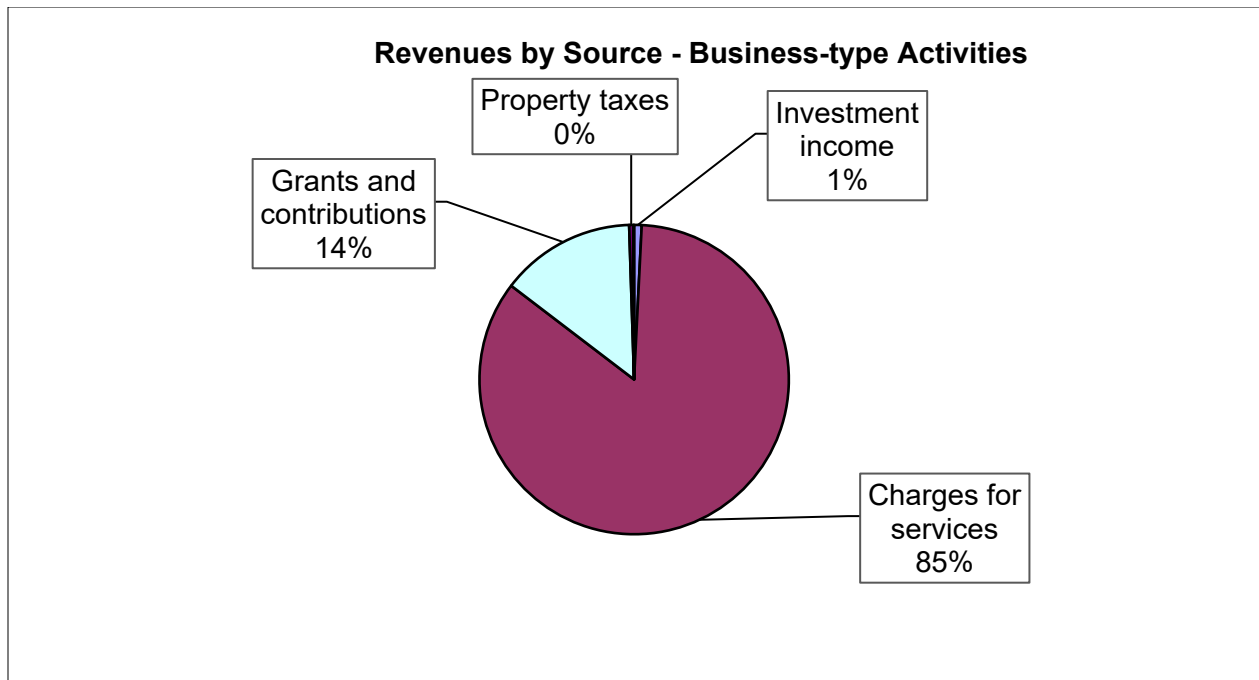
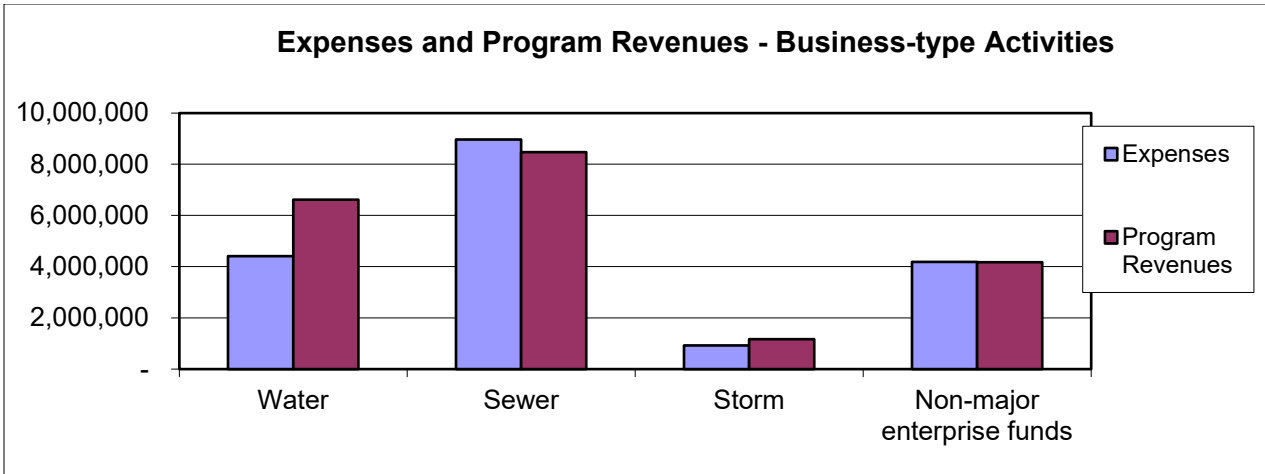
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Financial Analysis of the Government's Funds

As was noted previously, the City uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. Fund accounting and financial reporting focuses on short-term spendable resources and balances of spendable resources available at year-end.

Governmental Funds

The focus of the City'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, 2021, the City's governmental funds reported combined ending fund balances of \$45,821,972. This is an increase of \$5,476,682 from the previous year. Approximately 30% of this total or \$13,552,855 constitutes unassigned fund balance, which is available for spending at the government's discretion. The increase in fund balance was largely due to revenues exceeding expenses in the general fund and the various TIF Districts as well as an increase in unspent debt proceeds in the capital improvements fund.

The remainder of fund balance is restricted, assigned or non-spendable. Restricted fund balance totals \$22,153,393 and can be used for only those purposes established by parties outside the government. The largest single component being \$6,967,843 restricted for capital projects. Other restrictions in this category are for bridge maintenance, debt service, economic development, grant programs, library operations, solid waste, and cemetery perpetual care. Assigned fund balance totals \$8,347,654 and reflects the governments intended use of fund balances with such uses established by the City Council. This primarily includes funds assigned for capital projects, equipment replacement, and the 2022 budget. The non-spendable portion of fund balance totals \$1,768,070 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. 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, 2021, the total fund balance of the general fund was \$16,100,157 of which \$14,251,286 was unrestricted (*assigned and unassigned*). This unrestricted fund balance represents 46% of general fund expenditures or 5.5 months. The City's total general fund balance increased \$881,314 from the prior year. The City budgeted for a use of fund balance of \$170,054. The main reason for this increase in fund balance relates to expenditures being under budget in various categories including parks, recreation, police department staff services, and licenses and permits.

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 \$8,668,903 of which \$6,967,843 is restricted for unspent bond proceeds and the remainder being assigned for capital improvement projects. The capital improvement funds fund balance increased \$1,063,110 from the prior year as a result of having unspent debt proceeds from the 2021 issuances.

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Tax Increment Financing District No. 10: This tax increment district accounts for expenditures outlined in the TID project plan and related revenues and proceeds from long-term borrowing. It includes the Gateway Business Park, a mixed-use project comprising over 1,227 acres of land.

Since its inception in 2000, the TID has accounted for over 2,500 new jobs and additional tax base valued in excess of \$383 million. The premier projects in the TID are Diamond Foods Kettle Brands, Kerry Americas Headquarters, Pratt Industries, and the Amazon Order Fulfillment Center. The district is scheduled to close in 2023. The annual tax increment of the TID exceeds \$4.7 million. The fund balance for the TID increased \$2,163,302 compared to the prior year as a result of the expenditure period being closed and no new projects being allowed to start, therefore expenses will continue to diminish resulting in revenues being greater than expenditures.

American Rescue Plan Act: The American Rescue Plan Act accounts for the receipts and expenditures of funds that are legally restricted per the Final Rule of the Coronavirus Local Fiscal Recovery Fund established under the American Rescue Plan Act. It has a fund balance of \$0 as of December 31, 2021 as all funds received were unspent and recorded as unearned revenue.

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 \$1,201,130 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 \$11,598,454, an increase of \$1,441,608 from last year. There are two tax increment districts, as well as the Police fund, that have deficit fund balances as of December 31, 2021.

Proprietary Funds

The City'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 \$153,878 or 7% decrease in operating income of \$2,135,299 in 2021 from \$2,289,177 in 2020. This decrease was the result of an increase in contractual service costs and operation and maintenance in 2021. The change in net position in 2021 was an increase of \$1,550,831. The City serves 16,656 water customers and maintains eight wells and approximately 200 miles of water mains.

Sewer Utility: The sewer utility realized an operating income of \$284,945 in 2021 compared to a loss of \$908,793 for 2020. This gain is largely the result of an increase in charges for services due to the new rates effective January 1, 2021. Net position increased \$563,395 due primarily to the increase in rates mentioned above. Cash flow increased for the sewer utility with an increase in cash and cash equivalents of \$808,464 from the prior year. The City serves 13,387 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 \$17,326 decrease in operating income of \$236,215 in 2021 from \$253,541 in 2020. This decrease was the result of an increase in contractual service expenses in 2021. The change in net position in 2021 was an increase of \$212,379.

The net position of the City's Enterprise Funds as of December 31, 2021 was \$72,798,259. The water, sewer, and storm utility's net position accounted for \$66,525,757 or 91% of this total.

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General Fund Budgetary Highlights

The general fund budget appropriations totaled \$34,104,140. The final actual expenditures of \$31,137,412 were \$2,966,728 less than the final budget appropriations.

The actual revenues and other financing sources were \$32,018,726, which were \$1,915,360 less than the budgeted amount. The loss on investments in 2021 was \$132,246. Interest rates fell drastically due to the continuing COVID-19 pandemic and the broader markets declined as well. At \$9,056,030, the property tax levy is the second largest local source revenue in the general fund. Total taxes were higher than the final budget by \$56,291. 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 2021, these payments totaled \$19,951,870. This represents 62% of total general fund revenues and other financing sources and is consistent with prior year's totals. Revenues and other financing sources were \$881,314 greater than expenditures and other financing uses, which is the net change in fund balance for 2021. As was previously mentioned, the City budgeted to use \$170,054 in fund balance for the general fund in 2021.

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

- General government expenditures were \$2,165,145 less than budget largely related to reduced costs related to licenses and permits, when compared to the budgeted amount.
- Public Works department expenditures were \$498,773 less than budget due to the reduction in administration and engineering costs, as well as a decrease in recreational expenditures.
- Fees and services collected related to recreation were \$222,636 less than budgeted related to many of these activities still being closed in 2021 due to COVID-19.
- Fines, forfeitures and penalties were \$175,208 less than budget largely due to decreased fines collected for traffic and non-traffic related offenses and parking violations.
- Investment income was \$665,381 less than budgeted due to the unfavorable market conditions and low interest rates during 2021.

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Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of December 31, 2021, was \$181,683,133 (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 \$2,634,973 from last year.

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

- The City completed the \$2M Powerhouse Riverwalk project during the year.
- Current year CWIP additions of \$.9M in the Governmental Activities relates mainly to Euclid reconstruction project that will be completed in 2022.
- The City added almost \$4M of various improvements/CWIP to its water and sewer utility funds including replacements and expansions to the water distribution system and the sewer collection system as well as customary infrastructures improvements to the water pollution control facility.

Capital Assets Net of Accumulated Depreciation As of December 31 (\$ in millions)

| | Governmental Activities | | Business-Type Activities | | Total | |
|----------------------------|-------------------------|-----------------|--------------------------|----------------|-----------------|-----------------|
| | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 |
| Land | \$ 5.6 | \$ 5.5 | \$ 3.7 | \$ 3.7 | \$ 9.3 | \$ 9.2 |
| Construction in progress | 2.3 | 0.9 | - | 1.9 | 2.3 | 2.8 |
| Buildings | 15.1 | 14.7 | 6.3 | 6.0 | 21.4 | 20.7 |
| Machinery and equipment | 9.7 | 9.2 | 3.5 | 3.4 | 13.2 | 12.6 |
| Other improvements | 2.7 | 2.7 | - | - | 2.7 | 2.7 |
| Streets | 57.3 | 58.3 | - | - | 57.3 | 58.3 |
| Structures | 0.4 | 0.4 | - | - | 0.4 | 0.4 |
| Street lights | 5.4 | 5.3 | - | - | 5.4 | 5.3 |
| Traffic signals | 0.3 | 0.3 | - | - | 0.3 | 0.3 |
| Bridges | 10.8 | 10.6 | - | - | 10.8 | 10.6 |
| Storm sewer infrastructure | - | - | 8.8 | 8.6 | 8.8 | 8.6 |
| Water plant and equipment | - | - | 27.5 | 27.7 | 27.5 | 27.7 |
| Sewer plant and equipment | - | - | 24.9 | 22.5 | 24.9 | 22.5 |
| Total | <u>\$ 109.6</u> | <u>\$ 107.6</u> | <u>\$ 74.7</u> | <u>\$ 74.0</u> | <u>\$ 184.3</u> | <u>\$ 181.7</u> |

Columns may not total due to rounding.

Additional information on the City's capital assets can be found in Note 4 on pages 35-38 of this ACFR.

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Long-Term Obligations

In 2021, the City issued \$14,060,000 in general obligation debt and retired \$18,574,068 in debt resulting in \$72,232,807 in outstanding general obligation and revenue bonds at the end of 2021. Of the total bonded debt outstanding, \$48,550,940 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 41% of the maximum allowed of \$118,888,770. The City's Stormwater utility revenue bonds are rated "A+" and the Water utility revenue bonds are rated "A-" by Standard and Poor's. The general obligation debt was upgraded to "AA-Stable" on March 12, 2020.

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

| | Governmental Activities | | Business-Type Activities | | Total | |
|--------------------------|-------------------------|----------------|--------------------------|----------------|----------------|----------------|
| | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 |
| General obligation bonds | \$ 48.5 | \$ 46.9 | \$ 2.5 | \$ 1.6 | \$ 51.0 | \$ 48.5 |
| Revenue bonds | - | - | 25.7 | 23.7 | 25.7 | 23.7 |
| Debt outstanding | <u>\$ 48.5</u> | <u>\$ 46.9</u> | <u>\$ 28.2</u> | <u>\$ 25.3</u> | <u>\$ 76.7</u> | <u>\$ 72.2</u> |

Columns may not total due to rounding.

Additional information on the City's long-term debt and capital leases can be found in Note 4 on pages 40-46 of this ACFR.

Currently Known Facts/Economic Conditions

The City's economy historically and currently remains largely reliant on manufacturing and commercial growth. There have been significant improvements to the local economy and the City remains on a positive path. In December 2021, the City's unemployment rate was 3.5% which was comparable to the county and state averages of 2.8% and 3.1% respectively. These rates are in spite of continued 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.

Due to the City's proximity to metropolitan Chicago to the southeast and Madison to the north via Interstates 39/90, and Milwaukee to the east via Interstate 43, there is reason to be optimistic that the City's economy stands to continue to improve. Beloit has a unique opportunity to serve the Midwestern United States as a center for industry and manufacturing.

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The City's Tax Increment District No. 10 continues to be its major economic development driver. Several major employers are located in the TID including Kerry America's headquarters, Diamond Foods Kettle Brands, Pratt Industries, and the new Amazon Order Fulfillment Center; collectively all development in the TID has added \$383 million to the City's tax base and has provided over 2,500 new jobs with more to come.

Another project that will have a profound impact on the City's economy is the potential for a gaming casino in the City. Ten 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. During 2022, the United States Department of the Interior Bureau of Indian Affairs approved their application to operate a full class III gaming casino in Beloit. 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. Nine 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 2021, the City's tax base increased \$432,914,300 or 22% to \$2,377,775,400. 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 2021 and have shown positive growth in net new construction for the City. Several commercial and manufacturing construction projects were completed in 2021.

Requests for Information

This ACFR 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 ACFR or need additional information, please contact the City of Beloit, Attn: Finance Director, 100 State Street, Beloit, Wisconsin, 53511.

General information relating to the City of Beloit, Wisconsin, is available on the City's website, <http://www.ci.beloit.wi.us>.

City of Beloit

 Statement of Net Position
 December 31, 2021

| | Primary Government | | | Component Units |
|--|----------------------------|---------------------------------|---------------|--------------------|
| | Governmental Activities | Business- Type Activities | Total | |
| Assets | | | | |
| Cash and investments | \$ 53,880,608 | \$ 15,221,422 | \$ 69,102,030 | \$ 2,333,187 |
| Receivables (net of allowance for uncollectibles): | | | | |
| Taxes | 29,803,464 | 610,019 | 30,413,483 | - |
| Delinquent personal property taxes | 86,147 | - | 86,147 | - |
| Accounts | 1,159,884 | 3,583,961 | 4,743,845 | 45,966 |
| Special assessments | 255,608 | - | 255,608 | - |
| Loans | 2,106,194 | - | 2,106,194 | - |
| Accrued interest | 95,199 | - | 95,199 | - |
| Land contract | 1,245,099 | - | 1,245,099 | - |
| Other | 87,488 | 661,486 | 748,974 | - |
| Due from other governmental units | 1,255,532 | 2,309,952 | 3,565,484 | 20,676 |
| Internal balances, interfunds | 1,625,137 | (1,625,137) | - | - |
| Internal balances, advances | 1,250,886 | (1,250,886) | - | - |
| Due from component unit | 96,454 | - | 96,454 | - |
| Inventories | 592,068 | 317,781 | 909,849 | - |
| Tax credit fees | - | - | - | 73,165 |
| Prepaid items | 120,857 | - | 120,857 | 15,321 |
| Lease receivable from primary government | - | - | - | 396,496 |
| Restricted assets: | | | | |
| Temporarily restricted: | | | | |
| Cash and investments | - | 6,596,271 | 6,596,271 | 1,110,811 |
| Deposit with risk pool | 1,575,475 | - | 1,575,475 | - |
| Net pension asset | 10,994,228 | 1,824,835 | 12,819,063 | 175,151 |
| Land held for resale | 6,290,695 | - | 6,290,695 | - |
| Capital assets: | | | | |
| Land | 5,544,117 | 3,736,753 | 9,280,870 | 601,285 |
| Construction in progress | 936,727 | 1,941,793 | 2,878,520 | - |
| Capital assets, net of depreciation | 101,151,188 | 68,372,555 | 169,523,743 | 13,743,829 |
| Total assets | 220,153,055 | 102,300,805 | 322,453,860 | 18,515,887 |
| Deferred Outflows of Resources | | | | |
| Unamortized loss on advanced refunding | 414,708 | 2,477 | 417,185 | - |
| Pension related amounts | 18,211,525 | 3,013,894 | 21,225,419 | 320,096 |
| OPEB related amounts, health | 19,031,463 | 28,656 | 19,060,119 | - |
| OPEB related amounts, life | 779,926 | 242,360 | 1,022,286 | 26,659 |
| Total deferred outflows of resources | 38,437,622 | 3,287,387 | 41,725,009 | 346,755 |
| Liabilities | | | | |
| Accounts payable | 1,444,155 | 873,110 | 2,317,265 | 84,491 |
| Accrued liabilities | 1,905,098 | 141,459 | 2,046,557 | 2,265,097 |
| Claims payable | 1,848,327 | - | 1,848,327 | - |
| Due to primary government | - | - | - | 96,454 |
| Unearned revenue | 7,609,496 | - | 7,609,496 | - |
| Other liabilities | - | 4,398 | 4,398 | - |
| Deposits | - | 10,000 | 10,000 | 107,258 |
| Noncurrent liabilities due within one year | 6,378,769 | 2,802,047 | 9,180,816 | 90,000 |
| Noncurrent liabilities due in more than one year | | | | |
| OPEB liability, health | 121,982,537 | 130,090 | 122,112,627 | - |
| Net OPEB liability, life | 1,873,686 | 565,645 | 2,439,331 | 67,344 |
| Other liabilities due in more than one year | 45,123,039 | 23,727,005 | 68,850,044 | 1,203,760 |
| Total liabilities | 188,165,107 | 28,253,754 | 216,418,861 | 3,914,404 |
| Deferred Inflows of Resources | | | | |
| Unearned revenue | - | - | - | 965,408 |
| Property tax levied for next period | 29,795,141 | 610,303 | 30,405,444 | - |
| OPEB related amounts, health | 3,263,752 | 3,480 | 3,267,232 | - |
| Pension related amounts | 24,225,625 | 3,846,722 | 28,072,347 | 408,523 |
| OPEB related amounts, life | 254,728 | 75,674 | 330,402 | 7,955 |
| Total deferred inflows of resources | 57,539,246 | 4,536,179 | 62,075,425 | 1,381,886 |
| Net Position (Deficit) | | | | |
| Net investment in capital assets | 81,290,230 | 52,537,428 | 131,704,038 | 14,345,114 |
| Restricted for debt service | 685,299 | 636,111 | 1,321,410 | - |
| Restricted for library operations | 526,509 | - | 526,509 | - |
| Restricted for replacement | - | 1,595,400 | 1,595,400 | - |
| Restricted for economic development | 10,308,417 | - | 10,308,417 | - |
| Restricted for grant programs | 3,093,157 | - | 3,093,157 | 5,646,569 |
| Restricted for solid waste | 977,883 | - | 977,883 | - |
| Restricted for cemetery perpetual care | 2,416,832 | - | 2,416,832 | - |
| Restricted for bridge activities | 80,801 | - | 80,801 | - |
| Restricted per donors | - | - | - | 11,007 |
| Restricted for pension | 10,994,228 | 1,824,835 | 12,819,063 | 175,151 |
| Unrestricted (deficit) | (97,487,032) | 16,204,485 | (79,158,927) | (6,611,489) |
| Total net position | \$ 12,886,324 | \$ 72,798,259 | \$ 85,684,583 | \$ 13,566,352 |

See notes to financial statements

City of Beloit

Statement of Activities

Year Ended December 31, 2021

| Functions/Programs | Program Revenues | | | | Net (Expense) Revenue and Changes in Net Position | | | Component Units |
|--|------------------|----------------------|------------------------------------|----------------------------------|---|--------------------------|---------------|-----------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Government | | | |
| | | | | | Governmental Activities | Business-Type Activities | Total | |
| Primary Government | | | | | | | | |
| Governmental activities: | | | | | | | | |
| General government: | | | | | | | | |
| City council, manager, attorney | \$ 991,868 | \$ - | \$ - | \$ - | \$ (991,868) | \$ - | \$ (991,868) | \$ - |
| Finance and administrative services | 3,062,239 | 867,116 | 55,277 | - | (2,139,846) | - | (2,139,846) | - |
| Community development | 2,294,829 | 114,710 | 317,285 | - | (1,862,834) | - | (1,862,834) | - |
| Economic development | 355,477 | - | - | - | (355,477) | - | (355,477) | - |
| Public safety: | | | | | | | | |
| Police services | 14,588,068 | 924,462 | 425 | - | (13,663,181) | - | (13,663,181) | - |
| Fire services | 8,936,228 | 35,096 | 84,695 | - | (8,816,437) | - | (8,816,437) | - |
| Public works | 14,322,858 | 2,932,097 | 292,472 | 402,019 | (10,696,270) | - | (10,696,270) | - |
| Parks and recreation | 2,482,945 | 249,447 | 378,836 | - | (1,854,662) | - | (1,854,662) | - |
| Interest and fiscal charges | 1,630,116 | - | - | - | (1,630,116) | - | (1,630,116) | - |
| Total governmental activities | 48,664,628 | 5,122,928 | 1,128,990 | 402,019 | (42,010,691) | - | (42,010,691) | - |
| Business-type activities: | | | | | | | | |
| Water | 4,445,221 | 6,076,364 | - | 735,467 | - | 2,366,610 | 2,366,610 | - |
| Sewer | 8,681,409 | 8,934,587 | - | 196,100 | - | 449,278 | 449,278 | - |
| Golf course | 425,542 | 452,629 | - | - | - | 27,087 | 27,087 | - |
| Cemeteries | 259,904 | 189,389 | - | - | - | (70,515) | (70,515) | - |
| Ambulance | 1,019,171 | 1,517,632 | - | - | - | 498,461 | 498,461 | - |
| Storm sewer | 950,367 | 1,172,291 | - | - | - | 221,924 | 221,924 | - |
| Transit | 2,112,312 | 155,282 | 1,848,260 | 302,852 | - | 194,082 | 194,082 | - |
| Total business-type activities | 17,893,926 | 18,498,174 | 1,848,260 | 1,234,419 | - | 3,686,927 | 3,686,927 | - |
| Total primary government | \$ 66,558,554 | \$ 23,621,102 | \$ 2,977,250 | \$ 1,636,438 | (42,010,691) | 3,686,927 | (38,323,764) | - |
| Component units, business-type activities: | | | | | | | | |
| Community Development Authority | \$ 4,965,417 | \$ 278,094 | \$ 4,031,961 | \$ - | - | - | - | (655,362) |
| Beloit Public Library Foundation, Inc. | 38,925 | - | 38,275 | - | - | - | - | (650) |
| Total component units | \$ 5,004,342 | \$ 278,094 | \$ 4,070,236 | \$ - | - | - | - | (656,012) |
| General Revenues | | | | | | | | |
| Taxes | | | | | | | | |
| Property taxes, levied for general purposes | | | | | 9,056,030 | 97,775 | 9,153,805 | - |
| Property taxes, levied for debt service | | | | | 5,350,000 | - | 5,350,000 | - |
| Property taxes, tax increment | | | | | 6,831,285 | - | 6,831,285 | - |
| Property taxes, levied for other | | | | | 1,936,877 | - | 1,936,877 | - |
| Other taxes | | | | | 647,899 | - | 647,899 | - |
| Intergovernmental revenues not restricted to specific programs | | | | | | | | |
| Investment income (loss) | | | | | 22,110,717 | - | 22,110,717 | - |
| Gain on sale of property | | | | | (76,084) | 170,687 | 94,603 | 174,644 |
| Miscellaneous | | | | | - | - | - | 47,071 |
| | | | | | 1,103,292 | 16,990 | 1,120,282 | 88,086 |
| Transfers | | | | | 660,180 | (660,180) | - | - |
| Total general revenues and transfers | | | | | 47,620,196 | (374,728) | 47,245,468 | 309,801 |
| Change in net position | | | | | 5,609,505 | 3,312,199 | 8,921,704 | (346,211) |
| Net position, beginning | | | | | 7,276,819 | 69,486,060 | 76,762,879 | 13,912,563 |
| Net Position, Ending | | | | | \$ 12,886,324 | \$ 72,798,259 | \$ 85,684,583 | \$ 13,566,352 |

See notes to financial statements

City of Beloit

Balance Sheet - Governmental Funds
December 31, 2021

| | <u>General</u> | <u>TIF District No. 10</u> | <u>American Rescue Plan Act</u> | <u>General Debt Service</u> | <u>Capital Improvements</u> | <u>Nonmajor Governmental Funds</u> | <u>Total Governmental Funds</u> |
|---|----------------------|--------------------------------|-------------------------------------|---------------------------------|---------------------------------|--|---|
| Assets | | | | | | | |
| Cash and investments | \$ 13,174,954 | \$ 8,265,019 | \$ 7,609,496 | \$ 1,201,130 | \$ 8,105,728 | \$ 9,545,576 | \$ 47,901,903 |
| Receivables: | | | | | | | |
| Taxes | 9,473,936 | 10,350,687 | - | 5,450,000 | 57,939 | 4,470,902 | 29,803,464 |
| Delinquent personal property taxes | 86,147 | - | - | - | - | - | 86,147 |
| Accounts (net) | 278,162 | - | - | - | - | 460,012 | 738,174 |
| Special assessments | - | - | - | - | 255,608 | - | 255,608 |
| Loans | - | - | - | - | - | 2,106,194 | 2,106,194 |
| Accrued interest | 71,731 | - | - | - | - | 23,468 | 95,199 |
| Land contract | - | - | - | - | - | 1,245,099 | 1,245,099 |
| Other | 87,488 | - | - | - | - | - | 87,488 |
| Due from other governmental units | - | - | - | - | 824,216 | 431,316 | 1,255,532 |
| Due from other funds | 3,108,340 | - | - | - | 100,000 | - | 3,208,340 |
| Due from component unit | - | - | - | - | - | 96,454 | 96,454 |
| Inventories | 592,068 | - | - | - | - | - | 592,068 |
| Prepaid items | 120,857 | - | - | - | - | - | 120,857 |
| Advances to other funds | 968,998 | - | - | - | - | 2,033,801 | 3,002,799 |
| Total assets | \$ 27,962,681 | \$ 18,615,706 | \$ 7,609,496 | \$ 6,651,130 | \$ 9,343,491 | \$ 20,412,822 | \$ 90,595,326 |
| Liabilities, Deferred Inflows of Resources and Fund Balances | | | | | | | |
| Liabilities: | | | | | | | |
| Accounts payable | \$ 807,812 | \$ 11,691 | \$ - | \$ - | \$ 361,041 | \$ 112,541 | \$ 1,293,085 |
| Accrued liabilities | 1,389,275 | - | - | - | - | - | 1,389,275 |
| Unearned revenue | - | - | 7,609,496 | - | - | - | 7,609,496 |
| Due to other funds | - | - | - | - | - | 816,337 | 816,337 |
| Total liabilities | 2,197,087 | 11,691 | 7,609,496 | - | 361,041 | 928,878 | 11,108,193 |
| Deferred inflows of resources: | | | | | | | |
| Property tax levied for next period | 9,473,936 | 10,350,687 | - | 5,450,000 | 57,939 | 4,462,579 | 29,795,141 |
| Unavailable revenue | 191,501 | - | - | - | 255,608 | 3,422,911 | 3,870,020 |
| Total deferred inflows of resources | 9,665,437 | 10,350,687 | - | 5,450,000 | 313,547 | 7,885,490 | 33,665,161 |
| Fund balances (deficit): | | | | | | | |
| Nonspendable | 1,768,070 | - | - | - | - | - | 1,768,070 |
| Restricted | 80,801 | 8,253,328 | - | 1,201,130 | 6,967,843 | 5,650,291 | 22,153,393 |
| Assigned | 250,000 | - | - | - | 1,701,060 | 6,396,594 | 8,347,654 |
| Unassigned (deficit) | 14,001,286 | - | - | - | - | (448,431) | 13,552,855 |
| Total fund balances | 16,100,157 | 8,253,328 | - | 1,201,130 | 8,668,903 | 11,598,454 | 45,821,972 |
| Total liabilities, deferred inflows of resources and fund balances | \$ 27,962,681 | \$ 18,615,706 | \$ 7,609,496 | \$ 6,651,130 | \$ 9,343,491 | \$ 20,412,822 | |

Amounts reported for governmental activities in the statement of net position are different because:

| | |
|--|----------------------|
| Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds. See Note 2. | \$ 107,628,207 |
| Land held for resale is not reported in the funds | 6,290,695 |
| Some receivables that are not currently available are reported as deferred revenue in the fund financial statements but are recognized as revenue when earned in the government-wide statements. See Note 4. | 3,870,020 |
| Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds. | 17,988,928 |
| Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds. | (23,936,115) |
| Deferred outflows of resources related to OPEB's do not relate to current financial resources and are not reported in the governmental funds. | 19,784,185 |
| Deferred inflows of resources related to OPEB's do not relate to current financial resources and are not reported in the governmental funds. | (3,509,232) |
| Net pension asset does not relate to current financial resources and is not reported in the governmental funds. | 10,880,503 |
| Internal service funds are reported in the statement of net position as governmental activities. | 3,473,221 |
| Some liabilities, including long-term debt, are not due and payable in the current period and, therefore, are not reported in the funds. See Note 2. | (175,820,768) |
| 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. | 414,708 |
| Net Position of Governmental Activities | \$ 12,886,324 |

See notes to financial statements

City of Beloit

Statement of Revenues, Expenditures and Changes in Fund Balances -

Governmental Funds

Year Ended December 31, 2021

| | <u>General</u> | <u>TIF District No. 10</u> | <u>General Debt Service</u> | <u>Capital Improvements</u> | <u>Nonmajor Governmental Funds</u> | <u>Total Governmental Funds</u> |
|---|----------------------|--------------------------------|---------------------------------|---------------------------------|--|---|
| Revenues | | | | | | |
| Taxes | \$ 9,278,252 | \$ 4,722,600 | \$ 5,350,000 | \$ - | \$ 4,065,513 | \$ 23,416,365 |
| Intergovernmental | 19,951,870 | 489,074 | - | 824,216 | 1,947,893 | 23,213,053 |
| Licenses and permits | 753,046 | - | - | - | 19,902 | 772,948 |
| Fines, forfeitures and penalties | 645,032 | - | - | 7,359 | - | 652,391 |
| Fees and service charges | 589,585 | - | - | - | 10,491 | 600,076 |
| Rent | 64,287 | - | - | - | - | 64,287 |
| Special assessments | - | - | - | 141,899 | - | 141,899 |
| Investment income (loss) | (132,246) | 59,293 | 329 | 5,680 | 73,291 | 6,347 |
| Public charges for services | - | - | - | - | 2,947,067 | 2,947,067 |
| Other | 88,315 | 26,506 | - | 1,020,063 | 1,023,506 | 2,158,390 |
| Total revenues | <u>31,238,141</u> | <u>5,297,473</u> | <u>5,350,329</u> | <u>1,999,217</u> | <u>10,087,663</u> | <u>53,972,823</u> |
| Expenditures | | | | | | |
| Current: | | | | | | |
| General government | 3,814,189 | - | - | - | - | 3,814,189 |
| Community development | 1,453,479 | - | - | - | 1,433,493 | 2,886,972 |
| Public safety | 20,554,843 | - | - | - | 587,074 | 21,141,917 |
| Public works | 5,314,901 | - | - | - | 2,514,884 | 7,829,785 |
| Parks, recreation, and education | - | - | - | - | 2,291,703 | 2,291,703 |
| Capital outlay | - | 443,828 | - | 5,050,420 | 1,047,542 | 6,541,790 |
| Debt service: | | | | | | |
| Principal retirement | - | 2,419,815 | 15,764,996 | - | 85,000 | 18,269,811 |
| Interest and fiscal charges | - | 87,338 | 1,324,552 | 88,652 | 12,381 | 1,512,923 |
| Total expenditures | <u>31,137,412</u> | <u>2,950,981</u> | <u>17,089,548</u> | <u>5,139,072</u> | <u>7,972,077</u> | <u>64,289,090</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>100,729</u> | <u>2,346,492</u> | <u>(11,739,219)</u> | <u>(3,139,855)</u> | <u>2,115,586</u> | <u>(10,316,267)</u> |
| Other Financing Sources (Uses) | | | | | | |
| Debt issued | - | - | 9,890,000 | 4,170,000 | - | 14,060,000 |
| Debt premium | - | - | 848,642 | 32,965 | - | 881,607 |
| Sale of city property | - | - | - | - | 70,757 | 70,757 |
| Transfers in | 780,585 | - | 927,925 | - | 235,171 | 1,943,681 |
| Transfers out | - | (183,190) | - | - | (979,906) | (1,163,096) |
| Total other financing sources (uses) | <u>780,585</u> | <u>(183,190)</u> | <u>11,666,567</u> | <u>4,202,965</u> | <u>(673,978)</u> | <u>15,792,949</u> |
| Net change in fund balances | 881,314 | 2,163,302 | (72,652) | 1,063,110 | 1,441,608 | 5,476,682 |
| Fund Balances, Beginning | <u>15,218,843</u> | <u>6,090,026</u> | <u>1,273,782</u> | <u>7,605,793</u> | <u>10,156,846</u> | <u>40,345,290</u> |
| Fund Balances, Ending | <u>\$ 16,100,157</u> | <u>\$ 8,253,328</u> | <u>\$ 1,201,130</u> | <u>\$ 8,668,903</u> | <u>\$ 11,598,454</u> | <u>\$ 45,821,972</u> |

See notes to financial statements

City of Beloit

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended December 31, 2021

Net Change in Fund Balances, Total Governmental Funds \$ 5,476,682

Amounts reported for governmental activities in the statement of activities
are different because:

Governmental funds report capital outlays as expenditures. However, in the
statement of net position the cost of these assets is capitalized and they are
depreciated over their estimated useful lives with depreciation expense reported
in the statement of activities.

| | |
|---|-------------|
| Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements | 6,541,790 |
| Less some items are reported as capital outlay but not capitalized | (4,870,062) |
| Depreciation is reported in the government-wide statements | (3,644,929) |
| Change in land held for resale | (34,797) |

| | |
|--|----------|
| Net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins) is to decrease net position. | (26,020) |
|--|----------|

| | |
|--|-----------|
| 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. | (352,440) |
|--|-----------|

| | |
|--|-----------|
| 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 (\$14,060,000 G.O. debt) were less than payments (\$15,711,450 G.O. debt, and \$2,550,371 capital leases). | 4,201,821 |
|--|-----------|

| | |
|--|-----------|
| 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. | (890,671) |
|--|-----------|

| | |
|--|--------------|
| Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. | |
| Compensated absences | 486,787 |
| Accrued interest on debt | (196,783) |
| Net pension asset | 5,234,975 |
| Deferred outflows of resources related to pensions | 4,764,470 |
| Deferred inflows of resources related to pensions | (6,872,344) |
| OPEB liabilities | (12,603,967) |
| Deferred outflows of resources related to OPEB's | 5,604,637 |
| Deferred inflows of resources related to OPEB's | 1,101,991 |

| | |
|---|------------------|
| Internal service funds are used by management to charge the costs of insurance, printing services, engineering and equipment maintenance to other funds. The increase in net position of the internal service funds is reported in the governmental activities. | <u>1,688,365</u> |
|---|------------------|

Change in Net Position of Governmental Activities \$ 5,609,505

City of Beloit

Statement of Net Position - Proprietary Funds
December 31, 2021

| | <u>Business-Type Activities - Enterprise Funds</u> | | | | <u>Total</u> | <u>Governmental Activities - Internal Service Funds</u> |
|---------------------------------------|--|--------------------------|--------------------------|--|----------------------|---|
| | <u>Water Utility</u> | <u>Sewer Utility</u> | <u>Storm Utility</u> | <u>Nonmajor Enterprise Funds</u> | | |
| Assets | | | | | | |
| Current assets: | | | | | | |
| Cash and investments | \$1,244,002 | \$ 12,299,099 | \$ 1,510,824 | \$ 167,497 | \$ 15,221,422 | \$ 5,978,705 |
| Receivables: | | | | | | |
| Taxes | - | - | - | 610,019 | 610,019 | - |
| Accounts | 805,719 | 1,324,100 | 189,113 | 1,265,029 | 3,583,961 | 421,710 |
| Other | 69,134 | 592,352 | - | - | 661,486 | - |
| Due from other governmental units | - | 763,364 | - | 1,546,588 | 2,309,952 | - |
| Inventories | 137,249 | 38,040 | - | 142,492 | 317,781 | - |
| Restricted assets: | | | | | | |
| Bond redemption account | 383,039 | 226,616 | 49,250 | - | 658,905 | - |
| Total current assets | <u>2,639,143</u> | <u>15,243,571</u> | <u>1,749,187</u> | <u>3,731,625</u> | <u>23,363,526</u> | <u>6,400,415</u> |
| Noncurrent assets | | | | | | |
| Restricted assets: | | | | | | |
| Bond reserve account | 1,745,275 | 269,100 | 110,500 | - | 2,124,875 | - |
| Replacement account | - | 1,595,400 | - | - | 1,595,400 | - |
| Construction account | 1,870,468 | 346,623 | - | - | 2,217,091 | - |
| Net pension asset | 153,304 | 566,755 | 32,633 | 1,072,143 | 1,824,835 | 113,725 |
| Deposit with risk pool | - | - | - | - | - | 1,575,475 |
| Total restricted assets | <u>3,769,047</u> | <u>2,777,878</u> | <u>143,133</u> | <u>1,072,143</u> | <u>7,762,201</u> | <u>1,689,200</u> |
| Capital assets: | | | | | | |
| Land | 1,050,724 | 1,416,029 | - | 1,270,000 | 3,736,753 | - |
| Land improvements | - | - | - | 702,418 | 702,418 | - |
| Buildings | 5,449,135 | 73,326,565 | - | 5,079,634 | 83,855,334 | - |
| Machinery, equipment and vehicles | 2,816,740 | 2,111,444 | - | 5,610,135 | 10,538,319 | 67,165 |
| Infrastructure | 47,559,693 | 19,269,864 | 12,446,737 | - | 79,276,294 | - |
| Construction in process | - | 1,941,793 | - | - | 1,941,793 | - |
| Less accumulated depreciation | <u>(24,308,764)</u> | <u>(71,526,016)</u> | <u>(3,828,259)</u> | <u>(6,336,771)</u> | <u>(105,999,810)</u> | <u>(63,340)</u> |
| Total capital assets, net | <u>32,567,528</u> | <u>26,539,679</u> | <u>8,618,478</u> | <u>6,325,416</u> | <u>74,051,101</u> | <u>3,825</u> |
| Total noncurrent assets | <u>36,336,575</u> | <u>29,317,557</u> | <u>8,761,611</u> | <u>7,397,559</u> | <u>81,813,302</u> | <u>1,693,025</u> |
| Total assets | <u>38,975,718</u> | <u>44,561,128</u> | <u>10,510,798</u> | <u>11,129,184</u> | <u>105,176,828</u> | <u>8,093,440</u> |
| Deferred Outflows of Resources | | | | | | |
| Unamortized loss on advance refunding | 1,572 | 551 | - | 354 | 2,477 | - |
| Pension related amounts | 235,625 | 973,691 | 46,405 | 1,758,173 | 3,013,894 | 222,597 |
| OPEB related amounts, health | 2,758 | 16,710 | - | 9,188 | 28,656 | - |
| OPEB related amounts, life | <u>15,182</u> | <u>120,829</u> | <u>-</u> | <u>106,349</u> | <u>242,360</u> | <u>27,204</u> |
| Total deferred outflows of resources | <u>255,137</u> | <u>1,111,781</u> | <u>46,405</u> | <u>1,874,064</u> | <u>3,287,387</u> | <u>249,801</u> |

See notes to financial statements

City of Beloit

Statement of Net Position - Proprietary Funds
December 31, 2021

| | <u>Business-Type Activities - Enterprise Funds</u> | | | | | Governmental Activities - Internal Service Funds |
|--|--|--------------------------|--------------------------|--|----------------------|---|
| | <u>Water Utility</u> | <u>Sewer Utility</u> | <u>Storm Utility</u> | <u>Nonmajor Enterprise Funds</u> | <u>Total</u> | |
| Liabilities | | | | | | |
| Current liabilities: | | | | | | |
| Accounts payable | \$ 223,642 | \$ 538,686 | \$ 60,708 | \$ 50,074 | \$ 873,110 | \$ 151,070 |
| Accrued liabilities | 2,700 | 1,058 | 3,086 | 1,321 | 8,165 | - |
| Claims payable | - | - | - | - | - | 1,848,319 |
| Due to other funds | - | - | - | 2,392,003 | 2,392,003 | - |
| Compensated absences | 52,106 | 207,771 | - | 146,109 | 405,986 | - |
| Current maturities of general obligation debt | 125,466 | 51,815 | 63,998 | 69,243 | 310,522 | - |
| Customer deposits | 10,000 | - | - | - | 10,000 | - |
| Other current liabilities | - | - | - | 4,398 | 4,398 | - |
| Current liabilities payable from restricted assets: | | | | | | |
| Current maturities of revenue debt | 1,690,000 | 315,539 | 80,000 | - | 2,085,539 | - |
| Accrued interest | 97,011 | 31,733 | 4,550 | - | 133,294 | - |
| Total current liabilities | <u>2,200,925</u> | <u>1,146,602</u> | <u>212,342</u> | <u>2,663,148</u> | <u>6,223,017</u> | <u>1,999,389</u> |
| Noncurrent liabilities: | | | | | | |
| General obligation debt, less current maturities | 530,049 | 201,616 | 276,677 | 316,610 | 1,324,952 | - |
| Compensated absences | 27,224 | 218,602 | - | 53,663 | 299,489 | - |
| OPEB liability, health | 12,049 | 81,965 | - | 36,076 | 130,090 | - |
| Net OPEB liability, life | 39,994 | 271,445 | - | 254,206 | 565,645 | 53,094 |
| Revenue debt, less current maturities (including unamortized premium) | 16,392,310 | 4,966,446 | 743,808 | - | 22,102,564 | - |
| Advances from other funds | - | - | - | 1,250,886 | 1,250,886 | 1,751,913 |
| Total noncurrent liabilities | <u>17,001,626</u> | <u>5,740,074</u> | <u>1,020,485</u> | <u>1,911,441</u> | <u>25,673,626</u> | <u>1,805,007</u> |
| Total liabilities | <u>19,202,551</u> | <u>6,886,676</u> | <u>1,232,827</u> | <u>4,574,589</u> | <u>31,896,643</u> | <u>3,804,396</u> |
| Deferred Inflows of Resources | | | | | | |
| Property tax levied for next period | - | - | - | 610,303 | 610,303 | - |
| OPEB related amounts, health | 322 | 2,193 | - | 965 | 3,480 | - |
| Pension related amounts | 300,551 | 1,196,520 | 67,778 | 2,281,873 | 3,846,722 | 289,510 |
| OPEB related amounts, life | 5,477 | 40,315 | - | 29,882 | 75,674 | 9,248 |
| Total deferred inflows of resources | <u>306,350</u> | <u>1,239,028</u> | <u>67,778</u> | <u>2,923,023</u> | <u>4,536,179</u> | <u>298,758</u> |
| Net Position (Deficit) | | | | | | |
| Net investment in capital assets | 17,447,018 | 21,620,537 | 7,453,995 | 6,014,917 | 52,536,467 | 3,825 |
| Restricted for debt service | 286,028 | 194,883 | 155,200 | - | 636,111 | - |
| Restricted for replacement | - | 1,595,400 | - | - | 1,595,400 | - |
| Restricted for pension | 153,304 | 566,755 | 32,633 | 1,072,143 | 1,824,835 | 113,725 |
| Unrestricted (deficit) | 1,835,604 | 13,569,630 | 1,614,770 | (1,581,424) | 15,438,580 | 4,122,537 |
| Total net position | <u>\$ 19,721,954</u> | <u>\$ 37,547,205</u> | <u>\$ 9,256,598</u> | <u>\$ 5,505,636</u> | <u>72,031,393</u> | <u>\$ 4,240,087</u> |
| Amounts reported for business-type activities in the statement of net position are different because: | | | | | | |
| Portion of internal service fund net position reported in the business-type activities as an interfund | | | | | 766,866 | |
| Net Position of Business-Type Activities | | | | | <u>\$ 72,798,259</u> | |

See notes to financial statements

City of Beloit

Statement of Revenues, Expenses and Changes in Net Position -
 Proprietary Funds
 Year Ended December 31, 2021

| | Business-Type Activities - Enterprise Funds | | | | Governmental Activities - Internal Service Funds | |
|--|--|--------------------------|--------------------------|--|---|---------------------|
| | Water Utility | Sewer Utility | Storm Utility | Nonmajor Enterprise Funds | | Total |
| Operating Revenues | | | | | | |
| Charges for services | \$ 5,440,914 | \$ 8,621,677 | \$ 1,172,291 | \$ 2,141,033 | \$ 17,375,915 | \$ 13,004,912 |
| Other | 635,450 | 312,910 | - | 95,850 | 1,044,210 | - |
| Total operating revenues | 6,076,364 | 8,934,587 | 1,172,291 | 2,236,883 | 18,420,125 | 13,004,912 |
| Operating Expenses | | | | | | |
| Operation and maintenance | 1,772,245 | 4,291,932 | 560,410 | 3,552,945 | 10,177,532 | 10,276,602 |
| Contractual services | 834,877 | 1,595,151 | 228,824 | 127,411 | 2,786,263 | 710,085 |
| Depreciation | 1,333,943 | 2,762,559 | 146,842 | 244,049 | 4,487,393 | - |
| Total operating expenses | 3,941,065 | 8,649,642 | 936,076 | 3,924,405 | 17,451,188 | 10,986,687 |
| Operating income (loss) | 2,135,299 | 284,945 | 236,215 | (1,687,522) | 968,937 | 2,018,225 |
| Nonoperating Revenues (Expenses) | | | | | | |
| Intergovernmental revenues | - | - | - | 1,926,309 | 1,926,309 | - |
| Investment income | 21,249 | 111,689 | 10,832 | 26,917 | 170,687 | - |
| Interest expense | (682,812) | (171,697) | (38,956) | (10,597) | (904,062) | - |
| Amortization of loss on refunding | (788) | - | - | - | (788) | - |
| Amortization of debt premium | 132,001 | 4,963 | 4,288 | - | 141,252 | - |
| General property taxes | - | - | - | 97,775 | 97,775 | - |
| Debt issuance expense | (9,000) | - | - | - | (9,000) | - |
| Miscellaneous | - | 16,990 | - | - | 16,990 | - |
| Total nonoperating revenues (expenses) | (539,350) | (38,055) | (23,836) | 2,040,404 | 1,439,163 | - |
| Income (loss) before contributions and transfers | 1,595,949 | 246,890 | 212,379 | 352,882 | 2,408,100 | 2,018,225 |
| Contributions and Transfers | | | | | | |
| Capital contributions, municipal | - | 120,405 | - | - | 120,405 | - |
| Capital contributions | 735,467 | 196,100 | - | 302,852 | 1,234,419 | - |
| Transfers out | (780,585) | - | - | - | (780,585) | - |
| Total contributions and transfers | (45,118) | 316,505 | - | 302,852 | 574,239 | - |
| Change in net position | 1,550,831 | 563,395 | 212,379 | 655,734 | 2,982,339 | 2,018,225 |
| Total Net Position, Beginning | <u>18,171,123</u> | <u>36,983,810</u> | <u>9,044,219</u> | <u>4,849,902</u> | | <u>2,221,862</u> |
| Total Net Position, Ending | <u>\$ 19,721,954</u> | <u>\$ 37,547,205</u> | <u>\$ 9,256,598</u> | <u>\$ 5,505,636</u> | | <u>\$ 4,240,087</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 | | | | | 329,860 | |
| Change in Net Position of Business-Type Activities | | | | | <u>\$ 3,312,199</u> | |

See notes to financial statements

City of Beloit

Statement of Cash Flows - Proprietary Funds
Year Ended December 31, 2021

| | Business-Type Activities - Enterprise Funds | | | | Total | Governmental Activities - Internal Service Funds |
|---|---|----------------------|---------------------|---------------------------------|----------------------|---|
| | Water Utility | Sewer Utility | Storm Sewer | Nonmajor Enterprise Funds | | |
| Cash Flows From Operating Activities | | | | | | |
| Received from customers | \$ 6,260,304 | \$ 8,914,696 | \$ 1,166,614 | \$ 1,903,497 | \$ 18,245,111 | \$ 12,765,645 |
| Paid to suppliers for goods and services | (1,710,265) | (4,067,260) | (379,876) | (1,996,729) | (8,154,130) | (9,989,600) |
| Payments to employees for services | (821,464) | (1,960,926) | (372,097) | (1,996,816) | (5,151,303) | (451,016) |
| Net cash flows from operating activities | <u>3,728,575</u> | <u>2,886,510</u> | <u>414,641</u> | <u>(2,090,048)</u> | <u>4,939,678</u> | <u>2,325,029</u> |
| Cash Flows From Noncapital Financing Activities | | | | | | |
| Operating grants received | - | - | - | 2,075,506 | 2,075,506 | - |
| Transfers in (out) | (780,585) | - | - | - | (780,585) | - |
| Property taxes received | - | - | - | 97,775 | 97,775 | - |
| Noncapital interfund/advance repayment | - | - | - | - | - | (29,966) |
| Noncapital interfund/advance | - | - | - | 114,834 | 114,834 | - |
| Net cash flows from noncapital financing activities | <u>(780,585)</u> | <u>-</u> | <u>-</u> | <u>2,288,115</u> | <u>1,507,530</u> | <u>(29,966)</u> |
| Cash Flows From Capital and Related Financing Activities | | | | | | |
| Debt retired | (1,988,196) | (501,351) | (309,239) | (63,832) | (2,862,618) | - |
| Interest paid | (696,836) | (171,697) | (38,956) | (10,426) | (917,915) | - |
| Debt issuance costs and premium | (9,000) | - | - | - | (9,000) | - |
| Advances (to) from other funds | - | - | - | (153,242) | (153,242) | - |
| Acquisition and construction of capital assets | (687,303) | (1,516,687) | - | (302,848) | (2,506,838) | - |
| Construction grants received | - | - | - | 380,905 | 380,905 | - |
| Contributions received for construction | 8,509 | - | - | - | 8,509 | - |
| Net cash flows from capital and Related financing activities | <u>(3,372,826)</u> | <u>(2,189,735)</u> | <u>(348,195)</u> | <u>(149,443)</u> | <u>(6,060,199)</u> | <u>-</u> |
| Cash Flows From Investing Activities | | | | | | |
| Investment income | <u>21,249</u> | <u>111,689</u> | <u>10,832</u> | <u>26,917</u> | <u>170,687</u> | <u>-</u> |
| Net cash flows from investing activities | <u>21,249</u> | <u>111,689</u> | <u>10,832</u> | <u>26,917</u> | <u>170,687</u> | <u>-</u> |
| Net increase (decrease) in cash and Cash equivalents | (403,587) | 808,464 | 77,278 | 75,541 | 557,696 | 2,295,063 |
| Cash and Cash Equivalents, Beginning | <u>5,646,371</u> | <u>13,928,374</u> | <u>1,593,296</u> | <u>91,956</u> | <u>21,259,997</u> | <u>3,683,642</u> |
| Cash and Cash Equivalents, Ending | <u>\$ 5,242,784</u> | <u>\$ 14,736,838</u> | <u>\$ 1,670,574</u> | <u>\$ 167,497</u> | <u>\$ 21,817,693</u> | <u>\$ 5,978,705</u> |

See notes to financial statements

City of Beloit

Statement of Cash Flows - Proprietary Funds
Year Ended December 31, 2021

| | Business-Type Activities - Enterprise Funds | | | | Total | Governmental Activities - Internal Service Funds |
|--|---|----------------------|---------------------|---------------------------------|----------------------|---|
| | Water Utility | Sewer Utility | Storm Sewer | Nonmajor Enterprise Funds | | |
| Reconciliation of Operating Income (Loss) to Net Cash Flows From Operating Activities | | | | | | |
| Operating income (loss) | \$ 2,135,299 | \$ 284,945 | \$ 236,215 | \$ (1,687,522) | \$ 968,937 | \$ 2,018,225 |
| Adjustments to reconcile operating income (loss) to net cash flows from operating activities: | | | | | | |
| Depreciation charged to other funds | 132,273 | 16,986 | - | - | 149,259 | - |
| Depreciation expense | 1,333,943 | 2,762,559 | 146,842 | 244,049 | 4,487,393 | - |
| Change in assets, deferred outflows, liabilities and deferred inflows: | | | | | | |
| Accounts receivable | 49,127 | (33,984) | (6,958) | (331,231) | (323,046) | (238,856) |
| Inventories | 1,547 | - | - | 15,773 | 17,320 | - |
| Accounts payable | 91,562 | (6,820) | 41,031 | (23,698) | 102,075 | 101,605 |
| OPEB related deferrals and liabilities | 10,350 | 15,600 | (3,770) | 27,217 | 49,397 | (6,565) |
| Due to other funds | 2,938 | - | 1,281 | - | 4,219 | (233) |
| Other current liabilities | 28,928 | 12,897 | - | (9,272) | 32,553 | - |
| Pension related deferrals and assets/liabilities | (57,392) | (165,673) | - | (325,364) | (548,429) | (23,181) |
| Claims payable | - | - | - | - | - | 474,034 |
| Net cash flows from operating activities | <u>\$ 3,728,575</u> | <u>\$ 2,886,510</u> | <u>\$ 414,641</u> | <u>\$ (2,090,048)</u> | <u>\$ 4,939,678</u> | <u>\$ 2,325,029</u> |
| Reconciliation of Cash and Cash Equivalents to the Statement of Net Position, Proprietary Funds | | | | | | |
| Cash and investments, statement of net position | \$ 1,244,002 | \$ 12,299,099 | \$ 1,510,824 | \$ 167,497 | \$ 15,221,422 | \$ 5,978,705 |
| Restricted cash and investments, statement of net position | | | | | | |
| Bond redemption account | \$ 383,039 | \$ 226,616 | \$ 49,250 | \$ - | \$ 658,905 | \$ - |
| Replacement account | - | 1,595,400 | - | - | 1,595,400 | - |
| Construction account | 1,870,468 | 346,623 | - | - | 2,217,091 | - |
| Bond reserve account | <u>1,745,275</u> | <u>269,100</u> | <u>110,500</u> | <u>-</u> | <u>2,124,875</u> | <u>-</u> |
| Cash and Cash Equivalents, Ending | <u>\$ 5,242,784</u> | <u>\$ 14,736,838</u> | <u>\$ 1,670,574</u> | <u>\$ 167,497</u> | <u>\$ 21,817,693</u> | <u>\$ 5,978,705</u> |
| Noncash Investing, Capital and Financing Activities | | | | | | |
| During 2021, the water utility received \$726,958 in capital contributions. | | | | | | |
| During 2021, the sewer utility received \$316,505 in capital contributions. | | | | | | |

See notes to financial statements

City of Beloit

Statement of Fiduciary Net Position

Custodial Fund

December 31, 2021

| | Tax Collection Fund |
|---------------------------|------------------------------------|
| Assets | |
| Cash and investments | \$ 5,661,819 |
| Property taxes receivable | <u>25,627,628</u> |
| Total assets | <u>31,289,447</u> |
| Liabilities | |
| Accounts payable | 6,922 |
| Due to other taxing units | <u>31,282,525</u> |
| Total liabilities | <u>31,289,447</u> |
| Net Position | |
| Total net position | <u><u>\$ -</u></u> |

See notes to financial statements

City of Beloit

Statement of Changes in Fiduciary Net Position

Custodial Fund

Year Ended December 31, 2021

| | Tax Collection Fund |
|---|------------------------------------|
| Additions | |
| Property taxes collected for other governments | <u>\$ 28,507,858</u> |
| Total additions | <u>28,507,858</u> |
| Deductions | |
| Property taxes distributed to other governments | <u>28,507,858</u> |
| Total deductions | <u>28,507,858</u> |
| Change in fiduciary net position | - |
| Net Position, Beginning | <u>-</u> |
| Net Position, Ending | <u><u>\$ -</u></u> |

See notes to financial statements

City of Beloit

 Statement of Net Position - Component Units
 December 31, 2021

| | <u>Major</u> | <u>Nonmajor</u> | |
|--|----------------------|-------------------------|----------------------|
| | <u>Community</u> | <u>Beloit Public</u> | |
| | <u>Development</u> | <u>Library</u> | |
| | <u>Authority</u> | <u>Foundation, Inc.</u> | <u>Total</u> |
| Assets | | | |
| Current assets: | | | |
| Cash and investments | \$ 1,585,273 | \$ 747,914 | \$ 2,333,187 |
| Receivables: | | | |
| Accounts | 45,673 | 293 | 45,966 |
| Lease receivable from primary government | 90,000 | - | 90,000 |
| Due from other governmental units | 20,676 | - | 20,676 |
| Prepaid items | 15,321 | - | 15,321 |
| Tax credit fees | 73,165 | - | 73,165 |
| | <u>1,830,108</u> | <u>748,207</u> | <u>2,578,315</u> |
| Total current assets | | | |
| Noncurrent assets: | | | |
| Restricted assets: | | | |
| Cash and investments | 1,110,811 | - | 1,110,811 |
| Net pension asset | 175,151 | - | 175,151 |
| | <u>1,285,962</u> | <u>-</u> | <u>1,285,962</u> |
| Total restricted assets | | | |
| Capital assets: | | | |
| Land | 601,285 | - | 601,285 |
| Land improvements | 612,630 | - | 612,630 |
| Buildings | 1,371,666 | - | 1,371,666 |
| Building improvements | 18,004,656 | - | 18,004,656 |
| Machinery, equipment, furnishings and vehicles | 774,125 | - | 774,125 |
| Less accumulated depreciation | (7,019,248) | - | (7,019,248) |
| | <u>14,345,114</u> | <u>-</u> | <u>14,345,114</u> |
| Total capital assets, net | | | |
| Other assets: | | | |
| Lease receivable from primary government | 306,496 | - | 306,496 |
| | <u>306,496</u> | <u>-</u> | <u>306,496</u> |
| Total other assets | | | |
| Total noncurrent assets | <u>15,937,572</u> | <u>-</u> | <u>15,937,572</u> |
| Total assets | <u>17,767,680</u> | <u>748,207</u> | <u>18,515,887</u> |
| Deferred Outflows of Resources | | | |
| Pension related amounts | 320,096 | - | 320,096 |
| OPEB related amounts, life | 26,659 | - | 26,659 |
| | <u>346,755</u> | <u>-</u> | <u>346,755</u> |
| Total Deferred Outflows of Resources | | | |
| Liabilities | | | |
| Current liabilities: | | | |
| Accounts payable | 82,623 | 1,868 | 84,491 |
| Accrued liabilities | 2,265,097 | - | 2,265,097 |
| Due to primary government | 96,454 | - | 96,454 |
| Deposits | 107,258 | - | 107,258 |
| Lease revenue bonds payable | 90,000 | - | 90,000 |
| | <u>2,641,432</u> | <u>1,868</u> | <u>2,643,300</u> |
| Total current liabilities | | | |
| Noncurrent liabilities: | | | |
| Compensated absences | 102,274 | - | 102,274 |
| Other notes payable | 741,486 | - | 741,486 |
| Net OPEB liability, life | 67,344 | - | 67,344 |
| Lease revenue bonds payable | 360,000 | - | 360,000 |
| | <u>1,271,104</u> | <u>-</u> | <u>1,271,104</u> |
| Total noncurrent liabilities | | | |
| Total liabilities | <u>3,912,536</u> | <u>1,868</u> | <u>3,914,404</u> |
| Deferred Inflows of Resources | | | |
| Unearned revenue | 965,408 | - | 965,408 |
| Pension related amounts | 408,523 | - | 408,523 |
| OPEB related amounts, life | 7,955 | - | 7,955 |
| | <u>1,381,886</u> | <u>-</u> | <u>1,381,886</u> |
| Total deferred inflows of resources | | | |
| Net Position (Deficit) | | | |
| Net investment in capital assets | 14,345,114 | - | 14,345,114 |
| Restricted for grant programs | 5,646,569 | - | 5,646,569 |
| Restricted for pensions | 175,151 | - | 175,151 |
| Restricted per donors | - | 11,007 | 11,007 |
| Unrestricted (deficit) | (7,346,821) | 735,332 | (6,611,489) |
| | <u>\$ 12,820,013</u> | <u>\$ 746,339</u> | <u>\$ 13,566,352</u> |
| Total net position | | | |

See notes to financial statements

City of Beloit

Statement of Activities - Component Units
Year Ended December 31, 2021

| | <u>Major</u> <u>Community</u> <u>Development</u> <u>Authority</u> | <u>Nonmajor</u> <u>Beloit Public</u> <u>Library</u> <u>Foundation, Inc.</u> | <u>Total</u> |
|--|--|--|----------------------|
| Expenses | | | |
| Community development | \$ 4,593,293 | \$ - | \$ 4,593,293 |
| Library services | - | 38,925 | 38,925 |
| Total expenses | <u>4,593,293</u> | <u>38,925</u> | <u>4,632,218</u> |
| Program Revenues | | | |
| Charges for services | 278,094 | - | 278,094 |
| Operating grants and contributions | 3,692,057 | 22,905 | 3,714,962 |
| Other revenue | 59,283 | - | 59,283 |
| Total program revenues | <u>4,029,434</u> | <u>22,905</u> | <u>4,052,339</u> |
| Net revenues (expenses) | <u>(563,859)</u> | <u>(16,020)</u> | <u>(579,879)</u> |
| General Revenues (Expenses) | | | |
| Investment income | 111,204 | 63,440 | 174,644 |
| Interest and amortization expense | (372,124) | - | (372,124) |
| Gain on sale of property | 47,071 | - | 47,071 |
| Miscellaneous | 28,803 | - | 28,803 |
| Total general revenues (expenses) | <u>(185,046)</u> | <u>63,440</u> | <u>(121,606)</u> |
| Revenues (expenses) before contributions | <u>(748,905)</u> | <u>47,420</u> | <u>(701,485)</u> |
| Contributions | <u>339,904</u> | <u>15,370</u> | <u>355,274</u> |
| Change in net position | (409,001) | 62,790 | (346,211) |
| Total Net Position, Beginning | <u>13,229,014</u> | <u>683,549</u> | <u>13,912,563</u> |
| Total Net Position, Ending | <u>\$ 12,820,013</u> | <u>\$ 746,339</u> | <u>\$ 13,566,352</u> |

See notes to financial statements

City of Beloit

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December 31, 2021

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1. Summary of Significant Accounting Policies

The accounting policies of the City of Beloit, Wisconsin (the City) conform to generally accepted accounting principles as applicable to governmental units. The accepted standard setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board (GASB).

Reporting Entity

This report includes all of the funds of the City. The reporting entity for the City consists of the primary government and its component units. Component units are legally separate organizations for which the primary government is financially accountable or other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if (1) it appoints a voting majority of the organization's governing body and is able to impose its will on that organization; (2) it appoints a voting majority of the organization's governing body and there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on, the primary government; (3) the organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on, the primary government. Certain legally separate, tax-exempt organizations should also be reported as a component unit if all of the following criteria are met: (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units or its constituents; (2) the primary government or its component units, is entitled to or has the ability to access, a majority of the economic resources received or held by the separate organization; and (3) the economic resources received or held by an individual organization that the primary government or its component units, is entitled to or had the ability to otherwise access, are significant to the primary government.

Component units are reported using one of three methods, discrete presentation, blended or fiduciary. Generally, component units should be discretely presented in a separate column in the financial statements. A component unit should be reported as part of the primary government using the blending method if it meets any one of the following criteria: (1) the primary government and its component unit have substantively the same governing body and a financial benefit or burden relationship exists; (2) the primary government and the component unit have substantially the same governing body and management of the primary government has operational responsibility for the component unit; (3) the component unit serves or benefits, exclusively or almost exclusively, the primary government rather than its citizens; or (4) the total debt of the component unit will be paid entirely or almost entirely from resources of the primary government.

Discretely Presented Component Units

City of Beloit Community Development Authority

The government-wide financial statements include the City of Beloit Community Development Authority (CDA) as a component unit. The CDA is a legally separate organization. The board of the CDA is appointed by the City council. Wisconsin Statutes provide for circumstances whereby the City can impose their will on the CDA and also create a potential financial benefit to or burden on the City (see Note 4). As a component unit, the CDA's financial statements are shown as a discrete column (proprietary) in the financial statements. The CDA's financial statements include transactions of two limited liability companies which are used to promote redevelopment of CDA properties. The information presented is for the fiscal year ended December 31, 2021. The CDA does not issue separate financial statements. Additional information may be obtained from the CDA's office.

City of Beloit Business Improvement District (the District)

The District was created under the provisions of Wisconsin Statute Section 66.608. The District, created in 1989, is a legally separate entity with a separate thirteen member board appointed and approved by the City council. Wisconsin Statutes provide circumstances whereby the City can impose its will on the District and also create a potential financial benefit to or burden on the City. The members serve staggered terms as designated by the City council. A majority of the members own or occupy real property in the District. The District has its own budgetary authority and assessment capabilities. The District's financial statements are not included in these financial statements as the activity of the District was deemed to be immaterial to the City. Separately issued financial statements of the District may be obtained from the City of Beloit Business Improvement District.

Beloit Public Library Foundation, Inc. (the Foundation)

The government-wide financial statements include the Beloit Public Library Foundation, Inc. as a component unit. The Foundation is a legally separate organization. The economic resources of the Foundation are held for the direct benefit of the City of Beloit library and are significant to the City. As a component unit, the Foundation's financial statements have been presented as a discrete column in the financial statements. The information presented is for the fiscal year ended December 31, 2021 (see Note 4). Separately issued financial statements of the Foundation may be obtained from the Foundation's office.

Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The City does not allocate indirect expenses to functions in the statement of activities. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

Fund Financial Statements

Financial statements of the City are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position/fund balance, revenues and expenditures/expenses.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Funds are organized as major funds or nonmajor funds within the governmental and proprietary statements. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets/deferred outflows of resources, liabilities/deferred inflows of resources, revenues or expenditures/expenses of that individual governmental or enterprise fund are at least 10% 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

General Fund accounts for the City's primary operating activities. It is used to account for all financial resources except those required to be accounted for in another fund.

TIF District No. 10 - Special Revenue Fund

TIF District No. 10 - Special Revenue Fund accounts for receipts of district incremental property taxes and other revenues that are legally restricted or committed to supporting expenditures of the district.

American Rescue Plan Act - Special Revenue Fund

American Rescue Plan Act - Special Revenue Fund accounts for the receipts and expenditures of funds that are legally restricted per the Final Rule of the Coronavirus Local Fiscal Recovery Fund established under the American Rescue Plan Act.

General Debt Service

General Debt Service is used to account for and report financial resources that are restricted, committed or assigned to expenditure for the payment of principal and interest on long-term debt other than TIF or enterprise fund debt.

Capital Improvements - Capital Projects Fund

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

Enterprise Funds

The City reports the following major enterprise funds:

- Water Utility - accounts for operations of the water system
- Sewer Utility - accounts for operations of the sewer system
- Storm Sewer - accounts for operations of the storm sewer system

The City reports the following nonmajor governmental and enterprise funds:

Special Revenue Funds

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes (other than debt service or capital projects).

- | | |
|-----------------------------------|------------------------|
| Rental Rehab (WRRP/HOME) | Perpetual Care |
| Community Development Block Grant | Fire Multi-Year Grants |
| TIF District No. 8 | DPW Multi-Year Grants |
| TIF District No. 9 | Community Development |
| TIF District No. 11 | Library |
| TIF District No. 12 | Police |
| TIF District No. 13 | Solid Waste |
| TIF District No. 14 | |

Capital Projects Funds

Capital Projects Funds are used to account for financial resources that are restricted, committed or assigned to be used for the acquisition or construction of equipment and/or major capital facilities.

- | | |
|----------------------|-----------------------|
| Computer Replacement | Equipment Replacement |
|----------------------|-----------------------|

Enterprise Funds

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

In addition, the City reports the following fund types:

Internal Service Funds

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City or to other governmental units, on a cost-reimbursement basis.

Equipment Operations
General Liability Insurance
Health Insurance
Retiree Health Insurance

Custodial Funds

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

Tax Collections

Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-Wide Financial Statements

The government-wide statement of net position and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recorded as receivables and deferred inflows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Special assessments are recorded as revenue when earned. Unbilled receivables are recorded as revenues when services are provided.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's water and sewer utility and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

City of Beloit

Notes to Financial Statements

December 31, 2021

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, 2021, there were \$1,318,133 of unrecorded anticipated future assessments which are not recorded as receivables because collection is subject to certain events occurring in the future and no formal repayment schedule has been established.

Revenues susceptible to accrual include property taxes, miscellaneous taxes, public charges for services, special assessments and interest. Other general revenues such as fines and forfeitures, inspection fees, recreation fees and miscellaneous revenues are recognized when received in cash or when measurable and available under the criteria described above.

Proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note.

The proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water, sewer and storm funds are charges to customers for sales and services. Special assessments are recorded as receivables and contribution revenue when levied. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

All Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

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

Deposits and Investments

For purposes of the statement of cash flows, the City considers all highly liquid investments with an initial maturity of three months or less when acquired to be cash equivalents.

Investment of City funds is restricted by state statutes. Available investments are limited to:

- a. Time deposits in any credit union, bank, savings bank or trust company.

City of Beloit

Notes to Financial Statements
December 31, 2021

- b. Bonds or securities of any county, city, drainage district, technical college district, village, town or school district of the state. Also, bonds issued by a local exposition district, a local professional baseball park district, a local professional football stadium district, a local cultural arts district, the University of Wisconsin Hospitals and Clinics Authority or the Wisconsin Aerospace Authority.
- c. Bonds or securities issued or guaranteed by the federal government.
- d. The local government investment pool.
- e. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
- f. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
- g. Repurchase agreements with public depositories, with certain conditions.

Additional restrictions may arise from local charters, ordinances, resolutions and grant resolutions.

Investment of most trust funds, including the cemetery perpetual care fund, is regulated by Chapter 881 of the Wisconsin Statutes. This section gives broad authority to use such funds to acquire various kinds of investments including stocks, bonds and debentures.

The City has adopted an investment policy. That policy follows the state statute for allowable investments. The policy includes custodial credit risk, credit risk and concentration of credit risk.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on methods and inputs as outlined in Note 4. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as unrealized gain (loss) on investments. Investment income on commingled investments of municipal accounting funds is allocated based on average balances. The difference between the bank balance and carrying value is due to outstanding checks and/or deposits in transit.

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF) and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2021, the fair value of the City's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

See Note 4 for further information.

City of Beloit

Notes to Financial Statements

December 31, 2021

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 - 2021 tax roll:

| | |
|--|------------------|
| Lien date and levy date | December 2021 |
| Tax bills mailed | December 2021 |
| Payment in full, or | January 31, 2022 |
| First installment due | January 31, 2022 |
| Second installment due | March 31, 2022 |
| Third installment due | May 31, 2022 |
| Fourth installment due | July 31, 2022 |
| Personal property taxes in full | January 31, 2022 |
| Tax sale - 2021 delinquent real estate taxes | October 2024 |

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 \$10,235. The loans receivable balance within the fund statements also includes conditional-type loans in the amount of \$200,000 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 \$1,245,099 as of December 31, 2021.

Inventories and Prepaid Items

Governmental fund inventory, if material, are recorded at cost based on an average cost method using the consumption method of accounting. Proprietary fund inventories are generally used for construction and for operation and maintenance work. They are not for resale. They are valued at cost based on weighted average and charged to construction and/or operation and maintenance expense when used.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in accordance with the consumption method in both government-wide and fund financial statements.

Restricted Assets

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties. Current liabilities payable from these restricted assets are so classified. The excess of restricted assets over current liabilities payable from restricted assets will be used first for retirement of related long-term debt. The remainder, if generated from earnings, is shown as restricted net position.

Capital Assets

Government-Wide Statements

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$10,000 for general capital assets and infrastructure and an estimated useful life in excess of one year. All capital assets are valued at historical cost or estimated historical cost, if actual amounts are unavailable. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor and overhead. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

| | |
|-----------------------------------|--------------|
| Land Improvements | 25 Years |
| Buildings | 5-53 Years |
| Machinery, Equipment and Vehicles | 4-45 Years |
| Sewer Mains | 100 Years |
| Sewer Treatment Facility | 30 Years |
| Water Mains | 77 Years |
| Infrastructure | 20-100 Years |

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same way as in the government-wide statements.

Deferred Outflows of Resources

A deferred outflow of resources represents a consumption of net position/fund balance that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that future time.

A deferred charge on refunding arises from advance refunding of debt. The difference between the cost of the securities placed in trust for future payments of the refunded debt and the net carrying value of the debt is deferred and amortized as a component of interest expense over the shorter of the term of the refunding issue or the original term of the refunded debt. The unamortized amount is reported as a deferred outflow of resources in the government-wide and proprietary fund financial statements.

Compensated Absences

Under terms of employment, employees are granted sick leave and vacations in varying amounts. Only benefits considered to be vested are disclosed in these statements.

All vested vacation and sick leave pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements or are payable with expendable available resources.

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2021 are determined on the basis of current salary rates and include salary related payments.

Long-Term Obligations

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term obligations consist primarily of notes and bonds payable, accrued compensated absences and OPEB liabilities.

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. The face value of debts (plus any premiums) is reported as other financing sources and payments of principal and interest are reported as expenditures. The accounting in proprietary funds is the same as it is in the government-wide statements.

For the government-wide statements and proprietary fund statements, significant bond premiums and discounts are amortized over the life of the issue using the effective interest method. The balance at year-end is shown as an increase or decrease in the liability section of the statement of net position.

Deferred Inflows of Resources

A deferred inflow of resources represents an acquisition of net position/fund balance that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time.

Equity Classifications

Government-Wide Statements

Equity is classified as net position and displayed in three components:

- a. **Net Investment in Capital Assets** - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent debt proceeds) of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- b. **Restricted Net Position** - Consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.
- c. **Unrestricted Net Position** - All other net position that does not meet the definition of *restricted* or *net investment in capital assets*.

The net position section includes an adjustment for capital assets owned by the business-type activities column but financed by debt of the governmental activities column.

The amount is a reduction of *net investment in capital assets*, and an increase in *unrestricted* net position, shown only in the total column of \$2,123,620.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Fund Statements

Governmental fund balances are displayed as follows:

- a. **Nonspendable** - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.
- b. **Restricted** - Consists of fund balances with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- c. **Committed** - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by government through formal action of the highest level of decision-making authority. Fund balance amounts are committed through a formal action (ordinance) of the City. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the City that originally created the commitment.
- d. **Assigned** - Includes spendable fund balance amounts that are intended to be used for specific purposes that do not meet the criteria to be classified as restricted or committed. The council may take official action to assign amounts. Assignments may take place after the end of the reporting period.
- e. **Unassigned** - Includes residual positive fund balance within the general fund which has not been classified within the other above-mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed or assigned for those purposes.

Proprietary fund equity is classified the same as in the government-wide statements.

The City considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents / contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the City would first use committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

It is the desire of the City to maintain adequate General Fund 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 \$14,251,286 at year-end or the equivalent of 5.5 months.

See Note 4 for further information.

Basis for Existing Rates

Water Utility

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

Sewer Utility

Current sewer rates were approved by the council and effective on January 1, 2021.

Storm Sewer Utility

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

Pension

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Wisconsin Retirement System (WRS) and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Postemployment Benefits Other Than Pensions (OPEB)

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

The fiduciary net position of the Local Retiree Life Insurance Fund (LRLIF) has been determined using the flow of economic resources measurement focus and the accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, OPEB expense and information about the fiduciary net position of the LRLIF and additions to/deductions from LRLIFs fiduciary net position have been determined on the same basis as they are reported by LRLIF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

City of Beloit

Notes to Financial Statements
December 31, 2021

2. Reconciliation of Government-Wide and Fund Financial Statements

Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Statement of Net Position

Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds.

| | | |
|---|----|--------------------|
| Land | \$ | 5,544,117 |
| Construction in progress | | 936,727 |
| Land improvements | | 67,854 |
| Buildings | | 23,435,540 |
| Machinery and equipment | | 28,096,994 |
| Other improvements | | 6,168,407 |
| Infrastructure | | 104,968,944 |
| Less accumulated depreciation | | (61,586,551) |
| Less internal service fund capital assets, net of depreciation | | <u>(3,825)</u> |
| Capital assets | \$ | <u>107,628,207</u> |

The governmental fund balance sheet includes a reconciliation between fund balance - total governmental funds and net position - governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that some liabilities, including long-term debt, are not due and payable in the current period and accordingly, are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities-both current and long-term-are reported in the statement of net position. The details of this \$175,820,768 difference in liabilities are as follows:

| | | |
|--|----|--------------------|
| Bonds and notes payable | \$ | 46,915,466 |
| Unamortized debt premium | | 1,547,626 |
| Compensated absences | | 2,586,430 |
| Other post-employment benefit liabilities | | 123,803,129 |
| Capital leases | | 452,286 |
| Accrued interest | | <u>515,831*</u> |
| Net adjustment to reduce fund balance, total governmental funds to arrive at net position, governmental activities | \$ | <u>175,820,768</u> |

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

3. Stewardship, Compliance and Accountability

Budgetary Information

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

Excess Expenditures Over Appropriations

The City controls expenditures at the department level. Some individual departments experienced expenditures which exceeded appropriations. The detail of those items can be found in the City's year-end budget to actual report.

City of Beloit

Notes to Financial Statements
December 31, 2021

Deficit Balances

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

As of December 31, 2021, the following individual funds held a deficit balance:

| Fund | Amount | Reason |
|---|---------------|-----------------------------------|
| Special Revenue – TIF District No. 9 | \$ 61,780 | Excess expenditures over revenues |
| Special Revenue – TIF District No. 13 | 240,645 | Excess expenditures over revenues |
| Special Revenue – Police | 146,006 | Excess expenditures over revenues |
| Enterprise – Golf Course | 73,144 | Excess expenses over revenues |
| Internal Service – Equipment Operations | 37,535 | Excess expenses over revenues |
| Internal Service - Retiree Health Insurance | 1,358,794 | Excess expenses over revenues |

Tax incremental district deficits are anticipated to be funded with future incremental taxes levied over the life of the districts, which is 27 years for the districts created before October 1, 1995 and 23 years for districts created through September 30, 2004. Beginning October 1, 2004, the life of new districts varies by type of district (20-27) and may be extended in some cases. Other fund deficits are anticipated to be funded with future contributions, general tax revenues or long-term borrowing.

Limitations on the City's Tax Levy

Wisconsin law limits the City's future tax levies. Generally, the City is limited to its prior tax levy dollar amount (excluding TIF districts), increased by the greater of the percentage change in the City's equalized value due to new construction or zero percent. Changes in debt service from one year to the next are generally exempt from this limit with certain exceptions. The City is required to reduce its allowable levy by the estimated amount of fee revenue it collects for certain services, if those services were funded in 2013 by the property tax levy. Levies can be increased above the allowable limits if the amount is approved by referendum.

City of Beloit

Notes to Financial Statements
December 31, 2021

4. Detailed Notes on All Funds

Deposits and Investments

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

| | <u>Carrying Value</u> | <u>Statement Balance</u> | <u>Associated Risks</u> |
|--|-----------------------|--------------------------|--|
| Demand deposits | \$ 22,076,575 | \$ 22,662,948 | Custodial credit risk Custodial credit risk, interest rate risk, credit risk, concentration of credit risk |
| Municipal bonds | 4,925,395 | 4,925,395 | Credit risk, custodial credit risk, concentration of credit risk, interest rate risk |
| Corporate bonds | 11,726,390 | 11,726,390 | Credit risk |
| LGIP | 42,624,575 | 42,624,575 | N/A |
| Petty cash | <u>7,185</u> | <u>-</u> | |
| Total cash and investments | <u>\$ 81,360,120</u> | <u>\$ 81,939,308</u> | |
| Reconciliation to financial statements | | | |
| Per statement of net position | | | |
| Unrestricted cash and investments | \$ 69,102,030 | | |
| Restricted cash and investments | 6,596,271 | | |
| Per statement of fiduciary net Position, custodial fund | | | |
| Cash and investments | <u>5,661,819</u> | | |
| Total cash and investments | <u>\$ 81,360,120</u> | | |

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts (including NOW accounts) and \$250,000 for demand deposit amounts (interest-bearing and noninterest bearing). In addition, if deposits are held in an institution outside of the state in which the government is located, insured amounts are further limited to a total of \$250,000 for the combined amount of all deposits.

Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the nature of this fund, recovery of material principal losses may not be significant to individual municipalities. This coverage has been considered in determining custodial credit risk.

The Securities Investor Protection Corporation (SIPC), created by the Securities Investor Protection Act of 1970, is an independent government-sponsored corporation (not an agency of the U.S. government).

SIPC membership provides account protection up to a maximum of \$500,000 per customer, of which \$100,000 may be in cash. Additionally, through Lloyds of London, City accounts have additional securities coverage of \$150 million per customer, subject to a \$600 million aggregate firm limit. \$500,000 of the City's investments are covered by SIPC.

The City maintains an irrevocable letter of credit with First National Bank. At December 31, 2021, the letter of credit was held in the amount of \$22,500,000 to secure the City's deposits.

City of Beloit

Notes to Financial Statements
December 31, 2021

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

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

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

| Investment Type | December 31, 2021 | | | |
|-----------------|-------------------|---------------|---------|-------|
| | Level 1 | Level 2 | Level 3 | Total |
| Municipal bonds | \$ - | \$ 4,925,395 | \$ - | \$ - |
| Corporate bonds | - | 11,726,390 | - | - |
| Total | \$ - | \$ 16,651,785 | \$ - | \$ - |

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, 2021, the City had no deposits exposed to custodial credit risk.

As of December 31, 2021, 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, 2021, the City's investments were rated as follows:

| Investment Type | Standard & Poor's | Fitch Ratings | Moody's Investor Service |
|-----------------|-------------------|---------------|--------------------------|
| Municipal bonds | AA+ | N/A | Aa2 to Aaa |
| Corporate bonds | BBB+ to A+ | N/A | A1 to A2 |

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

LGIP - external pool

City of Beloit

Notes to Financial Statements
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The City's investment policy states the City shall invest in those securities having a rating which is the highest or second highest rating category assigned by S&P Corp, Moody's investors service or similar nationally recognized rating agency.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer.

As of December 31, 2021, of the City's total portfolio, 5.04% was invested in Federal Home Loan Banks.

Concentration of Credit Risk (by Dealer)

| <u>Dealer</u> | <u>Fair Value</u> | <u>Percentage of Portfolio</u> |
|--------------------------------|----------------------|--------------------------------|
| Vinning Sparks | \$ 11,188,666 | 6% |
| BOSC, Inc. | 3,466,339 | 19 |
| FHN | 1,996,780 | 3 |
| Total concentrated investments | <u>\$ 16,651,785</u> | <u>28%</u> |

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, 2021, the City's investments were as follows:

| <u>Investment Type</u> | <u>Fair Value</u> | <u>Percentage of Portfolio</u> | <u>Maturity</u> | | | |
|------------------------|----------------------|--------------------------------|------------------------|----------------------|---------------------|--------------------------|
| | | | <u>Less than 1 Yr.</u> | <u>1 to 5 Yrs.</u> | <u>6 to 10 Yrs.</u> | <u>More than 10 Yrs.</u> |
| Municipal bonds | \$ 4,925,395 | 8% | \$ 165,952 | \$ 3,788,713 | \$ 970,730 | \$ - |
| Corporate bonds | 11,726,390 | 20 | 3,037,620 | 7,198,065 | 1,490,705 | - |
| Total | <u>\$ 16,651,785</u> | | <u>\$ 3,203,572</u> | <u>\$ 10,986,778</u> | <u>\$ 2,461,435</u> | <u>\$ -</u> |

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

Receivables

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

| | |
|--|---------------------|
| General Fund, delinquent personal property taxes | \$ 86,147 |
| Capital Projects, capital improvement, special assessments | 255,608 |
| Special Revenue, TIF No. 8, land contract | 1,183,124 |
| Nonmajor Governmental Funds, loans | 1,438,000 |
| Total amount not expected to be collected within one year | <u>\$ 2,962,879</u> |

City of Beloit

Notes to Financial Statements

December 31, 2021

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

| | <u>Total</u> |
|---|-------------------|
| Governmental Fund Types, municipal court receivable | \$ 255,033 |
| Governmental Fund Types, conditional loans | 200,000 |
| Governmental Fund Types, economic development loans | 10,235 |
| Governmental Fund Types, extrication services | 36,051 |
| Business Type, ambulance receivables | <u>494,394</u> |
| Total uncollectibles | <u>\$ 995,713</u> |

Governmental funds report *unavailable or unearned revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Property taxes levied for the subsequent year are not earned and cannot be used to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *unavailable revenue* and *unearned revenue* reported in the governmental funds were as follows:

| | <u>Unearned</u> | <u>Unavailable</u> |
|--|----------------------|---------------------|
| Property taxes receivable for subsequent year | \$ 29,795,141 | \$ - |
| Loans receivable | - | 2,167,947 |
| Accounts receivable, noncurrent | - | 123,496 |
| Investment income, noncurrent | - | 73,358 |
| Special assessments | - | 260,120 |
| Land contract receivable | <u>-</u> | <u>1,245,099</u> |
| Total unearned/unavailable revenue for governmental funds* | <u>\$ 29,795,141</u> | <u>\$ 3,870,020</u> |

* There is also \$7,609,496 of unearned revenue recorded as a liability related to advanced grant funds unspent as of year-end.

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.

City of Beloit

Notes to Financial Statements
December 31, 2021

Net Pension Asset

Restricted assets have been reported in connection with the net pension asset balance since this balance must be used to fund employee benefits. See Note 5 for further information.

Following is a list of restricted cash and investments at December 31, 2021:

| | <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 | 1,745,275 | 269,100 | 110,500 |
| Construction account | <u>1,870,468</u> | <u>346,623</u> | <u>-</u> |
| Total enterprise fund restricted cash and investments | <u>\$ 3,999,782</u> | <u>\$ 2,437,739</u> | <u>\$ 159,750</u> |

Capital Assets

Capital asset activity for the year ended December 31, 2021 was as follows:

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Deletions</u> | <u>Ending Balance</u> |
|--|--------------------------|------------------|------------------|-----------------------|
| Governmental Activities | | | | |
| Capital assets not being depreciated | | | | |
| Land | \$ 5,570,137 | \$ - | \$ 26,020 | \$ 5,544,117 |
| Construction in progress | <u>2,335,902</u> | <u>936,727</u> | <u>2,335,902</u> | <u>936,727</u> |
| Total capital assets not being depreciated | <u>7,906,039</u> | <u>936,727</u> | <u>2,361,922</u> | <u>6,480,844</u> |
| Capital assets being depreciated | | | | |
| Land improvements | 67,854 | - | - | 67,854 |
| Buildings | 23,435,540 | - | - | 23,435,540 |
| Machinery, equipment, and vehicles | 27,949,308 | 735,001 | 587,315 | 28,096,994 |
| Other improvements | 6,168,407 | - | - | 6,168,407 |
| Streets | 78,037,186 | 2,335,902 | - | 80,373,088 |
| Structures | 571,204 | - | - | 571,204 |
| Street lights | 7,379,970 | - | - | 7,379,970 |
| Traffic signals | 2,562,159 | - | - | 2,562,159 |
| Bridges | <u>14,082,523</u> | <u>-</u> | <u>-</u> | <u>14,082,523</u> |
| Total capital assets being depreciated | <u>160,254,151</u> | <u>3,070,903</u> | <u>587,315</u> | <u>162,737,739</u> |

City of Beloit

Notes to Financial Statements
December 31, 2021

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Deletions</u> | <u>Ending Balance</u> |
|--|------------------------------|--------------------|------------------|---------------------------|
| Less Accumulated depreciation for | | | | |
| Land improvements | \$ (61,070) | \$ - | \$ - | \$ (61,070) |
| Buildings | (8,317,407) | (411,696) | - | (8,729,103) |
| Machinery, equipment, and vehicles | (18,204,688) | (1,338,473) | 587,315 | (18,955,846) |
| Other improvements | (3,434,570) | (94,175) | - | (3,528,745) |
| Streets | (20,782,644) | (1,364,988) | - | (22,147,632) |
| Structures | (164,142) | (18,613) | - | (182,755) |
| Street lights | (1,969,490) | (142,546) | - | (2,112,036) |
| Traffic signals | (2,270,716) | (65,138) | - | (2,335,854) |
| Bridges | (3,324,210) | (209,300) | - | (3,533,510) |
| | <u>(58,528,937)</u> | <u>(3,644,929)</u> | <u>587,315</u> | <u>(61,586,551)</u> |
| Total accumulated depreciation | | | | |
| Net capital assets being depreciated | <u>101,725,214</u> | <u>(574,026)</u> | <u>-</u> | <u>101,151,188</u> |
| Total governmental activities, capital assets, net of depreciation | <u>\$ 109,631,253</u> | | | <u>\$ 107,632,032</u> |

Depreciation expense was charged to functions as follows:

Governmental Activities

| | |
|---|---------------------|
| Finance and administrative services | \$ 104,465 |
| Public safety, police | 162,931 |
| Public safety, fire | 378,005 |
| Public works, which includes the depreciation of infrastructure | 2,863,479 |
| Library | <u>136,049</u> |
| Total governmental activities depreciation expense | <u>\$ 3,644,929</u> |

City of Beloit

Notes to Financial Statements
December 31, 2021

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Deletions</u> | <u>Ending Balance</u> |
|---|------------------------------|--------------------|------------------|---------------------------|
| Business-Type Activities | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 3,736,753 | \$ - | \$ - | \$ 3,736,753 |
| Construction in progress | - | 1,941,793 | - | 1,941,793 |
| Total capital assets not being depreciated | <u>3,736,753</u> | <u>1,941,793</u> | <u>-</u> | <u>5,678,546</u> |
| Other capital assets | | | | |
| Land improvements | 702,418 | - | - | 702,418 |
| Buildings | 10,528,769 | - | - | 10,528,769 |
| Machinery, equipment and vehicles | 10,235,472 | 302,847 | - | 10,538,319 |
| Sewer mains | 18,953,360 | 316,504 | - | 19,269,864 |
| Sewer treatment facility | 73,326,565 | - | - | 73,326,565 |
| Water mains | 46,560,833 | 1,422,770 | 423,910 | 47,559,693 |
| Storm infrastructure | 12,446,737 | - | - | 12,466,737 |
| Total capital assets being depreciated | <u>172,754,154</u> | <u>2,042,121</u> | <u>423,910</u> | <u>174,372,365</u> |
| Less accumulated depreciation for: | | | | |
| Land improvements | (699,399) | - | - | (699,399) |
| Buildings | (4,224,916) | (266,904) | - | (4,491,820) |
| Machinery, equipment and vehicles | (6,779,399) | (290,525) | - | (7,069,924) |
| Sewer mains | (5,500,934) | (189,814) | - | (5,690,748) |
| Sewer treatment facility | (61,851,978) | (2,516,726) | - | (64,368,704) |
| Water mains | (19,066,011) | (1,208,855) | 423,910 | (19,850,956) |
| Storm infrastructure | (3,681,417) | (146,842) | - | (3,828,259) |
| Total accumulated depreciation | <u>(101,804,054)</u> | <u>(4,619,666)</u> | <u>423,910</u> | <u>(105,999,810)</u> |
| Business-type capital assets, net of depreciation | <u>70,950,100</u> | <u>(2,577,545)</u> | <u>-</u> | <u>68,372,555</u> |
| Total business-type capital assets, net of depreciation | <u>\$ 74,686,853</u> | | | <u>\$ 74,051,101</u> |

City of Beloit

Notes to Financial Statements
December 31, 2021

Depreciation expense was charged to functions as follows:

Business-Type Activities

| | |
|--|---------------------|
| Water | \$ 1,466,216 |
| Sewer | 2,762,559 |
| Storm | 146,842 |
| Transit | 236,920 |
| Golf Course | 5,112 |
| Cemetery | <u>2,017</u> |
| Total business-type activities depreciation expense | <u>\$ 4,619,666</u> |

Depreciation expense may be different from business-type activity accumulated depreciation additions because of joint metering, salvage, cost of removal, internal allocators or costs associated with the disposal of assets.

Interfund Receivables/Payables, Advances and Transfers

Interfund Receivables/Payables

The following is a schedule of interfund receivables and payables including any overdrafts on pooled cash and investment accounts:

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|--|---|---------------------|
| General | Special Revenue, TIF District No. 13 | \$ 235,936 |
| General | Special Revenue, Community Development | 241,801 |
| General | Special Revenue, Police | 238,600 |
| General | Enterprise, Transit System | 1,889,025 |
| General | Enterprise, Ambulance | 502,978 |
| Capital Improvements Program | Special Revenue, TIF District No. 9 | <u>100,000</u> |
| Subtotal, fund financial statements | | 3,208,340 |
| Less allocation of Internal Service funds | | (766,866) |
| Less fund eliminations | | <u>(816,337)</u> |
| Total, government-wide statement of net position | | <u>\$ 1,625,137</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
December 31, 2021

Advances

The general fund is advancing funds to the golf course. The equipment replacement fund is advancing funds to the retiree health insurance fund and cemetery fund. The purpose of these advances is for deficit cash balances at year-end. No repayment schedules have been established for these advances.

The following is a schedule of interfund advances:

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Total</u> | <u>Amount Not Due in One Year</u> |
|------------------------|--|---------------------|---|
| Equipment Replacement | Internal Service, Retiree Health Insurance | \$ 1,751,913 | \$ 1,751,913 |
| Equipment Replacement | Enterprise, Cemeteries | 281,888 | 281,888 |
| General | Enterprise, Golf Course | <u>968,998</u> | <u>968,998</u> |
| Subtotal | | 3,002,799 | 3,002,799 |
| Less fund eliminations | | <u>(1,751,913)</u> | <u>(1,751,913)</u> |
| Total | | <u>\$ 1,250,886</u> | <u>\$ 1,250,886</u> |

Transfers

The following is a schedule of interfund transfers:

| <u>Fund Transferred To</u> | <u>Fund Transferred From</u> | <u>Amount</u> | <u>Purpose</u> |
|---|------------------------------|-------------------|-------------------------|
| General | Water Utility | <u>\$ 780,585</u> | Payment in lieu of tax |
| Debt Service, General | Special Revenue, TIF | | |
| Debt Service | District No. 8 | 219,120 | Debt service |
| Debt Service, General | Special Revenue, TIF | | |
| Debt Service | District No. 10 | 183,190 | Debt service |
| Debt Service, General | Special Revenue, TIF | | |
| Debt Service | District No. 12 | 58,219 | Debt service |
| Debt Service, General | Special Revenue, TIF | | |
| Debt Service | District No. 13 | <u>467,396</u> | Debt service |
| Total debt service, general | | <u>927,925</u> | |
| Equipment Replacement | Special Revenue, Solid | | |
| Special Revenue, TIF | Waste | 75,171 | Capital asset purchases |
| District No. 9 | Special Revenue, TIF | | Shared increment |
| | District No. 11 | <u>160,000</u> | between TID's |
| Subtotal, fund financial statements | | 1,943,681 | |
| Less fund eliminations | | (1,163,096) | |
| Less capital contributions from GA to BTA | | <u>(120,405)</u> | |
| Total, government-wide statement of activities | | <u>\$ 660,180</u> | |

City of Beloit

Notes to Financial Statements

December 31, 2021

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.

Long-Term Obligations

Long-term obligations activity for the year ended December 31, 2021 was as follows:

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> | <u>Amounts Due Within One Year</u> |
|---|--------------------------|----------------------|----------------------|-----------------------|------------------------------------|
| Governmental Activities | | | | | |
| Bonds and notes payable: | | | | | |
| General obligation debt | \$ 48,056,710 | \$ 14,060,000 | \$ 15,444,983 | \$ 46,671,727 | \$ 4,490,563 |
| General obligation debt from direct borrowings | 510,206 | - | 266,467 | 243,739 | 95,484 |
| Premium on debt | 799,601 | 816,800 | 68,775 | 1,547,626 | - |
| Subtotal | 49,366,517 | 14,876,800 | 15,780,225 | 48,463,092 | 4,586,047 |
| Other liabilities: | | | | | |
| Compensated absences: | | | | | |
| Sick leave | 1,491,911 | - | 412,027 | 1,079,884 | 140,386 |
| Vacation | 1,581,306 | 1,506,546 | 1,581,306 | 1,506,546 | 1,506,546 |
| Capital Leases: | | | | | |
| Payable to component unit | 2,893,321 | - | 2,496,825 | 396,496 | 90,000 |
| Other capital leases | 109,336 | - | 53,546 | 55,790 | 55,790 |
| Total other liabilities | 6,075,874 | 1,506,546 | 4,543,704 | 3,038,716 | 1,792,722 |
| Total governmental activities, long-term liabilities | <u>\$ 55,442,391</u> | <u>\$ 16,383,346</u> | <u>\$ 20,323,929</u> | <u>\$ 51,501,808</u> | <u>\$ 6,378,769</u> |
| Business-Type Activities | | | | | |
| Bonds and notes payable: | | | | | |
| General obligation debt | \$ 2,483,298 | \$ - | \$ 850,020 | \$ 1,633,278 | \$ 309,437 |
| General obligation debt from direct borrowings | 3,252 | - | 1,056 | 2,196 | 1,085 |
| Revenue bonds | 23,625,000 | - | 1,845,000 | 21,780,000 | 1,915,000 |
| CWFL revenue bond, direct borrowing | 2,068,409 | - | 166,542 | 1,901,867 | 170,539 |
| Add/(subtract) deferred amounts for premiums | 647,789 | - | 141,553 | 506,236 | - |
| Subtotal | 28,827,748 | - | 3,004,171 | 25,823,577 | 2,396,061 |
| Other liabilities: | | | | | |
| Compensated absences: | | | | | |
| Sick leave | 319,778 | 66,033 | 41,570 | 344,241 | 44,751 |
| Vacation | 329,978 | 361,234 | 329,978 | 361,234 | 361,235 |
| Subtotal | 649,756 | 427,267 | 371,548 | 705,475 | 405,986 |
| Total business-type activities, long-term liabilities | <u>\$ 29,477,504</u> | <u>\$ 427,267</u> | <u>\$ 3,375,719</u> | <u>\$ 26,529,052</u> | <u>\$ 2,802,047</u> |

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

City of Beloit

Notes to Financial Statements

December 31, 2021

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.

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, 2021, was \$118,888,770. Total general obligation debt outstanding at year-end was \$48,550,940.

| | <u>Date of Issue</u> | <u>Due Date</u> | <u>Interest Rates</u> | <u>Original Indebtedness</u> | <u>Balance 12-31-21</u> |
|--|----------------------|-----------------|-----------------------|------------------------------|-------------------------|
| Governmental Activities - | | | | | |
| General Obligation Debt | | | | | |
| General obligation refunding bonds Series 2011A | 10-21-11 | 4-1-25 | 2.45% | \$ 9,726,168 | \$ 2,211,294 |
| General obligation refunding bonds Series 2011B | 12-8-11 | 3-1-25 | 1.00-4.10 | 4,280,000 | 715,000 |
| 2013 State trust fund loan, direct | 8-1-13 | 3-15-23 | 2.75 | 667,100 | 146,778 |
| General obligation promissory notes Series 2014A | 5-15-14 | 5-1-24 | 2.00-2.40 | 850,000 | 315,000 |
| General obligation corporate purpose bonds Series 2014B | 5-15-14 | 5-1-34 | 2.00-3.50 | 7,777,275 | 3,735,433 |
| General obligation promissory notes Series 2015B | 3-19-15 | 3-1-25 | 0.80-2.40 | 720,000 | 310,000 |
| General obligation corporate purpose bonds Series 2015C | 3-19-15 | 3-1-35 | 2.00-3.25 | 2,450,000 | 1,695,000 |
| 2015 State trust fund loan, direct | 11-23-15 | 3-15-25 | 3.25 | 200,000 | 96,961 |
| General obligation promissory notes Series 2016A | 5-12-16 | 4-1-26 | 1.60-2.00 | 1,725,000 | 1,200,000 |
| General obligation corporate purpose bonds Series 2016B | 5-12-16 | 4-1-36 | 2.00-3.00 | 3,235,000 | 2,800,000 |
| General obligation promissory notes Series 2017A | 6-22-17 | 6-1-27 | 2.00-3.00 | 1,715,000 | 1,190,000 |
| General obligation corporate purpose bonds Series 2017B | 6-22-17 | 6-1-37 | 3.00-3.25 | 4,320,000 | 3,655,000 |
| General obligation promissory notes Series 2018A | 4-18-18 | 4-1-28 | 3.00-4.00 | 2,080,000 | 1,625,000 |
| General obligation corporate purpose bonds Series 2018B | 4-18-18 | 4-1-28 | 3.00-4.00 | 3,315,000 | 3,090,000 |
| General obligation corporate promissory notes Series 2019A | 5-22-19 | 5-1-29 | 3.00 | 1,835,000 | 1,670,000 |
| General obligation corporate purpose bonds Series 2019B | 5-22-19 | 5-1-39 | 3.00-4.00 | 3,635,000 | 3,355,000 |
| General obligation promissory notes Series 2020A | 4-30-20 | 4-1-30 | 2.00 | 1,660,000 | 1,565,000 |
| General obligation promissory notes Series 2020B | 4-30-20 | 4-1-40 | 2.00-3.00 | 3,580,000 | 3,480,000 |
| General obligation promissory notes Series 2021A | 4-8-21 | 4-1-31 | 2.00 | 1,120,000 | 1,120,000 |
| General obligation corporate purpose bonds Series 2021B | 4-8-21 | 4-1-33 | 2.00-3.00 | 12,940,000 | 12,940,000 |
| Total governmental activities - general obligation debt | | | | | <u>\$ 46,915,466</u> |

City of Beloit

Notes to Financial Statements

December 31, 2021

| | <u>Date of Issue</u> | <u>Due Date</u> | <u>Interest Rates</u> | <u>Original Indebtedness</u> | <u>Balance 12-31-21</u> |
|---|----------------------|-----------------|-----------------------|------------------------------|-------------------------|
| Business-Type Activities, | | | | | |
| General Obligation Debt | | | | | |
| General obligation refunding bonds Series 2011A | 10-21-11 | 4-1-25 | 2.45% | \$ 1,353,832 | \$ 443,713 |
| 2013 State trust fund loan, direct | 8-1-13 | 3-15-23 | 2.75 | 129,600 | 2,196 |
| General obligation promissory notes Series 2014A | 5-15-14 | 5-1-24 | 2.00-2.40 | 270,000 | 90,000 |
| General obligation corporate purpose bonds Series 2014B | 5-15-14 | 5-1-24 | 2.00-3.50 | 387,725 | 149,565 |
| General obligation corporate purpose bonds Series 2017B | 6-22-17 | 6-1-28 | 3.00-3.25 | 1,105,000 | 710,000 |
| General obligation promising note Series 2018A | 4-18-18 | 4-1-28 | 3.00-4.00 | 60,000 | 45,000 |
| General obligation promising note Series 2019A | 5-22-19 | 5-1-29 | 3.00 | 95,000 | 80,000 |
| General obligation promising note Series 2020A | 4-30-20 | 4-1-30 | 1.85 | 120,000 | <u>115,000</u> |
| Total business-type activities, general obligation debt | | | | | <u>\$ 1,635,474</u> |

Debt service requirements to maturity are as follows:

| <u>Years</u> | <u>Governmental Activities General Obligation Debt</u> | | <u>Business-Type Activities General Obligation Debt</u> | |
|--------------|--|---------------------|---|-------------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Principal</u> | <u>Interest</u> |
| 2022 | \$ 4,490,563 | \$ 1,299,016 | \$ 309,437 | \$ 39,755 |
| 2023 | 4,442,396 | 1,048,474 | 312,606 | 31,772 |
| 2024 | 4,666,808 | 923,205 | 313,195 | 23,619 |
| 2025 | 4,636,960 | 792,353 | 248,040 | 16,135 |
| 2026 | 4,230,000 | 675,874 | 145,000 | 10,650 |
| 2027-2031 | 13,395,000 | 2,187,531 | 305,000 | 10,275 |
| 2032-2036 | 7,580,000 | 915,553 | - | - |
| 2037-2040 | <u>3,230,000</u> | <u>141,144</u> | <u>-</u> | <u>-</u> |
| Total | <u>\$ 46,671,727</u> | <u>\$ 7,983,150</u> | <u>\$ 1,633,278</u> | <u>\$ 132,206</u> |

City of Beloit

Notes to Financial Statements

December 31, 2021

| <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> |
| 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 | - | - |
| Total | <u>\$ 243,739</u> | <u>\$ 14,089</u> | <u>\$ 2,196</u> | <u>\$ 92</u> |

The City's outstanding State Trust Fund loans from direct borrowings related to governmental activities and business-type activities of \$245,935 contain clauses that any delinquent payments are subject to a penalty of one percent per month and shall be deducted from any state payments that are due to the City.

Other Debt Information

Estimated payments of compensated absences are not included in the debt service requirement schedules. The compensated absences liability attributable to governmental activities will be liquidated primarily by the general fund.

A statutory mortgage lien upon the City's utility system and any additions, improvements and extensions thereto is created by Section 66.066 of the Wisconsin Statutes as provided for in the ordinances creating the revenue bond issue. The City's system and the earnings of the system remain subject to the lien until payment in full of the principal and interest on the bonds.

Revenue Debt

Business-type activities revenue bonds are payable only from revenues derived from the operation of the responsible proprietary fund.

The water utility has pledged future sales revenues, net of specified operating expenses, to repay revenue bonds issued in 2010, 2016, 2018 and 2020. Proceeds from the bonds provided financing for the water systems. The bonds are payable solely from water revenues and are payable through 2038. Annual principal and interest payments on the bonds are expected to require 36% of net revenues. The total principal and interest remaining to be paid on the bonds is \$21,193,646. Principal and interest paid for the current year and total customer net revenues were \$2,302,231 and \$3,490,491, 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 26% of net revenues. The total principal and interest remaining to be paid on the bonds is \$935,850. Principal and interest paid for the current year and total customer net revenues were \$101,550 and \$393,889, respectively.

City of Beloit

Notes to Financial Statements

December 31, 2021

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 12% of net revenues. The total principal and interest remaining to be paid on the loan is \$6,525,087. Principal and interest paid for the current year and total customer net revenues were \$466,091 and \$3,159,193, respectively.

| | <u>Date of Issue</u> | <u>Due Date</u> | <u>Interest Rates</u> | <u>Original Indebted-Ness</u> | <u>Balance 12-31-21</u> |
|---------------------------------------|----------------------|-----------------|-----------------------|-------------------------------|-------------------------|
| Water Utility: | | | | | |
| Revenue bonds | 4-6-10 | 11-1-30 | 2.00-4.50% | \$ 4,025,000 | \$ 2,155,000 |
| Refunding revenue bonds | 11-9-16 | 11-1-28 | 4.00-4.50 | 12,555,000 | 10,140,000 |
| Revenue bonds | 5-3-18 | 11-1-38 | 3.00-4.00 | 3,980,000 | 3,580,000 |
| Revenue bonds | 4-30-20 | 11-1-29 | 3.00-4.00 | 2,165,000 | 1,750,000 |
| Total water utility revenue debt | | | | | <u>17,625,000</u> |
| Stormwater Utility: | | | | | |
| Refunding revenue bonds | 3-4-15 | 5-1-30 | 2.00-3.50 | 1,225,000 | 810,000 |
| Total stormwater utility revenue debt | | | | | <u>810,000</u> |
| Sewer Utility: | | | | | |
| Revenue bonds | 5-3-18 | 5-1-38 | 3.00-4.00 | 3,760,000 | 3,345,000 |
| Total sewer utility revenue debt | | | | | <u>3,345,000</u> |
| Total revenue bonds | | | | | <u>\$ 21,780,000</u> |

Debt service requirements to maturity are as follows:

| <u>Years</u> | <u>Business-Type Revenue Debt</u> | |
|--------------|-----------------------------------|---------------------|
| | <u>Principal</u> | <u>Interest</u> |
| 2022 | \$ 1,915,000 | \$ 741,263 |
| 2023 | 1,980,000 | 668,888 |
| 2024 | 2,060,000 | 593,938 |
| 2025 | 2,145,000 | 514,800 |
| 2026 | 2,200,000 | 456,944 |
| 2027-2031 | 7,775,000 | 1,269,425 |
| 2032-2036 | 2,595,000 | 440,784 |
| 2037-2038 | 1,110,000 | 49,527 |
| Total | <u>\$ 21,780,000</u> | <u>\$ 4,735,569</u> |

Current Refunding

On April 8, 2021, bonds in the amount of \$12,940,000 were issued by the City to refund \$11,740,000 of outstanding bonds. The net proceeds were used to prepay the remaining outstanding debt service requirements on the old bonds. The Utility portion of this outstanding debt was paid with cash on hand. The cash flow requirements on the old bonds prior to the current refunding was \$13,333,845 from 2022 through 2033.

City of Beloit

Notes to Financial Statements

December 31, 2021

The cash flow requirements on the new bonds are \$11,035,579 from 2022 through 2033. The current refunding resulted in an economic gain of \$2,510,609.

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, 2021, the City has received \$3,397,675 in loan proceeds and paid \$166,542 and \$47,643 in principal and interest, respectively, in 2021.

| | <u>Fund Retired By</u> | <u>Beginning Balance</u> | <u>Additions</u> | <u>Deletions</u> | <u>Ending Balance</u> | <u>Due Within One Year</u> |
|-------------------------|------------------------|--------------------------|------------------|------------------|-----------------------|----------------------------|
| CWFP Loan (No. 4139-05) | Sewer | \$ 2,068,409 | \$ - | \$ 166,542 | \$ 1,901,867 | \$ 170,539 |

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

| <u>Years Ending</u> | <u>Principal</u> | <u>Interest</u> | <u>Business-Type Activities</u> |
|---------------------|---------------------|-------------------|---------------------------------|
| 2022 | \$ 170,539 | \$ 43,599 | \$ 214,138 |
| 2023 | 174,632 | 39,456 | 214,088 |
| 2024 | 178,823 | 35,215 | 214,038 |
| 2025 | 183,115 | 30,872 | 213,987 |
| 2026 | 187,508 | 26,424 | 213,932 |
| 2027-2031 | 1,007,250 | 61,581 | 1,068,831 |
| Total | <u>\$ 1,901,867</u> | <u>\$ 237,147</u> | <u>\$ 2,139,014</u> |

Lease Disclosures

| | <u>Balance 1-1-21</u> | <u>Increases</u> | <u>Decreases</u> | <u>Balance 12-31-21</u> |
|---------------------------|-----------------------|------------------|---------------------|-------------------------|
| Capital Leases | | | | |
| Governmental activities: | | | | |
| Payable to component unit | \$ 2,893,321 | \$ - | \$ 2,496,825 | \$ 396,496 |
| Other capital leases | 109,336 | - | 53,546 | 55,790 |
| Total | <u>\$ 3,002,657</u> | <u>\$ -</u> | <u>\$ 2,550,371</u> | <u>\$ 452,286</u> |

Lessee - Community Development Authority

The City, through TIF District No. 13, 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; (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 (the Rental Payments).

City of Beloit

Notes to Financial Statements
December 31, 2021

The future minimum lease payments are required as follows:

| <u>Calendar Years</u> | <u>TIF No. 13</u> |
|--|-------------------|
| 2022 | \$ 107,055 |
| 2023 | 103,433 |
| 2024 | 99,675 |
| 2025 | 95,873 |
| 2026 | 91,980 |
| Subtotal | 498,016 |
| Less reserve funds to be applied to final principal payment | (53,505) |
| Less amount representing interest | (48,015) |
| Present value of minimum lease payments | <u>\$ 396,496</u> |

The TIF District No. 13 lease was callable and paid off in 2022 with cash on hand. See the Subsequent Events footnote for further details.

Lessee - Other Capital Leases

In 2008, the City entered into a lease agreement to finance a lighting improvement project; heating, ventilating and air conditioning improvement project; and a building envelope improvement project. The total lease amount was \$640,614. Only \$394,912 of assets were capitalized and are depreciable. The remaining amount was expensed in 2007.

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

The future minimum lease obligations and the net present value on these minimum lease payments as of December 31, 2021, are as follows:

| | <u>Principal</u> | <u>Interest</u> | <u>Governmental Activities</u> |
|---|------------------|-----------------|------------------------------------|
| 2022 | \$ 55,790 | \$ 2,340 | \$ 58,130 |
| | <u>\$ 55,790</u> | <u>\$ 2,340</u> | |
| Less amount representing interest | | | (2,340) |
| Present value of minimum lease payments | | | <u>\$ 55,790</u> |

City of Beloit

Notes to Financial Statements
December 31, 2021

Net Position/Fund Balances

Net position reported on the government wide statement of net position at December 31, 2021 includes the following:

| Governmental Activities | |
|---|----------------------|
| Net investment in capital assets | |
| Land | \$ 5,544,117 |
| Construction in progress | 936,727 |
| Other capital assets, net of accumulated depreciation | 101,151,188 |
| Less related long-term debt outstanding | (28,489,420) |
| Less capital leases, payable to component unit | (386,266) |
| Less unamortized premium on debt | (1,367,113) |
| Add unamortized loss on advance refunding | 414,708 |
| Add unspent capital bond proceeds | <u>3,486,289</u> |
| Total net investment in capital assets | <u>81,290,230</u> |
| Restricted | |
| General debt service | 685,299 |
| TIF District No. 8, economic development | 1,307,694 |
| TIF District No. 10, economic development | 8,253,328 |
| TIF District No. 11, economic development | 25,774 |
| TIF District No. 12, economic development | 354,132 |
| TIF District No. 14, economic development | 367,489 |
| Rental rehab (WRRP/HOME) grant | 898,908 |
| Community Development Block Grant | 1,550,318 |
| Fire, multi-year grants | 3,456 |
| DPW, multi-year grants | 370,180 |
| Community development grants | 270,295 |
| Library operations | 526,509 |
| Cemetery perpetual care | 2,416,832 |
| Bridge activities | 80,801 |
| Solid waste | 977,883 |
| Pension | <u>10,994,228</u> |
| Total restricted | <u>29,083,126</u> |
| Unrestricted (deficit) | <u>(97,487,032)</u> |
| Total governmental activities net position | <u>\$ 12,886,324</u> |

City of Beloit

Notes to Financial Statements December 31, 2021

Governmental fund balances reported on the fund financial statements at December 31, 2021 include the following:

| | General | TIF District No. 10 | American Rescue Plan Act | General Debt Service | Capital Improvements | Nonmajor Governmental Funds | Total Governmental Funds |
|---|----------------------|------------------------|--------------------------------|-------------------------|-------------------------|-----------------------------------|--------------------------------|
| Fund Balances | | | | | | | |
| Nonspendable: | | | | | | | |
| Delinquent personal property taxes | \$ 86,147 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 86,147 |
| Inventories | 592,068 | - | - | - | - | - | 592,068 |
| Prepaid items | 120,857 | - | - | - | - | - | 120,857 |
| Advances to other funds | 968,998 | - | - | - | - | - | 968,998 |
| Total nonspendable | 1,768,070 | - | - | - | - | - | 1,768,070 |
| Restricted for: | | | | | | | |
| Bridge maintenance | 80,801 | - | - | - | - | - | 80,801 |
| Debt service | - | - | - | 1,201,130 | - | - | 1,201,130 |
| Capital projects | - | - | - | - | 6,967,843 | - | 6,967,843 |
| Economic development | - | 8,253,328 | - | - | - | 809,990 | 9,063,318 |
| Grant programs | - | - | - | - | - | 925,210 | 925,210 |
| Library operations | - | - | - | - | - | 526,509 | 526,509 |
| Solid waste | - | - | - | - | - | 977,883 | 977,883 |
| Cemetery perpetual care | - | - | - | - | - | 2,410,699 | 2,410,699 |
| Total restricted | 80,801 | 8,253,328 | - | 1,201,130 | 6,967,843 | 5,650,291 | 22,153,393 |
| Assigned to: | | | | | | | |
| Capital projects | - | - | - | - | 1,701,060 | 6,396,594 | 8,097,654 |
| Applied to subsequent year's expenditures | 250,000 | - | - | - | - | - | 250,000 |
| Total assigned | 250,000 | - | - | - | 1,701,060 | 6,396,594 | 8,347,654 |
| Unassigned (deficit): | 14,001,286 | - | - | - | - | (448,431) | 13,552,855 |
| Total fund balances | \$ 16,100,157 | \$ 8,253,328 | \$ - | \$ 1,201,130 | \$ 8,668,903 | \$ 11,598,454 | \$ 45,821,972 |

City of Beloit

Notes to Financial Statements

December 31, 2021

Business-Type Activities

| | <u>Water</u> | <u>Sewer</u> | <u>Storm</u> | <u>Nonmajor Proprietary Funds</u> | <u>Total</u> |
|---|----------------------|----------------------|---------------------|---|----------------------|
| Net investment in capital assets | | | | | |
| Land | \$ 1,050,724 | \$ 1,416,029 | \$ - | \$ 1,270,000 | \$ 3,736,753 |
| Other capital assets, net of accumulated depreciation (including CWIP) | 31,516,804 | 25,123,650 | 8,618,478 | 5,055,416 | 70,314,348 |
| Less long-term debt outstanding | (18,280,515) | (5,500,298) | (1,150,675) | (385,853) | (25,317,341) |
| Add noncapital debt outstanding | - | - | - | 75,000 | 75,000 |
| Add unamortized loss on advance refunding | 1,572 | 551 | - | 354 | 2,477 |
| Less unamortized premium on debt | (457,310) | (35,118) | (13,808) | - | (506,236) |
| Add restricted cash funded with borrowed funds | <u>3,615,743</u> | <u>615,723</u> | <u>-</u> | <u>-</u> | <u>4,231,466</u> |
| Total net investment in capital assets | <u>17,447,018</u> | <u>21,620,537</u> | <u>7,453,995</u> | <u>6,014,917</u> | <u>52,536,467</u> |
| Restricted Net Position | | | | | |
| Redemption account | 383,039 | 226,616 | 49,250 | - | 658,905 |
| Replacement account | - | 1,595,400 | - | - | 1,595,400 |
| Reserve account | 1,745,275 | 269,100 | 110,500 | - | 2,124,875 |
| Net pension asset | 153,304 | 566,755 | 32,633 | 1,072,143 | 1,824,835 |
| Construction account | 1,870,468 | 346,623 | - | - | 2,217,091 |
| Less restricted cash funded with borrowed funds | (3,615,743) | (615,723) | - | - | (4,231,466) |
| Less current liabilities payable from restricted assets | <u>(97,011)</u> | <u>(31,733)</u> | <u>(4,550)</u> | <u>-</u> | <u>(133,294)</u> |
| Total restricted net position | <u>439,332</u> | <u>2,357,038</u> | <u>187,833</u> | <u>1,072,143</u> | <u>4,056,346</u> |
| Unrestricted (Deficit) | <u>1,835,604</u> | <u>13,569,630</u> | <u>1,614,770</u> | <u>(1,581,424)</u> | <u>15,438,580</u> |
| Total enterprise funds net position | <u>\$ 19,721,954</u> | <u>\$ 37,547,205</u> | <u>\$ 9,256,598</u> | <u>\$ 5,505,636</u> | 72,031,393 |
| Less portion of internal service funds net position allocated to business-type activities | | | | | <u>766,866</u> |
| Total business-type activities net position | | | | | <u>\$ 72,798,259</u> |

Component Units

This report contains the City of Beloit Community Development Authority (CDA), the Beloit Apartments Redevelopment - Phase 1 and 2, LLC's, component units of the CDA and the Beloit Public Library Foundation, Inc. (foundation) which are included as component units. Financial information is presented as a discrete column in the statement of net position and statement of activities.

In addition to the basic financial statements and the preceding notes to financial statements which apply, the following additional disclosures are considered necessary for a fair presentation.

Community Development Authority - Primary Government

Basis of Accounting/Measurement Focus

The CDA prepares its financial statements in accordance with generally accepted accounting principles. The accounting records are kept on the accrual basis of accounting and flow of economic resources measurement focus.

City of Beloit

Notes to Financial Statements
December 31, 2021

Cash and Investments

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

| | <u>Carrying Value</u> | <u>Statement Balance</u> | <u>Associated Risks</u> |
|--|---------------------------|------------------------------|-----------------------------|
| Demand deposits | \$ 1,425,810 | \$ 1,377,212 | Custodial credit risk |
| Total cash and investments | <u>\$ 1,425,810</u> | <u>\$ 1,377,212</u> | |
| Reconciliation to financial statements | | | |
| Per statement of net position | | | |
| Unrestricted cash and investments | \$ 1,372,306 | | |
| Restricted cash and investments | <u>53,504</u> | | |
| Total cash and investments | <u>\$ 1,425,810</u> | | |

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts (including NOW accounts) and \$250,000 for demand deposit amounts (interest-bearing and noninterest bearing). In addition, if deposits are held in an institution outside of the state in which the government is located, insured amounts are further limited to a total of \$250,000 for the combined amount of all deposits.

Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the nature of this fund, recovery of material principal losses may not be significant to individual municipalities. This coverage has not been considered in calculating custodial credit risk.

Although the CDA has an investment policy, it does not discuss any of the risks below.

Custodial Credit Risk

For deposits, custodial credit risk is the risk that in the event of a financial institution failure, the CDA's deposits may not be returned to the CDA.

As of December 31, 2021, \$0 of the CDA's total bank balances were exposed to custodial credit risk.

Restricted Assets

Restricted assets at December 31, 2021, consist of the following:

| | |
|--|------------------|
| Cash and cash equivalents, bond redemption | <u>\$ 53,504</u> |
| Total restricted assets | <u>\$ 53,504</u> |

City of Beloit

Notes to Financial Statements

December 31, 2021

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 2021 are as follows:

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Deletions</u> | <u>Ending Balance</u> |
|---|------------------------------|------------------|------------------|---------------------------|
| Capital assets not being depreciated: | | | | |
| Land | \$ 414,539 | \$ - | \$ - | \$ 414,539 |
| Capital assets being depreciated: | | | | |
| Buildings | 251,639 | - | 84,953 | 166,686 |
| Furniture, equipment and machinery, dwellings | 37,892 | - | 3,591 | 34,301 |
| Furniture, equipment and machine, administrative | 160,018 | - | - | 160,018 |
| Total capital assets being depreciated | 864,088 | - | 88,544 | 775,544 |
| Less accumulated depreciation | <u>(387,126)</u> | <u>(4,441)</u> | <u>59,214</u> | <u>(332,353)</u> |
| Total capital assets, net of depreciation | <u>\$ 476,962</u> | | | <u>\$ 443,191</u> |

Long-Term Obligations

Lease Revenue Bonds

The CDA has pledged future revenues from the City of Beloit resulting from TIF increments to repay \$9,145,000 in lease revenue bonds issued between 2008-2011. Proceeds from the bonds provided financing for infrastructure improvements and other TIF district investments. The bonds are payable solely from TIF increment revenues and are payable through 2026. Annual principal and interest payments on the bonds are expected to require 100% of TIF increment lease payments. The total principal and interest remaining to be paid on the bonds is \$498,015. Principal and interest paid for the current year and total pledged revenues were both \$3,347,771.

The following is a summary of the lease revenue bond transactions for the year ended December 31, 2021.

| | <u>Balance 1-1-21</u> | <u>Increases</u> | <u>Decreases</u> | <u>Balance 12-31-21</u> |
|---------------------|---------------------------|------------------|---------------------|-----------------------------|
| Lease revenue bonds | <u>\$ 3,690,000</u> | <u>\$ -</u> | <u>\$ 3,240,000</u> | <u>\$ 450,000</u> |

City of Beloit

Notes to Financial Statements
December 31, 2021

| <u>Title of Issue</u> | <u>Date of Issue</u> | <u>Due Date</u> | <u>Interest Rates</u> | <u>Original Indebtedness</u> | <u>Balance 12-31-21</u> |
|---------------------------|----------------------|-----------------|-----------------------|------------------------------|-------------------------|
| 2011B Lease Revenue Bonds | 6-27-11 | 6-1-26 | 2.90-4.40% | \$ 1,165,000 | \$ 450,000 |
| Total | | | | | <u>\$ 450,000</u> |

Debt service requirements to maturity are as follows:

| <u>Calendar Years</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-----------------------|-------------------|------------------|-------------------|
| 2022 | \$ 90,000 | \$ 17,055 | \$ 107,055 |
| 2023 | 90,000 | 13,433 | 103,433 |
| 2024 | 90,000 | 9,675 | 99,675 |
| 2025 | 90,000 | 5,872 | 95,872 |
| 2026 | 90,000 | 1,980 | 91,980 |
| Total | <u>\$ 450,000</u> | <u>\$ 48,015</u> | <u>\$ 498,015</u> |

The TIF District No. 13 lease was callable and paid off in 2022 with cash on hand. See the Subsequent Events footnote for further details.

Employee Retirement System

All eligible authority employees participate in the Wisconsin Retirement System (system), a cost-sharing defined benefit multiple-employer public employee retirement system (PERS). All authority employees are considered to be City employees. Refer to Note 5 for details.

Postemployment Benefits Other Than Pensions (OPEB)

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

Lease Disclosures

Refer to Note 4.

Net Position

Net position at December 31, 2021 includes the following:

| | |
|---|----------------|
| Net investment in capital assets | |
| Land | \$ 414,539 |
| Other capital assets, net of accumulated depreciation | <u>28,652</u> |
| Total net investment in capital assets | <u>443,191</u> |

City of Beloit

Notes to Financial Statements
December 31, 2021

| | |
|-------------------------|---------------------|
| Restricted | |
| Low Rent Public Housing | \$ 5,569,371 |
| Pensions | 175,151 |
| Project Based Vouchers | <u>77,198</u> |
| Total restricted | <u>5,821,720</u> |
| Unrestricted | <u>480,424</u> |
| Total net position | <u>\$ 6,745,335</u> |

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

Nature of Business and Significant Accounting Policies

Nature of Business

Beloit Apartments Redevelopment - Phase 1, LLC (the Company) was organized on January 14, 2009, as a limited liability company (LLC) formed under the Wisconsin Limited Liability Company Act (the Act). The Company was formed to acquire, rehabilitate and operate a 39 building, 65-unit duplex and single-family home complex located on scattered sites in Beloit, Wisconsin, called Beloit Apartments Redevelopment, Phase 1 (the project). The project qualifies for low-income housing tax credits pursuant to Section 42 of the Internal Revenue Code (IRC). The original property, including the buildings and land, was acquired under a capital lease dated September 22, 2010. The Company completed the rehabilitation of 14 units on various dates in December 2010 and completed the rehabilitation of the remaining 51 units on various dates from January through July of 2011.

The Company consists of one managing member and three investor members, with rights, preferences and privileges as described in the Amended and Restated Operating Agreement (operating agreement). Each member's liability for the debts and obligations of the Company shall be limited to the maximum extent permitted by the Act and other applicable laws.

The Company shall be operated in a manner consistent with its treatment as a partnership for federal and state income tax purposes. Therefore, the accompanying financial statements do not include the personal or corporate assets and liabilities of the members, their obligation for income taxes on their distributive shares of the net income of the Company or their rights to refunds on its net loss, nor any provision for income tax expense.

The operating agreement states that the Company shall be perpetual unless sooner terminated in accordance with the operating agreement.

A summary of significant accounting policies follows:

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of reporting cash flows, the Company considers all investments purchased with a maturity of three months or less to be cash equivalents.

The Company maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts. Management believes it is not exposed to any significant credit risk on cash and cash equivalents.

Accounts Receivable and Revenue Recognition

The Company utilizes the direct write-off method of accounting for bad debts. The use of this method has no material effect on the financial statements. A receivable is considered past due if payments have not been received by the Company for 10 days. Accounts are generally written off when management determines an account is uncollectible. No fee is charged to customers for late payment.

Rental revenue is recognized when earned. The Company leases apartments to eligible applicants under operating leases which are substantially all on a yearly basis. Operating subsidies represent grants from governmental agencies to provide housing to tenants. These grants are recognized in revenue in the same period in which the Company recognizes the related expenses for which the grants are intended to compensate.

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

Rental Property

Rental property is stated at cost. Depreciation of rental property is computed on the straight-line method based upon the following estimated useful lives of the assets:

| | <u>Years</u> |
|--|--------------|
| Land and buildings under capital lease | 98 |
| Building improvements | 15-40 |
| Land improvements | 15 |
| Furnishings and equipment | 5 |

Maintenance and repairs of rental property and equipment are charged to operations and major improvements are capitalized. Upon retirement, sale or other disposition of rental property and equipment, the cost and accumulated depreciation are eliminated from the accounts and any resulting gain or loss is included in operations.

It is the Company's policy to include amortization expense on assets acquired under capital leases with depreciation expense on owned assets.

Impairment of Long-Lived Assets

The Company reviews long-lived assets, including rental property and intangible assets, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset. To date, there have been no such losses.

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, 2021.

Tax Credit Fees

In connection with obtaining an allocation of low-income housing tax credits, the Company paid fees totaling \$114,034 to the Wisconsin Housing and Economic Development Authority (WHEDA). The Company is amortizing these fees over the related tax credit compliance period of 15 years using the straight-line method.

Unearned Revenue

Governmental agencies have provided grant funding to the Company to encourage the development of affordable housing. The Company received funds under the Tax Credit Exchange Program (TCEP). The unearned revenue relating to this grant is recognized as other income in the statement of operations (shown as amortization of unearned revenue) under the straight-line method over the estimated useful lives of the underlying assets purchased or constructed.

Current Vulnerability Due to Certain Concentrations

The project's operations are concentrated in the low-income, public housing residential real estate market. In addition, the project operates in a heavily regulated environment. The operations of the project are subject to administrative directives, rules and regulations of federal, state and local regulatory agencies including, but not limited to, the Community Development Authority of the City of Beloit (CDA) under the Regulatory & Operating Agreement (R&O Agreement) and the United States Department of Housing and Urban Development (HUD). Such administrative directives, rules and regulations are subject to change by an act of Congress or an administrative change mandated by the CDA or HUD. Such changes may occur with little or inadequate funding to pay for the related cost, including additional administrative burden to comply with a change.

Subsequent Events

These financial statements have not been updated for subsequent events occurring after March 8, 2022, which is the date these financial statements were available to be issued. The Company has no responsibility to update these financial statements for events and circumstances occurring after this date.

Restricted Cash

Restricted cash is comprised of the following:

City of Beloit

Notes to Financial Statements

December 31, 2021

| | |
|----------------------------|-------------------|
| Replacement reserve | \$ 182,793 |
| Operating reserve | 146,164 |
| Tenants' security deposits | <u>36,101</u> |
| Total | <u>\$ 365,058</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 | \$ 156,495 |
| Deposits | 26,282 |
| Interest earned | <u>16</u> |
| Balance, ending | <u>\$ 182,793</u> |

Operating Reserve

The R&O Agreement and the operating agreement require the Company to fund and maintain an operating reserve in the amount of \$100,000. To the extent funds in the reserve fall below the initial deposit, the managing member must replenish the reserve from available cash flow as defined in the operating agreement. Disbursements in excess of \$10,000 or 10% of the then balance of the reserve require written approval from the investor members.

| | |
|--------------------|-------------------|
| Balance, beginning | \$ 146,082 |
| Deposits | - |
| Interest earned | <u>82</u> |
| Balance, ending | <u>\$ 146,164</u> |

Rental Property, Net

Rental property, net is comprised of the following:

| | |
|--|---------------------|
| Land | \$ 11,349 |
| Land and buildings under capital lease | 1,950,000 |
| Building improvements | 8,397,386 |
| Land improvements | 215,575 |
| Furnishings and equipment | <u>265,998</u> |
| | 10,840,308 |
| Less accumulated depreciation | <u>2,880,126</u> |
| Total | <u>\$ 7,960,182</u> |

City of Beloit

Notes to Financial Statements
December 31, 2021

Mortgage and Other Notes Payable

Mortgage and other notes payable consists of the following:

| | |
|--|---------------------|
| CDA; managing member; nonrecourse mortgage note payable under the capital lease described in Note I.e.; due in one installment on September 21, 2050, together with interest at 4.47% compounded annually; collateralized by a mortgage on the project's rental property; interest expense totaled \$130,872 for the year ended December 31, 2021; accrued interest was \$1,245,387 as of December 31, 2021. | \$ 1,950,000 |
| CDA; nonrecourse mortgage note in the original amount of \$500,000; noninterest bearing; due in one installment on September 21, 2040; collateralized by a mortgage on the project's rental property. | 500,000 |
| CDA; nonrecourse mortgage note in the original amount of \$619,253; noninterest bearing; due in one installment on September 21, 2040; collateralized by a mortgage on the project's rental property. | 430,559 |
| CDA; nonrecourse mortgage note in the original amount of \$350,000; due in one installment on September 23, 2040, together with interest at 4.0% compounded annually; collateralized by a security interest on the project's rental property; interest expense totaled \$19,794 for the year ended December 31, 2021; accrued interest was \$164,765 as of December 31, 2021. | 350,000 |
| City of Beloit; nonrecourse mortgage note in the original amount up to \$170,639; noninterest bearing; principal due in one installment on September 21, 2040; collateralized by a mortgage on the project's rental property; the mortgage note was not funded as of December 31, 2021. | <u>-</u> |
| Total long-term debt | 3,230,559 |
| Less unamortized debt issuance costs | <u>10,852</u> |
| Total | <u>\$ 3,219,707</u> |

Repayment of principal on the mortgage and other notes payable as of December 31, 2021, is as follows:

Years Ending December 31:

| | |
|------------|---------------------|
| 2022 | \$ - |
| 2023 | - |
| 2024 | - |
| 2025 | - |
| 2026 | - |
| Thereafter | <u>3,230,559</u> |
| Total | <u>\$ 3,230,559</u> |

City of Beloit

Notes to Financial Statements

December 31, 2021

Capital Lease

The Company has entered into a capital lease agreement with the CDA dated September 22, 2010, to operate and manage the project during the term of the capital lease in accordance with all applicable public housing requirements. Rental property recorded under this noncancellable capital lease consists of:

| | |
|-----------|---------------------|
| Land | \$ 409,500 |
| Buildings | <u>1,540,500</u> |
| Total | <u>\$ 1,950,000</u> |

In accordance with accounting principles generally accepted in the United States of America, the land and building are capitalized as a single unit and amortized over the lease term of 98 years. Accumulated depreciation on the land and buildings under the capital lease was \$223,852 as of December 31, 2021.

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. Payments made by the Company shall be applied first to accrued interest and then against the unpaid base rent amount. The base rent and all accrued interest thereon is due September 21, 2050. The capital lease obligation is secured by a mortgage note as described in the section above. The lease expires September 21, 2108.

In addition to the base rent and related interest payments, the Company is obligated to make an annual payment in lieu of taxes (PILOT) to the City of Beloit.

Members' Capital Contributions

The Company has one managing member, the CDA, which has a .01% 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, 2021.

Related Party Transactions

Accounts Payable

Included in accounts payable are amounts owed to the CDA for reimbursement of operating expenses totaling \$62,634 as of December 31, 2021. Also included in accounts payable are amounts owed to the City of Beloit for reimbursement of payroll and operating expenses totaling \$32,654 as of December 31, 2021.

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 \$5,920 for the period ended December 31, 2021.

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 \$11,353 as of December 31, 2021.

Operating Deficit Guaranty

The managing member is obligated, after all funds in the operating reserve account have been depleted, to fund operating deficits during the operating deficit guaranty period. The operating deficit guaranty period is defined as the period beginning with the date of achievement of breakeven operations and ending on the later of the third anniversary of the date of achievement of breakeven operations or when the project has maintained the operating reserve target amount of \$100,000 during the compliance period and the project has made all required deposits to the replacement reserve. The obligation to fund operating deficits shall be limited to \$145,000. Such loans are noninterest bearing and repayable solely from available cash flow as defined in the operating agreement. There was no operating deficit loans as of December 31, 2021.

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 \$193,930 were earned during the period ended December 31, 2021. Included in accounts receivable are operating subsidies of \$166,207 as of December 31, 2021.

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.

Community Development Authority Component Unit - Beloit Apartments Redevelopment - Phase 2, LLC**Nature of Business and Significant Accounting Policies****Nature of Business**

Beloit Apartments Redevelopment - Phase 2, LLC (the Company) was organized on March 5, 2010, as a limited liability company (LLC) formed under the Wisconsin Limited Liability Company Act (the Act). The Company was formed to acquire, rehabilitate, develop and operate a 66-unit project comprised of 41 elderly and 25 family residential units, located on scattered sites in Beloit, Wisconsin, called Beloit Apartments Redevelopment - Phase 2, LLC (the project). The project qualifies for low-income housing tax credits pursuant to Section 42 of the Internal Revenue Code (IRC). The original property, including the buildings and land, was acquired under a capital lease dated October 14, 2011. The Company completed the rehabilitation of the existing structures on various dates from January through May of 2012. The new construction portion of the projects was placed in service on various dates in August and December 2012.

The Company consists of one managing member and one investor member, with rights, preferences and privileges as described in the Amended and Restated Operating Agreement (operating agreement). Each member's liability for the debts and obligations of the Company shall be limited to the maximum extent permitted by the Act and other applicable laws.

The Company shall be operated in a manner consistent with its treatment as a partnership for federal and state income tax purposes. Therefore, the accompanying financial statements do not include the personal or corporate assets and liabilities of the members, their obligation for income taxes on their distributive shares of the net income of the Company or their rights to refunds on its net loss, nor any provision for income tax expense.

The operating agreement states that the Company shall be perpetual unless sooner terminated in accordance with the operating agreement.

A summary of significant accounting policies follows:

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of reporting cash flows, the Company considers all investments purchased with a maturity of three months or less to be cash equivalents, with the exception of cash not available to the Company due to restrictions placed on it.

The Company maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts. Management believes it is not exposed to any significant credit risk on cash and cash equivalents.

Accounts Receivable and Revenue Recognition

The Company utilizes the direct write-off method of accounting for bad debts. The use of this method has no material effect on the financial statements. A receivable is considered past due if payments have not been received by the Company for 10 days. Accounts are generally written off as uncollectible if no payments are received after 30 days. No fee is charged to customers for late payment.

Rental revenue is recognized when earned. The Company leases apartments to eligible applicants under operating leases which are substantially all on a yearly basis. Operating subsidies represent grants from governmental agencies to provide housing to tenants. These grants are recognized in revenue in the same period in which the Company recognizes the related expenses for which the grants are intended to compensate. Other revenue consists of various tenant charges and other services and is recognized when the service is complete.

Rental Property

Rental property is stated at cost. Depreciation of rental property is computed on the straight-line method based upon the following estimated useful lives of the assets:

| | <u>Years</u> |
|--|--------------|
| Land and buildings under capital lease | 98 |
| Buildings and improvements | 27.5 |
| Land improvements | 15 |
| Furnishings and equipment | 5 |

Maintenance and repairs of rental property and equipment are charged to operations and major improvements are capitalized. Upon retirement, sale or other disposition of rental property and equipment, the cost and accumulated depreciation are eliminated from the accounts and any resulting gain or loss is included in operations.

It is the Company's policy to include amortization expense on assets acquired under capital leases with depreciation expense on owned assets.

Impairment of Long-Lived Assets

The Company reviews long-lived assets, including rental property and intangible assets, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset. To date, there have been no such losses.

Debt Issuance

Financing costs incurred by the Company totaled \$12,000. The Company is amortizing these costs into interest expense on the straight-line method over 39 years and 9 months, the life of the loans. The use of the straight-line method rather than the effective interest method has no material effect on the financial statements.

Amortized costs included in interest expense amounted to \$302 for the period ended December 31, 2021.

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.

City of Beloit

Notes to Financial Statements

December 31, 2021

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). Also included in accounts payable are amounts owed to the City of Beloit for reimbursement of payroll and operating expenses totaling \$32,654 as of December 31, 2021. Such administrative directives, rules and regulations are subject to change by an act of Congress or an administrative change mandated by the CDA or HUD. Such changes may occur with little or inadequate funding to pay for the related cost, including additional administrative burden to comply with a change.

Subsequent Events

These financial statements have not been updated for subsequent events occurring after March 4, 2022, which is the date these financial statements were available to be issued. The Company has no responsibility to update these financial statements for events and circumstances occurring after this date.

Restricted Cash

Restricted cash is comprised of the following:

| | | |
|----------------------------|----|----------------|
| Replacement reserve | \$ | 194,483 |
| Operating reserve | | 191,568 |
| ACC reserve | | 282,312 |
| Tenants' security deposits | | <u>23,886</u> |
| Total | \$ | <u>692,249</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 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 | \$ | 187,014 |
| Deposits | | 25,835 |
| Interest earned | | 107 |
| Withdrawals | | <u>(18,473)</u> |
| Balance, Ending | \$ | <u>194,483</u> |

City of Beloit

Notes to Financial Statements
December 31, 2021

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 | \$ | 191,462 |
| Interest earned | | <u>106</u> |
| Balance, Ending | \$ | <u><u>191,568</u></u> |

Annual Contributions Contract (ACC) Reserve

The operating agreement and R & O Agreement require the Company to fund an ACC reserve equal to \$280,000 upon the receipt of the investor member's third installment of project equity. Disbursements are to be used to pay operating and debt service deficits that directly result from the reduction or loss of a reduction in the projected HUD mixed finance subsidies. Funds may only be withdrawn with the approval of the managing member and asset manager. Any funds remaining at the end of the compliance period shall, subject to any required lender or HUD consent, be distributed to the members as provided for in the operating agreement.

| | | |
|--------------------|----|-----------------------|
| Balance, beginning | \$ | 282,155 |
| Interest earned | | <u>157</u> |
| Balance, Ending | \$ | <u><u>282,312</u></u> |

Rental Property, Net

Rental property, net is comprised of the following:

| | | |
|--|----|-------------------------|
| Land | \$ | 175,397 |
| Land and buildings under capital lease | | 1,410,000 |
| Buildings and improvements | | 9,607,270 |
| Land improvements | | 397,055 |
| Furnishings and equipment | | <u>313,808</u> |
| | | 11,903,530 |
| Less accumulated depreciation | | <u>3,806,769</u> |
| Total | \$ | <u><u>8,096,761</u></u> |

City of Beloit

Notes to Financial Statements

December 31, 2021

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 \$86,246 for the year ended December 31, 2021; accrued interest was \$734,624 as of December 31, 2021. | \$ 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, 2021; accrued interest was \$9,969 as of December 31, 2021. | 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, 2021; accrued interest was \$11,437 as of December 31, 2021. | 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, 2021; accrued interest was \$20,303 as of December 31, 2021. | <u>474,260</u> |
| Total mortgage notes payable | 2,910,834 |
| Less unamortized financing cost | <u>8,981</u> |
| Total | <u><u>\$ 2,901,853</u></u> |

Repayment of principal on the mortgage and other notes payable as of December 31, 2021, is follows:

| Years Ending December 31, | |
|---------------------------|----------------------------|
| 2022 | \$ - |
| 2023 | - |
| 2024 | - |
| 2025 | - |
| 2026 | - |
| Thereafter | <u>2,910,834</u> |
| Total | <u><u>\$ 2,910,834</u></u> |

City of Beloit

Notes to Financial Statements
December 31, 2021

Capital Lease

The Company has entered into a capital lease agreement with the CDA dated October 14, 2011, to operate and manage the project during the term of the capital lease in accordance with all applicable public housing requirements. Rental property recorded under this noncancellable capital lease consists of:

| | | |
|-----------|----|------------------|
| Land | \$ | 770,000 |
| Buildings | | <u>640,000</u> |
| Total | \$ | <u>1,410,000</u> |

In accordance with accounting principles generally accepted in the United States of America, the land and building are capitalized as a single unit and amortized over the lease term of 98 years. Accumulated depreciation on the land and building under the capital lease was \$147,476 as of December 31, 2021.

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 1 in this section). Payments made by the Company shall be applied first to accrued interest and then against the unpaid base rent amount. The base rent and all accrued interest thereon is due October 13, 2051. The capital lease obligation is secured by a mortgage note. The lease expires October 13, 2109.

In addition to the base rent and related interest payments, the Company is obligated to make an annual payment in lieu of taxes (PILOT) to the City of Beloit, Wisconsin (the City).

Related Party Transactions

Accounts Payable

Included in accounts payable are amounts owed to the CDA for reimbursement of operating expenses totaling \$45,018 as of December 31, 2021.

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 \$14,472 for the period ended December 31, 2021. Accrued property management fees as of December 31, 2021 were \$14,472.

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 \$8,612 for the period ended December 31, 2021. Asset management fees accrued and included in accrued expenses were \$8,612 as of December 31, 2021.

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 \$173,293 were earned during the period ended December 31, 2021. Included in accounts receivables are operating subsidies receivable of \$159,764 as of December 31, 2021.

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. PILOT expense incurred and accrued was \$11,173 for the year ended December 31, 2021.

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.

Commitments and Contingencies

Land Use Restriction Agreement (LURA)

The Company has entered into a LURA with the Wisconsin Housing and Economic Development Authority as a condition to receiving an allocation of low-income housing tax credits. Under this agreement, the Company must continuously comply with IRC Section 42 and other applicable sections of the IRC. The agreement places occupancy restrictions on rents and the minimum percent of units which shall be occupied by individuals or families whose income meets the requirements set under IRC Section 42. If the Company fails to comply with this agreement or with the IRC, it may be ineligible for low-income housing tax credits and the members may be required to recapture a portion of the tax credits previously claimed on their income tax returns. In addition, noncompliance may require an adjustment to the contributed capital of the investor member. The Company is obligated to certify tenant eligibility.

Affordable Housing Program (AHP)

On October 14, 2011, the CDA, on behalf of Beloit Apartments Redevelopment - Phase 2, LLC, entered into an AHP Agreement with The First National Bank and Trust Company (the bank) in the original amount of \$256,500. In connection with the AHP agreement, the CDA and the Company entered into a Retention/Recapture Agreement with the bank. As a condition of receiving these funds, the CDA and the Company have agreed to make 40 units, 25 units and 1 unit of the project affordable for and occupied by households whose income does not exceed 50%, 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.

Nature of the Organization

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

Summary of Significant Accounting Policies

Basis of Accounting

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

Financial Statement Presentation

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

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

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

The Foundation's total net position was \$746,339 as of December 31, 2021, of which \$11,007 was with donor restrictions.

Cash and Cash Equivalents

For purpose of the statement of net position, the Foundation considers cash and highly liquid investments with original maturities of less than three months to be cash equivalents. Bank balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per financial institution. Investments held in one of the Foundation's investment accounts are insured by the Securities Investor Protection Corporation (SIPC) up to \$500,000, which includes a \$250,000 limit for cash. As of December 31, 2021, the Foundation had uninsured cash and investment balances of \$184,445.

Donated Services

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

Fair Values of Financial Instruments

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

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

Income Taxes

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

Management of the Foundation has evaluated uncertain tax positions and has determined there are no uncertain tax positions as of December 31, 2021. Tax regulations within each jurisdiction are subject to interpretation of the related tax laws and regulations and require significant judgment to apply. The Foundation is subject to informational reporting requirements in the United States federal jurisdiction and the State of Wisconsin. Tax returns remain open for federal examinations for the past 4 years and state examination for the past four years. At December 31, 2021, there are no ongoing income tax audits or unresolved disputes with the various taxing authorities the Foundation currently files or has filed, with.

Contributions

The Foundation accounts for contributions in accordance with GAAP. All contributions are considered to be available for the general programs of the Foundation unless specifically restricted by the donor. The Foundation reports gifts of cash as restricted support if they are received with donor stipulations that limit the use of the donated cash. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose restriction has been satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions. Donor restricted contributions are booked in the net assets without donor restrictions class for restrictions expiring during the fiscal year in which the contribution was made.

Direct Support

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

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Availability and Liquidity

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

City of Beloit

Notes to Financial Statements
December 31, 2021

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

The following represent the Foundation's financial assets at December 31, 2021:

| | |
|---|-------------------|
| Financial assets at year-end: | |
| Cash and investments | \$ 63,469 |
| Interest receivable | <u>684,445</u> |
| | 747,914 |
| Less restrictions | <u>11,007</u> |
| Financial assets available to meet cash needs for general expenditure within one year: | <u>\$ 736,907</u> |

Investments

In accordance with GAAP, investments are reported at fair value. At December 31, 2021, the fair and cost values are as follows as reported by the trustee:

| | <u>2021</u> | |
|---------------|-------------------|-------------------|
| | <u>Fair</u> | <u>Cost</u> |
| Mutual Funds: | | |
| Equity | <u>\$ 684,445</u> | <u>\$ 601,784</u> |

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

| | |
|------------------------------|------------------|
| Interest and dividend income | \$ 12,736 |
| Realized gain (losses) | 12,930 |
| Unrealized gain (losses) | <u>37,774</u> |
| | <u>\$ 63,440</u> |

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

Level 1 - Quoted prices in accessible and active markets for identical assets or liabilities.

Level 2 - Significant other observable inputs other than level 1 that are either directly or indirectly, such as quoted market prices in active markets for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active or other inputs that are observable or can be corroborated by observable market data for substantially the full terms of the assets or liabilities.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

| | <u>Fair Value Measurement at Using</u> | |
|-----------------------|--|-------------------|
| | <u>Total</u> | <u>(Level 1)</u> |
| Marketable securities | <u>\$ 684,445</u> | <u>\$ 684,445</u> |

Related Organization

The Library is a separate tax-exempt organization; organized to provide books, audio books, magazines, CD's, movies and reading programs to the citizens of Beloit, Wisconsin. Program service expenses of the Foundation are for the benefit of the Beloit Public Library. The Foundations contributions to the library for the year ended December 31, 2021 were \$38,275, which included library special projects.

Blender Café

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

Capital Projects

There were no relevant capital projects during the year ended December 31, 2021.

Subsequent Events

Management has evaluated subsequent events for possible recognition or disclosure through the date the financial statements were available to be distributed (April 1, 2022). As a result of the spread of the Covid-19 coronavirus economic uncertainties have arisen which may negatively impact future income. The related duration and financial impact, if any, cannot be reasonably estimated at this time.

5. Other Information

Employees' Retirement System

Plan Description

The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011 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 Annual Comprehensive Financial Report (ACFR), which can be found at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

Vesting

For employees beginning participation on or after January 1, 1990 and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998 and prior to July 1, 2011, are immediately vested. Participants who initially became WRS eligible on or after July 1, 2011, must have five years of creditable service to be vested.

Benefits Provided

Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and executive service retirement participants, if hired on or before December 31, 2016) are entitled to receive benefit based on a formula factor, their average earnings and creditable service.

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

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

The WRS also provides death and disability benefits for employees.

Post-Retirement Adjustments

The Employee Trust Funds Board may periodically adjust annuity payments from the retirement system based on annual investment performance in accordance with s. 40.27, Wis. Stat. An increase (or decrease) in annuity payments may result when investment gains (losses), together with other actuarial experience factors, create a surplus (shortfall) in the reserves, as determined by the system's consulting actuary. Annuity increases are not based on cost of living or other similar factors. For Core annuities, decreases may be applied only to previously granted increases. By law, Core annuities cannot be reduced to an amount below the original, guaranteed amount (the floor) set at retirement. The Core and Variable annuity adjustments granted during recent years are as follows:

| Years | Core Fund Adjustment | Variable Fund Adjustment |
|--------------|-----------------------------|---------------------------------|
| 2011 | (1.2)% | 11.0% |
| 2012 | (7.0) | (7.0) |
| 2013 | (9.6) | 9.0 |
| 2014 | 4.7 | 25.0 |
| 2015 | 2.9 | 2.0 |
| 2016 | 0.5 | (5.0) |
| 2017 | 2.0 | 4.0 |
| 2018 | 2.4 | 17.0 |
| 2019 | 0.0 | (10.0) |
| 2020 | 1.7 | 21.0 |

City of Beloit

Notes to Financial Statements

December 31, 2021

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 \$2,317,193 in contributions from the City and \$35,420 in contributions from the CDA.

Contribution rates for the plan year reported as of December 31, 2021 are:

| <u>Employee Category</u> | <u>Employee</u> | <u>Employer</u> |
|--|-----------------|-----------------|
| General (Executives & Elected Officials) | 6.75 % | 6.75 % |
| Protective with Social Security | 6.75 % | 11.65 % |
| Protective without Social Security | 6.75 % | 16.25 % |

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

City Information

At December 31, 2021, the City reported an asset of \$12,819,063 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2020 and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2019 rolled forward to December 31, 2020. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City's proportion of the net pension asset was based on the City's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2020, the City's proportion was 0.20521438%, which was a decrease of 0.00147553% from its proportion measured as of December 31, 2019.

For the year ended December 31, 2021, the City recognized pension expense of \$(1,292,089).

City of Beloit

Notes to Financial Statements

December 31, 2021

At December 31, 2021, the City reported deferred outflows of resources and deferred outflow (inflows) of resources related to pensions from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|---|--|
| Differences between expected and actual experience | \$ 18,536,078 | \$ 3,971,752 |
| Change in assumptions | 283,382 | - |
| Net differences between projected and actual earnings on pension plan investments | - | 24,071,742 |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 15,707 | 28,853 |
| Employer contributions subsequent to the measurement date | <u>2,390,252</u> | <u>-</u> |
| Total | <u>\$ 21,225,419</u> | <u>\$ 28,072,347</u> |

CDA Information

At December 31, 2021, the CDA reported an asset of \$175,151 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2020 and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2019 rolled forward to December 31, 2020. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The CDA's proportion of the net pension asset was based on the CDA's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2020, the CDA's proportion was 0.00313700%, which was an increase of 0.00031300% from its proportion measured as of December 31, 2019.

For the year ended December 31, 2021, the CDA recognized pension expense of \$(13,874).

At December 31, 2021, the CDA reported deferred outflows of resources and deferred outflow (inflows) of resources related to pensions from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|---|--|
| Differences between expected and actual experience | \$ 272,588 | \$ 78,634 |
| Change in assumptions | 10,688 | - |
| Net differences between projected and actual earnings on pension plan investments | - | 329,279 |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 283 | 610 |
| Employer contributions subsequent to the measurement date | <u>36,537</u> | <u>-</u> |
| Total | <u>\$ 320,096</u> | <u>\$ 408,523</u> |

City of Beloit

Notes to Financial Statements
December 31, 2021

City Information

\$2,390,252 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

| | Deferred Outflows of Resources and Deferred Inflows of Resources (Net) | |
|--------------------------|---|-------------|
| | <hr/> | |
| Years Ended December 31: | | |
| 2022 | \$ | (2,366,708) |
| 2023 | | (654,457) |
| 2024 | | (4,368,643) |
| 2025 | | (1,847,372) |

CDA Information

\$36,537 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

| | Deferred Outflows of Resources and Deferred Inflows of Resources (Net) | |
|--------------------------|---|----------|
| | <hr/> | |
| Years Ended December 31: | | |
| 2022 | \$ | (32,018) |
| 2023 | | (8,854) |
| 2024 | | (59,101) |
| 2025 | | (24,991) |

Actuarial Assumptions

The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---|--------------------------------|
| Actuarial Valuation Date: | December 31, 2019 |
| Measurement Date of Net Pension Liability (Asset) | December 31, 2020 |
| 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, 2020 is based upon a roll-forward of the liability calculated from the December 31, 2019 actuarial valuation.

City of Beloit

Notes to Financial Statements

December 31, 2021

Long-Term Expected Return on Plan Assets

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

| Core Fund Asset Class | Asset Allocation % | Long-Term Expected Nominal Rate of Return % | Long-Term Expected Real Rate of Return % |
|----------------------------------|-------------------------------|--|---|
| Global Equities | 51.0% | 7.2% | 4.7% |
| Fixed Income | 25 | 3.2 | 0.8 |
| Inflation Sensitive Assets | 16 | 2.0 | (0.4) |
| Real Estate | 8 | 5.6 | 3.1 |
| Private Equity/Debt | 11 | 10.2 | 7.6 |
| Multi-Asset | 4 | 5.8 | 3.3 |
| Total Core Fund | 115 | 6.6 | 4.1 |
| Variable Fund Asset Class | | | |
| U.S. Equities | 70 | 6.6 | 4.1 |
| International Equities | 30 | 7.4 | 4.9 |
| Total Variable Fund | 100 | 7.1 | 4.6 |

New England Pension Consultants Long-Term US CPI (Inflation) Forecast: 2.4%
Asset Allocations are managed within established ranges; target percentages may differ from actual monthly allocations

Single Discount Rate

A single discount rate of 7.00% 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 municipal bond rate of 2.00%. 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 municipal 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%, 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%) or 1-percentage-point higher (8.00%) than the current rate:

| | 1% Decrease to Discount Rate (6.00%) | Current Discount Rate (7.00%) | 1% Increase to Discount Rate (8.00%) |
|---|---|--|---|
| City's proportionate share of the net pension liability (asset) | \$12,195,072 | \$(12,819,063) | \$(31,179,188) |
| CDA's proportionate share of the net pension liability (asset) | 186,411 | (175,151) | (476,599) |

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, 2021, the City and CDA reported a payable to the pension plan, which represents contractually required contributions outstanding as of the end of the year.

Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to or destruction of assets; errors and omissions. All of these risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded the commercial coverage in any of the past three years. There were no significant reductions in coverage compared to the prior year. However, other risks, such as health care of its employees, liability claims and worker's compensation are accounted for and financed by the City in the internal service funds.

Self Insurance

The City has a limited risk management program for employee health and dental benefits with claims processed by a third-party claims administrator on behalf of the City. The claims are being paid out of the internal service fund and are funded by allocations charged to other funds. Interfund premiums are based on claims experience. As a part of the plan a reinsurance policy has been purchased which picks up claims in excess of \$100,000 per individual with an unlimited lifetime limit of liability per covered participant. A separate insurance rider provides transplant coverage with a lifetime maximum of \$1 million. Settled claims have exceeded this stop-loss amount per individual in three of the past four years. Total amounts charged back to the various departments during the year were \$9,664,074.

City of Beloit

Notes to Financial Statements

December 31, 2021

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, 2021. The estimated liability for self-insured losses for this program consisted of the following at December 31, 2021:

| | |
|----------------------------------|---------------------|
| Reported and Known Claims | \$ 1,091,889 |
| Incurred but not Reported Claims | <u>702,823</u> |
| Total | <u>\$ 1,794,712</u> |

Changes in the claims payable follow:

| | <u>Balance</u> <u>January 1</u> | <u>Incurred</u> <u>Claims</u> | <u>Claims</u> <u>Paid</u> | <u>Balance</u> <u>December 31</u> |
|------|------------------------------------|----------------------------------|------------------------------|--------------------------------------|
| 2020 | \$ 1,553,030 | \$ 5,908,984 | \$ 6,133,984 | \$ 1,327,060 |
| 2021 | 1,327,060 | 7,018,988 | 6,551,336 | 1,794,712 |

Public Entity Risk Pool

Wisconsin Municipal Insurance Commission (WMIC) Cities and Villages Mutual Insurance Company (CVMIC)

The WMIC is an intergovernmental cooperation commission created by contract under Section 66.30 of the Wisconsin Statutes. It was created in August 1987 for the purpose of facilitating the organization, establishment and capitalization of the CVMIC and has numerous cities and villages as members.

The CVMIC is a municipal mutual insurance company established on September 19, 1987 under Section 611.23 of the Wisconsin Statutes. The CVMIC provides liability insurance coverage to the cities and villages which make up the membership of the WMIC.

The CVMIC is self-insured up to a maximum of \$2,000,000 of each insurance risk. Losses paid by CVMIC plus administrative expenses will be recovered through premiums to the participating pool of municipalities. The City's share of such losses is approximately 3.275%.

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, 2021. A total liability of approximately \$53,607 at December 31, 2021 was recorded as claims payable in the internal service fund.

Transit Mutual Insurance Corporation of Wisconsin (TMI)

Transit Mutual Insurance Corporation of Wisconsin (TMI) is a municipal mutual insurance corporation, which insures auto liability and auto physical damage for municipally-owned transit systems in Wisconsin. Each insured property is an owner of the mutual insurance corporation. The City insures its transit systems' auto liability and physical damage with TMI and is an owner of the corporation.

The City's auto liability insurance policy has a \$250,000 per person policy limit and a \$7,000,000 per accident policy limit. Of the per accident policy limit, TMI insures \$2,000,000 and reinsures \$5,000,000 with Genesis Insurance. In addition, the City's policy provides for \$25,000 per person and \$50,000 per accident in uninsured motorist insurance.

The physical damage policy issued by TMI to the City provides collision and comprehensive coverage for the lesser of the agreed value or the cost of repairs minus a \$500 per accident deductible for private passenger and service units and a \$1,000 per accident deductible for bus units.

Management of TMI consists of a board of directors comprised of one representative for each member. The City does not exercise any control over the activities of the corporation beyond its representation on the board of directors.

Premiums are determined in advance of each premium year, which begins on January 1. TMI is an assessable mutual; accordingly, the board of directors may require that supplemental contributions be made by members to ensure adequate funds are available to meet the obligations applicable to the premium year. Members are required by Wisconsin statute and TMI bylaws to fund any deficit attributable to a premium year during which they were a member. TMI was incorporated in 1985 and began issuing insurance policies in 1986; there has never been a member assessment beyond the annual premiums.

The City's share of this corporation is 1.65% for auto liability and 1.25% of physical damage liability. A list of the other members and their share of participation is available in the TMI report, which can be obtained directly from TMI's offices.

Commitments and Contingencies

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability and expenditure for claims and judgments is only reported in governmental fund types if it has matured. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred.

The City has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grants. Management believes such disallowances, if any, would be immaterial.

From time to time, the City is party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and the City attorney that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the City's financial position or results of operations.

City of Beloit

Notes to Financial Statements
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The City has the following encumbrances outstanding at year-end, relating to funds on hand:

| | |
|----------------|--------------|
| Major Funds | \$17,216,001 |
| Nonmajor Funds | 1,003,967 |

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 public safety retired plan members and their spouses. Eligible police and fire 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, 2021, the following employees were covered by the benefit terms:

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

Total OPEB Liability

The City's total OPEB liability of \$122,112,627 was measured as of December 31, 2020 and was determined by an actuarial valuation as of December 31, 2019.

Actuarial Assumptions And Other Inputs

The total OPEB liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

| | |
|--|---|
| Inflation | 2.00% |
| Salary increases | 3.0% |
| Healthcare cost trend rates | 6.50% decreasing by 0.10% per year down to 5.00% and level thereafter |
| Retirees' share of benefit-related costs | Fire and police members 0%. All others 100% |
| Discount rate | 2.25% |

City of Beloit

Notes to Financial Statements
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The discount rate was based on upon all years of projected payments discounted at the municipal bond rate of 2.25% per the Bond Buyer 20-Bond Go Index.

Mortality rates were based on the Wisconsin 2018 Mortality Table.

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

Changes in the Total OPEB Liability

| | <u>Total OPEB Liability</u> |
|-------------------------------|---------------------------------|
| Balances at December 31, 2020 | \$ 109,937,228 |
| Changes for the year: | |
| Service cost | 2,037,580 |
| Interest | 3,026,135 |
| Changes in assumptions | 8,941,207 |
| Benefit payments | <u>(1,829,523)</u> |
| Net changes | <u>12,175,399</u> |
| Balances at December 31, 2021 | <u>\$ 122,112,627</u> |

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

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.25%) or 1-percentage-point higher (3.25%) than the current discount rate:

| | <u>1% Decrease (1.25%)</u> | <u>Discount Rate (2.25%)</u> | <u>1% Increase (3.25%)</u> |
|----------------------|--------------------------------|----------------------------------|--------------------------------|
| Total OPEB liability | \$ 143,620,031 | \$ 122,112,627 | \$ 105,215,436 |

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

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

| | <u>1% Decrease (5.5% Decreasing to 4.0%)</u> | <u>Healthcare Cost Trend Rates (6.5% Decreasing to 5.0%)</u> | <u>1% Increase (7.5% Decreasing to 6.0%)</u> |
|----------------------|--|--|--|
| Total OPEB liability | \$ 103,761,837 | \$ 122,112,627 | \$ 143,354,904 |

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

For the year ended December 31, 2021, the City recognized an OPEB expense of \$7,826,416.

City of Beloit

Notes to Financial Statements

December 31, 2021

At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Differences between expected and actual experience | \$ 2,209,578 | \$ - |
| Change in assumptions | 14,687,736 | 3,267,232 |
| Employer contributions subsequent to the measurement date | <u>2,162,805</u> | <u>-</u> |
| Total | <u>\$ 19,060,119</u> | <u>3,267,232</u> |

Deferred outflows related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the Total OPEB Liability in the year ended December 31, 2022. Other amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| <u>Years Ended December 31:</u> | <u>Deferred Outflows of Resources and Deferred Inflows of Resources (net)</u> |
|-------------------------------------|---|
| 2022 | \$ 2,762,701 |
| 2023 | 2,762,701 |
| 2024 | 2,762,699 |
| 2025 | 3,851,778 |
| 2026 | 1,490,203 |

Local Retiree Life Insurance Fund (LRLIF)

Plan Description

The LRLIF is a cost-sharing 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 Annual Comprehensive Financial Report (ACFR), which can be found at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

Vesting

For employees beginning participation on or after January 1, 1990 and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and or after April 24, 1998 and prior to July 1, 2011, are immediately vested. Participants who initially became WRS eligible on or after July 1, 2011, must have five years of creditable service to be vested.

Benefits Provided

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

City of Beloit

Notes to Financial Statements
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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, 2021 are:

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

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

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

Disabled members under age 70 receive a waiver-of-premium benefit.

During the reporting period, the LRLIF recognized \$8,810 in contributions from the City and \$281 in contributions from the CDA.

City of Beloit

Notes to Financial Statements

December 31, 2021

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

City Information

At December 31, 2021, the City reported a liability of \$2,439,331 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2020 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2019 rolled forward to December 31, 2020. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City's proportion of the net OPEB liability was based on the City's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2020, the City's proportion was 0.44186000%, which was a decrease of 0.00039000% from its proportion measured as of December 31, 2019.

For the year ended December 31, 2021, the City recognized OPEB expense of \$280,339.

At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Differences between expected and actual experience | \$ - | \$ 116,639 |
| Net differences between projected and actual earnings on OPEB plan investments | 35,620 | - |
| Changes of assumptions | 950,413 | 168,118 |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 25,504 | 45,645 |
| Employer contributions subsequent to the measurement date | <u>10,749</u> | <u>-</u> |
| Total | <u>\$ 1,022,286</u> | <u>\$ 330,402</u> |

CDA Information

At December 31, 2021, the CDA reported a liability of \$67,344 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2020 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2019 rolled forward to December 31, 2020. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The CDA's proportion of the net OPEB liability was based on the CDA's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2020, the CDA's proportion was 0.01411000%, which was an increase of 0.00181000% from its proportion measured as of December 31, 2019.

For the year ended December 31, 2021, the CDA recognized OPEB expense of \$11,216.

City of Beloit

Notes to Financial Statements

December 31, 2021

At December 31, 2021, the CDA reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Differences between expected and actual experience | \$ - | \$ 2,983 |
| Net differences between projected and actual earnings on OPEB plan investments | 880 | - |
| Changes of assumptions | 24,782 | 3,913 |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 654 | 1,059 |
| Employer contributions subsequent to the measurement date | <u>343</u> | <u>-</u> |
| Total | <u>\$ 26,659</u> | <u>\$ 7,955</u> |

City Information

\$10,749 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, 2022. 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>Deferred Outflows of Resources and Deferred Inflows of Resources (Net)</u> |
|---------------------------------|---|
| Years Ended December 31: | |
| 2022 | \$ 125,623 |
| 2023 | 121,780 |
| 2024 | 117,822 |
| 2025 | 106,413 |
| 2026 | 143,759 |
| Thereafter | 65,738 |

CDA Information

\$343 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, 2022. 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>Deferred Outflows of Resources and Deferred Inflows of Resources (Net)</u> |
|---------------------------------|---|
| Years Ended December 31: | |
| 2022 | \$ 3,386 |
| 2023 | 3,283 |
| 2024 | 3,176 |
| 2025 | 2,869 |
| 2026 | 3,875 |
| Thereafter | 1,772 |

City of Beloit

Notes to Financial Statements

December 31, 2021

Actuarial Assumptions

The total OPEB liability in the January 1, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|--|--------------------------------|
| Actuarial Valuation Date: | January 1, 2020 |
| Measurement Date of Net OPEB Liability: | December 31, 2020 |
| Actuarial Cost Method: | Entry Age Normal |
| 20 Year Tax-Exempt Municipal Bond Yield: | 2.12% |
| Long-Term Expected Rate of Return: | 4.25% |
| Discount Rate: | 2.25% |
| Salary Increases: | |
| Inflation | 3.00% |
| Seniority/Merit | 0.2% - 5.6% |
| Mortality: | Wisconsin 2018 Mortality Table |

Long-Term Expected Return on Plan Assets

The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. Investments for the LRLIF are held with Securian, the insurance carrier. Interest is calculated and credited to the LRLIF based on the rate of return for a segment of the insurance carriers' general fund, specifically 10-year A-Bonds (as a proxy and not tied to any specific investments). The overall aggregate interest rate is calculated using a tiered approach based on the year the funds were originally invested and the rate of return for that year. Investment interest is credited based on the aggregate rate of return and assets are not adjusted to fair 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, 2020

| <u>Asset Class</u> | <u>Index</u> | <u>Target Allocation</u> | <u>Long-Term Expected Geometric Real Rate of Return %</u> |
|-----------------------------------|-------------------------|--------------------------|---|
| U.S. Credit Bonds | Barclays Credit | 50% | 1.47% |
| U.S. Mortgages | Barclays MBS | 50 | 0.82 |
| U.S. Municipal Bonds | Bloomberg Barclays Muni | | |
| Inflation | | | 2.20 |
| Long-Term Expected Rate of Return | | | 4.25 |

City of Beloit

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Single Discount Rate

A single discount rate of 2.25% was used to measure the total OPEB liability. The Plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the Total OPEB Liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments and the municipal bond rate applied to benefit payment to the extent that the plan's fiduciary net position is projected to be insufficient.

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

The following presents the City and CDA's proportionate share of the net OPEB liability calculated using the discount rate of 2.25%, as well as what the City and CDA's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.25%) or 1-percentage-point higher (3.25%) than the current rate:

| | <u>1% Decrease Discount Rate (1.25%)</u> | <u>Current Discount Rate (2.25%)</u> | <u>1% Increase to Discount Rate (3.25%)</u> |
|--|--|--|---|
| City's proportionate share of the net OPEB liability | \$ 3,306,235 | \$ 2,439,331 | \$ 1,768,285 |
| CDA's proportionate share of the net OPEB liability | \$ 105,595 | \$ 67,344 | \$ 56,475 |

OPEB Plan Fiduciary Net Position

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

For the year ended December 31, 2021, the City and CDA recognized an aggregate OPEB expense of \$8,117,971.

City of Beloit

Notes to Financial Statements
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Bond Covenant Disclosures

Debt Coverage

The revenue bond resolutions require revenue less operating expenses excluding depreciation and tax equivalent (defined net earnings) to exceed 1.25 times in the water and stormwater utilities the corresponding principal and interest. The Clean Water Fund revenue bonds require revenue less operating expenses excluding depreciation to exceed 1.10 times in the sewer utility the corresponding principal and interest.

| | <u>Water - 2021</u> | <u>Sewer - 2021</u> | <u>Stormwater - 2021</u> |
|---|---------------------|---------------------|--------------------------|
| Operating revenues | \$ 6,076,364 | \$ 8,934,587 | \$ 1,172,291 |
| Investment income | 21,249 | 111,689 | 10,832 |
| Operating expenses excluding depreciation | <u>(2,607,122)</u> | <u>(5,887,083)</u> | <u>(789,234)</u> |
| Defined earnings | <u>\$ 3,490,491</u> | <u>\$ 3,159,193</u> | <u>\$ 393,889</u> |
| Annual debt service on revenue bonds | \$ 2,299,032 | \$ 466,769 | \$ 104,600 |
| Coverage factor | <u>x 1.25</u> | <u>x 1.10</u> | <u>x 1.25</u> |
| Required net earnings | <u>\$ 2,873,789</u> | <u>\$ 513,446</u> | <u>\$ 130,750</u> |

Tax Abatement

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

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

| <u>Agreement Description</u> | <u>Calculation Method</u> | <u>Developer Commitment</u> | <u>2021 Payments</u> |
|------------------------------|---------------------------|------------------------------|----------------------|
| TIF 10 | 20% | Construction of improvements | \$ 24,203 |
| TIF 10 | 35% | Construction of improvements | 25,918 |
| TIF 10 | 35% | Construction of improvements | 50,111 |
| TIF 10 | 35% | Construction of improvements | 155,642 |
| TIF 10 | 25% | Construction of improvements | 14,972 |
| TIF 11 | 25% | Construction of improvements | 35,784 |

Subsequent Events

On May 31, 2022, the City paid off the TIF District No. 13 lease with the CDA. The total payment was for \$405,902 which consisted of \$9,405 in interest, \$450,000 in principal and \$53,503 in reserve funds applied towards the payment.

On May 3, 2022, the City issued General Obligation Corporate Purpose Bonds in the amount of \$3,135,000. The amount will be used to finance projects in the City's Capital Improvement Program.

On May 3, 2022, the City issued General Obligation Promissory Notes in the amount of \$1,910,000. The amount will be used to finance projects in the City's Capital Improvement Program.

On May 3, 2022, the Utility issued Water System Revenue Refunding Bonds in the amount of \$1,950,000. The amount, along with cash on hand, will be used refund the 2010 Bonds.

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

When they become effective, application of these standards may restate portions of these financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

City of Beloit

Schedule of Revenues and Other Financing Sources

Budget and Actual - General Fund

Year Ended December 31, 2021

| | <u>Original and Final Budget</u> | <u>Actual</u> | <u>Variance</u> |
|---|--------------------------------------|-------------------|------------------|
| Taxes | | | |
| Current levy | \$ 9,029,961 | \$ 9,056,030 | \$ 26,069 |
| Mobile home taxes | 12,000 | 9,185 | (2,815) |
| Payment in lieu of taxes, housing authority | - | 17,303 | 17,303 |
| Motel tax | <u>180,000</u> | <u>195,734</u> | <u>15,734</u> |
| Total taxes | <u>9,221,961</u> | <u>9,278,252</u> | <u>56,291</u> |
| Intergovernmental | | | |
| Shared aidable revenue | 16,145,867 | 16,149,484 | 3,617 |
| Fire distribution fee | 68,930 | 84,695 | 15,765 |
| Expenditure restraint payment | 599,930 | 599,930 | - |
| State highway aids | 1,604,485 | 1,602,383 | (2,102) |
| State aid, connecting streets | 266,081 | 266,081 | - |
| Motor vehicle registration | 575,000 | 575,660 | 660 |
| Municipal service payment | 14,361 | 14,818 | 457 |
| Computer exemption aid | 584,559 | 572,879 | (11,680) |
| Other state payments | <u>30,317</u> | <u>85,940</u> | <u>55,623</u> |
| Total intergovernmental revenues | <u>19,889,530</u> | <u>19,951,870</u> | <u>62,340</u> |
| Licenses and Permits | | | |
| Licenses: | | | |
| Liquor, malt permits | 58,785 | 60,531 | 1,746 |
| Cable TV | 400,000 | 389,350 | (10,650) |
| Other licenses | <u>37,247</u> | <u>29,476</u> | <u>(7,771)</u> |
| Total licenses | <u>496,032</u> | <u>479,357</u> | <u>(16,675)</u> |
| Permits: | | | |
| Construction permits | 226,450 | 220,414 | (6,036) |
| Other permits | 49,110 | 48,747 | (363) |
| Underground storage tank inspection | <u>2,600</u> | <u>4,528</u> | <u>1,928</u> |
| Total permits | <u>278,160</u> | <u>273,689</u> | <u>(4,471)</u> |
| Total licenses and permits | <u>774,192</u> | <u>753,046</u> | <u>(21,146)</u> |
| Fines, Forfeitures and Penalties | | | |
| Municipal court costs | 120,000 | 98,098 | (21,902) |
| Nontraffic fines | 245,000 | 169,353 | (75,647) |
| Traffic fines | 150,000 | 127,043 | (22,957) |
| Parking fines | 160,000 | 118,501 | (41,499) |
| Penalties on taxes | 96,000 | 94,496 | (1,504) |
| Other | <u>49,240</u> | <u>37,541</u> | <u>(11,699)</u> |
| Total fines, forfeitures and penalties | <u>820,240</u> | <u>645,032</u> | <u>(175,208)</u> |

City of Beloit

Schedule of Revenues and Other Financing Sources

Budget and Actual - General Fund

Year Ended December 31, 2021

| | <u>Original and Final Budget</u> | <u>Actual</u> | <u>Variance</u> |
|--|--------------------------------------|----------------------|-----------------------|
| Fees and Service Charges | | | |
| Animal shelter | \$ 11,700 | \$ 11,116 | \$ (584) |
| Recreation: | | | |
| Other recreation | 193,635 | 73,747 | (119,888) |
| Telfer Park and Rivercenter | 139,853 | 88,737 | (51,116) |
| Golf course | - | 203 | 203 |
| Swimming pool | 73,224 | 21,389 | (51,835) |
| Total recreation | <u>406,712</u> | <u>184,076</u> | <u>(222,636)</u> |
| Other general revenue: | | | |
| Fire inspection fees | 133,390 | 131,957 | (1,433) |
| Property transfer certificates | 24,250 | 39,651 | 15,401 |
| In-house fees | 40,200 | 131 | (40,069) |
| Hazardous material response | 20,000 | 26,956 | 6,956 |
| Donations and miscellaneous | 369,915 | 107,363 | (262,552) |
| Nutrition coordinator | 11,762 | 1,972 | (9,790) |
| Recoveries from city | 200,000 | 1,003 | (198,997) |
| Miscellaneous police revenues | 102,000 | 85,360 | (16,640) |
| Total other general revenue | <u>901,517</u> | <u>394,393</u> | <u>(507,124)</u> |
| Total fees and service charges | <u>1,319,929</u> | <u>589,585</u> | <u>(730,344)</u> |
| Rent | <u>49,667</u> | <u>64,287</u> | <u>14,620</u> |
| Investment Income (loss) | <u>533,135</u> | <u>(132,246)</u> | <u>(665,381)</u> |
| Other | <u>294,432</u> | <u>88,315</u> | <u>(206,117)</u> |
| Total revenues | <u>32,903,086</u> | <u>31,238,141</u> | <u>(1,664,945)</u> |
| Other Financing Sources | | | |
| Sale of city property | 201,000 | - | (201,000) |
| Transfers in, tax equivalent | 830,000 | 780,585 | (49,415) |
| Total other financing sources | <u>1,031,000</u> | <u>780,585</u> | <u>(250,415)</u> |
| Total revenues and other financing sources | <u>\$ 33,934,086</u> | <u>\$ 32,018,726</u> | <u>\$ (1,915,360)</u> |

City of Beloit

Schedule of Expenditures and Other Financing Uses

Budget and Actual - General Fund

Year Ended December 31, 2021

| Current Expenditures | Original and Final Budget | Actual | Variance |
|--|--------------------------------------|-------------------|------------------|
| General Government | | | |
| City Council, Manager, Attorney: | | | |
| Council | \$ 50,619 | \$ 47,578 | \$ 3,041 |
| City manager | 384,766 | 400,684 | (15,918) |
| City attorney | 676,305 | 636,376 | 39,929 |
| Total City Council, Manager and Attorney | <u>1,111,690</u> | <u>1,084,638</u> | <u>27,052</u> |
| Finance and Administrative Services: | | | |
| Personnel and labor relations | 239,169 | 143,907 | 95,262 |
| Municipal court | 373,212 | 301,088 | 72,124 |
| Computer information systems | 799,407 | 760,739 | 38,668 |
| Records and elections | 361,673 | 326,673 | 35,000 |
| Property appraisal | 284,452 | 265,338 | 19,114 |
| Accounting | 290,280 | 295,408 | (5,128) |
| Financial management | 417,715 | 217,601 | 200,114 |
| Licenses and permits | 1,754,576 | 71,571 | 1,683,005 |
| Insurance | 347,050 | 347,053 | (3) |
| City hall operation | 110 | 173 | (63) |
| Total finance and administrative services | <u>4,867,644</u> | <u>2,729,551</u> | <u>2,138,093</u> |
| Total general government | <u>5,979,334</u> | <u>3,814,189</u> | <u>2,165,145</u> |
| Community Development | | | |
| City planning | 761,458 | 760,413 | 1,045 |
| Economic development | 303,622 | 341,706 | (38,084) |
| Code enforcement | 307,863 | 351,360 | (43,497) |
| Total community development | <u>1,372,943</u> | <u>1,453,479</u> | <u>(80,536)</u> |
| Public Safety | | | |
| Police Department: | | | |
| Staff services | <u>12,544,644</u> | <u>12,333,047</u> | <u>211,597</u> |
| Total police department | <u>12,544,644</u> | <u>12,333,047</u> | <u>211,597</u> |
| Fire Department: | | | |
| Staff services | 551,198 | 565,768 | (14,570) |
| Inspection and prevention | 342,563 | 278,900 | 63,663 |
| Fire fighting and rescue | 7,499,784 | 7,377,128 | 122,656 |
| Total fire department | <u>8,393,545</u> | <u>8,221,796</u> | <u>171,749</u> |
| Total public safety | <u>20,938,189</u> | <u>20,554,843</u> | <u>383,346</u> |

City of Beloit

Schedule of Expenditures and Other Financing Uses

Budget and Actual - General Fund

Year Ended December 31, 2021

| Current Expenditures | Original and Final Budget | Actual | Variance |
|--|--------------------------------------|----------------------|---------------------|
| Public Works | | | |
| DPW engineering: | | | |
| DPW administration and engineering | \$ 668,879 | \$ 552,522 | \$ 116,357 |
| Total DPW engineering | <u>668,879</u> | <u>552,522</u> | <u>116,357</u> |
| DPW operations: | | | |
| Streets and sanitation | 2,413,116 | 2,375,596 | 37,520 |
| Central stores | <u>48,801</u> | <u>54,321</u> | <u>(5,520)</u> |
| Total DPW operations | <u>2,461,917</u> | <u>2,429,917</u> | <u>32,000</u> |
| DPW parks and recreation: | | | |
| Parks | 1,295,816 | 1,217,139 | 78,677 |
| Recreation | 400,543 | 284,086 | 116,457 |
| Edwards pavilion | 180,011 | 151,231 | 28,780 |
| Senior center | 170,087 | 125,201 | 44,886 |
| Rotary river center | 17,471 | 8,933 | 8,538 |
| Swimming pools | 159,895 | 82,900 | 76,995 |
| Big Hill park | 32,636 | 33,767 | (1,131) |
| Buildings and grounds operations | 370,263 | 360,455 | 9,808 |
| Ice Arena | 17,909 | 12,427 | 5,482 |
| Other summer recreation | <u>38,247</u> | <u>56,323</u> | <u>(18,076)</u> |
| Total DPW parks and recreation | <u>2,682,878</u> | <u>2,332,462</u> | <u>350,416</u> |
| Total public works | <u>5,813,674</u> | <u>5,314,901</u> | <u>498,773</u> |
| Total expenditures and other financing uses | <u>\$ 34,104,140</u> | <u>\$ 31,137,412</u> | <u>\$ 2,966,728</u> |

City of Beloit

Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - TIF District No. 10 (Major Fund)
Year Ended December 31, 2021

| | Original and Final Budget | Actual | Variance |
|--------------------------------------|--------------------------------------|---------------------|---------------------|
| Revenues | | | |
| Taxes | \$ 4,496,571 | \$ 4,722,600 | \$ 226,029 |
| Intergovernmental | 489,074 | 489,074 | - |
| Investment income | 40,600 | 59,293 | 18,693 |
| Other | 15,774 | 26,506 | 10,732 |
| Total revenues | <u>5,042,019</u> | <u>5,297,473</u> | <u>255,454</u> |
| Expenditures | | | |
| Capital outlay | 470,065 | 443,828 | 26,237 |
| Debt service: | | | |
| Principal retirement | 3,155,000 | 2,419,815 | 735,185 |
| Interest and fiscal charges | <u>647,850</u> | <u>87,338</u> | <u>560,512</u> |
| Total expenditures | <u>4,272,915</u> | <u>2,950,981</u> | <u>1,321,934</u> |
| Excess of revenues over expenditures | <u>769,104</u> | <u>2,346,492</u> | <u>1,577,388</u> |
| Other Financing Uses | | | |
| Transfers out | <u>(183,028)</u> | <u>(183,190)</u> | <u>(162)</u> |
| Total other financing uses | <u>(183,028)</u> | <u>(183,190)</u> | <u>(162)</u> |
| Net change in fund balance | 586,076 | 2,163,302 | 1,577,226 |
| Fund Balance, Beginning | <u>6,090,026</u> | <u>6,090,026</u> | <u>-</u> |
| Fund Balance, Ending | <u>\$ 6,676,102</u> | <u>\$ 8,253,328</u> | <u>\$ 1,577,226</u> |

City of Beloit

Schedule of Proportionate Share of the Net Pension Liability (Asset) (City) -
Wisconsin Retirement System*
Year Ended December 31, 2021

| Fiscal Year Ending | Proportion of the Net Pension Liability (Asset) | Proportionate Share of the Net Pension Liability (Asset) | Covered Payroll | Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll | Plan Fiduciary Net Position as a Percentage of the Total Pension Liability |
|-------------------------------|--|---|----------------------------|--|---|
| 12/31/21 | 0.20521438% | \$ (12,819,063) | \$ 23,266,999 | 56.25% | 105.26% |
| 12/31/20 | 0.20668991% | (6,657,574) | 22,763,635 | 29.25% | 102.96% |
| 12/31/19 | 0.20774611% | 7,392,215 | 22,811,838 | -32.41% | 96.45% |
| 12/31/18 | 0.20687123% | (6,142,640) | 22,262,379 | 27.59% | 102.93% |
| 12/31/17 | 0.20990819% | 1,730,146 | 22,509,679 | -7.69% | 99.12% |
| 12/31/16 | 0.21082155% | 3,425,810 | 22,671,117 | -15.11% | 98.20% |
| 12/31/15 | 0.21069268% | (5,175,189) | 23,218,012 | 22.29% | 102.74% |

Schedule of Employer Contributions (City) - Wisconsin Retirement System*
Year Ended December 31, 2021

| Fiscal Year Ending | Contractually Required Contributions | Contributions in Relation to the Contractually Required Contributions | Contribution Deficiency (Excess) | Covered Payroll | Contributions as a Percentage of Covered Payroll |
|-------------------------------|---|--|---|----------------------------|---|
| 12/31/21 | \$ 2,390,252 | \$ 2,390,252 | \$ - | 22,786,674 | 10.49% |
| 12/31/20 | 2,410,392 | 2,410,392 | - | 22,125,262 | 10.89% |
| 12/31/19 | 2,299,806 | 2,299,806 | - | 22,863,161 | 10.06% |
| 12/31/18 | 2,307,248 | 2,307,248 | - | 22,050,312 | 10.46% |
| 12/31/17 | 2,262,544 | 2,262,544 | - | 21,196,719 | 10.67% |
| 12/31/16 | 2,015,469 | 2,015,469 | - | 22,509,679 | 8.95% |
| 12/31/15 | 1,979,354 | 1,979,354 | - | 22,671,117 | 8.73% |

Schedule of Proportionate Share of the Net Pension Liability (Asset) (CDA) -
Wisconsin Retirement System*
Year Ended December 31, 2021

| Fiscal Year Ending | Proportion of the Net Pension Liability (Asset) | Proportionate Share of the Net Pension Liability (Asset) | Covered Payroll | Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll | Plan Fiduciary Net Position as a Percentage of the Total Pension Liability |
|-------------------------------|--|---|----------------------------|--|---|
| 12/31/21 | 0.00313700% | \$ (175,151) | \$ 311,380 | 56.25% | 105.26% |
| 12/31/20 | 0.00282400% | (98,623) | 337,173 | 29.25% | 102.96% |
| 12/31/19 | 0.00282161% | 100,401 | 309,830 | -32.41% | 96.45% |
| 12/31/18 | 0.00280972% | (83,429) | 302,368 | 27.59% | 102.93% |
| 12/31/17 | 0.00285097% | 23,499 | 305,726 | -7.69% | 99.12% |
| 12/31/16 | 0.00286338% | 46,529 | 307,919 | -15.11% | 98.20% |
| 12/31/15 | 0.00286163% | (70,289) | 315,347 | 22.29% | 102.74% |

Schedule of Employer Contributions (CDA) - Wisconsin Retirement System*
Year Ended December 31, 2021

| Fiscal Year Ending | Contractually Required Contributions | Contributions in Relation to the Contractually Required Contributions | Contribution Deficiency (Excess) | Covered Payroll | Contributions as a Percentage of Covered Payroll |
|-------------------------------|---|--|---|----------------------------|---|
| 12/31/21 | \$ 36,537 | \$ 36,537 | \$ - | 553,591 | 6.60% |
| 12/31/20 | 32,934 | 32,934 | - | 491,552 | 6.70% |
| 12/31/19 | 31,236 | 31,236 | - | 310,527 | 10.06% |
| 12/31/18 | 31,337 | 31,337 | - | 299,487 | 10.46% |
| 12/31/17 | 30,730 | 30,730 | - | 287,894 | 10.67% |
| 12/31/16 | 27,374 | 27,374 | - | 305,726 | 8.95% |
| 12/31/15 | 26,884 | 26,884 | - | 307,919 | 8.73% |

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

City of Beloit

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

Local Retiree Life Insurance Fund*

Year Ended December 31, 2021

| Fiscal Year Ending | Proportion of the Net OPEB Liability | Proportionate Share of the Net OPEB Liability | Covered Payroll | Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll | Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability |
|---------------------------|---|--|------------------------|---|--|
| 12/31/21 | 0.44186000% | \$ 2,439,331 | \$ 21,560,738 | 11.31% | 31.36% |
| 12/31/20 | 0.44225000% | 1,886,753 | 21,862,974 | 8.63% | 37.58% |
| 12/31/19 | 0.43184241% | 1,114,412 | 21,271,444 | 5.24% | 48.69% |
| 12/31/18 | 0.45805147% | 1,378,096 | 19,262,538 | 7.15% | 44.81% |

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

Year Ended December 31, 2021

| Fiscal Year Ending | Contractually Required Contributions | Contributions in Relation to the Contractually Required Contributions | Contribution Deficiency (Excess) | Covered Payroll | Contributions as a Percentage of Covered Payroll |
|---------------------------|---|--|---|------------------------|---|
| 12/31/21 | \$ 10,749 | \$ 10,749 | \$ - | 21,915,809 | 0.05% |
| 12/31/20 | 10,613 | 10,613 | - | 22,081,159 | 0.05% |
| 12/31/19 | 10,507 | 10,507 | - | 22,126,703 | 0.05% |
| 12/31/18 | 10,073 | 10,073 | - | 21,271,444 | 0.05% |

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

Local Retiree Life Insurance Fund*

Year Ended December 31, 2021

| Fiscal Year Ending | Proportion of the Net OPEB Liability | Proportionate Share of the Net OPEB Liability | Covered Payroll | Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll | Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability |
|---------------------------|---|--|------------------------|---|--|
| 12/31/21 | 0.01411000% | \$ 67,344 | \$ 688,607 | 9.78% | 31.36% |
| 12/31/20 | 0.01230000% | 48,567 | 607,932 | 7.99% | 37.58% |
| 12/31/19 | 0.01198329% | 30,924 | 590,266 | 5.24% | 48.69% |
| 12/31/18 | 0.01271058% | 38,241 | 534,521 | 7.15% | 44.81% |

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

Year Ended December 31, 2021

| Fiscal Year Ending | Contractually Required Contributions | Contributions in Relation to the Contractually Required Contributions | Contribution Deficiency (Excess) | Covered Payroll | Contributions as a Percentage of Covered Payroll |
|---------------------------|---|--|---|------------------------|---|
| 12/31/21 | \$ 343 | \$ 343 | \$ - | 699,947 | 0.05% |
| 12/31/20 | 293 | 293 | - | 613,999 | 0.05% |
| 12/31/19 | 292 | 292 | - | 618,920 | 0.05% |
| 12/31/18 | 280 | 280 | - | 619,073 | 0.05% |

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

City of Beloit

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

Health Insurance

December 31, 2021

| | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|---|-----------------------|-----------------------|----------------------|----------------------|
| Total OPEB Liability | | | | |
| Service cost | \$ 2,037,580 | \$ 1,887,305 | \$ 2,015,681 | \$ 2,015,681 |
| Interest | 3,026,135 | 3,698,692 | 3,395,010 | 3,315,958 |
| Changes of benefit terms | - | (11,991) | - | - |
| Differences between expected and actual experience | - | 3,314,366 | - | - |
| Changes of assumptions | 8,941,207 | 10,855,096 | (6,534,464) | - |
| Benefit payments | <u>(1,829,523)</u> | <u>(2,659,783)</u> | <u>(4,030,284)</u> | <u>(2,115,684)</u> |
| Net change in total OPEB liability | 12,175,399 | 17,083,685 | (5,154,057) | 3,215,955 |
| Total OPEB Liability, Beginning | <u>109,937,228</u> | <u>92,853,543</u> | <u>98,007,600</u> | <u>94,791,645</u> |
| Total OPEB Liability, Ending | <u>\$ 122,112,627</u> | <u>\$ 109,937,228</u> | <u>\$ 92,853,543</u> | <u>\$ 98,007,600</u> |
| Covered-employee payroll | \$ 20,694,825 | \$ 20,694,825 | \$ 20,585,113 | \$ 20,585,113 |
| Total OPEB liability as a percentage of covered-employee payroll | 590.06% | 531.23% | 451.07% | 476.11% |

Notes to Schedule:

Benefit changes. There were no changes to the benefits.

Changes in assumptions: The discount rate was changed to 2.25% to be reflective of a 20-year AA GO Bond Buyer Index rate.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Valuation date:

Actuarially determined contribution rates are calculated as of December 31, 2020.

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 | Fair Value |
| Inflation | 2.00 percent |
| Healthcare cost trend rates | 6.50 percent initial, decreasing by .10 percent per year to 5.0 percent and level thereafter |
| Salary increases | 3 percent average |
| Investment rate of return | N/A |
| Retirement age | Based upon rates from the December 31, 2018 actuarial valuation for the Wisconsin Retirement System (WRS) |
| Mortality | Assumed life expectancies were based on the Wisconsin 2018 Mortality Table |

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

City of Beloit

Notes to Required Supplementary Information
December 31, 2021

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 2021. Budgets are adopted at the department level of expenditure.

The budgeted amounts are as originally adopted by the City council. The City manager may authorize transfers of budgeted amounts within departments. Transfers between departments and changes to the overall budget must be approved by a two-thirds council action.

Funding Progress Data

Data in the schedule of funding progress was taken from the reports issued by the actuary.

Wisconsin Retirement System

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

The City is required to present the last ten fiscal years of data; however, accounting standards allow the presentation of as many years as are available until ten fiscal years are presented. The additional information will be displayed as it becomes available.

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

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

Local Retiree Life Insurance Fund

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

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

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

Changes in Assumptions: The *Single Discount Rate* assumption used to develop the Total OPEB liability changed from the prior year. Please refer to the Actuarial Assumptions section above for additional details.

SUPPLEMENTARY INFORMATION

City of Beloit

Combining Balance Sheet - Nonmajor Governmental Funds
December 31, 2021

| | Special Revenue Funds | | | |
|---|-------------------------------------|--|-------------------------------|-------------------------------|
| | Rental Rehab (WRRP/HOME) | Community Development Block Grant | TIF District No. 8 | TIF District No. 9 |
| Assets | | | | |
| Cash and investments | \$ 179,317 | \$ 10,554 | \$ 62,595 | \$ 40,720 |
| Receivables: | | | | |
| Taxes | - | - | 603,960 | 155,946 |
| Accounts (net) | - | 120 | - | - |
| Loans | 711,869 | 1,374,654 | - | - |
| Accrued interest | - | - | - | - |
| Land contract | - | - | 1,245,099 | - |
| Due from other governmental units | 7,722 | 188,737 | - | - |
| Due from component unit | - | - | - | - |
| Advances to other funds | - | - | - | - |
| Total assets | \$ 898,908 | \$ 1,574,065 | \$ 1,911,654 | \$ 196,666 |
| Liabilities, Deferred Inflows of Resources and Fund Balances (Deficit) | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ - | \$ 23,747 | \$ - | \$ 2,500 |
| Due to other funds | - | - | - | 100,000 |
| Total liabilities | - | 23,747 | - | 102,500 |
| Deferred inflows of resources: | | | | |
| Property tax levied for next period | - | - | 603,960 | 155,946 |
| Unavailable revenue | 711,869 | 1,436,407 | 1,245,099 | - |
| Total deferred inflows of resources | 711,869 | 1,436,407 | 1,849,059 | 155,946 |
| Fund balances (deficit): | | | | |
| Restricted | 187,039 | 113,911 | 62,595 | - |
| Assigned | - | - | - | - |
| Unassigned (deficit) | - | - | - | (61,780) |
| Total fund balances (deficit) | 187,039 | 113,911 | 62,595 | (61,780) |
| Total liabilities, deferred inflows of resources and fund balances (deficit) | \$ 898,908 | \$ 1,574,065 | \$ 1,911,654 | \$ 196,666 |

Special Revenue Funds

| <u>TIF District No. 11</u> | <u>TIF District No. 12</u> | <u>TIF District No. 13</u> | <u>TIF District No. 14</u> | <u>Fire Multi-Year Grants</u> | <u>DPW Multi-Year Grants</u> | <u>Community Development</u> | <u>Library</u> |
|--------------------------------|--------------------------------|--------------------------------|--------------------------------|---------------------------------------|--------------------------------------|----------------------------------|---------------------|
| \$ 25,774 | \$ 354,132 | \$ 191 | \$ 367,489 | \$ 3,456 | \$ 315,110 | \$ 247,222 | \$ 569,479 |
| 223,309 | 37,973 | 1,324,617 | 179,897 | - | 26,000 | - | 1,780,877 |
| - | - | - | - | - | - | 19,671 | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | 55,070 | 150,062 | - |
| - | - | - | - | - | - | 96,454 | - |
| - | - | - | - | - | - | - | - |
| <u>\$ 249,083</u> | <u>\$ 392,105</u> | <u>\$ 1,324,808</u> | <u>\$ 547,386</u> | <u>\$ 3,456</u> | <u>\$ 396,180</u> | <u>\$ 513,409</u> | <u>\$ 2,350,356</u> |
| \$ - | \$ - | \$ 4,900 | \$ - | \$ - | \$ - | \$ 1,313 | \$ 42,970 |
| - | - | 235,936 | - | - | - | 241,801 | - |
| - | - | 240,836 | - | - | - | 243,114 | 42,970 |
| 223,309 | 37,973 | 1,324,617 | 179,897 | - | 26,000 | - | 1,780,877 |
| - | - | - | - | - | - | 19,671 | - |
| <u>223,309</u> | <u>37,973</u> | <u>1,324,617</u> | <u>179,897</u> | <u>-</u> | <u>26,000</u> | <u>19,671</u> | <u>1,780,877</u> |
| 25,774 | 354,132 | - | 367,489 | 3,456 | 370,180 | 250,624 | 526,509 |
| - | - | - | - | - | - | - | - |
| - | - | (240,645) | - | - | - | - | - |
| <u>25,774</u> | <u>354,132</u> | <u>(240,645)</u> | <u>367,489</u> | <u>3,456</u> | <u>370,180</u> | <u>250,624</u> | <u>526,509</u> |
| <u>\$ 249,083</u> | <u>\$ 392,105</u> | <u>\$ 1,324,808</u> | <u>\$ 547,386</u> | <u>\$ 3,456</u> | <u>\$ 396,180</u> | <u>\$ 513,409</u> | <u>\$ 2,350,356</u> |

City of Beloit

Combining Balance Sheet - Nonmajor Governmental Funds
December 31, 2021

| | Special Revenue Funds | | | Capital Projects Funds | | Total Nonmajor Governmental Funds |
|---|-----------------------|---------------------|---------------------|-------------------------|--------------------------|--|
| | Police | Solid Waste | Perpetual Care | Computer Replacement | Equipment Replacement | |
| Assets | | | | | | |
| Cash and investments | \$ 62,638 | \$ 547,010 | \$ 2,410,699 | \$ 194,118 | \$ 4,155,072 | \$ 9,545,576 |
| Receivables: | | | | | | |
| Taxes | 130,000 | 8,323 | - | - | - | 4,470,902 |
| Accounts (net) | 3,204 | 456,688 | - | - | - | 460,012 |
| Loans | - | - | - | - | - | 2,106,194 |
| Accrued interest | - | - | 6,133 | - | 17,335 | 23,468 |
| Land contract | - | - | - | - | - | 1,245,099 |
| Due from other governmental units | 29,725 | - | - | - | - | 431,316 |
| Due from component unit | - | - | - | - | - | 96,454 |
| Advances to other funds | - | - | - | - | 2,033,801 | 2,033,801 |
| Total assets | \$ 225,567 | \$ 1,012,021 | \$ 2,416,832 | \$ 194,118 | \$ 6,206,208 | \$ 20,412,822 |
| Liabilities, Deferred Inflows of Resources and Fund Balances (Deficit) | | | | | | |
| Liabilities: | | | | | | |
| Accounts payable | \$ 2,973 | \$ 34,138 | \$ - | \$ - | \$ - | \$ 112,541 |
| Due to other funds | 238,600 | - | - | - | - | 816,337 |
| Total liabilities | 241,573 | 34,138 | - | - | - | 928,878 |
| Deferred inflows of resources: | | | | | | |
| Property tax levied for next period | 130,000 | - | - | - | - | 4,462,579 |
| Unavailable revenue | - | - | 6,133 | - | 3,732 | 3,422,911 |
| Total deferred inflows of resources | 130,000 | - | 6,133 | - | 3,732 | 7,885,490 |
| Fund balances (deficit): | | | | | | |
| Restricted | - | 977,883 | 2,410,699 | - | - | 5,650,291 |
| Assigned | - | - | - | 194,118 | 6,202,476 | 6,396,594 |
| Unassigned (deficit) | (146,006) | - | - | - | - | (448,431) |
| Total fund balances (deficit) | (146,006) | 977,883 | 2,410,699 | 194,118 | 6,202,476 | 11,598,454 |
| Total liabilities, deferred inflows of resources and fund balances (deficit) | \$ 225,567 | \$ 1,012,021 | \$ 2,416,832 | \$ 194,118 | \$ 6,206,208 | \$ 20,412,822 |

City of Beloit

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit) -
 Nonmajor Governmental Funds
 Year Ended December 31, 2021

| | Special Revenue Funds | | | |
|--|-------------------------------------|--|-------------------------------|-------------------------------|
| | Rental Rehab (WRRP/HOME) | Community Development Block Grant | TIF District No. 8 | TIF District No. 9 |
| Revenues | | | | |
| Taxes | \$ - | \$ - | \$ 564,981 | \$ 176,288 |
| Intergovernmental | 138,075 | 657,911 | 355 | 1,767 |
| Licenses and permits | - | - | - | - |
| Fees and service charges | - | - | - | - |
| Investment income (loss) | 6,216 | 16,461 | 59,065 | 1,652 |
| Public charges for services | - | - | - | - |
| Other | 86,421 | 240,354 | 7,372 | - |
| Total revenues | <u>230,712</u> | <u>914,726</u> | <u>631,773</u> | <u>179,707</u> |
| Expenditures | | | | |
| Current: | | | | |
| Community development | 334,174 | 969,375 | - | - |
| Public safety | - | - | - | - |
| Public works | - | - | - | - |
| Parks, recreation, and education | - | - | - | - |
| Capital outlay | - | - | 3,535 | 76,357 |
| Debt service: | | | | |
| Principal retirement | - | - | - | - |
| Interest and fiscal charges | - | - | - | - |
| Total expenditures | <u>334,174</u> | <u>969,375</u> | <u>3,535</u> | <u>76,357</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(103,462)</u> | <u>(54,649)</u> | <u>628,238</u> | <u>103,350</u> |
| Other Financing Sources (Uses) | | | | |
| Sale of city property | - | - | 70,378 | - |
| Transfers in | - | - | - | 160,000 |
| Transfers out | - | - | (219,120) | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>(148,742)</u> | <u>160,000</u> |
| Net change in fund balances | (103,462) | (54,649) | 479,496 | 263,350 |
| Fund Balances (Deficit), Beginning | <u>290,501</u> | <u>168,560</u> | <u>(416,901)</u> | <u>(325,130)</u> |
| Fund Balances (Deficit), Ending | <u>\$ 187,039</u> | <u>\$ 113,911</u> | <u>\$ 62,595</u> | <u>\$ (61,780)</u> |

Special Revenue Funds

| TIF District No. 11 | TIF District No. 12 | TIF District No. 13 | TIF District No. 14 | Fire Multi-Year Grants | DPW Multi-Year Grants | Community Development | Library | Police |
|--------------------------------|--------------------------------|--------------------------------|--------------------------------|---------------------------------------|--------------------------------------|----------------------------------|-------------------|---------------------|
| \$ 204,502 | \$ 37,325 | \$ 1,012,190 | \$ 113,399 | \$ - | \$ 26,000 | \$ - | \$ 1,780,877 | \$ 130,000 |
| 935 | - | 66,519 | 16,324 | 200 | 229,057 | 90,926 | 391,336 | 216,594 |
| - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | 10,491 | - |
| 1,374 | 2,028 | (1,897) | 2,657 | 16 | 21 | 934 | 507 | 80 |
| - | 38,867 | - | - | - | - | - | 73,239 | 207,069 |
| - | - | - | - | - | 4,180 | 18,244 | 62,107 | 20,564 |
| <u>206,811</u> | <u>78,220</u> | <u>1,076,812</u> | <u>132,380</u> | <u>216</u> | <u>259,258</u> | <u>110,104</u> | <u>2,318,557</u> | <u>574,307</u> |
| 38,563 | - | - | - | - | - | 91,381 | - | - |
| - | - | - | - | 3,617 | - | - | - | 583,457 |
| - | - | - | - | - | 240,624 | - | - | - |
| - | - | - | - | - | - | - | 2,291,703 | - |
| 2,651 | 2,648 | 90,566 | 3,150 | - | - | - | 27,833 | 7,603 |
| - | - | 85,000 | - | - | - | - | - | - |
| - | - | 12,381 | - | - | - | - | - | - |
| <u>41,214</u> | <u>2,648</u> | <u>187,947</u> | <u>3,150</u> | <u>3,617</u> | <u>240,624</u> | <u>91,381</u> | <u>2,319,536</u> | <u>591,060</u> |
| <u>165,597</u> | <u>75,572</u> | <u>888,865</u> | <u>129,230</u> | <u>(3,401)</u> | <u>18,634</u> | <u>18,723</u> | <u>(979)</u> | <u>(16,753)</u> |
| - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - |
| <u>(160,000)</u> | <u>(58,219)</u> | <u>(467,396)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <u>(160,000)</u> | <u>(58,219)</u> | <u>(467,396)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| 5,597 | 17,353 | 421,469 | 129,230 | (3,401) | 18,634 | 18,723 | (979) | (16,753) |
| <u>20,177</u> | <u>336,779</u> | <u>(662,114)</u> | <u>238,259</u> | <u>6,857</u> | <u>351,546</u> | <u>231,901</u> | <u>527,488</u> | <u>(129,253)</u> |
| <u>\$ 25,774</u> | <u>\$ 354,132</u> | <u>\$ (240,645)</u> | <u>\$ 367,489</u> | <u>\$ 3,456</u> | <u>\$ 370,180</u> | <u>\$ 250,624</u> | <u>\$ 526,509</u> | <u>\$ (146,006)</u> |

City of Beloit

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit) -
 Nonmajor Governmental Funds
 Year Ended December 31, 2021

| | <u>Special Revenue Funds</u> | | <u>Capital Projects Funds</u> | | <u>Total Nonmajor Governmental Funds</u> |
|--|------------------------------|---------------------------|---------------------------------|----------------------------------|--|
| | <u>Solid Waste</u> | <u>Perpetual Care</u> | <u>Computer Replacement</u> | <u>Equipment Replacement</u> | |
| Revenues | | | | | |
| Taxes | \$ 19,951 | \$ - | \$ - | \$ - | \$ 4,065,513 |
| Intergovernmental | 137,894 | - | - | - | 1,947,893 |
| Licenses and permits | 19,902 | - | - | - | 19,902 |
| Fees and service charges | - | - | - | - | 10,491 |
| Investment income (loss) | - | (37,331) | 1,573 | 19,935 | 73,291 |
| Public charges for services | 2,551,742 | 76,150 | - | - | 2,947,067 |
| Other | - | - | 97 | 584,167 | 1,023,506 |
| Total revenues | <u>2,729,489</u> | <u>38,819</u> | <u>1,670</u> | <u>604,102</u> | <u>10,087,663</u> |
| Expenditures | | | | | |
| Current: | | | | | |
| Community development | - | - | - | - | 1,433,493 |
| Public safety | - | - | - | - | 587,074 |
| Public works | 2,274,260 | - | - | - | 2,514,884 |
| Parks, recreation, and education | - | - | - | - | 2,291,703 |
| Capital outlay | - | - | 17,750 | 815,449 | 1,047,542 |
| Debt service: | | | | | |
| Principal retirement | - | - | - | - | 85,000 |
| Interest and fiscal charges | - | - | - | - | 12,381 |
| Total expenditures | <u>2,274,260</u> | <u>-</u> | <u>17,750</u> | <u>815,449</u> | <u>7,972,077</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>455,229</u> | <u>38,819</u> | <u>(16,080)</u> | <u>(211,347)</u> | <u>2,115,586</u> |
| Other Financing Sources (Uses) | | | | | |
| Sale of city property | 379 | - | - | - | 70,757 |
| Transfers in | - | - | - | 75,171 | 235,171 |
| Transfers out | (75,171) | - | - | - | (979,906) |
| Total other financing sources (uses) | <u>(74,792)</u> | <u>-</u> | <u>-</u> | <u>75,171</u> | <u>(673,978)</u> |
| Net change in fund balances | 380,437 | 38,819 | (16,080) | (136,176) | 1,441,608 |
| Fund Balances (Deficit), Beginning | <u>597,446</u> | <u>2,371,880</u> | <u>210,198</u> | <u>6,338,652</u> | <u>10,156,846</u> |
| Fund Balances (Deficit), Ending | <u>\$ 977,883</u> | <u>\$ 2,410,699</u> | <u>\$ 194,118</u> | <u>\$ 6,202,476</u> | <u>\$ 11,598,454</u> |

City of Beloit

Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - General Debt Service Fund (Major Fund)
Year Ended December 31, 2021

| | Original and Final Budget | Actual | Variance |
|--|--------------------------------------|---------------------|------------------|
| Revenues | | | |
| Taxes | \$ 5,350,000 | \$ 5,350,000 | \$ - |
| Investment income | 391 | 329 | (62) |
| Total revenues | <u>5,350,391</u> | <u>5,350,329</u> | <u>(62)</u> |
| Expenditures | | | |
| Debt service: | | | |
| Principal retirement | 15,764,996 | 15,764,996 | - |
| Interest and fiscal charges | <u>1,319,180</u> | <u>1,324,552</u> | <u>(5,372)</u> |
| Total expenditures | <u>17,084,176</u> | <u>17,089,548</u> | <u>(5,372)</u> |
| Deficiency of revenues under expenditures | <u>(11,733,785)</u> | <u>(11,739,219)</u> | <u>(5,434)</u> |
| Other Financing Sources | | | |
| Debt issued | 9,890,000 | 9,890,000 | - |
| Debt premium | 785,776 | 848,642 | 62,866 |
| Transfers in | <u>927,925</u> | <u>927,925</u> | <u>-</u> |
| Total other financing sources | <u>11,603,701</u> | <u>11,666,567</u> | <u>62,866</u> |
| Net change in fund balance | (130,084) | (72,652) | 57,432 |
| Fund Balance, Beginning | <u>1,273,782</u> | <u>1,273,782</u> | <u>-</u> |
| Fund Balance, Ending | <u>\$ 1,143,698</u> | <u>\$ 1,201,130</u> | <u>\$ 57,432</u> |

City of Beloit

Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Capital Improvements Fund (Major Fund)
Year Ended December 31, 2021

| | Original and Final Budget | Actual | Variance |
|--|--------------------------------------|---------------------|-------------------|
| Revenues | | | |
| Intergovernmental | \$ - | \$ 824,216 | \$ 824,216 |
| Fines, forfeitures and penalties | 7,500 | 7,359 | (141) |
| Special assessments | 145,000 | 141,899 | (3,101) |
| Investment income | 6,000 | 5,680 | (320) |
| Other | 1,025,000 | 1,020,063 | (4,937) |
| Total revenues | <u>1,183,500</u> | <u>1,999,217</u> | <u>815,717</u> |
| Expenditures | | | |
| Capital outlay | 5,200,000 | 5,050,420 | 149,580 |
| Debt service: | | | |
| Interest and fiscal charges | <u>90,000</u> | <u>88,652</u> | <u>1,348</u> |
| Total expenditures | <u>5,290,000</u> | <u>5,139,072</u> | <u>150,928</u> |
| Deficiency of revenues under expenditures | <u>(4,106,500)</u> | <u>(3,139,855)</u> | <u>966,645</u> |
| Other Financing Sources | | | |
| Debt issued | 4,170,000 | 4,170,000 | - |
| Debt premium | <u>33,000</u> | <u>32,965</u> | <u>(35)</u> |
| Total other financing sources | <u>4,203,000</u> | <u>4,202,965</u> | <u>(35)</u> |
| Net change in fund balance | 96,500 | 1,063,110 | 966,610 |
| Fund Balance, Beginning | <u>7,605,793</u> | <u>7,605,793</u> | <u>-</u> |
| Fund Balance, Ending | <u>\$ 7,702,293</u> | <u>\$ 8,668,903</u> | <u>\$ 966,610</u> |

City of Beloit

Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Rental Rehab (WRRP/Home) Fund
Year Ended December 31, 2021

| | <u>Original and Final Budget</u> | <u>Actual</u> | <u>Variance</u> |
|--------------------------------|--------------------------------------|-------------------|--------------------|
| Revenues | | | |
| Intergovernmental | \$ 138,075 | \$ 138,075 | \$ - |
| Investment income | 7,150 | 6,216 | (934) |
| Other | <u>104,266</u> | <u>86,421</u> | <u>(17,845)</u> |
| Total revenues | <u>249,491</u> | <u>230,712</u> | <u>(18,779)</u> |
| Expenditures | | | |
| Current: | | | |
| Community development | <u>334,175</u> | <u>334,174</u> | <u>1</u> |
| Total expenditures | <u>334,175</u> | <u>334,174</u> | <u>1</u> |
| Net change in fund balance | (84,684) | (103,462) | (18,778) |
| Fund Balance, Beginning | <u>290,501</u> | <u>290,501</u> | <u>-</u> |
| Fund Balance, Ending | <u>\$ 205,817</u> | <u>\$ 187,039</u> | <u>\$ (18,778)</u> |

City of Beloit

Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Community Development Block Grant
Year Ended December 31, 2021

| | <u>Original and Final Budget</u> | <u>Actual</u> | <u>Variance</u> |
|--------------------------------|--------------------------------------|-------------------|--------------------|
| Revenues | | | |
| Intergovernmental | \$ 719,664 | \$ 657,911 | \$ (61,753) |
| Investment income | 17,180 | 16,461 | (719) |
| Other | <u>238,747</u> | <u>240,354</u> | <u>1,607</u> |
| Total revenues | <u>975,591</u> | <u>914,726</u> | <u>(60,865)</u> |
| Expenditures | | | |
| Current: | | | |
| Community development | <u>969,369</u> | <u>969,375</u> | <u>(6)</u> |
| Total expenditures | <u>969,369</u> | <u>969,375</u> | <u>(6)</u> |
| Net change in fund balance | 6,222 | (54,649) | (60,871) |
| Fund Balance, Beginning | <u>168,560</u> | <u>168,560</u> | <u>-</u> |
| Fund Balance, Ending | <u>\$ 174,782</u> | <u>\$ 113,911</u> | <u>\$ (60,871)</u> |

City of Beloit

Schedule of Revenues, Expenditures and Changes in Fund Balance (Deficit) -
Budget and Actual - TIF District No. 8
Year Ended December 31, 2021

| | Original and Final Budget | Actual | Variance |
|--|--------------------------------------|------------------|-------------------|
| Revenues | | | |
| Taxes | \$ 564,980 | \$ 564,981 | \$ 1 |
| Intergovernmental | 355 | 355 | - |
| Investment income | 61,375 | 59,065 | (2,310) |
| Other | 9,500 | 7,372 | (2,128) |
| Total revenues | <u>636,210</u> | <u>631,773</u> | <u>(4,437)</u> |
| Expenditures | | | |
| Capital outlay | <u>3,535</u> | <u>3,535</u> | <u>-</u> |
| Total expenditures | <u>3,535</u> | <u>3,535</u> | <u>-</u> |
| Excess of revenues over expenditures | <u>632,675</u> | <u>628,238</u> | <u>(4,437)</u> |
| Other Financing Sources (Uses) | | | |
| Sale of city property | 70,380 | 70,378 | (2) |
| Transfers out | <u>(219,120)</u> | <u>(219,120)</u> | <u>-</u> |
| Total other financing sources (uses) | <u>(148,740)</u> | <u>(148,742)</u> | <u>(2)</u> |
| Net change in fund balance | 483,935 | 479,496 | (4,439) |
| Fund Balance (Deficit), Beginning | <u>(416,901)</u> | <u>(416,901)</u> | <u>-</u> |
| Fund Balance (Deficit), Ending | <u>\$ 67,034</u> | <u>\$ 62,595</u> | <u>\$ (4,439)</u> |

City of Beloit

Schedule of Revenues, Expenditures and Changes in Fund Balance (Deficit) -
Budget and Actual - TIF District No. 9
Year Ended December 31, 2021

| | <u>Original and Final Budget</u> | <u>Actual</u> | <u>Variance</u> |
|--|--------------------------------------|--------------------|---------------------|
| Revenues | | | |
| Taxes | \$ 176,300 | \$ 176,288 | \$ (12) |
| Intergovernmental | 1,800 | 1,767 | (33) |
| Investment income | 1,745 | 1,652 | (93) |
| Public charges for services | <u>60,500</u> | <u>-</u> | <u>(60,500)</u> |
| Total revenues | <u>240,345</u> | <u>179,707</u> | <u>(60,638)</u> |
| Expenditures | | | |
| Capital outlay | <u>15,900</u> | <u>76,357</u> | <u>(60,457)</u> |
| Total expenditures | <u>15,900</u> | <u>76,357</u> | <u>(60,457)</u> |
| Excess of revenues over expenditures | <u>224,445</u> | <u>103,350</u> | <u>(121,095)</u> |
| Other Financing Sources | | | |
| Transfers in | <u>160,000</u> | <u>160,000</u> | <u>-</u> |
| Total other financing sources | <u>160,000</u> | <u>160,000</u> | <u>-</u> |
| Net change in fund balance | 384,445 | 263,350 | (121,095) |
| Fund Balance (Deficit), Beginning | <u>(325,130)</u> | <u>(325,130)</u> | <u>-</u> |
| Fund Balance (Deficit), Ending | <u>\$ 59,315</u> | <u>\$ (61,780)</u> | <u>\$ (121,095)</u> |

City of Beloit

Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - TIF District No. 11
Year Ended December 31, 2021

| | Original and Final Budget | Actual | Variance |
|---|--------------------------------------|------------------|-------------------|
| Revenues | | | |
| Taxes | \$ 204,500 | \$ 204,502 | \$ 2 |
| Intergovernmental | 935 | 935 | - |
| Investment income | 1,375 | 1,374 | (1) |
| | <u>206,810</u> | <u>206,811</u> | <u>1</u> |
| Expenditures | | | |
| Current | | | |
| Community development | - | 38,563 | (38,563) |
| Capital outlay | 38,434 | 2,651 | 35,783 |
| | <u>38,434</u> | <u>41,214</u> | <u>(2,780)</u> |
| Excess of revenues over expenditures | <u>168,376</u> | <u>165,597</u> | <u>(2,779)</u> |
| Other Financing Uses | | | |
| Transfers out | <u>(160,000)</u> | <u>(160,000)</u> | <u>-</u> |
| Total other financing uses | <u>(160,000)</u> | <u>(160,000)</u> | <u>-</u> |
| Net change in fund balance | 8,376 | 5,597 | (2,779) |
| Fund Balance, Beginning | <u>20,177</u> | <u>20,177</u> | <u>-</u> |
| Fund Balance (Deficit), Ending | <u>\$ 28,553</u> | <u>\$ 25,774</u> | <u>\$ (2,779)</u> |

City of Beloit

Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - TIF District No. 12
Year Ended December 31, 2021

| | Original and Final Budget | Actual | Variance |
|---|--------------------------------------|-------------------|-----------------|
| Revenues | | | |
| Taxes | \$ 37,325 | \$ 37,325 | \$ - |
| Investment income | 2,100 | 2,028 | (72) |
| Public charges for services | <u>38,900</u> | <u>38,867</u> | <u>(33)</u> |
| Total revenues | <u>78,325</u> | <u>78,220</u> | <u>(105)</u> |
| Expenditures | | | |
| Capital outlay | <u>2,650</u> | <u>2,648</u> | <u>2</u> |
| Total expenditures | <u>2,650</u> | <u>2,648</u> | <u>2</u> |
| Excess of revenues over expenditures | <u>75,675</u> | <u>75,572</u> | <u>(103)</u> |
| Other Financing Uses | | | |
| Transfers out | <u>(58,220)</u> | <u>(58,219)</u> | <u>1</u> |
| Total other financing uses | <u>(58,220)</u> | <u>(58,219)</u> | <u>1</u> |
| Net change in fund balance | 17,455 | 17,353 | (102) |
| Fund Balance, Beginning | <u>336,779</u> | <u>336,779</u> | <u>-</u> |
| Fund Balance, Ending | <u>\$ 354,234</u> | <u>\$ 354,132</u> | <u>\$ (102)</u> |

City of Beloit

Schedule of Revenues, Expenditures and Changes in Fund Balance (Deficit) -
Budget and Actual - TIF District No. 13
Year Ended December 31, 2021

| | Original and Final Budget | Actual | Variance |
|--|--------------------------------------|---------------------|-------------------|
| Revenues | | | |
| Taxes | \$ 1,012,200 | \$ 1,012,190 | \$ (10) |
| Intergovernmental | 66,500 | 66,519 | 19 |
| Investment income (loss) | <u>-</u> | <u>(1,897)</u> | <u>(1,897)</u> |
| Total revenues | <u>1,078,700</u> | <u>1,076,812</u> | <u>(1,888)</u> |
| Expenditures | | | |
| Capital outlay | 90,500 | 90,566 | (66) |
| Debt service: | | | |
| Principal retirement | 80,000 | 85,000 | (5,000) |
| Interest and fiscal charges | <u>12,380</u> | <u>12,381</u> | <u>(1)</u> |
| Total expenditures | <u>182,880</u> | <u>187,947</u> | <u>(5,067)</u> |
| Excess of revenues over expenditures | <u>895,820</u> | <u>888,865</u> | <u>(6,955)</u> |
| Other Financing Uses | | | |
| Transfers out | <u>(467,400)</u> | <u>(467,396)</u> | <u>4</u> |
| Total other financing uses | <u>(467,400)</u> | <u>(467,396)</u> | <u>4</u> |
| Net change in fund balance | 428,420 | 421,469 | (6,951) |
| Fund Balance (Deficit), Beginning | <u>(662,114)</u> | <u>(662,114)</u> | <u>-</u> |
| Fund Balance (Deficit), Ending | <u>\$ (233,694)</u> | <u>\$ (240,645)</u> | <u>\$ (6,951)</u> |

City of Beloit

Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - TIF District No. 14
Year Ended December 31, 2021

| | <u>Original and Final Budget</u> | <u>Actual</u> | <u>Variance</u> |
|--------------------------------|--------------------------------------|-------------------|-----------------|
| Revenues | | | |
| Taxes | \$ 113,400 | \$ 113,399 | \$ (1) |
| Intergovernmental | 16,400 | 16,324 | (76) |
| Investment income | <u>2,700</u> | <u>2,657</u> | <u>(43)</u> |
| Total revenues | <u>132,500</u> | <u>132,380</u> | <u>(120)</u> |
| Expenditures | | | |
| Capital outlay | <u>3,150</u> | <u>3,150</u> | <u>-</u> |
| Total expenditures | <u>3,150</u> | <u>3,150</u> | <u>-</u> |
| Net change in fund balance | 129,350 | 129,230 | (120) |
| Fund Balance, Beginning | <u>238,259</u> | <u>238,259</u> | <u>-</u> |
| Fund Balance, Ending | <u>\$ 367,609</u> | <u>\$ 367,489</u> | <u>\$ (120)</u> |

City of Beloit

Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - DPW Multi-Year Grants
Year Ended December 31, 2021

| | <u>Original and Final Budget</u> | <u>Actual</u> | <u>Variance</u> |
|--------------------------------|--------------------------------------|-------------------|------------------|
| Revenues | | | |
| Taxes | \$ 26,000 | \$ 26,000 | \$ - |
| Intergovernmental | 229,100 | 229,057 | (43) |
| Investment income | - | 21 | 21 |
| Other | - | 4,180 | 4,180 |
| | <u>255,100</u> | <u>259,258</u> | <u>4,158</u> |
| Total revenues | | | |
| | <u>255,100</u> | <u>259,258</u> | <u>4,158</u> |
| Expenditures | | | |
| Current: | | | |
| Public works | <u>255,100</u> | <u>240,624</u> | <u>14,476</u> |
| | | | |
| Total expenditures | <u>255,100</u> | <u>240,624</u> | <u>14,476</u> |
| | | | |
| Net change in fund balance | - | 18,634 | 18,634 |
| Fund Balance, Beginning | <u>351,546</u> | <u>351,546</u> | <u>-</u> |
| Fund Balance, Ending | <u>\$ 351,546</u> | <u>\$ 370,180</u> | <u>\$ 18,634</u> |

City of Beloit

Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Library
Year Ended December 31, 2021

| | Original and Final Budget | Actual | Variance |
|---------------------------------|--------------------------------------|-------------------|-----------------|
| Revenues | | | |
| Taxes | \$ 1,780,895 | \$ 1,780,877 | \$ (18) |
| Intergovernmental | 301,763 | 391,336 | 89,573 |
| Fees and service charges | 30,000 | 10,491 | (19,509) |
| Investment income | 2,200 | 507 | (1,693) |
| Public charges for services | 216,841 | 73,239 | (143,602) |
| Other | 38,200 | 62,107 | 23,907 |
| | <u>2,369,899</u> | <u>2,318,557</u> | <u>(51,342)</u> |
| Total revenues | | | |
| | <u>2,369,899</u> | <u>2,318,557</u> | <u>(51,342)</u> |
| Expenditures | | | |
| Current: | | | |
| Parks, recreation and education | 2,369,899 | 2,291,703 | 78,196 |
| Capital outlay | - | 27,833 | (27,833) |
| | <u>2,369,899</u> | <u>2,319,536</u> | <u>50,363</u> |
| Total expenditures | | | |
| | <u>2,369,899</u> | <u>2,319,536</u> | <u>50,363</u> |
| Net change in fund balance | - | (979) | (979) |
| Fund Balance, Beginning | <u>527,488</u> | <u>527,488</u> | - |
| Fund Balance, Ending | <u>\$ 527,488</u> | <u>\$ 526,509</u> | <u>\$ (979)</u> |

City of Beloit

Schedule of Revenues, Expenditures and Changes in Fund Balance (Deficit) -
Budget and Actual - Police
Year Ended December 31, 2021

| | Original and Final Budget | Actual | Variance |
|--|--------------------------------------|----------------------------|-------------------------|
| Revenues | | | |
| Taxes | \$ 130,000 | \$ 130,000 | \$ - |
| Intergovernmental | 220,000 | 216,594 | (3,406) |
| Investment income | 150 | 80 | (70) |
| Public charges for services | 208,000 | 207,069 | (931) |
| Other | - | 20,564 | 20,564 |
| | <u>558,150</u> | <u>574,307</u> | <u>16,157</u> |
| Total revenues | | | |
| Expenditures | | | |
| Current: | | | |
| Public safety | 600,500 | 583,457 | 17,043 |
| Capital outlay | <u>7,700</u> | <u>7,603</u> | <u>97</u> |
| | <u>608,200</u> | <u>591,060</u> | <u>17,140</u> |
| Total expenditures | | | |
| Net change in fund balance | (50,050) | (16,753) | 33,297 |
| Fund Balance (Deficit), Beginning | <u>(129,253)</u> | <u>(129,253)</u> | <u>-</u> |
| Fund Balance (Deficit), Ending | <u><u>\$ (179,303)</u></u> | <u><u>\$ (146,006)</u></u> | <u><u>\$ 33,297</u></u> |

City of Beloit

Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Solid Waste
Year Ended December 31, 2021

| | Original and Final Budget | Actual | Variance |
|---|--------------------------------------|-------------------|-------------------|
| Revenues | | | |
| Taxes | \$ 20,000 | \$ 19,951 | \$ (49) |
| Intergovernmental | 137,000 | 137,894 | 894 |
| Licenses and permits | 20,000 | 19,902 | (98) |
| Public charges for services | <u>2,617,710</u> | <u>2,551,742</u> | <u>(65,968)</u> |
| Total revenues | <u>2,794,710</u> | <u>2,729,489</u> | <u>(65,221)</u> |
| Expenditures | | | |
| Current: | | | |
| Public works | <u>2,754,710</u> | <u>2,274,260</u> | <u>480,450</u> |
| Total expenditures | <u>2,754,710</u> | <u>2,274,260</u> | <u>480,450</u> |
| Excess of revenues over expenditures | <u>40,000</u> | <u>455,229</u> | <u>415,229</u> |
| Other Financing Sources (Uses) | | | |
| Sale of city property | - | 379 | 379 |
| Transfers out | <u>(76,000)</u> | <u>(75,171)</u> | <u>829</u> |
| Total other financing sources (uses) | <u>(76,000)</u> | <u>(74,792)</u> | <u>1,208</u> |
| Net change in fund balance | (36,000) | 380,437 | 416,437 |
| Fund Balance, Beginning | <u>597,446</u> | <u>597,446</u> | <u>-</u> |
| Fund Balance, Ending | <u>\$ 561,446</u> | <u>\$ 977,883</u> | <u>\$ 416,437</u> |

City of Beloit

Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Computer Replacement
Year Ended December 31, 2021

| | Original and Final Budget | Actual | Variance |
|--------------------------------|--------------------------------------|-------------------|--------------------|
| Revenues | | | |
| Investment income | \$ 3,200 | \$ 1,573 | \$ (1,627) |
| Other | <u>-</u> | <u>97</u> | <u>97</u> |
| Total revenues | <u>3,200</u> | <u>1,670</u> | <u>(1,530)</u> |
| Expenditures | | | |
| Capital outlay | <u>-</u> | <u>17,750</u> | <u>(17,750)</u> |
| Total expenditures | <u>-</u> | <u>17,750</u> | <u>(17,750)</u> |
| Net change in fund balance | 3,200 | (16,080) | (19,280) |
| Fund Balance, Beginning | <u>210,198</u> | <u>210,198</u> | <u>-</u> |
| Fund Balance, Ending | <u>\$ 213,398</u> | <u>\$ 194,118</u> | <u>\$ (19,280)</u> |

City of Beloit

Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Equipment Replacement Fund
Year Ended December 31, 2021

| | Original and Final Budget | Actual | Variance |
|--|--------------------------------------|---------------------|--------------------|
| Revenues | | | |
| Investment income | \$ 20,000 | \$ 19,935 | \$ (65) |
| Other | <u>650,000</u> | <u>584,167</u> | <u>(65,833)</u> |
| Total revenues | <u>670,000</u> | <u>604,102</u> | <u>(65,898)</u> |
| Expenditures | | | |
| Capital outlay | <u>815,500</u> | <u>815,449</u> | <u>51</u> |
| Total expenditures | <u>815,500</u> | <u>815,449</u> | <u>51</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(145,500)</u> | <u>(211,347)</u> | <u>(65,847)</u> |
| Other Financing Sources | | | |
| Transfers in | <u>75,000</u> | <u>75,171</u> | <u>171</u> |
| Total other financing sources | <u>75,000</u> | <u>75,171</u> | <u>171</u> |
| Net change in fund balance | (70,500) | (136,176) | (65,676) |
| Fund Balance, Beginning | <u>6,338,652</u> | <u>6,338,652</u> | <u>-</u> |
| Fund Balance, Ending | <u>\$ 6,268,152</u> | <u>\$ 6,202,476</u> | <u>\$ (65,676)</u> |

City of Beloit

Combining Statement of Net Position (Deficit) - Nonmajor Proprietary Funds
December 31, 2021

| | Enterprise Funds | | | | |
|---|------------------|------------|------------|----------------|--------------|
| | Golf Course | Cemeteries | Ambulance | Transit System | Total |
| Assets | | | | | |
| Current assets: | | | | | |
| Cash and investments | \$ 88,973 | \$ 61,396 | \$ - | \$ 17,128 | \$ 167,497 |
| Receivables: | | | | | |
| Taxes | 50,000 | - | - | 560,019 | 610,019 |
| Customer accounts | 110 | - | 1,225,400 | 39,519 | 1,265,029 |
| Due from other governmental units | - | - | - | 1,546,588 | 1,546,588 |
| Inventories | - | - | - | 142,492 | 142,492 |
| Total current assets | 139,083 | 61,396 | 1,225,400 | 2,305,746 | 3,731,625 |
| Noncurrent assets: | | | | | |
| Restricted assets: | | | | | |
| Net pension asset | 31,670 | 8,796 | 666,233 | 365,444 | 1,072,143 |
| Total restricted assets | 31,670 | 8,796 | 666,233 | 365,444 | 1,072,143 |
| Capital assets: | | | | | |
| Land | 816,000 | 322,000 | - | 132,000 | 1,270,000 |
| Land improvements | 666,970 | 35,448 | - | - | 702,418 |
| Buildings | 280,988 | 120,153 | - | 4,678,493 | 5,079,634 |
| Machinery, equipment and vehicles | 64,388 | 43,028 | - | 5,502,719 | 5,610,135 |
| Less accumulated depreciation | (995,753) | (155,207) | - | (5,185,811) | (6,336,771) |
| Total capital assets, net | 832,593 | 365,422 | - | 5,127,401 | 6,325,416 |
| Total noncurrent assets | 864,263 | 374,218 | 666,233 | 5,492,845 | 7,397,559 |
| Total assets | 1,003,346 | 435,614 | 1,891,633 | 7,798,591 | 11,129,184 |
| Deferred Outflows of Resources | | | | | |
| Unamortized loss on advance refunding | - | - | - | 354 | 354 |
| Pension related amounts | 61,254 | 14,303 | 1,063,253 | 619,363 | 1,758,173 |
| OPEB related amounts, health | 574 | - | 747 | 7,867 | 9,188 |
| OPEB related amounts, life | 10,773 | - | 16,230 | 79,346 | 106,349 |
| Total deferred outflows of resources | 72,601 | 14,303 | 1,080,230 | 706,930 | 1,874,064 |
| Liabilities | | | | | |
| Current liabilities: | | | | | |
| Accounts payable | 3,382 | 1,502 | 7,757 | 37,433 | 50,074 |
| Accrued liabilities | - | - | - | 1,321 | 1,321 |
| Due to other funds | - | - | 502,978 | 1,889,025 | 2,392,003 |
| Compensated absences | 13,584 | 13,347 | 32,656 | 86,522 | 146,109 |
| Current maturities of general obligation debt | - | 16,085 | - | 53,158 | 69,243 |
| Other current liabilities | 4,398 | - | - | - | 4,398 |
| Total current liabilities | 21,364 | 30,934 | 543,391 | 2,067,459 | 2,663,148 |
| Noncurrent liabilities: | | | | | |
| General obligation debt | - | 61,114 | - | 255,496 | 316,610 |
| Compensated absences | 20,587 | 22,029 | - | 11,047 | 53,663 |
| OPEB liability, health | 2,197 | - | 4,001 | 29,878 | 36,076 |
| Net OPEB liability, life | 25,972 | - | 39,073 | 189,161 | 254,206 |
| Advances from other funds | 968,998 | 281,888 | - | - | 1,250,886 |
| Total noncurrent liabilities | 1,017,754 | 365,031 | 43,074 | 485,582 | 1,911,441 |
| Total liabilities | 1,039,118 | 395,965 | 586,465 | 2,553,041 | 4,574,589 |
| Deferred Inflows of Resources | | | | | |
| Property tax levied for next period | 50,426 | - | - | 559,877 | 610,303 |
| Pension related amounts | 56,248 | 18,322 | 1,413,749 | 793,554 | 2,281,873 |
| OPEB related amounts, health | 59 | - | 107 | 799 | 965 |
| OPEB related amounts, life | 3,240 | - | 5,045 | 21,597 | 29,882 |
| Total deferred inflows of resources | 109,973 | 18,322 | 1,418,901 | 1,375,827 | 2,923,023 |
| Net Position (Deficit) | | | | | |
| Net investment in capital assets | 832,593 | 363,223 | - | 4,819,101 | 6,014,917 |
| Restricted for pension | 31,670 | 8,796 | 666,233 | 365,444 | 1,072,143 |
| Unrestricted (deficit) | (937,407) | (336,389) | 300,264 | (607,892) | (1,581,424) |
| Total net position (deficit) | \$ (73,144) | \$ 35,630 | \$ 966,497 | \$ 4,576,653 | \$ 5,505,636 |

City of Beloit

Combining Statement of Revenues, Expenses and Changes in Net Position (Deficit) -
 Nonmajor Proprietary Funds
 Year Ended December 31, 2021

| | Enterprise Funds | | | | Total |
|--|-------------------------|-------------------|-------------------|---------------------------|---------------------|
| | Golf Course | Cemeteries | Ambulance | Transit System | |
| Operating Revenues | | | | | |
| Charges for services | \$ 452,629 | \$ 178,242 | \$ 1,439,583 | \$ 70,579 | \$ 2,141,033 |
| Other | - | 11,147 | - | 84,703 | 95,850 |
| Total operating revenues | <u>452,629</u> | <u>189,389</u> | <u>1,439,583</u> | <u>155,282</u> | <u>2,236,883</u> |
| Operating Expenses | | | | | |
| Operation and maintenance | 419,885 | 258,912 | 1,058,665 | 1,815,483 | 3,552,945 |
| Contractual services | - | - | - | 127,411 | 127,411 |
| Depreciation | 5,112 | 2,017 | - | 236,920 | 244,049 |
| Total operating expenses | <u>424,997</u> | <u>260,929</u> | <u>1,058,665</u> | <u>2,179,814</u> | <u>3,924,405</u> |
| Operating income (loss) | <u>27,632</u> | <u>(71,540)</u> | <u>380,918</u> | <u>(2,024,532)</u> | <u>(1,687,522)</u> |
| Nonoperating Revenues (Expenses) | | | | | |
| Intergovernmental revenues | - | - | 78,049 | 1,848,260 | 1,926,309 |
| Investment income (loss) | 43 | 27,645 | (174) | (597) | 26,917 |
| Interest expense (including amortization) | (41) | (2,465) | - | (8,091) | (10,597) |
| General property taxes | 50,000 | - | - | 47,775 | 97,775 |
| Total nonoperating revenues (expenses) | <u>50,002</u> | <u>25,180</u> | <u>77,875</u> | <u>1,887,347</u> | <u>2,040,404</u> |
| Income (loss) before contributions | 77,634 | (46,360) | 458,793 | (137,185) | 352,882 |
| Capital contributions | - | - | - | 302,852 | 302,852 |
| Change in net position | 77,634 | (46,360) | 458,793 | 165,667 | 655,734 |
| Total Net Position (Deficit), Beginning | <u>(150,778)</u> | <u>81,990</u> | <u>507,704</u> | <u>4,410,986</u> | <u>4,849,902</u> |
| Total Net Position (Deficit), Ending | <u>\$ (73,144)</u> | <u>\$ 35,630</u> | <u>\$ 966,497</u> | <u>\$ 4,576,653</u> | <u>\$ 5,505,636</u> |

City of Beloit

 Combining Statement of Cash Flows
 Nonmajor Proprietary Funds
 Year Ended December 31, 2021

| | Enterprise Funds | | | | |
|--|------------------|-------------|--------------|----------------|----------------|
| | Golf Course | Cemeteries | Ambulance | Transit System | Total |
| Cash Flows From Operating Activities | | | | | |
| Received from customers | \$ 453,820 | \$ 189,389 | \$ 1,145,807 | \$ 114,481 | \$ 1,903,497 |
| Paid to suppliers for goods and services | (276,135) | (141,872) | (468,297) | (1,110,425) | (1,996,729) |
| Payments to employees for services | (147,125) | (119,903) | (829,825) | (899,963) | (1,996,816) |
| Net cash provided by operating activities | 30,560 | (72,386) | (152,315) | (1,895,907) | (2,090,048) |
| Cash Flows From Noncapital Financing Activities | | | | | |
| Operating grants received | - | - | - | 2,075,506 | 2,075,506 |
| Property taxes received | 50,000 | - | - | 47,775 | 97,775 |
| Noncapital interfund/advance | 21 | 17,449 | 268,453 | (171,089) | 114,834 |
| Net cash provided by noncapital financing activities | 50,021 | 17,449 | 268,453 | 1,952,192 | 2,288,115 |
| Cash Flows From Capital and Related Financing Activities | | | | | |
| Debt retired | (5,000) | (11,056) | - | (47,776) | (63,832) |
| Interest paid | (41) | (2,465) | - | (7,920) | (10,426) |
| Advances (to) from other funds | (42) | 40,813 | (194,013) | - | (153,242) |
| Acquisition and construction of capital assets | - | - | - | (302,848) | (302,848) |
| Construction grants received | - | - | 78,049 | 302,856 | 380,905 |
| Net cash provided (used) by capital and related financing activities | (5,083) | 27,292 | (115,964) | (55,688) | (149,443) |
| Cash Flows From Investing Activities | | | | | |
| Investment income (loss) | 43 | 27,645 | (174) | (597) | 26,917 |
| Net cash provided by investing activities | 43 | 27,645 | (174) | (597) | 26,917 |
| Net increase in cash and cash equivalents | 75,541 | - | - | - | 75,541 |
| Cash and Cash Equivalents, Beginning | 13,432 | 61,396 | - | 17,128 | 91,956 |
| Cash and Cash Equivalents, Ending | \$ 88,973 | \$ 61,396 | \$ - | \$ 17,128 | \$ 167,497 |
| Reconciliation of Operating Income (Loss) to Net Cash Flows From Operating Activities | | | | | |
| Operating income (loss) | \$ 27,632 | \$ (71,540) | \$ 380,918 | \$ (2,024,532) | \$ (1,687,522) |
| Adjustments to reconcile operating income (loss) to net cash flows from operating activities: | | | | | |
| Depreciation expense | 5,112 | 2,017 | - | 236,920 | 244,049 |
| Change in noncash components of working capital: | | | | | |
| Accounts receivable | 1,301 | - | (293,440) | (39,092) | (331,231) |
| Inventories | - | - | - | 15,773 | 15,773 |
| Accounts payable | (713) | (1,247) | (15,185) | (6,553) | (23,698) |
| Other current liabilities | 2,035 | 1,108 | (12,068) | (347) | (9,272) |
| OPEB related deferrals and liabilities | 2,964 | - | 4,954 | 19,299 | 27,217 |
| Pension related deferrals and assets/liabilities | (7,771) | (2,724) | (217,494) | (97,375) | (325,364) |
| Net cash flows from operating activities | 30,560 | (72,386) | (152,315) | (1,895,907) | (2,090,048) |
| Reconciliation of Cash and Cash Equivalents to the Statement of Net Position, Proprietary Funds | | | | | |
| Cash and investments, statement of net position | \$ 88,973 | \$ 61,396 | \$ - | \$ 17,128 | \$ 167,497 |
| Cash and Cash Equivalents, Ending | \$ 88,973 | \$ 61,396 | \$ - | \$ 17,128 | \$ 167,497 |
| Noncash Investing, Capital and Financing Activity | | | | | |
| None | | | | | |

City of Beloit

Enterprise Fund - Beloit Mass Transit
Detailed Schedule of Revenues and Expenses - Regulatory Basis
Year Ended December 31, 2021

| | <u>2021</u> |
|--|---------------------|
| Revenue | |
| 401 - Passenger fares for transit service | \$ 70,579 |
| 407 - Non-transportation revenue | |
| Advertising | 38,450 |
| Investment Income | (597) |
| Rental Income | 43,185 |
| Charter and miscellaneous | 3,068 * |
| 409 - Local operating assistance, city levy | 47,775 |
| 409 - Local operating assistance, inter-government | 131,230 |
| 411 - State operating assistance | 449,336 |
| State paratransit grant | 23,054 |
| 413 - Federal operating assistance | 631,125 |
| CARES Act | <u>613,515</u> |
| Total revenue | <u>2,050,720</u> |
| Expenses, by Object Class Total | |
| 501 - Labor | 899,363 |
| 502 - Fringe benefits | 575,960 |
| 503 - Services | 55,515 |
| 504 - Materials and supplies | 239,465 |
| 505 - Utilities | 87,578 |
| 506 - Casualty and liability costs | 43,398 |
| 508 - Purchased transportation services | 35,092 |
| 509 - Miscellaneous | 5,923 |
| 509 - Interest expense | 7,921 |
| 513 - Depreciation | <u>236,920</u> |
| Total expenses | <u>2,187,135</u> |
| Excess expenses over revenues for the year | <u>\$ (136,415)</u> |

* Contra expense for state subsidy purposes.

City of Beloit

Enterprise Fund - Beloit Mass Transit
 Reconciliation of Revenues and Expenses to WisDOT and Federal
 Recognized Revenues and Expenses
 Year Ended December 31, 2021

| | <u>Per WisDOT Guidelines</u> | <u>Per Federal Guidelines</u> |
|---|--------------------------------------|---------------------------------------|
| Beloit Revenues | \$ 2,050,720 | \$ 2,050,720 |
| Less Unrecognized Revenues | | |
| Advertising Revenue | - | 38,450 |
| Charter Revenue | 3,068 | 3,068 |
| Investment income | (597) | (597) |
| Rental income | 43,185 | 43,185 |
| Local Operating Assistance | 179,005 | 179,005 |
| State Operating Assistance | 472,390 | 472,390 |
| Federal Operating Assistance | 1,244,640 | 1,244,640 |
| Capital Contributions | 1 - | - |
| Adjusted revenues | <u>\$ 109,029</u> | <u>\$ 70,579</u> |
| Total Expenses | \$ 2,187,135 | \$ 2,187,135 |
| Less Nonrecognized Expenses | | |
| Interest | 7,921 | 7,921 |
| Depreciation | 236,920 | 236,920 |
| Less Contra Expenses | | |
| Charter Revenue | 3,068 | 3,068 |
| State Paratransit Assistance | 23,054 | 23,054 |
| Capital Contributions for Operating Expenses | 2 - | - |
| Recognized expenses | <u>\$ 1,916,172</u> | <u>\$ 1,916,172</u> |
| Recognized earnings (deficits) | <u>\$ (1,807,143)</u> | <u>\$ (1,845,593)</u> |
| 1 - Capital contributions, assets capitalized | \$ - | |
| Capital contributions, expensed | - | |
| Total capital contributions | <u>-</u> | |
| 2 - Capital contributions, expensed | - | |
| Federal share | 80% | |
| Federal and local share of expenses | <u>\$ -</u> | |

City of Beloit

Enterprise Fund - Beloit Mass Transit
Computation of the Deficit Distribution Among the Subsidy Grantors
Year Ended December 31, 2021

| State Funds | | |
|--|---------------------|---------------------|
| WisDOT Contract Amount | | <u>\$ 449,336</u> |
| Local Operating Subsidy | <u>\$ 179,005</u> | |
| 5 Times Operating Subsidy | | <u>\$ 895,025</u> |
| WisDOT Recognized Deficit | <u>\$ 1,807,143</u> | |
| Federal Share of Operating Assistance | <u>\$ 631,125</u> | |
| Remaining State Share of Deficit | | <u>\$ 1,176,018</u> |
| WisDOT Recognized Expenses | <u>\$ 1,916,172</u> | |
| Maximum State and Federal Operating Assistance | 60.00% | |
| | <u>\$ 1,149,703</u> | |
| Federal Share of Operating Assistance | <u>\$ 631,125</u> | |
| Remaining State Share of Operating Assistance | | <u>\$ 518,578</u> |
| State Share, Least of the Five | | <u>\$ 449,336</u> |
| Federal Section 9 Funds | | |
| Federally Recognized Deficit | <u>\$ 1,845,593</u> | |
| 50% of Federal Deficit | | <u>\$ 922,797</u> |
| Federal Recognized Deficit | <u>\$ 1,845,593</u> | |
| Less: State share | <u>449,336</u> | |
| Local Share | | <u>\$ 1,396,257</u> |
| Maximum Federal Share Per Grant Award | | <u>\$ 631,125</u> |
| Federal Section 9 Share, Least of the Three | | <u>\$ 631,125</u> |

City of Beloit

Combining Statement of Net Position (Deficit) - Internal Service Funds
December 31, 2021

| | <u>Equipment Operations</u> | <u>General Liability Insurance</u> | <u>Health Insurance</u> | <u>Retiree Health Insurance</u> | <u>Total</u> |
|---------------------------------------|---------------------------------|--|-----------------------------|---|---------------------|
| Assets | | | | | |
| Current assets: | | | | | |
| Cash and investments | \$ 32,016 | \$ 941,709 | \$ 4,685,949 | \$ 319,031 | \$ 5,978,705 |
| Accounts receivable | 8,899 | 67,538 | 264,942 | 80,331 | 421,710 |
| Total current assets | <u>40,915</u> | <u>1,009,247</u> | <u>4,950,891</u> | <u>399,362</u> | <u>6,400,415</u> |
| Noncurrent assets: | | | | | |
| Restricted assets: | | | | | |
| Net pension asset | 74,253 | 28,155 | 11,317 | - | 113,725 |
| Deposit with risk pool | - | 1,575,475 | - | - | 1,575,475 |
| Total restricted assets | <u>74,253</u> | <u>1,603,630</u> | <u>11,317</u> | <u>-</u> | <u>1,689,200</u> |
| Capital assets: | | | | | |
| Machinery, equipment and vehicles | 67,165 | - | - | - | 67,165 |
| Less accumulated depreciation | (63,340) | - | - | - | (63,340) |
| Net capital assets | <u>3,825</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>3,825</u> |
| Total noncurrent assets | <u>78,078</u> | <u>1,603,630</u> | <u>11,317</u> | <u>-</u> | <u>1,693,025</u> |
| Total assets | <u>118,993</u> | <u>2,612,877</u> | <u>4,962,208</u> | <u>399,362</u> | <u>8,093,440</u> |
| Deferred Outflows of Resources | | | | | |
| Pension related amounts | 159,067 | 43,482 | 20,048 | - | 222,597 |
| OPEB related amounts, life | 24,270 | 2,392 | 542 | - | 27,204 |
| Total deferred outflows of resources | <u>183,337</u> | <u>45,874</u> | <u>20,590</u> | <u>-</u> | <u>249,801</u> |
| Liabilities | | | | | |
| Current liabilities: | | | | | |
| Accounts payable | 80,021 | 26,633 | 38,173 | 6,243 | 151,070 |
| Claims payable | - | 53,607 | 1,794,712 | - | 1,848,319 |
| Total current liabilities | <u>80,021</u> | <u>80,240</u> | <u>1,832,885</u> | <u>6,243</u> | <u>1,999,389</u> |
| Noncurrent liabilities: | | | | | |
| Net OPEB liability, life | 46,199 | 5,976 | 919 | - | 53,094 |
| Advances from other funds | - | - | - | 1,751,913 | 1,751,913 |
| Total noncurrent liabilities | <u>46,199</u> | <u>5,976</u> | <u>919</u> | <u>1,751,913</u> | <u>1,805,007</u> |
| Total liabilities | <u>126,220</u> | <u>86,216</u> | <u>1,833,804</u> | <u>1,758,156</u> | <u>3,804,396</u> |
| Deferred Inflows of Resources | | | | | |
| Pension related amounts | 206,080 | 62,768 | 20,662 | - | 289,510 |
| OPEB related amounts, life | 7,565 | 789 | 894 | - | 9,248 |
| Deferred inflows of resources | <u>213,645</u> | <u>63,557</u> | <u>21,556</u> | <u>-</u> | <u>298,758</u> |
| Net Position (Deficit) | | | | | |
| Net investment in capital assets | 3,825 | - | - | - | 3,825 |
| Restricted for pension | 74,253 | 28,155 | 11,317 | - | 113,725 |
| Unrestricted (deficit) | (115,613) | 2,480,823 | 3,116,121 | (1,358,794) | 4,122,537 |
| Total net position (deficit) | <u>\$ (37,535)</u> | <u>\$ 2,508,978</u> | <u>\$ 3,127,438</u> | <u>\$ (1,358,794)</u> | <u>\$ 4,240,087</u> |

City of Beloit

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

Internal Service Funds

Year Ended December 31, 2021

| | <u>Equipment Operations</u> | <u>General Liability Insurance</u> | <u>Health Insurance</u> | <u>Retiree Health Insurance</u> | <u>Total</u> |
|--|---------------------------------|--|-----------------------------|---|---------------------|
| Operating Revenues | | | | | |
| Charges for services | \$ 962,637 | \$ 1,507,265 | \$ 7,547,931 | \$ 2,987,079 | \$ 13,004,912 |
| Total operating revenues | <u>962,637</u> | <u>1,507,265</u> | <u>7,547,931</u> | <u>2,987,079</u> | <u>13,004,912</u> |
| Operating Expenses | | | | | |
| Operation and maintenance | 1,050,617 | 576,259 | 6,063,007 | 2,586,719 | 10,276,602 |
| Contractual services | <u>9,709</u> | <u>700,376</u> | <u>-</u> | <u>-</u> | <u>710,085</u> |
| Total operating expenses | <u>1,060,326</u> | <u>1,276,635</u> | <u>6,063,007</u> | <u>2,586,719</u> | <u>10,986,687</u> |
| Operating income (loss) | (97,689) | 230,630 | 1,484,924 | 400,360 | 2,018,225 |
| Total Net Position (Deficit), Beginning | <u>60,154</u> | <u>2,278,348</u> | <u>1,642,514</u> | <u>(1,759,154)</u> | <u>2,221,862</u> |
| Total Net Position (Deficit), Ending | <u>\$ (37,535)</u> | <u>\$ 2,508,978</u> | <u>\$ 3,127,438</u> | <u>\$ (1,358,794)</u> | <u>\$ 4,240,087</u> |

City of Beloit

Combining Statement of Cash Flows
Internal Service Funds
Year Ended December 31, 2021

| | <u>Equipment Operations</u> | <u>General Liability Insurance</u> | <u>Health Insurance</u> | <u>Retiree Health Insurance</u> | <u>Total</u> |
|---|---------------------------------|--|-----------------------------|---|---------------------|
| Cash Flows From Operating Activities | | | | | |
| Received from customers | \$ 972,015 | \$ 1,495,780 | \$ 7,368,377 | \$ 2,929,473 | \$ 12,765,645 |
| Paid to suppliers for goods and services | (700,099) | (1,133,061) | (5,575,964) | (2,580,476) | (9,989,600) |
| Payments to employees for services | (330,774) | (120,242) | - | - | (451,016) |
| Net cash provided (used) by operating activities | <u>(58,858)</u> | <u>242,477</u> | <u>1,792,413</u> | <u>348,997</u> | <u>2,325,029</u> |
| Cash Flows From Noncapital Financing Activities | | | | | |
| Noncapital interfund/advance repayment | - | - | - | (29,966) | (29,966) |
| Net cash used by noncapital financing activities | <u>-</u> | <u>-</u> | <u>-</u> | <u>(29,966)</u> | <u>(29,966)</u> |
| Net increase (decrease) in cash and cash equivalents | (58,858) | 242,477 | 1,792,413 | 319,031 | 2,295,063 |
| Cash and Cash Equivalents, Beginning | <u>90,874</u> | <u>699,232</u> | <u>2,893,536</u> | <u>-</u> | <u>3,683,642</u> |
| Cash and Cash Equivalents, Ending | <u>\$ 32,016</u> | <u>\$ 941,709</u> | <u>\$ 4,685,949</u> | <u>\$ 319,031</u> | <u>\$ 5,978,705</u> |
| Reconciliation of Operating Income (Loss) to Net Cash From Operating Activities | | | | | |
| Operating income (loss) | \$ (97,689) | \$ 230,630 | \$ 1,484,924 | \$ 400,360 | \$ 2,018,225 |
| Change in noncash components of working capital: | | | | | |
| Accounts receivable | 9,737 | (11,440) | (179,547) | (57,606) | (238,856) |
| Accounts payable | 44,021 | 24,190 | 27,151 | 6,243 | 101,605 |
| Due to other funds | (233) | - | - | - | (233) |
| OPEB related deferrals and liabilities | (8,028) | 1,008 | 455 | - | (6,565) |
| Pension related deferrals and assets/liabilities | (6,666) | (8,293) | (8,222) | - | (23,181) |
| Claims payable | - | 6,382 | 467,652 | - | 474,034 |
| Net cash flows from operating activities | <u>\$ (58,858)</u> | <u>\$ 242,477</u> | <u>\$ 1,792,413</u> | <u>\$ 348,997</u> | <u>\$ 2,325,029</u> |
| Reconciliation of Cash and Cash Equivalents to the Statement of Net Position, Internal Service Funds | | | | | |
| Cash and investments, statement of net position | <u>\$ 32,016</u> | <u>\$ 941,709</u> | <u>\$ 4,685,949</u> | <u>\$ 319,031</u> | <u>\$ 5,978,705</u> |
| Cash and Cash Equivalents, Ending | <u>\$ 32,016</u> | <u>\$ 941,709</u> | <u>\$ 4,685,949</u> | <u>\$ 319,031</u> | <u>\$ 5,978,705</u> |

City of Beloit

Combining Statement of Net Position - Community Development Authority
December 31, 2021

| | Primary Government | | | | | Total Primary Government | Component Units | | Total Before Eliminations | Eliminations | Total |
|---|--|-------------------------------|------------------------------|----------------|----------------------|--------------------------------|--|--|------------------------------|--------------------|-------------------|
| | Major | Major | Major | Major | Major | | Beloit | Beloit | | | |
| | Section 8 Rental Voucher Program | Low Rent Public Housing | Project Based Vouchers | Administration | Leases Receivable | | Apartment Redevelopment Phase 1, LLC | Apartment Redevelopment Phase 2, LLC | | | |
| Assets | | | | | | | | | | | |
| Current assets: | | | | | | | | | | | |
| Cash and investments | \$ 582,284 | \$ 603,152 | \$ 42,231 | \$ 144,639 | \$ - | \$ 1,372,306 | \$ 126,068 | \$ 86,899 | \$ 1,585,273 | \$ - | \$ 1,585,273 |
| Receivables: | | | | | | | | | | | |
| Accounts | 2,131 | 158 | - | - | - | 2,289 | 209,509 | 173,839 | 385,637 | (339,964) | 45,673 |
| 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 | - | - | - | - | 90,000 | 90,000 | - | - | 90,000 | - | 90,000 |
| Due from Beloit Apartments Redevelopment, Phase 1, LLC | - | 68,932 | - | - | - | 68,932 | - | - | 68,932 | (68,932) | - |
| Due from Beloit Apartments Redevelopment, Phase 2, LLC | - | 59,558 | - | - | - | 59,558 | - | - | 59,558 | (59,558) | - |
| Due from other governmental units | - | 20,676 | - | - | - | 20,676 | - | - | 20,676 | - | 20,676 |
| Tax credit fees | - | - | - | - | - | - | 30,410 | 42,755 | 73,165 | - | 73,165 |
| Prepaid items | 3,980 | 4,103 | - | - | - | 8,083 | 3,318 | 3,920 | 15,321 | - | 15,321 |
| Total current assets | 588,395 | 6,136,653 | 42,231 | 144,639 | 90,000 | 7,001,918 | 369,305 | 307,413 | 7,678,636 | (5,848,528) | 1,830,108 |
| Noncurrent assets: | | | | | | | | | | | |
| Restricted assets: | | | | | | | | | | | |
| Cash and investments | - | - | - | - | 53,504 | 53,504 | 365,058 | 692,249 | 1,110,811 | - | 1,110,811 |
| Net pension asset | 100,574 | 71,840 | 2,737 | - | - | 175,151 | - | - | 175,151 | - | 175,151 |
| Total restricted assets | 100,574 | 71,840 | 2,737 | - | 53,504 | 228,655 | 365,058 | 692,249 | 1,285,962 | - | 1,285,962 |
| 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 | 21,153 | - | - | 166,686 | 1,540,500 | 640,000 | 2,347,186 | (975,520) | 1,371,666 |
| Building improvements | - | - | - | - | - | - | 8,397,386 | 9,607,270 | 18,004,656 | - | 18,004,656 |
| Machinery, equipment, furnishings and vehicles | 16,092 | 175,318 | 2,909 | - | - | 194,319 | 265,998 | 313,808 | 774,125 | - | 774,125 |
| Less accumulated depreciation | (16,092) | (292,689) | (23,572) | - | - | (332,353) | (2,880,126) | (3,806,769) | (7,019,248) | - | (7,019,248) |
| Total capital assets, net | - | 372,229 | 70,962 | - | - | 443,191 | 7,960,182 | 8,096,761 | 16,500,134 | (2,155,020) | 14,345,114 |
| Other assets: | | | | | | | | | | | |
| Lease receivable from primary government | - | - | - | - | 306,496 | 306,496 | - | - | 306,496 | - | 306,496 |
| Total noncurrent assets | 100,574 | 444,069 | 73,699 | - | 360,000 | 978,342 | 8,325,240 | 8,789,010 | 18,092,592 | (2,155,020) | 15,937,572 |
| Total assets | 688,969 | 6,580,722 | 115,930 | 144,639 | 450,000 | 7,980,260 | 8,694,545 | 9,096,423 | 25,771,228 | (8,003,548) | 17,767,680 |
| Deferred Outflows of Resources | | | | | | | | | | | |
| Pension related amounts | 175,223 | 111,836 | 33,037 | - | - | 320,096 | - | - | 320,096 | - | 320,096 |
| OPEB related amounts, life | 13,884 | 12,119 | 656 | - | - | 26,659 | - | - | 26,659 | - | 26,659 |
| Total deferred outflows of resources | 189,107 | 123,955 | 33,693 | - | - | 346,755 | - | - | 346,755 | - | 346,755 |
| Total assets and deferred outflows of resources | 878,076 | 6,704,677 | 149,623 | 144,639 | 450,000 | 8,327,015 | 8,694,545 | 9,096,423 | 26,117,983 | (8,003,548) | 18,114,435 |

City of Beloit

Combining Statement of Net Position - Community Development Authority
December 31, 2021

| | Primary Government | | | | | Total Primary Government | Component Units | | Total Before Eliminations | Eliminations | Total |
|--|--|-------------------------------|------------------------------|----------------|----------------------|--------------------------------|---|---|------------------------------|----------------|---------------|
| | 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 | | | |
| Liabilities | | | | | | | | | | | |
| Current liabilities: | | | | | | | | | | | |
| Accounts payable | \$ 2,241 | \$ 6,098 | \$ 284 | \$ - | \$ - | \$ 8,623 | \$ 103,701 | \$ 98,789 | \$ 211,113 | \$ (128,490) | \$ 82,623 |
| Accrued liabilities | 20,449 | 35,637 | - | - | - | 56,086 | 1,421,505 | 787,506 | 2,265,097 | - | 2,265,097 |
| Due to Beloit Apartments Redevelopment, Phase 1, LLC | - | 171,664 | - | - | - | 171,664 | - | - | 171,664 | (171,664) | - |
| Due to Beloit Apartments Redevelopment, Phase 2, LLC | - | 168,300 | - | - | - | 168,300 | - | - | 168,300 | (168,300) | - |
| Due to primary government | 56,921 | 39,533 | - | - | - | 96,454 | - | - | 96,454 | - | 96,454 |
| Deposits | 31,354 | 9,300 | 3,803 | - | - | 44,457 | 37,850 | 24,951 | 107,258 | - | 107,258 |
| Lease revenue bonds payable | - | - | - | - | 90,000 | 90,000 | - | - | 90,000 | - | 90,000 |
| Total current liabilities | 110,965 | 430,532 | 4,087 | - | 90,000 | 635,584 | 1,563,056 | 911,246 | 3,109,886 | (468,454) | 2,641,432 |
| Noncurrent liabilities: | | | | | | | | | | | |
| Compensated absences | 21,070 | 81,204 | - | - | - | 102,274 | - | - | 102,274 | - | 102,274 |
| Mortgage notes payable | - | - | - | - | - | - | 2,800,000 | 2,580,074 | 5,380,074 | (5,380,074) | - |
| Other notes payable | - | - | - | - | - | - | 419,707 | 321,779 | 741,486 | - | 741,486 |
| Net OPEB liability, life | 36,556 | 29,448 | 1,340 | - | - | 67,344 | - | - | 67,344 | - | 67,344 |
| Lease revenue bonds payable | - | - | - | - | 360,000 | 360,000 | - | - | 360,000 | - | 360,000 |
| Total noncurrent liabilities | 57,626 | 110,652 | 1,340 | - | 360,000 | 529,618 | 3,219,707 | 2,901,853 | 6,651,178 | (5,380,074) | 1,271,104 |
| Total liabilities | 168,591 | 541,184 | 5,427 | - | 450,000 | 1,165,202 | 4,782,763 | 3,813,099 | 9,761,064 | (5,848,528) | 3,912,536 |
| Deferred Inflows of Resources | | | | | | | | | | | |
| Unearned revenue | - | - | - | - | - | - | 965,408 | - | 965,408 | - | 965,408 |
| Pension related amounts | 226,934 | 147,341 | 34,248 | - | - | 408,523 | - | - | 408,523 | - | 408,523 |
| OPEB related amounts, life | 4,503 | 2,712 | 740 | - | - | 7,955 | - | - | 7,955 | - | 7,955 |
| Total deferred inflows of resources | 231,437 | 150,053 | 34,988 | - | - | 416,478 | 965,408 | - | 1,381,886 | - | 1,381,886 |
| Net Position | | | | | | | | | | | |
| Net investment in capital assets | - | 372,229 | 70,962 | - | - | 443,191 | 7,960,182 | 8,096,761 | 16,500,134 | (2,155,020) | 14,345,114 |
| Restricted for grant programs | 77,198 | 5,569,371 | - | - | - | 5,646,569 | - | - | 5,646,569 | - | 5,646,569 |
| Restricted for pensions | 100,574 | 71,840 | 2,737 | - | - | 175,151 | - | - | 175,151 | - | 175,151 |
| Unrestricted (deficit) | 300,276 | - | 35,509 | 144,639 | - | 480,424 | (5,013,808) | (2,813,437) | (7,346,821) | - | (7,346,821) |
| Total net position | \$ 478,048 | \$ 6,013,440 | \$ 109,208 | \$ 144,639 | \$ - | \$ 6,745,335 | \$ 2,946,374 | \$ 5,283,324 | \$ 14,975,033 | \$ (2,155,020) | \$ 12,820,013 |

City of Beloit

Combining Statement of Revenues, Expenses and Changes in Net Position -
 Community Development Authority
 Year Ended December 31, 2021

| | Primary Government | | | | | Total Primary Government | Component Units | | Total Before Eliminations | Eliminations | Total |
|--|--|-------------------------------|------------------------------|----------------|---------------------|--------------------------------|--|--|------------------------------|----------------|---------------|
| | Major | Major | Major | Major | Major | | Beloit | Beloit | | | |
| | Section 8 Rental Voucher Program | Low Rent Public Housing | Project Based Vouchers | Administration | Lease Receivable | | Apartment Redevelopment Phase 1, LLC | Apartment Redevelopment Phase 2, LLC | | | |
| Expenses | | | | | | | | | | | |
| Community development | \$ 3,055,761 | \$ 618,720 | \$ 15,040 | \$ - | \$ - | \$ 3,689,521 | \$ 543,783 | \$ 699,953 | \$ 4,933,257 | \$ (339,964) | \$ 4,593,293 |
| Program Revenues | | | | | | | | | | | |
| Charges for services | - | 20,392 | - | - | - | 20,392 | 114,979 | 142,723 | 278,094 | - | 278,094 |
| Operating grants and contributions | 3,073,682 | 1,046,249 | - | - | - | 4,119,931 | 193,930 | 173,293 | 4,487,154 | (795,097) | 3,692,057 |
| Other revenue | - | - | - | - | - | - | 51,943 | 7,340 | 59,283 | - | 59,283 |
| Total program revenues | 3,073,682 | 1,066,641 | - | - | - | 4,140,323 | 360,852 | 323,356 | 4,824,531 | (795,097) | 4,029,434 |
| Net revenues (expenses) | 17,921 | 447,921 | (15,040) | - | - | 450,802 | (182,931) | (376,597) | (108,726) | (455,133) | (563,859) |
| General Revenues (Expenses) | | | | | | | | | | | |
| Investment income | 1,986 | 940 | - | - | 107,721 | 110,647 | 180 | 377 | 111,204 | - | 111,204 |
| Interest and amortization | - | - | - | - | (107,721) | (107,721) | (164,500) | (99,903) | (372,124) | - | (372,124) |
| Payment to Beloit Apartments Redevelopment, Phase 1, LLC | - | (75,524) | - | - | - | (75,524) | - | - | (75,524) | 75,524 | - |
| Payment to Beloit Apartments Redevelopment, Phase 2, LLC | - | (379,609) | - | - | - | (379,609) | - | - | (379,609) | 379,609 | - |
| Gain on sale of property | - | - | 47,071 | - | - | 47,071 | - | - | 47,071 | - | 47,071 |
| Miscellaneous | 34,538 | 6,127 | - | - | - | 40,665 | (3,250) | (8,612) | 28,803 | - | 28,803 |
| Total general revenues (expenses) | 36,524 | (448,066) | 47,071 | - | - | (364,471) | (167,570) | (108,138) | (640,179) | 455,133 | (185,046) |
| Revenues (expenses) before contributions and transfers | 54,445 | (145) | 32,031 | - | - | 86,331 | (350,501) | (484,735) | (748,905) | - | (748,905) |
| Contributions and Transfers | | | | | | | | | | | |
| Contributions | - | - | - | - | - | - | 18,524 | 321,380 | 339,904 | - | 339,904 |
| Transfers in (out) | - | 69,836 | (69,836) | - | - | - | - | - | - | - | - |
| Total contributions and transfers | - | 69,836 | (69,836) | - | - | - | 18,524 | 321,380 | 339,904 | - | 339,904 |
| Change in net position | 54,445 | 69,691 | (37,805) | - | - | 86,331 | (331,977) | (163,355) | (409,001) | - | (409,001) |
| Net Position, Beginning | 423,603 | 5,943,749 | 147,013 | 144,639 | - | 6,659,004 | 3,278,351 | 5,446,679 | 15,384,034 | (2,155,020) | 13,229,014 |
| Net Position, Ending | \$ 478,048 | \$ 6,013,440 | \$ 109,208 | \$ 144,639 | \$ - | \$ 6,745,335 | \$ 2,946,374 | \$ 5,283,324 | \$ 14,975,033 | \$ (2,155,020) | \$ 12,820,013 |

City of Beloit

 Combining Statement of Cash Flows - Community Development Authority
 Year Ended December 31, 2021

| | Primary Government | | | | | Total |
|---|---|--|---------------------------------------|-------------------------|-------------------------------|-----------------------|
| | Major Section 8 Rental Voucher Program | Major Low Rent Public Housing | Major Project Based Vouchers | Major Administration | Major Leases Receivable | |
| Cash Flows From Operating Activities | | | | | | |
| Received from customers | \$ 81,156 | \$ 30,292 | \$ 5,411 | \$ - | \$ - | \$ 116,859 |
| Paid to suppliers for goods and services | (2,802,110) | (578,383) | 67,564 | - | - | (3,312,929) |
| Payments to employees for services | (205,489) | (145,735) | (60) | - | - | (351,284) |
| Net cash flows from operating activities | (2,926,443) | (693,826) | 72,915 | - | - | (3,547,354) |
| Cash Flows From Noncapital Financing Activities | | | | | | |
| Governmental grants received | 3,073,682 | 1,037,176 | - | - | - | 4,110,858 |
| Paid to LLC's | - | (221,870) | - | - | - | (221,870) |
| Transfers in (out) | - | 69,836 | (69,836) | - | - | - |
| Collections on leases receivable | - | - | - | - | 2,496,825 | 2,496,825 |
| Net cash flows from noncapital financing activities | 3,073,682 | 885,142 | (69,836) | - | 2,496,825 | 6,385,813 |
| Cash Flows From Capital and Financing Activities | | | | | | |
| Loss on sale of property | - | - | (5,829) | - | - | (5,829) |
| Debt retired | - | - | - | - | (3,240,000) | (3,240,000) |
| Interest paid | - | - | - | - | (107,771) | (107,771) |
| Net cash flows from capital and related financing activities | - | - | (5,829) | - | (3,347,771) | (3,353,600) |
| Cash Flows From Investing Activities | | | | | | |
| Investment income | 1,986 | 940 | - | - | 107,771 | 110,697 |
| Net cash flows from investing activities | 1,986 | 940 | - | - | 107,771 | 110,697 |
| Net change in cash and cash equivalents | 149,225 | 192,256 | (2,750) | - | (743,175) | (404,444) |
| Cash and Cash Equivalents, Beginning | <u>433,059</u> | <u>410,896</u> | <u>44,981</u> | <u>144,639</u> | <u>796,679</u> | <u>1,830,254</u> |
| Cash and Cash Equivalents, Ending | <u>\$ 582,284</u> | <u>\$ 603,152</u> | <u>\$ 42,231</u> | <u>\$ 144,639</u> | <u>\$ 53,504</u> | <u>\$ 1,425,810</u> |
| Reconciliation of Operating Income (Loss) to Net Cash From Operating Activities | | | | | | |
| Operating income (loss) | \$ (3,055,761) | \$ (598,328) | \$ (15,040) | \$ - | \$ - | \$ (3,669,129) |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities | | | | | | |
| Nonoperating income | 34,538 | 6,127 | - | - | - | 40,665 |
| Depreciation | - | 4,163 | 82,508 | - | - | 86,671 |
| Change in assets, deferred outflows, liabilities, and deferred inflows | | | | | | |
| Accounts receivable | 32,153 | (1) | 5,911 | - | - | 38,063 |
| Prepaid items | 4,221 | 1,705 | - | - | - | 5,926 |
| Pension related deferrals and assets/liabilities | (27,206) | (19,594) | (8) | - | - | (46,808) |
| OPEB related deferrals and liabilities | 6,422 | 4,792 | (498) | - | - | 10,716 |
| Accounts payable and accrued liabilities | 7,507 | 29,511 | 42 | - | - | 37,060 |
| Due to primary government | 56,921 | (126,198) | - | - | - | (69,277) |
| Deposits | 14,762 | 3,997 | - | - | - | 18,759 |
| Net cash provided by operating activities | <u>\$ (2,926,443)</u> | <u>\$ (693,826)</u> | <u>\$ 72,915</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (3,547,354)</u> |
| Noncash Capital and Financing Activities | | | | | | |
| None | | | | | | |

Statistical Section

This section of the City of Beloit's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial condition through multi-year comparative data.

| <u>Contents</u> | <u>Pages</u> |
|---|--------------|
| Financial Trends - Schedules 1 through 5 These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time. | 137 - 142 |
| Revenue Capacity - Schedules 6 through 10 These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax. | 143 - 147 |
| Debt Capacity - Schedules 11 through 14 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. | 148 - 151 |
| Demographic and Economic Information - Schedules 15 and 16 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. | 152 - 153 |
| Operating Information - Schedules 17 through 19 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. | 154 - 156 |

Sources: *Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year.*

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

| | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|----------------------|----------------------|----------------------|----------------------|
| Governmental activities | | | | | | | | | | |
| Net investment in capital assets | \$ 54,274,785 | \$ 53,354,535 | \$ 55,479,784 | \$ 59,758,251 | \$ 65,844,049 | \$ 67,681,103 | \$ 72,490,136 | \$ 73,804,277 | \$ 78,886,500 | \$ 81,290,230 |
| Restricted | 11,580,550 | 12,309,637 | 12,769,533 | 17,998,995 | 13,240,969 | 15,943,566 | 19,793,501 | 12,274,022 | 21,239,849 | 29,083,126 |
| Unrestricted (deficit) | (11,324,043) | (15,825,906) | (20,090,783) | (21,550,970) | (23,910,707) | (31,078,924) | (88,769,431) | (84,540,705) | (92,849,530) | (97,487,032) |
| Total governmental activities net position | <u>\$ 54,531,292</u> | <u>\$ 49,838,266</u> | <u>\$ 48,158,534</u> | <u>\$ 56,206,276</u> | <u>\$ 55,174,311</u> | <u>\$ 52,545,745</u> | <u>\$ 3,514,206</u> | <u>\$ 1,537,594</u> | <u>\$ 7,276,819</u> | <u>\$ 12,886,324</u> |
| Business-type activities | | | | | | | | | | |
| Net investment in capital assets | \$ 60,323,671 | \$ 58,348,338 | \$ 57,555,475 | \$ 55,645,129 | \$ 53,967,808 | \$ 52,335,132 | \$ 52,474,261 | \$ 51,152,284 | \$ 50,317,450 | \$ 52,537,428 |
| Restricted | 3,169,002 | 3,194,991 | 3,212,483 | 3,979,871 | 2,109,432 | 2,112,303 | 3,036,621 | 2,215,301 | 3,164,341 | 4,056,346 |
| Unrestricted | 10,967,316 | 10,188,754 | 10,091,793 | 10,056,464 | 12,115,399 | 13,265,935 | 11,819,693 | 13,960,270 | 16,004,269 | 16,204,485 |
| Total business-type activities net position | <u>\$ 74,459,989</u> | <u>\$ 71,732,083</u> | <u>\$ 70,859,751</u> | <u>\$ 69,681,464</u> | <u>\$ 68,192,639</u> | <u>\$ 67,713,370</u> | <u>\$ 67,330,575</u> | <u>\$ 67,327,855</u> | <u>\$ 69,486,060</u> | <u>\$ 72,798,259</u> |
| Primary government | | | | | | | | | | |
| Net investment in capital assets | \$ 108,794,859 | \$ 106,308,162 | \$ 107,836,387 | \$ 110,826,442 | \$ 115,643,805 | \$ 116,257,070 | \$ 121,614,118 | \$ 122,015,168 | \$ 126,671,444 | \$ 131,704,038 |
| Restricted | 14,749,552 | 15,504,628 | 15,982,016 | 21,978,866 | 15,350,401 | 18,055,869 | 22,830,122 | 14,489,323 | 24,404,190 | 33,139,472 |
| Unrestricted | 5,446,870 | (242,441) | (4,800,118) | (6,917,568) | (7,627,256) | (14,053,824) | (73,599,459) | (67,639,042) | (74,312,755) | (79,158,927) |
| Total primary government net position | <u>\$ 128,991,281</u> | <u>\$ 121,570,349</u> | <u>\$ 119,018,285</u> | <u>\$ 125,887,740</u> | <u>\$ 123,366,950</u> | <u>\$ 120,259,115</u> | <u>\$ 70,844,781</u> | <u>\$ 68,865,449</u> | <u>\$ 76,762,879</u> | <u>\$ 85,684,583</u> |

Note: The primary government section includes an adjustment for capital assets owned by the business-type activities, but financed by the debt of the governmental activities.

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

| | Fiscal Year | | | | | | | | | |
|--|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
| Expenses | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| General government | \$ 747,997 | \$ 788,296 | \$ 772,449 | \$ 778,843 | \$ 782,031 | \$ 1,007,820 | \$ 1,199,584 | \$ 1,146,064 | \$ 1,028,238 | \$ 991,868 |
| Finance and administrative services | 4,249,269 | 4,589,561 | 4,358,216 | 5,446,685 | 6,391,553 | 6,476,937 | 7,678,069 | 5,554,143 | 2,371,271 | 3,062,239 |
| Community development | 3,593,036 | 3,271,431 | 2,143,055 | 3,029,594 | 6,574,221 | 3,266,790 | 2,949,491 | 5,810,962 | 3,137,997 | 2,294,829 |
| Economic development | 283,643 | 340,202 | 355,466 | 268,874 | 368,492 | 420,046 | 433,082 | 440,630 | 403,260 | 355,477 |
| Public safety: | | | | | | | | | | |
| Police services | 15,044,071 | 15,892,086 | 15,311,616 | 15,005,398 | 15,906,565 | 15,777,635 | 13,534,636 | 14,535,554 | 15,327,257 | 14,588,068 |
| Fire services | 10,210,826 | 10,883,679 | 10,153,177 | 10,680,264 | 9,395,681 | 10,658,395 | 9,735,744 | 9,280,506 | 10,842,510 | 8,936,228 |
| Public works | 16,676,877 | 15,538,957 | 16,731,753 | 13,037,701 | 16,224,141 | 14,973,850 | 16,836,734 | 17,344,453 | 11,377,938 | 14,322,858 |
| Library | 2,211,860 | 2,242,126 | 2,290,591 | 2,344,409 | 2,571,609 | 2,627,298 | 2,560,159 | 2,465,679 | 1,841,398 | 2,482,945 |
| Interest and fiscal charges | 2,956,048 | 3,796,706 | 2,437,125 | 2,169,801 | 2,011,442 | 2,010,600 | 1,972,300 | 1,818,478 | 1,807,465 | 1,630,116 |
| Total governmental activities | <u>55,973,627</u> | <u>57,343,044</u> | <u>54,553,448</u> | <u>52,761,569</u> | <u>60,225,735</u> | <u>57,219,371</u> | <u>56,899,799</u> | <u>58,396,469</u> | <u>48,137,334</u> | <u>48,664,628</u> |
| Business-type activities: | | | | | | | | | | |
| Water | 4,436,025 | 5,075,698 | 4,567,804 | 4,894,535 | 4,761,331 | 3,995,317 | 4,957,318 | 4,548,386 | 4,408,316 | 4,445,221 |
| Sewer | 8,445,553 | 8,739,011 | 8,820,728 | 9,206,619 | 8,873,499 | 9,012,687 | 9,168,565 | 9,292,453 | 8,963,305 | 8,681,409 |
| Storm | - | - | - | - | 998,387 | 977,034 | 978,025 | 952,574 | 921,231 | 950,367 |
| Other non-major enterprise funds | 5,029,201 | 5,183,296 | 5,352,057 | 5,349,522 | 4,286,233 | 4,433,774 | 4,352,889 | 4,455,228 | 4,181,005 | 3,816,929 |
| Total business-type activities | <u>17,910,779</u> | <u>18,998,005</u> | <u>18,740,589</u> | <u>19,450,676</u> | <u>18,919,450</u> | <u>18,418,812</u> | <u>19,456,797</u> | <u>19,248,641</u> | <u>18,473,857</u> | <u>17,893,926</u> |
| Total expenses | <u>\$ 73,884,406</u> | <u>\$ 76,341,049</u> | <u>\$ 73,294,037</u> | <u>\$ 72,212,245</u> | <u>\$ 79,145,185</u> | <u>\$ 75,638,183</u> | <u>\$ 76,356,596</u> | <u>\$ 77,645,110</u> | <u>\$ 66,611,191</u> | <u>\$ 66,558,554</u> |
| Program Revenues (see Schedule 3) | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| General government | \$ 35,761 | \$ 45,430 | \$ 24,937 | \$ 49,500 | \$ 43,065 | \$ 37,381 | \$ - | \$ 37,381 | \$ - | \$ - |
| Finance and administrative services | 1,181,472 | 1,599,407 | 1,267,188 | 1,058,211 | 3,433,164 | 3,317,896 | 4,891,235 | 3,619,505 | 1,286,489 | 867,116 |
| Community development | 115,177 | 262,901 | 270,531 | 121,212 | 147,455 | 91,562 | 126,459 | 136,214 | 135,656 | 114,710 |
| Public safety: | | | | | | | | | | |
| Police services | 1,254,166 | 1,368,350 | 1,307,662 | 1,208,635 | 970,757 | 1,111,992 | 1,108,601 | 1,137,947 | 1,529,668 | 924,462 |
| Fire services | 38,329 | 2,676 | 49,148 | 28,248 | 11,972 | 40,258 | 36,032 | 53,510 | 24,198 | 35,096 |
| Public works | 2,631,861 | 2,674,811 | 2,742,229 | 2,731,862 | 2,780,201 | 2,742,428 | 3,097,658 | 3,039,585 | 2,976,547 | 2,932,097 |
| Library | 188,106 | 179,073 | 193,649 | 226,895 | 279,608 | 317,482 | 444,274 | 378,531 | 164,822 | 249,447 |
| Operating grants and contributions | 2,212,186 | 2,083,822 | 1,352,609 | 1,054,099 | 4,147,241 | 832,304 | 913,335 | 787,073 | 701,704 | 1,128,990 |
| Capital grants and contributions | 14,404,161 | 75,722 | 160,386 | 172,012 | 626,960 | 79,484 | 1,136,615 | 445,809 | 186,786 | 402,019 |
| Total governmental activities | <u>22,061,219</u> | <u>8,292,192</u> | <u>7,368,339</u> | <u>6,650,674</u> | <u>12,440,423</u> | <u>8,570,787</u> | <u>11,754,209</u> | <u>9,635,555</u> | <u>7,005,870</u> | <u>6,653,937</u> |
| Business-type activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| Water | 5,812,294 | 5,542,677 | 5,465,477 | 5,496,668 | 5,507,429 | 5,873,464 | 5,883,446 | 5,888,465 | 6,013,155 | 6,076,364 |
| Sewer | 6,792,043 | 6,615,442 | 6,725,986 | 6,751,680 | 7,167,202 | 7,614,184 | 7,604,279 | 7,985,607 | 8,107,787 | 8,934,587 |
| Storm | - | - | - | - | 1,124,771 | 1,127,563 | 1,119,715 | 1,126,622 | 1,163,345 | 1,172,291 |
| Other non-major enterprise funds | 2,886,428 | 2,781,660 | 2,818,869 | 2,863,402 | 1,806,460 | 1,984,177 | 2,196,587 | 1,982,109 | 1,836,103 | 2,314,932 |
| Operating grants and contributions | - | 22,439 | 1,195,763 | 1,234,243 | 1,234,089 | 1,179,413 | 1,184,400 | 1,169,143 | 1,766,175 | 1,848,260 |
| Capital grants and contributions | 32,203 | 147,573 | 734,718 | 68,837 | 6,490 | 59,245 | 91,647 | 780,970 | 1,396,793 | 1,234,419 |
| Total business-type activities | <u>15,522,968</u> | <u>15,109,791</u> | <u>16,940,813</u> | <u>16,414,830</u> | <u>16,846,441</u> | <u>17,838,046</u> | <u>18,080,074</u> | <u>18,932,916</u> | <u>20,283,358</u> | <u>21,580,853</u> |
| Total revenues | <u>\$ 37,584,187</u> | <u>\$ 23,401,983</u> | <u>\$ 24,309,152</u> | <u>\$ 23,065,504</u> | <u>\$ 29,286,864</u> | <u>\$ 26,408,833</u> | <u>\$ 29,834,283</u> | <u>\$ 28,568,471</u> | <u>\$ 27,289,228</u> | <u>\$ 28,234,790</u> |
| Net (expense)/revenue | | | | | | | | | | |
| Governmental activities | \$ (33,912,408) | \$ (49,050,852) | \$ (47,185,109) | \$ (46,110,895) | \$ (47,785,312) | \$ (48,648,584) | \$ (45,145,590) | \$ (48,760,914) | \$ (41,131,464) | \$ (42,010,691) |
| Business-type activities | (2,387,811) | (3,888,214) | (1,799,776) | (3,035,846) | (2,073,009) | (580,766) | (1,376,723) | (315,725) | 1,809,501 | 3,686,927 |
| Total net expense | <u>\$ (36,300,219)</u> | <u>\$ (52,939,066)</u> | <u>\$ (48,984,885)</u> | <u>\$ (49,146,741)</u> | <u>\$ (49,858,321)</u> | <u>\$ (49,229,350)</u> | <u>\$ (46,522,313)</u> | <u>\$ (49,076,639)</u> | <u>\$ (39,321,963)</u> | <u>\$ (38,323,764)</u> |

(continued) (continued)

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

| | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> |
|--|----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|----------------------|-----------------------|----------------------|----------------------|
| General revenues | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Taxes | | | | | | | | | | |
| Property taxes, levied for general purposes | \$ 6,167,786 | \$ 6,794,942 | \$ 6,867,316 | \$ 6,886,366 | \$ 7,080,809 | \$ 7,246,136 | \$ 7,631,364 | \$ 7,852,636 | \$ 8,303,092 | \$ 9,056,030 |
| Property taxes, levied for debt service | 4,873,523 | 4,445,195 | 4,787,927 | 4,800,000 | 4,769,154 | 4,850,000 | 4,849,994 | 5,250,052 | 5,249,998 | 5,350,000 |
| Property taxes, levied for other | 9,117,555 | 9,600,907 | 8,885,545 | 9,077,710 | 9,625,284 | 9,673,138 | 10,236,771 | 8,648,331 | 8,417,863 | 8,768,162 |
| Other taxes | 567,650 | 658,072 | 591,020 | 668,830 | 724,441 | 660,550 | 628,669 | 713,589 | 629,104 | 647,899 |
| Intergovernmental revenues not restricted to specific programs | 21,707,260 | 20,511,649 | 21,961,045 | 22,177,385 | 21,936,614 | 21,686,774 | 21,637,351 | 21,565,462 | 21,374,359 | 22,110,717 |
| Public gifts and/or grants | | | | | | | | | | |
| Investment income (loss) | 1,163,493 | (384,380) | 972,002 | 262,851 | 292,699 | 205,821 | 621,267 | 1,099,877 | 794,254 | (76,084) |
| Gain (loss) on sale of property | 52,738 | 65,842 | 214,055 | 35,026 | 961,838 | 1,650 | 760 | 2,763 | - | - |
| Miscellaneous | 1,651,813 | 1,835,433 | 1,237,121 | 882,350 | 974,468 | 858,406 | 1,067,892 | 836,528 | 1,888,360 | 1,103,292 |
| Transfers | 775,073 | 830,166 | (10,654) | 633,315 | 388,040 | 837,543 | (98,359) | 815,064 | 213,659 | 660,180 |
| Total general revenues and transfers | <u>46,076,891</u> | <u>44,357,826</u> | <u>45,505,377</u> | <u>45,423,833</u> | <u>46,753,347</u> | <u>46,020,018</u> | <u>46,575,709</u> | <u>46,784,302</u> | <u>46,870,689</u> | <u>47,620,196</u> |
| Business-type activities: | | | | | | | | | | |
| Taxes | 537,256 | 554,367 | 612,481 | 662,833 | 662,833 | 662,833 | 634,719 | 610,019 | 162,722 | 97,775 |
| Intergovernmental revenues not restricted to specific programs | 1,154,514 | 1,163,443 | - | - | - | - | - | - | - | - |
| Investment income | 592,441 | 343,408 | 299,078 | 281,989 | 265,580 | 266,130 | 453,836 | 518,050 | 333,198 | 170,687 |
| Miscellaneous | - | - | - | - | - | - | - | - | 66,443 | 16,990 |
| Gain (loss) on sale of property | 127,789 | (70,744) | 5,231 | 8,968 | 43,811 | 10,077 | 11,083 | - | - | - |
| Transfers | (775,073) | (830,166) | 10,654 | (633,315) | (388,040) | (837,543) | 98,359 | (815,064) | (213,659) | (660,180) |
| Total business-type activities | <u>1,636,927</u> | <u>1,160,308</u> | <u>927,444</u> | <u>320,475</u> | <u>584,184</u> | <u>101,497</u> | <u>1,197,997</u> | <u>313,005</u> | <u>348,704</u> | <u>(374,728)</u> |
| Total primary government | <u>\$ 47,713,818</u> | <u>\$ 45,518,134</u> | <u>\$ 46,432,821</u> | <u>\$ 45,744,308</u> | <u>\$ 47,337,531</u> | <u>\$ 46,121,515</u> | <u>\$ 47,773,706</u> | <u>\$ 47,097,307</u> | <u>\$ 47,219,393</u> | <u>\$ 47,245,468</u> |
| Change in net position | | | | | | | | | | |
| Governmental activities | \$ 12,164,483 | \$ (4,693,026) | \$ (1,679,732) | \$ (687,062) | \$ (1,031,965) | \$ (2,628,566) | \$ 1,430,119 | \$ (1,976,612) | \$ 5,739,225 | \$ 5,609,505 |
| Business-type activities | (750,884) | (2,727,906) | (872,332) | (2,715,371) | (1,488,825) | (479,269) | (178,726) | (2,720) | 2,158,205 | 3,312,199 |
| Total change in net position | <u>\$ 11,413,599</u> | <u>\$ (7,420,932)</u> | <u>\$ (2,552,064)</u> | <u>\$ (3,402,433)</u> | <u>\$ (2,520,790)</u> | <u>\$ (3,107,835)</u> | <u>\$ 1,251,393</u> | <u>\$ (1,979,332)</u> | <u>\$ 7,897,430</u> | <u>\$ 8,921,704</u> |

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

| | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> |
|-------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Function/Program | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| General government | \$ 35,761 | \$ 45,430 | \$ 24,937 | \$ 49,500 | \$ 43,065 | \$ 37,381 | \$ - | \$ 37,381 | \$ - | \$ - |
| Finance and administrative services | 1,556,285 | 1,979,567 | 1,564,123 | 1,385,039 | 3,604,755 | 3,358,715 | 4,899,942 | 3,655,698 | 1,312,960 | 922,393 |
| Community development | 1,181,594 | 1,221,147 | 478,325 | 149,384 | 3,152,232 | 129,548 | 264,462 | 278,839 | 225,207 | 431,995 |
| Public safety: | | | | | | | | | | |
| Police services | 1,254,481 | 1,368,595 | 1,307,867 | 1,208,635 | 971,617 | 1,112,922 | 1,109,331 | 1,138,417 | 1,529,878 | 924,887 |
| Fire services | 97,985 | 60,008 | 109,580 | 88,520 | 79,249 | 112,583 | 104,964 | 128,630 | 102,117 | 119,791 |
| Public works | 17,439,999 | 3,150,302 | 3,404,713 | 3,266,069 | 4,031,218 | 3,226,837 | 4,639,822 | 3,716,296 | 3,320,382 | 3,626,588 |
| Library | 495,114 | 467,143 | 478,794 | 503,527 | 558,287 | 592,801 | 735,688 | 680,294 | 515,326 | 628,283 |
| Total governmental activities | <u>22,061,219</u> | <u>8,292,192</u> | <u>7,368,339</u> | <u>6,650,674</u> | <u>12,440,423</u> | <u>8,570,787</u> | <u>11,754,209</u> | <u>9,635,555</u> | <u>7,005,870</u> | <u>6,653,937</u> |
| Business-type activities: | | | | | | | | | | |
| Water | 5,812,294 | 5,647,690 | 5,540,195 | 5,525,879 | 5,513,919 | 5,932,709 | 5,975,093 | 6,322,504 | 6,480,487 | 6,811,831 |
| Sewer | 6,792,043 | 6,615,442 | 6,725,986 | 6,751,680 | 7,167,202 | 7,614,184 | 7,604,279 | 7,985,607 | 8,467,510 | 9,130,687 |
| Storm | - | - | - | - | 1,124,771 | 1,127,563 | 1,119,715 | 1,154,153 | 1,163,345 | 1,172,291 |
| Other non-major enterprise funds | 2,918,631 | 2,846,659 | 4,674,632 | 4,137,271 | 3,040,549 | 3,163,590 | 3,380,987 | 3,470,652 | 4,172,016 | 4,466,044 |
| Total business-type activities | <u>15,522,968</u> | <u>15,109,791</u> | <u>16,940,813</u> | <u>16,414,830</u> | <u>16,846,441</u> | <u>17,838,046</u> | <u>18,080,074</u> | <u>18,932,916</u> | <u>20,283,358</u> | <u>21,580,853</u> |
| Total primary government | <u>\$ 37,584,187</u> | <u>\$ 23,401,983</u> | <u>\$ 24,309,152</u> | <u>\$ 23,065,504</u> | <u>\$ 29,286,864</u> | <u>\$ 26,408,833</u> | <u>\$ 29,834,283</u> | <u>\$ 28,568,471</u> | <u>\$ 27,289,228</u> | <u>\$ 28,234,790</u> |

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

| | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> |
|-------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| General fund | | | | | | | | | | |
| Nonspendable | \$ 1,634,901 | \$ 1,449,818 | \$ 2,071,820 | \$ 1,791,582 | \$ 1,578,930 | \$ 1,623,597 | \$ 1,619,687 | \$ 1,569,862 | \$ 1,669,195 | \$ 1,768,070 |
| Assigned | 589,028 | 626,840 | 300,000 | - | - | - | - | - | 170,054 | 250,000 |
| Restricted | - | - | - | - | - | - | 77,500 | 80,404 | 80,801 | 80,801 |
| Unassigned | 9,144,726 | 8,339,711 | 7,762,537 | 8,007,592 | 8,303,332 | 8,547,746 | 9,033,798 | 11,882,949 | 13,298,793 | 14,001,286 |
| Total general fund | <u>\$ 11,368,655</u> | <u>\$ 10,416,369</u> | <u>\$ 10,134,357</u> | <u>\$ 9,799,174</u> | <u>\$ 9,882,262</u> | <u>\$ 10,171,343</u> | <u>\$ 10,730,985</u> | <u>\$ 13,533,215</u> | <u>\$ 15,218,843</u> | <u>\$ 16,100,157</u> |
| All other governmental funds | | | | | | | | | | |
| Nonspendable | \$ - | \$ - | \$ 11,709 | \$ 402,577 | \$ - | \$ - | \$ 230,000 | \$ - | \$ - | \$ - |
| Restricted | 9,892,961 | 10,314,163 | 10,480,740 | 10,974,549 | 12,697,326 | 15,725,655 | 14,756,865 | 15,308,192 | 19,091,551 | 22,072,592 |
| Assigned | 10,666,183 | 12,231,672 | 11,784,859 | 11,235,991 | 9,844,541 | 9,514,852 | 11,264,413 | 9,367,272 | 7,568,294 | 8,097,654 |
| Unassigned | (4,572,305) | (4,374,225) | (3,841,960) | (3,904,273) | (3,672,678) | (3,508,626) | (3,772,199) | (2,654,371) | (1,533,398) | (448,431) |
| Total all other governmental funds | <u>\$ 15,986,839</u> | <u>\$ 18,171,610</u> | <u>\$ 18,435,348</u> | <u>\$ 18,708,844</u> | <u>\$ 18,869,189</u> | <u>\$ 21,731,881</u> | <u>\$ 22,479,079</u> | <u>\$ 22,021,093</u> | <u>\$ 25,126,447</u> | <u>\$ 29,721,815</u> |
| Total governmental funds | <u>\$ 27,355,494</u> | <u>\$ 28,587,979</u> | <u>\$ 28,569,705</u> | <u>\$ 28,508,018</u> | <u>\$ 28,751,451</u> | <u>\$ 31,903,224</u> | <u>\$ 33,210,064</u> | <u>\$ 35,554,308</u> | <u>\$ 40,345,290</u> | <u>\$ 45,821,972</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 2021 was \$8,526,035 which represents three months of budgeted operating expenditures. The City exceeded this limit by \$5,725,251. The City implemented GASB Statement 54 beginning with fiscal year 2011.

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

| | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> |
|---|-----------------------|---------------------|--------------------|--------------------|-------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Revenues | | | | | | | | | | |
| Taxes (see Schedule 6) | \$ 20,225,496 | \$ 20,959,622 | \$ 20,588,063 | \$ 20,887,634 | \$ 21,617,852 | \$ 21,981,699 | \$ 22,925,315 | \$ 22,021,092 | \$ 22,184,889 | \$ 23,416,365 |
| Intergovernmental | 23,612,491 | 22,449,953 | 22,704,505 | 22,913,912 | 22,964,293 | 22,436,639 | 22,386,326 | 22,298,080 | 23,084,121 | 23,213,053 |
| Licenses and permits | 652,541 | 863,215 | 938,474 | 970,400 | 908,737 | 810,263 | 930,851 | 874,915 | 892,846 | 772,948 |
| Fines, forfeitures and penalties | 1,151,148 | 1,134,664 | 1,077,893 | 937,079 | 795,998 | 793,591 | 780,934 | 839,569 | 576,375 | 652,391 |
| Fees and service charges | 664,322 | 732,733 | 792,397 | 816,604 | 818,488 | 816,408 | 850,262 | 868,215 | 493,285 | 600,076 |
| Rent | 3,615 | 13,031 | 19,178 | 47,003 | 57,804 | 47,992 | 48,426 | 77,441 | 59,006 | 64,287 |
| Special assessments | 204,105 | 188,098 | 190,402 | 312,480 | 280,934 | 301,179 | 181,709 | 445,809 | 317,334 | 141,899 |
| Investment income | 1,163,493 | 580,052 | 431,892 | 433,241 | 513,378 | 290,359 | 663,241 | 1,134,475 | 878,679 | 6,347 |
| Unrealized Gain (loss) on investment | - | (964,552) | 479,956 | (187,938) | (226,204) | - | - | - | - | - |
| Public charges for services | 2,642,302 | 2,703,076 | 2,709,994 | 2,686,514 | 2,512,226 | 2,805,361 | 2,951,775 | 2,954,676 | 2,921,251 | 2,947,067 |
| Other | 2,842,474 | 2,925,678 | 2,230,696 | 2,199,253 | 2,174,997 | 1,772,753 | 1,828,636 | 1,756,882 | 1,951,282 | 2,158,390 |
| Total revenues | 53,161,987 | 51,585,570 | 52,163,450 | 52,016,182 | 52,418,503 | 52,056,244 | 53,547,475 | 53,271,154 | 53,359,068 | 53,972,823 |
| Expenditures | | | | | | | | | | |
| Current | | | | | | | | | | |
| General government | 3,769,962 | 3,828,921 | 3,705,212 | 3,739,168 | 3,594,944 | 3,802,126 | 3,735,593 | 3,456,460 | 3,745,846 | 3,814,189 |
| Community development | 4,224,110 | 3,452,579 | 2,864,857 | 3,408,202 | 2,959,096 | 3,011,525 | 2,929,178 | 5,334,163 | 2,636,440 | 2,886,972 |
| Public safety | 19,118,570 | 20,372,113 | 20,423,475 | 20,470,156 | 20,137,594 | 20,174,270 | 20,452,943 | 20,635,006 | 21,379,119 | 21,141,917 |
| Public works | 7,958,183 | 8,883,972 | 8,943,426 | 8,600,822 | 8,346,050 | 7,860,052 | 8,534,307 | 8,541,995 | 7,591,765 | 7,829,785 |
| Parks, recreation, and education | 2,036,683 | 2,038,937 | 2,090,762 | 2,140,358 | 2,236,552 | 2,352,785 | 2,232,644 | 2,224,300 | 2,222,186 | 2,291,703 |
| Capital outlay | 14,064,117 | 7,254,823 | 9,513,875 | 8,663,135 | 11,549,110 | 7,579,934 | 11,215,512 | 8,900,383 | 9,472,563 | 6,541,790 |
| Debt service: | | | | | | | | | | |
| Principal retirement | 11,952,889 | 11,334,674 | 6,993,294 | 7,237,072 | 7,561,023 | 9,350,155 | 7,703,037 | 6,613,034 | 5,508,748 | 18,269,811 |
| Interest and fiscal charges | 3,085,618 | 2,842,047 | 2,303,641 | 2,165,894 | 2,011,867 | 1,939,205 | 1,920,594 | 1,860,125 | 1,799,175 | 1,512,923 |
| Total expenditures | 66,210,132 | 60,008,066 | 56,838,542 | 56,424,807 | 58,396,236 | 56,070,052 | 58,723,808 | 57,565,466 | 54,355,842 | 64,289,090 |
| Excess of revenues over (under) expenditures | (13,048,145) | (8,422,496) | (4,675,092) | (4,408,625) | (5,977,733) | (4,013,808) | (5,176,333) | (4,294,312) | (996,774) | (10,316,267) |
| Other financing sources (uses) | | | | | | | | | | |
| Debt issued | 3,753,800 | 3,686,989 | 3,149,816 | 3,370,000 | 4,960,000 | 3,525,000 | 5,395,000 | 5,470,000 | 5,240,000 | 4,170,000 |
| Debt issued - refunding | 3,706,200 | 12,079,111 | 5,477,459 | - | - | 2,510,000 | - | - | - | 9,890,000 |
| Capital lease issued | 1,498,489 | - | - | - | - | - | - | - | - | - |
| Premium on bonds | 139,913 | 423,115 | 256,111 | - | 130,133 | 200,080 | 131,430 | 243,147 | 115,550 | 881,607 |
| Payments to escrow agent | (2,458,608) | (7,664,827) | (5,643,847) | - | - | - | - | - | - | - |
| Sale of city property | 106,598 | 150,427 | 568,504 | 116,084 | 340,759 | 63,480 | 96,003 | 110,345 | 83,553 | 70,757 |
| Transfers in | 2,613,170 | 3,387,428 | 2,439,001 | 2,266,370 | 2,752,842 | 2,441,410 | 4,879,721 | 4,001,142 | 1,799,146 | 1,943,681 |
| Transfers out | (1,824,177) | (2,407,262) | (1,590,226) | (1,405,516) | (1,962,568) | (1,574,389) | (4,018,981) | (3,186,078) | (1,450,493) | (1,163,096) |
| Total other financing sources (uses) | 7,535,385 | 9,654,981 | 4,656,818 | 4,346,938 | 6,221,166 | 7,165,581 | 6,483,173 | 6,638,556 | 5,787,756 | 15,792,949 |
| Net change in fund balances | \$ (5,512,760) | \$ 1,232,485 | \$ (18,274) | \$ (61,687) | \$ 243,433 | \$ 3,151,773 | \$ 1,306,840 | \$ 2,344,244 | \$ 4,790,982 | \$ 5,476,682 |
| Debt service as a percentage of non-capital expenditures | 24.74% | 24.14% | 16.81% | 18.12% | 18.54% | 20.82% | 17.76% | 15.48% | 15.67% | 31.59% |

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

| Fiscal Year | Property | Mobile Home | Payments In Lieu of | Prior Year Collections/(Rescinded) | Motel | Total |
|--------------------|-----------------|--------------------|----------------------------|---|--------------|---------------|
| 2012 | \$ 20,147,260 | \$ 15,267 | \$ 10,822 | \$ (5,420) | \$ 57,567 | \$ 20,225,496 |
| 2013 | 20,867,890 | 13,462 | 9,089 | 1,773 | 67,408 | 20,959,622 |
| 2014 | 20,505,168 | 12,869 | 8,808 | (4) | 61,222 | 20,588,063 |
| 2015 | 20,785,707 | 12,541 | 9,104 | 760 | 79,522 | 20,887,634 |
| 2016 | 21,491,882 | 13,891 | 26,342 | - | 85,737 | 21,617,852 |
| 2017 | 21,823,022 | 11,774 | 19,462 | - | 127,441 | 21,981,699 |
| 2018 | 22,740,363 | 12,391 | 24,294 | - | 148,267 | 22,925,315 |
| 2019 | 21,773,650 | 18,198 | 22,547 | - | 206,697 | 22,021,092 |
| 2020 | 21,985,127 | 10,901 | 20,068 | - | 168,793 | 22,184,889 |
| 2021 | 23,194,143 | 9,185 | 17,303 | - | 195,734 | 23,416,365 |

Note: Wisconsin Statutes limits the amount that the property tax levy may increase to the percentage increase in the tax base attributed to net new construction.

City of Beloit, Wisconsin
Assessed Value and Equalized Value of Taxable Property
Last Ten Fiscal Years

| Fiscal Year | Residential Property | Commercial Property | Manufacturing Property | Agricultural Property | Personal Property | Total Taxable Assessed Value | City Direct Tax Rate | Total Equalized Value | Taxable Assessed Value as a Percentage of Equalized Value |
|--------------------|-----------------------------|----------------------------|-------------------------------|------------------------------|--------------------------|-------------------------------------|-----------------------------|------------------------------|--|
| 2012 | \$ 894,849,000 | \$ 424,796,000 | \$ 166,829,600 | \$ 599,300 | \$ 102,931,800 | \$ 1,590,005,700 | 10.30 | \$ 1,507,977,900 | 105.44% |
| 2013 | 888,191,900 | 424,675,300 | 180,902,200 | 593,200 | 84,031,800 | 1,578,394,400 | 10.62 | 1,377,134,000 | 114.61% |
| 2014 | 884,755,300 | 430,356,700 | 168,818,300 | 576,400 | 81,975,602 | 1,566,482,302 | 10.83 | 1,471,696,200 | 106.44% |
| 2015 | 883,032,900 | 439,131,000 | 163,631,548 | 549,800 | 84,559,452 | 1,570,904,700 | 10.96 | 1,557,937,900 | 100.83% |
| 2016 | 883,276,700 | 471,910,400 | 165,852,600 | 546,900 | 87,247,190 | 1,608,833,790 | 11.11 | 1,593,559,300 | 100.96% |
| 2017 | 887,557,400 | 439,840,500 | 183,826,900 | 549,500 | 82,752,330 | 1,594,526,630 | 11.40 | 1,607,119,800 | 99.22% |
| 2018 | 896,333,000 | 441,798,280 | 201,252,600 | 540,500 | 63,378,600 | 1,603,302,980 | 11.28 | 1,650,289,200 | 97.15% |
| 2019 | 907,040,900 | 444,963,280 | 195,112,400 | 532,500 | 66,880,100 | 1,614,529,180 | 11.33 | 1,785,854,900 | 90.41% |
| 2020 | 907,396,840 | 465,284,600 | 194,408,900 | 532,500 | 67,426,750 | 1,635,049,590 | 11.57 | 1,944,861,100 | 84.07% |
| 2021 | 914,763,800 | 606,210,300 | 164,175,700 | 448,000 | 79,440,300 | 1,765,038,100 | 12.37 | 2,377,775,400 | 74.23% |

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 | | | |
| 2012 | 2013 | 7.51 | 2.79 | 10.30 | 6.18 | 0.16 | 1.75 | 10.11 | 28.50 | (1.27) | 27.22 |
| 2013 | 2014 | 7.59 | 3.03 | 10.62 | 6.00 | 0.15 | 1.68 | 10.08 | 28.53 | (1.31) | 27.21 |
| 2014 | 2015 | 7.77 | 3.06 | 10.83 | 6.27 | 0.16 | 1.04 | 10.88 | 29.18 | (1.34) | 27.84 |
| 2015 | 2016 | 7.92 | 3.04 | 10.96 | 6.60 | 0.17 | 1.19 | 11.47 | 30.39 | (1.59) | 28.80 |
| 2016 | 2017 | 8.09 | 3.02 | 11.11 | 6.52 | 0.17 | 1.20 | 9.63 | 28.62 | (1.59) | 27.04 |
| 2017 | 2018 | 8.39 | 3.01 | 11.40 | 6.43 | - | 1.21 | 11.63 | 30.68 | (1.72) | 28.96 |
| 2018 | 2019 | 8.02 | 3.26 | 11.28 | 6.24 | - | 1.18 | 12.08 | 30.77 | (1.73) | 29.04 |
| 2019 | 2020 | 8.07 | 3.26 | 11.33 | 6.48 | - | 1.23 | 11.39 | 30.43 | (1.76) | 28.67 |
| 2020 | 2021 | 8.30 | 3.27 | 11.57 | 6.80 | - | 1.29 | 12.01 | 31.67 | (1.82) | 29.85 |
| 2021 | 2022 | 9.00 | 3.37 | 12.37 | 7.17 | - | 1.35 | 13.60 | 34.49 | (1.69) | 32.80 |

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 | | | |
| 2012 | 2013 | 7.51 | 2.79 | 10.30 | 6.18 | 0.16 | 1.75 | 11.08 | 29.47 | (1.27) | 28.20 |
| 2013 | 2014 | 7.59 | 3.03 | 10.62 | 6.00 | 0.15 | 1.68 | 10.35 | 28.80 | (1.31) | 27.48 |
| 2014 | 2015 | 7.77 | 3.06 | 10.83 | 6.27 | 0.16 | 1.04 | 10.72 | 29.02 | (1.34) | 27.68 |
| 2015 | 2016 | 7.92 | 3.04 | 10.96 | 6.60 | 0.17 | 1.19 | 10.88 | 29.79 | (1.59) | 28.21 |
| 2016 | 2017 | 8.09 | 3.02 | 11.11 | 6.52 | 0.17 | 1.20 | 10.52 | 29.51 | (1.59) | 27.92 |
| 2017 | 2018 | 8.39 | 3.01 | 11.40 | 6.43 | - | 1.21 | 10.36 | 29.40 | (1.72) | 27.68 |
| 2018 | 2019 | 8.02 | 3.26 | 11.28 | 6.24 | - | 1.18 | 10.56 | 29.26 | (1.73) | 27.53 |
| 2019 | 2020 | 8.07 | 3.26 | 11.33 | 6.48 | - | 1.23 | 11.93 | 30.98 | (1.76) | 29.22 |
| 2020 | 2021 | 8.30 | 3.27 | 11.57 | 6.80 | - | 1.29 | 11.83 | 31.49 | (1.82) | 29.67 |
| 2021 | 2022 | 9.00 | 3.37 | 12.37 | 7.17 | - | 1.35 | 11.98 | 32.87 | (1.69) | 31.18 |

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 | | | |
| 2012 | 2013 | 7.51 | 2.79 | 10.30 | 6.18 | 0.16 | 1.75 | 11.64 | 30.03 | (1.27) | 28.76 |
| 2013 | 2014 | 7.59 | 3.03 | 10.62 | 6.00 | 0.15 | 1.68 | 10.68 | 29.13 | (1.31) | 27.82 |
| 2014 | 2015 | 7.77 | 3.06 | 10.83 | 6.27 | 0.16 | 1.04 | 11.53 | 29.82 | (1.34) | 28.48 |
| 2015 | 2016 | 7.92 | 3.04 | 10.96 | 6.60 | 0.17 | 1.19 | 12.05 | 30.97 | (1.59) | 29.38 |
| 2016 | 2017 | 8.09 | 3.02 | 11.11 | 6.52 | 0.17 | 1.20 | 12.13 | 31.12 | (1.59) | 29.53 |
| 2017 | 2018 | 8.39 | 3.01 | 11.40 | 6.43 | - | 1.21 | 12.21 | 31.26 | (1.72) | 29.54 |
| 2018 | 2019 | 8.02 | 3.26 | 11.28 | 6.24 | - | 1.18 | 11.55 | 30.24 | (1.73) | 28.51 |
| 2019 | 2020 | 8.07 | 3.26 | 11.33 | 6.48 | - | 1.23 | 10.23 | 29.27 | (1.76) | 27.51 |
| 2020 | 2021 | 8.30 | 3.27 | 11.57 | 6.80 | - | 1.29 | 11.67 | 31.33 | (1.82) | 29.51 |
| 2021 | 2022 | 9.00 | 3.37 | 12.37 | 7.17 | - | 1.35 | 16.84 | 37.73 | (1.69) | 36.04 |

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 | 2021 | | | 2012 | | |
|-------------------------------|---|----------------------------|--|------|----------------------------|--|------|
| | | Taxable Assessed Valuation | Percentage of Total Taxable Assessed Valuation | Rank | Taxable Assessed Valuation | Percentage of Total Taxable Assessed Valuation | Rank |
| Amazon | Distribution Center | \$ 134,041,800 | 7.59% | 1 | | | |
| ABC Supply/Hendricks | Wholesale Distribution/Property Development | 99,144,231 | 5.62% | 2 | \$ 66,925,603 | 4.21% | 1 |
| Kerry Ingredients | Mfg of Food Additives | 26,431,190 | 1.50% | 3 | 37,479,100 | 2.36% | 3 |
| Hawks Ridge Apartments LLC | Apartment Rentals | 22,053,200 | 1.25% | 4 | | | |
| Staples Contract & Commercial | Fulfillment Center | 18,232,950 | 1.03% | 5 | 35,383,980 | 2.23% | 4 |
| Woodmans | Retail Grocer | 15,296,550 | 0.87% | 6 | 13,494,950 | 0.85% | 9 |
| Beloit Health Systems | Health Services | 15,192,870 | 0.86% | 7 | 15,711,290 | 0.99% | 8 |
| Frito Lay Inc | Food Processor | 15,176,800 | 0.86% | 8 | 23,514,800 | 1.48% | 5 |
| One Reynolds Drive LLC | Warehouse | 13,345,200 | 0.76% | 9 | | | |
| Pratt Industries | Corrugated Packaging Manufacturer | 13,313,100 | 0.75% | 10 | | | |
| Kettle Foods | Retailer | | | | 43,405,000 | 2.73% | 2 |
| Walmart | Retailer | | | | 15,959,880 | 1.00% | 6 |
| Menards | Retailer | | | | 15,770,320 | 0.99% | 7 |
| Walgreens | Retail Services | | | | 12,585,170 | 0.79% | 10 |
| Totals | | <u>\$ 238,186,091</u> | <u>13.49%</u> | | <u>\$ 280,230,093</u> | <u>17.62%</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 |
| 2012 | 2013 | \$ 16,394,872 | \$ 3,331,278 | 20.32% | \$ 13,062,062 | \$ 16,393,340 | 99.99% |
| 2013 | 2014 | 16,769,023 | 1,992,160 | 11.88% | 14,775,750 | 16,767,910 | 99.99% |
| 2014 | 2015 | 16,963,108 | 3,843,552 | 22.66% | 13,105,602 | 16,949,154 | 99.92% |
| 2015 | 2016 | 17,211,767 | 3,062,611 | 17.79% | 14,104,637 | 17,167,248 | 99.74% |
| 2016 | 2017 | 17,868,428 | 4,374,679 | 24.48% | 13,387,123 | 17,761,802 | 99.40% |
| 2017 | 2018 | 18,184,413 | 4,510,840 | 24.81% | 13,598,548 | 18,109,388 | 99.59% |
| 2018 | 2019 | 18,080,071 | 4,660,287 | 25.78% | 13,395,570 | 18,055,857 | 99.87% |
| 2019 | 2020 | 18,298,448 | 3,200,950 | 17.49% | 14,963,529 | 18,164,479 | 99.27% |
| 2020 | 2021 | 18,918,305 | 3,220,348 | 17.02% | 15,546,888 | 18,767,236 | 99.20% |
| 2021 | 2022 | 21,833,606 | 3,678,344 | 16.85% | N/A | N/A | N/A |

Note: In addition to City property taxes, the City also collects and remits property taxes to the State of Wisconsin, Rock County, Beloit School District, Beloit Turner School District, Clinton Community School District and Blackhawk Technical College. Taxes are levied in December of each year based on the assessed value as of the preceding January 1. Real estate taxes can be paid in four installments on January 31, March 31, May 31 and July 31. Personal property taxes are due January 31. Tax settlements to the other taxing authorities are made in January, February, April, June and the final settlement is in August. The City contracts with the Rock County Treasurer to collect all real estate taxes. The City collects all personal property taxes unpaid after January 31.

(1) Source: City of Beloit budget

**City of Beloit, Wisconsin
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years**

| Fiscal Year | General Obligation Bonds | Issuance Premiums (Discounts) | Other Debt | Capital Leases | Other Capital Leases | Sewer Revenue Bonds | Water Revenue Bonds | Storm Water Revenue Bonds | Total Outstanding Debt | Estimated Full Property Value | Percentage of Full Property Value | Population | Debt per Capita | Debt to Personal Income |
|---------------------------------|--------------------------|-------------------------------|------------|----------------|----------------------|---------------------|---------------------|---------------------------|------------------------|-------------------------------|-----------------------------------|------------|-----------------|-------------------------|
| Governmental Activities | | | | | | | | | | | | | | |
| 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 | 3.33% |
| 2019 | 47,839,309 | 761,576 | - | 3,838,285 | 160,727 | - | - | - | 52,599,897 | 1,785,854,900 | 2.95% | 36,548 | 1,439 | 3.13% |
| 2020 | 48,566,916 | 799,601 | - | 2,893,321 | 109,336 | - | - | - | 52,369,174 | 1,944,861,100 | 2.69% | 36,657 | 1,429 | 2.93% |
| 2021 | 46,915,466 | 1,547,626 | - | 396,496 | 55,790 | - | - | - | 48,915,378 | 2,377,775,400 | 2.06% | 36,376 | 1,345 | 2.83% |
| Business-Type Activities | | | | | | | | | | | | | | |
| 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 | 2.08% |
| 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 | 1.85% |
| 2020 | 2,486,550 | 647,789 | - | - | - | 5,553,409 | 19,255,000 | 885,000 | 28,827,748 | 1,944,861,100 | 1.48% | 36,657 | 786 | 1.61% |
| 2021 | 1,635,474 | 506,236 | - | - | - | 5,246,867 | 17,625,000 | 810,000 | 25,823,577 | 2,377,775,400 | 1.09% | 36,376 | 710 | 1.49% |
| Total Government-wide | | | | | | | | | | | | | | |
| 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 | 5.41% |
| 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 | 4.98% |
| 2020 | 51,053,466 | 1,447,390 | - | 2,893,321 | 109,336 | 5,553,409 | 19,255,000 | 885,000 | 81,196,922 | 1,944,861,100 | 4.17% | 36,657 | 2,215 | 4.54% |
| 2021 | 48,550,940 | 2,053,862 | - | 396,496 | 55,790 | 5,246,867 | 17,625,000 | 810,000 | 74,738,955 | 2,377,775,400 | 3.14% | 36,376 | 2,055 | 4.33% |

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

| Fiscal Year | General Obligation Debt | Unamortized Premiums | Total GO Debt | Less: Amounts Available in Debt Service Fund (a) | Net GO Debt Total | Per Capita (c) | Percentage of Estimated Actual Market Value of Property (b) | Total Debt Applicable to Debt Limit | Legal Debt Limit (d) | Legal Debt Margin (e) | Legal Debt Margin as a Percentage of the Debt Limit |
|--------------------|--------------------------------|-----------------------------|----------------------|---|--------------------------|-----------------------|--|--|-----------------------------|------------------------------|--|
| 2012 | \$ 55,448,817 | \$ - | \$ 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 | 389,297 | 55,088,868 | 2,212,595 | 52,876,273 | 1,436 | 3.84% | 54,699,571 | 68,856,700 | 14,157,129 | 20.56% |
| 2014 | 52,986,685 | 607,154 | 53,593,839 | 2,048,472 | 51,545,367 | 1,400 | 3.50% | 52,986,685 | 73,584,810 | 20,598,125 | 27.99% |
| 2015 | 51,052,589 | 568,900 | 51,621,489 | 2,012,373 | 49,609,116 | 1,348 | 3.18% | 51,052,589 | 77,896,895 | 26,844,306 | 34.46% |
| 2016 | 50,514,403 | 530,646 | 51,045,049 | 1,745,892 | 49,299,157 | 1,345 | 3.09% | 50,514,403 | 79,677,965 | 29,163,562 | 36.60% |
| 2017 | 49,383,795 | 622,695 | 50,006,490 | 1,241,939 | 48,764,551 | 1,335 | 3.03% | 49,383,795 | 80,355,990 | 30,972,195 | 38.54% |
| 2018 | 49,912,061 | 674,971 | 50,587,032 | 754,798 | 49,832,234 | 1,358 | 3.02% | 49,912,061 | 82,514,460 | 32,602,399 | 39.51% |
| 2019 | 50,527,025 | 761,576 | 51,288,601 | 879,948 | 50,408,653 | 1,379 | 2.82% | 50,527,025 | 89,292,745 | 38,765,720 | 43.41% |
| 2020 | 51,053,466 | 799,601 | 51,853,067 | 954,732 | 50,898,335 | 1,389 | 2.62% | 51,053,466 | 97,243,055 | 46,189,589 | 47.50% |
| 2021 | 48,550,940 | 2,053,862 | 50,604,802 | 685,299 | 47,865,641 | 1,316 | 2.01% | 48,550,940 | 118,888,770 | 70,337,830 | 59.16% |

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, 2021

| <u>Governmental Unit</u> | <u>General Obligation Debt Outstanding</u> | <u>Estimated Percentage Applicable (a)</u> | <u>Estimated Share of Overlapping Debt</u> |
|---|--|--|--|
| Debt repaid with property taxes | | | |
| County of Rock, Wisconsin | \$ 64,810,000 | 16.27% | \$ 10,542,578 |
| Blackhawk Technical College | 65,870,000 | 13.80% | 9,092,827 |
| Beloit School District | 32,593,000 | 94.62% | 30,840,931 |
| Beloit Turner School District | 22,220,000 | 10.97% | 2,438,556 |
| Clinton Community School District | 32,350,000 | 31.00% | 10,029,373 |
| Subtotal, overlapping debt | | | <u>62,944,265</u> |
| City direct debt | | | <u>48,915,378</u> |
| Total direct and overlapping debt | | | <u>\$ 111,859,643</u> |
| Population | | | 36,376 |
| Overlapping debt per capita | | | \$ 1,730 |
| Direct and overlapping debt per capita | | | \$ 3,075 |

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**

Schedule 14

Sewer Utility Revenue Bonds

| Fiscal Year | Utility Charges and Other | Less: Operating Expenses | Net Available Revenue | Debt Service | | Coverage |
|-------------|------------------------------|-----------------------------|--------------------------|--------------|----------|----------|
| | | | | Principal | Interest | |
| 2012 | \$6,975,312 | \$5,803,825 | \$1,171,487 | \$130,030 | \$74,991 | 5.71% |
| 2013 | 6,779,720 | 6,051,452 | 728,268 | 137,760 | 76,771 | 3.39 |
| 2014 | 6,878,377 | 6,135,784 | 742,593 | 141,066 | 73,424 | 3.46 |
| 2015 | 6,899,605 | 6,475,410 | 424,195 | 144,452 | 69,998 | 1.98 |
| 2016 | 7,297,866 | 6,102,227 | 1,195,639 | 147,919 | 66,490 | 5.58 |
| 2017 | 7,752,906 | 6,191,780 | 1,561,126 | 133,242 | 81,080 | 7.28 |
| 2018 | 7,829,771 | 6,202,268 | 1,627,503 | 155,104 | 119,667 | 5.92 |
| 2019 | 8,229,911 | 6,420,497 | 1,809,414 | 293,827 | 175,682 | 3.85 |
| 2020 | 8,280,886 | 6,256,912 | 2,023,974 | 302,637 | 167,700 | 4.30 |
| 2021 | 9,046,276 | 5,887,083 | 3,159,193 | 306,542 | 159,550 | 6.78 |

Water Utility Revenue Bonds

| | Utility Charges and Other | Less: Operating Expenses | Net Available Revenue | Debt Service | | Coverage |
|------|------------------------------|-----------------------------|--------------------------|--------------|-----------|----------|
| | | | | Principal | Interest | |
| 2012 | 5,874,505 | 1,810,557 | 4,063,948 | 1,115,000 | 1,183,233 | 1.77 |
| 2013 | 5,600,028 | 2,266,499 | 3,333,529 | 1,235,000 | 1,064,519 | 1.45 |
| 2014 | 5,515,294 | 2,068,833 | 3,446,461 | 1,240,000 | 992,212 | 1.54 |
| 2015 | 5,535,133 | 2,633,314 | 2,901,819 | 1,270,000 | 962,339 | 1.30 |
| 2016 | 5,550,013 | 2,306,354 | 3,243,659 | 1,300,000 | 963,725 | 1.43 |
| 2017 | 5,919,662 | 2,061,800 | 3,857,862 | 1,260,198 | 797,172 | 1.88 |
| 2018 | 6,008,411 | 2,809,093 | 3,199,318 | 1,420,000 | 810,323 | 1.43 |
| 2019 | 6,027,076 | 2,556,570 | 3,470,506 | 1,465,000 | 829,865 | 1.51 |
| 2020 | 6,070,556 | 2,410,740 | 3,659,816 | 1,595,000 | 763,325 | 1.55 |
| 2021 | 6,097,613 | 2,607,122 | 3,490,491 | 1,630,000 | 672,231 | 1.52 |

Stormwater Utility Revenue Bonds

| | Utility Charges and Other | Less: Operating Expenses | Net Available Revenue | Debt Service | | Coverage |
|------|------------------------------|-----------------------------|--------------------------|--------------|----------|----------|
| | | | | Principal | Interest | |
| 2012 | 958,856 | 702,539 | 256,317 | 55,000 | 71,444 | 2.03 |
| 2013 | 958,980 | 699,169 | 259,811 | 55,000 | 69,813 | 2.08 |
| 2014 | 959,068 | 720,259 | 238,809 | 55,000 | 68,694 | 1.93 |
| 2015 | 972,517 | 846,762 | 125,755 | - | 23,371 | 5.38 |
| 2016 | 1,131,853 | 778,841 | 353,012 | 65,000 | 34,850 | 3.54 |
| 2017 | 1,137,755 | 748,405 | 389,350 | 36,215 | 60,385 | 4.03 |
| 2018 | 1,134,838 | 777,875 | 356,963 | 65,000 | 31,600 | 3.70 |
| 2019 | 1,145,320 | 764,312 | 381,008 | 70,000 | 30,250 | 3.80 |
| 2020 | 1,180,572 | 762,962 | 417,610 | 75,000 | 28,425 | 4.04 |
| 2021 | 1,183,123 | 789,234 | 393,889 | 75,000 | 26,550 | 3.88 |

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**

| Fiscal Year | Population (1) | Estimated Personal Income (2) | Per Capita Personal Income (3) | School Enrollment (4) | Labor Force (5) | Employment (5) | Unemployment (5) | City Unemployment Rate (5) |
|--------------------|-----------------------|--|---|--------------------------------------|--------------------------------|-----------------------|-------------------------|---------------------------------------|
| 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 | 1,609,209,844 | 43,868 | 9,180 | 17,273 | 16,579 | 694 | 4.0% |
| 2019 | 36,548 | 1,681,865,864 | 46,018 | 9,089 | 17,372 | 16,621 | 751 | 4.3% |
| 2020 | 36,657 | 1,790,181,252 | 48,836 | 8,638 | 17,142 | 15,796 | 1,346 | 7.9% |
| 2021 | 36,376 | 1,727,605,368 | *47,493 | 8,242 | 17,556 | 16,511 | 1,045 | 6.0% |

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.

* 2021 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 | 2021 | | | 2012 | | |
|------------------------------|--------------|------|-------------------------------------|--------------|------|-------------------------------------|
| | Employees | Rank | Percentage of Total City Employment | Employees | Rank | Percentage of Total City Employment |
| Amazon | 1,220 | 1 | 7.72% | | | |
| Beloit Health Systems | 1,200 | 2 | 7.60% | 1,002 | 1 | 6.69% |
| Kerry Ingredients | 971 | 3 | 6.15% | 634 | 4 | 4.23% |
| ABC Supply | 911 | 4 | 5.77% | 451 | 6 | 3.01% |
| School District of Beloit | 836 | 5 | 5.29% | 881 | 2 | 5.88% |
| Birds Eye | 800 | 6 | 5.06% | | | |
| Frito-Lay | 663 | 7 | 4.20% | 701 | 3 | 4.68% |
| Black-Hawk Technical College | 588 | 8 | 3.72% | | | |
| Taylor Company | 525 | 9 | 3.32% | | | |
| Hormel | 441 | 10 | 2.79% | 284 | 9 | 1.90% |
| Fairbanks - Morse | | | | 447 | 7 | 2.98% |
| City of Beloit | | | | 465 | 5 | 3.10% |
| Beloit College | | | | 425 | 8 | 2.84% |
| First National Bank & Trust | | | | 252 | 10 | 1.68% |
| Total | 8,155 | | 51.63% | 5,542 | | 36.99% |

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 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|-------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| City Manager | 3.14 | 3.00 | 3.00 | 3.00 | 2.00 | 2.00 | 3.25 | 3.25 | 3.25 | 4.25 |
| City Attorney | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 |
| Information Technology | 5.00 | 5.00 | 4.00 | 4.00 | 4.00 | 4.50 | 5.00 | 5.00 | 5.00 | 5.00 |
| Human Resources | 2.00 | 2.00 | 2.00 | 3.00 | 2.00 | 2.10 | 2.25 | 2.25 | 3.00 | 3.00 |
| Economic Development | 4.50 | 4.50 | 4.50 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 |
| Municipal Court | 4.20 | 4.20 | 4.20 | 4.20 | 4.20 | 4.20 | 4.20 | 4.20 | 4.20 | 4.20 |
| Finance and Administrative Services | 18.30 | 18.00 | 18.05 | 17.15 | 17.30 | 16.15 | 16.30 | 16.15 | 16.30 | 16.15 |
| Police | 88.76 | 90.26 | 90.66 | 91.16 | 91.16 | 91.16 | 91.16 | 91.66 | 92.41 | 91.70 |
| Fire | 59.25 | 59.74 | 64.74 | 63.24 | 64.86 | 64.73 | 61.83 | 61.83 | 61.83 | 61.83 |
| Community Development | 29.50 | 28.50 | 28.50 | 27.50 | 28.00 | 27.50 | 27.50 | 27.50 | *47.2 | 46.70 |
| Department of Public Works | 153.15 | 153.99 | 152.49 | 155.14 | 153.11 | 150.90 | 152.40 | 150.90 | 128.02 | 127.36 |
| Library | 27.15 | 25.59 | 27.34 | 27.60 | 26.98 | 32.66 | 32.66 | 25.44 | 26.35 | 26.73 |
| Total | 398.95 | 398.78 | 403.48 | 404.99 | 402.61 | 404.90 | 405.55 | 397.18 | 396.56 | 395.92 |

Source: City of Beloit annual budget

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

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

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

| Function/Program | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|-----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| General government | | | | | | | | | | |
| New Building permits | 2 | 7 | 6 | 7 | 10 | 12 | 20 | 20 | 23 | 55 |
| Building permits issued | 1,156 | 990 | 1,074 | 1,002 | 1,009 | 945 | 1,199 | 1,171 | 1,217 | 1,439 |
| Building inspections conducted | 4,540 | 3,874 | 1,657 | 2,269 | 3,449 | 3,025 | 3,463 | 3,778 | 3,904 | 3,400 |
| Site plans reviewed | 21 | 25 | 14 | 13 | 12 | 14 | 22 | 19 | 17 | 11 |
| Police | | | | | | | | | | |
| Physical Arrests | 8,756 | 10,026 | 4,850 | 4,683 | 3,802 | 3,635 | 2,362 | 3,555 | 2,590 | 2,370 |
| Traffic Violations | 6,494 | 5,529 | 4,746 | 3,564 | 2,611 | 3,253 | 3,968 | 4,051 | 3,160 | 3,117 |
| Parking Violations | 6,782 | 6,230 | 7,072 | 3,837 | 2,275 | 3,440 | 2,778 | 2,538 | 2,072 | 2,757 |
| Fire | | | | | | | | | | |
| Emergency responses | 7,693 | 8,194 | 8,452 | 8,513 | 8,929 | 10,067 | 8,331 | 8,587 | 8,253 | 7,446 |
| Fires extinguished | 150 | 107 | 122 | 134 | 114 | 115 | 198 | 95 | 129 | 189 |
| Inspections conducted | 2,029 | 2,000 | 2,050 | 2,096 | 1,964 | 1,945 | 1,953 | 1,992 | 990 | 1,974 |
| Ambulance runs | 3,517 | 3,726 | 3,835 | 3,969 | 4,428 | 4,837 | 4,690 | 4,699 | 4,517 | 5,111 |
| Engineering and public works | | | | | | | | | | |
| Development plans reviewed | 21 | 25 | 14 | 13 | 12 | 14 | 22 | 25 | 71 | 58 |
| Infrastructure projects designed | 23 | 16 | 15 | 24 | 16 | 29 | 33 | 20 | 19 | 26 |
| Infrastructure projects completed | 19 | 16 | 14 | 20 | 15 | 21 | 25 | 15 | 14 | 14 |
| Highways and Streets | | | | | | | | | | |
| Street resurfacing (miles) | 3.1 | 5.5 | 1.92 | 6.3 | 6.1 | 3.6 | 5.67 | 5.11 | 2.3 | 4.19 |
| Potholes repaired | 40,319 | 38,725 | 38,176 | 38,720 | 43,737 | 36,921 | 37,507 | 40,305 | 38,185 | 38,244 |
| Sanitation | | | | | | | | | | |
| Refuse collected (tons/day) | 32.39 | 33.79 | 39.07 | 37 | 42.51 | 42.55 | 42.56 | 41.16 | 43.18 | 46.6 |
| Recyclables collected (tons/day) | 15.92 | 15.15 | 18.47 | 16.5 | 19.96 | 24.25 | 21.8 | 16.68 | 13.8 | 13.3 |
| Culture and Recreation | | | | | | | | | | |
| Facility use permits issued | 469 | 431 | 491 | 530 | 577 | 589 | 596 | 565 | 145 | 515 |
| Number of programs offered | 78 | 81 | 84 | 86 | 84 | 87 | 90 | 86 | 15 | 27 |
| Rounds of golf played | 25,174 | 21,822 | 20,056 | 19,502 | 19,266 | 20,575 | 17,801 | 19,358 | 13,722 | 21,273 |
| Senior center participants | 23,919 | 25,822 | 25,934 | 26,194 | 26,546 | 26,599 | 22,706 | 20,019 | 6,510 | 6,555 |
| Number of cemetery internments | 170 | 175 | 147 | 164 | 141 | 152 | 160 | 148 | 185 | 165 |
| Water | | | | | | | | | | |
| Work orders processed | 2,711 | 2,724 | 2,321 | 2,336 | 2,910 | 2,157 | 3,614 | 3,804 | 2,158 | 3,848 |
| DHL locate tickets processed | 4,289 | 5,196 | 4,170 | 5,183 | 5,033 | 5,175 | 5,484 | 4,802 | 5,189 | 5,523 |
| Main breaks | 32 | 56 | 52 | 34 | 36 | 33 | 37 | 41 | 21 | 24 |
| Average daily production (MGD) | 5.75 | 5.55 | 5.468 | 6.109 | 5.804 | 5.931 | 6.062 | 6.004 | 6.265 | 4.668 |
| Peak daily production (MGD) | 10.14 | 8.726 | 7.500 | 8.427 | 8.593 | 8.786 | 7.809 | 7.692 | 8.49 | 10.121 |
| Wastewater | | | | | | | | | | |
| Average daily treatment (MGD) | 3.529 | 4.32 | 3.776 | 3.95 | 4.205 | 4.272 | 4.992 | 5.88 | 4.39 | 3.83 |
| Peak daily treatment (MGD) | 4.671 | 15.459 | 9.640 | 6.071 | 5.414 | 6.466 | 14.4 | 16.44 | 6.48 | 4.898 |
| Transit | | | | | | | | | | |
| Total route miles | 343,029 | 343,029 | 311,017 | 287,839 | 287,963 | 287,963 | 287,963 | 274,461 | 265,086 | 320,324 |
| Passengers | 246,323 | 243,859 | 223,291 | 198,719 | 184,013 | 146,198 | 143,158 | 131,561 | 37,577 | 79,500 |

Source: VariouCs city departments.

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

| Function/Program | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|-----------------------------|-------|-------|-------|-------|--------|--------|--------|--------|--------|--------|
| Police | | | | | | | | | | |
| Stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Patrol Units | 40 | 40 | 40 | 40 | 51 | 47 | 51 | 54 | 58 | 62 |
| Fire | | | | | | | | | | |
| Stations | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Trucks | 10 | 14 | 14 | 14 | 14 | 14 | 14 | 12 | 12 | 12 |
| Ambulances | 3 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Refuse Collection | | | | | | | | | | |
| Garbage trucks | 14 | 13 | 13 | 13 | 12 | 12 | 12 | 12 | 12 | 12 |
| 94 Gallon trash cart | 0 | 0 | 0 | 0 | 12,647 | 12,647 | 12,720 | 12,776 | 12,845 | 12,960 |
| 94 Gallon recycling cart | 0 | 0 | 0 | 0 | 12,647 | 12,647 | 12,735 | 12,788 | 12,861 | 12,973 |
| 64 Gallon trash cart | 0 | 0 | 0 | 0 | 278 | 278 | 288 | 320 | 327 | 335 |
| 64 Gallon recycling cart | 0 | 0 | 0 | 0 | 278 | 278 | 288 | 320 | 327 | 335 |
| Other public works | | | | | | | | | | |
| Streets/highways (miles) | 183.5 | 183.5 | 183.5 | 184.8 | 184.8 | 184.8 | 186.7 | 186.7 | 186.7 | 185.8 |
| Streetlights | 1,308 | 1,308 | 1,308 | 1,456 | 1,498 | 1,499 | 1,538 | 1,538 | 1,555 | 1,519 |
| Traffic signals | 40 | 40 | 40 | 41 | 42 | 42 | 43 | 43 | 45 | 45 |
| Parks and recreation | | | | | | | | | | |
| Acreage | 861 | 924 | 924 | 924 | 924 | 924 | 924 | 924 | 924 | 924 |
| Parks | 35 | 39 | 39 | 39 | 39 | 39 | 39 | 39 | 39 | 39 |
| Tennis courts | 11 | 11 | 11 | 11 | 11 | 10 | 9 | 9 | 9 | 9 |
| Golf courses | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Swimming pools | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Community centers | 1 | 1 | 1 | 2 | 2 | 2 | 1 | 1 | 1 | 1 |
| Water | | | | | | | | | | |
| Wells | 8 | 8 | 9 | 8 | 8 | 8 | 8 | 8 | 8 | 8 |
| Water mains (miles) | 198.9 | 198.9 | 198.9 | 199 | 199 | 199 | 204.2 | 204.4 | 205.4 | 206 |
| Hydrants | 1,555 | 1,555 | 1,555 | 1,558 | 1,488 | 1,574 | 1,613 | 1,653 | 1,671 | 1,694 |
| Storage capacity (MGD) | 4.15 | 4.15 | 4.150 | 4.15 | 4.15 | 4.15 | 4.15 | 5.25 | 5.25 | 5.25 |
| Wastewater | | | | | | | | | | |
| Treatment plants | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Sanitary sewer (miles) | 172.8 | 172.8 | 172.8 | 172.8 | 172.8 | 172.8 | 177.7 | 187.1 | 177.9 | 178.6 |
| Storm sewer (miles) | 110.2 | 110.2 | 110.2 | 110.2 | 110.2 | 110.2 | 111.8 | 113.8 | 133.3 | 113.7 |
| Treatment capacity (MGD) | 11.3 | 11.3 | 11.3 | 11.3 | 11.3 | 11.3 | 13.2 | 13.2 | 13.2 | 13.2 |
| Transit | | | | | | | | | | |
| Buses | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 13 | 11 |

Source: Various city departments.

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

To the City Council of
City of Beloit

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Beloit, Wisconsin (the City), as of and for the year ended December 31, 2021 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 17, 2022. 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*.

Report on 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) as a basis for designing 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 were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2021-001 and 2021-002, that we consider to be material weaknesses.

Report on 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 financial statements. 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

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other 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 US, LLP

Madison, Wisconsin
June 17, 2022

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

To the City Council of
City of Beloit

Report on Compliance for Each Major Federal and Major State Program

Opinion on Each Major Federal and Major State Program

We have audited the City of Beloit, Wisconsin's (the City) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and the *State Single Audit Guidelines* (the *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, 2021. 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.

In our opinion, the City complied, in all material respects, with the 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, 2021.

Basis for Opinion on Each Major Federal and Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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 *Guidelines*. Our responsibilities under those standards, the Uniform Guidance, and the *Guidelines* are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal and major state program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation and maintenance of effective internal controls over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City's federal and state programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and the *Guidelines* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal and major state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and the *Guidelines*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and the *Guidelines*, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and the *Guidelines* and which are described in the accompanying schedule of findings and questioned costs as items 2021-003 and 2021-004. Our opinion on each major federal and major state program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control that we consider to be significant deficiencies.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2021-003 and 2021-004, to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 *Guidelines*. Accordingly, this report is not suitable for any other purpose.

Baker Tilly US, LLP

Madison, Wisconsin
June 17, 2022

City of Beloit

Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2021

| Federal Agency/Pass-Through Agency/Program Title | Assistance Listing Number | Passed Through Agency | Pass-through Agency Grantor Number | Total Expenditures | Payments Made to Subrecipients |
|---|---------------------------------|-----------------------------|--|-----------------------|--------------------------------------|
| U.S. Department of Housing and Urban Development | | | | | |
| CDBG - Entitlement Grants Cluster | | | | | |
| Community Development Block Grants/Entitlement Grants | 14.218 | Direct | 359** | \$ 565,160 | \$ 160,380 |
| Community Development Block Grants/Entitlement Grants - Revolving Loan/Program Income | 14.218 | Direct | 359** | 249,711 | - |
| COVID-19 Community Development Block Grants/Entitlement Grants | 14.218 | Direct | 358** | 92,751 | 92,600 |
| Total CDBG - Entitlement Grants Cluster | | | | 907,622 | 252,981 |
| Community Development Block Grant/State's Program and Non-Entitlement Grants in Hawaii | 14.228 | WI DOA | 19023 | 61,753 | 61,753 |
| Home Investment Partnerships Program | 14.239 | C/ Janesville | 35125-36125 | 138,075 | - |
| Home Investment Partnerships Program - Program Income | 14.239 | C/ Janesville | 35125-36125 | 196,099 | - |
| Total ALN #14.239 | | | | 334,174 | - |
| Public and Indian Housing | 14.850 | Direct | | 509,281 | - |
| Resident Opportunity and Supportive Services - Service Coordinators | 14.870 | Direct | | 40,618 | - |
| Housing Voucher Cluster | | | | | |
| Section 8 Housing Choice Vouchers | 14.871 | Direct | | 3,107,929 | - |
| Total Housing Voucher Cluster | | | | 3,107,929 | - |
| Public Housing Capital Fund | | | | | |
| WI39-PO64-501-18 | 14.872 | Direct | | 25,669 | - |
| WI39-PO64-501-19 | 14.872 | Direct | | 139,214 | - |
| WI39-PO64-501-20 | 14.872 | Direct | | 165,798 | - |
| WI39-PO64-501-21 | 14.872 | Direct | | 133,218 | - |
| Total ALN #14.872 | | | | 463,899 | - |
| Family Self-Sufficiency Program Cluster | | | | | |
| Family Self-Sufficiency Program - Grant No. FSS20WI3185 | 14.896 | Direct | | 893 | - |
| Family Self-Sufficiency Program - Grant No. FSS21WI3600 | 14.896 | Direct | | 31,558 | - |
| Total Family Self-Sufficiency Program Cluster | | | | 32,451 | - |
| Total U.S. Department of Housing and Urban Development | | | | 5,457,727 | 314,734 |
| U.S. Department of Justice | | | | | |
| COVID-19 Coronavirus Emergency Supplemental Funding Program | 16.034 | Direct | 18020 | 19,459 | - |
| Bulletproof Vest Partnership | 16.607 | Direct | 38370 | 4,136 | - |
| Project Safe Neighborhoods | 16.609 | WI DOJ | 2019-PW-01-15823 | 6,107 | - |
| Total U.S. Department of Justice | | | | 29,702 | - |
| U.S. Department of Transportation | | | | | |
| Highway Planning and Construction Cluster | | | | | |
| Highway Planning and Construction | 20.205 | IL DOT | 35281 | 229,057 | - |
| Total Highway Planning and Construction Cluster | | | | 229,057 | - |
| Federal Transit Cluster | | | | | |
| Federal Transit Capital Investment Grants | 20.500 | WI DOT | WI201900600 | 173,070 | - |
| COVID-19 Federal Transit Emergency Recovery Grant | 20.500 | WI DOT | WI202000300 | 613,515 | - |
| Federal Transit Formula Grants | 20.507 | Direct | WI-2021-024-00 | 302,848 | - |
| Federal Transit Formula Grants | 20.507 | Direct | WI-2022-018-00 | 631,125 | - |
| Total Federal Transit Cluster | | | | 1,720,558 | - |
| Highway Safety Cluster | | | | | |
| State and Community Highway Safety | | | | | |
| Pedestrian Grant | 20.600 | WI DOT | 10591 | 502 | - |
| Seatbelt CIOT | 20.600 | WI DOT | 10669 | 3,707 | - |
| Alcohol Enforcement | 20.600 | WI DOT | 10579 | 61,331 | - |
| Alcohol Enforcement | 20.600 | WI DOT | 10581 | 112,420 | - |
| Total Highway Safety Cluster | | | | 177,960 | - |
| Total U.S. Department of Transportation | | | | 2,127,575 | - |
| TOTAL FEDERAL AWARDS | | | | \$ 7,615,004 | \$ 314,734 |

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, 2021

| State Agency/Pass-Through Agency/Program Title | State Number | Grant Number | Total Expenditures | Payments Made to Subrecipients |
|---|-----------------|-----------------------|-----------------------|--------------------------------------|
| Wisconsin Department of Transportation | | | | |
| Transit Operating Aids | | | | |
| 2021 Operating Aids | 395.104 | 25707410-436001 | \$ 449,336 | \$ - |
| 2021 Paratransit Aids | 395.104 | 85.205 | <u>23,054</u> | <u>-</u> |
| Total Wisconsin Department of Transportation | | | <u>472,390</u> | <u>-</u> |
| Wisconsin Department of Natural Resources | | | | |
| Recycling Grants to Responsible Units | 370.670 | N/A | 128,595 | - |
| Recycling Consolidation Grant | 370.673 | N/A | <u>9,299</u> | <u>-</u> |
| Total Wisconsin Department of Natural Resources | | | <u>137,894</u> | <u>-</u> |
| Wisconsin Department of Administration | | | | |
| Office of Justice Assistance | | | | |
| Uniform Beat Patrol Officers | 455.275 | 61622239-406001-10031 | <u>121,434</u> | <u>-</u> |
| Total Wisconsin Department of Administration | | | <u>121,434</u> | <u>-</u> |
| TOTAL STATE AWARDS | | | <u>\$ 731,718</u> | <u>\$ -</u> |

See notes to schedules of expenditures of federal and state awards

City of Beloit

Notes to Schedules of Expenditures of Federal and State Awards
Year Ended December 31, 2021

1. Basis of Presentation

The accompanying schedules of expenditures of federal and state awards (the schedules) includes the federal and state grant activity of the City of Beloit (the City) under programs of the federal and state government for the year ended December 31, 2021. The information in these schedules are presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the *State Single Audit Guidelines*. Because the schedules present only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position or cash flows of the City.

The reporting entity for the City is based upon criteria established by the Governmental Accounting Standards Board. The City is the primary government according to GASB criteria, while the Beloit Community Development Authority (CDA) is a component unit. Federal and state awards received directly by the CDA are included in this report.

2. Summary of Significant Accounting Policies

Expenditures reported on the schedules are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedules represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

The underlying accounting records for some grant programs are maintained on the modified accrual basis of accounting. Under the modified accrual basis, revenues are recorded when susceptible to accrual; i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the liability is incurred. The accounting records for other grant programs are maintained on the accrual basis; i.e., when the revenue has been earned and the liability is incurred.

3. Pass-Through Agencies

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

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

4. Indirect Cost Rate

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

City of Beloit

Schedule of Findings and Questioned Costs
Year Ended December 31, 2021

Section 1. Summary of Auditors' Results

Financial Statements

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

Internal control over financial reporting:

| | | |
|--|-----------------|--------------------------|
| Material weakness (es) identified? | <u> X </u> yes | <u> </u> no |
| Significant deficiency (ies) identified? | <u> </u> yes | <u> X </u> none reported |

Noncompliance material to financial statements noted? yes X no

Federal and State Awards

Internal control over major programs:

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

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

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a) of the Uniform Guidance or the *State Single Audit Guidelines*? X yes no yes X no

Auditee qualified as low-risk auditee? yes X no yes X no

Dollar threshold used to distinguish between type A and type B programs: \$750,000 \$250,000

Identification of major federal programs:

| <u>Assistance Listing Number</u> | <u>Name of Federal Program or Cluster(D)</u> |
|----------------------------------|--|
| | <u>Housing Voucher Cluster</u> |
| 14.871 | Section 8 Housing Choice Vouchers |
| | <u>Federal Transit Cluster</u> |
| 20.500 | Federal Transit, Capital Investment Grants |
| 20.507 | Federal Transit, Formula Grants |

Identification of major state programs:

| <u>State Number</u> | <u>Name of State Program</u> |
|---------------------|------------------------------|
| 395.104 | Transit Operating Aids |

City of Beloit

Schedule of Findings and Questioned Costs
Year Ended December 31, 2021

Section 2. Financial Statement Findings Required to be Reported in Accordance with Government Auditing Standards

Finding 2021-001: Internal Control Over Financial Reporting

Repeat of prior year finding 2020-001

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.

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.

City of Beloit

Schedule of Findings and Questioned Costs
Year Ended December 31, 2021

Finding 2021-002: Internal Control Environment

A portion of this finding is repeated from prior year finding 2020-002

Criteria: According to Statement on Auditing Standards AU-C Section 315, *Understanding the Entity and Its Environment and Assessing the Risks of Material Misstatement*, sufficient internal accounting controls should be in place that mitigate the risk of material misstatement in the financial records due to fraud or error.

Condition: We identified key controls that ideally should be present or strengthened in order to mitigate the risk of material misstatement in relation to the City's significant transaction cycles as follows:

Controls Over 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.

Cause: The City does not have the resources required to adequately segregate all accounting functions at all times. The City's internal control system does not require the above controls to be in place.

Effect: Due to the lack of certain controls, there is a risk that material misstatements (intentional and unintentional) may go undetected in the City's financial records.

Recommendation: We recommend that the City consider the benefits of implementing additional policies and procedures to address key controls related to its significant transaction cycles, as noted above.

Management's Response: During 2022, the Accounting Director will reconcile the capital assets and accumulated depreciation from the Munis Fixed Asset System to the financial statements and make the appropriate adjustments as needed. The City will also put a process in place to help capture all capital asset additions during the year.

City of Beloit

Schedule of Findings and Questioned Costs
Year Ended December 31, 2021

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

Finding 2021-003

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

Criteria: According to 24 CFR section 982.517, the PHA (Public Housing Agency) must maintain an up-to-date utility allowance schedule. The PHA must review utility rate data for each utility category each year and must adjust its utility allowance schedule if there has been a rate change of 10% or more for a utility category or fuel type since the last time the utility allowance schedule was revised.

Condition/Context: During our testing of the Section 8 Housing Choice Vouchers Program, it was noted that the PHA did not complete the required annual review of its utility allowance schedule. This is not a statistically valid sample.

Cause: The PHA misinterpreted the HUD COVID waiver related to the utility allowance schedule. The PHA thought they weren't required to complete this until after 12/31/21, however per subsequent review of the waiver, the extension only related to those reviews originally due in 2020.

Effect: Individuals could be receiving over/under the market rate for their utility assistance payments.

Questioned Costs: None noted.

Recommendation: We recommend the PHA implement a process to make sure this utility allowance review is performed annually.

Management's Response: The PHA misinterpreted the HUD COVID Waiver expiration date related to the HCV utility allowance schedule update. The PHA has contracted with The Nelrod Company, who is currently completing the review and update of the HCV utility allowance schedules. This process will continue to be performed annually.

City of Beloit

Schedule of Findings and Questioned Costs
Year Ended December 31, 2021

Finding 2021-004

Program Assistance Listing Number: 20.500/20.507 Federal Transit Cluster
Federal Grantor: U.S. Department of Transportation

Criteria: In accordance with 2 CFR 200.323, the City must conduct a cost or price analysis, which starts with an independent cost estimate, in connection with every procurement action, including contract modifications, in excess of the Simplified Acquisition Threshold (SAT). In addition, the Beloit Transit System Procurement Manual, Section 7.1.6 Cost or Price Analysis indicates a cost or price analysis will be conducted for every procurement action (no threshold), including change orders.

Condition/Context: During our testing of the Federal Transit Cluster, it was noted a cost or price analysis was not performed for the contract awarded to Klobucar Construction for the bus wash system.

Cause: Management has determined that this step in the procurement process was simply overlooked.

Effect: If a cost estimate or price analysis is not developed for each procurement, the City will not be in compliance with the Transit System Procurement Manual, and may result in improper vendor selection.

Questioned Costs: None noted.

Recommendation: The City should follow the Beloit Transit System Procurement Manual, and obtain independent cost estimates or conduct a cost or price analysis for all procurements.

Management's Response: The City of Beloit Transit System Procurement Manual, Section 7.176 Cost or Price Analysis indicates a cost or price analysis will be conducted for every procurement action, including change orders. This step was simply missed for the Bus Wash project. For each Transit capital project moving forward, a cost estimate will be developed by our Engineering Division or other independent agency prior to receipt of bids or proposals. For the next Transit capital project procurement, which is replacement of our fuel system, fuel controls, and fuel tank, Beloit Transit will submit to the FTA regional office documentation that this required process was implemented.

City of Beloit

Schedule of Findings and Questioned Costs
Year Ended December 31, 2021

Section 4. Other Issues

Does the auditor's report or the notes to the financial statements include disclosure with regard to substantial doubt as to the auditee's ability to continue as a going concern?

_____ yes 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 X no

Department of Natural Resources

_____ yes X no

Department of Administration

_____ yes X 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



Carla A. Gogin, CPA, Partner

Date of report

June 17, 2022