

City of Beloit, Wisconsin

Annual Comprehensive Financial Report

December 31, 2022

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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INTRODUCTORY SECTION

CITY MANAGER

June 16, 2023

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, 2022. 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, 2022, 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 capitol Madison, and is directly connected to Milwaukee to the east via Interstate Highway 43. The City covers approximately 17 square miles. The most recent estimate indicates the City is home to 36,760 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 2022, the City's unemployment rate was 2.8% which was slightly higher than the county and state averages of 2.5% and 2.2% respectively. The newly built Amazon distribution center is fully operational with approximately 1,500 full-time jobs.

Tax Increment District No. 10, which was the City's major economic development driver, reached its statutory useful life and was closed in 2022. This allowed the \$386M of additional value to fully hit the tax roll which created some much needed levy capacity and tax relief in subsequent years. This TID was very successful and houses several major employers including the Kerry America's headquarters, Diamond Foods Kettle Brands, Pratt Industries, and the new Amazon Order Fulfillment Center. We continue to remain optimistic about the City's economic future and devote considerable time and resources to economic development. At the end of 2022 the City had five active Tax Increment Districts with plans to strategically create more as opportunities arise.

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. This plan is currently being updated and establishes bond-rating objectives, use of debt policies, and debt load indicators that will continue to be 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

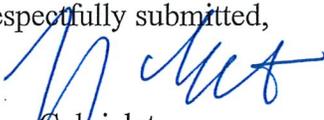
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Beloit for its comprehensive annual financial report for the fiscal year ended December 31, 2021. This was the twentieth consecutive 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 2021 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 fourth 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, 2023. 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-fifth 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,


Jerry Gabrielatos
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, 2021

Christopher P. Morill

Executive Director/CEO

**City of Beloit, Wisconsin
List of Elected and Appointed Officials
December 31, 2022**

CITY COUNCIL MEMBERS

Regina Dunkin – President
Nancy V. Forbeck – Vice President
Sherry Blakeley
Kevin D. Leavy
Clinton Anderson
Kevin Day
Markese Terrell

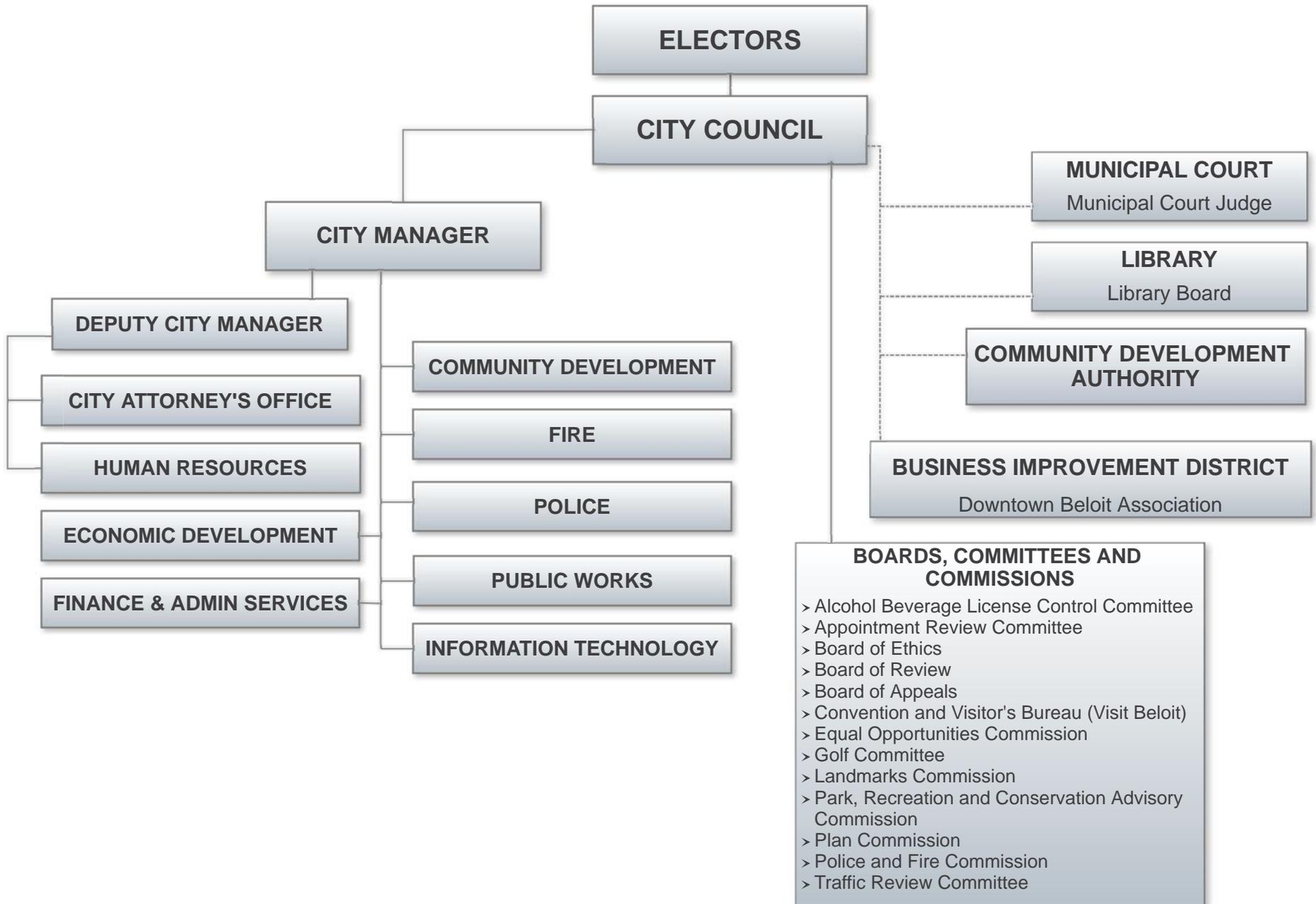
INTERIM CITY MANAGER

Elizabeth Krueger

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
Drew Pennington – Economic Development Director
Raymond Gorsline – Information Technology Director
William Frisbee – Public Works Director
Hannah Kuehne – Human Resources Director

CITY OF BELOIT ORGANIZATIONAL CHART



FINANCIAL SECTION

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, 2022 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, 2022 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 3%, 5% and less than 1%, respectively, of the assets, net position and revenues of the discretely presented component units. The LLCs of the CDA represent 97%, 56% and 20%, 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*.

Emphasis of Matter

As discussed in Note 1, the City adopted the provisions of GASB Statement No. 87, *Leases*, effective January 1, 2022. Our opinions are not modified with respect to this matter.

As discussed in Note 4 to the financial statements, net position as of December 31, 2021 has been restated due to the CDA LLC's adopting new accounting guidance as required by provisions of FASB Accounting Standards Updates. Our opinions are not modified with respect to this matter.

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 16, 2023 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.

Baker Tilly US, LLP

Madison, Wisconsin
June 16, 2023

City of Beloit

Management's Discussion and Analysis
December 31, 2022
(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, 2022. 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, 2022, by \$101,049,046 (*net position*). Of this amount, \$(82,988,294) is an unrestricted deficit.
- The City's total net position increased \$15,364,463 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 \$16,230,632 in 2022. This is an increase of \$3,411,569 as the City reported a \$12,819,063 asset in 2021. As of the December 31, 2021 measurement date used for the 2022 financial statements, WRS reported total resources available to provide pension benefits of \$141.8 billion. They also reported a total liability for pensions of \$133.8 billion, resulting in a net pension asset of \$8.0 billion.
- As of December 31, 2022, the City's governmental funds reported combined ending fund balances of \$56,589,389, an increase of \$10,767,417 from the prior year. Of this amount, \$13,995,140 or 24.7% 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, 2022, the unassigned fund balance for the general fund was \$14,090,516 or 43.3% of total general fund expenditures.
- The business-type activities total net position at December 31, 2022 was \$76,607,689, which represents an increase of \$3,809,430 from the prior year. Of this amount, \$61,549,962 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, 2022
(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 23 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 95 to 103 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 105 to 112 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 \$101,049,046 as of December 31, 2022. This is an increase of \$15,364,463 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	
	2021	2022	2021	2022	2021	2022
Current and other assets	\$ 106.2	\$ 126.1	\$ 28.2	\$ 26.5	\$ 134.5	\$ 152.6
Capital assets	113.9	105.8	74.1	81.7	188.0	187.5
Total assets	220.2	231.9	102.3	108.2	322.5	340.1
Deferred outflows of resources	38.4	43.4	3.3	4.8	41.7	48.2
Long-term liabilities	175.4	150.9	27.2	21.7	202.6	172.6
Other liabilities	12.8	26.9	1.0	4.7	13.8	31.6
Total liabilities	188.2	177.8	28.3	26.4	216.4	204.2
Deferred inflows of resources	57.5	73.1	4.5	10.0	62.0	83.1
Net position:						
Net investment in capital assets	81.3	80.4	52.5	61.5	131.7	140.2
Restricted	29.1	39.1	4.1	4.7	33.1	43.8
Unrestricted (deficit)	(97.5)	(95.1)	16.2	10.4	(79.2)	(83.0)
Total net position	\$ 12.9	\$ 24.4	\$ 72.8	\$ 76.6	\$ 85.7	\$ 101.0

Columns may not total due to rounding. The total columns in the net position section do not foot across due to the adjustment for utility capital assets financed by the city.

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 43%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (deficit) is \$(82,988,294).

Analysis of City Operations – The following table provides a summary of the City's operations for the year ended December 31, 2022. Governmental activities increased the City's net position by \$11.6 million and business-type activities increased net position by \$3.8 million. See discussion above for discussion on the increases.

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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	
	2021	2022	2021	2022	2021	2022
Revenues						
Program revenues:						
Charges for services	\$ 5.1	\$ 5.3	\$ 18.5	\$ 18.5	\$ 23.6	\$ 23.8
Operating grants and contributions	1.1	0.7	1.9	1.4	3.0	2.1
Capital grants and contributions	0.4	0.4	1.2	1.4	1.6	1.8
General revenues:						
Property taxes	23.2	29.7	0.1	0.6	23.4	30.3
Other taxes	0.6	0.7	-	-	0.6	0.7
Intergovernmental	22.1	22.5	-	-	22.1	22.5
Investment income (loss)	-	(0.2)	0.1	0.3	0.1	0.1
Miscellaneous	1.1	2.9	-	-	1.1	2.9
Total revenues	53.6	62.0	21.8	22.2	75.4	84.2
Expenses						
General government	1.0	0.9	-	-	1.0	0.9
Finance and administration	3.1	3.0	-	-	3.1	3.0
Community development	2.3	5.3	-	-	2.3	5.3
Economic development	0.4	0.3	-	-	0.4	0.3
Police services	14.6	12.7	-	-	14.6	12.7
Fire services	8.9	7.3	-	-	8.9	7.3
Public works	14.3	17.3	-	-	14.3	17.3
Parks and recreation	2.5	2.6	-	-	2.5	2.6
Interest and fiscal charges	1.6	1.5	-	-	1.6	1.5
Water utility	-	-	4.4	4.5	4.4	4.5
Sewer utility	-	-	8.7	8.4	8.7	8.4
Storm utility	-	-	1.0	1.1	1.0	1.1
Other nonmajor proprietary funds	-	-	3.8	3.9	3.8	3.9
Total expenses	48.7	50.9	17.9	17.9	66.6	68.8
Change in Net Position Before Transfers						
Transfers	4.9	11.1	4.0	4.3	8.9	15.4
Transfers	0.7	0.5	(0.7)	(0.5)	-	-
Change in net position	5.6	11.6	3.3	3.8	8.9	15.4
Net Position, Beginning	7.3	12.9	69.5	72.8	76.8	85.7
Net Position, Ending	\$ 12.9	\$ 24.5	\$ 72.8	\$ 76.6	\$ 85.7	\$ 101.1

Columns may not total due to rounding.

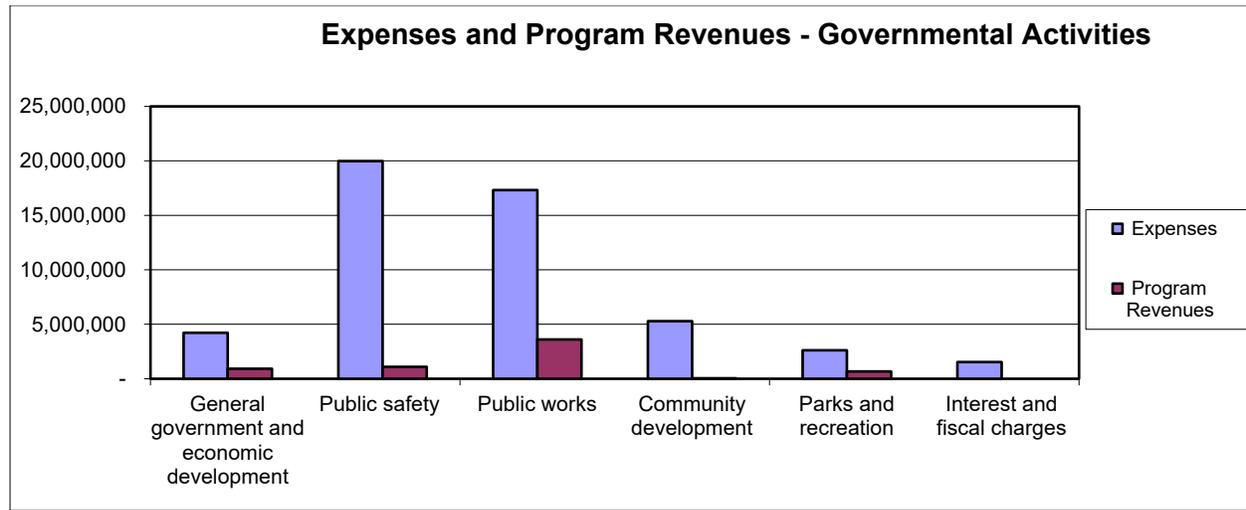
Revenues in 2022 are up related to tax revenue in TIF District No. 10. The remaining revenues and expenses stayed relatively similar to the prior year.

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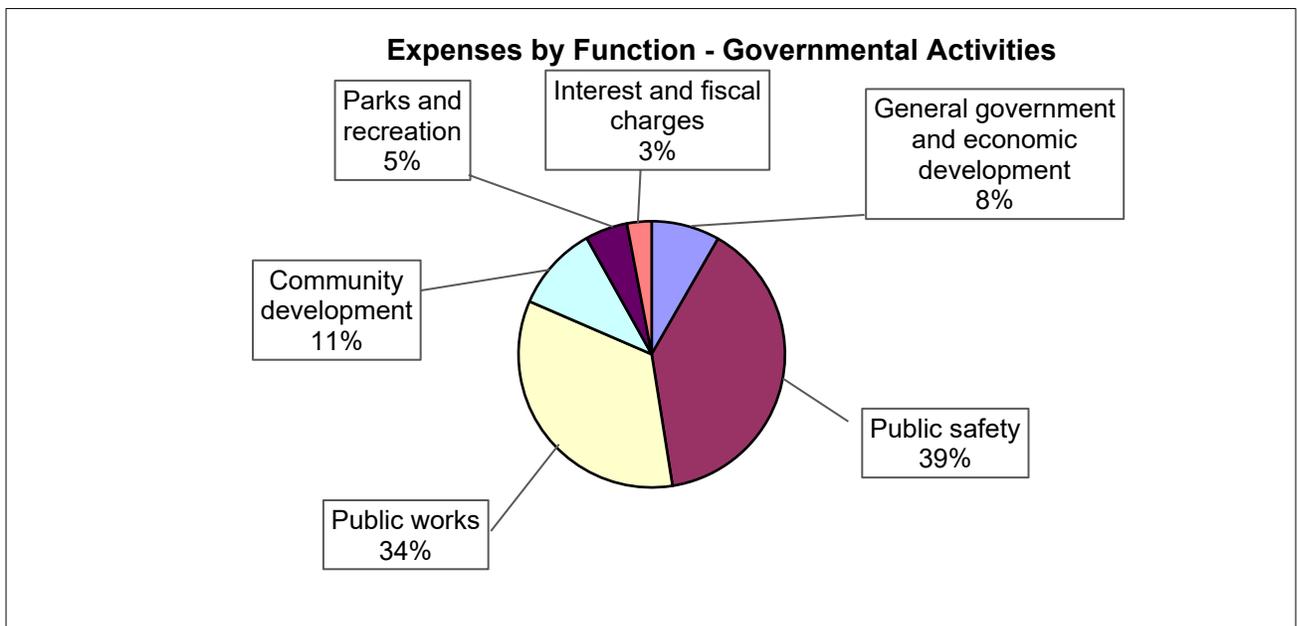
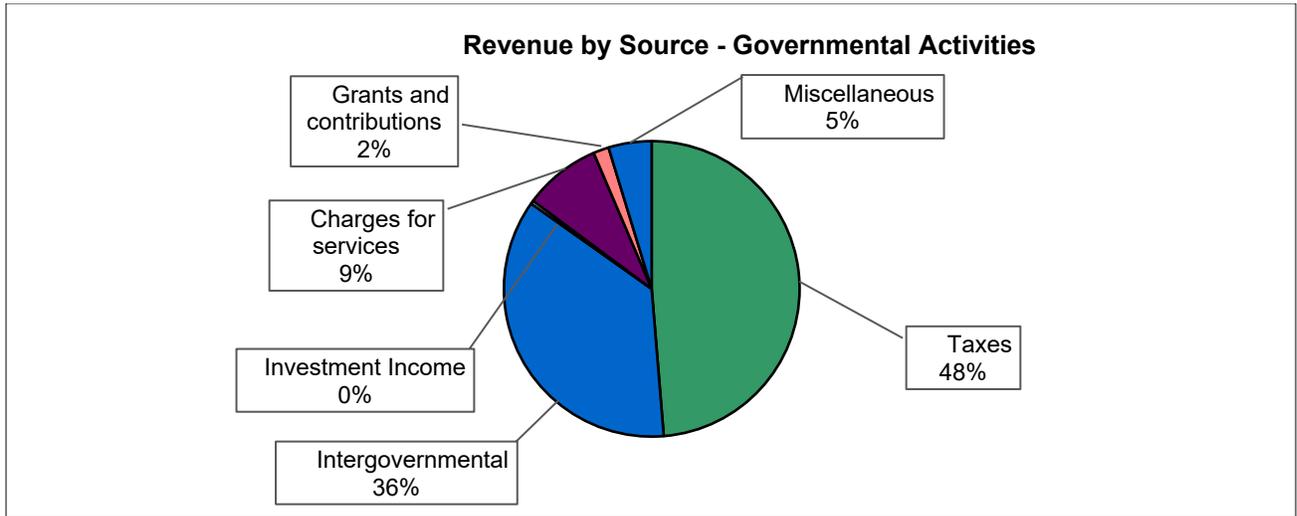


Intergovernmental revenue, such as state shared revenue, and property taxes are biggest sources of revenue for the City. Combined they make up 84% of the total revenue for Governmental Activities. The Public Safety and Public Works departments make up 39% and 34% of Governmental Activity Expenses respectively.

Charges for services account for 83% of the revenue for Business-type Activities. The Water and Sewer Utilities combine to make up 72% of the total Business-type Activities expenses.

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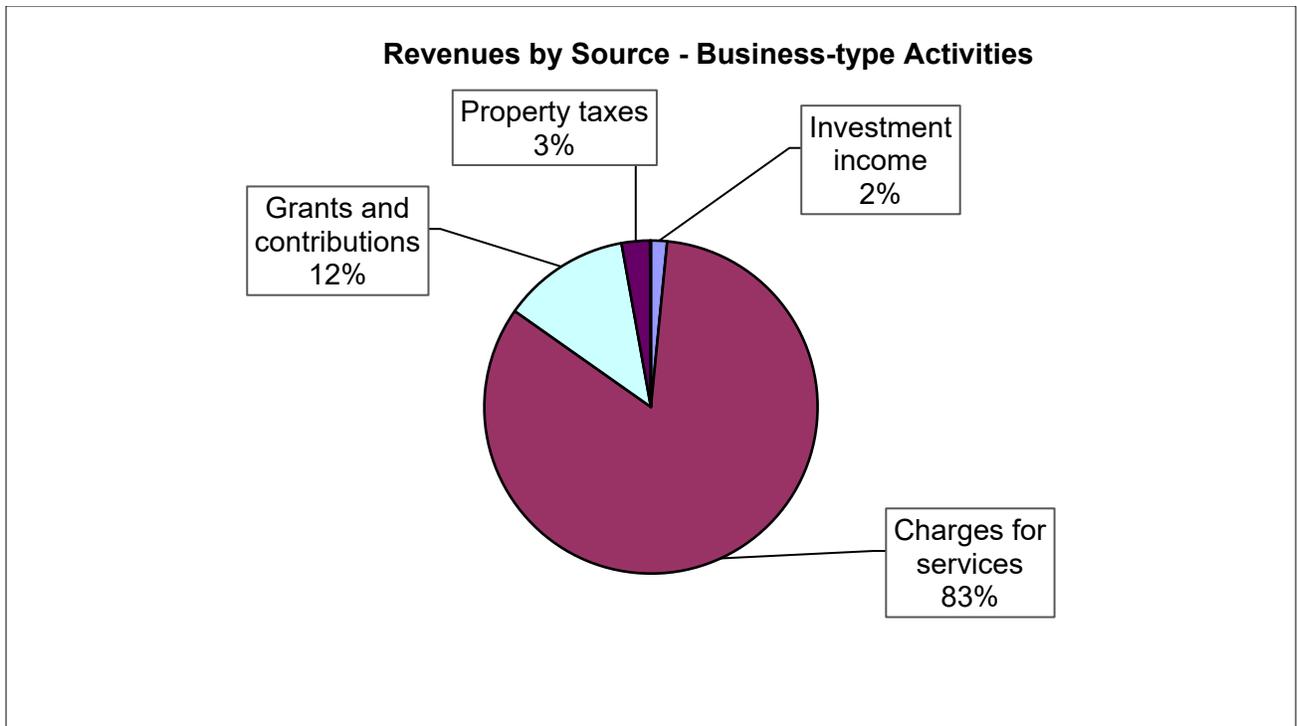
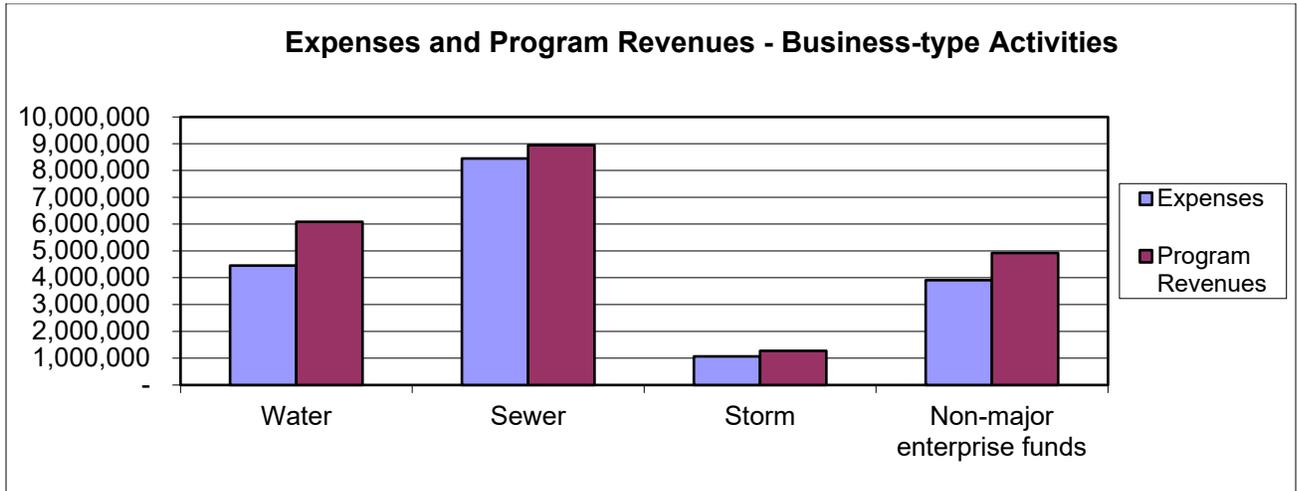


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Financial Analysis of the Government's Funds

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, 2022, the City's governmental funds reported combined ending fund balances of \$56,589,389. This is an increase of \$10,767,417 from the previous year. Approximately 25% of this total or \$13,995,140 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. Tax increment revenues increased by \$6.1M from prior year driven by large development projects located in TIF District #10. The fund balance also increased due to TIF No. 10 & 12 closures that resulted in excess increment being transferred to the general fund.

The remainder of fund balance is restricted, assigned or non-spendable. Restricted fund balance totals \$30,692,778 and can be used for only those purposes established by parties outside the government. The largest single component being \$10,317,899 restricted for affordable housing due to the closure of TIF No. 10. 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 8,869,066 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 2023 budget. The non-spendable portion of fund balance totals \$3,032,405 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, 2022, the total fund balance of the general fund was \$17,453,722 of which \$14,340,516 was unrestricted (*assigned and unassigned*). This unrestricted fund balance represents 44% of general fund expenditures or 5.3 months. The City's total general fund balance increased \$1,353,565 from the prior year. The main reason for this increase in fund balance relates to the transfer from TIF No. 10 due to its closure.

Capital Improvements Fund: The capital improvements fund is used to account for and report financial resources that are restricted, committed, or assigned for expenditures for capital improvement projects. It has a fund balance of \$9,249,830 of which \$7,898,667 is restricted for unspent bond proceeds and the remainder being assigned for capital improvement projects. The capital improvement funds fund balance increased \$580,927 from the prior year as a result of having unspent debt proceeds from the 2022 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 closed in 2022. The annual tax increment of the TID exceeds \$10.4 million. The fund balance for the TID decreased by \$4,456,334 compared to the prior year as a result of a \$10,477,830 transfer to a newly created affordable housing fund and \$1,073,375 to the general fund. Both transfers due to the closure of TIF No. 10.

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, 2022 as all funds received were unspent and recorded as unearned revenue. This fund has cash of \$14,914,870 at yearend to finance future eligible expenditures.

General Debt Service Fund: The general debt service fund is used to accumulate resources for the payments of general long-term debt principal, interest, and related costs. It has a fund balance of \$1,614,866 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 \$24,473,977, an increase of \$12,875,523 from last year. The large increase is due primarily to the creation of the affordable housing fund with the closure of TIF No. 10.

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 \$143,321 or 6.7% decrease in operating income of \$1,991,978 in 2022 from \$2,135,299 in 2021. This decrease was the result of an increase in contractual service costs and operation and maintenance in 2022. The change in net position in 2022 was an increase of \$1,262,662. 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 \$506,937 in 2022 compared to income of \$284,945 for 2021. This gain is largely the result of an increase in charges for services due to the new rates effective January 1, 2022. Net position increased \$469,814 due primarily to the increase in rates mentioned above. Cash flow decreased for the sewer utility with a decrease in cash and cash equivalents of \$6,804,426 from the prior year. The decrease in cash was as a result of planned investment in capital projects. 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 \$26,974 decrease in operating income of \$209,241 in 2022 from \$236,215 in 2021. This decrease was the result of an increase in contractual service expenses in 2022. The change in net position in 2022 was an increase of \$192,546.

The net position of the City's Enterprise Funds as of December 31, 2022 was \$75,533,096. The water, sewer and storm utility's net position accounted for \$68,450,779 or 91% of this total.

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General Fund Budgetary Highlights

The general fund budget appropriations totaled \$35,177,701. The final actual expenditures of \$32,543,925 were \$2,633,776 less than the final budget appropriations.

The actual revenues and other financing sources were \$33,897,490, which were \$1,030,211 less than the budgeted amount. The loss on investments in 2022 was \$7,608. Investment income is down due to the broader market decline. At \$9,432,382, the property tax levy is the second largest local source revenue in the general fund. Total taxes were higher than the final budget by \$3,541. 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 2022, these payments totaled \$16,137,701. This represents 48% of total general fund revenues and other financing sources and is consistent with prior year's totals. Revenues and other financing sources were \$1,353,565 greater than expenditures and other financing uses, which is the net change in fund balance for 2022. The City budgeted to use \$250,000 in fund balance for the general fund in 2022.

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

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

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Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of December 31, 2022, was \$187,535,439 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings, improvements, machinery, and equipment, park facilities, roads, bridges, highways and related fixtures and represents an increase in net book value of \$5,852,306 from last year.

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

- Completion of the Big Hill Pathway, Euclid Ave Constructions and 6th Street Turn Lane totaling \$1.6M.
- Additions to CWIP are STH 81 & Prince Hall, the Golf Course Parking lot and Shore Drive reconstruction totaling \$1M.
- Additional \$3M to the wastewater treatment project.

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

	Governmental Activities		Business-Type Activities		Total	
	2021	2022	2021	2022	2021	2022
Land	\$ 5.5	\$ 5.3	\$ 3.7	\$ 3.7	\$ 9.2	\$ 9.0
Construction in progress	0.9	0.7	1.9	12.3	2.8	13.0
Buildings	14.7	14.5	6.0	5.8	20.7	20.3
Machinery and equipment	9.2	8.7	3.4	4.3	12.6	13.0
Other improvements	2.7	2.6	-	0.3	2.7	2.9
Streets	58.3	58.0	-	-	58.3	58.0
Structures	0.4	0.4	-	-	0.4	0.4
Street lights	5.3	5.1	-	-	5.3	5.1
Traffic signals	0.3	0.2	-	-	0.3	0.2
Bridges	10.6	10.3	-	-	10.6	10.3
Storm sewer infrastructure	-	-	8.6	8.5	8.6	8.5
Water plant and equipment	-	-	27.7	27.1	27.7	27.1
Sewer plant and equipment	-	-	22.5	19.8	22.5	19.8
Total	<u>\$ 107.6</u>	<u>\$ 105.8</u>	<u>\$ 74.0</u>	<u>\$ 81.8</u>	<u>\$ 181.7</u>	<u>\$ 187.6</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 2022, the City issued \$5,225,000 in general obligation debt and retired \$4,896,569 in debt resulting in \$48,879,371 in outstanding general obligation debt at the end of 2022. The City had revenue debt outstanding of \$21,436,329 at the end of 2022. Of the total bonded debt outstanding, \$48,879,381 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 36% of the maximum allowed of \$132,706,455. 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	
	2021	2022	2021	2022	2021	2022
General obligation bonds	\$ 46.9	\$ 47.5	\$ 1.6	\$ 1.4	\$ 48.5	\$ 48.9
Revenue bonds	-	-	23.7	21.4	23.7	21.4
Debt outstanding	<u>\$ 46.9</u>	<u>\$ 47.5</u>	<u>\$ 25.3</u>	<u>\$ 22.8</u>	<u>\$ 72.2</u>	<u>\$ 70.3</u>

Columns may not total due to rounding.

Additional information on the City's long-term debt can be found in Note 4 on pages 40-45 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 2022, the City's unemployment rate was 2.8% which was slightly higher than the county and state averages of 2.5% and 2.2% respectively. The newly built Amazon distribution center is fully operational with approximately 1,500 full-time jobs.

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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Tax Increment District No. 10, which was the City's major economic development driver, reached its statutory useful life and was closed in 2022. This allowed the \$386M of additional value to fully hit the tax roll which created some much needed levy capacity and tax relief in subsequent years. This TID was very successful and houses several major employers including the Kerry America's headquarters, Diamond Foods Kettle Brands, Pratt Industries, and the new Amazon Order Fulfillment Center. We continue to remain optimistic about the City's economic future and devote considerable time and resources to economic development. At the end of 2022 the City had five active Tax Increment Districts with plans to strategically create more as opportunities arise.

Another project that will have a profound impact on the City's economy is the potential for a gaming casino in the City. Eleven 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. Ten 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 2022, the City's tax base increased \$276,353,700 or 11.6% to \$2,654,129,100. Most of this increase occurred in residential property values and was attributable to increased economic conditions, market conditions, and a total property revaluation performed by the City.

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, 2022

	Primary Government			Component Units
	Governmental Activities	Business- Type Activities	Total	
Assets				
Cash and investments	\$ 75,433,344	\$ 9,321,630	\$ 84,754,974	\$ 2,284,192
Receivables (net of allowance for uncollectibles):				
Taxes	20,003,556	650,000	20,653,556	-
Delinquent personal property taxes	104,265	-	104,265	-
Accounts	1,440,320	3,714,112	5,154,432	93,509
Special assessments	202,219	-	202,219	-
Loans	1,926,966	-	1,926,966	-
Accrued interest	229,712	-	229,712	-
Land contract	1,177,376	-	1,177,376	-
Leases	411,713	3,929,239	4,340,952	-
Other	107,511	535,973	643,484	-
Due from other governmental units	374,309	1,991,415	2,365,724	61,003
Internal balances, interfunds	705,998	(705,998)	-	-
Internal balances, advances	1,138,382	(1,138,382)	-	-
Due from component unit	100,606	-	100,606	-
Inventories	647,720	325,806	973,526	-
Tax credit fees	-	-	-	57,012
Prepaid items	171,169	-	171,169	16,912
Restricted assets:				
Temporarily restricted:				
Cash and investments	-	5,432,714	5,432,714	1,111,922
Deposit with risk pool	1,575,475	-	1,575,475	-
Net pension asset	13,783,148	2,447,484	16,230,632	248,098
Land held for resale	6,580,570	-	6,580,570	-
Capital assets:				
Land	5,291,758	3,736,753	9,028,511	601,285
Construction in progress	695,084	12,324,290	13,019,374	-
Capital assets, net of depreciation	99,827,759	65,659,795	165,487,554	12,466,241
Total assets	231,928,960	108,224,831	340,153,791	16,940,174
Deferred Outflows of Resources				
Unamortized loss on advanced refunding	272,066	1,491	273,557	-
Pension related amounts	27,031,887	4,545,687	31,577,574	478,788
OPEB related amounts, health	15,478,395	16,303	15,494,698	-
OPEB related amounts, life	667,092	205,797	872,889	21,862
Total deferred outflows of resources	43,449,440	4,769,278	48,218,718	500,650
Liabilities				
Accounts payable	2,223,959	1,613,643	3,837,602	129,913
Accrued liabilities	1,918,930	133,086	2,052,016	2,512,729
Claims payable	1,630,504	-	1,630,504	-
Due to primary government	-	-	-	100,606
Unearned revenue	14,857,730	-	14,857,730	-
Other liabilities	-	3,491	3,491	-
Deposits	-	10,000	10,000	138,019
Noncurrent liabilities due within one year	6,316,721	2,890,926	9,207,647	-
Noncurrent liabilities due in more than one year				
OPEB liability, health	103,688,820	33,676	103,722,496	-
Net OPEB liability, life	1,981,378	646,037	2,627,415	83,840
Other liabilities due in more than one year	45,207,600	21,026,264	66,233,864	857,854
Total liabilities	177,825,642	26,357,123	204,182,765	3,822,961
Deferred Inflows of Resources				
Unearned revenue	-	-	-	931,780
Property tax levied for next period	19,992,357	650,001	20,642,358	-
Lease related amounts	411,713	3,929,239	4,340,952	-
OPEB related amounts, health	19,639,089	6,378	19,645,467	-
Pension related amounts	32,838,265	5,376,075	38,214,340	563,551
OPEB related amounts, life	229,977	67,604	297,581	6,908
Total deferred inflows of resources	73,111,401	10,029,297	83,140,698	1,502,239
Net Position (Deficit)				
Net investment in capital assets	80,399,780	61,549,962	140,200,753	13,067,526
Restricted for debt service	1,042,811	645,859	1,688,670	-
Restricted for library operations	630,449	-	630,449	-
Restricted for replacement	-	1,595,400	1,595,400	-
Restricted for economic development	7,213,896	-	7,213,896	-
Restricted for affordable housing	10,317,889	-	10,317,889	-
Restricted for grant programs	2,866,353	-	2,866,353	5,705,167
Restricted for solid waste	949,630	-	949,630	-
Restricted for cemetery perpetual care	2,262,867	-	2,262,867	-
Restricted for bridge activities	80,801	-	80,801	-
Restricted per donors	-	-	-	7,845
Restricted for pension	13,783,148	2,447,484	16,230,632	248,098
Unrestricted (deficit)	(95,106,267)	10,368,984	(82,988,294)	(6,913,012)
Total net position	\$ 24,441,357	\$ 76,607,689	\$ 101,049,046	\$ 12,115,624

See notes to financial statements

City of Beloit

Statement of Activities

Year Ended December 31, 2022

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	\$ 935,426	\$ -	\$ -	\$ -	\$ (935,426)	\$ -	\$ (935,426)	\$ -
Finance and administrative services	2,966,549	877,857	36,660	-	(2,052,032)	-	(2,052,032)	-
Community development	5,282,824	77,030	(38,539)	-	(5,244,333)	-	(5,244,333)	-
Economic development	316,980	-	-	-	(316,980)	-	(316,980)	-
Public safety:								
Police services	12,704,675	984,035	100	-	(11,720,540)	-	(11,720,540)	-
Fire services	7,270,238	8,160	101,408	-	(7,160,670)	-	(7,160,670)	-
Public works	17,319,225	3,048,196	143,865	411,779	(13,715,385)	-	(13,715,385)	-
Parks and recreation	2,607,390	260,937	413,395	-	(1,933,058)	-	(1,933,058)	-
Interest and fiscal charges	1,527,487	-	-	-	(1,527,487)	-	(1,527,487)	-
Total governmental activities	50,930,794	5,256,215	656,889	411,779	(44,605,911)	-	(44,605,911)	-
Business-type activities:								
Water	4,454,810	5,913,886	-	169,404	-	1,628,480	1,628,480	-
Sewer	8,449,981	8,933,190	-	12,577	-	495,786	495,786	-
Golf course	455,927	441,184	-	268,546	-	253,803	253,803	-
Cemeteries	258,943	179,928	-	-	-	(79,015)	(79,015)	-
Ambulance	988,644	1,569,719	-	-	-	581,075	581,075	-
Storm sewer	1,067,732	1,270,401	-	-	-	202,669	202,669	-
Transit	2,205,663	163,159	1,392,318	905,480	-	255,294	255,294	-
Total business-type activities	17,881,700	18,471,467	1,392,318	1,356,007	-	3,338,092	3,338,092	-
Total primary government	\$ 68,812,494	\$ 23,727,682	\$ 2,049,207	\$ 1,767,786	(44,605,911)	3,338,092	(41,267,819)	-
Component units, business-type activities:								
Community Development Authority	\$ 5,115,605	\$ 335,526	\$ 4,066,947	\$ -	-	-	-	(713,132)
Beloit Public Library Foundation, Inc.	41,915	-	17,832	-	-	-	-	(24,083)
Total component units	\$ 5,157,520	\$ 335,526	\$ 4,084,779	\$ -	-	-	-	(737,215)
General Revenues								
Taxes:								
Property taxes, levied for general purposes					9,432,382	610,019	10,042,401	-
Property taxes, levied for debt service					5,450,000	-	5,450,000	-
Property taxes, tax increment					12,874,478	-	12,874,478	-
Property taxes, levied for other					1,936,877	-	1,936,877	-
Other taxes					727,051	-	727,051	-
Intergovernmental revenues not restricted to specific programs								
Investment income (loss)					22,544,562	-	22,544,562	-
Gain on sale of property					(223,454)	345,626	122,172	(90,150)
Miscellaneous					151,297	-	151,297	(39,518)
Public gifts and grants					2,744,292	19,152	2,763,444	118,811
Transfers					20,000	-	20,000	-
					503,459	(503,459)	-	-
Total general revenues and transfers					56,160,944	471,338	56,632,282	(10,857)
Change in net position					11,555,033	3,809,430	15,364,463	(748,072)
Net Position, Beginning (as restated)					<u>12,886,324</u>	<u>72,798,259</u>	<u>85,684,583</u>	<u>12,863,696</u>
Net Position, Ending					\$ 24,441,357	\$ 76,607,689	\$ 101,049,046	\$ 12,115,624

See notes to financial statements

City of Beloit

Balance Sheet - Governmental Funds
December 31, 2022

	<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	\$ 14,202,659	\$ 4,333,979	\$ 14,914,870	\$ 1,614,866	\$ 9,612,123	\$ 23,862,661	\$ 68,541,158
Receivables:							
Taxes	10,833,003	-	-	5,795,700	50,469	3,324,384	20,003,556
Delinquent personal property taxes	104,265	-	-	-	-	-	104,265
Accounts (net)	435,263	-	-	-	-	424,787	860,050
Special assessments	-	-	-	-	202,219	-	202,219
Loans	-	-	-	-	-	1,926,966	1,926,966
Accrued interest	71,731	-	-	-	-	157,982	229,713
Land contract	-	-	-	-	-	1,177,376	1,177,376
Leases	-	-	-	-	-	411,713	411,713
Other	87,665	-	-	-	-	-	87,665
Due from other governmental units	-	-	-	-	-	374,309	374,309
Due from other funds	2,182,379	-	-	-	-	-	2,182,379
Due from component unit	-	-	-	-	-	120,452	120,452
Inventories	647,720	-	-	-	-	-	647,720
Prepaid items	171,169	-	-	-	-	-	171,169
Advances to other funds	2,109,251	-	-	-	-	285,904	2,395,155
Total assets	\$ 30,845,105	\$ 4,333,979	\$ 14,914,870	\$ 7,410,566	\$ 9,864,811	\$ 32,066,534	\$ 99,435,865
Liabilities, Deferred Inflows of Resources and Fund Balances							
Liabilities:							
Accounts payable	\$ 901,315	\$ 536,985	\$ 113,818	\$ -	\$ 362,293	\$ 225,655	\$ 2,140,066
Accrued liabilities	1,346,875	-	-	-	-	-	1,346,875
Unearned revenue	-	-	14,801,052	-	-	56,678	14,857,730
Due to other funds	-	-	-	-	-	401,788	401,788
Total liabilities	2,248,190	536,985	14,914,870	-	362,293	684,121	18,746,459
Deferred inflows of resources:							
Property tax levied for next period	10,833,003	-	-	5,795,700	50,469	3,313,185	19,992,357
Unearned revenue, leases	-	-	-	-	-	411,713	411,713
Unavailable revenue	310,190	-	-	-	202,219	3,183,538	3,695,947
Total deferred inflows of resources	11,143,193	-	-	5,795,700	252,688	6,908,436	24,100,017
Fund balances (deficit):							
Nonspendable	3,032,405	-	-	-	-	-	3,032,405
Restricted	80,801	3,796,994	-	1,614,866	7,898,667	17,301,450	30,692,778
Assigned	250,000	-	-	-	1,351,163	7,267,903	8,869,066
Unassigned (deficit)	14,090,516	-	-	-	-	(95,376)	13,995,140
Total fund balances	17,453,722	3,796,994	-	1,614,866	9,249,830	24,473,977	56,589,389
Total liabilities, deferred inflows of resources and fund balances	\$ 30,845,105	\$ 4,333,979	\$ 14,914,870	\$ 7,410,566	\$ 9,864,811	\$ 32,066,534	

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.	105,810,776
Land held for resale is not reported in the funds	6,580,570
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.	3,695,947
Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	26,708,865
Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	(32,456,431)
Deferred outflows of resources related to OPEB's do not relate to current financial resources and are not reported in the governmental funds.	16,121,001
Deferred inflows of resources related to OPEB's do not relate to current financial resources and are not reported in the governmental funds.	(19,860,436)
Net pension asset does not relate to current financial resources and is not reported in the governmental funds.	13,635,397
Internal service funds are reported in the statement of net position as governmental activities.	5,061,167
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.	(157,716,954)
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.	272,066
Net Position of Governmental Activities	\$ 24,441,357

See notes to financial statements

City of Beloit

Statement of Revenues, Expenditures and Changes in Fund Balances -
 Governmental Funds
 Year Ended December 31, 2022

	<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>
Revenues							
Taxes	\$ 9,718,982	\$ 10,350,687	\$ -	\$ 5,450,000	\$ -	\$ 4,476,449	\$ 29,996,118
Intergovernmental	20,040,631	362,816	417,940	-	422,270	2,219,793	23,463,450
Licenses and permits	819,283	-	-	-	-	17,759	837,042
Fines, forfeitures and penalties	673,685	-	-	-	30,639	-	704,324
Fees and service charges	610,003	-	-	-	-	10,189	620,192
Rent	66,451	-	-	-	-	-	66,451
Special assessments	-	-	-	-	206,166	-	206,166
Investment income (loss)	(7,608)	38,700	-	1,575	139,900	(452,564)	(279,997)
Public charges for services	-	-	-	-	-	2,866,344	2,866,344
Other	110,802	8,234	-	-	1,008,145	1,761,755	2,888,936
Total revenues	<u>32,032,229</u>	<u>10,760,437</u>	<u>417,940</u>	<u>5,451,575</u>	<u>1,807,120</u>	<u>10,899,725</u>	<u>61,369,026</u>
Expenditures							
Current:							
General government	4,134,821	-	-	-	-	-	4,134,821
Community development	1,350,953	2,894,055	-	-	-	1,761,821	6,006,829
Public safety	21,087,065	-	-	-	-	608,781	21,695,846
Public works	5,971,086	-	-	-	-	2,793,196	8,764,282
Parks, recreation and education	-	-	-	-	-	2,238,850	2,238,850
Capital outlay	-	-	417,940	-	6,278,231	480,902	7,177,073
Debt service:							
Principal retirement	-	-	-	4,641,836	-	396,497	5,038,333
Interest and fiscal charges	-	-	-	1,340,236	147,312	12,905	1,500,453
Total expenditures	<u>32,543,925</u>	<u>2,894,055</u>	<u>417,940</u>	<u>5,982,072</u>	<u>6,425,543</u>	<u>8,292,952</u>	<u>56,556,487</u>
Excess (deficiency) of revenues over (under) expenditures	(511,696)	7,866,382	-	(530,497)	(4,618,423)	2,606,773	4,812,539
Other Financing Sources (Uses)							
Debt issued	-	-	-	-	5,170,000	-	5,170,000
Debt premium	-	-	-	32,867	29,350	-	62,217
Sale of city property	151,297	-	-	-	-	67,905	219,202
Transfers in	1,713,964	-	-	911,366	-	10,653,000	13,278,330
Transfers out	-	(12,322,716)	-	-	-	(452,155)	(12,774,871)
Total other financing sources (uses)	<u>1,865,261</u>	<u>(12,322,716)</u>	<u>-</u>	<u>944,233</u>	<u>5,199,350</u>	<u>10,268,750</u>	<u>5,954,878</u>
Net change in fund balances	1,353,565	(4,456,334)	-	413,736	580,927	12,875,523	10,767,417
Fund Balances, Beginning	<u>16,100,157</u>	<u>8,253,328</u>	<u>-</u>	<u>1,201,130</u>	<u>8,668,903</u>	<u>11,598,454</u>	<u>45,821,972</u>
Fund Balances, Ending	<u>\$ 17,453,722</u>	<u>\$ 3,796,994</u>	<u>\$ -</u>	<u>\$ 1,614,866</u>	<u>\$ 9,249,830</u>	<u>\$ 24,473,977</u>	<u>\$ 56,589,389</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, 2022

Net Change in Fund Balances, Total Governmental Funds \$ 10,767,417

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	7,177,073
Less some items are reported as capital outlay but not capitalized	(5,326,180)
Depreciation is reported in the government-wide statements	(3,409,265)
Change in land held for resale	289,875

Net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins) is to decrease net position.	(259,059)
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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.	(174,073)
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Debt and lease issues provide current financial resources to governmental funds, but issuing these obligations increases long-term liabilities in the statement of net position. Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which debt issues (\$5,170,000 G.O. debt) were less than payments (\$4,586,047 G.O. debt, and \$452,286 capital leases).	(131,667)
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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.	(33,027)
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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	(461)
Accrued interest on debt	(56,224)
Net pension asset	2,754,892
Deferred outflows of resources related to pensions	8,719,937
Deferred inflows of resources related to pensions	(8,520,316)
OPEB liabilities	18,182,551
Deferred outflows of resources related to OPEB's	(3,663,185)
Deferred inflows of resources related to OPEB's	(16,351,204)

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>1,587,949</u>
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Change in Net Position of Governmental Activities \$ 11,555,033

City of Beloit

Statement of Net Position - Proprietary Funds
December 31, 2022

	Business-Type Activities - Enterprise Funds				Total	Governmental Activities - Internal Service Funds
	Water Utility	Sewer Utility	Storm Utility	Nonmajor Enterprise Funds		
Assets						
Current assets:						
Cash and investments	\$1,785,492	\$ 5,827,082	\$ 1,653,235	\$ 55,821	\$ 9,321,630	\$ 6,892,186
Receivables:						
Taxes	-	-	-	650,000	650,000	-
Accounts	819,791	1,267,108	197,326	1,429,887	3,714,112	580,269
Lease	95,449	-	-	-	95,449	-
Other	64,511	471,462	-	-	535,973	-
Due from other governmental units	-	1,177,855	-	813,560	1,991,415	-
Inventories	136,545	38,040	-	151,221	325,806	-
Restricted assets:						
Bond redemption account	383,039	226,616	49,250	-	658,905	-
Total current assets	3,284,827	9,008,163	1,899,811	3,100,489	17,293,290	7,472,455
Noncurrent assets:						
Lease receivable:	3,833,790	-	-	-	3,833,790	-
Restricted assets:						
Bond reserve account	1,559,454	269,100	110,500	-	1,939,054	-
Replacement account	-	1,595,400	-	-	1,595,400	-
Construction account	1,225,141	14,214	-	-	1,239,355	-
Net pension asset	222,282	715,444	-	1,509,758	2,447,484	147,751
Deposit with risk pool	-	-	-	-	-	1,575,475
Total restricted assets	6,840,667	2,594,158	110,500	1,509,758	11,055,083	1,723,226
Capital assets:						
Land	1,050,724	1,416,029	-	1,270,000	3,736,753	-
Land improvements	-	-	-	970,964	970,964	-
Buildings	5,449,135	73,326,565	-	5,079,634	83,855,334	-
Machinery, equipment and vehicles	2,816,740	2,111,444	-	6,664,853	11,593,037	67,165
Infrastructure	48,043,165	19,269,864	12,446,737	-	79,759,766	-
Construction in process	219,601	12,093,439	11,250	-	12,324,290	-
Less accumulated depreciation	(25,709,804)	(74,283,074)	(3,975,101)	(6,551,327)	(110,519,306)	(63,340)
Total capital assets, net	31,869,561	33,934,267	8,482,886	7,434,124	81,720,838	3,825
Total noncurrent assets	38,710,228	36,528,425	8,593,386	8,943,882	92,775,921	1,727,051
Total assets	41,995,055	45,536,588	10,493,197	12,044,371	110,069,211	9,199,506
Deferred Outflows of Resources						
Unamortized loss on advance refunding	954	316	-	221	1,491	-
Pension related amounts	372,468	1,427,015	49,875	2,696,329	4,545,687	323,022
OPEB related amounts, health	1,520	8,552	-	6,231	16,303	-
OPEB related amounts, life	12,073	105,082	-	88,642	205,797	24,487
Total deferred outflows of resources	387,015	1,540,965	49,875	2,791,423	4,769,278	347,509

See notes to financial statements

City of Beloit

Statement of Net Position - Proprietary Funds
December 31, 2022

	Business-Type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Water Utility	Sewer Utility	Storm Utility	Nonmajor Enterprise Funds	Total	
Liabilities						
Current liabilities:						
Accounts payable	\$ 116,688	\$ 1,447,343	\$ 1,800	\$ 47,812	\$ 1,613,643	\$ 83,892
Accrued liabilities	3,659	824	3,736	1,321	9,540	-
Claims payable	-	-	-	-	-	1,630,504
Due to other funds	-	-	-	1,780,591	1,780,591	-
Compensated absences	27,456	194,305	-	150,816	372,577	-
Current maturities of general obligation debt	127,483	52,584	63,998	74,652	318,717	-
Customer deposits	10,000	-	-	-	10,000	-
Other current liabilities	-	-	-	3,491	3,491	-
Current liabilities payable from restricted assets:						
Current maturities of revenue debt	1,795,000	324,632	80,000	-	2,199,632	-
Accrued interest	87,679	31,967	3,900	-	123,546	-
Total current liabilities	2,167,965	2,051,655	153,434	2,058,683	6,431,737	1,714,396
Noncurrent liabilities:						
General obligation debt, less current maturities	402,566	149,032	212,680	296,957	1,061,235	-
Compensated absences	22,260	190,480	-	31,598	244,338	-
OPEB liability, health	2,263	19,661	-	11,752	33,676	-
Net OPEB liability, life	54,753	278,654	-	312,630	646,037	49,620
Revenue debt, less current maturities (including unamortized premium)	14,373,740	4,686,915	660,036	-	19,720,691	-
Advances from other funds	-	-	-	1,138,382	1,138,382	1,256,773
Total noncurrent liabilities	14,855,582	5,324,742	872,716	1,791,319	22,844,359	1,306,393
Total liabilities	17,023,547	7,376,397	1,026,150	3,850,002	29,276,096	3,020,789
Deferred Inflows of Resources						
Property tax levied for next period	-	-	-	650,001	650,001	-
OPEB related amounts, health	429	3,724	-	2,225	6,378	-
Pension related amounts	439,447	1,643,578	67,778	3,225,272	5,376,075	381,834
OPEB related amounts, life	4,792	36,835	-	25,977	67,604	8,629
Unearned revenues, leases	3,929,239	-	-	-	3,929,239	-
Total deferred inflows of resources	4,373,907	1,684,137	67,778	3,903,475	10,029,297	390,463
Net Position (Deficit)						
Net investment in capital assets	17,956,321	29,004,734	7,466,172	7,122,735	61,549,962	3,825
Restricted for debt service	295,360	194,649	155,850	-	645,859	-
Restricted for replacement	-	1,595,400	-	-	1,595,400	-
Restricted for pension	222,282	715,444	-	1,509,758	2,447,484	147,751
Unrestricted (deficit)	2,510,653	6,506,792	1,827,122	(1,550,176)	9,294,391	5,984,187
Total net position	\$ 20,984,616	\$ 38,017,019	\$ 9,449,144	\$ 7,082,317	75,533,096	\$ 6,135,763

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	<u>1,074,593</u>
Net Position of Business-Type Activities	\$ <u>76,607,689</u>

See notes to financial statements

City of Beloit

Statement of Revenues, Expenses and Changes in Net Position -
 Proprietary Funds
 Year Ended December 31, 2022

	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	\$ 5,447,068	\$ 8,715,423	\$ 1,270,401	\$ 2,273,629	\$ 17,706,521	\$ 13,399,002
Other	466,818	217,767	-	80,361	764,946	6
Total operating revenues	5,913,886	8,933,190	1,270,401	2,353,990	18,471,467	13,399,008
Operating Expenses						
Operation and maintenance	1,810,099	4,281,849	589,850	3,618,097	10,299,895	10,796,719
Contractual services	765,028	1,387,346	324,468	149,425	2,626,267	706,613
Depreciation	1,346,781	2,757,058	146,842	227,989	4,478,670	-
Total operating expenses	3,921,908	8,426,253	1,061,160	3,995,511	17,404,832	11,503,332
Operating income (loss)	1,991,978	506,937	209,241	(1,641,521)	1,066,635	1,895,676
Nonoperating Revenues (Expenses)						
Intergovernmental revenues	-	-	-	1,392,318	1,392,318	-
Investment income	189,136	92,814	13,223	50,453	345,626	-
Interest expense	(616,120)	(157,331)	(33,690)	(8,513)	(815,654)	-
Amortization of loss on refunding	(618)	-	-	-	(618)	-
Amortization of debt premium	129,625	4,665	3,772	-	138,062	-
General property taxes	-	-	-	610,019	610,019	-
Debt issuance expense	(97,284)	-	-	-	(97,284)	-
Miscellaneous	-	10,152	-	(101)	10,051	-
Total nonoperating revenues (expenses)	(395,261)	(49,700)	(16,695)	2,044,176	1,582,520	-
Income (loss) before contributions and transfers	1,596,717	457,237	192,546	402,655	2,649,155	1,895,676
Contributions and Transfers						
Capital contributions	169,404	12,577	-	1,174,026	1,356,007	-
Transfers out	(503,459)	-	-	-	(503,459)	-
Total contributions and transfers	(334,055)	12,577	-	1,174,026	852,548	-
Change in net position	1,262,662	469,814	192,546	1,576,681	3,501,703	1,895,676
Total Net Position, Beginning	<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>
Total Net Position, Ending	<u>\$ 20,984,616</u>	<u>\$ 38,017,019</u>	<u>\$ 9,449,144</u>	<u>\$ 7,082,317</u>		<u>\$ 6,135,763</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 307,727

Change in Net Position of Business-Type Activities \$ 3,809,430

City of Beloit

Statement of Cash Flows - Proprietary Funds
Year Ended December 31, 2022

	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	\$ 6,031,287	\$ 8,704,784	\$ 1,262,188	\$ 2,194,297	\$ 18,192,556	\$ 13,239,830
Paid to suppliers for goods and services	(1,913,882)	(3,980,869)	(575,649)	(2,174,361)	(8,644,761)	(11,220,649)
Payments to employees for services	(854,712)	(1,971,013)	(368,414)	(1,999,119)	(5,193,258)	(610,560)
Net cash flows from operating activities	<u>3,262,693</u>	<u>2,752,902</u>	<u>318,125</u>	<u>(1,979,183)</u>	<u>4,354,537</u>	<u>1,408,621</u>
Cash Flows From Noncapital Financing Activities						
Operating grants received	-	-	-	2,125,346	2,125,346	-
Transfers in (out)	(503,459)	-	-	-	(503,459)	-
Property taxes received	-	-	-	610,019	610,019	-
Noncapital interfund/advance repayment	-	-	-	-	-	(495,140)
Noncapital interfund/advance	-	-	-	(215,351)	(215,351)	-
Net cash flows from noncapital financing activities	<u>(503,459)</u>	<u>-</u>	<u>-</u>	<u>2,520,014</u>	<u>2,016,555</u>	<u>(495,140)</u>
Cash Flows From Capital and Related Financing Activities						
Debt retired	(3,975,467)	(367,353)	(143,997)	(69,243)	(4,556,060)	-
Interest paid	(624,493)	(157,331)	(33,690)	(8,380)	(823,894)	-
Proceeds from issuance of new debt	1,950,000	50,000	-	55,000	2,055,000	-
Debt issuance costs and premium	18,771	-	-	-	18,771	-
Advances (to) from other funds	-	-	-	(508,565)	(508,565)	-
Acquisition and construction of capital assets	(776,243)	(9,188,035)	(11,250)	(1,068,151)	(11,043,679)	-
Construction grants received	-	12,577	-	896,379	908,956	-
Contributions received for construction	169,404	-	-	-	169,404	-
Net cash flows from capital and Related financing activities	<u>(3,238,028)</u>	<u>(9,650,142)</u>	<u>(188,937)</u>	<u>(702,960)</u>	<u>(13,780,067)</u>	<u>-</u>
Cash Flows From Investing Activities						
Investment income	189,136	92,814	13,223	50,453	345,626	-
Net cash flows from investing activities	<u>189,136</u>	<u>92,814</u>	<u>13,223</u>	<u>50,453</u>	<u>345,626</u>	<u>-</u>
Net increase (decrease) in cash and Cash equivalents	(289,658)	(6,804,426)	142,411	(111,676)	(7,063,349)	913,481
Cash and Cash Equivalents, Beginning	<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>
Cash and Cash Equivalents, Ending	<u>\$ 4,953,126</u>	<u>\$ 7,932,412</u>	<u>\$ 1,812,985</u>	<u>\$ 55,821</u>	<u>\$ 14,754,344</u>	<u>\$ 6,892,186</u>

See notes to financial statements

City of Beloit

Statement of Cash Flows - Proprietary Funds
Year Ended December 31, 2022

	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)	\$ 1,991,978	\$ 506,937	\$ 209,241	\$ (1,641,521)	\$ 1,066,635	\$ 1,895,676
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:						
Depreciation charged to other funds	127,429	10,152	-	-	137,581	-
Depreciation expense	1,346,781	2,757,058	146,842	227,989	4,478,670	-
Non-operating income	-	-	-	9,000	9,000	-
Change in assets, deferred outflows, liabilities and deferred inflows:						
Accounts receivable	(9,449)	(236,609)	(8,213)	(164,858)	(419,129)	(158,559)
Inventories	704	-	-	(8,729)	(8,025)	-
Accounts payable	(106,951)	(54,954)	(58,908)	(2,263)	(223,076)	(67,178)
OPEB related deferrals and liabilities	8,741	(33,139)	-	52,119	27,721	(3,474)
Due to other funds	-	-	-	-	-	-
Other current liabilities	(29,615)	(41,588)	-	(18,548)	(89,751)	-
Pension related deferrals and assets/liabilities	(66,925)	(154,955)	29,163	(432,372)	(625,089)	(40,029)
Claims payable	-	-	-	-	-	(217,815)
Net cash flows from operating activities	<u>\$ 3,262,693</u>	<u>\$ 2,752,902</u>	<u>\$ 318,125</u>	<u>\$ (1,979,183)</u>	<u>\$ 4,354,537</u>	<u>\$ 1,408,621</u>
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position, Proprietary Funds						
Cash and investments, statement of net position	\$ 1,785,492	\$ 5,827,082	\$ 1,653,235	\$ 55,821	\$ 9,321,630	\$ 6,892,186
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	1,225,141	14,214	-	-	1,239,355	-
Bond reserve account	<u>1,559,454</u>	<u>269,100</u>	<u>110,500</u>	<u>-</u>	<u>1,939,054</u>	<u>-</u>
Cash and Cash Equivalents, Ending	<u>\$ 4,953,126</u>	<u>\$ 7,932,412</u>	<u>\$ 1,812,985</u>	<u>\$ 55,821</u>	<u>\$ 14,754,344</u>	<u>\$ 6,892,186</u>

Noncash Investing, Capital and Financing Activities

During 2022, the capital improvement fund financed the golf course parking lot for \$268,546.

City of Beloit

Statement of Fiduciary Net Position -
Custodial Fund
December 31, 2022

	<u>Tax Collection Fund</u>
Assets	
Cash and investments	\$ 6,649,882
Property taxes receivable	<u>21,410,523</u>
Total assets	<u>28,060,405</u>
Liabilities	
Due to other taxing units	<u>28,060,405</u>
Total liabilities	<u>28,060,405</u>
Net Position	
Total net position	<u>\$ -</u>

See notes to financial statements

City of Beloit

Statement of Changes in Fiduciary Net Position -
Custodial Fund
Year Ended December 31, 2021

	<u>Tax Collection Fund</u>
Additions	
Property taxes collected for other governments	\$ 31,132,858
Total additions	<u>31,132,858</u>
Deductions	
Property taxes distributed to other governments	<u>31,132,858</u>
Total deductions	<u>31,132,858</u>
Change in fiduciary net position	-
Net Position, Beginning	<u>-</u>
Net Position, Ending	<u>\$ -</u>

See notes to financial statements

City of Beloit

Statement of Net Position - Component Units
December 31, 2022

	<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>
Assets			
Current assets:			
Cash and investments	\$ 1,671,264	\$ 612,928	\$ 2,284,192
Receivables:			
Accounts	93,509	-	93,509
Due from other governmental units	61,003	-	61,003
Prepaid items	16,912	-	16,912
Tax credit fees	57,012	-	57,012
Total current assets	<u>1,899,700</u>	<u>612,928</u>	<u>2,512,628</u>
Noncurrent assets:			
Restricted assets:			
Cash and investments	1,111,922	-	1,111,922
Net pension asset	248,098	-	248,098
Total restricted assets	<u>1,360,020</u>	<u>-</u>	<u>1,360,020</u>
Capital assets:			
Land	601,285	-	601,285
Land improvements	612,630	-	612,630
Buildings	1,371,666	-	1,371,666
Building improvements	18,023,164	-	18,023,164
Machinery, equipment, furnishings and vehicles	887,826	-	887,826
Less accumulated depreciation	(8,429,045)	-	(8,429,045)
Total capital assets, net	<u>13,067,526</u>	<u>-</u>	<u>13,067,526</u>
Total noncurrent assets	<u>14,427,546</u>	<u>-</u>	<u>14,427,546</u>
Total assets	<u>16,327,246</u>	<u>612,928</u>	<u>16,940,174</u>
Deferred Outflows of Resources			
Pension related amounts	478,788	-	478,788
OPEB related amounts, life	21,862	-	21,862
Total Deferred Outflows of Resources	<u>500,650</u>	<u>-</u>	<u>500,650</u>
Liabilities			
Current liabilities:			
Accounts payable	129,750	163	129,913
Accrued liabilities	2,512,729	-	2,512,729
Due to primary government	100,606	-	100,606
Deposits	138,019	-	138,019
Total current liabilities	<u>2,881,104</u>	<u>163</u>	<u>2,881,267</u>
Noncurrent liabilities:			
Compensated absences	115,689	-	115,689
Other notes payable	742,165	-	742,165
Net OPEB liability, life	83,840	-	83,840
Total noncurrent liabilities	<u>941,694</u>	<u>-</u>	<u>941,694</u>
Total liabilities	<u>3,822,798</u>	<u>163</u>	<u>3,822,961</u>
Deferred Inflows of Resources			
Unearned revenue	931,780	-	931,780
Pension related amounts	563,551	-	563,551
OPEB related amounts, life	6,908	-	6,908
Total deferred inflows of resources	<u>1,502,239</u>	<u>-</u>	<u>1,502,239</u>
Net Position (Deficit)			
Net investment in capital assets	13,067,526	-	13,067,526
Restricted for grant programs	5,705,167	-	5,705,167
Restricted for pensions	248,098	-	248,098
Restricted per donors	-	7,845	7,845
Unrestricted (deficit)	(7,517,932)	604,920	(6,913,012)
Total net position	<u>\$ 11,502,859</u>	<u>\$ 612,765</u>	<u>\$ 12,115,624</u>

See notes to financial statements

City of Beloit

Statement of Activities - Component Units

Year Ended December 31, 2022

	<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	\$ 4,827,779	\$ -	\$ 4,827,779
Library services	-	41,915	41,915
Total expenses	<u>4,827,779</u>	<u>41,915</u>	<u>4,869,694</u>
Program Revenues			
Charges for services	335,526	-	335,526
Operating grants and contributions	3,878,366	17,832	3,896,198
Other revenue	63,256	-	63,256
Total program revenues	<u>4,277,148</u>	<u>17,832</u>	<u>4,294,980</u>
Net revenues (expenses)	<u>(550,631)</u>	<u>(24,083)</u>	<u>(574,714)</u>
General Revenues (Expenses)			
Investment income (loss)	19,341	(109,491)	(90,150)
Interest and amortization expense	(287,826)	-	(287,826)
Loss on sale of property	(39,518)	-	(39,518)
Miscellaneous	55,555	-	55,555
Total general revenues (expenses)	<u>(252,448)</u>	<u>(109,491)</u>	<u>(361,939)</u>
Revenues (expenses) before contributions	(803,079)	(133,574)	(936,653)
Contributions	<u>188,581</u>	<u>-</u>	<u>188,581</u>
Change in net position	(614,498)	(133,574)	(748,072)
Total Net Position, Beginning (as restated)	<u>12,117,357</u>	<u>746,339</u>	<u>12,863,696</u>
Total Net Position, Ending	<u>\$ 11,502,859</u>	<u>\$ 612,765</u>	<u>\$ 12,115,624</u>

See notes to financial statements

City of Beloit

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December 31, 2022

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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. This was formerly reported as the Beloit Housing Authority. 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, 2022. 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, 2022 (see Note 4). Separately issued financial statements of the Foundation may be obtained from the Foundation's office.

Financial Statement Presentation

The two LLCs of the CDA and the Beloit Public Library Foundation, Inc. (the Foundation) report under FASB standards. As such, certain revenue recognition and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the LLCs' financial information in the CDA's financial reporting entity or the Foundation for these differences.

Government-Wide and Fund Financial Statements

In June 2017, the GASB issued Statement No. 87, *Leases*. This Statement requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right-to-use an underlying asset. Under the Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, which enhances the relevance and consistency of information about the City's leasing activities. This standard was implemented January 1, 2022.

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.

City of Beloit

Notes to Financial Statements
December 31, 2022

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	Affordable Housing

Capital Projects Funds

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

Computer Replacement	Equipment Replacement
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Enterprise Funds

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

Golf Course
Cemeteries
Ambulance
Transit System

In addition, the City reports the following fund types:

Internal Service Funds

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

Equipment Operations
General Liability Insurance
Health Insurance
Retiree Health Insurance

Custodial Funds

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

Tax Collections

Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

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, 2022, there were \$1,310,751 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.
- 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, 2022, the fair value of the City's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

City of Beloit

Notes to Financial Statements
December 31, 2022

See Note 4 for further information.

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 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 - 2022 tax roll:

Lien date and levy date	December 2022
Tax bills mailed	December 2022
Payment in full, or	January 31, 2023
First installment due	January 31, 2023
Second installment due	March 31, 2023
Third installment due	May 31, 2023
Fourth installment due	July 31, 2023
Personal property taxes in full	January 31, 2023
Tax sale - 2022 delinquent real estate taxes	October 2025

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 \$8,809. 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 \$1,177,376 as of December 31, 2022.

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.

City of Beloit

Notes to Financial Statements

December 31, 2022

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.

Leases

The City is a lessor because it leases capital assets to other entities. As a lessor, the City reports a lease receivable and corresponding deferred inflow of resources in both the fund statements and government-wide financial statements. The City continues to report and depreciate the capital assets being leased as capital assets of the primary government.

Deferred Outflows of Resources

A deferred outflow of resources represents a consumption of net assets 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, 2022 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 assets 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 \$1,748,989.

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 \$14,340,516 at year-end or the equivalent of 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, 2022.

Storm Sewer Utility

Current storm sewer rates were approved by the council and effective on January 1, 2022.

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, 2022

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	\$	5,291,758
Construction in progress		695,084
Land improvements		67,854
Buildings		23,657,340
Machinery and equipment		28,697,733
Other improvements		6,168,407
Infrastructure		106,194,584
Less accumulated depreciation		(64,958,159)
Less internal service fund capital assets, net of depreciation		<u>(3,825)</u>
Capital assets	\$	<u>105,810,776</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 \$157,716,954 difference in liabilities are as follows:

Bonds and notes payable	\$	47,499,419
Unamortized debt premium		1,438,011
Compensated absences		2,586,891
Other post-employment benefit liabilities		105,620,578
Accrued interest		<u>572,055*</u>
Net adjustment to reduce fund balance, total governmental funds to arrive at net position, governmental activities	\$	<u>157,716,954</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, Community Development and Affordable Housing 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, 2022

Deficit Balances

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

As of December 31, 2022, the following individual funds held a deficit balance:

Fund	Amount	Reason
Special Revenue - Police	\$ 95,376	Excess expenditures over revenues
Internal Service, Retiree Health Insurance	1,171,831	Excess expenses over revenues

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 net 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, 2022

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	\$ 7,951,647	\$ 8,797,944	Custodial credit risk Custodial credit risk, interest rate risk, credit risk, concentration of credit risk
Municipal bonds	19,429,828	19,429,828	Credit risk, custodial credit risk, concentration of credit risk, interest rate risk
Corporate bonds	8,126,605	8,126,605	Credit risk
LGIP	61,319,929	61,319,929	N/A
Petty cash	<u>9,561</u>	<u>-</u>	
Total cash and investments	<u>\$ 96,837,570</u>	<u>\$ 97,674,306</u>	
Reconciliation to financial statements			
Per statement of net position:			
Unrestricted cash and investments	\$ 84,754,974		
Restricted cash and investments	5,432,714		
Per statement of fiduciary net Position, custodial fund			
Cash and investments	<u>6,649,882</u>		
Total cash and investments	<u>\$ 96,837,570</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, 2022, the letter of credit was held in the amount of \$15,500,000 to secure the City's deposits.

City of Beloit

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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, 2022			
	Level 1	Level 2	Level 3	Total
Municipal bonds	\$ -	\$ 19,429,828	\$ -	\$ 19,429,828
Corporate bonds	-	8,126,605	-	8,126,605
Total	\$ -	\$ 27,556,433	\$ -	\$ 27,556,433

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, 2022, the City had no deposits exposed to custodial credit risk.

As of December 31, 2022, 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, 2022, 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, 2022, of the City's total portfolio, 9.72% was invested in Federal Home Loan Banks and 7.58% was invested in Federal Farm Loan Banks.

Concentration of Credit Risk (by Dealer)

<u>Dealer</u>	<u>Fair Value</u>	<u>Percentage of Portfolio</u>
Vinning Sparks	\$ 11,672,733	13%
BOSC, Inc.	10,115,550	11
FHN	5,768,150	6
Total concentrated investments	<u>\$ 27,556,433</u>	<u>30%</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, 2022, 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	\$ 19,429,828	21%	\$ 119,900	\$ 15,342,517	\$ 3,967,410	\$ -
Corporate bonds	8,126,605	9	2,977,720	5,148,885	-	-
Total	<u>\$ 27,556,433</u>		<u>\$ 3,097,620</u>	<u>\$ 20,491,402</u>	<u>\$ 3,967,410</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	\$ 104,265
Capital Projects, capital improvement, special assessments	202,219
Special Revenue, TIF No. 8, land contract	1,106,894
Nonmajor Governmental Funds, loans	2,054,323
Nonmajor Governmental Funds, leases	399,017
Total amount not expected to be collected within one year	<u>\$ 3,866,718</u>

City of Beloit

Notes to Financial Statements

December 31, 2022

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

	<u>Total</u>
Governmental Fund Types, municipal court receivable	\$ 281,040
Governmental Fund Types, conditional loans	200,000
Governmental Fund Types, economic development loans	8,809
Governmental Fund Types, extrication services	36,051
Business Type, ambulance receivables	<u>271,443</u>
Total uncollectibles	<u>\$ 797,343</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	\$ 19,992,357	\$ -
Loans receivable	-	1,926,966
Accounts receivable, noncurrent	-	188,368
Investment income, noncurrent	-	197,624
Special assessments	-	205,613
Land contract receivable	-	1,177,376
Leases	<u>411,713</u>	<u>-</u>
Total unearned/unavailable revenue for governmental funds*	<u>\$ 20,404,070,</u>	<u>\$ 3,695,947</u>

* There is also \$14,857,730 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
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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, 2022:

	<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	1,559,454	269,100	110,500
Construction account	<u>1,225,141</u>	<u>14,214</u>	<u>-</u>
Total enterprise fund restricted cash and investments	<u>\$ 3,167,634</u>	<u>\$ 2,105,330</u>	<u>\$ 159,750</u>

Capital Assets

Capital asset activity for the year ended December 31, 2022 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	\$ 5,544,117	\$ 6,700	\$ 259,059	\$ 5,291,758
Construction in progress	<u>936,727</u>	<u>1,191,241</u>	<u>1,432,884</u>	<u>695,084</u>
Total capital assets not being depreciated	<u>6,480,844</u>	<u>1,197,941</u>	<u>1,691,943</u>	<u>5,986,842</u>
Capital assets being depreciated:				
Land improvements	67,854	-	-	67,854
Buildings	23,435,540	221,800	-	23,657,340
Machinery, equipment and vehicles	28,096,994	638,396	37,657	28,697,733
Other improvements	6,168,407	-	-	6,168,407
Streets	80,373,088	1,225,640	-	81,598,728
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>162,737,739</u>	<u>2,085,836</u>	<u>37,657</u>	<u>164,785,918</u>

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Notes to Financial Statements
December 31, 2022

	<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	(8,729,103)	(411,696)	-	(9,140,799)
Machinery, equipment, and vehicles	(18,955,846)	(1,110,055)	37,657	(20,028,244)
Other improvements	(3,528,745)	(93,610)	-	(3,622,355)
Streets	(22,147,632)	(1,363,685)	-	(23,511,317)
Structures	(182,755)	(18,612)	-	(201,367)
Street lights	(2,112,036)	(142,015)	-	(2,254,051)
Traffic signals	(2,335,854)	(60,292)	-	(2,396,146)
Bridges	(3,533,510)	(1,793,904)	-	(3,742,810)
Total accumulated depreciation	<u>(61,586,551)</u>	<u>(3,409,265)</u>	<u>37,657</u>	<u>(64,958,159)</u>
Net capital assets being depreciated	<u>101,151,188</u>	<u>(1,323,429)</u>	<u>-</u>	<u>99,827,759</u>
Total governmental activities, capital assets, net of depreciation	<u>\$ 107,632,032</u>			<u>\$ 105,814,601</u>

Depreciation expense was charged to functions as follows:

Governmental Activities

Finance and administrative services	\$ 104,465
Public safety, police	121,357
Public safety, fire	323,752
Public works, which includes the depreciation of infrastructure	2,723,642
Library	<u>136,049</u>
Total governmental activities depreciation expense	<u>\$ 3,409,265</u>

City of Beloit

Notes to Financial Statements
December 31, 2022

	<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	<u>1,941,793</u>	<u>10,382,497</u>	<u>-</u>	<u>12,324,290</u>
Total capital assets not being depreciated	<u>5,678,546</u>	<u>10,382,497</u>	<u>-</u>	<u>16,061,043</u>
Other capital assets:				
Land improvements	702,418	268,546	-	970,964
Buildings	10,528,769	-	-	10,528,769
Machinery, equipment and vehicles	10,538,319	1,068,151	13,433	11,593,037
Sewer mains	19,269,864	-	-	19,269,864
Sewer treatment facility	73,326,565	-	-	73,326,565
Water mains	47,559,693	556,642	73,170	48,043,165
Storm infrastructure	<u>12,446,737</u>	<u>-</u>	<u>-</u>	<u>12,446,737</u>
Total capital assets being depreciated	<u>174,372,365</u>	<u>1,893,339</u>	<u>86,603</u>	<u>176,179,101</u>
Less accumulated depreciation for:				
Land improvements	(699,399)	-	-	(699,399)
Buildings	(4,491,820)	(275,950)	-	(4,767,770)
Machinery, equipment and vehicles	(7,069,924)	(285,781)	13,433	(7,342,272)
Sewer mains	(5,690,748)	(189,604)	-	(5,880,352)
Sewer treatment facility	(64,368,704)	(2,509,198)	-	(66,877,902)
Water mains	(19,850,956)	(1,198,724)	73,170	(20,976,510)
Storm infrastructure	<u>(3,828,259)</u>	<u>(146,842)</u>	<u>-</u>	<u>(3,975,101)</u>
Total accumulated depreciation	<u>(105,999,810)</u>	<u>(4,606,099)</u>	<u>86,603</u>	<u>(110,519,306)</u>
Business-type capital assets, net of depreciation	<u>68,372,555</u>	<u>(2,712,760)</u>	<u>-</u>	<u>65,659,795</u>
Total business-type capital assets, net of depreciation	<u>\$ 74,051,101</u>			<u>\$ 81,720,838</u>

City of Beloit

Notes to Financial Statements
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Depreciation expense was charged to functions as follows:

Business-Type Activities

Water	\$ 1,346,781
Sewer	2,757,058
Storm	146,842
Transit	224,649
Golf Course	1,323
Cemetery	<u>2,017</u>
Total business-type activities depreciation expense	<u>\$ 4,478,670</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, Police	\$ 140,456
General	Special Revenue, Community Development	261,332
General	Enterprise, Transit System	1,387,751
General	Enterprise, Ambulance	<u>392,840</u>
Subtotal, fund financial statements		2,182,379
Less allocation of Internal Service funds		(1,074,593)
Less fund eliminations		<u>(401,788)</u>
Total, government-wide statement of net position		<u>\$ 705,998</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, 2022

Advances

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

The following is a schedule of interfund advances:

Receivable Fund	Payable Fund	Total	Amount Not Due in One Year
General	Internal Service, Retiree Health Insurance	\$ 1,256,773	\$ 1,256,773
Equipment Replacement	Enterprise, Cemeteries	285,904	285,904
General	Enterprise, Golf Course	<u>852,478</u>	<u>852,478</u>
Subtotal		2,395,155	2,395,155
Less fund eliminations		<u>(1,256,773)</u>	<u>(1,256,773)</u>
Total		<u>\$ 1,138,382</u>	<u>\$ 1,138,382</u>

Transfers

The following is a schedule of interfund transfers:

Fund Transferred To	Fund Transferred From	Amount	Purpose
General	Special Revenue, TIF District No. 10	\$ 1,073,375	City's portion of TIF No. 10 closure
General	Special Revenue, TIF District No. 12	137,130	City's portion of TIF No. 12 closure
General	Water Utility	<u>503,459</u>	Payment in lieu of tax
Subtotal, general		<u>1,713,964</u>	
Debt Service, General Debt Service	Special Revenue, TIF District No. 8	139,855	Debt service
Debt Service, General Debt Service	Special Revenue, TIF District No. 10	<u>771,511</u>	Debt service
Subtotal debt service, general		<u>911,366</u>	
Equipment Replacement	Special Revenue, Solid Waste	75,170	Capital asset purchases
Special Revenue, TIF District No. 9	Special Revenue, TIF District No. 11	100,000	Shared increment between TID's
Affordable Housing	Special Revenue, TIF District No. 10	<u>10,477,830</u>	Create/start affordable housing fund/program
Subtotal, nonmajor funds		<u>10,653,000</u>	
Total transfers		13,278,330	
Less fund eliminations		<u>(12,774,871)</u>	
Total, government-wide statement of activities		<u>\$ 503,459</u>	

City of Beloit

Notes to Financial Statements
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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, 2022 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	\$ 46,671,727	\$ 5,170,000	\$ 4,490,563	\$ 47,351,164	\$ 4,667,394
General obligation debt from direct borrowings	243,739	-	95,484	148,255	98,226
Premium on debt	1,547,626	-	109,615	1,438,011	-
Subtotal	<u>48,463,092</u>	<u>5,170,000</u>	<u>4,695,662</u>	<u>48,937,430</u>	<u>4,765,620</u>
Other liabilities:					
Compensated absences:					
Sick leave	1,079,884	251,065	140,386	1,190,563	154,773
Vacation	1,506,546	1,396,328	1,506,546	1,396,328	1,396,328
Capital Leases:					
Payable to component unit	396,496	-	396,496	-	-
Other capital leases	55,790	-	55,790	-	-
Total other liabilities	<u>3,038,716</u>	<u>1,647,393</u>	<u>2,099,218</u>	<u>2,586,891</u>	<u>1,551,101</u>
Total governmental activities, long-term liabilities	<u>\$ 51,501,808</u>	<u>\$ 6,817,393</u>	<u>\$ 6,794,880</u>	<u>\$ 51,524,321</u>	<u>\$ 6,316,721</u>
Business-Type Activities					
Bonds and notes payable:					
General obligation debt	\$ 1,633,278	\$ 55,000	\$ 309,437	\$ 1,378,841	\$ 317,606
General obligation debt from direct borrowings	2,196	-	1,085	1,111	1,111
Revenue bonds	21,780,000	1,950,000	4,075,000	19,655,000	2,025,000
CWFL revenue bond, direct borrowing	1,901,867	50,000	170,538	1,781,329	174,632
Add/(subtract) deferred amounts for premiums	506,236	116,055	138,297	483,994	-
Subtotal	<u>25,823,577</u>	<u>2,171,055</u>	<u>4,694,357</u>	<u>23,300,275</u>	<u>2,518,349</u>
Other liabilities:					
Compensated absences:					
Sick leave	344,241	15,426	78,819	280,848	36,510
Vacation	361,234	336,067	361,234	336,067	336,067
Subtotal	<u>705,475</u>	<u>351,493</u>	<u>440,053</u>	<u>616,915</u>	<u>372,577</u>
Total business-type activities, long-term liabilities	<u>\$ 26,529,052</u>	<u>\$ 2,522,548</u>	<u>\$ 5,134,410</u>	<u>\$ 23,917,190</u>	<u>\$ 2,890,926</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, 2022

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, 2022, was \$132,706,455. Total general obligation debt outstanding at year-end was \$48,879,371.

	<u>Date of Issue</u>	<u>Due Date</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 12-31-22</u>
Governmental Activities -					
General Obligation Debt					
General obligation refunding bonds Series 2011A	10-21-11	4-1-25	2.45%	\$ 9,726,168	\$ 1,535,108
General obligation refunding bonds Series 2011B	12-8-11	3-1-25	1.00-4.10	4,280,000	415,000
2013 State trust fund loan, direct	8-1-13	3-15-23	2.75	667,100	74,385
General obligation promissory notes Series 2014A	5-15-14	5-1-24	2.00-2.40	850,000	220,000
General obligation corporate purpose bonds Series 2014B	5-15-14	5-1-34	2.00-3.50	7,777,275	2,926,056
General obligation promissory notes Series 2015B	3-19-15	3-1-25	0.80-2.40	720,000	235,000
General obligation corporate purpose bonds Series 2015C	3-19-15	3-1-35	2.00-3.25	2,450,000	1,595,000
2015 State trust fund loan, direct	11-23-15	3-15-25	3.25	200,000	73,870
General obligation promissory notes Series 2016A	5-12-16	4-1-26	1.60-2.00	1,725,000	980,000
General obligation corporate purpose bonds Series 2016B	5-12-16	4-1-36	2.00-3.00	3,235,000	2,675,000
General obligation promissory notes Series 2017A	6-22-17	6-1-27	2.00-3.00	1,715,000	1,035,000
General obligation corporate purpose bonds Series 2017B	6-22-17	6-1-37	3.00-3.25	4,320,000	3,435,000
General obligation promissory notes Series 2018A	4-18-18	4-1-28	3.00-4.00	2,080,000	1,415,000
General obligation corporate purpose bonds Series 2018B	4-18-18	4-1-28	3.00-4.00	3,315,000	2,990,000
General obligation corporate promissory notes Series 2019A	5-22-19	5-1-29	3.00	1,835,000	1,490,000
General obligation corporate purpose bonds Series 2019B	5-22-19	5-1-39	3.00-4.00	3,635,000	3,220,000
General obligation promissory notes Series 2020A	4-30-20	4-1-30	2.00	1,660,000	1,425,000
General obligation promissory notes Series 2020B	4-30-20	4-1-40	2.00-3.00	3,580,000	3,380,000
General obligation promissory notes Series 2021A	4-8-21	4-1-31	2.00	1,120,000	1,055,000
General obligation corporate purpose bonds Series 2021B	4-8-21	4-1-33	2.00-3.00	12,940,000	12,155,000
General obligation corporate Purpose bonds Series 2022A	5-5-22	4-1-42	3.00-3.20	3,315,000	3,315,000
General obligation promissory notes Series 2022B	5-5-22	4-1-32	3.00	1,855,000	<u>1,855,000</u>
Total governmental activities, general obligation debt					<u>\$ 47,499,419</u>

City of Beloit

Notes to Financial Statements
December 31, 2022

	<u>Date of Issue</u>	<u>Due Date</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 12-31-22</u>
Business-Type Activities, General Obligation Debt					
General obligation refunding bonds Series 2011A	10-21-11	4-1-25	2.45%	\$ 1,353,832	\$ 334,899
2013 State trust fund loan, direct	8-1-13	3-15-23	2.75	129,600	1,111
General obligation promissory notes Series 2014A	5-15-14	5-1-24	2.00-2.40	270,000	60,000
General obligation corporate purpose bonds Series 2014B	5-15-14	5-1-24	2.00-3.50	387,725	98,942
General obligation corporate purpose bonds Series 2017B	6-22-17	6-1-28	3.00-3.25	1,105,000	615,000
General obligation promising note Series 2018A	4-18-18	4-1-28	3.00-4.00	60,000	40,000
General obligation promising note Series 2019A	5-22-19	5-1-29	3.00	95,000	70,000
General obligation promising note Series 2020A	4-30-20	4-1-30	1.85	120,000	105,000
General obligation promising note Series 2022B	4-30-22	4-1-32	3.00	55,000	<u>55,000</u>
Total business-type activities, general obligation debt					<u>\$ 1,379,952</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>
2023	\$ 4,667,394	\$ 1,264,973	\$ 317,606	\$ 34,017
2024	4,881,810	1,069,662	318,195	25,044
2025	4,831,960	932,660	253,040	17,410
2026	4,635,000	807,181	150,000	11,775
2027	4,225,000	698,739	135,000	7,650
2028-2032	13,190,000	2,313,750	205,000	6,150
2033-2037	7,785,000	942,172	-	-
2038-2042	3,135,000	153,869	-	-
Total	<u>\$ 47,351,164</u>	<u>\$ 8,183,006</u>	<u>\$ 1,378,841</u>	<u>\$ 102,046</u>

<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>
2023	\$ 98,226	\$ 4,446	\$ 1,111	\$ 31
2024	24,612	1,630	-	-
2025	25,417	826	-	-
Total	<u>\$ 148,255</u>	<u>\$ 6,902</u>	<u>\$ 1,111</u>	<u>\$ 31</u>

The City's outstanding State Trust Fund loans from direct borrowings related to governmental activities and business-type activities of \$149,366 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 2016, 2018, 2020 and 2022. 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 33% of net revenues. The total principal and interest remaining to be paid on the bonds is \$18,509,852. Principal and interest paid for the current year and total customer net revenues were \$4,447,058 and \$3,527,895, 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 28% of net revenues. The total principal and interest remaining to be paid on the bonds is \$831,250. Principal and interest paid for the current year and total customer net revenues were \$104,600 and \$369,306, respectively.

City of Beloit

Notes to Financial Statements

December 31, 2022

The sewer utility has pledged future sales revenues, net of specified operating expenses, to repay a clean water fund loan issued in 2011 and 2022 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 11% of net revenues. The total principal and interest remaining to be paid on the loan is \$6,119,882. Principal and interest paid for the current year and total customer net revenues were \$466,768 and \$3,356,809, respectively.

	<u>Date of Issue</u>	<u>Due Date</u>	<u>Interest Rates</u>	<u>Original Indebted-Ness</u>	<u>Balance 12-31-22</u>
Water Utility:					
Refunding revenue bonds	11-9-16	11-1-28	4.00-4.50%	12,555,000	\$ 8,880,000
Revenue bonds	5-3-18	11-1-38	3.00-4.00	3,980,000	3,480,000
Revenue bonds	4-30-20	11-1-29	3.00-4.00	2,165,000	1,545,000
Refunding revenue bonds	5-05-22	11-1-30	4.00	1,950,000	1,820,000
Total water utility revenue debt					<u>15,725,000</u>
Stormwater Utility:					
Refunding revenue bonds	3-4-15	5-1-30	2.00-3.50	1,225,000	<u>730,000</u>
Total stormwater utility revenue debt					<u>730,000</u>
Sewer Utility:					
Revenue bonds	5-3-18	5-1-38	3.00-4.00	3,760,000	<u>3,200,000</u>
Total sewer utility revenue debt					<u>3,200,000</u>
Total revenue bonds					<u>\$ 19,655,000</u>

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Business-Type Revenue Debt</u>	
	<u>Principal</u>	<u>Interest</u>
2023	\$ 2,025,000	\$ 651,475
2024	2,100,000	574,725
2025	2,165,000	494,400
2026	2,290,000	436,138
2027	2,355,000	371,038
2028-2032	5,525,000	924,000
2033-2037	2,635,000	352,719
2038	560,000	15,050
Total	<u>\$ 19,655,000</u>	<u>\$ 3,819,545</u>

Current Refunding

On May 5, 2022, bonds in the amount of \$1,950,000 were issued with an average interest rate of 4.00% to refund \$2,155,000 of outstanding bonds with an average interest rate of 4.19%. The net proceeds were used to prepay the outstanding debt service requirements on the old bonds.

City of Beloit

Notes to Financial Statements

December 31, 2022

The cash flow requirements on the old bonds prior to the current refunding was \$2,602,963 from 2023 through 2030. The cash flow requirements on the new bonds are \$2,218,200 from 2023 through 2030. The current refunding resulted in an economic gain of \$98,283.

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, 2022, the City has received \$3,397,675 in loan proceeds and paid \$170,538 and \$43,598 in principal and interest, respectively, in 2022.

The sewer utility has entered into a loan agreement with the Wisconsin Department of Natural Resources for a loan up to and not exceeding \$32,668,687 at a fixed rate of 2.04% to fund the cost of constructing improvements to the City's sewerage system. The loan is payable from sewer revenues and are payable through 2042. As of December 31, 2022, the City has received \$50,000 in loan proceeds and paid \$0 in principal and interest, in 2022.

	<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	\$ 1,901,867	\$ -	\$ 170,538	\$ 1,731,329	\$ 174,632
CWFP Loan (No. 4608-08)	Sewer	-	50,000	-	50,000	-
Total					\$ 1,781,329	\$ 174,632

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>
2023	\$ 174,632	\$ 40,739	\$ 215,371
2024	181,005	36,210	217,215
2025	185,341	31,822	217,163
2026	189,781	27,330	217,111
2027	194,328	22,728	217,056
2028-2032	827,556	43,266	870,822
2033-2037	13,622	2,237	15,859
2027-2032	15,064	779	15,843
Total	\$ 1,781,329	\$ 205,111	\$ 1,986,440

City of Beloit

Notes to Financial Statements
December 31, 2022

Lease Disclosures

Lessor – Lease Receivable

Governmental Activities

<u>Lease Receivables Description</u>	<u>Date of Inception</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Receivable Balance 12/31/22</u>
Blackhawk Technical College	1-1-22	12-31-40	3.00%	\$ 411,713
Total governmental activities				<u>\$ 411,713</u>

Business-Type Activities

<u>Lease Receivables Description</u>	<u>Date of Inception</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Receivable Balance 12/31/22</u>
Cell tower attachment	6-7-21	6-24-50	3.00%	\$ 1,294,969
Cell tower attachment	7-20-20	8-1-46	3.00	838,799
Cell tower attachment	12-1-03	12-1-28	3.00	204,601
Cell tower attachment	2-3-20	2-3-44	3.00	783,350
Cell tower attachment	9-7-04	9-1-29	3.00	221,787
Cell tower attachment	11-24-14	11-5-43	3.00	<u>585,733</u>
Total business-type activities				<u>\$ 3,929,239</u>

The City recognized \$100,333 of lease revenue during the year.

The City recognized \$138,737 of interest revenue during the year.

City of Beloit

Notes to Financial Statements
December 31, 2022

Net Position/Fund Balances

Net position reported on the government wide statement of net position at December 31, 2022 includes the following:

Governmental Activities

Net investment in capital assets:

Land	\$ 5,291,758
Construction in progress	695,084
Other capital assets, net of accumulated depreciation	99,827,759
Less related long-term debt outstanding	(28,461,731)
Less unamortized premium on debt	(1,257,498)
Add unamortized loss on advance refunding	272,066
Add unspent capital bond proceeds	<u>4,032,342</u>

Total net investment in capital assets 80,399,780

Restricted

General debt service	1,042,811
TIF District No. 8, economic development	1,833,503
TIF District No. 9, economic development	196,392
TIF District No. 10, economic development	3,796,994
TIF District No. 11, economic development	111,398
TIF District No. 13, economic development	714,529
TIF District No. 14, economic development	561,080
Affordable Housing	10,317,899
Rental rehab (WRRP/HOME) grant	794,419
Community Development Block Grant	1,415,540
Fire, multi-year grants	25,216
DPW, multi-year grants	376,323
Community development grants	254,855
Library operations	630,449
Cemetery perpetual care	2,262,867
Bridge activities	80,801
Solid waste	949,630
Pension	<u>13,783,148</u>

Total restricted 39,147,854

Unrestricted (deficit) (95,106,277)

Total governmental activities net position \$ 24,441,357

City of Beloit

Notes to Financial Statements
December 31, 2022

Governmental fund balances reported on the fund financial statements at December 31, 2022 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	\$ 104,265	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 104,265
Inventories	647,720	-	-	-	-	-	647,720
Prepaid items	171,169	-	-	-	-	-	171,169
Advance to retirement health plan	1,256,773	-	-	-	-	-	1,256,773
Advances to other funds	852,478	-	-	-	-	-	852,478
Total nonspendable	3,032,405	-	-	-	-	-	3,032,405
Restricted for:							
Bridge maintenance	80,801	-	-	-	-	-	80,801
Debt service	-	-	-	1,614,866	-	-	1,614,866
Capital projects	-	-	-	-	7,898,667	-	7,898,667
Economic development	-	3,796,994	-	-	-	2,239,526	6,036,520
Affordable housing	-	-	-	-	-	10,317,899	10,317,899
Grant programs	-	-	-	-	-	939,387	939,387
Library operations	-	-	-	-	-	630,449	630,449
Solid waste	-	-	-	-	-	949,630	949,630
Cemetery perpetual care	-	-	-	-	-	2,224,559	2,224,559
Total restricted	80,801	3,796,994	-	1,614,866	7,898,667	17,301,450	30,692,778
Assigned to:							
Capital projects	-	-	-	-	1,351,163	7,267,903	8,619,066
Applied to subsequent year's expenditures	250,000	-	-	-	-	-	250,000
Total assigned	250,000	-	-	-	1,351,163	7,267,903	8,869,066
Unassigned (deficit):	14,090,516	-	-	-	-	(95,376)	13,995,140
Total fund balances	\$ 17,453,722	\$ 3,796,994	\$ -	\$ 1,614,866	\$ 9,249,830	\$ 24,473,977	\$ 56,589,389

City of Beloit

Notes to Financial Statements
December 31, 2022

Business-Type Activities

	Water	Sewer	Storm	Nonmajor Proprietary Funds	Total
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)	30,818,837	32,518,238	8,482,886	6,164,124	77,984,085
Less long-term debt outstanding	(16,255,049)	(5,182,945)	(1,006,678)	(371,610)	(22,816,282)
Add noncapital debt outstanding	-	-	-	60,000	60,000
Add unamortized loss on advance refunding	954	316	-	221	1,491
Less unamortized premium on debt	(443,740)	(30,218)	(10,036)	-	(483,994)
Add restricted cash funded with borrowed funds	2,784,595	283,314	-	-	3,067,909
Total net investment in capital assets	17,956,321	29,004,734	7,466,172	7,122,735	61,549,962
Restricted net position:					
Redemption account	383,039	226,616	49,250	-	658,905
Replacement account	-	1,595,400	-	-	1,595,400
Reserve account	1,559,454	269,100	110,500	-	1,939,054
Net pension asset	222,282	715,444	-	1,509,758	2,447,484
Construction account	1,225,141	14,214	-	-	1,239,355
Less restricted cash funded with borrowed funds	(2,784,595)	(283,314)	-	-	(3,067,909)
Less current liabilities payable from restricted assets	(87,679)	(31,967)	(3,900)	-	(123,546))
Total restricted net position	517,642	2,505,493	155,850	1,509,758	4,688,743
Unrestricted (deficit)	2,510,653	6,506,792	1,827,122	(1,550,176)	9,294,391
Total enterprise funds net position	\$ 20,984,616	\$ 38,017,019	\$ 9,449,144	\$ 7,082,317	75,533,096
Less portion of internal service funds net position allocated to business-type activities					1,074,593
Total business-type activities net position					\$ 76,607,689

Restatement of Net Position

Net position has been restated due to the adoption of new accounting guidance as required by the provisions of FASB Accounting Standards Updates in the CDA's LLC's.

	Component Units
Net position, December 31, 2021 (as reported)	\$ 13,566,352
Effect of change in accounting principal.	(702,656)
Net position, December 31, 2021 (as restated)	\$ 12,863,696
	Community Development Authority
Net position, December 31, 2021 (as reported)	\$ 12,820,013
Effect of change in accounting principal.	(702,656)
Net position, December 31, 2021 (as restated)	\$ 12,117,357

City of Beloit

Notes to Financial Statements

December 31, 2022

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.

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	\$ 1,465,724	\$ 1,473,774	Custodial credit risk
Total cash and investments	<u>\$ 1,465,724</u>	<u>\$ 1,473,774</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, 2022, the CDA does not have any bank balances exposed to custodial credit risk.

City of Beloit

Notes to Financial Statements
December 31, 2022

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 2022 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	166,686	-	-	166,686
Furniture, equipment and machinery, dwellings	34,301	-	-	34,301
Furniture, equipment and machine, administrative	160,018	-	-	160,018
Total capital assets being depreciated	<u>775,544</u>	<u>-</u>	<u>-</u>	<u>775,544</u>
Less accumulated depreciation	<u>(332,353)</u>	<u>(4,246)</u>	<u>-</u>	<u>(336,599)</u>
Total capital assets, net of depreciation	<u>\$ 443,191</u>		<u>-</u>	<u>\$ 438,945</u>

Long-Term Obligations

Lease Revenue Bonds

The CDA 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 were called and were paid off in 2022.

The following is a summary of the lease revenue bond transactions for the year ended December 31, 2022.

	<u>Balance 1-1-22</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 12-31-22</u>
Lease revenue bonds	<u>\$ 450,000</u>	<u>\$ -</u>	<u>\$ 450,000</u>	<u>\$ -</u>

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.

City of Beloit

Notes to Financial Statements
December 31, 2022

Net Position

Net position at December 31, 2022 includes the following:

Net investment in capital assets:	
Land	\$ 414,539
Other capital assets, net of accumulated depreciation	<u>24,406</u>
Total net investment in capital assets	<u>438,945</u>
Restricted:	
Low rent public housing	5,684,649
Pensions	248,098
Project based vouchers	<u>20,518</u>
Total restricted	<u>5,953,265</u>
Unrestricted	<u>465,067</u>
Total net position	<u>\$ 6,857,277</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.

The company leases apartments to eligible residents under operating leases which are substantially all on a yearly basis. Rental revenue is recognized, net of vacancies and concessions, on a straight-line basis over the term of the leases.

Other revenue consists of various tenant charges provided for in the lease contract, such as late fees, cleaning fees, and damages fees which are variable payments that do not provide a transfer of a good of service to the tenants and are not considered components of the lease contract. These fees are recognized as revenue when assessed. Certain services are also provided to tenants outside of the lease contract and are recognized when the service is complete.

As of December 31, 2022, all of the Company's real estate assets are subject to operating leases.

The residential leases do not provide extension options. A new lease agreement is executed if both parties wish to continue the tenancy upon expiration of the existing lease term. As of December 31, 2022, the average remaining term of the Company's residential leases is less than 12 months.

City of Beloit

Notes to Financial Statements
December 31, 2022

The components of rental revenue of all resident operating leases are as follows for the year ended December 31:

	<u>2022</u>
Fixed operating lease revenue from apartment rental, net of vacancies and concessions	\$ 151,654
Variable operating lease revenue included in other revenue	<u>17,971</u>
Total lease income	<u>\$ 169,625</u>

Supplemental statement of cash flows information related to leases as of December 31, is as follows:

	<u>2022</u>
Cash received from operating leases:	
Operating cash flows from operating leases	\$ 166,246

Operating subsidies represent grants from governmental agencies to provide housing to tenants. The Company accounted for the proceeds from the grants by analogy to International Accounting Standard (IAS 20), *Accounting for Government Grants and Disclosure of Government Assistance*, and its principles surrounding the recognition of grants related to income. The Company recognizes income related to grants on a systematic and rational basis when it becomes probable that the Company has complied with the terms and conditions of the grant and in the period in which the corresponding costs related to the grant are recognized.

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

Leases – Lessee

The Company determines if an arrangement is or contains a lease at inception. The Company has entered into a finance lease for its land and original building structure. Finance lease right-of-use (ROU) assets are included in Rental Property, net.

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	40
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, 2022.

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.

Deferred Revenue

Governmental agencies have provided grant funding to the Company to encourage the development of affordable housing. The Company has received funds under the Tax Credit Exchange Program. The Company has accounted for these fund by analogy to International Accounting Standard (IAS 20), *Accounting for Government Grants and Disclosure of Government Assistance* and its principles surrounding the recognition of grants related to assets whose primary condition is that an entity qualifying for them should purchase, construct or otherwise acquire long-term assets. The deferred revenue on the balance sheets relating to these grants is recognized as revenue in the statements of operations (shown as amortization of deferred 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.

Adoption of New Accounting Standards

In February 2016, the Financial Accounting Standards Board (FASB) issued guidance (Accounting Standards Codification [ASC] 842, *Leases*) to increase transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing and uncertainty of cash flows arising from leases.

The Company adopted the standard effective January 1, 2022 and recognized and measured leases existing at January 1, 2022 (the beginning of the period of adoption), through a cumulative effect adjustment, with certain practical expedients available. Lease disclosures for the year ended December 31, 2021 are made under prior lease guidance in FASS ASC 840.

The Company elected the available practical expedients to account for its existing capital leases and operating leases as finance leases and operating leases, respectively, under the new guidance, without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classification of capital leases or operating leases would be different in accordance with the new guidance or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement.

As a result of the adoption of the new lease accounting guidance, the company recognized on January 1, 2022 a ROU asset at the carrying amount of the capital lease asset of \$1,950,000. Additionally, the ROU asset is being amortized over the useful life of the asset; previously, it was being amortized over the life of the lease term which was 98 years. Adoption of this new standard resulted in a cumulative effect of change in accounting principle of \$324,586 as of January 1, 2022 due to the change in the amortization period.

The standard had a material impact on the company's balance sheet (refer cumulative effect of change in accounting principle above) but did not have a material impact on the statement of operations or statement of cash flows. As a lessor, the adoption of the new standard did not have a material impact and did not change the accounting for operating leases.

In November 2021, FASS issued Accounting Standards Update (ASU) No. 2021-10, *Government Assistance (Topic 832): Disclosures by Business Entities about Government Assistance*, which provides more transparency of government assistance including disclosure of the types of assistance, an entity's accounting for the assistance, and the effect of the assistance on an entity's financial statements.

The company was required to adopt this new accounting standard during its fiscal year ended December 31, 2022. The company has elected to apply the amendments retrospectively to all periods presented. The adoption of this new standard did not have a material impact on the company's financial statements.

Subsequent Events

These financial statements have not been updated for subsequent events occurring after March 21, 2023, 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.

City of Beloit

Notes to Financial Statements
December 31, 2022

Restricted Cash

Restricted cash is comprised of the following:

Replacement reserve	\$	210,161
Operating reserve		146,431
Tenants' security deposits		<u>35,069</u>
Total	\$	<u>391,661</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	\$	182,793
Deposits		26,992
Interest earned		<u>376</u>
Balance, ending	\$	<u>210,161</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	\$	146,164
Deposits		-
Interest earned		<u>267</u>
Balance, ending	\$	<u>146,431</u>

City of Beloit

Notes to Financial Statements
December 31, 2022

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	8,415,894
Land improvements	215,575
Furnishings and equipment	<u>322,849</u>
	10,915,667
Less accumulated depreciation	<u>3,471,323</u>
Total	<u>\$ 7,444,344</u>

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 the finance lease note.; 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 \$142,834 for the year ended December 31, 2022; accrued interest was \$1,388,221 as of December 31, 2022.	\$ 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 \$20,591 for the year ended December 31, 2022; accrued interest was \$185,356 as of December 31, 2022.	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, 2022.	<u>-</u>
Total long-term debt	3,230,559
Less unamortized debt issuance costs	<u>10,475</u>
Total	<u>\$ 3,220,084</u>

City of Beloit

Notes to Financial Statements
December 31, 2022

Repayment of principal on the mortgage and other notes payable as of December 31, 2022, is as follows:

Years Ending December 31:

2023	\$	-
2024		-
2025		-
2026		-
2027		-
Thereafter		<u>3,230,559</u>
Total	\$	<u>3,230,559</u>

Finance Lease

The Company has entered into a finance lease agreement with the CDA dated September 22, 2010, to operate and manage the project during the term of the finance 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 useful life of the asset, 40 years. Accumulated depreciation on the land and buildings under the finance lease was \$597,189 as of December 31, 2022.

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 finance lease obligation is secured by a mortgage note as described in the section above. The lease expires September 21, 2108.

The components of lease expense are as follows for the year ended December 31, 2022:

Finance lease cost:

Amortization of the right to use assets	\$	48,751
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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, 2022.

Related-Party Transactions**Accounts Payable**

Included in accounts payable are amounts owed to the CDA for reimbursement of operating expenses totaling \$0 as of December 31, 2022. Also included in accounts payable are amounts owed to the City of Beloit for reimbursement of payroll and operating expenses totaling \$26,769 as of December 31, 2022.

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 \$7,658 for the period ended December 31, 2022.

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 \$14,918 as of December 31, 2022.

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, 2022.

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 \$145,953 were earned during the period ended December 31, 2022. Included in accounts receivable are operating subsidies of \$112,225 as of December 31, 2022.

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.

Restatement of Net Position

Net position has been restated due to the adoption of new accounting guidance as required by the provisions of FASB Accounting Standards Updates.

	Beloit Apartments Redevelopment - Phase 1, LLC
Net position, December 31, 2021 (as reported)	\$ 2,946,374
Effect of change in accounting principal	<u>(324,586)</u>
Net position, December 31, 2021 (as restated)	<u>\$ 2,621,788</u>

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 finance 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.

The company leases apartments to eligible residents under operating leases which are substantially all on a yearly basis. Rental revenue is recognized, net of vacancies and concessions, on a straight-line basis over the term of the leases.

Other revenue consists of various tenant charges provided for in the lease contract, such as late fees, cleaning fees, and damages fees which are variable payments that do not provide a transfer of a good or service to the tenants and are not considered components of the lease contract. These fees are recognized as revenue when assessed. Certain services are also provided to tenants outside of the lease contract and are recognized when the service is complete.

As of December 31, 2022, all of the company's real estate assets are subject to operating leases.

The residential leases do not provide extension options. A new lease agreement is executed if both parties wish to continue the tenancy upon expiration of the existing lease term. As of December 31, 2022, the average remaining term of the company's residential leases is less than 12 months.

The components of rental revenue for all resident operating leases are as follows for the year ended December 31:

	<u>2022</u>
Fixed operating lease revenue from apartment rental, net of vacancies and concessions	\$ 365,960
Variable operating lease revenue included in other revenue	<u>10,081</u>
Total lease income	<u>\$ 376,041</u>

Supplemental statement of cash flows information related to leases as of December 31, is as follows:

	<u>2022</u>
Cash received from operating leases:	
Operating cash flows from operating leases	\$ 376,441

Operating subsidies represent grants from governmental agencies to provide housing to tenants. The company accounted for the proceeds from the grants by analogy to International Accounting Standard (IAS 20), *Accounting for Government Grants and Disclosure of Government Assistance*, and its principles surrounding the recognition of grants related to income. The company recognizes income related to grants on a systematic and rational basis when it becomes probable that the company has complied with the terms and conditions of the grant and in the period in which the corresponding costs related to the grant are recognized.

City of Beloit

Notes to Financial Statements

December 31, 2022

Leases – Lessee

The company determines if an arrangement is or contains a lease at inception. The company has entered into a finance lease for its land and original building structure. Finance lease right-of-use (ROU) assets are included in Rental Property, net.

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	27.5
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, 2022.

Tax Credit Fees

In connection with obtaining an allocation of low-income housing tax credits from the Wisconsin Housing and Economic Development Authority (WHEDA), the Company incurred fees totaling \$128,263. The Company is amortizing these fees over the related tax credit compliance period of 15 years using the straight-line method.

Current Vulnerability Due to Certain Concentrations

The project's operations are concentrated in the low-income, public housing residential real estate market. In addition, the project operates in a heavily regulated environment. The operations of the project are subject to administrative directives, rules and regulations of federal, state and local regulatory agencies including, but not limited to, the Community Development Authority of the City of Beloit (CDA) under the Regulatory & Operating Agreement (R&O Agreement) 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.

Adoption of New Accounting Standards

In February 2016, the Financial Accounting Standards Board (FASB) issued guidance (Accounting Standards Codification [ASC] 842, *Leases*) to increase transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Company adopted the standard effective January 1, 2022 and recognized and measured leases existing at January 1, 2022 (the beginning of the period of adoption), through a cumulative effect adjustment, with certain practical expedients available. Lease disclosures for the year ended December 31, 2021 are made under prior lease guidance in FASB ASC 840.

The Company elected the available practical expedients to account for its existing capital leases and operating leases as finance leases and operating leases, respectively, under the new guidance, without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classification of capital leases or operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement.

As a result of the adoption of the new lease accounting guidance, the company recognized on January 1, 2022 a right-of-use asset at the carrying amount of the capital lease asset of \$1,410,000. Additionally, the right-of-use asset is being amortized over the useful life of the asset; previously, it was being amortized over the life of the lease term which was 98 years. Adoption of this new standard resulted in a cumulative effect of change in accounting principle of \$378,070 as of January 1, 2022 due to the change in the amortization period.

The standard had a material impact on the company's balance sheet (refer cumulative effect of change in accounting principle above), but did not have a material impact on the statement of operations or statement of cash flows. As a lessor, the adoption of the new standard did not have a material impact and did not change the accounting for operating leases.

City of Beloit

Notes to Financial Statements

December 31, 2022

In November 2021, FASS issued Accounting Standards Update (ASU) No. 2021-10, *Government Assistance (Topic 832): Disclosures by Business Entities about Government Assistance*, which provides more transparency of government assistance including disclosure of the types of assistance, an entity's accounting for the assistance, and the effect of the assistance on an entity's financial statements.

The Company was required to adopt this new accounting standard during its fiscal year ended December 31, 2022. The company has elected to apply the amendments retrospectively to all periods presented. The adoption of this new standard did not have a material impact on the company's financial statements.

Subsequent Events

These financial statements have not been updated for subsequent events occurring after February 27, 2023, 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	\$	221,489
Operating reserve		191,919
ACC reserve		282,829
Tenants' security deposits		<u>24,024</u>
Total	\$	<u>720,261</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	\$	194,483
Deposits		26,610
Interest earned		396
Withdrawals		<u>-</u>
Balance, ending	\$	<u>221,489</u>

Operating Reserve

The R&O Agreement and the operating agreement require the Company to fund and maintain an operating reserve in the amount of \$190,000 upon receipt of the investor member's third installment of project equity. Any excess amount remaining at the end of the compliance period shall be distributed to the members as provided for in the operating agreement, subject to consent by any lender or the United States Department of Housing and Urban Development (HUD). If the balance in the operating reserve falls below \$190,000, the Company is obligated to replenish the operating reserve from cash flow or the proceeds of sales or refinancing.

City of Beloit

Notes to Financial Statements
December 31, 2022

Disbursements require the approval of the managing member and the asset manager.

Balance, beginning	\$	191,568
Interest earned		<u>351</u>
Balance, ending	\$	<u><u>191,919</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	\$	282,312
Interest earned		<u>517</u>
Balance, ending	\$	<u><u>282,829</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>370,658</u>
		11,960,380
Less accumulated depreciation		<u>4,621,123</u>
Total	\$	<u><u>7,339,257</u></u>

City of Beloit

Notes to Financial Statements
December 31, 2022

Mortgage and Other Notes Payable

Mortgage and other notes payable consists of the following:

CDA; managing member; nonrecourse mortgage note payable under the finance lease described in the finance lease note.; 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 \$89,859 for the year ended December 31, 2022; accrued interest was \$824,483 as of December 31, 2022.	\$ 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 \$1,151 for the year ended December 31, 2022; accrued interest was \$11,120 as of December 31, 2022.	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 \$1,282 for the year ended December 31, 2022; accrued interest was \$12,719 as of December 31, 2022.	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 \$2,372 for the year ended December 31, 2022; accrued interest was \$22,675 as of December 31, 2022.	<u>474,260</u>
Total mortgage notes payable	2,910,834
Less unamortized financing cost	<u>8,679</u>
Total	<u><u>\$ 2,902,155</u></u>

Repayment of principal on the mortgage and other notes payable as of December 31, 2022, is follows:

Years Ending December 31:

2023	\$ -
2024	-
2025	-
2026	-
2027	-
Thereafter	<u>2,910,834</u>
Total	<u><u>\$ 2,910,834</u></u>

City of Beloit

Notes to Financial Statements
December 31, 2022

Finance Lease

The Company has entered into a finance lease agreement with the CDA dated October 14, 2011, to operate and manage the project during the term of the finance lease in accordance with all applicable public housing requirements. Rental property recorded under this noncancellable finance 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 useful life of the right to use asset, 27.5 years. Accumulated depreciation on the land and building under the finance lease was \$576,819 as of December 31, 2022.

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. 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 finance lease obligation is secured by a mortgage note. The lease expires October 13, 2109.

The components of lease expense are as follows for the year ended December 31, 2022:

Finance lease cost:		
Amortization of the right to use assets	\$	51,273

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 \$472 as of December 31, 2022.

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 \$16,423 for the period ended December 31, 2022. Accrued property management fees as of December 31, 2022 were \$14,623.

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 \$8,870 for the period ended December 31, 2022. Asset management fees accrued and included in accrued expenses were \$8,870 as of December 31, 2022.

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 \$206,169 were earned during the period ended December 31, 2022. Included in accounts receivables are operating subsidies receivable of \$160,225 as of December 31, 2022.

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 \$12,046 for the year ended December 31, 2022.

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.

Restatement of Net Position

Net position has been restated due to the adoption of new accounting guidance as required by the provisions of FASB Accounting Standards Updates.

	Beloit Apartments Redevelopment - Phase 2, LLC
Net position, December 31, 2021 (as reported)	\$ 5,283,324
Effect of change in accounting principal.	<u>(378,070)</u>
Net position, December 31, 2021 (as restated)	<u>\$ 4,905,254</u>

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 Foundations' financial statements have been prepared on the accrual basis of accounting. As such, revenues are recognized when earned and expenses and related liabilities are recorded in the period incurred.

Financial Statement Presentation

The financial statements have been prepared in accordance with U.S. generally accepted accounting principles (U.S. GAAP), which require the Foundation to report information regarding its financial position and activities according to the following net asset classifications:

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 assets were \$612,765 as of December 31, 2022, of which \$7,845 was with donor restrictions.

Revenue Recognition

Contributions, grants and memorials are recognized as revenue when they are earned. Revenue is reported in unrestricted net assets, unless use of the related assets is limited by the donor-imposed restrictions. Gains and losses on investments are reported as increases or decreases in unrestricted net assets, unless their use is restricted by explicit donor stipulation or law. All contributions designated for a specific donor purpose by a donor are recorded as specified. Contributions received for future programs are reflected as an increase in net assets with donor restrictions on the financial statements.

The Foundation reports gifts of cash and other assets as restricted support if they are received with donor stipulation that limit the use of donated assets. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of changes in net assets as net assets released from restrictions. The Foundation reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts for other assets that must be used to acquire long-lived assets are reported as donor restricted support.

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, 2022, the Foundation had uninsured cash and investment balances of \$74,951.

Donated Services

No amounts have been reflected in the financial statements for donated services.

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, 2022. 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 three years and state examination for the past four years. At December 31, 2022, 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.

City of Beloit

Notes to Financial Statements
December 31, 2022

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.

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, 2022:

Financial assets at year-end:	
Cash and cash equivalents	\$ 37,977
Investments	<u>574,951</u>
Total financial assets	612,928
Less restrictions	<u>7,845</u>
Financial assets available to meet cash needs for general expenditure within one year:	<u>\$ 605,083</u>

Investments

In accordance with GAAP, investments are reported at fair value. At December 31, 2022, the fair and cost values are as follows as reported by the trustee:

	<u>2022</u>	
	<u>Fair</u>	<u>Cost</u>
Mutual Funds:		
Equity	<u>\$ 574,951</u>	<u>\$ 616,789</u>

City of Beloit

Notes to Financial Statements
December 31, 2022

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

Interest and dividend income	\$	11,790
Realized gain (losses)		3,216
Unrealized gain (losses)		<u>(124,500)</u>
	\$	<u>(109,494)</u>

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

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

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

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

	Fair Value Measurement at Using	
	Total	(Level 1)
Marketable securities	\$ 574,951	\$ 574,951

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, 2022 were \$17,957, 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, 2022.

Subsequent Events

Management has evaluated subsequent events for possible recognition or disclosure through the date the financial statements were available to be distributed (April 20, 2023).

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>.

Additionally, ETF issued a standalone Wisconsin Retirement System Financial Report, which can also be found using the above link.

Vesting

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

Benefits Provided

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

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

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

The WRS also provides death and disability benefits for employees.

City of Beloit

Notes to Financial Statements
December 31, 2022

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:

<u>Years</u>	<u>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
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
2021	5.1	13.0

Contributions

Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for General category employees and Executives and Elected Officials. Starting January 1, 2016, the Executives and Elected Officials category was 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 \$2,290,472 in contributions from the City and \$35,455 in contributions from the CDA.

Contribution rates for the plan year reported as of December 31, 2022 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (Executives & Elected Officials)	6.50 %	6.50 %
Protective with Social Security	6.50 %	12.00 %
Protective without Social Security	6.50 %	16.40 %

City of Beloit

Notes to Financial Statements
December 31, 2022

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

City Information

At December 31, 2022, the City reported an asset of \$16,230,632 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2021 and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2020 rolled forward to December 31, 2021. 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, 2021, the City's proportion was 0.20127670%, which was a decrease of 0.00393768% from its proportion measured as of December 31, 2020.

For the year ended December 31, 2022, the City recognized pension expense (revenue) of \$(1,231,479).

At December 31, 2022, 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 projected and actual experience	\$ 26,213,213	\$ 1,868,431
Change in assumptions	3,020,866	-
Net differences between projected and actual earnings on pension plan investments	-	36,327,878
Changes in proportion and differences between employer contributions and proportionate share of contributions	13,775	18,031
Employer contributions subsequent to the measurement date	<u>2,329,720</u>	<u>-</u>
Total	<u>\$ 31,577,574</u>	<u>\$ 38,214,340</u>

CDA Information

At December 31, 2022, the CDA reported an asset of \$248,098 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2021 and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2020 rolled forward to December 31, 2021. 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, 2021, the CDA's proportion was 0.003116000%, which was a decrease of 0.000021000% from its proportion measured as of December 31, 2020.

For the year ended December 31, 2022, the CDA recognized pension expense of \$(40,074).

City of Beloit

Notes to Financial Statements
December 31, 2022

At December 31, 2022, 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	\$ 389,940	\$ 46,483
Change in assumptions	52,532	-
Net differences between projected and actual earnings on pension plan investments	-	516,624
Changes in proportion and differences between employer contributions and proportionate share of contributions	253	444
Employer contributions subsequent to the measurement date	<u>36,063</u>	<u>-</u>
Total	<u>\$ 478,788</u>	<u>\$ 563,551</u>

City Information

\$2,329,720 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>Deferred Outflows of Resources and Deferred Inflows of Resources (Net)</u>
Years Ending December 31:	
2023	\$ (765,023)
2024	(4,409,647)
2025	(1,935,435)
2026	(1,856,381)

CDA Information

\$36,063 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>Deferred Outflows of Resources and Deferred Inflows of Resources (Net)</u>
Years Ending December 31:	
2023	\$ (10,309)
2024	(59,421)
2025	(26,081)
2026	(25,015)

Actuarial Assumptions

The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2020
Measurement Date of Net Pension Liability (Asset):	December 31, 2021
Experience Study:	January 1, 2018 – December 31, 2020 Published November 19, 2021
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	6.8%
Discount Rate:	6.8%
Salary Increases:	
Wage Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality:	2020 WRS Experience Mortality Table
PostRetirement Adjustments*:	1.7%

- * No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 1.7% 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 2021 that covered a three-year period from January 1, 2018 to December 31, 2020. 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, price inflation, mortality and separation rates. The Total Pension Liability for December 31, 2021 is based upon a roll-forward of the liability calculated from the December 31, 2020 actuarial valuation.

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:

Asset Allocation Targets and Expected Returns* as of December 31, 2021			
Core Fund Asset Class	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %**
Global Equities	52	6.8	4.2
Fixed Income	25	4.3	1.8
Inflation Sensitive	19	2.7	0.2
Real Estate	7	5.6	3.0
Private Equity/Debt	12	9.7	7.0
Total Core Fund***	115	6.6	4.0
Variable Fund Asset			
U.S. Equities	70	6.3	3.7
International Equities	30	7.2	4.6
Total Variable Fund	100	6.8	4.2

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

** New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.5%

*** The investment policy used for the Core Fund involves reducing equity exposure by leveraging lower-volatility assets, such as fixed income securities. This results in an asset allocation beyond 100%. Currently, an asset allocation target of 15% policy leverage is used subject to an allowable range of up to 20%.

Single Discount Rate

A single discount rate of 6.8% was used to measure the total pension liability, as opposed to a discount rate of 7.0% for the prior year. This single discount rate was based on the expected rate of return on pension plan investments of 6.8% and a municipal bond rate of 1.84%. Because of the unique structure of WRS, the 6.8% expected rate of return implies that a dividend of approximately 1.7% 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 6.80%, 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 (5.80%) or 1-percentage-point higher (7.80%) than the current rate:

	1% Decrease to Discount Rate (5.80%)	Current Discount Rate (6.80%)	1% Increase to Discount Rate (7.80%)
City's proportionate share of the net pension liability (asset)	\$11,551,553	\$(16,230,632)	\$(36,187,164)
CDA's proportionate share of the net pension liability (asset)	178,194	(248,098)	(560,161)

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, 2022, 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.

City of Beloit

Notes to Financial Statements

December 31, 2022

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 \$9,637,985.

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, 2022. The estimated liability for self-insured losses for this program consisted of the following at December 31, 2022:

Reported and Known Claims	\$ 1,171,060
Incurred but not Reported Claims	<u>459,444</u>
Total	<u>\$ 1,630,504</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>
2021	\$ 1,327,060	\$ 7,018,988	\$ 6,551,336	\$ 1,794,712
2022	1,794,712	6,862,154	7,026,362	1,630,504

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 3.319%.

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, 2022. A total liability of approximately \$0 at December 31, 2022 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 1.93% for auto liability and 0.84% 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.

City of Beloit

Notes to Financial Statements

December 31, 2022

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

Major Funds	\$	985,640
Nonmajor Funds		880,781

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, 2022, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefit payments	191
Active plan members	276
Total	<u>467</u>

Total OPEB Liability

The City's total OPEB liability of \$103,722,496 was measured as of December 31, 2021 and was determined by an actuarial valuation as of December 31, 2021.

Actuarial Assumptions And Other Inputs

The total OPEB liability in the December 31, 2021 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%

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.

City of Beloit

Notes to Financial Statements
December 31, 2022

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, 2021	\$ 122,112,627
Changes for the year:	
Service cost	2,330,617
Interest	2,749,422
Changes of benefit terms	(346,591)
Difference between expected and actual	(15,340,546)
Changes in assumptions	(5,620,228)
Benefit payments	<u>(2,162,805)</u>
Net changes	<u>(18,390,131)</u>
Balances at December 31, 2022	<u>\$ 103,722,496</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	\$ 121,452,136	\$ 103,722,496	\$ 89,671,734

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	\$ 89,396,050	\$ 103,722,496	\$ 121,617,957

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

For the year ended December 31, 2022, the City recognized an OPEB expense of \$4,002,686.

City of Beloit

Notes to Financial Statements
December 31, 2022

At December 31, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,657,184	\$ 12,783,788
Change in assumptions	11,388,352	6,861,679
Employer contributions subsequent to the measurement date	2,449,162	-
Total	<u>\$ 15,494,698</u>	<u>\$ 19,645,467</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, 2023. Other amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years Ended December 31:	Deferred Outflows of Resources and Deferred Inflows of Resources (Net)
2023	\$ (730,762)
2024	(730,764)
2025	358,315
2026	(2,003,261)
2027	(3,493,459)

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>.

Additionally, ETF issued a standalone Retiree Life Insurance Report, which can be found at the link above.

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
December 31, 2022

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 member 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, 2022 are:

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

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

Life Insurance Employee Contribution Rates* for the Plan Year

<u>Attained Age</u>	<u>Basic</u>	<u>Supplemental</u>
Under 30	\$0.05	\$0.05
30-34	0.06	0.06
35-39	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 \$9,120 in contributions from the City and \$264 in contributions from the CDA.

City of Beloit

Notes to Financial Statements

December 31, 2022

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

City Information

At December 31, 2022, the City reported a liability of \$2,627,415 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2021 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2020 rolled forward to December 31, 2021. 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, 2021, the City's proportion was 0.44560000%, which was an increase of 0.00374000% from its proportion measured as of December 31, 2020.

For the year ended December 31, 2022, the City recognized OPEB expense (revenue) of \$304,660.

At December 31, 2022, 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	\$ -	\$ 134,317
Net differences between projected and investment earnings on plan investments	34,419	-
Changes of actuarial assumptions	798,722	128,701
Changes in proportion and differences between employer contributions and proportionate share of contributions	29,627	34,563
Employer contributions subsequent to the measurement date	<u>10,121</u>	<u>-</u>
Total	<u>\$ 872,889</u>	<u>\$ 297,581</u>

CDA Information

At December 31, 2022, the CDA reported a liability of \$83,840 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2021 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2020 rolled forward to December 31, 2021. 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, 2021, the CDA's proportion was 0.01291000%, which was a decrease of 0.00120000% from its proportion measured as of December 31, 2020.

For the year ended December 31, 2022, the CDA recognized OPEB expense of \$20,246.

City of Beloit

Notes to Financial Statements
December 31, 2022

At December 31, 2022, the CDA reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 3,547
Net differences between projected and actual earnings on OPEB plan investments	842	-
Changes of assumptions	19,942	2,655
Changes in proportion and differences between employer contributions and proportionate share of contributions	785	706
Employer contributions subsequent to the measurement date	<u>293</u>	<u>-</u>
Total	<u>\$ 21,862</u>	<u>\$ 6,908</u>

City Information

\$10,121 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	Deferred Outflows of Resources and Deferred Inflows of Resources (Net)
Years Ending December 31:	
2023	\$ 124,729
2024	120,744
2025	109,253
2026	146,804
2027	62,167
Thereafter	1,490

CDA Information

\$293 reported as deferred outflows related to OPEB resulting from the LRLIF Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (asset) in the year ended December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense (revenue) as follows:

	Deferred Outflows of Resources and Deferred Inflows of Resources (Net)
Years Ending December 31:	
2023	\$ 3,236
2024	3,132
2025	2,834
2026	3,808
2027	1,613
Thereafter	38

Actuarial Assumptions

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

Actuarial Valuation Date:	January 1, 2021
Measurement Date of Net OPEB Liability (Asset):	December 31, 2021
Experience Study:	January 1, 2018 – December 31, 2020, Published November 19, 2021
Actuarial Cost Method:	Entry Age Normal
20 Year Tax-Exempt Municipal Bond Yield	2.06%
Long-Term Expected Rate of Return:	4.25%
Discount Rate:	2.17%
Salary Increases:	
Wage Inflation	3.0%
Seniority/Merit	0.10% - 5.6%
Mortality:	2020 WRS Experience Mortality Table

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. The Total OPEB liability for December 31, 2021 is based upon a roll-forward of the liability calculated from the January 1, 2021 actuarial valuation.

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.

City of Beloit

Notes to Financial Statements
December 31, 2022

State OPEB Life Insurance Asset Allocation Targets and Expected Returns as of December 31, 2021

Asset Class	Index	Target Allocation	Long-Term Expected Geometric Real Rate of Return
U.S. Intermediate Credit Bonds	Bloomberg U.S. Interm Credit	45.00%	1.68%
U.S. Long Credit Bonds	Bloomberg U.S. Long Credit	5.00%	1.82%
U.S. Mortgages	Bloomberg U.S. MBS	50.00%	1.94%
Inflation			2.30%
Long-term Expected Rate of Return			4.25%

The long-term expected rate of return remained unchanged from the prior year at 4.25%. 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. The expected inflation rate remained unchanged from the prior year at 2.30%.

Single Discount Rate

A single discount rate of 2.17% 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 (Asset) to Changes in the Discount Rate

The following presents the City and CDA's proportionate share of the net OPEB liability (asset) calculated using the discount rate of 2.17%, as well as what the City and CDA's proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (1.17%) or 1-percentage-point higher (3.17%) than the current rate:

	1% Decrease Discount Rate (1.17%)	Current Discount Rate (2.17%)	1% Increase to Discount Rate (3.17%)
City's proportionate share of the net OPEB liability (asset)	\$ 3,572,902	\$ 2,627,415	\$ 1,926,889
CDA's proportionate share of the net OPEB liability (asset)	103,525	83,840	55,832

City of Beloit

Notes to Financial Statements
December 31, 2022

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, 2022, the City and CDA recognized an aggregate OPEB expense of \$4,326,667.

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 - 2022</u>	<u>Sewer - 2022</u>	<u>Stormwater - 2022</u>
Operating revenues	\$ 5,913,886	\$ 8,933,190	\$ 1,270,401
Investment income	189,136	92,814	13,223
Operating expenses excluding depreciation	<u>(2,575,127)</u>	<u>(5,669,195)</u>	<u>(914,318)</u>
Defined earnings	<u>\$ 3,527,895</u>	<u>\$ 3,356,809</u>	<u>\$ 369,306</u>
Annual debt service on revenue bonds	\$ 2,321,069	\$ 468,577	\$ 102,200
Coverage factor	<u>X 1.25</u>	<u>X 1.10</u>	<u>X 1.25</u>
Required net earnings	<u>\$ 2,901,336</u>	<u>\$ 515,434</u>	<u>\$ 127,750</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>2022 Payments</u>
TIF 10	20%	Construction of improvements	\$ 26,353
TIF 10	35	Construction of improvements	38,429
TIF 10	35	Construction of improvements	74,398
TIF 10	35	Construction of improvements	167,893
TIF 10	25	Construction of improvements	16,146
TIF 11	25	Construction of improvements	37,793

Subsequent Events

On May 1, 2023, the City approved the creation of Tax Incremental District No. 15.

The water utility has applied to the PSCW for an increase in water rates.

Effect of New Accounting Standards on Current-Period Financial Statements

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

- Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*
- Statement No. 96, *Subscription-Based Information Technology Arrangements*
- Statement No. 99, *Omnibus 2022*
- Statement No. 100, *Accounting Changes and Error Corrections – an Amendment of GASB Statement No. 62*
- Statement No. 101, *Compensated Absences*

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, 2022

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Taxes			
Current levy	\$ 9,428,841	\$ 9,432,382	\$ 3,541
Mobile home taxes	11,000	9,743	(1,257)
Prior year tax collection/rescinded taxes	100,000	-	(100,000)
Payment in lieu of taxes, housing authority	-	22,525	22,525
Motel tax	<u>200,000</u>	<u>254,332</u>	<u>54,332</u>
Total taxes	<u>9,739,841</u>	<u>9,718,982</u>	<u>(20,859)</u>
Intergovernmental			
Shared aidable revenue	16,145,517	16,137,701	(7,816)
Fire distribution fee	84,695	101,408	16,713
Expenditure restraint payment	600,000	589,972	(10,028)
State highway aids	1,584,323	1,579,936	(4,387)
State aid, connecting streets	266,522	266,522	-
Motor vehicle registration	575,000	567,574	(7,426)
Municipal service payment	14,818	16,586	1,768
Computer exemption aid	584,559	567,645	(16,914)
Other state payments	<u>198,773</u>	<u>213,287</u>	<u>14,514</u>
Total intergovernmental revenues	<u>20,054,207</u>	<u>20,040,631</u>	<u>(13,576)</u>
Licenses and Permits			
Licenses:			
Liquor, malt permits	58,360	61,119	2,759
Cable TV	400,000	386,969	(13,031)
Other licenses	<u>16,633</u>	<u>15,380</u>	<u>(1,253)</u>
Total licenses	<u>474,993</u>	<u>463,468</u>	<u>(11,525)</u>
Permits:			
Construction permits	298,500	295,012	(3,488)
Other permits	50,710	53,761	3,051
Underground storage tank inspection	<u>4,000</u>	<u>7,042</u>	<u>3,042</u>
Total permits	<u>353,210</u>	<u>355,815</u>	<u>2,605</u>
Total licenses and permits	<u>828,203</u>	<u>819,283</u>	<u>(8,920)</u>
Fines, Forfeitures and Penalties			
Municipal court costs	120,000	104,210	(15,790)
Nontraffic fines	230,000	167,633	(62,367)
Traffic fines	160,000	134,253	(25,747)
Parking fines	170,000	95,778	(74,222)
Penalties on taxes	96,000	124,334	28,334
Other	<u>35,000</u>	<u>47,477</u>	<u>12,477</u>
Total fines, forfeitures and penalties	<u>811,000</u>	<u>673,685</u>	<u>(137,315)</u>

See notes to required supplementary information

City of Beloit

Schedule of Revenues and Other Financing Sources -
Budget and Actual - General Fund
Year Ended December 31, 2022

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Fees and Service Charges			
Animal shelter	\$ 11,500	\$ 11,161	\$ (339)
Recreation:			
Other recreation	193,575	109,717	(83,858)
Telfer Park and Rivercenter	139,853	111,485	(28,368)
Swimming pool	73,224	6,103	(67,121)
Total recreation	<u>406,652</u>	<u>227,305</u>	<u>(179,347)</u>
Other general revenue:			
Fire inspection fees	133,390	120,312	(13,078)
Property transfer certificates	26,750	33,490	6,740
In-house fees	40,200	(209)	(40,409)
Hazardous material response	20,000	6,625	(13,375)
State highway construction & maintenance	52,000	24,674	(27,326)
Donations and miscellaneous	369,915	91,876	(278,039)
Nutrition coordinator	11,762	10,190	(1,572)
Recoveries from city	200,000	2,473	(197,527)
Miscellaneous police revenues	80,000	82,106	2,106
Total other general revenue	<u>934,017</u>	<u>371,537</u>	<u>(562,480)</u>
Total fees and service charges	<u>1,352,169</u>	<u>610,003</u>	<u>(742,166)</u>
Rent	<u>57,967</u>	<u>66,451</u>	<u>8,484</u>
Investment Income (Loss)	<u>424,375</u>	<u>(7,608)</u>	<u>(431,983)</u>
Other	<u>629,939</u>	<u>110,802</u>	<u>(519,137)</u>
Total revenues	<u>33,897,701</u>	<u>32,032,229</u>	<u>(1,865,472)</u>
Other Financing Sources			
Sale of city property	200,000	151,297	(48,703)
Transfers in, tax equivalent	830,000	503,459	(326,541)
Transfers in - operating	-	1,210,505	1,210,505
Total other financing sources	<u>1,030,000</u>	<u>1,865,261</u>	<u>835,261</u>
Total revenues and other financing sources	<u>\$ 34,927,701</u>	<u>\$ 33,897,490</u>	<u>\$ (1,030,211)</u>

See notes to required supplementary information

City of Beloit

Schedule of Expenditures and Other Financing Uses -
Budget and Actual - General Fund
Year Ended December 31, 2022

Current Expenditures	Original and Final Budget	Actual	Variance
General Government			
City Council, Manager, Attorney:			
Council	\$ 50,853	\$ 50,674	\$ 179
City manager	414,393	375,421	38,972
City attorney	<u>686,761</u>	<u>640,892</u>	<u>45,869</u>
Total City Council, Manager and Attorney	<u>1,152,007</u>	<u>1,066,987</u>	<u>85,020</u>
Finance and administrative services:			
Personnel and labor relations	292,571	270,892	21,679
Municipal court	363,455	273,250	90,205
Computer information systems	862,284	711,961	150,323
Records and elections	352,169	288,212	63,957
Property appraisal	415,666	484,382	(68,716)
Accounting	331,647	311,729	19,918
Financial management	234,989	221,736	13,253
Licenses and permits	1,722,809	142,915	1,579,894
Insurance	362,522	362,522	-
City hall operation	<u>110</u>	<u>235</u>	<u>(125)</u>
Total finance and administrative services	<u>4,938,222</u>	<u>3,067,834</u>	<u>1,870,388</u>
Total general government	<u>6,090,229</u>	<u>4,134,821</u>	<u>1,955,408</u>
Community Development			
City planning	786,187	763,191	22,996
Economic development	291,189	263,480	27,709
Code enforcement	<u>304,879</u>	<u>324,282</u>	<u>(19,403)</u>
Total community development	<u>1,382,255</u>	<u>1,350,953</u>	<u>31,302</u>
Public Safety			
Police Department:			
Staff services	<u>12,819,308</u>	<u>12,502,627</u>	<u>316,681</u>
Total police department	<u>12,819,308</u>	<u>12,502,627</u>	<u>316,681</u>
Fire Department:			
Staff services	577,038	628,671	(51,633)
Inspection and prevention	331,632	241,350	90,282
Fire fighting and rescue	<u>7,732,166</u>	<u>7,714,417</u>	<u>17,749</u>
Total fire department	<u>8,640,836</u>	<u>8,584,438</u>	<u>56,398</u>
Total public safety	<u>21,460,144</u>	<u>21,087,065</u>	<u>373,079</u>

See notes to required supplementary information

City of Beloit

Schedule of Expenditures and Other Financing Uses -
Budget and Actual - General Fund
Year Ended December 31, 2022

Current Expenditures	Original and Final Budget	Actual	Variance
Public Works			
DPW engineering:			
DPW administration and engineering	\$ 818,945	\$ 622,258	\$ 196,687
Total DPW engineering	<u>818,945</u>	<u>622,258</u>	<u>196,687</u>
DPW operations:			
Streets and sanitation	2,643,070	2,744,619	(101,549)
Central stores	<u>49,287</u>	<u>52,999</u>	<u>(3,712)</u>
Total DPW operations	<u>2,692,357</u>	<u>2,797,618</u>	<u>(105,261)</u>
DPW parks and recreation:			
Parks	1,312,687	1,302,931	9,756
Recreation	407,524	312,174	95,350
Edwards pavilion	181,581	171,814	9,767
Senior center	173,876	153,172	20,704
Rotary river center	17,435	9,625	7,810
Swimming pools	188,036	85,900	102,136
Big Hill park	34,694	39,399	(4,705)
Buildings and grounds operations	365,437	392,680	(27,243)
Ice Arena	18,009	21,480	(3,471)
Other summer recreation	<u>34,492</u>	<u>62,035</u>	<u>(27,543)</u>
Total DPW parks and recreation	<u>2,733,771</u>	<u>2,551,210</u>	<u>182,561</u>
Total public works	<u>6,245,073</u>	<u>5,971,086</u>	<u>273,987</u>
Total expenditures and other financing uses	<u>\$ 35,177,701</u>	<u>\$ 32,543,925</u>	<u>\$ 2,633,776</u>

See notes to required supplementary information

City of Beloit

Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - TIF District No. 10 (Major Fund)
Year Ended December 31, 2022

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Taxes	\$ 10,478,000	\$ 10,350,687	\$ (127,313)
Intergovernmental	363,000	362,816	(184)
Investment income	38,700	38,700	-
Other	-	8,234	8,234
Total revenues	<u>10,879,700</u>	<u>10,760,437</u>	<u>(119,263)</u>
Expenditures			
Community development	<u>3,614,100</u>	<u>2,894,055</u>	<u>720,045</u>
Total expenditures	<u>3,614,100</u>	<u>2,894,055</u>	<u>720,045</u>
Excess of revenues over expenditures	<u>7,265,600</u>	<u>7,866,382</u>	<u>600,782</u>
Other Financing Uses			
Transfers out	<u>(187,865)</u>	<u>(12,322,716)</u>	<u>(12,134,851)</u>
Total other financing uses	<u>(187,865)</u>	<u>(12,322,716)</u>	<u>(12,134,851)</u>
Net change in fund balance	7,077,735	(4,456,334)	(11,534,069)
Fund Balance, Beginning	<u>8,253,328</u>	<u>8,253,328</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 15,331,063</u>	<u>\$ 3,796,994</u>	<u>\$ (11,534,069)</u>

See notes to required supplementary information

City of Beloit

Schedule of Proportionate Share of the Net Pension Liability (Asset) (City) -
Wisconsin Retirement System*
Year Ended December 31, 2022

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
12/31/22	0.20127670%	\$ (16,230,632)	\$ 23,016,066	70.52%	106.02%
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, 2022

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
12/31/22	\$ 2,329,720	\$ 2,329,720	\$ -	22,858,996	10.19%
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, 2022

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
12/31/22	0.00311600%	\$ (248,098)	\$ 351,812	70.52%	106.02%
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, 2022

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
12/31/22	\$ 36,063	\$ 36,063	\$ -	534,267	6.75%
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.

See notes to required supplementary information

City of Beloit

Schedule of Proportionate Share of the Net Life Insurance OPEB Liability (City) -
Local Retiree Life Insurance Fund*
Year Ended December 31, 2022

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
12/31/22	0.44560000%	\$ 2,627,415	\$ 22,171,568	11.85%	29.57%
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, 2022

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
12/31/22	\$ 10,121	\$ 10,121	\$ -	\$ 20,661,346	0.05%
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, 2022

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
12/31/22	0.01291000%	\$ 83,840	\$ 642,422	13.05%	29.57%
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, 2022

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
12/31/22	\$ 293	\$ 293	\$ -	\$ 598,663	0.05%
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.

See notes to required supplementary information

City of Beloit

Schedule of Changes in Employer's Total OPEB Liability and Related Ratios -
Health Insurance
December 31, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability					
Service cost	\$ 2,330,617	\$ 2,037,580	\$ 1,887,305	\$ 2,015,681	\$ 2,015,681
Interest	2,749,422	3,026,135	3,698,692	3,395,010	3,315,958
Changes of benefit terms	(346,591)	-	(11,991)	-	-
Differences between expected and actual experience	(15,340,546)	-	3,314,366	-	-
Changes of assumptions	(5,620,228)	8,941,207	10,855,096	(6,534,464)	-
Benefit payments	<u>(2,162,805)</u>	<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	(18,390,131)	12,175,399	17,083,685	(5,154,057)	3,215,955
Total OPEB Liability, Beginning	<u>122,112,627</u>	<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>\$ 103,722,496</u>	<u>\$ 122,112,627</u>	<u>\$ 109,937,228</u>	<u>\$ 92,853,543</u>	<u>\$ 98,007,600</u>
Covered-employee payroll	\$ 19,619,442	\$ 20,694,825	\$ 20,694,825	\$ 20,585,113	\$ 20,585,113
Total OPEB liability as a percentage of covered-employee payroll	528.67%	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, 2021.

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, 2022

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 2023. 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.

City of Beloit

Notes to Required Supplementary Information
December 31, 2022

Changes in Assumptions. Based on a three-year experience study conducted in 2021 covering January 1, 2018 through December 31, 2020, the ETF Board adopted assumption changes that were used to measure the total pension liability beginning with the year-end December 31, 2021, including the following:

- Lowering the long-term expected rate of return from 7.0% to 6.8%
- Lowering the discount rate from 7.0% to 6.8%
- Lowering the price inflation rate from 2.5% to 2.4%
- Lowering the post-retirement adjustments from 1.9% to 1.7%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2018 Mortality Table to the 2020 WRS Experience Mortality Table

Based on a three-year experience study conducted in 2018 covering January 1, 2015 through December 31, 2017, the ETF Board adopted assumption changes that were used to measure the total pension liability beginning with the year-ended December 31, 2018, including the following:

- Lowering the long-term expected rate of return from 7.2% to 7.0%
- Lowering the discount rate from 7.2% to 7.0%
- Lowering the wage inflation rate from 3.2% to 3.0%
- Lowering the price inflation rate from 2.7% to 2.5%
- Lowering the post-retirement adjustments from 2.1% to 1.9%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2012 Mortality Table to the Wisconsin 2018 Mortality Table

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. In addition to the rate changes detailed in the tables above, the State of Wisconsin Employee Trust Fund Board adopted economic and demographic assumption changes based on a three year experience study performed for the Wisconsin Retirement System. These assumptions are used in the actuarial valuations of OPEB liabilities (assets) for the retiree life insurance programs and are summarized below.

The assumption changes that were used to measure the December 31, 2021 total OPEB liabilities, including the following:

- Lowering the price inflation rate from 2.5% to 2.4%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2018 Mortality Table to the 2020 WRS Experience Mortality Table

The assumption changes that were used to measure the December 31, 2018 total OPEB liabilities, including the following:

- Lowering the long-term expected rate of return from 5.00% to 4.25%
- Lowering the wage inflation rate from 3.2% to 3.0%
- Lowering the price inflation rate from 2.7% to 2.5%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2012 Mortality Table to the Wisconsin 2018 Mortality Table

SUPPLEMENTARY INFORMATION

City of Beloit

Combining Balance Sheet - Nonmajor Governmental Funds
December 31, 2022

	Special Revenue Funds			
	Rental Rehab (WRRP/HOME)	Community Development Block Grant	TIF District No. 8	TIF District No. 9
Assets				
Cash and investments	\$ 210,886	\$ 11,677	\$ 656,127	\$ 196,392
Receivables:				
Taxes	-	-	379,961	72,853
Accounts (net)	-	-	-	-
Loans	577,426	1,332,428	-	-
Accrued interest	-	-	-	-
Land contract	-	-	1,177,376	-
Leases	-	-	-	-
Due from other governmental units	6,107	123,189	-	-
Due from component unit	-	-	-	-
Advances to other funds	-	-	-	-
Total assets	<u>\$ 794,419</u>	<u>\$ 1,467,294</u>	<u>\$ 2,213,464</u>	<u>\$ 269,245</u>
Liabilities, Deferred Inflows of Resources and Fund Balances (Deficit)				
Liabilities:				
Accounts payable	\$ -	\$ 51,754	\$ -	\$ -
Unearned revenues	-	-	-	-
Due to other funds	-	-	-	-
Total liabilities	<u>-</u>	<u>51,754</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources:				
Property tax levied for next period	-	-	379,961	72,853
Unearned revenue, leases	-	-	-	-
Unavailable revenue	577,426	1,332,428	1,177,376	-
Total deferred inflows of resources	<u>577,426</u>	<u>1,332,428</u>	<u>1,557,337</u>	<u>72,853</u>
Fund balances (deficit):				
Restricted	216,993	83,112	656,127	196,392
Assigned	-	-	-	-
Unassigned (deficit)	-	-	-	-
Total fund balances (deficit)	<u>216,993</u>	<u>83,112</u>	<u>656,127</u>	<u>196,392</u>
Total liabilities, deferred inflows of resources and fund balances (deficit)	<u>\$ 794,419</u>	<u>\$ 1,467,294</u>	<u>\$ 2,213,464</u>	<u>\$ 269,245</u>

Special Revenue Funds

<u>TIF District No. 11</u>	<u>TIF District No. 12</u>	<u>TIF District No. 13</u>	<u>TIF District No. 14</u>	<u>Fire Multi-Year Grants</u>	<u>DPW Multi-Year Grants</u>	<u>Community Development</u>	<u>Library</u>
\$ 149,191	\$ -	\$ 714,529	\$ 561,080	\$ 81,894	\$ 315,709	\$ 240,560	\$ 682,780
165,628	-	625,033	113,710	-	26,000	-	1,800,000
-	-	-	-	-	-	-	-
-	-	-	-	-	-	17,112	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	411,713
-	-	-	-	-	72,878	150,062	-
-	-	-	-	-	-	120,452	-
-	-	-	-	-	-	-	-
<u>\$ 314,819</u>	<u>\$ -</u>	<u>\$ 1,339,562</u>	<u>\$ 674,790</u>	<u>\$ 81,894</u>	<u>\$ 414,587</u>	<u>\$ 528,186</u>	<u>\$ 2,894,493</u>
\$ 37,793	\$ -	\$ -	\$ -	\$ -	\$ 12,264	\$ 11,999	\$ 52,331
-	-	-	-	56,678	-	-	-
-	-	-	-	-	-	261,332	-
<u>37,793</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>56,678</u>	<u>12,264</u>	<u>273,331</u>	<u>52,331</u>
165,628	-	625,033	113,710	-	26,000	-	1,800,000
-	-	-	-	-	-	-	411,713
-	-	-	-	-	-	17,112	-
<u>165,628</u>	<u>-</u>	<u>625,033</u>	<u>113,710</u>	<u>-</u>	<u>26,000</u>	<u>17,112</u>	<u>2,211,713</u>
111,398	-	714,529	561,080	25,216	376,323	237,743	630,449
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>111,398</u>	<u>-</u>	<u>714,529</u>	<u>561,080</u>	<u>25,216</u>	<u>376,323</u>	<u>237,743</u>	<u>630,449</u>
<u>\$ 314,819</u>	<u>\$ -</u>	<u>\$ 1,339,562</u>	<u>\$ 674,790</u>	<u>\$ 81,894</u>	<u>\$ 414,587</u>	<u>\$ 528,186</u>	<u>\$ 2,894,493</u>

City of Beloit

Combining Balance Sheet - Nonmajor Governmental Funds
 December 31, 2022

	Special Revenue Funds				Capital Projects Funds		Total Nonmajor Governmental Funds
	Police	Solid Waste	Affordable Housing	Perpetual Care	Computer Replacement	Equipment Replacement	
Assets							
Cash and investments	\$ 8,162	\$ 549,695	\$ 10,317,899	\$ 2,224,559	\$ 195,783	\$ 6,745,738	\$ 23,862,661
Receivables:							
Taxes	130,000	11,199	-	-	-	-	3,324,384
Accounts (net)	26,669	436,426	(38,308)	-	-	-	424,787
Loans	-	-	-	-	-	-	1,926,966
Accrued interest	-	-	38,308	38,308	-	81,366	157,982
Land contract	-	-	-	-	-	-	1,177,376
Leases	-	-	-	-	-	-	411,713
Due from other governmental units	22,073	-	-	-	-	-	374,309
Due from component unit	-	-	-	-	-	-	120,452
Advances to other funds	-	-	-	-	-	285,904	285,904
Total assets	\$ 186,904	\$ 997,320	\$ 10,317,899	\$ 2,262,867	\$ 195,783	\$ 7,113,008	\$ 32,066,534
Liabilities, Deferred Inflows of Resources and Fund Balances (Deficit)							
Liabilities:							
Accounts payable	\$ 11,824	\$ 47,690	\$ -	\$ -	\$ -	\$ -	\$ 225,655
Unearned revenue	-	-	-	-	-	-	56,678
Due to other funds	140,456	-	-	-	-	-	401,788
Total liabilities	152,280	47,690	-	-	-	-	684,121
Deferred inflows of resources:							
Property tax levied for next period	130,000	-	-	-	-	-	3,313,185
Unearned revenue, leases	-	-	-	-	-	-	411,713
Unavailable revenue	-	-	-	38,308	-	40,888	3,183,538
Total deferred inflows of resources	130,000	-	-	38,308	-	40,888	6,908,436
Fund balances (deficit):							
Restricted	-	949,630	10,317,899	2,224,559	-	-	17,301,450
Assigned	-	-	-	-	195,783	7,072,120	7,267,903
Unassigned (deficit)	(95,376)	-	-	-	-	-	(95,376)
Total fund balances (deficit)	(95,376)	949,630	10,317,899	2,224,559	195,783	7,072,120	24,473,977
Total liabilities, deferred inflows of resources and fund balances (deficit)	\$ 186,904	\$ 997,320	\$ 10,317,899	\$ 2,262,867	\$ 195,783	\$ 7,113,008	\$ 32,066,534

City of Beloit

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit) -
 Nonmajor Governmental Funds
 Year Ended December 31, 2022

	Special Revenue Funds			
	Rental Rehab (WRRP/HOME)	Community Development Block Grant	TIF District No. 8	TIF District No. 9
Revenues				
Taxes	\$ -	\$ -	\$ 603,960	\$ 155,946
Intergovernmental	35,569	937,398	355	3,224
Licenses and permits	-	-	-	-
Fees and service charges	-	-	-	-
Investment income (loss)	10,487	14,819	53,073	1,451
Public charges for services	-	-	-	-
Other	69,333	119,819	9,504	-
Total revenues	<u>115,389</u>	<u>1,072,036</u>	<u>666,892</u>	<u>160,621</u>
Expenditures				
Current:				
Community development	85,435	1,102,835	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Parks, recreation and education	-	-	-	-
Capital outlay	-	-	1,228	2,449
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>85,435</u>	<u>1,102,835</u>	<u>1,228</u>	<u>2,449</u>
Excess (deficiency) of revenues over (under) expenditures	<u>29,954</u>	<u>(30,799)</u>	<u>665,664</u>	<u>158,172</u>
Other Financing Sources (Uses)				
Sale of city property	-	-	67,723	-
Transfers in	-	-	-	100,000
Transfers out	-	-	(139,855)	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(72,132)</u>	<u>100,000</u>
Net change in fund balances	29,954	(30,799)	593,532	258,172
Fund Balances (Deficit), Beginning	<u>187,039</u>	<u>113,911</u>	<u>62,595</u>	<u>(61,780)</u>
Fund Balances (Deficit), Ending	<u>\$ 216,993</u>	<u>\$ 83,112</u>	<u>\$ 656,127</u>	<u>\$ 196,392</u>

Special Revenue Funds

<u>TIF District No. 11</u>	<u>TIF District No. 12</u>	<u>TIF District No. 13</u>	<u>TIF District No. 14</u>	<u>Fire Multi-Year Grants</u>	<u>DPW Multi-Year Grants</u>	<u>Community Development</u>	<u>Library</u>	<u>Police</u>
\$ 223,309	\$ 36,062	\$ 1,324,617	\$ 179,897	\$ -	\$ 26,000	\$ -	\$ 1,780,877	\$ 130,000
935	-	39,028	11,345	28,555	185,093	104,725	413,395	322,708
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	10,189	-
1,727	974	4,864	4,499	61	78	576	19,999	211
-	-	-	-	-	-	-	53,615	194,966
-	-	-	-	-	4,493	3,607	102,763	76,082
<u>225,971</u>	<u>37,036</u>	<u>1,368,509</u>	<u>195,741</u>	<u>28,616</u>	<u>215,664</u>	<u>108,908</u>	<u>2,380,838</u>	<u>723,967</u>
37,793	254,038	-	-	-	-	121,789	-	-
-	-	-	-	6,590	-	-	-	602,191
-	-	-	-	-	209,521	-	-	-
-	-	-	-	-	-	-	2,238,850	-
2,554	-	3,933	2,150	266	-	-	38,048	71,146
-	-	396,497	-	-	-	-	-	-
-	-	12,905	-	-	-	-	-	-
<u>40,347</u>	<u>254,038</u>	<u>413,335</u>	<u>2,150</u>	<u>6,856</u>	<u>209,521</u>	<u>121,789</u>	<u>2,276,898</u>	<u>673,337</u>
<u>185,624</u>	<u>(217,002)</u>	<u>955,174</u>	<u>193,591</u>	<u>21,760</u>	<u>6,143</u>	<u>(12,881)</u>	<u>103,940</u>	<u>50,630</u>
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>(100,000)</u>	<u>(137,130)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(100,000)</u>	<u>(137,130)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
85,624	(354,132)	955,174	193,591	21,760	6,143	(12,881)	103,940	50,630
<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>
<u>\$ 111,398</u>	<u>\$ -</u>	<u>\$ 714,529</u>	<u>\$ 561,080</u>	<u>\$ 25,216</u>	<u>\$ 376,323</u>	<u>\$ 237,743</u>	<u>\$ 630,449</u>	<u>\$ (95,376)</u>

City of Beloit

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit) -
 Nonmajor Governmental Funds
 Year Ended December 31, 2022

	Special Revenue Funds			Capital Projects Funds		Total Nonmajor Governmental Funds
	Solid Waste	Affordable Housing	Perpetual Care	Computer Replacement	Equipment Replacement	
Revenues						
Taxes	\$ 15,781	\$ -	\$ -	\$ -	\$ -	\$ 4,476,449
Intergovernmental	137,463	-	-	-	-	2,219,793
Licenses and permits	17,759	-	-	-	-	17,759
Fees and service charges	-	-	-	-	-	10,189
Investment income (loss)	-	-	(256,370)	1,665	(310,678)	(452,564)
Public charges for services	2,547,533	-	70,230	-	-	2,866,344
Other	-	-	-	-	1,376,154	1,761,755
Total revenues	2,718,536	-	(186,140)	1,665	1,065,476	10,899,725
Expenditures						
Current:						
Community development	-	159,931	-	-	-	1,761,821
Public safety	-	-	-	-	-	608,781
Public works	2,583,675	-	-	-	-	2,793,196
Parks, recreation and education	-	-	-	-	-	2,238,850
Capital outlay	88,126	-	-	-	271,002	480,902
Debt service:						
Principal retirement	-	-	-	-	-	396,497
Interest and fiscal charges	-	-	-	-	-	12,905
Total expenditures	2,671,801	159,931	-	-	271,002	8,292,952
Excess (deficiency) of revenues over (under) expenditures	46,735	(159,931)	(186,140)	1,665	794,474	2,606,773
Other Financing Sources (Uses)						
Sale of city property	182	-	-	-	-	67,905
Transfers in	-	10,477,830	-	-	75,170	10,653,000
Transfers out	(75,170)	-	-	-	-	(452,155)
Total other financing sources (uses)	(74,988)	10,477,830	-	-	75,170	10,268,750
Net change in fund balances	(28,253)	10,317,899	(186,140)	1,665	869,644	12,875,523
Fund Balances (Deficit), Beginning	977,883	-	2,410,699	194,118	6,202,476	11,598,454
Fund Balances (Deficit), Ending	\$ 949,630	\$ 10,317,899	\$ 2,224,559	\$ 195,783	\$ 7,072,120	\$ 24,473,977

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, 2022

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Taxes	\$ 5,450,000	\$ 5,450,000	\$ -
Investment income	<u>1,575</u>	<u>1,575</u>	<u>-</u>
Total revenues	<u>5,451,575</u>	<u>5,451,575</u>	<u>-</u>
Expenditures			
Debt service:			
Principal retirement	4,641,838	4,641,836	2
Interest and fiscal charges	<u>1,322,342</u>	<u>1,340,236</u>	<u>(17,894)</u>
Total expenditures	<u>5,964,180</u>	<u>5,982,072</u>	<u>(17,892)</u>
Deficiency of revenues under expenditures	<u>(512,605)</u>	<u>(530,497)</u>	<u>(17,892)</u>
Other Financing Sources			
Debt premium	14,975	32,867	17,892
Transfers in	<u>911,366</u>	<u>911,366</u>	<u>-</u>
Total other financing sources	<u>926,341</u>	<u>944,233</u>	<u>17,892</u>
Net change in fund balance	413,736	413,736	-
Fund Balance, Beginning	<u>1,201,130</u>	<u>1,201,130</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 1,614,866</u>	<u>\$ 1,614,866</u>	<u>\$ -</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, 2022

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Intergovernmental	\$ -	\$ 422,270	\$ 422,270
Fines, forfeitures and penalties	30,640	30,639	(1)
Special assessments	206,200	206,166	(34)
Investment income	139,900	139,900	-
Other	32,500	1,008,145	975,645
Total revenues	<u>409,240</u>	<u>1,807,120</u>	<u>1,397,880</u>
Expenditures			
Capital outlay	6,600,000	6,278,231	321,769
Debt service:			
Interest and fiscal charges	<u>86,600</u>	<u>147,312</u>	<u>(60,712)</u>
Total expenditures	<u>6,686,600</u>	<u>6,425,543</u>	<u>261,057</u>
Deficiency of revenues under expenditures	<u>(6,277,360)</u>	<u>(4,618,423)</u>	<u>1,658,937</u>
Other Financing Sources			
Debt issued	5,577,260	5,170,000	(407,260)
Debt premium	<u>29,350</u>	<u>29,350</u>	<u>-</u>
Total other financing sources	<u>5,606,610</u>	<u>5,199,350</u>	<u>(407,260)</u>
Net change in fund balance	(670,750)	580,927	1,251,677
Fund Balance, Beginning	<u>8,668,903</u>	<u>8,668,903</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 7,998,153</u>	<u>\$ 9,249,830</u>	<u>\$ 1,251,677</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, 2022

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Intergovernmental	\$ 486,000	\$ 35,569	\$ (450,431)
Investment income	11,065	10,487	(578)
Other	<u>72,000</u>	<u>69,333</u>	<u>(2,667)</u>
Total revenues	<u>569,065</u>	<u>115,389</u>	<u>(453,676)</u>
Expenditures			
Current:			
Community development	<u>553,200</u>	<u>85,435</u>	<u>467,765</u>
Total expenditures	<u>553,200</u>	<u>85,435</u>	<u>467,765</u>
Net change in fund balance	15,865	29,954	14,089
Fund Balance, Beginning	<u>187,039</u>	<u>187,039</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 202,904</u>	<u>\$ 216,993</u>	<u>\$ 14,089</u>

City of Beloit

Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Community Development Block Grant
Year Ended December 31, 2022

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Intergovernmental	\$ 850,400	\$ 937,398	\$ 86,998
Investment income	15,000	14,819	(181)
Other	<u>112,370</u>	<u>119,819</u>	<u>7,449</u>
Total revenues	<u>977,770</u>	<u>1,072,036</u>	<u>94,266</u>
Expenditures			
Current:			
Community development	<u>1,105,800</u>	<u>1,102,835</u>	<u>2,965</u>
Total expenditures	<u>1,105,800</u>	<u>1,102,835</u>	<u>2,965</u>
Net change in fund balance	(128,030)	(30,799)	97,231
Fund Balance, Beginning	<u>113,911</u>	<u>113,911</u>	<u>-</u>
Fund Balance (Deficit), Ending	<u>\$ (14,119)</u>	<u>\$ 83,112</u>	<u>\$ 97,231</u>

City of Beloit

Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - TIF District No. 8
Year Ended December 31, 2022

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Taxes	\$ 574,000	\$ 603,960	\$ 29,960
Intergovernmental	355	355	-
Investment income	53,000	53,073	73
Other	9,500	9,504	4
	<u>636,855</u>	<u>666,892</u>	<u>30,037</u>
Expenditures			
Capital outlay	1,230	1,228	2
	<u>1,230</u>	<u>1,228</u>	<u>2</u>
Excess of revenues over expenditures	<u>635,625</u>	<u>665,664</u>	<u>30,039</u>
Other Financing Sources (Uses)			
Sale of city property	67,700	67,723	23
Transfers out	(139,900)	(139,855)	45
	<u>(72,200)</u>	<u>(72,132)</u>	<u>68</u>
Net change in fund balance	563,425	593,532	30,107
Fund Balance, Beginning	<u>62,595</u>	<u>62,595</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 626,020</u>	<u>\$ 656,127</u>	<u>\$ 30,107</u>

City of Beloit

Schedule of Revenues, Expenditures and Changes in Fund Balance -

Budget and Actual - TIF District No. 9

Year Ended December 31, 2022

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Taxes	\$ 148,100	\$ 155,946	\$ 7,846
Intergovernmental	3,200	3,224	24
Investment income	<u>1,500</u>	<u>1,451</u>	<u>(49)</u>
Total revenues	<u>152,800</u>	<u>160,621</u>	<u>7,821</u>
Expenditures			
Capital outlay	<u>2,500</u>	<u>2,449</u>	<u>51</u>
Total expenditures	<u>2,500</u>	<u>2,449</u>	<u>51</u>
Excess of revenues over expenditures	<u>150,300</u>	<u>158,172</u>	<u>7,872</u>
Other Financing Sources			
Transfers in	<u>100,000</u>	<u>100,000</u>	<u>-</u>
Total other financing sources	<u>100,000</u>	<u>100,000</u>	<u>-</u>
Net change in fund balance	250,300	258,172	7,872
Fund Balance (Deficit), Beginning	<u>(61,780)</u>	<u>(61,780)</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 188,520</u>	<u>\$ 196,392</u>	<u>\$ 7,872</u>

City of Beloit

Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - TIF District No. 11
Year Ended December 31, 2022

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Taxes	\$ 212,100	\$ 223,309	\$ 11,209
Intergovernmental	935	935	-
Investment income	<u>1,725</u>	<u>1,727</u>	<u>2</u>
Total revenues	<u>214,760</u>	<u>225,971</u>	<u>11,211</u>
Expenditures			
Current:			
Community development	-	37,793	(37,793)
Capital outlay	<u>2,500</u>	<u>2,554</u>	<u>(54)</u>
Total expenditures	<u>2,500</u>	<u>40,347</u>	<u>(37,847)</u>
Excess of revenues over expenditures	<u>212,260</u>	<u>185,624</u>	<u>(26,636)</u>
Other Financing Uses			
Transfers out	<u>(100,000)</u>	<u>(100,000)</u>	<u>-</u>
Total other financing uses	<u>(100,000)</u>	<u>(100,000)</u>	<u>-</u>
Net change in fund balance	112,260	85,624	(26,636)
Fund Balance, Beginning	<u>25,774</u>	<u>25,774</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 138,034</u>	<u>\$ 111,398</u>	<u>\$ (26,636)</u>

City of Beloit

Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - TIF District No. 12
Year Ended December 31, 2022

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Taxes	\$ 36,100	\$ 36,062	\$ (38)
Intergovernmental	975	-	(975)
Investment income	-	974	974
	<u>37,075</u>	<u>37,036</u>	<u>(39)</u>
Total revenues			
	<u>37,075</u>	<u>37,036</u>	<u>(39)</u>
Expenditures			
Community development	<u>392,000</u>	<u>254,038</u>	<u>137,962</u>
Total expenditures	<u>392,000</u>	<u>254,038</u>	<u>137,962</u>
Deficiency of revenues under expenditures	<u>(354,925)</u>	<u>(217,002)</u>	<u>137,923</u>
Other Financing Uses			
Transfers out	<u>-</u>	<u>(137,130)</u>	<u>(137,130)</u>
Total other financing uses	<u>-</u>	<u>(137,130)</u>	<u>(137,130)</u>
Net change in fund balance	(354,925)	(354,132)	793
Fund Balance, Beginning	<u>354,132</u>	<u>354,132</u>	<u>-</u>
Fund Balance (Deficit), Ending	<u>\$ (793)</u>	<u>\$ -</u>	<u>\$ 793</u>

City of Beloit

Schedule of Revenues, Expenditures and Changes in Fund Balance -

Budget and Actual - TIF District No. 13

Year Ended December 31, 2022

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Taxes	\$ 1,258,000	\$ 1,324,617	\$ 66,617
Intergovernmental	39,030	39,028	(2)
Investment income	4,900	4,864	(36)
	<u>1,301,930</u>	<u>1,368,509</u>	<u>66,579</u>
Expenditures			
Capital outlay	3,933	3,933	-
Debt service:			
Principal retirement	-	396,497	(396,497)
Interest and fiscal charges	-	12,905	(12,905)
	<u>3,933</u>	<u>413,335</u>	<u>(409,402)</u>
Excess of revenues over expenditures	<u>1,297,997</u>	<u>955,174</u>	<u>(342,823)</u>
Other Financing Uses			
Transfers out	<u>(409,500)</u>	<u>-</u>	<u>409,500</u>
Total other financing uses	<u>(409,500)</u>	<u>-</u>	<u>409,500</u>
Net change in fund balance	888,497	955,174	66,677
Fund Balance (Deficit), Beginning	<u>(240,645)</u>	<u>(240,645)</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 647,852</u>	<u>\$ 714,529</u>	<u>\$ 66,677</u>

City of Beloit

Schedule of Revenues, Expenditures and Changes in Fund Balance -

Budget and Actual - TIF District No. 14

Year Ended December 31, 2022

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Taxes	\$ 171,000	\$ 179,897	\$ 8,897
Intergovernmental	12,000	11,345	(655)
Investment income	<u>5,000</u>	<u>4,499</u>	<u>(501)</u>
Total revenues	<u>188,000</u>	<u>195,741</u>	<u>7,741</u>
Expenditures			
Capital outlay	<u>2,200</u>	<u>2,150</u>	<u>50</u>
Total expenditures	<u>2,200</u>	<u>2,150</u>	<u>50</u>
Net change in fund balance	185,800	193,591	7,791
Fund Balance, Beginning	<u>367,489</u>	<u>367,489</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 553,289</u>	<u>\$ 561,080</u>	<u>\$ 7,791</u>

City of Beloit

Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - DPW Multi-Year Grants
Year Ended December 31, 2022

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Taxes	\$ 26,000	\$ 26,000	\$ -
Intergovernmental	221,485	185,093	(36,392)
Investment income	-	78	78
Other	<u>(600)</u>	<u>4,493</u>	<u>5,093</u>
Total revenues	<u>246,885</u>	<u>215,664</u>	<u>(31,221)</u>
Expenditures			
Current:			
Public works	<u>247,485</u>	<u>209,521</u>	<u>37,964</u>
Total expenditures	<u>247,485</u>	<u>209,521</u>	<u>37,964</u>
Net change in fund balance	181,899	6,143	(175,756)
Fund Balance, Beginning	<u>370,180</u>	<u>370,180</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 552,079</u>	<u>\$ 376,323</u>	<u>\$ (175,756)</u>

City of Beloit

Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Library
Year Ended December 31, 2022

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Taxes	\$ 1,780,877	\$ 1,780,877	\$ -
Intergovernmental	413,395	413,395	-
Fees and service charges	24,000	10,189	(13,811)
Investment income	3,500	19,999	16,499
Public charges for services	140,822	53,615	(87,207)
Other	<u>45,120</u>	<u>102,763</u>	<u>57,643</u>
Total revenues	<u>2,407,714</u>	<u>2,380,838</u>	<u>(26,876)</u>
Expenditures			
Current:			
Parks, recreation and education	2,407,714	2,238,850	168,864
Capital outlay	<u>-</u>	<u>38,048</u>	<u>(38,048)</u>
Total expenditures	<u>2,407,714</u>	<u>2,276,898</u>	<u>130,816</u>
Net change in fund balance	-	103,940	103,940
Fund Balance, Beginning	<u>526,509</u>	<u>526,509</u>	-
Fund Balance, Ending	<u>\$ 526,509</u>	<u>\$ 630,449</u>	<u>\$ 103,940</u>

City of Beloit

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

Budget and Actual - Police

Year Ended December 31, 2022

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Taxes	\$ 130,000	\$ 130,000	\$ -
Intergovernmental	322,945	322,708	(237)
Investment income	175	211	36
Public charges for services	195,000	194,966	(34)
Other	<u>76,100</u>	<u>76,082</u>	<u>(18)</u>
Total revenues	<u>724,220</u>	<u>723,967</u>	<u>(253)</u>
Expenditures			
Current:			
Public safety	674,000	602,191	71,809
Capital outlay	<u>-</u>	<u>71,146</u>	<u>(71,146)</u>
Total expenditures	<u>674,000</u>	<u>673,337</u>	<u>663</u>
Net change in fund balance	50,220	50,630	410
Fund Balance (Deficit), Beginning	<u>(146,006)</u>	<u>(146,006)</u>	<u>-</u>
Fund Balance (Deficit), Ending	<u>\$ (95,786)</u>	<u>\$ (95,376)</u>	<u>\$ 410</u>

City of Beloit

Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Solid Waste
Year Ended December 31, 2022

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Taxes	\$ 15,000	\$ 15,781	\$ 781
Intergovernmental	137,500	137,463	(37)
Licenses and permits	-	17,759	17,759
Public charges for services	<u>2,576,475</u>	<u>2,547,533</u>	<u>(28,942)</u>
Total revenues	<u>2,728,975</u>	<u>2,718,536</u>	<u>(10,439)</u>
Expenditures			
Current:			
Public works	2,750,000	2,583,675	166,325
Capital Outlay	<u>-</u>	<u>88,126</u>	<u>(88,126)</u>
Total expenditures	<u>2,750,000</u>	<u>2,671,801</u>	<u>78,199</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(21,025)</u>	<u>46,735</u>	<u>67,760</u>
Other Financing Sources (Uses)			
Sale of city property	-	182	182
Transfers out	<u>-</u>	<u>(75,170)</u>	<u>(75,170)</u>
Total other financing sources (uses)	<u>-</u>	<u>(74,988)</u>	<u>(74,988)</u>
Net change in fund balance	(21,025)	(28,253)	(7,228)
Fund Balance, Beginning	<u>977,883</u>	<u>977,883</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 956,858</u>	<u>\$ 949,630</u>	<u>\$ (7,228)</u>

City of Beloit

Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Computer Replacement
Year Ended December 31, 2022

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Investment income	\$ 1,400	\$ 1,665	\$ 265
Total revenues	<u>1,400</u>	<u>1,665</u>	<u>265</u>
Expenditures			
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	1,400	1,665	265
Fund Balance, Beginning	<u>194,118</u>	<u>194,118</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 195,518</u>	<u>\$ 195,783</u>	<u>\$ 265</u>

City of Beloit

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Equipment Replacement Fund Year Ended December 31, 2022

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Investment income (loss)	\$ (302,131)	\$ (310,678)	\$ (8,547)
Other	<u>1,443,000</u>	<u>1,376,154</u>	<u>(66,846)</u>
Total revenues	<u>1,140,869</u>	<u>1,065,476</u>	<u>(75,393)</u>
Expenditures			
Capital outlay	<u>275,000</u>	<u>271,002</u>	<u>3,998</u>
Total expenditures	<u>275,000</u>	<u>271,002</u>	<u>3,998</u>
Excess of revenues over expenditures	<u>865,869</u>	<u>794,474</u>	<u>(71,395)</u>
Other Financing Sources			
Transfers in	<u>-</u>	<u>75,170</u>	<u>75,170</u>
Total other financing sources	<u>-</u>	<u>75,170</u>	<u>75,170</u>
Net change in fund balance	865,869	869,644	3,775
Fund Balance, Beginning	<u>6,202,476</u>	<u>6,202,476</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 7,068,345</u>	<u>\$ 7,072,120</u>	<u>\$ 3,775</u>

City of Beloit

 Combining Statement of Net Position (Deficit) - Nonmajor Proprietary Funds
 December 31, 2022

	Enterprise Funds				
	Golf Course	Cemeteries	Ambulance	Transit System	Total
Assets					
Current assets:					
Cash and investments	\$ 1,500	\$ 100	\$ -	\$ 54,221	\$ 55,821
Receivables:					
Taxes	50,000	-	-	600,000	650,000
Customer accounts	-	-	1,386,527	43,360	1,429,887
Due from other governmental units	-	-	-	813,560	813,560
Inventories	-	-	-	151,221	151,221
Total current assets	51,500	100	1,386,527	1,662,362	3,100,489
Noncurrent assets:					
Restricted assets:					
Net pension asset	38,019	11,075	983,839	476,825	1,509,758
Total restricted assets	38,019	11,075	983,839	476,825	1,509,758
Capital assets:					
Land	816,000	322,000	-	132,000	1,270,000
Land improvements	935,516	35,448	-	-	970,964
Buildings	280,988	120,153	-	4,678,493	5,079,634
Machinery, equipment and vehicles	64,388	43,028	-	6,557,437	6,664,853
Less accumulated depreciation	(997,076)	(157,224)	-	(5,397,027)	(6,551,327)
Total capital assets, net	1,099,816	363,405	-	5,970,903	7,434,124
Total noncurrent assets	1,137,835	374,480	983,839	6,447,728	8,943,882
Total assets	1,189,335	374,580	2,370,366	8,110,090	12,044,371
Deferred Outflows of Resources					
Unamortized loss on advance refunding	-	-	-	221	221
Pension related amounts	85,419	21,381	1,666,863	922,666	2,696,329
OPEB related amounts, health	385	-	220	5,626	6,231
OPEB related amounts, life	9,211	-	13,245	66,186	88,642
Total deferred outflows of resources	95,015	21,381	1,680,328	994,699	2,791,423
Liabilities					
Current liabilities:					
Accounts payable	4,264	1,716	14,585	27,247	47,812
Accrued liabilities	-	-	-	1,321	1,321
Due to other funds	-	-	392,840	1,387,751	1,780,591
Compensated absences	14,904	11,738	43,439	80,735	150,816
Current maturities of general obligation debt	-	16,111	-	58,541	74,652
Other current liabilities	3,491	-	-	-	3,491
Total current liabilities	22,659	29,565	450,864	1,555,595	2,058,683
Noncurrent liabilities:					
General obligation debt	-	45,002	-	251,955	296,957
Compensated absences	20,999	6,418	-	4,181	31,598
OPEB liability, health	627	-	-	11,125	11,752
Net OPEB liability, life	27,621	-	51,820	233,189	312,630
Advances from other funds	852,478	285,904	-	-	1,138,382
Total noncurrent liabilities	901,725	337,324	51,820	500,450	1,791,319
Total liabilities	924,384	366,889	502,684	2,056,045	3,850,002
Deferred Inflows of Resources					
Property tax levied for next period	50,426	-	-	599,575	650,001
Pension related amounts	80,006	25,243	2,028,517	1,091,506	3,225,272
OPEB related amounts, health	118	-	-	2,107	2,225
OPEB related amounts, life	2,895	-	4,398	18,684	25,977
Total deferred inflows of resources	133,445	25,243	2,032,915	1,711,872	3,903,475
Net Position (Deficit)					
Net investment in capital assets	1,099,816	362,291	-	5,660,628	7,122,735
Restricted for pension	38,019	11,075	983,839	476,825	1,509,758
Unrestricted (deficit)	(911,314)	(369,537)	531,256	(800,581)	(1,550,176)
Total net position (deficit)	\$ 226,521	\$ 3,829	\$ 1,515,095	\$ 5,336,872	\$ 7,082,317

City of Beloit

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

Nonmajor Proprietary Funds

Year Ended December 31, 2022

	Enterprise Funds				Total
	Golf Course	Cemeteries	Ambulance	Transit System	
Operating Revenues					
Charges for services	\$ 441,184	\$ 174,195	\$ 1,569,719	\$ 88,531	\$ 2,273,629
Other	-	5,733	-	74,628	80,361
Total operating revenues	<u>441,184</u>	<u>179,928</u>	<u>1,569,719</u>	<u>163,159</u>	<u>2,353,990</u>
Operating Expenses					
Operation and maintenance	458,983	259,099	1,011,410	1,888,605	3,618,097
Contractual services	-	-	-	149,425	149,425
Depreciation	1,323	2,017	-	224,649	227,989
Total operating expenses	<u>460,306</u>	<u>261,116</u>	<u>1,011,410</u>	<u>2,262,679</u>	<u>3,995,511</u>
Operating income (loss)	<u>(19,122)</u>	<u>(81,188)</u>	<u>558,309</u>	<u>(2,099,520)</u>	<u>(1,641,521)</u>
Nonoperating Revenues (Expenses)					
Intergovernmental revenues	-	-	-	1,392,318	1,392,318
Investment income (loss)	241	51,468	(610)	(646)	50,453
Interest expense (including amortization)	-	(2,081)	-	(6,432)	(8,513)
General property taxes	50,000	-	-	560,019	610,019
Miscellaneous	-	-	(9,101)	9,000	(101)
Total nonoperating revenues (expenses)	<u>50,241</u>	<u>49,387</u>	<u>(9,711)</u>	<u>1,954,259</u>	<u>2,044,176</u>
Income (loss) before contributions	31,119	(31,801)	548,598	(145,261)	402,655
Capital contributions	<u>268,546</u>	<u>-</u>	<u>-</u>	<u>905,480</u>	<u>1,174,026</u>
Change in net position	299,665	(31,801)	548,598	760,219	1,576,681
Total Net Position (Deficit), Beginning	<u>(73,144)</u>	<u>35,630</u>	<u>966,497</u>	<u>4,576,653</u>	<u>5,505,636</u>
Total Net Position, Ending	<u>\$ 226,521</u>	<u>\$ 3,829</u>	<u>\$ 1,515,095</u>	<u>\$ 5,336,872</u>	<u>\$ 7,082,317</u>

City of Beloit

 Combining Statement of Cash Flows -
 Nonmajor Proprietary Funds
 Year Ended December 31, 2022

	Enterprise Funds				Total
	Golf Course	Cemeteries	Ambulance	Transit System	
Cash Flows From Operating Activities					
Received from customers	\$ 440,101	\$ 179,928	\$ 1,407,838	\$ 166,430	\$ 2,194,297
Paid to suppliers for goods and services	(312,742)	(178,117)	(459,914)	(1,223,588)	(2,174,361)
Payments to employees for services	(148,553)	(100,425)	(828,075)	(922,066)	(1,999,119)
Net cash from operating activities	<u>(21,194)</u>	<u>(98,614)</u>	<u>119,849</u>	<u>(1,979,224)</u>	<u>(1,979,183)</u>
Cash Flows From Noncapital Financing Activities					
Operating grants received	-	-	-	2,125,346	2,125,346
Property taxes received	50,000	-	-	560,019	610,019
Noncapital interfund/advance	21	17,449	268,453	(501,274)	(215,351)
Net cash from noncapital financing activities	<u>50,021</u>	<u>17,449</u>	<u>268,453</u>	<u>2,184,091</u>	<u>2,520,014</u>
Cash Flows From Capital and Related Financing Activities					
Debt retired	-	(16,085)	-	(53,158)	(69,243)
Interest paid	-	(2,081)	-	(6,299)	(8,380)
Proceeds from issuance of new debt	-	-	-	55,000	55,000
Advances (to) from other funds	(116,541)	(13,433)	(378,591)	-	(508,565)
Acquisition and construction of capital assets	-	-	-	(1,068,151)	(1,068,151)
Construction grants received	-	-	(9,101)	905,480	896,379
Net cash from capital and related financing activities	<u>(116,541)</u>	<u>(31,599)</u>	<u>(387,692)</u>	<u>(167,128)</u>	<u>(702,960)</u>
Cash Flows From Investing Activities					
Investment income (loss)	241	51,468	(610)	(646)	50,453
Net cash from investing activities	<u>241</u>	<u>51,468</u>	<u>(610)</u>	<u>(646)</u>	<u>50,453</u>
Net increase (decrease) in cash and cash equivalents	<u>(87,473)</u>	<u>(61,296)</u>	<u>-</u>	<u>37,093</u>	<u>(111,676)</u>
Cash and Cash Equivalents, Beginning	<u>88,973</u>	<u>61,396</u>	<u>-</u>	<u>17,128</u>	<u>167,497</u>
Cash and Cash Equivalents, Ending	<u>\$ 1,500</u>	<u>\$ 100</u>	<u>\$ -</u>	<u>\$ 54,221</u>	<u>\$ 55,821</u>
Reconciliation of Operating Income (Loss) to Net Cash Flows From Operating Activities					
Operating income (loss)	\$ (19,122)	\$ (81,188)	\$ 558,309	\$ (2,099,520)	\$ (1,641,521)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:					
Depreciation expense	1,323	2,017	-	224,649	227,989
Nonoperating income	-	-	-	9,000	9,000
Change in noncash components of working capital:					
Accounts receivable	110	-	(161,127)	(3,841)	(164,858)
Inventories	-	-	-	(8,729)	(8,729)
Accounts payable	882	213	6,828	(10,186)	(2,263)
Other current liabilities	825	(17,220)	10,783	(12,936)	(18,548)
OPEB related deferrals and liabilities	1,544	-	11,504	39,071	52,119
Pension related deferrals and assets/liabilities	(6,756)	(2,436)	(306,448)	(116,732)	(432,372)
Net cash flows from operating activities	<u>(21,194)</u>	<u>(98,614)</u>	<u>119,849</u>	<u>(1,979,224)</u>	<u>(1,979,183)</u>
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position, Proprietary Funds					
Cash and investments, statement of net position	\$ 1,500	\$ 100	\$ -	\$ 54,221	\$ 55,821
Cash and Cash Equivalents, Ending	<u>\$ 1,500</u>	<u>\$ 100</u>	<u>\$ -</u>	<u>\$ 54,221</u>	<u>\$ 55,821</u>

Noncash Investing, Capital and Financing Activity

During 2022, the capital improvement fund financed the golf course parking lot for \$268,546.

City of Beloit

Enterprise Fund - Beloit Mass Transit

Detailed Schedule of Revenues and Expenses - Regulatory Basis

Year Ended December 31, 2022

Revenue

401 - Passenger fares for transit service	\$ 88,531
407 - Non-transportation revenue	
Advertising	27,305
Investment Income	(646)
Gain on sale of equipment	9,000
Rental Income	43,925
Charter and miscellaneous	3,398 *
409 - Local operating assistance, city levy	560,019
409 - Local operating assistance, inter-government	86,011
411 - State operating assistance	464,837
State paratransit grant	27,010
413 - Federal operating assistance	814,460
CARES Act	113,248
Capital contributions	<u>792,232</u>
Total revenue	<u>3,029,330</u>

Expenses, by Object Class Total

501 - Labor	922,162
502 - Fringe benefits	545,986
503 - Services	59,043
504 - Materials and supplies	281,906
505 - Utilities	143,558
506 - Casualty and liability costs	51,503
508 - Purchased transportation services	40,772
509 - Miscellaneous	7,505
509 - Interest expense	6,432
513 - Depreciation	<u>224,649</u>
Total expenses	<u>2,283,516</u>
Excess expenses over revenues for the year	<u>\$ 745,814</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, 2022

	<u>Per WisDOT Guidelines</u>	<u>Per Federal Guidelines</u>
Beloit revenues	\$ 3,029,330	\$ 3,029,330
Less unrecognized revenues:		
Advertising revenue	-	27,305
Charter revenue	3,398	3,398
Gain (loss) on sale of property	9,000	9,000
Rental income	43,925	43,925
Investment income	(646)	(646)
Local Operating Assistance	646,030	646,030
State Operating Assistance	464,837	464,837
State Paratransit Assistance	27,010	27,010
Federal Operating Assistance	814,460	814,460
Capital contributions	1 905,480	905,480
Adjusted revenues	<u>\$ 115,836</u>	<u>\$ 88,531</u>
Total expenses	\$ 2,283,516	\$ 2,283,516
Less nonrecognized expenses:		
Interest	6,432	6,432
Depreciation	224,649	224,649
Less contra expenses:		
Charter revenue	3,398	3,398
State Paratransit Assistance	27,010	27,010
Capital contributions for operating expenses	2 -	-
Recognized expenses	<u>\$ 2,022,027</u>	<u>\$ 2,022,027</u>
Recognized earnings (deficits)	<u>\$ (1,906,191)</u>	<u>\$ (1,933,496)</u>
1 - Capital contributions, assets capitalized	\$ 905,480	
Capital contributions, expensed	-	
Total capital contributions	<u>\$ 905,480</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 Subsidiary Grantors
Year Ended December 31, 2022

State Funds		
WisDOT Contract Amount		<u>\$ 464,837</u>
Local Operating Subsidy	<u>\$ 646,030</u>	
5 Times Operating Subsidy		<u>\$ 3,230,150</u>
WisDOT Recognized Deficit	<u>\$ 1,906,191</u>	
Federal Share of Operating Assistance	<u>\$ 814,460</u>	
Remaining State Share of Deficit		<u>\$ 1,091,731</u>
WisDOT Recognized Expenses	<u>\$ 2,022,027</u>	
Maximum State and Federal Operating Assistance	100.00%	
	<u>\$ 2,022,027</u>	
Federal Share of Operating Assistance	<u>\$ 814,460</u>	
Remaining State Share of Operating Assistance		<u>\$ 1,207,567</u>
State Share, Least of the Five		<u>\$ 464,837</u>
Federal Section 9 Funds		
Federally Recognized Deficit	<u>\$ 1,933,496</u>	
50% of Federal Deficit		<u>\$ 966,748</u>
Federal Recognized Deficit	\$ 1,933,496	
Less State share	<u>464,837</u>	
Local Share		<u>\$ 1,468,659</u>
Maximum Federal Share Per Grant Award		<u>\$ 814,460</u>
Federal Section 9 Share, Least of the Three		<u>\$ 814,460</u>

City of Beloit

Combining Statement of Net Position (Deficit) - Internal Service Funds

December 31, 2022

	<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	\$ 16,192	\$ 814,367	\$ 6,061,627	\$ -	\$ 6,892,186
Accounts receivable	<u>7,827</u>	<u>256,013</u>	<u>226,242</u>	<u>90,187</u>	<u>580,269</u>
Total current assets	<u>24,019</u>	<u>1,070,380</u>	<u>6,287,869</u>	<u>90,187</u>	<u>7,472,455</u>
Noncurrent assets:					
Restricted assets:					
Net pension asset	86,781	35,595	25,375	-	147,751
Deposit with risk pool	<u>-</u>	<u>1,575,475</u>	<u>-</u>	<u>-</u>	<u>1,575,475</u>
Total restricted assets	<u>86,781</u>	<u>1,611,070</u>	<u>25,375</u>	<u>-</u>	<u>1,723,226</u>
Capital assets:					
Machinery, equipment and vehicles	67,165	-	-	-	67,165
Less accumulated depreciation	<u>(63,340)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(63,340)</u>
Net capital assets	<u>3,825</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,825</u>
Total noncurrent assets	<u>90,606</u>	<u>1,611,070</u>	<u>25,375</u>	<u>-</u>	<u>1,727,051</u>
Total assets	<u>114,625</u>	<u>2,681,450</u>	<u>6,313,244</u>	<u>90,187</u>	<u>9,199,506</u>
Deferred Outflows of Resources					
Pension related amounts	220,340	66,378	36,304	-	323,022
OPEB related amounts, life	<u>22,008</u>	<u>2,032</u>	<u>447</u>	<u>-</u>	<u>24,487</u>
Total deferred outflows of resources	<u>242,348</u>	<u>68,410</u>	<u>36,751</u>	<u>-</u>	<u>347,509</u>
Liabilities					
Current liabilities:					
Accounts payable	30,943	11,961	35,743	5,245	83,892
Claims payable	<u>-</u>	<u>-</u>	<u>1,630,504</u>	<u>-</u>	<u>1,630,504</u>
Total current liabilities	<u>30,943</u>	<u>11,961</u>	<u>1,666,247</u>	<u>5,245</u>	<u>1,714,396</u>
Noncurrent liabilities:					
Net OPEB liability, life	41,309	6,600	1,711	-	49,620
Advances from other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,256,773</u>	<u>1,256,773</u>
Total noncurrent liabilities	<u>41,309</u>	<u>6,600</u>	<u>1,711</u>	<u>1,256,773</u>	<u>1,306,393</u>
Total liabilities	<u>72,252</u>	<u>18,561</u>	<u>1,667,958</u>	<u>1,262,018</u>	<u>3,020,789</u>
Deferred Inflows of Resources					
Pension related amounts	260,306	85,009	36,519	-	381,834
OPEB related amounts, life	<u>7,050</u>	<u>706</u>	<u>873</u>	<u>-</u>	<u>8,629</u>
Deferred inflows of resources	<u>267,356</u>	<u>85,715</u>	<u>37,392</u>	<u>-</u>	<u>390,463</u>
Net Position (Deficit)					
Net investment in capital assets	3,825	-	-	-	3,825
Restricted for pension	86,781	35,595	25,375	-	147,751
Unrestricted (deficit)	<u>(73,241)</u>	<u>2,609,989</u>	<u>4,619,270</u>	<u>(1,171,831)</u>	<u>5,984,187</u>
Total net position (deficit)	<u>\$ 17,365</u>	<u>\$ 2,645,584</u>	<u>\$ 4,644,645</u>	<u>\$ (1,171,831)</u>	<u>\$ 6,135,763</u>

City of Beloit

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

Internal Service Funds

Year Ended December 31, 2022

	<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	\$ 1,426,397	\$ 1,605,088	\$ 7,307,607	\$ 3,059,910	\$ 13,399,002
Other	<u>6</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6</u>
Total operating revenues	<u>1,426,403</u>	<u>1,605,088</u>	<u>7,307,607</u>	<u>3,059,910</u>	<u>13,399,008</u>
Operating Expenses					
Operation and maintenance	1,353,559	779,813	5,790,400	2,872,947	10,796,719
Contractual services	<u>17,944</u>	<u>688,669</u>	<u>-</u>	<u>-</u>	<u>706,613</u>
Total operating expenses	<u>1,371,503</u>	<u>1,468,482</u>	<u>5,790,400</u>	<u>2,872,947</u>	<u>11,503,332</u>
Operating income	54,900	136,606	1,517,207	186,963	1,895,676
Total Net Position (Deficit), Beginning	<u>(37,535)</u>	<u>2,508,978</u>	<u>3,127,438</u>	<u>(1,358,794)</u>	<u>4,240,087</u>
Total Net Position (Deficit), Ending	<u>\$ 17,365</u>	<u>\$ 2,645,584</u>	<u>\$ 4,644,645</u>	<u>\$ (1,171,831)</u>	<u>\$ 6,135,763</u>

City of Beloit

 Combining Statement of Cash Flows -
 Internal Service Funds
 Year Ended December 31, 2022

	<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	\$ 1,426,960	\$ 1,416,530	\$ 7,346,286	\$ 3,050,054	\$ 13,239,830
Paid to suppliers for goods and services	(966,126)	(1,409,970)	(5,970,608)	(2,873,945)	(11,220,649)
Payments to employees for services	(476,658)	(133,902)	-	-	(610,560)
Net cash from operating activities	<u>(15,824)</u>	<u>(127,342)</u>	<u>1,375,678</u>	<u>176,109</u>	<u>1,408,621</u>
Cash Flows From Noncapital Financing Activities					
Noncapital interfund/advance repayment	-	-	-	(495,140)	(495,140)
Net cash from noncapital financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>(495,140)</u>	<u>(495,140)</u>
Net increase (decrease) in cash and cash equivalents	(15,824)	(127,342)	1,375,678	(319,031)	913,481
Cash and Cash Equivalents, Beginning	<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>\$ 16,192</u>	<u>\$ 814,367</u>	<u>\$ 6,061,627</u>	<u>\$ -</u>	<u>\$ 6,892,186</u>
Reconciliation of Operating Income to Net Cash From Operating Activities					
Operating income	\$ 54,900	\$ 136,606	\$ 1,517,207	\$ 186,963	\$ 1,895,676
Change in noncash components of working capital:					
Accounts receivable	1,072	(188,475)	38,700	(9,856)	(158,559)
Accounts payable	(49,078)	(14,672)	(2,430)	(998)	(67,178)
OPEB related deferrals and liabilities	(4,890)	624	792	-	(3,474)
Pension related deferrals and assets/liabilities	(17,828)	(7,818)	(14,383)	-	(40,029)
Claims payable	-	(53,607)	(164,208)	-	(217,815)
Net cash flows from operating activities	<u>\$ (15,824)</u>	<u>\$ (127,342)</u>	<u>\$ 1,375,678</u>	<u>\$ 176,109</u>	<u>\$ 1,408,621</u>
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position, Internal Service Funds					
Cash and investments, statement of net position	<u>\$ 16,192</u>	<u>\$ 814,367</u>	<u>\$ 6,061,627</u>	<u>\$ -</u>	<u>\$ 6,892,186</u>
Cash and Cash Equivalents, Ending	<u>\$ 16,192</u>	<u>\$ 814,367</u>	<u>\$ 6,061,627</u>	<u>\$ -</u>	<u>\$ 6,892,186</u>

City of Beloit

Combining Statement of Net Position - Community Development Authority
December 31, 2022

	Primary Government				Total Primary Government	Component Units		Total Before Eliminations	Eliminations	Total
	Major	Major	Major	Major		Beloit	Beloit			
	Section 8 Rental Voucher Program	Low Rent Public Housing	Project Based Vouchers	Administration		Apartment Redevelopment Phase 1, LLC	Apartment Redevelopment Phase 2, LLC			
Assets										
Current assets:										
Cash and investments	\$ 510,368	\$ 771,028	\$ 39,689	\$ 144,639	\$ 1,465,724	\$ 132,431	\$ 73,109	\$ 1,671,264	\$ -	\$ 1,671,264
Receivables:										
Accounts	32,245	7	-	-	32,252	159,807	173,900	365,959	(272,450)	93,509
Notes receivable from Beloit Apartments Redevelopment, Phase 1, LLC	-	2,800,000	-	-	2,800,000	-	-	2,800,000	(2,800,000)	-
Notes receivable from Beloit Apartments Redevelopment, Phase 2, LLC	-	2,580,074	-	-	2,580,074	-	-	2,580,074	(2,580,074)	-
Due from Beloit Apartments Redevelopment, Phase 1, LLC	-	5,653	-	-	5,653	-	-	5,653	(5,653)	-
Due from Beloit Apartments Redevelopment, Phase 2, LLC	-	15,163	-	-	15,163	-	-	15,163	(15,163)	-
Due from other governmental units	-	61,003	-	-	61,003	-	-	61,003	-	61,003
Tax credit fees	-	-	-	-	-	22,808	34,204	57,012	-	57,012
Prepaid items	4,194	4,323	-	-	8,517	3,523	4,872	16,912	-	16,912
Total current assets	<u>546,807</u>	<u>6,237,251</u>	<u>39,689</u>	<u>144,639</u>	<u>6,968,386</u>	<u>318,569</u>	<u>286,085</u>	<u>7,573,040</u>	<u>(5,673,340)</u>	<u>1,899,700</u>
Noncurrent assets:										
Restricted assets:										
Cash and investments	-	-	-	-	-	391,661	720,261	1,111,922	-	1,111,922
Net pension asset	143,504	101,857	2,737	-	248,098	-	-	248,098	-	248,098
Total restricted assets	<u>143,504</u>	<u>101,857</u>	<u>2,737</u>	<u>-</u>	<u>248,098</u>	<u>391,661</u>	<u>720,261</u>	<u>1,360,020</u>	<u>-</u>	<u>1,360,020</u>
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	-	-	-	-	-	8,415,894	9,607,270	18,023,164	-	18,023,164
Machinery, equipment, furnishings and vehicles	16,092	175,318	2,909	-	194,319	322,849	370,658	887,826	-	887,826
Less accumulated depreciation	(16,092)	(296,850)	(23,657)	-	(336,599)	(3,471,323)	(4,621,123)	(8,429,045)	-	(8,429,045)
Total capital assets, net	<u>-</u>	<u>368,068</u>	<u>70,877</u>	<u>-</u>	<u>438,945</u>	<u>7,444,344</u>	<u>7,339,257</u>	<u>15,222,546</u>	<u>(2,155,020)</u>	<u>13,067,526</u>
Total noncurrent assets	<u>143,504</u>	<u>469,925</u>	<u>73,614</u>	<u>-</u>	<u>687,043</u>	<u>7,836,005</u>	<u>8,059,518</u>	<u>16,582,566</u>	<u>(2,155,020)</u>	<u>14,427,546</u>
Total assets	<u>690,311</u>	<u>6,707,176</u>	<u>113,303</u>	<u>144,639</u>	<u>7,655,429</u>	<u>8,154,574</u>	<u>8,345,603</u>	<u>24,155,606</u>	<u>(7,828,360)</u>	<u>16,327,246</u>
Deferred Outflows of Resources										
Pension related amounts	267,369	178,353	33,066	-	478,788	-	-	478,788	-	478,788
OPEB related amounts, life	11,061	10,145	656	-	21,862	-	-	21,862	-	21,862
Total deferred outflows of resources	<u>278,430</u>	<u>188,498</u>	<u>33,722</u>	<u>-</u>	<u>500,650</u>	<u>-</u>	<u>-</u>	<u>500,650</u>	<u>-</u>	<u>500,650</u>
Total assets and deferred outflows of resources	<u>968,741</u>	<u>6,895,674</u>	<u>147,025</u>	<u>144,639</u>	<u>8,156,079</u>	<u>8,154,574</u>	<u>8,345,603</u>	<u>24,656,256</u>	<u>(7,828,360)</u>	<u>16,827,896</u>

City of Beloit

Combining Statement of Net Position - Community Development Authority
December 31, 2022

	Primary Government				Total Primary Government	Component Units		Total Before Eliminations	Eliminations	Total
	Major	Major	Major	Major		Beloit	Beloit			
	Section 8 Rental Voucher Program	Low Rent Public Housing	Project Based Vouchers	Administration		Apartment Redevelopment Phase 1, LLC	Apartment Redevelopment Phase 2, LLC			
Liabilities										
Current liabilities:										
Accounts payable	\$ 1,978	\$ 37,821	\$ 250	\$ -	\$ 40,049	\$ 36,447	\$ 74,070	\$ 150,566	\$ (20,816)	\$ 129,750
Accrued liabilities	13,260	27,931	-	-	41,191	1,588,495	883,043	2,512,729	-	2,512,729
Due to Beloit Apartments Redevelopment, Phase 1, LLC	-	112,225	-	-	112,225	-	-	112,225	(112,225)	-
Due to Beloit Apartments Redevelopment, Phase 2, LLC	-	160,225	-	-	160,225	-	-	160,225	(160,225)	-
Due to primary government	55,260	45,346	-	-	100,606	-	-	100,606	-	100,606
Deposits	52,290	18,425	3,803	-	74,518	38,350	25,151	138,019	-	138,019
Total current liabilities	122,788	401,973	4,053	-	528,814	1,663,292	982,264	3,174,370	(293,266)	2,881,104
Noncurrent liabilities:										
Compensated absences	27,430	88,259	-	-	115,689	-	-	115,689	-	115,689
Mortgage notes payable	-	-	-	-	-	2,800,000	2,580,074	5,380,074	(5,380,074)	-
Other notes payable	-	-	-	-	-	420,084	322,081	742,165	-	742,165
Net OPEB liability, life	46,264	36,236	1,340	-	83,840	-	-	83,840	-	83,840
Total noncurrent liabilities	73,694	124,495	1,340	-	199,529	3,220,084	2,902,155	6,321,768	(5,380,074)	941,694
Total liabilities	196,482	526,468	5,393	-	728,343	4,883,376	3,884,419	9,496,138	(5,673,340)	3,822,798
Deferred Inflows of Resources										
Unearned revenue	-	-	-	-	-	931,780	-	931,780	-	931,780
Pension related amounts	316,923	212,351	34,277	-	563,551	-	-	563,551	-	563,551
OPEB related amounts, life	3,887	2,281	740	-	6,908	-	-	6,908	-	6,908
Total deferred inflows of resources	320,810	214,632	35,017	-	570,459	931,780	-	1,502,239	-	1,502,239
Net Position										
Net investment in capital assets	-	368,068	70,877	-	438,945	7,444,344	7,339,257	15,222,546	(2,155,020)	13,067,526
Restricted for grant programs	20,518	5,684,649	-	-	5,705,167	-	-	5,705,167	-	5,705,167
Restricted for pensions	143,504	101,857	2,737	-	248,098	-	-	248,098	-	248,098
Unrestricted (deficit)	287,427	-	33,001	144,639	465,067	(5,104,926)	(2,878,073)	(7,517,932)	-	(7,517,932)
Total net position	\$ 451,449	\$ 6,154,574	\$ 106,615	\$ 144,639	\$ 6,857,277	\$ 2,339,418	\$ 4,461,184	\$ 13,657,879	\$ (2,155,020)	\$ 11,502,859

City of Beloit

Combining Statement of Revenues, Expenses and Changes in Net Position -
 Community Development Authority
 Year Ended December 31, 2022

	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	\$ 3,252,282	\$ 540,102	\$ 2,593	\$ -	\$ -	\$ 3,794,977	\$ 550,230	\$ 766,368	\$ 5,111,575	\$ (283,796)	\$ 4,827,779
Program Revenues											
Charges for services	-	24,081	-	-	-	24,081	151,654	159,791	335,526	-	335,526
Operating grants and contributions	3,156,412	1,035,828	-	-	-	4,192,240	145,953	206,169	4,544,362	(665,996)	3,878,366
Other revenue	-	-	-	-	-	-	52,647	10,609	63,256	-	63,256
Total program revenues	3,156,412	1,059,909	-	-	-	4,216,321	350,254	376,569	4,943,144	(665,996)	4,277,148
Net revenues (expenses)	(95,870)	519,807	(2,593)	-	-	421,344	(199,976)	(389,799)	(168,431)	(382,200)	(550,631)
General Revenues (Expenses)											
Investment income	3,483	1,040	-	-	12,905	17,428	647	1,266	19,341	-	19,341
Interest and amortization	-	-	-	-	(12,905)	(12,905)	(171,404)	(103,517)	(287,826)	-	(287,826)
Payment to Beloit Apartments Redevelopment, Phase 1, LLC	-	(156,903)	-	-	-	(156,903)	-	-	(156,903)	156,903	-
Payment to Beloit Apartments Redevelopment, Phase 2, LLC	-	(225,297)	-	-	-	(225,297)	-	-	(225,297)	225,297	-
Gain on sale of property (loss)	-	600	-	-	-	600	(40,118)	-	(39,518)	-	(39,518)
Miscellaneous	65,788	1,887	-	-	-	67,675	(3,250)	(8,870)	55,555	-	55,555
Total general revenues (expenses)	69,271	(378,673)	-	-	-	(309,402)	(214,125)	(111,121)	(634,648)	382,200	(252,448)
Revenues (expenses) before contributions	(26,599)	141,134	(2,593)	-	-	111,942	(414,101)	(500,920)	(803,079)	-	(803,079)
Contributions											
Contributions	-	-	-	-	-	-	131,731	56,850	188,581	-	188,581
Total contributions	-	-	-	-	-	-	131,731	56,850	188,581	-	188,581
Change in net position	(26,599)	141,134	(2,593)	-	-	111,942	(282,370)	(444,070)	(614,498)	-	(614,498)
Net Position, Beginning (as restated)	<u>478,048</u>	<u>6,013,440</u>	<u>109,208</u>	<u>144,639</u>	<u>-</u>	<u>6,745,335</u>	<u>2,621,788</u>	<u>4,905,254</u>	<u>14,272,377</u>	<u>(2,155,020)</u>	<u>12,117,357</u>
Net Position, Ending	<u>\$ 451,449</u>	<u>\$ 6,154,574</u>	<u>\$ 106,615</u>	<u>\$ 144,639</u>	<u>\$ -</u>	<u>\$ 6,857,277</u>	<u>\$ 2,339,418</u>	<u>\$ 4,461,184</u>	<u>\$ 13,657,879</u>	<u>\$ (2,155,020)</u>	<u>\$ 11,502,859</u>

City of Beloit

 Combining Statement of Cash Flows - Community Development Authority
 Year Ended December 31, 2022

	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	\$ 55,994	\$ 34,813	\$ -	\$ -	\$ -	\$ 90,807
Paid to suppliers for goods and services	(3,088,246)	(450,022)	(2,542)	-	-	(3,540,810)
Payments to employees for services	(199,559)	(139,530)	-	-	-	(339,089)
Net cash flows from operating activities	(3,231,811)	(554,739)	(2,542)	-	-	(3,789,092)
Cash Flows From Noncapital Financing Activities						
Governmental grants received	3,156,412	1,030,451	-	-	-	4,186,863
Paid to LLC's	-	(308,876)	-	-	-	(308,876)
Collections on leases receivable	-	-	-	-	396,496	396,496
Net cash flows from noncapital financing activities	3,156,412	721,575	-	-	396,496	4,274,483
Cash Flows From Capital and Financing Activities						
Debt retired	-	-	-	-	(450,000)	(450,000)
Interest paid	-	-	-	-	(12,905)	(12,905)
Net cash flows from capital and related financing activities	-	-	-	-	(462,905)	(462,905)
Cash Flows From Investing Activities						
Investment income	3,483	1,040	-	-	12,905	17,428
Net cash flows from investing activities	3,483	1,040	-	-	12,905	17,428
Net change in cash and cash equivalents	(71,916)	167,876	(2,542)	-	(53,504)	39,914
Cash and Cash Equivalents, Beginning	<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>
Cash and Cash Equivalents, Ending	<u>\$ 510,368</u>	<u>\$ 771,028</u>	<u>\$ 39,689</u>	<u>\$ 144,639</u>	<u>\$ -</u>	<u>\$ 1,465,724</u>
Reconciliation of Operating Income (Loss) to Net Cash From Operating Activities						
Operating income (loss)	\$ (3,252,282)	\$ (516,021)	\$ (2,593)	\$ -	\$ -	\$ (3,770,896)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities						
Nonoperating income	65,788	1,887	-	-	-	67,675
Depreciation	-	4,161	85	-	-	4,246
Change in assets, deferred outflows, liabilities and deferred inflows:						
Accounts receivable	(30,114)	151	-	-	-	(29,963)
Prepaid items	(214)	(220)	-	-	-	(434)
Pension related deferrals and assets/liabilities	(45,087)	(31,524)	-	-	-	(76,611)
OPEB related deferrals and liabilities	11,915	8,331	-	-	-	20,246
Accounts payable and accrued liabilities	(1,092)	(36,442)	(34)	-	-	(37,568)
Due to primary government	(1,661)	5,813	-	-	-	4,152
Deposits	20,936	9,125	-	-	-	30,061
Net cash provided by operating activities	<u>\$ (3,231,811)</u>	<u>\$ (554,739)</u>	<u>\$ (2,542)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,789,092)</u>
Noncash Capital and Financing Activities						
None						

STATISTICAL SECTION

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.

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Financial Trends - Schedules 1 through 5

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These schedules contain trend information to help the reader understand how the city's financial performance and well-being have changed over time.

Revenue Capacity - Schedules 6 through 10

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These schedules contain information to help the reader assess the city's most significant local revenue source, the property tax.

Debt Capacity - Schedules 11 through 14

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These schedules present information to help the reader assess the affordability of the city's current levels of outstanding debt and the city's ability to issue additional debt in the future.

Demographic and Economic Information - Schedules 15 and 16

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These schedules provide demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place and to help make comparisons over time with other governments.

Operating Information - Schedules 17 through 19

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These schedules contain service and infrastructure data to help the reader understand how the information in the city's financial report relates to the services the city provides and the activities it performs.

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

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

	<u>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>	<u>2022</u>
Governmental activities										
Net investment in capital assets	\$ 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	\$ 80,399,780
Restricted	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	39,147,844
Unrestricted (deficit)	(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)	(95,106,267)
Total governmental activities net position	<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>	<u>\$ 24,441,357</u>
Business-type activities										
Net investment in capital assets	\$ 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	\$ 61,549,962
Restricted	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	4,688,743
Unrestricted	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	10,368,984
Total business-type activities net position	<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>	<u>\$ 76,607,689</u>
Primary government										
Net investment in capital assets	\$ 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	\$ 140,200,753
Restricted	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	43,836,587
Unrestricted	(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)	(82,988,294)
Total primary government net position	<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>	<u>\$ 101,049,046</u>

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

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

	<u>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>	<u>2022</u>
Expenses										
Governmental activities:										
General government	\$ 788,296	\$ 772,449	\$ 778,843	\$ 782,031	\$ 1,007,820	\$ 1,199,584	\$ 1,146,064	\$ 1,028,238	\$ 991,868	\$ 935,426
Finance and administrative services	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	2,966,549
Community development	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	5,282,824
Economic development	340,202	355,466	268,874	368,492	420,046	433,082	440,630	403,260	355,477	316,980
Public safety:										
Police services	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	12,704,675
Fire services	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	7,270,238
Public works	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	17,319,225
Library	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	2,607,390
Interest and fiscal charges	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	1,527,487
Total governmental activities	<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>	<u>50,930,794</u>
Business-type activities:										
Water	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	4,454,810
Sewer	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	8,449,981
Storm	-	-	-	998,387	977,034	978,025	952,574	921,231	950,367	1,067,732
Other non-major enterprise funds	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	3,909,177
Total business-type activities	<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>	<u>17,881,700</u>
Total expenses	<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>	<u>\$ 68,812,494</u>
Program Revenues (see Schedule 3)										
Governmental activities:										
Charges for services:										
General government	\$ 45,430	\$ 24,937	\$ 49,500	\$ 43,065	\$ 37,381	\$ -	\$ 37,381	\$ -	\$ -	\$ -
Finance and administrative services	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	877,857
Community development	262,901	270,531	121,212	147,455	91,562	126,459	136,214	135,656	114,710	77,030
Public safety:										
Police services	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	984,035
Fire services	2,676	49,148	28,248	11,972	40,258	36,032	53,510	24,198	35,096	8,160
Public works	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	3,048,196
Library	179,073	193,649	226,895	279,608	317,482	444,274	378,531	164,822	249,447	260,937
Operating grants and contributions	2,083,822	1,352,609	1,054,099	4,147,241	832,304	913,335	787,073	701,704	1,128,920	656,889
Capital grants and contributions	75,722	160,386	172,012	626,960	79,484	1,136,615	445,809	186,786	402,019	411,779
Total governmental activities	<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>	<u>6,324,883</u>
Business-type activities:										
Charges for services:										
Water	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	5,913,886
Sewer	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	8,933,190
Storm	-	-	-	1,124,771	1,127,563	1,119,715	1,126,622	1,163,345	1,172,291	1,270,401
Other non-major enterprise funds	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	2,353,990
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	1,392,318
Capital grants and contributions	147,573	734,718	68,837	6,490	59,245	91,647	780,970	1,396,793	1,234,419	1,356,007
Total business-type activities	<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>	<u>21,219,792</u>
Total revenues	<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>	<u>\$ 27,544,675</u>
Net (expense)/revenue										
Governmental activities	\$ (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)	\$ (44,605,911)
Business-type activities	(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	3,338,092
Total net expense	<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>	<u>\$ (41,267,819)</u>

(continued)

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

	<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>	<u>2022</u>
General revenues										
Governmental activities:										
Taxes										
Property taxes, levied for general purposes	\$ 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	\$ 9,432,382
Property taxes, levied for debt service	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	5,450,000
Property taxes, levied for other	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	14,811,355
Other taxes	658,072	591,020	668,830	724,441	660,550	628,669	713,589	629,104	647,899	727,051
Intergovernmental revenues not restricted to specific programs	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	22,544,562
Public gifts and/or grants										
Investment income (loss)	(384,380)	972,002	262,851	292,699	205,821	621,267	1,099,877	794,254	(76,084)	(223,454)
Gain (loss) on sale of property	65,842	214,055	35,026	961,838	1,650	760	2,763	-	-	151,297
Miscellaneous	1,835,433	1,237,121	882,350	974,468	858,406	1,067,892	836,528	1,888,360	1,103,292	2,744,292
Public gifts and grants	-	-	-	-	-	-	-	-	-	20,000
Transfers	830,166	(10,654)	633,315	388,040	837,543	(98,359)	815,064	213,659	660,180	503,459
Total general revenues and transfers	<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>	<u>56,160,944</u>
Business-type activities:										
Taxes	554,367	612,481	662,833	662,833	662,833	634,719	610,019	162,722	97,775	610,019
Intergovernmental revenues not restricted to specific programs	1,163,443	-	-	-	-	-	-	-	-	-
Investment income	343,408	299,078	281,989	265,580	266,130	453,836	518,050	333,198	170,687	345,626
Miscellaneous	-	-	-	-	-	-	-	66,443	16,990	19,152
Gain (loss) on sale of property	(70,744)	5,231	8,968	43,811	10,077	11,083	-	-	-	-
Transfers	(830,166)	10,654	(633,315)	(388,040)	(837,543)	98,359	(815,064)	(213,659)	(660,180)	(503,459)
Total business-type activities	<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>	<u>471,338</u>
Total primary government	<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>	<u>\$ 56,632,282</u>
Change in net position										
Governmental activities	\$ (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	\$ 11,555,033
Business-type activities	(2,727,906)	(872,332)	(2,715,371)	(1,488,825)	(479,269)	(178,726)	(2,720)	2,158,205	3,312,199	3,809,430
Total change in net position	<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>	<u>\$ 15,364,463</u>

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

	<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>	<u>2022</u>
Function/Program										
Governmental activities:										
General government	\$ 45,430	\$ 24,937	\$ 49,500	\$ 43,065	\$ 37,381	\$ -	\$ 37,381	\$ -	\$ -	\$ -
Finance and administrative services	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	914,517
Community development	1,221,147	478,325	149,384	3,152,232	129,548	264,462	278,839	225,207	431,995	38,491
Public safety:										
Police services	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	984,135
Fire services	60,008	109,580	88,520	79,249	112,583	104,964	128,630	102,117	119,791	109,568
Public works	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	3,603,840
Parks and Recreation	467,143	478,794	503,527	558,287	592,801	735,688	680,294	515,326	628,283	674,332
Total governmental activities	<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>	<u>6,324,883</u>
Business-type activities:										
Water	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	6,083,290
Sewer	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	8,945,767
Storm	-	-	-	1,124,771	1,127,563	1,119,715	1,154,153	1,163,345	1,172,291	1,270,401
Other non-major enterprise funds	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	4,920,334
Total business-type activities	<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>	<u>21,219,792</u>
Total primary government	<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>	<u>\$ 27,544,675</u>

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

	<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>	<u>2022</u>
General fund										
Nonspendable	\$ 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	\$ 3,032,405
Assigned	626,840	300,000	-	-	-	-	-	170,054	250,000	250,000
Restricted	-	-	-	-	-	77,500	80,404	80,801	80,801	80,801
Unassigned	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	14,090,516
Total general fund	<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>	<u>\$ 17,453,722</u>
All other governmental funds										
Nonspendable	\$ -	\$ 11,709	\$ 402,577	\$ -	\$ -	\$ 230,000	\$ -	\$ -	\$ -	\$ -
Restricted	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	30,611,977
Assigned	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	8,619,066
Unassigned	(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)	(95,376)
Total all other governmental funds	<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>	<u>\$ 39,135,667</u>
Total governmental funds	<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>	<u>\$ 56,589,389</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 2022 was \$8,722,238 which represents three months of budgeted operating expenditures. The city exceeded this limit by \$5,618,278. 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>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>	<u>2022</u>
Revenues										
Taxes (see Schedule 6)	\$ 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	\$ 29,996,118
Intergovernmental	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	23,463,450
Licenses and permits	863,215	938,474	970,400	908,737	810,263	930,851	874,915	892,846	772,948	837,042
Fines, forfeitures and penalties	1,134,664	1,077,893	937,079	795,998	793,591	780,934	839,569	576,375	652,391	704,324
Fees and service charges	732,733	792,397	816,604	818,488	816,408	850,262	868,215	493,285	600,076	620,192
Rent	13,031	19,178	47,003	57,804	47,992	48,426	77,441	59,006	64,287	66,451
Special assessments	188,098	190,402	312,480	280,934	301,179	181,709	445,809	317,334	141,899	206,166
Investment income (loss)	580,052	431,892	433,241	513,378	290,359	663,241	1,134,475	878,679	6,347	(279,997)
Unrealized Gain (loss) on investment	(964,552)	479,956	(187,938)	(226,204)	-	-	-	-	-	-
Public charges for services	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	2,866,344
Other	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	2,888,936
Total revenues	<u>51,585,570</u>	<u>52,163,450</u>	<u>52,016,182</u>	<u>52,418,503</u>	<u>52,056,244</u>	<u>53,547,475</u>	<u>53,271,154</u>	<u>53,359,068</u>	<u>53,972,823</u>	<u>61,369,026</u>
Expenditures										
Current										
General government	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	4,134,821
Community development	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	6,006,829
Public safety	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	21,695,846
Public works	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	8,764,282
Parks, recreation, and education	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	2,238,850
Capital outlay	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	7,177,073
Debt service:										
Principal retirement	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	5,038,333
Interest and fiscal charges	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	1,500,453
Total expenditures	<u>60,008,066</u>	<u>56,838,542</u>	<u>56,424,807</u>	<u>58,396,236</u>	<u>56,070,052</u>	<u>58,723,808</u>	<u>57,565,466</u>	<u>54,355,842</u>	<u>64,289,090</u>	<u>56,556,487</u>
Excess of revenues over (under) expenditures	(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)	4,812,539
Other financing sources (uses)										
Debt issued	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	5,170,000
Debt issued - refunding	12,079,111	5,477,459	-	-	2,510,000	-	-	-	9,890,000	-
Premium on bonds	423,115	256,111	-	130,133	200,080	131,430	243,147	115,550	881,607	62,217
Payments to escrow agent	(7,664,827)	(5,643,847)	-	-	-	-	-	-	-	-
Sale of city property	150,427	568,504	116,084	340,759	63,480	96,003	110,345	83,553	70,757	219,202
Transfers in	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	13,278,330
Transfers out	(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)	(12,774,871)
Total other financing sources (uses)	<u>9,654,981</u>	<u>4,656,818</u>	<u>4,346,938</u>	<u>6,221,166</u>	<u>7,165,581</u>	<u>6,483,173</u>	<u>6,638,556</u>	<u>5,787,756</u>	<u>15,792,949</u>	<u>5,954,878</u>
Net change in fund balances	<u>\$ 1,232,485</u>	<u>\$ (18,274)</u>	<u>\$ (61,687)</u>	<u>\$ 243,433</u>	<u>\$ 3,151,773</u>	<u>\$ 1,306,840</u>	<u>\$ 2,344,244</u>	<u>\$ 4,790,982</u>	<u>\$ 5,476,682</u>	<u>\$ 10,767,417</u>
Debt service as a percentage of non-capital expenditures	24.14%	16.81%	18.12%	18.54%	20.82%	17.76%	15.48%	15.67%	31.59%	11.95%

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
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
2022	29,709,518	9,743	22,525	-	254,332	29,996,118

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
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%
2022	1,448,863,300	788,819,100	218,162,900	594,700	102,238,880	2,558,678,880	7.72	2,654,129,100	96.40%

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			
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
2022	2023	4.70	3.02	7.72	4.41	-	0.87	4.90	17.90	(1.20)	16.70

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			
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
2022	2023	4.70	3.02	7.72	4.41	-	0.87	7.98	20.98	(1.20)	19.78

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			
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
2022	2023	4.70	3.02	7.72	4.41	-	0.87	14.30	27.30	(1.20)	26.10

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	2022			2013		
		Taxable Assessed Valuation	Percentage of Total Taxable Assessed Valuation	Rank	Taxable Assessed Valuation	Percentage of Total Taxable Assessed Valuation	Rank
Amazon	Distribution Center	\$ 178,468,950	6.98%	1			
ABC Supply/Hendricks	Wholesale Distribution/Property Development	140,598,310	5.49%	2	\$ 68,423,490	4.34%	1
Kerry Ingredients	Mfg of Food Additives	62,712,120	2.45%	3	41,871,200	2.65%	2
Hawks Ridge Apartments LLC	Apartment Rentals	39,822,200	1.56%	4			
Beloit Health Systems	Health Services	22,440,030	0.88%	5	15,671,710	0.99%	7
Frito Lay Inc	Food Processor	21,047,400	0.82%	6	23,804,100	1.51%	4
Kettle Foods	Retailer	19,836,200	0.78%	7	18,651,200	1.18%	5
Commercial LLC	Fulfillment Center	19,664,510	0.77%	8			
One Reynolds Drive LLC	Warehouse	17,851,400	0.70%	9			
Pratt Industries	Corrugated Packaging Manufacturer	17,808,600	0.70%	10			
Staples Contract & Commercial	Fulfillment Center				34,688,370	2.20%	3
Walmart	Retailer				15,726,620	1.00%	6
Woodman's	Retail Grocer				14,102,460	0.89%	8
Walgreens	Retail Services				12,528,020	0.79%	9
Jacobson Beloit LLC	Southeastern Container				12,416,400	0.79%	10
Totals		<u>\$ 361,780,770</u>	<u>14.14%</u>		<u>\$ 257,883,570</u>	<u>16.34%</u>	

Source: City of Beloit Assessor's Office.

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

<u>Levy Year</u>	<u>Collection Year</u>	<u>Total City Tax Levy (1)</u>	<u>Collected within the Fiscal Year of the Levy</u>		<u>Collections in Subsequent Years</u>	<u>Total Collections to Date</u>	
			<u>Amount</u>	<u>Percentage of Levy</u>		<u>Amount</u>	<u>Percentage of Levy</u>
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%	17,818,060	21,496,404	98.46%
2022	2023	19,757,682	3,403,918	17.23%	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														
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	2.91%
2021	46,915,466	1,547,626	-	396,496	55,790	-	-	-	48,915,378	2,377,775,400	2.06%	36,376	1,345	2.55%
2022	47,499,419	1,438,011	-	-	-	-	-	-	48,937,430	2,654,129,100	1.84%	36,760	1,331	2.35%
Business-Type Activities														
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	1.60%
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	1.34%
2022	1,379,952	483,994	-	-	-	4,981,329	15,725,000	730,000	23,300,275	2,654,129,100	0.88%	36,760	634	1.12%
Total Government-wide														
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	4.51%
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	3.89%
2022	48,879,371	1,922,005	-	-	-	4,981,329	15,725,000	730,000	72,237,705	2,654,129,100	2.72%	36,760	1,965	3.46%

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
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	49,919,503	1,372	2.10%	48,550,940	118,888,770	70,337,830	59.16%
2022	48,879,371	1,922,005	50,801,376	1,042,811	49,758,565	1,354	1.87%	48,879,371	132,706,455	83,827,084	63.17%

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, 2022

<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	\$ 70,320,000	15.66%	\$ 11,012,112
Blackhawk Technical College	80,929,097	13.30%	10,763,570
Beloit School District	24,037,000	94.59%	22,736,598
Beloit Turner School District	20,720,000	10.69%	2,214,968
Clinton Community School District	29,769,000	31.37%	9,338,535
Subtotal, overlapping debt			<u>56,065,784</u>
City direct debt			<u>48,937,430</u>
Total direct and overlapping debt			<u>\$ 105,003,214</u>
Population			36,760
Overlapping debt per capita			\$ 1,525
Direct and overlapping debt per capita			\$ 2,856

Sources: Equalized value data provided by the Wisconsin Department of Revenue was used to determine the estimated percentage of overlapping debt applicable. Debt outstanding data was provided by each jurisdiction.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Beloit. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be considered. However, this does not imply that every taxpayer is a resident and is responsible for repaying the debt of each overlapping government.

(a) The percentage of overlapping debt applicable is estimated using estimated market value (equalized value) of property as provided by the Wisconsin Department of Revenue. Applicable percentages were calculated by using the portion of the taxing jurisdiction's estimated market value that is within the city's boundaries and dividing it by the jurisdiction's total estimated market value.

Direct Debt includes outstanding long term bonded debt, notes, loans, and capital leases of the city's governmental activities.

**City of Beloit, Wisconsin
Pledged Revenue Coverage
Last Ten Fiscal Years**

Sewer Utility Revenue Bonds

Fiscal Year	Utility Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
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
2022	9,026,004	5,669,195	3,356,809	315,538	151,230	7.19

Water Utility Revenue Bonds

	Utility Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
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
2022	6,103,022	2,575,127	3,527,895	1,695,000	607,493	1.53

Stormwater Utility Revenue Bonds

	Utility Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
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
2022	1,283,624	914,318	369,306	80,000	24,600	3.53

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements. Sewer, water, and stormwater charges include non-operating revenues. Operating expenses do not include interest, amortization, or depreciation. The City's required coverage ratios are 1.10 for the sewer bonds and 1.25 for the water and stormwater bonds.

**City of Beloit, Wisconsin
Demographic and Economic Statistics
Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Estimated Personal Income (2)</u>	<u>Per Capita Personal Income (3)</u>	<u>School Enrollment (4)</u>	<u>Labor Force (5)</u>	<u>Employment (5)</u>	<u>Unemployment (5)</u>	<u>City Unemployment Rate (5)</u>
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	1,800,921,753	49,129	8,638	17,142	15,796	1,346	7.9%
2021	36,376	1,920,179,912	52,787	8,242	17,556	16,511	1,045	6.0%
2022	36,760	2,086,754,920	*56,767	9,019	17,175	16,437	738	4.3%

Sources: (1) State of Wisconsin Department of Administration or U. S. Census Bureau (2022).

(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.

* 2022 Per Capita Personal Income is an estimate from the Wisconsin Department of Revenue in their Metropolitan Statistical Area Outlook Report.

(4) State of Wisconsin Department of Public Instruction.

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

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

<u>Employer</u>	<u>2022</u>			<u>2013</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Amazon	1,220	1	7.72%			
Beloit Health Systems	1,200	2	7.60%	1,556	1	10.39%
ABC Supply	911	3	5.77%	406	9	2.71%
School District of Beloit	877	4	5.55%	1,194	2	7.97%
Kerry Ingredients	811	5	5.13%	654	6	4.37%
Frito-Lay	663	6	4.20%	685	4	4.57%
Taylor Company	525	7	3.32%	671	5	4.48%
Hormel	441	8	2.79%			
Fairbanks - Morse	440	9	2.79%	373	10	2.49%
City of Beloit	363	10	2.30%	457	7	3.05%
Birds Eye				726	3	4.85%
Beloit College				413	8	2.76%
Total	<u>7,451</u>		<u>47.17%</u>	<u>7,135</u>		<u>47.63%</u>

Source: City of Beloit Department of Economic Development.

City of Beloit, Wisconsin
Full-time Equivalent City Employees by Function/Program
Last Ten Fiscal Years

Function	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
City Manager	3.00	3.00	3.00	2.00	2.00	3.25	3.25	3.25	4.25	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	4.00	4.00	4.00	4.50	5.00	5.00	5.00	5.00	5.00
Human Resources	2.00	2.00	3.00	2.00	2.10	2.25	2.25	3.00	3.00	4.00
Economic Development	4.50	4.50	5.00	5.00	5.00	5.00	5.00	5.00	5.00	4.70
Municipal Court	4.20	4.20	4.20	4.20	4.20	4.20	4.20	4.20	4.20	3.90
Finance and Administrative Services	18.00	18.05	17.15	17.30	16.15	16.30	16.15	16.30	16.15	16.30
Police	90.26	90.66	91.16	91.16	91.16	91.16	91.66	92.41	91.70	92.20
Fire	59.74	64.74	63.24	64.86	64.73	61.83	61.83	61.83	61.83	61.83
Community Development	28.50	28.50	27.50	28.00	27.50	27.50	27.50	*47.2	46.70	46.20
Department of Public Works	153.99	152.49	155.14	153.11	150.90	152.40	150.90	128.02	127.36	128.69
Library	25.59	27.34	27.60	26.98	32.66	32.66	25.44	26.35	26.73	26.44
Total	398.78	403.48	404.99	402.61	404.90	405.55	397.18	396.56	395.92	397.51

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	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General government										
New Building permits	7	6	7	10	12	20	20	23	55	27
Building permits issued	990	1,074	1,002	1,009	945	1,199	1,171	1,217	1,439	1,026
Building inspections conducted	3,874	1,657	2,269	3,449	3,025	3,463	3,778	3,904	3,400	3,338
Site plans reviewed	25	14	13	12	14	22	19	17	11	17
Police										
Physical Arrests	10,026	4,850	4,683	3,802	3,635	2,362	3,555	2,590	2,370	2,672
Traffic Violations	5,529	4,746	3,564	2,611	3,253	3,968	4,051	3,160	3,117	3,667
Parking Violations	6,230	7,072	3,837	2,275	3,440	2,778	2,538	2,072	2,757	2,404
Fire										
Emergency responses	8,194	8,452	8,513	8,929	10,067	8,331	8,587	8,253	7,446	8,110
Fires extinguished	107	122	134	114	115	198	95	129	189	162
Inspections conducted	2,000	2,050	2,096	1,964	1,945	1,953	1,992	990	1,974	1,817
Ambulance runs	3,726	3,835	3,969	4,428	4,837	4,690	4,699	4,517	5,111	5,085
Engineering and public works										
Development plans reviewed	25	14	13	12	14	22	25	71	58	55
Infrastructure projects designed	16	15	24	16	29	33	20	19	26	21
Infrastructure projects completed	16	14	20	15	21	25	15	14	14	9
Highways and Streets										
Street resurfacing (miles)	5.5	1.92	6.3	6.1	3.6	5.67	5.11	2.3	4.19	1.82
Potholes repaired	38,725	38,176	38,720	43,737	36,921	37,507	40,305	38,185	38,244	13,281
Sanitation										
Refuse collected (tons/day)	33.79	39.07	37	42.51	42.55	42.56	41.16	43.18	46.6	55.05
Recyclables collected (tons/day)	15.15	18.47	16.5	19.96	24.25	21.8	16.68	13.8	13.3	13.4
Culture and Recreation										
Facility use permits issued	431	491	530	577	589	596	565	145	515	468
Number of programs offered	81	84	86	84	87	90	86	15	27	45
Rounds of golf played	21,822	20,056	19,502	19,266	20,575	17,801	19,358	13,722	21,273	19,750
Senior center participants	25,822	25,934	26,194	26,546	26,599	22,706	20,019	6,510	6,555	16,262
Number of cemetery internments	175	147	164	141	152	160	148	185	165	149
Water										
Work orders processed	2,724	2,321	2,336	2,910	2,157	3,614	3,804	2,158	3,848	1,860
DHL locate tickets processed	5,196	4,170	5,183	5,033	5,175	5,484	4,802	5,189	5,523	4,694
Main breaks	56	52	34	36	33	37	41	21	24	33
Average daily production (MGD)	5.55	5.468	6.109	5.804	5.931	6.062	6.004	6.265	4.668	6.746
Peak daily production (MGD)	8.726	7.500	8.427	8.593	8.786	7.809	7.692	8.49	10.121	10.036
Wastewater										
Average daily treatment (MGD)	4.32	3.776	3.95	4.205	4.272	4.992	5.88	4.39	3.83	3.73
Peak daily treatment (MGD)	15.459	9.640	6.071	5.414	6.466	14.4	16.44	6.48	4.898	4.29
Transit										
Total route miles	343,029	311,017	287,839	287,963	287,963	287,963	274,461	265,086	320,324	312,906
Passengers	243,859	223,291	198,719	184,013	146,198	143,158	131,561	37,577	79,500	94,780

Source: Various city departments.

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

Function/Program	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	40	40	40	51	47	51	54	58	62	58
Fire										
Stations	3	3	3	3	3	3	3	3	3	3
Trucks	14	14	14	14	14	14	12	12	12	11
Ambulances	4	4	4	4	4	4	4	4	4	5
Refuse Collection										
Garbage trucks	13	13	13	12	12	12	12	12	12	12
94 Gallon trash cart	0	0	0	12,647	12,647	12,720	12,776	12,845	12,960	13,078
94 Gallon recycling cart	0	0	0	12,647	12,647	12,735	12,788	12,861	12,973	13,103
64 Gallon trash cart	0	0	0	278	278	288	320	327	335	353
64 Gallon recycling cart	0	0	0	278	278	288	320	327	335	353
Other public works										
Streets/highways (miles)	183.5	183.5	184.8	184.8	184.8	186.7	186.7	186.7	185.8	187.8
Streetlights	1,308	1,308	1,456	1,498	1,499	1,538	1,538	1,555	1,519	1,656
Traffic signals	40	40	41	42	42	43	43	45	45	46
Parks and recreation										
Acreage	924	924	924	924	924	924	924	924	924	924
Parks	39	39	39	39	39	39	39	39	39	39
Tennis courts	11	11	11	11	10	9	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	2	2	2	1	1	1	1	1
Water										
Wells	8	9	8	8	8	8	8	8	8	8
Water mains (miles)	198.9	198.9	199	199	199	204.2	204.4	205.4	206	209
Hydrants	1,555	1,555	1,558	1,488	1,574	1,613	1,653	1,671	1,694	1,699
Storage capacity (MGD)	4.15	4.150	4.15	4.15	4.15	4.15	5.25	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	177.7	187.1	177.9	178.6	178.7
Storm sewer (miles)	110.2	110.2	110.2	110.2	110.2	111.8	113.8	133.3	113.7	114.3
Treatment capacity (MGD)	11.3	11.3	11.3	11.3	11.3	13.2	13.2	13.2	13.2	13.2
Transit										
Buses	12	12	12	12	12	12	12	13	11	10

Source: Various city departments.

SINGLE AUDIT SECTION

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

Independent Auditors' Report

To the City Council 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 (*Government Auditing Standards*), 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 (the City), as of and for the year ended December 31, 2022, 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 16, 2023. 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 identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2022-001 and 2022-002, 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 Finding

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 16, 2023

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

Independent Auditors' Report

To the City Council 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, 2022. 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, 2022.

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 control 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 an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and the *Guidelines* and which is described in the accompanying schedule of findings and questioned costs as item 2022-003. Our opinion on each major federal and major state program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the noncompliance finding 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 a deficiency in internal control over compliance that we consider to be a significant deficiency.

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 deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-003, to be a significant deficiency.

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

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 16, 2023

City of Beloit

Schedule of Expenditures of Federal Awards
Year Ended December 31, 2022

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**	\$ 616,131	\$ 213,097
Community Development Block Grants/Entitlement Grants - Revolving Loan/Program Income	14.218	Direct	359**	227,190	-
COVID-19 Community Development Block Grants/Entitlement Grants	14.218	Direct	358**	149,038	137,001
COVID-19 Community Development Block Grants/Entitlement Grants	14.218	Direct	191**	<u>30,070</u>	<u>30,070</u>
Total CDBG - Entitlement Grants Cluster				1,022,429	380,168
Community Development Block Grant/State's Program and Non-Entitlement Grants in Hawaii					
	14.228	WI DOA	19023	97,494	97,494
Home Investment Partnerships Program					
Home Investment Partnerships Program - Program Income	14.239	C/ Janesville	35125-36125	35,569	-
	14.239	C/ Janesville	35125-36125	<u>49,866</u>	-
Total ALN #14.239				85,435	-
Public and Indian Housing					
	14.850	Direct		527,316	-
Resident Opportunity and Supportive Services - Service Coordinators					
	14.870	Direct		42,444	-
Housing Voucher Cluster					
Section 8 Housing Choice Vouchers	14.871	Direct		<u>3,192,086</u>	-
Total Housing Voucher Cluster				3,192,086	-
Public Housing Capital Fund					
WI39-PO64-501-18	14.872	Direct		111,936	-
WI39-PO64-501-19	14.872	Direct		68,562	-
WI39-PO64-501-20	14.872	Direct		1,865	-
WI39-PO64-501-21	14.872	Direct		44,358	-
WI39-PO64-501-22	14.872	Direct		<u>188,766</u>	-
Total ALN #14.872				415,487	-
Family Self-Sufficiency Program - Grant No. FSS22WI4703					
	14.896	Direct		<u>50,893</u>	-
Total U.S. Department of Housing and Urban Development				<u>5,433,584</u>	<u>477,662</u>
U.S. Department of Justice					
COVID-19 Coronavirus Emergency Supplemental Funding Program					
	16.034	Direct	18020	10,000	-
Bulletproof Vest Partnership					
Bulletproof Vest Partnership	16.607	Direct	38370	3,373	-
	16.607	Direct	38371	<u>5,430</u>	-
Total ALN #16.607				8,803	-
Drug Trafficking Grant					
Project Safe Neighborhoods	16.609	WI DOJ	2022-DT-01-16838	45,500	-
	16.609	WI DOJ	2020-PW-01-16592	10,009	-
Project Safe Neighborhoods	16.609	WI DOJ	2019-PW-01-15823	<u>4,702</u>	-
Total ALN #16.609				60,211	-
Total U.S. Department of Justice				<u>79,014</u>	-
U.S. Department of Transportation					
Highway Planning and Construction Cluster					
Highway Planning and Construction	20.205	IL DOT	35282	<u>185,093</u>	-
Total Highway Planning and Construction Cluster				185,093	-
Federal Transit Cluster					
Federal Transit Capital Investment Grant	20.500	WI DOT	WI2019-00-600	329,498	-
COVID-19 Federal Transit Formula Grants	20.507	Direct	WI-2021-024-00	113,248	-
Federal Transit Formula Grants	20.507	Direct	WI-2023-003-00	<u>814,460</u>	-
Total Federal Transit Cluster				1,257,206	-
Highway Safety Cluster					
State and Community Highway Safety					
Seatbelt CIOT	20.600	WI DOT	10662	1,348	-
Speed Grant	20.600	WI DOT	10562	508	-
Alcohol Enforcement	20.600	WI DOT	10582	12,063	-
Alcohol Enforcement	20.600	WI DOT	10581	<u>56,560</u>	-
Total Highway Safety Cluster				70,479	-
Total U.S. Department of Transportation				<u>1,512,778</u>	-
U.S. Department of Treasury					
COVID-19 Coronavirus State & Local Fiscal Recovery Funds					
COVID-19 Law Enforcement Grant	21.027	WI DOA	39022	<u>9,154</u>	-
Total ALN #21.027				427,093	-
Total U.S. Department of Treasury				<u>427,093</u>	-

See notes to schedules of expenditures of federal and state awards

City of Beloit

Schedule of Expenditures of Federal Awards
 Year Ended December 31, 2022

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. Environmental Protection Agency					
Clean Water State Revolving Fund (CWSRF) Cluster					
Capitalization Grants for Clean Water State Revolving Funds	66.458	WI DNR	4608-08	\$ 12,577	\$ -
Total Clean Water State Revolving Fund (CWSRF) Cluster				<u>12,577</u>	<u>-</u>
Total U.S. Environmental Protection Agency				<u>12,577</u>	<u>-</u>
U.S. Department of Homeland Security					
COVID-19 Assistance to Firefighters Grant	97.044	Direct	38123	<u>172,270</u>	<u>-</u>
Total U.S. Department of Homeland Security				<u>172,270</u>	<u>-</u>
Total federal awards				<u>\$ 7,637,316</u>	<u>\$ 477,662</u>

See notes to schedules of expenditures of federal and state awards

City of Beloit

Schedule of Expenditures of State Awards
 Year Ended December 31, 2022

State Agency/Pass-Through Agency/Program Title	State Number	Grant Number	Total Expenditures	Payments Made to Subrecipients
Wisconsin Department of Transportation				
Transit Operating Aids				
2022 Operating Aids	395.104	25707410-436001	\$ 464,837	\$ -
2022 Paratransit Aids	395.104	85.205	<u>27,010</u>	<u>-</u>
Total Wisconsin Department of Transportation			<u>491,847</u>	<u>-</u>
Wisconsin Department of Natural Resources				
Knowles-Nelson Stewardship Program - Urban Rivers	370.TA1	SADLP3191311	422,742	-
Knowles-Nelson Stewardship Program - Urban Rivers	370.TA1	URGP319339	<u>401,474</u>	<u>-</u>
Total State Number #370.TA1			824,216	-
Recycling Grants to Responsible Units	370.670	N/A	128,266	-
Recycling Consolidation Grant	370.673	N/A	<u>9,197</u>	<u>-</u>
Total Wisconsin Department of Natural Resources			<u>961,679</u>	<u>-</u>
Wisconsin Department of Administration				
Office of Justice Assistance				
Uniform Beat Patrol Officers	455.275	61622239-406001-10032	<u>121,434</u>	<u>-</u>
Total Wisconsin Department of Administration			<u>121,434</u>	<u>-</u>
Total state awards			<u>\$ 1,574,960</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, 2022

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, 2022. 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
WI DNR	Wisconsin Department of Natural Resources
IL DOT	Illinois Department of Transportation

4. Indirect Cost Rate

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

5. Pre-2022 Expenditures on Schedule of Expenditures of State Awards

The Knowles-Nelson Stewardship Program - Urban Rivers, State Number 370.TA1, was a major program for 2022. During our testing, we noted that all the expenditures related to this grant were incurred prior to 2022, but the City was not reimbursed until 2022. These expenditures should have been included on the Schedule of Expenditures of State Awards in the years that they were incurred. As they were missed, we elected to include them on the 2022 Schedule of Expenditures of State Awards and test it as a major program.

City of Beloit

Schedule of Findings and Questioned Costs
Year Ended December 31, 2022

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

	<u>Federal Programs</u>		<u>State Programs</u>	
Internal control over major programs:				
Material weakness(es) identified?	<u> </u> yes	<u> X </u> no	<u> </u> yes	<u> X </u> no
Significant deficiencies identified that are not considered to be material weakness(es)?	<u> X </u> yes	<u> </u> none reported	<u> </u> yes	<u> X </u> none reported
Type of auditor's report issued on compliance for major programs:	<u>Unmodified</u>		<u>Unmodified</u>	
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 <i>State Single Audit Guidelines</i> ?	<u> X </u> yes	<u> </u> no	<u> </u> yes	<u> X </u> no
Auditee qualified as low-risk auditee?	<u> </u> yes	<u> X </u> no	<u> </u> yes	<u> X </u> no
Dollar threshold used to distinguish between type A and type B programs:	<u>\$750,000</u>		<u>\$250,000</u>	

Identification of major federal programs:

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
	<u>Housing Voucher Cluster</u>
14.871	Section 8 Housing Choice Vouchers
	<u>Federal Transit Cluster</u>
20.500	Federal Transit, Capital Investment Grants
20.507	Federal Transit, Formula Grants
21.027	COVID-19 Coronavirus State and Local Fiscal Recovery Funds

Identification of major state programs:

<u>State Number</u>	<u>Name of State Program</u>
370.TA1	Knowles-Nelson Stewardship Program - Urban Rivers

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

Finding 2022-001: Internal Control Over Financial Reporting

Repeat of prior year finding 2021-001

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. The City prepared the schedule of expenditures of federal and state awards in accordance with the Uniform Guidance; however, material changes were proposed to the City during the audit process.

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

Effect: Complete and accurate financial statements and the schedule of expenditures of federal and state awards 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.

Finding 2022-002: Internal Control Environment

Repeat of prior year finding 2021-002

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 2023, 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.

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

Finding 2022-003

Program Assistance Listing Number: 21.027 COVID-19 Coronavirus State & Local Fiscal Recovery Funds

Federal Grantor: U.S. Department of Treasury

Criteria: The Uniform Guidance and *State Single Audit Guidelines* require that local entities receiving federal and state awards establish and maintain internal control designed to reasonably ensure compliance with laws, regulations, and program compliance requirements. The Uniform Guidance and *State Single Audit Guidelines* further require auditors to obtain an understanding of the local entity's internal control over federal and state programs. To minimize the risk of errors, internal controls should be in place for all program compliance requirements, including the preparation and submission reports, which should be reviewed and approved by a responsible party other than the original preparer.

Condition/Context: The Project and Expenditure Report and the Interim Report tested were not reviewed by an independent person before submission.

Cause: The City did not have internal control procedures in place requiring an independent person to review the reports before submission and ensure the reports were accurate and submitted timely. The sample was not a statistically valid sample.

Effect: Reports that were submitted could contain errors.

Questioned Costs: None noted.

Recommendation: The City should review its internal control procedures to ensure there are proper review and approval processes in place over completeness and accuracy of its reporting requirements.

Management's Response: The City has established a procedure where the Finance Director will extract all the appropriate documentation from MUNIS and assemble the applicable report. The Finance Director will print the report for review and approval by the Director of Accounting prior to submitting the report to the United States Treasury via the Treasury Portal.

City of Beloit

Schedule of Findings and Questioned Costs
Year Ended December 31, 2022

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 16, 2023