



CITY^{of} BELDING

CITY OF BELDING, MICHIGAN

**FINANCIAL STATEMENTS
and
SINGLE AUDIT REPORTING**

FOR THE YEAR ENDED JUNE 30, 2024



**Vredeveld Haefner LLC
CPAs and Consultants**

CITY OF BELDING

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INDEPENDENT AUDITORS' REPORT

December 24, 2024

Honorable Mayor and Members of the City Council
City of Belding, Michigan

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 discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Belding, Michigan, (the "City") as of and for the year ended June 30, 2024, 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, 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 discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Belding, Michigan, as of June 30, 2024, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's 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.

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.

Auditor's 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 auditor's 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 generally accepted auditing standards and *Government Auditing Standards* 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 generally accepted auditing standards and *Government Auditing Standards*, 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 management's discussion and analysis on pages 5 through 10 and the information on pages 43 through 50 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 accompanying combining and individual nonmajor fund financial statements and schedules, the schedule of expenditures of federal 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 Dial-A-Ride transit schedules section are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Dial-A-Ride transit schedules section balances at June 30, 2024, are the responsibility of management and, except for the Schedule of Nonfinancial Information, were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional

procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, Dial-A-Ride transit schedules section balances at June 30, 2024, except for the Schedule of Nonfinancial Information, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Dial-A-Ride transit schedules section balances at other than June 30, 2024, and the Schedule of Nonfinancial Information, have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 24, 2024, 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.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

As management of the City of Belding (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 June 30, 2024. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

Financial Highlights

The financial statements, which follow this Management's Discussion and Analysis, provide these significant key financial highlights for the 2023-24 Fiscal Year as follows:

- Governmental and business-type activities repaid approximately \$291,000 of long-term debt.
- Governmental activities added approximately \$798,000 of capital assets which included primarily street improvements, vehicle replacements, equipment and building improvements.
- Business-type activities added approximately \$11,395,000 of capital assets which included primarily lagoon improvements and lead service line replacements.
- Net position of governmental activities increased \$1,275,409 while net position of business-type activities increased by \$2,486,555.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) Government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements - The Government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the City's assets and liabilities, with the difference between the two 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.

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of 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 revenues 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, public safety, public works and streets, and culture and recreation. The business-type activities of the City include Dial-a-Ride, Sewer, and Water.

The government-wide financial statements include not only the City itself (known as the primary government), but also a legally separate Downtown Development Authority (DDA) for which the City is financially accountable. Information for the component unit is reported separately from the financial information presented for the primary government itself.

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.

Governmental funds - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a City's near-term financing requirements.

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 City'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.

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the following major funds: the general, major streets, local streets and library funds. Data is combined into a single aggregated presentation for the other governmental funds. Individual fund data for each of the non-major governmental funds is provided in the form of combining statements and schedules elsewhere in this report.

The City adopts an annual appropriated budget for its general fund and all special revenue funds. A budgetary comparison statement has been provided for the budgeted funds to demonstrate legal compliance.

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 Dial-a-Ride (Transit), Sewer, and Water operations. 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 supplies and professional fees, building and ground maintenance, fleet of vehicles, and insurance. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Sewer and Water operations, which are considered to be major funds, and the Dial-A-Ride operations, a non-major fund of the City. All internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

Fiduciary funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resource of those funds is not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the financial statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information - In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information. This is limited to this discussion and analysis, required supplementary information, combining statements and schedules, and statistical information.

Government-wide Financial Analysis

Statement of Net Position - As noted earlier, net position may serve over time as a useful indicator of a City's financial position. In the case of the City, assets exceeded liabilities by \$30,022,725 at the close of the most recent fiscal year. The following chart illustrates the composition of net position.

City of Belding's Net Position

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	2024	2023	2024	2023	2024	2023
Assets						
Current and other assets	\$ 7,726,069	\$ 7,417,122	\$ 3,633,545	\$ 5,809,195	\$11,359,614	\$13,226,317
Capital assets	11,889,841	11,318,772	20,650,316	10,470,009	32,540,157	21,788,781
Total assets	19,615,910	18,735,894	24,283,861	16,279,204	43,899,771	35,015,098
Deferred outflows	223,731	328,149	-	-	223,731	328,149
Liabilities						
Current liabilities	255,199	338,467	1,328,230	2,945,061	1,583,429	3,283,528
Long-term liabilities	3,737,278	4,153,821	8,780,070	619,496	12,517,348	4,773,317
Total liabilities	3,992,477	4,492,288	10,108,300	3,564,557	14,100,777	8,056,845
Deferred inflows	-	-	-	-	-	-
Net position						
Net invested in capital assets	10,058,176	9,410,439	10,851,877	7,822,368	20,910,053	17,232,807
Restricted	3,256,646	2,986,389	213,068	2,193,068	3,469,714	5,179,457
Unrestricted	2,532,342	2,174,927	3,110,616	2,699,211	5,642,958	4,874,138
Total net position	\$15,847,164	\$14,571,755	\$14,175,561	\$12,714,647	\$30,022,725	\$27,286,402

By far the largest portion of the City's net position in the amount of 70% reflects its investment in capital assets (e.g., land, buildings, machinery and equipment and infrastructure), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. 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.

An additional portion of the City's net position in the amount of 11% represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position in the amount of \$5,642,958, or 19%, may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City reported positive net position in the governmental activities and business-type activities.

Statement of Activities - The City's total revenue for the fiscal year ended June 30, 2024, was \$9,888,243. The total cost of all programs and services was \$7,151,920. This results in a net position increase of \$2,736,323. The following table presents a summary of the changes in net position for the fiscal year ended June 30, 2024.

City of Belding's Changes in Net Position

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	2024	2023	2024	2023	2024	2023
Revenues						
Program revenues						
Charges for services	\$ 523,170	\$ 467,804	\$ 2,626,411	\$ 2,204,157	\$ 3,149,581	\$ 2,671,961
Operating grants and contributions	1,179,413	1,122,694	794,301	311,166	1,973,714	1,433,860
Capital grants and contributions	385,703	8,950	607,219	1,920,900	992,922	1,929,850
General revenues						
Property taxes	2,664,067	2,499,208	-	-	2,664,067	2,499,208
State shared revenues	859,945	860,917	-	-	859,945	860,917
Federal grant	-	-	-	-	-	-
Investment earnings	186,635	127,170	61,379	83,851	248,014	211,021
Total revenues	5,798,933	5,086,743	4,089,310	4,520,074	9,888,243	9,606,817
Expenses						
General government	1,001,365	865,550	-	-	1,001,365	865,550
Public safety	1,713,443	1,707,140	-	-	1,713,443	1,707,140
Public works and streets	1,011,174	1,026,410	-	-	1,011,174	1,026,410
Culture and recreation	682,818	683,198	-	-	682,818	683,198
Interest on long-term debt	74,724	77,854	-	-	74,724	77,854
Dial-A-Ride	-	-	412,798	348,139	412,798	348,139
Sewer	-	-	1,160,156	1,204,187	1,160,156	1,204,187
Water	-	-	1,095,442	987,142	1,095,442	987,142
Total expenses	4,483,524	4,360,152	2,668,396	2,539,468	7,151,920	6,899,620
Increase (decrease) before transfers	1,315,409	726,591	2,446,555	1,980,606	2,736,323	2,707,197
Transfers in (out)	(40,000)	(63,750)	40,000	63,750	-	-
Increase (decrease) in net position	1,275,409	662,841	1,460,914	2,044,356	2,736,323	2,707,197
Net position – beginning	14,571,755	13,908,914	12,714,647	10,670,291	27,286,402	24,579,205
Net position – ending	\$15,847,164	\$14,571,755	\$14,175,561	\$12,714,647	\$30,022,725	\$27,286,402

Governmental Activities – Governmental activities increased the City's net position by \$1,275,409, due primarily to increases in the grants and property tax revenue.

Business-type Activities - Business-type activities increased the City's net position by \$1,460,914, due primarily to capital grants in the sewer fund and increased sewer and water rates.

Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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 City's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$5,964,163, an increase of \$392,719 in comparison with the prior year.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the General Fund reported unassigned fund balance of \$2,692,517. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 82% of total General Fund expenditures and transfers out.

The fund balance of the General Fund increased \$122,462 during the current fiscal year. The change in fund balance is highly dependent on the level of transfers to other funds, the level of public works staff activities in parks maintenance, and central municipal activities.

Fund balance of the major streets fund was \$1,795,468, an increase of \$286,226 primarily due to a county-wide road millage and is dependent on the level of summer and winter maintenance needed.

Fund balance of the local streets fund was \$560,741, an increase of \$130,791 primarily due to transfers from the major streets fund and is dependent on the level of summer and winter maintenance needed.

Fund balance of the library fund was \$439,199, an increase of \$58,037 primarily due to a decrease in expenditures over the prior year while revenues remained fairly consistent.

Fund balance of the capital Improvement fund was \$116,619, a decrease of \$227,365 primarily due to an increase in capital expenditures.

Proprietary funds - The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The Sewer and Water Funds provide service to most residents and businesses of the City.

Major Fund Budgetary Highlights

Increase to General Fund revenue due to increase in property tax, increased interest income, and receiving more state shared revenue than anticipated due to the overall state economy.

Capital Asset and Debt Administration

Capital Assets - The City's investment in capital assets for its governmental and business-type activities as of June 30, 2024, amounts to \$32,540,157 (net of accumulated depreciation). Of this amount, \$11,889,841 was for its governmental activities and \$20,650,316 was for its business-type activities. This investment in capital assets includes land, buildings and equipment, vehicles and infrastructure.

Major capital asset events during the current fiscal year included the following:

- Governmental activities invested in new cameras for Central Park, fire department remodels, a furnace, a boiler, and a building and furniture for City Hall.
- Land was purchased for sewers and work was started on a new lagoon plant. Merrick St. underwent improvements.
- Water system lead line replacements.
- Purchased vehicles for DART and equipment for the motor pool.

Additional information on the City's capital assets can be found in Note 5 of this report.

Long-term debt - At the end of the current fiscal year, the City had total debt outstanding of \$10,787,467. Of this amount, \$1,873,265 was reported in governmental activities and \$8,914,202 was reported in business-type activities.

Additional information on the City's long-term debt can be found in Note 8 of this report.

Economic Factors and Next Year's Budgets and Rates

The following economic factors were considered in preparing the City's budget for the 2024-25 fiscal year:

- Flat performance of the State of Michigan's economy and slow state funding growth.
- Continuation of the wastewater treatment plant project, including associated bonding.
- Increases in water and sewer rates to fund needed capital projects.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director/Treasurer, 120 S. Pleasant Street, Belding, Michigan 48809.

BASIC FINANCIAL STATEMENTS

CITY OF BELDING
STATEMENT OF NET POSITION
JUNE 30, 2024

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Downtown Development Authority
Assets				
Cash and pooled investments	\$ 7,386,030	\$ 1,572,117	\$ 8,958,147	\$ 84,805
Accounts receivable	36,966	812,675	849,641	-
Prepaid items	15,000	-	15,000	-
Due from other governments	288,073	1,035,685	1,323,758	-
Restricted cash and pooled investments	-	213,068	213,068	-
Capital assets				
Land	945,450	117,734	1,063,184	-
Construction in progress	928,625	11,124,071	12,052,696	-
Depreciable capital assets, net	10,015,766	9,408,511	19,424,277	-
Total assets	19,615,910	24,283,861	43,899,771	84,805
Deferred outflow of resources				
Pension related	223,731	-	223,731	-
Liabilities				
Accounts payable	63,703	1,122,092	1,185,795	-
Accrued liabilities	79,722	51,138	130,860	-
Debt due within one year	99,467	155,000	254,467	-
Noncurrent liabilities				
Compensated absences - current	12,307	-	12,307	-
Compensated absences	200,809	20,868	221,677	-
Debt due in more than one year	1,773,798	8,759,202	10,533,000	-
Net pension liability	1,291,577	-	1,291,577	-
Net OPEB liability	471,094	-	471,094	-
Total liabilities	3,992,477	10,108,300	14,100,777	-
Net position				
Net investment in capital assets	10,058,176	10,851,877	20,910,053	-
Restricted for				
Library	439,199	-	439,199	-
Capital improvements	116,619	-	116,619	-
Major streets	1,795,468	-	1,795,468	-
Local streets	560,741	-	560,741	-
Museum	113,174	-	113,174	-
Law enforcement	8,010	-	8,010	-
Permanent trusts				
Riverridge Cemetery - expendable portion	15,599	-	15,599	-
Riverridge Cemetery - corpus	167,340	-	167,340	-
Debt service	40,496	213,068	253,564	-
Unrestricted	2,532,342	3,110,616	5,642,958	84,805
Total net position	\$ 15,847,164	\$ 14,175,561	\$ 30,022,725	\$ 84,805

The accompanying notes are an integral part of these financial statements.

CITY OF BELDING
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government					
Governmental activities					
General government	\$ 1,001,365	\$ 354,390	\$ 9,305	\$ -	\$ (637,670)
Public safety	1,713,443	126,650	6,994	-	(1,579,799)
Public works and streets	1,011,174	-	1,025,860	358,163	372,849
Culture and recreation	682,818	42,130	137,254	27,540	(475,894)
Interest on long-term debt	74,724	-	-	-	(74,724)
Total governmental activities	4,483,524	523,170	1,179,413	385,703	(2,395,238)
Business-type activities					
Dial-A-Ride	412,798	89,543	151,352	462,219	290,316
Sewer	1,160,156	1,549,844	493,280	145,000	1,027,968
Water	1,095,442	987,024	149,669	-	41,251
Total business-type activities	2,668,396	2,626,411	794,301	607,219	1,359,535
Total primary government	\$ 7,151,920	\$ 3,149,581	\$ 1,973,714	\$ 992,922	\$ (1,035,703)
Component unit					
Downtown Development Authority	\$ 15,000	\$ -	\$ -	\$ -	\$ (15,000)
Total component units	\$ 15,000	\$ -	\$ -	\$ -	\$ (15,000)

(Continued)

The accompanying notes are an integral part of these financial statements.

CITY OF BELDING
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

	<u>Primary Government</u>			<u>Component Unit</u>
	<u>Governmental</u>	<u>Business-type</u>		<u>Downtown</u>
	<u>Activities</u>	<u>Activities</u>	<u>Total</u>	<u>Development</u>
				<u>Authority</u>
Changes in net position				
Net (expense) revenue	\$ (2,395,238)	\$ 1,359,535	\$ (1,035,703)	\$ (15,000)
General revenues				
Property taxes				
General operating	2,016,298	-	2,016,298	24,719
Capital improvement	207,650	-	207,650	-
County-wide library	440,119	-	440,119	-
State shared revenues - unrestricted	859,945	-	859,945	-
Interest earnings	186,635	61,379	248,014	2,852
Transfers - internal activities	(40,000)	40,000	-	-
Total general revenues and transfers	3,670,647	101,379	3,772,026	27,571
Change in net position	1,275,409	1,460,914	2,736,323	12,571
Net position, beginning of year	14,571,755	12,714,647	27,286,402	72,234
Net position, end of year	<u>\$ 15,847,164</u>	<u>\$ 14,175,561</u>	<u>\$ 30,022,725</u>	<u>\$ 84,805</u>

(Concluded)

The accompanying notes are an integral part of these financial statements.

CITY OF BELDING
GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET

JUNE 30, 2024

	<u>General</u>	<u>Major Streets</u>	<u>Local Streets</u>	<u>Library</u>	<u>Capital Improvements</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Assets							
Cash and pooled investments	\$ 2,580,359	\$ 1,690,400	\$ 528,820	\$ 448,377	\$ 136,271	\$ 344,671	\$ 5,728,898
Accounts receivable	36,966	-	-	-	-	-	36,966
Prepaid items	15,000	-	-	-	-	-	15,000
Due from other governments	<u>141,933</u>	<u>109,158</u>	<u>36,982</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>288,073</u>
Total assets	<u>\$ 2,774,258</u>	<u>\$ 1,799,558</u>	<u>\$ 565,802</u>	<u>\$ 448,377</u>	<u>\$ 136,271</u>	<u>\$ 344,671</u>	<u>\$ 6,068,937</u>
Liabilities and fund balances							
Liabilities							
Accounts payable	\$ 16,501	\$ 1,802	\$ 2,773	\$ 4,578	\$ 19,652	\$ 52	\$ 45,358
Accrued liabilities	<u>50,240</u>	<u>2,288</u>	<u>2,288</u>	<u>4,600</u>	<u>-</u>	<u>-</u>	<u>59,416</u>
Total liabilities	<u>66,741</u>	<u>4,090</u>	<u>5,061</u>	<u>9,178</u>	<u>19,652</u>	<u>52</u>	<u>104,774</u>
Fund balances							
Nonspendable							
Permanent fund corpus	-	-	-	-	-	167,340	167,340
Prepaid items	<u>15,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,000</u>
Restricted							
Permanent fund expendable	-	-	-	-	-	15,599	15,599
Streets	-	1,795,468	560,741	-	-	-	2,356,209
Library	-	-	-	439,199	-	-	439,199
Museum	-	-	-	-	-	113,174	113,174
Law enforcement	-	-	-	-	-	8,010	8,010
Capital projects	-	-	-	-	116,619	-	116,619
Assigned							
Debt service	-	-	-	-	-	40,496	40,496
Unassigned	<u>2,692,517</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,692,517</u>
Total fund balances	<u>2,707,517</u>	<u>1,795,468</u>	<u>560,741</u>	<u>439,199</u>	<u>116,619</u>	<u>344,619</u>	<u>5,964,163</u>
Total liabilities and fund balances	<u>\$ 2,774,258</u>	<u>\$ 1,799,558</u>	<u>\$ 565,802</u>	<u>\$ 448,377</u>	<u>\$ 136,271</u>	<u>\$ 344,671</u>	<u>\$ 6,068,937</u>

The accompanying notes are an integral part of these financial statements.

CITY OF BELDING

RECONCILIATION OF FUND BALANCE ON THE BALANCE SHEET FOR GOVERNMENTAL FUNDS TO NET POSITION OF GOVERNMENTAL ACTIVITIES ON THE STATEMENT OF NET POSITION

JUNE 30, 2024

Fund balances - total governmental funds	\$ 5,964,163
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Amounts reported for *governmental activities* in the statement of net position are different because

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

Add - land	945,450
Add - construction in progress	928,625
Add - capital assets (net of accumulated depreciation)	9,153,408

Deferred pension items are not reported in the funds.

Add - deferred outflows	223,731
-------------------------	---------

Internal service funds are used by management to charge the costs of centralized costs, to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities.

Add - net position of governmental activities accounted for in the internal service funds	2,459,545
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Certain liabilities are not due and payable in the current period and therefore are not reported in the funds.

Deduct - compensated absences payable	(213,116)
Deduct - net OPEB liability	(471,094)
Deduct - net pension liability	(1,291,577)
Deduct - debt payable	(1,831,665)
Deduct - accrued interest on debt payable	<u>(20,306)</u>

Net position of governmental activities	<u>\$ 15,847,164</u>
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The accompanying notes are an integral part of these financial statements.

CITY OF BELDING
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2024

	<u>General</u>	<u>Major Streets</u>	<u>Local Streets</u>	<u>Library</u>	<u>Capital Improvements</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Revenues							
Taxes	\$ 1,914,746	\$ 101,552	\$ -	\$ 440,119	\$ 207,650	\$ -	\$ 2,664,067
Intergovernmental revenues							
State	859,945	686,723	261,029	11,243	23,000	-	1,841,940
Licenses and permits	32,877	-	-	-	-	-	32,877
Charges for services	310,364	-	-	41,380	-	-	351,744
Fines	14,305	-	-	50,635	-	-	64,940
Donations	-	-	-	49,376	-	8,623	57,999
Miscellaneous	263,237	61,069	17,039	11,255	9,305	16,571	378,476
Total revenues	<u>3,395,474</u>	<u>849,344</u>	<u>278,068</u>	<u>604,008</u>	<u>239,955</u>	<u>25,194</u>	<u>5,392,043</u>
Expenditures							
Current							
General government	962,431	-	-	-	-	-	962,431
Public safety	1,803,990	-	-	-	-	-	1,803,990
Public works and streets	-	463,118	247,277	-	-	-	710,395
Culture and recreation	163,800	-	-	449,971	-	6,483	620,254
Debt service							
Principal	-	-	-	-	40,668	36,000	76,668
Interest	-	-	-	-	19,626	56,143	75,769
Capital outlay	-	-	-	-	709,817	-	709,817
Total expenditures	<u>2,930,221</u>	<u>463,118</u>	<u>247,277</u>	<u>449,971</u>	<u>770,111</u>	<u>98,626</u>	<u>4,959,324</u>
Revenues over (under) expenditures	<u>465,253</u>	<u>386,226</u>	<u>30,791</u>	<u>154,037</u>	<u>(530,156)</u>	<u>(73,432)</u>	<u>432,719</u>
Other financing sources (uses)							
Transfers in	-	-	100,000	-	302,791	96,000	498,791
Transfers out	(342,791)	(100,000)	-	(96,000)	-	-	(538,791)
Total other financing sources (uses)	<u>(342,791)</u>	<u>(100,000)</u>	<u>100,000</u>	<u>(96,000)</u>	<u>302,791</u>	<u>96,000</u>	<u>(40,000)</u>
Net changes in fund balances	<u>122,462</u>	<u>286,226</u>	<u>130,791</u>	<u>58,037</u>	<u>(227,365)</u>	<u>22,568</u>	<u>392,719</u>
Fund balances, beginning of year, as previously presented	2,585,055	1,509,242	429,950	381,162	-	666,035	5,571,444
Change within financial reporting entity	-	-	-	-	343,984	(343,984)	-
Fund balances, beginning of year, as restated	<u>2,585,055</u>	<u>1,509,242</u>	<u>429,950</u>	<u>381,162</u>	<u>343,984</u>	<u>322,051</u>	<u>5,571,444</u>
Fund balances, end of year	<u>\$ 2,707,517</u>	<u>\$ 1,795,468</u>	<u>\$ 560,741</u>	<u>\$ 439,199</u>	<u>\$ 116,619</u>	<u>\$ 344,619</u>	<u>\$ 5,964,163</u>

The accompanying notes are an integral part of these financial statements.

CITY OF BELDING

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2024

Net changes in fund balances - total governmental funds	\$ 392,719
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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 activities, the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense.

Add - capital outlay	1,245,629
Deduct - depreciation expense	(800,866)

Repayment of bond or note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Add - principal payments on debt	76,668
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.

Deduct - increase in compensated absences	(43,139)
Add - decrease in other post-employment benefits	10,390
Add - decrease in net pension liability	337,517
Deduct - decrease in deferred outflows	(104,418)
Add - decrease in accrued interest	1,045

Internal service funds are used by management to charge the costs of certain services to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities.

Add - net income from the internal service funds	<u>159,864</u>
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Change in net position of governmental activities	<u>\$ 1,275,409</u>
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The accompanying notes are an integral part of these financial statements.

CITY OF BELDING

PROPRIETARY FUNDS

STATEMENT OF NET POSITION

JUNE 30, 2024

	Enterprise Funds			Enterprise Fund Total	Governmental Activities Internal Service Funds
	Sewer	Water	Dial-a-Ride Transit		
Assets					
Current assets					
Cash and pooled investments	\$ 1,162,162	\$ -	\$ 409,955	\$ 1,572,117	\$ 1,657,132
Accounts receivable	536,747	275,685	243	812,675	-
Due from other funds	97,549	-	-	97,549	-
Due from other governments	1,025,641	-	10,044	1,035,685	-
Total current assets	2,822,099	275,685	420,242	3,518,026	1,657,132
Long-term assets					
Restricted cash and pooled investments	213,068	-	-	213,068	-
Land	105,314	12,420	-	117,734	-
Construction in progress	11,124,071	-	-	11,124,071	-
Land improvements	11,463	-	-	11,463	-
Buildings and equipment	1,829,374	2,604,318	791,793	5,225,485	515,063
Vehicles	-	-	877,680	877,680	2,426,171
Infrastructure	8,658,234	6,464,206	-	15,122,440	-
Less accumulated depreciation	(6,134,210)	(4,914,121)	(780,226)	(11,828,557)	(2,078,876)
Total long-term assets	15,807,314	4,166,823	889,247	20,863,384	862,358
Total assets	18,629,413	4,442,508	1,309,489	24,381,410	2,519,490
Liabilities					
Current liabilities					
Accounts payable	905,546	203,012	13,534	1,122,092	18,345
Accrued liabilities	41,928	3,819	5,391	51,138	-
Due to other funds	-	97,549	-	97,549	-
Current portion of long-term debt	155,000	-	-	155,000	20,800
Total current liabilities	1,102,474	304,380	18,925	1,425,779	39,145
Long-term liabilities					
Compensated absences	4,242	13,852	2,774	20,868	-
Debt payable, net of current portion	8,759,202	-	-	8,759,202	20,800
Total long-term liabilities	8,763,444	13,852	2,774	8,780,070	20,800
Total liabilities	9,865,918	318,232	21,699	10,205,849	59,945
Net position					
Net investment in capital assets	5,795,807	4,166,823	889,247	10,851,877	862,358
Restricted for debt service	213,068	-	-	213,068	-
Unrestricted (deficit)	2,754,620	(42,547)	398,543	3,110,616	1,597,187
Total net position	\$ 8,763,495	\$ 4,124,276	\$ 1,287,790	\$ 14,175,561	\$ 2,459,545

The accompanying notes are an integral part of these financial statements.

CITY OF BELDING

PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES

AND CHANGES IN NET POSITION

FOR THE YEAR ENDED JUNE 30, 2024

	Enterprise Funds			Enterprise Fund Total	Governmental Activities Internal Service Funds
	<u>Sewer</u>	<u>Water</u>	<u>Dial-a-Ride Transit</u>		
Operating revenue					
Charges for services	\$ 1,498,467	\$ 981,679	\$ 81,229	\$ 2,561,375	\$ 1,445,277
Other	51,377	5,345	-	56,722	575
Total operating revenue	<u>1,549,844</u>	<u>987,024</u>	<u>81,229</u>	<u>2,618,097</u>	<u>1,445,852</u>
Operating expense					
Personnel services	153,231	163,054	206,238	522,523	-
Contractual services	375,828	144,279	24,759	544,866	825,294
Benefits	44,558	51,040	43,253	138,851	414
Materials and supplies	200,510	86,723	31,208	318,441	74,558
Utilities	68,535	156,233	11,079	235,847	86,656
Repair and maintenance	7,616	254,560	31,730	293,906	151,472
Equipment rentals	51,996	51,996	-	103,992	-
Depreciation	221,640	183,718	52,750	458,108	183,279
Miscellaneous	-	3,417	11,781	15,198	13,042
Total operating expense	<u>1,123,914</u>	<u>1,095,020</u>	<u>412,798</u>	<u>2,631,732</u>	<u>1,334,715</u>
Operating income (loss)	<u>425,930</u>	<u>(107,996)</u>	<u>(331,569)</u>	<u>(13,635)</u>	<u>111,137</u>
Non-operating revenue (expense)					
Gain on sale of capital assets	-	-	8,314	8,314	-
Federal operating grants	493,280	149,669	50,415	693,364	-
State operating grants	-	-	100,937	100,937	-
Interest income	22,739	21,318	17,322	61,379	48,727
Interest expense	(36,242)	(422)	-	(36,664)	-
Total non-operating revenue (expense)	<u>479,777</u>	<u>170,565</u>	<u>176,988</u>	<u>827,330</u>	<u>48,727</u>
Income (loss) before contributions and transfers	<u>905,707</u>	<u>62,569</u>	<u>(154,581)</u>	<u>813,695</u>	<u>159,864</u>
Federal capital grants	145,000	-	369,775	514,775	-
State capital grants	-	-	92,444	92,444	-
Transfers in	-	-	40,000	40,000	-
Total contributions and transfers	<u>145,000</u>	<u>-</u>	<u>502,219</u>	<u>647,219</u>	<u>-</u>
Changes in net position	<u>1,050,707</u>	<u>62,569</u>	<u>347,638</u>	<u>1,460,914</u>	<u>159,864</u>
Net position, beginning of year	<u>7,712,788</u>	<u>4,061,707</u>	<u>940,152</u>	<u>12,714,647</u>	<u>2,299,681</u>
Net position, end of year	<u>\$ 8,763,495</u>	<u>\$ 4,124,276</u>	<u>\$ 1,287,790</u>	<u>\$ 14,175,561</u>	<u>\$ 2,459,545</u>

The accompanying notes are an integral part of these financial statements.

CITY OF BELDING

PROPRIETARY FUNDS STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2024

	Enterprise Funds			Enterprise Fund	Governmental Activities
	Sewer	Water	Dial-a-Ride Transit	Total	Internal Service Funds
Cash flows from operating activities					
Receipts from internal services provided	\$ -	\$ -	\$ -	\$ -	\$ 1,445,852
Receipts from customers and users	2,268,401	998,163	136,567	3,403,131	-
Operating grants	-	149,669	151,352	301,021	-
Payments to employees	(195,081)	(211,400)	(256,907)	(663,388)	(414)
Payments to suppliers	(838,453)	(552,936)	(98,199)	(1,489,588)	(1,145,440)
Net cash provided by (used in) operating activities	<u>1,234,867</u>	<u>383,496</u>	<u>(67,187)</u>	<u>1,551,176</u>	<u>299,998</u>
Cash flows from non-capital financing activities					
Payment made on claim payable	-	-	-	-	(20,800)
Due from other funds	(97,549)	-	-	(97,549)	-
Due to other funds	-	97,549	-	97,549	-
Transfers in	-	-	40,000	40,000	-
Net cash provided by (used in) non-capital financing activities	<u>(97,549)</u>	<u>97,549</u>	<u>40,000</u>	<u>40,000</u>	<u>(20,800)</u>
Cash flows from capital and related financing activities					
Bond or other debt issue	8,320,811	-	-	8,320,811	-
Interest paid	(35,492)	(422)	-	(35,914)	-
Capital grants	145,000	-	462,219	607,219	-
Principal on bonds	(2,135,000)	(45,000)	-	(2,180,000)	-
Acquisitions of capital assets	(8,445,334)	(865,269)	(443,574)	(9,754,177)	(309,586)
Sale of capital assets	-	-	8,314	8,314	-
Net cash provided by (used in) capital and related financing activities	<u>(2,150,015)</u>	<u>(910,691)</u>	<u>26,959</u>	<u>(3,033,747)</u>	<u>(309,586)</u>
Cash flows from investing activities					
Interest income	<u>22,738</u>	<u>21,317</u>	<u>17,323</u>	<u>61,378</u>	<u>48,728</u>
Net increase (decrease) in cash and pooled investments	(989,959)	(408,329)	17,095	(1,381,193)	18,340
Cash and pooled investments, beginning of year	<u>2,365,189</u>	<u>408,329</u>	<u>392,860</u>	<u>3,166,378</u>	<u>1,638,792</u>
Cash and pooled investments, end of year	<u>\$ 1,375,230</u>	<u>\$ -</u>	<u>\$ 409,955</u>	<u>\$ 1,785,185</u>	<u>\$ 1,657,132</u>
Cash flows from operating activities					
Operating income (loss)	\$ 425,930	\$ (107,996)	\$ (331,569)	\$ (13,635)	\$ 111,137
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Depreciation	221,640	183,718	52,750	458,108	183,279
Operating grants	-	149,669	151,352	301,021	-
Change in operating assets and liabilities which provided (used) cash					
Accounts receivable	(110,802)	11,139	(237)	(99,900)	-
Due from other governments	829,359	-	55,575	884,934	-
Prepaid items	9,423	-	-	9,423	-
Accounts payable	(143,391)	144,272	12,358	13,239	5,582
Accrued liabilities	3,435	202	336	3,973	-
Compensated absences	(727)	2,492	(7,752)	(5,987)	-
Net cash provided by (used in) operating activities	<u>\$ 1,234,867</u>	<u>\$ 383,496</u>	<u>\$ (67,187)</u>	<u>\$ 1,551,176</u>	<u>\$ 299,998</u>

The accompanying notes are an integral part of these financial statements.

CITY OF BELDING
FIDUCIARY FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2024

	Custodial Funds
Assets	
Cash and pooled investments	\$ 23,765
Due from other governments	<u>8,303</u>
Total assets	<u>32,068</u>
Liabilities	
Accounts payable	412
Due to other governments	8,344
Other liabilities	<u>8,303</u>
Total liabilities	<u>32,068</u>
Net position	
Restricted	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

CITY OF BELDING
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2024

	Custodial Funds
Additions	
Property taxes collected for other governments	\$ 3,531,024
Escrow deposits collected	15,000
Funds from Housing Commission	<u>395,589</u>
Total additions	<u>3,941,613</u>
 Deductions	
Property taxes distributed to other governments	3,531,024
Escrow funds used to cover expenses	15,000
Funds spent for Housing Commission payroll	<u>395,589</u>
Total deductions	<u>3,941,613</u>
 Net increase	 -
 Net position, beginning of year	 <u>-</u>
 Net position, end of year	 <u><u>\$ -</u></u>

The accompanying notes are an integral part of these financial statements.

CITY OF BELDING

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of Belding, Michigan (the "City") conform to generally accepted accounting principles as applicable to governments. The following is a summary of the significant policies.

Reporting Entity

These financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the City's operations, so data from these units are combined with data of the primary government. Discretely presented component units are reported in a separate column in the financial statements to emphasize they are legally separate from the City.

Blended Component Unit

The Belding Building Authority - The members of the governing board of the Building Authority are appointed by the City Council. The City has significant influence over operations of the Building Authority and is also accountable for its fiscal matters. The Building Authority provides services exclusively to the primary government.

Discretely Presented Component Unit

The component unit column in the basic financial statements includes the financial data of the Downtown Development Authority (DDA). The component unit is reported in a separate column to emphasize that it is legally separate from the City. The City also has a Local Development Finance Authority (LDFA) component unit which had no financial assets or financial activity during the year. The LDFA was formed in 1993 and the bonds related to this entity have been paid and the related projects have been completed. The members of the governing boards of these Authorities are appointed by the City Council. The budgets of these Authorities must be approved by the City Council, and the City has the ability to significantly influence their operations. Financial statements are not separately issued for the component units.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are charges between enterprise functions and other various functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

Likewise, the *primary government* is reported separately from discretely presented *component units* for which the primary government is financially accountable.

CITY OF BELDING

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

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. *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 properly included among program revenues are reported instead as *general revenues*.

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.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, except for reimbursement-based grants and interest which use a one-year collection period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, state revenue, grants, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

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 enterprise fund are charges for services. The principal operating revenues of the City's internal service funds are charges to City departments for shared costs, equipment utilization, and insurance coverage. Operating expenses for the enterprise funds include depreciation on capital assets, labor, supplies and contracted services. Operating expenses for the internal service funds include the cost of services (including claims), administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

CITY OF BELDING

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

The City reports the following major governmental funds:

The *General Fund* is the general operating fund of the City. It is used to account for all financial resources, except those required to be accounted for in another fund.

The *Major Streets Fund* accounts for the accumulation and disbursement of resources for major street construction, maintenance and snow removal. Funding is derived primarily through Michigan Public Act 51 gas and weight taxes distributed to the City by the State of Michigan.

The *Local Streets Fund* accounts for the accumulation and disbursement of resources for local street construction, maintenance and snow removal. Funding is derived primarily through Michigan Public Act 51 gas and weight taxes distributed to the City by the State of Michigan.

The *Library Fund* accounts for the accumulation and disbursement of resources for Library operations. Funding is derived primarily from property taxes and court ordered penal fines.

The *Capital Improvements Fund* accounts for the accumulation and disbursement of resources for various Capital Improvements. Funding is derived primarily from property taxes.

The City reports the following major proprietary funds:

The *Sewer Enterprise Fund* is used to account for the operations of the City's sewer department that provides sewer services to most residents of the City on a user charge basis.

The *Water Enterprise Fund* is used to account for the operations of the City's water department that provides water services to most residents of the City on a user charge basis.

The *Dial-a-Ride Transit Enterprise Fund* is used to account for the revenues and expenses related to the City-run bus service. This fund is primarily funded through State and Federal grants, contractual agreements, and passenger fares combined with a General Fund appropriation.

Additionally, the City reports the following fund types:

The *Special Revenue Funds* are used to account for the proceeds of specific revenue sources (other than permanent trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

The *Capital Projects Fund* is used to account for the accumulation and disbursement of resources for the construction of governmental fund capital projects.

The *Debt Service Funds* are used to account for the accumulation of resources for, and payment of, long-term debt principal, interest, and related costs of governmental funds.

The *Permanent Funds* are used to account for resources that are legally restricted to the extent that only earnings, and not principal may be used for purposes that support the City programs.

The *Internal Service Funds* are used to account for shared services, equipment usage, and insurance coverage provided to the City departments and funds on a cost reimbursement basis.

The *Custodial Funds* are used to account for the collection and disbursement of property taxes that are collected on behalf of outside governments, payroll activities for the Housing Commission and temporary escrow activities.

CITY OF BELDING

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

Budgets and Budgetary Accounting

Comparisons to budget are presented for General and Special Revenue funds. General and Special Revenue funds adopt a legal budget with remaining funds maintaining budgets as a management control device. The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to May 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget is adopted by activity.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to July 1, the budget is legally enacted through passage of a resolution.
4. Formal budgetary integration is employed for the governmental fund types as a management control device.
5. Budgets for the General and Special Revenue funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Annual budgets lapse at fiscal year-end.
6. Adoption and amendments of all budgets used by the City are governed by Michigan state law. The appropriations resolution is based on the projected expenditures budget of the department heads of the City. Any amendment to the original budget must meet the requirements of Michigan law. Any revision that alters the total expenditures of any activity must be approved by the City Council. The City Manager is authorized to transfer budgeted amounts within an activity subject to the condition that the total expenditures do not exceed the approved appropriations by activity (department). Thus the legal level of budgetary control is at the department level. Supplemental appropriations were necessary during the year.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, the City considers cash and pooled investments to be cash and cash equivalents because the pooling of these balances allows for withdrawal of these balances at any time similar to a demand deposit account. Restricted cash consists of amounts set aside in accordance with bond provisions for principal payment in the event of default.

Investments

Investments are stated at fair value at the balance sheet date.

State statutes and City policy authorize the City to invest in:

- a. Bond, securities, other obligations and repurchase agreements of the United States, or an agency or instrumentality of the United States.
- b. Certificates of deposit, savings accounts, deposit accounts or depository receipts of a qualified financial institution.
- c. Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and that matures not more than 270 days after the date of purchase.
- d. Bankers acceptances of United States banks.
- e. Obligations of the State of Michigan and its political subdivisions that, at the time of purchase are rated as investment grade by at least one standard rating service.

CITY OF BELDING

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

- f. Mutual funds registered under the Investment Company Act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation.
- g. External investment pools as authorized by Public Act 20 as amended.

Receivables

All receivables are recorded at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Uncollectible balances are immaterial to the financial statements.

Prepaid Items

Certain payments to vendors represent costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements following the consumption method of account.

Capital Assets

Capital assets, which include land, construction in progress, buildings and equipment, vehicles, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the governmental and business-type activities columns in the government-wide financial statements.

Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are valued at cost where historical records are available and at estimated historical cost where no historical records exist. Donated capital assets are valued at acquisition value (the price that would be paid to acquire an asset with an equivalent service potential in an orderly market transaction) on the date received. The amount reported for infrastructure includes only assets added since 2003.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

No interest expense has been capitalized on capital assets reported in proprietary funds.

Depreciation on capital assets (including infrastructure) is computed using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Land improvements	15-20
Buildings and equipment	5-50
Vehicles	5-15
Public domain infrastructure	20-50
System infrastructure	10-75

Unearned/Unavailable Revenue

Enterprise funds report *unearned revenue* for resources that have been received, but not yet earned. At the end of the current fiscal year, the unearned revenue reported in the sewer enterprise fund consists of amounts received in advance.

CITY OF BELDING

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

Compensated Absences

Under contracts negotiated with employee groups, individual employees have a vested right to receive payments for unused vacation and sick time benefits under formulas and conditions specified in the contracts. Accumulated vacation and sick time of governmental funds is recorded on the statement of net position and not on the governmental fund balance sheets because it is not expected to be liquidated with expendable available financial resources. Amounts accumulated for proprietary funds are reported on the statements of net position of the individual enterprise funds.

Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, the long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statements of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures or expenses regardless of fund or activity.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Municipal Employees Retirement System (MERS) of Michigan and additions to/deductions from MERS' fiduciary net position have been determined on the same basis as they are reported by MERS. 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.

Property Taxes

City property taxes are attached as an enforceable lien on property as of July 1. Taxes are levied July 1 and are due without penalty on or before August 15. These summer tax bills include the City's own property taxes and taxes billed on behalf of other taxing units within the City limits. Real property taxes not collected as of March 1 are turned over to the County for collection, which advances the City 100% for the delinquent real property taxes. Collection of delinquent personal property taxes remains the responsibility of the City Treasurer.

Property taxes levied in July of each year are recognized as revenue in that year. The City's 2023 taxable value was \$118,513,993 on which they levied 16.7906 mills for general fund operations.

Grants and Other Intergovernmental Revenues

Grants and assistance awards made on the basis of entitlement periods are recorded as intergovernmental receivables and revenue when entitlement occurs. Reimbursement-type grants are recorded as intergovernmental receivables and revenues when the related expenditure/expenses are incurred.

CITY OF BELDING

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

Interfund Transactions

During the course of normal operations, the City has numerous transactions between funds, including expenditures and transfers of resources to provide services and to service debt. The accompanying financial statements generally reflect such transactions as transfers. Operating subsidies are also recorded as transfers.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The City occasionally has items that qualify for reporting in this category related to the net pension liability which is discussed in Note 6.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City occasionally has items that qualify for reporting in this category related to the net pension liability which is discussed in Note 6.

Net Position and Fund Balance Reporting

Governmental funds report fund balance in the following five categories:

1. Non-spendable - the related asset's form does not allow expenditure of the balance. The assets are either (a) not in a spendable form or (b) legally or contractually required to be maintained intact. Nonspendable fund balance would be equal to inventory, prepaid items, non-current financial assets, and the nonspendable portion of endowments.
2. Restricted - the related assets can only be spent for the specific purposes stipulated by constitution, external resource providers, or as identified in enabling legislation.
3. Committed - the related assets can only be spent for a specific purpose identified by formal resolution of the entity's governing board.
4. Assigned - the related assets can only be spent for a specific purpose identified by management as authorized by the governing board.
5. Unassigned - is the residual classification and includes all spendable amounts not contained in the other classifications.

The governing Board has not delegated the authority to assign amounts to be used for specific purpose.

Net Position and Fund Balance Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position/fund balance and unrestricted – net position/fund balance, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to use restricted resources first, then unrestricted resource as they are needed. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

CITY OF BELDING

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

2. COMPLIANCE

Deficit net position

The water fund had a deficit unrestricted net position of \$42,547.

Expenditures over appropriations

Michigan law provides that a local unit shall not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the City's actual expenditures and budgeted expenditures for the budgeted funds have been shown on a functional basis. The approved budgets of the City for these budgeted funds were adopted at the activity level.

During the year ended June 30, 2024, in the Library Fund, the City incurred \$68,911 of expenditures in excess of the amount appropriated and in the General Fund, the City incurred \$9,445 in finance and administration expenditures in excess of the amounts appropriated.

3. CASH AND INVESTMENTS

The captions on the financial statements relating to cash and pooled investments and investments are as follows:

	<u>Primary Government</u>	<u>Component Units</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Cash and pooled investments	\$8,958,147	\$84,805	\$23,765	\$9,066,717
Restricted cash and pooled investments	213,068	-	-	213,068
	<u>\$9,171,215</u>	<u>\$84,805</u>	<u>\$23,765</u>	<u>\$9,279,785</u>

Cash and pooled investments and investments captions consist of the following at June 30, 2024:

Deposits and certificates of deposit	\$5,509,597
Pooled funds and securities	3,769,888
Petty cash	<u>300</u>
Total	<u>\$9,279,785</u>

The deposits are in financial institutions located in Michigan in varying amounts. State policy limits the Treasurer's investing options to financial institutions located in Michigan. All accounts are in the name of the City and a specific fund or common account. They are recorded in City records at fair value. Interest is recorded when earned.

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned. State law does not require, and the City does not have, a policy for deposit custodial credit risk. As of year-end, \$6,294,121 of the City's bank balance of \$6,813,328 was exposed to custodial credit risk because the balance was uninsured and uncollateralized.

Investments

The City chooses to disclose its investments by specifically identifying each.

CITY OF BELDING

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

As of year-end, the City had the following investments:

	<u>Maturity</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Source</u>
MBIA Michigan Class	n/a	\$3,769,888	AAAm	S&P

The above investments do not include certificates of deposit which are classified as deposits for risk identification purposes.

Investment and Deposit Risk

Interest Rate Risk. State law limits the allowable investments and the maturities of some of the allowable investments. Note 1, the summary of significant accounting policies, identifies state law governing investments. The City's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The maturity date for each investment is identified above for investments held at year-end.

Credit Risk. State law limits investments to specific government securities, certificates of deposits and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers acceptances of specific financial institutions, qualified mutual funds and qualified external investment pools. Note 1, the summary of significant accounting policies identifies state law governing investments. The investment policy does not have specific limits in excess of state law on investment credit risk. The rating for each investment is identified above for investments held at year-end.

Custodial Credit Risk - Investments. 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. State law does not require and the City does not have a policy for investment custodial credit risk. Of the above investments, the City's custodial credit risk exposure cannot be determined because the investment does not consist of specifically identifiable securities.

Concentration of Credit Risk. State law limits allowable investments but does not limit concentration of credit risk as identified in Note 1, the summary of significant accounting policies. The City's investment policy does not have specific limits in excess of state law on concentration of credit risk. All investments held at year-end are reported above.

The City categorizes its fair value measurements of investments 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 City has the following recurring fair value measurements as of year-end.

- The City does not have any investments that report fair value based on quoted market prices (Level 1 inputs).
- The MBIA Michigan Class investments are valued using a pricing model utilizing observable fair value measures of fund/pool investments and other observable inputs to determining the fair value of the securities making up the of investments fund/pool (Level 2 inputs).
- The City does not have any investments that report fair value based on significant unobservable inputs (Level 3 inputs).

CITY OF BELDING

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

4. INTERFUND TRANSACTIONS

Transfers in and out for the year ended June 30, 2024 are as follows:

<u>Transfers out</u>	<u>Transfers in</u>				<u>Total</u>
	<u>Nonmajor Governmental</u>	<u>Dial-a-Ride Transit</u>	<u>Capital Improvements</u>	<u>Local Streets</u>	
General fund	\$ -	\$40,000	\$302,791	\$ -	\$342,791
Major Streets	-	-	-	100,000	100,000
Library fund	96,000	-	-	-	96,000
Total	\$96,000	\$40,000	\$302,791	\$100,000	\$538,791

Transfers are used to (1) move unrestricted revenues collected in the General fund to finance various programs accounted for in other funds in accordance with budgetary authorizations and (2) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them.

5. CAPITAL ASSETS

Capital asset activity for the year was as follows:

	<u>Balance July 1, 2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2024</u>
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 945,450	\$ -	\$ -	\$ 945,450
Construction in progress	82,958	845,667	-	928,625
Total capital assets, not being depreciated	1,028,408	845,667	-	1,874,075
Capital assets, being depreciated				
Land improvements	3,727,822	-	-	3,727,822
Buildings and improvements	6,277,917	61,558	-	6,339,475
Furniture and equipment	906,475	68,209	-	974,684
Motor vehicles	3,395,533	276,991	-	3,672,524
Infrastructure	12,309,173	302,790	-	12,611,963
Total capital assets, being depreciated	26,616,920	709,548	-	27,326,468
Less accumulated depreciation for				
Land improvements	3,428,281	25,902	-	3,454,183
Buildings and improvements	4,031,128	139,851	-	4,170,979
Furniture and equipment	652,854	43,759	-	696,613
Motor vehicles	2,063,587	216,029	-	2,279,616
Infrastructure	6,150,707	558,604	-	6,709,311
Total accumulated depreciation	16,326,557	984,145	-	17,310,702
Net capital assets, being depreciated	10,290,363	(274,597)	-	10,015,766
Governmental activities capital assets, net	\$11,318,771	\$ 571,070	\$ -	\$11,889,841

CITY OF BELDING

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

	Balance July 1, <u>2023</u>	<u>Additions</u>	<u>Deletions</u>	Balance June 30, <u>2024</u>
Business-type activities				
Capital assets, not being depreciated				
Land	\$ 57,234	\$ 60,500	\$ -	\$ 117,734
Construction in progress	1,855,000	9,269,071	-	11,124,071
Total capital assets, not being depreciated	1,912,234	9,329,571	-	11,241,805
Capital assets being depreciated				
Land improvements	11,463	-	-	11,463
Buildings and equipment	5,225,485	-	-	5,225,485
Vehicles	434,106	443,574	178,479	699,201
Infrastructure	14,257,171	865,269	-	15,122,440
Total capital assets, being depreciated	19,928,225	1,308,843	178,479	21,058,589
Less accumulated depreciation for				
Land improvements	11,463	-	-	11,463
Buildings and equipment	3,357,394	103,809	-	3,461,203
Vehicles	384,355	29,850	178,479	235,726
Infrastructure	7,617,237	324,449	-	7,941,686
Total accumulated depreciation	11,370,449	458,108	178,479	11,650,078
Net capital assets, being depreciated	8,557,776	850,735	-	9,408,511
Business-type activities capital assets, net	\$10,470,010	\$10,180,306	\$ -	\$20,650,316

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities	
General government	\$107,426
Public safety	219,463
Public works and streets	399,266
Culture and recreation	74,711
Capital assets held by the governments internal service funds are charged to the various functions based on their usage of the assets	183,279
Total depreciation expense - governmental activities	\$984,145
Business-type activities	
Dial-a-Ride	\$ 52,750
Sewer	221,640
Water	183,718
Total depreciation expense - business-type activities	\$458,108

6. PENSION PLANS

Defined Contribution Pension Plan

The City of Belding's Employee Retirement System is a defined contribution plan, which provides pension benefits to substantially all employees working more than 1,000 hours per year exclusive of those participating in the defined benefit plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate

CITY OF BELDING

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

immediately upon employment. For employees hired prior to December 1, 2003, the City contributes 9% of each participant's base salary to the plan. The City's contributions are vested 100% upon hire. Employees hired after December 1, 2003 are required to contribute at least 2% of their base salary to be eligible for City contributions which range from 6% to 10% based on the employee's contribution. The City's contributions for this employee group vest 25% per year and are 100% vested after four years. The plan provisions and contribution amounts were established by City Council and may be amended by City Council. The plan is administered by the ICMA.

During the year, the City contributed \$136,542 and plan members contributed \$110,659 to the plan. The City also recognized \$0 in forfeitures this year which offset the City's expense. As of June 30, 2024, there was no payable owed to the plan.

Library employees are covered under a separate plan in which the City is contributing to separate retirement annuity accounts for three individuals. During the year, the City contributed \$8,630 and plan members contributed \$2,993 to the plan.

Defined Benefit Plan

Plan Description

The employer's defined benefit plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The employer participates in the Municipal Employees Retirement System (MERS) of Michigan. MERS is an agent multiple employer, statewide public employee pension plan established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine-member Retirement Board. MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by accessing the MERS website at www.mersofmich.com.

The Plan is closed to new entrants.

Benefits Provided

Benefits provided include a multiplier of 2.25 times final average compensation. Vesting period of 10 years. Normal retirement age is 60 with early retirement at 55 with 15 years of service. Final average compensation is calculated based on 5 years.

Membership of the defined benefit plan consisted of the following at the date of the latest actuarial valuation (December 31, 2023):

Inactive employees or beneficiaries currently receiving benefits	7
Inactive employees entitled but not yet receiving benefits	7
Active plan members	5
	<hr/>
Total	19

Contributions

The City is required to contribute an actuarially determined fixed amount, which for the current year was \$11,294 per month. Participating employees are required to contribute from 0% to 10% percent of gross wages to the Plan based on position and classification. The contribution requirements of the City are established and may be amended by the MERS Retirement Board. The contribution requirements of employees are established and may be amended by labor agreements.

CITY OF BELDING

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

Net Pension Liability

The employer's net pension liability was measured as of December 31, 2023, and the total pension liability used to calculate the net pension liability was determined by an annual actuarial valuation as of that date.

The total pension liability in the December 31, 2023 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation: 2.5%

Salary Increases: base wage inflation of 3.00% annually

Investment rate of return: 7.00%, net of investment expense, including inflation

Mortality rates used for non-disabled plan member were based on a weighted blend of RP-2014 mortality tables of a 50% Male and 50% Female blend. Mortality rates used for disabled plan member were based on a blend of RP-2014 disabled retiree mortality tables of a 50% Male and 50% Female blend of disabled retirees.

The actuarial assumptions used in valuation were based on the results of the most recent actuarial experience study.

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

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Expected Money Weighted Rate of Return</u>
Global Equity	60.0%	4.50%	2.70%
Global Fixed Income	20.0%	2.00%	0.40%
Private Investments	20.0%	7.00%	1.40%
MERS dedicated gains policy			(0.07)%
Inflation			2.50%
Administrative fee			0.25%
			<hr/>
Discount rate			<hr/> <hr/> 7.18%

Discount rate

The discount rate used to measure the total pension liability is 7.18%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term

CITY OF BELDING

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balance at December 31, 2022	\$2,937,739	\$1,308,645	\$1,629,094
Changes for the Year:			
Service cost	42,596	-	42,596
Interest	207,401	-	207,401
Change in benefits	-	-	-
Differences between expected and actual experience	7,471	-	7,471
Change in assumptions	21,802	-	21,802
Contributions: employer	-	429,518	(429,518)
Contributions: employee	-	28,106	(28,106)
Net investment income	-	162,470	(162,470)
Benefit payments, including refunds	(196,675)	(196,675)	-
Administrative expense	-	(3,307)	3,307
Other changes	-	-	-
Net changes	82,595	420,112	(337,517)
Balance at December 31, 2023	\$3,020,334	\$1,728,757	\$1,291,577

Sensitivity of the Net Pension Liability to Changes in the Discount Rate.

The following presents the net pension liability of the employer, calculated using the discount rate of 7.18%, as well as what the employer's Net Pension Liability would be using a discount rate that is 1 percentage point lower (6.18%) or higher (8.18%) than the current rate.

	1% Decrease	Current discount rate	1% Increase
Total Pension Liability	\$3,362,910	\$3,020,334	\$2,732,425
Fiduciary Net Position	1,728,757	1,728,757	1,728,757
Net Pension Liability	\$1,634,153	\$1,291,577	\$1,003,668

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

For the year ended June 30, 2024 the employer recognized pension expense of \$198,351. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in experience	\$ 18,267	\$ -
Differences in assumptions	30,949	-
Excess (deficit) investment returns	97,103	-
Contributions subsequent to the measurement date*	77,412	-
Total	\$223,731	\$ -

CITY OF BELDING

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

* The amount reported as deferred outflows of resources resulting from the contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for the City's year ending 2025.

Amounts reported as deferred outflows and inflows of resources related to pensions (excluding contributions subsequent to the measurement date) will be recognized in pension expense as follows:

2025	\$ 67,458
2026	50,135
2027	40,376
2028	<u>(11,650)</u>
Total	<u>\$146,319</u>

7. OTHER POST-EMPLOYMENT BENEFITS

Plan Description

The City administers a single-employer defined benefit healthcare plan (the "Plan"). In addition to the retirement benefits described in Note 6, the plan provides health insurance benefits to certain retirees and their beneficiaries, which are funded on a discretionary basis. The retiree health plan does not issue a publicly available financial report and a legal trust has not been established for the plan. This Plan is closed to employees hired after January 1, 2004.

Benefits provided

The plan provides health insurance premiums for retirees until death of the employee at a rate ranging from \$200 to \$500 per month based on years of service. Benefit provisions are established through negotiations between the City and bargaining units and employee groups.

Membership of the plan consisted of the following at the date of the latest actuarial valuation (June 30, 2024):

Retirees and beneficiaries receiving benefits	7
Active plan members	<u>2</u>
Total	<u>9</u>

Contributions

The contribution requirements of plan members and the City are established and may be amended by the City Council. The City's contributions are based on pay-as-you-go financing requirements.

Net OPEB Liability

The employer's net OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an annual actuarial valuation as of that date.

The total OPEB liability in the June 30, 2024 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

- Inflation: Not applicable as benefit at retirement is fixed
- Salary Increases: Not applicable as benefit at retirement is fixed
- Discount rate: 3.65%

CITY OF BELDING

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

- Healthcare cost trend rates: Not applicable as benefit at retirement is fixed
- Mortality rates were based on the 2019 life tables for males or females, as appropriate, from the Social Security Administration.
- Discount rate. The discount rate used to measure the total OPEB liability is 3.54% (20-year AA/Aa tax-exempt municipal bond yield). Because the plan does not have a dedicated OPEB trust, there are not assets projected to be sufficient to make projected future benefit payments of current plan members. This discount rate is used to determine the total OPEB liability.

Changes in the Net OPEB Liability

	Total OPEB Liability (a)
Balance at June 30, 2023	\$481,484
Changes for the Year:	
Service cost	6,915
Interest	17,142
Change in benefits	-
Differences between expected and actual experience	-
Change in assumptions	(3,847)
Contributions	-
Benefit payments, including refunds	(30,600)
Administrative expense	-
Other changes	-
Net changes	(10,390)
Balance at June 30, 2024	\$471,094

Sensitivity of the Net OPEB Liability to changes in the discount rate.

The following presents the net OPEB liability of the employer, calculated using the discount rate of 3.65%, as well as what the employer's net OPEB liability would be using a discount rate that is 1 percentage point lower (2.65%) or higher (4.65%) than the current rate.

	1% Decrease	Current Discount rate	1% Increase
Total OPEB liability	\$517,444	\$471,094	\$430,163

Sensitivity of the Net OPEB Liability to changes in the healthcare cost trend rates.

The net OPEB liability is not affected by changes in the healthcare cost trend rates because the benefit is a fixed amount.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Other Post-Employment Benefits

For the year ended June 30, 2024 the employer recognized OPEB expense of \$20,210.

There were no deferred inflows or outflows of resources related to the OPEB plan.

CITY OF BELDING

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

Defined Contribution OPEB Plan

The City of Belding's OPEB Plan is a defined contribution plan, which provides OPEB benefits to police and fire employees hired after January 1, 2004. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate immediately upon employment. Employees hired after January 1, 2004 are required to contribute 1-4% of their base salary. The City contributes 1.5-2% of covered wages. The City's contributions are vested 100% upon hire. Benefit provisions are established through negotiations between the City and bargaining units and employee groups. The plan is administered by the MERS. During the year, the City contributed \$5,855 and plan members contributed \$16,268 to the plan.

8. LONG-TERM DEBT

	<u>Balance July 1, 2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2024</u>	<u>Due Within One Year</u>
Governmental activities					
Private placement					
\$2,810,000 Building Authority Bonds, Series 2006, issued through USDA Rural Development. Payments due in annual installments of \$7,000 to \$110,000 through 2046, plus interest at 4.25%.	\$1,339,000	\$ -	\$36,000	\$1,303,000	\$ 38,000
\$610,000, 2021 Fire truck installment purchase agreement. Payments due in annual installments of \$42,072 to \$61,695 through December 2036, including interest at \$3.40%.	569,333	-	40,668	528,665	40,667
\$104,000 Payment plan with EGLE Water Resources Division for civil fine, payable from internal service fund, due in annual installments of \$20,800 through 2026; no interest	62,400	-	20,800	41,600	20,800
Total bonds and notes	1,970,733	-	97,468	1,873,265	99,467
Accrued employee benefits	169,977	43,139	-	213,116	12,307
Total governmental activities	\$2,140,710	\$43,139	\$97,468	\$2,086,381	\$111,774
Business-type activities					
Private Placement					
\$685,000 2003 City of Belding Act 94 Water Supply System Revenue Bonds due in annual installments of \$25,000 to \$45,000 through October 1, 2023; plus interest at 2.50%.	\$45,000	\$ -	\$45,000	\$ -	\$ -

CITY OF BELDING

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

	Balance July 1, <u>2023</u>	<u>Additions</u>	<u>Deletions</u>	Balance June 30, <u>2024</u>	Due Within <u>One Year</u>
\$995,000 Capital Improvement General Obligation Bonds, Series 2007 due in annual installments of \$35,000 to \$75,000 beginning April 1, 2010 through April 1, 2028, plus interest at 4.4% to 4.7%.	\$345,000	\$ -	\$ 65,000	\$ 280,000	\$ 65,000
\$1,746,316 2007 Act 94 Sewage Disposal System Revenue Bonds due in annual installments of \$85,000 to \$115,000 through October 1, 2027, plus interest at 1.625%.	406,316	-	90,000	316,316	90,000
\$46,000,000 2023 Sewage Disposal System Junior Lien Revenue Bonds due in annual installments of \$1,155,000 to \$1,985,000 through October 1, 2055, plus interest at 1.875%.	-	8,320,811	-	8,320,811	-
Total bonds	796,316	8,320,811	200,000	8,917,127	155,000
Unamortized discount	(3,675)	-	(750)	(2,925)	-
Accrued employee benefits	26,855	-	5,987	20,868	-
Total business-type activities	\$819,496	\$7,295,170	\$205,237	\$7,909,429	\$155,000

The annual requirements to amortize all debt outstanding (excluding accrued employee benefits and unamortized discounts) as of June 30, 2024 are as follows:

Year Ending <u>June 30</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Private placement</u>		<u>Private placement</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 99,467	\$ 75,352	\$ 155,000	\$ 206,782
2026	101,467	72,242	160,000	254,821
2027	82,666	69,098	1,315,000	239,242
2028	84,667	65,890	1,221,316	211,236
2029	85,667	62,653	1,275,000	188,595
2030-2034	461,332	260,865	4,790,811	475,507
2035-2039	443,000	166,111	-	-
2040-2044	396,000	82,238	-	-
2045-2048	119,000	7,884	-	-
Total	\$1,873,266	\$862,333	\$8,917,127	\$1,576,183

Compensated absences, net pension liability and the net OPEB of governmental activities are generally liquidated with General fund resources.

CITY OF BELDING

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

The outstanding public placement borrowings contain the following provision:

Building Authority bonds: the City shall be required to use money from its general fund or levy an ad valorem tax sufficient to pay the obligation, subject to applicable constitutional, statutory, and charter limitations.

The \$8,320,811 outstanding on the 2023 Sewage Disposal System Bonds is issued through a State Revolving Fund program which provides for bond proceeds to be received as the related construction project progresses to a maximum amount of \$46,000,000. The future minimum payment schedule includes only debt outstanding at June 30, 2024.

The City has pledged future sewer system total revenues, net of specified operating expenses, to repay \$1.75 million of certain sewage disposal system revenue bonds issued in 2007. Proceeds from these bonds provided financing for improvements to the sewer system. These particular bonds are payable solely from sewer system net revenues and are payable through 2027. Annual principal and interest payments on these bonds are expected to require less than 15 percent of net revenues. The total principal and interest remaining to be paid on these bonds is \$325,532. For the current year, principal and interest paid was \$95,871 and revenues were \$1,498,467.

9. SHORT-TERM DEBT

	Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024
\$1,980,000 Bond Anticipation Note, Series 2023. Payments due in one installment of \$1,980,000 due March 2024, plus interest at 4.30%.	\$1,980,000	\$ -	\$1,980,000	\$ -
Total Short-term Debt	\$1,980,000	\$ -	\$1,980,000	\$ -

10. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the government carries commercial insurance. The City carries commercial health, dental, and optical insurance. Generally accepted accounting principles require that a liability for claims be reported if it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated. Settled claims have not exceeded commercial insurance coverage in any of the past three fiscal years.

11. CONTINGENCIES

Under the terms of various federal and state grants and regulatory requirements, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants and requirements. Such audits could lead to reimbursement to the grantor or regulatory agencies. However, management believes such disallowances, if any, will not be material to the financial position of the City.

CITY OF BELDING

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

12. CONCENTRATIONS

The City has a significant economic dependence on a business that is a major employer and user of water service. The business accounted for \$425,419 (44%) of water sales.

13. TAX ABATEMENTS

The City entered into property tax abatements agreements with local businesses under the Plant Rehabilitation and Industrial Development Districts Act, (known as the Industrial Facilities Exemption). PA 198 of 1974, as amended, provides a tax incentive to manufacturers to enable renovation and expansion of aging facilities, assist in the building of new facilities, and to promote the establishment of high-tech facilities. An Industrial Facilities Exemption (IFE) certificate entitles the facility to exemption from ad valorem real and/or personal property taxes for a term of 12 years as determined by the local unit of government. The agreements entered into by the City include claw back provisions should the recipient of the tax abatement fail to fully meet its commitments, such as employment levels and timelines for relocation. The IFT is computed at half the local property tax millage rate. This amounts to a reduction in property taxes of approximately 50%. For the year ended June 30, 2024 the City abated property tax revenues of approximately \$9,000.

The City entered into a property tax abatement agreement with a local organization to provide housing for low income and senior persons and families and to encourage the development of such housing by providing for a service charge in lieu of property taxes in accordance with the State Housing Development Authority Act of 1966 (1966 PA 346, as amended, MCL 125.1401, et seq, MSA 116.11-4(1), et seq). Under the agreement the organization pays 10% of annual shelter rent in lieu of taxes or the ad valorem property taxes whichever is smaller. The agreement is approved for a term dependent on the status of outstanding loans, participation in low-income housing tax credits, and rehabilitation of the property. For the year ended June 30, 2024 the City abated property tax revenues of approximately \$47,000.

14. COMMITMENTS

The City has remaining construction commitments of approximately \$36,361,000 for the upgrades to the wastewater treatment plant.

15. RESTATEMENT OF FUND BALANCE

Beginning fund balance of the governmental funds was changed to recognize the capital improvements fund change from a nonmajor fund to a major fund.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF BELDING

GENERAL FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2024

	Budget Amounts		Actual	Variance
	Original	Final	Amount	Positive (Negative)
Revenues				
Taxes	\$ 1,864,000	\$ 1,900,849	\$ 1,914,746	\$ 13,897
Intergovernmental revenues				
State	820,000	870,000	859,945	(10,055)
Licenses and permits	16,000	31,000	32,877	1,877
Charges for services	296,820	302,732	310,364	7,632
Fines	8,000	8,025	14,305	6,280
Miscellaneous	117,700	253,300	263,237	9,937
Total revenues	<u>3,122,520</u>	<u>3,365,906</u>	<u>3,395,474</u>	<u>29,568</u>
Expenditures				
Current				
General government	1,011,250	1,057,200	962,431	94,769
Public safety	1,805,362	1,974,911	1,803,990	170,921
Culture and recreation	265,012	299,012	163,800	135,212
Total expenditures	<u>3,081,624</u>	<u>3,331,123</u>	<u>2,930,221</u>	<u>400,902</u>
Revenues over (under) expenditures	40,896	34,783	465,253	430,470
Other financing sources (uses)				
Transfers out	(40,000)	(342,791)	(342,791)	-
Net changes in fund balance	896	(308,008)	122,462	430,470
Fund balance, beginning of year	<u>2,585,055</u>	<u>2,585,055</u>	<u>2,585,055</u>	<u>-</u>
Fund balance, end of year	<u>\$ 2,585,951</u>	<u>\$ 2,277,047</u>	<u>\$ 2,707,517</u>	<u>\$ 430,470</u>

CITY OF BELDING

MAJOR STREETS FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2024

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amount</u>	<u>Positive</u> <u>(Negative)</u>
Revenues				
Taxes	\$ 90,000	\$ 101,552	\$ 101,552	\$ -
Intergovernmental revenues				
State	680,000	680,000	686,723	6,723
Miscellaneous	<u>20,000</u>	<u>57,000</u>	<u>61,069</u>	<u>4,069</u>
Total revenues	790,000	838,552	849,344	10,792
Expenditures				
Current				
Public works and streets	<u>689,400</u>	<u>688,400</u>	<u>463,118</u>	<u>225,282</u>
Revenues over (under) expenditures	100,600	150,152	386,226	236,074
Other financing sources (uses)				
Transfers out	<u>(100,000)</u>	<u>(100,000)</u>	<u>(100,000)</u>	<u>-</u>
Net changes in fund balance	600	50,152	286,226	236,074
Fund balance, beginning of year	<u>1,509,242</u>	<u>1,509,242</u>	<u>1,509,242</u>	<u>-</u>
Fund balance, end of year	<u>\$ 1,509,842</u>	<u>\$ 1,559,394</u>	<u>\$ 1,795,468</u>	<u>\$ 236,074</u>

CITY OF BELDING

LOCAL STREETS FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2024

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amount</u>	<u>Positive</u> <u>(Negative)</u>
Revenues				
Intergovernmental revenues				
State	\$ 255,000	\$ 255,000	\$ 261,029	\$ 6,029
Miscellaneous	<u>2,000</u>	<u>14,400</u>	<u>17,039</u>	<u>2,639</u>
Total revenues	257,000	269,400	278,068	8,668
Expenditures				
Current				
Public works and streets	<u>357,000</u>	<u>333,000</u>	<u>247,277</u>	<u>85,723</u>
Revenues over (under) expenditures	(100,000)	(63,600)	30,791	94,391
Other financing sources (uses)				
Transfers in	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>
Net changes in fund balance	-	36,400	130,791	94,391
Fund balance, beginning of year	<u>429,950</u>	<u>429,950</u>	<u>429,950</u>	<u>-</u>
Fund balance, end of year	<u>\$ 429,950</u>	<u>\$ 466,350</u>	<u>\$ 560,741</u>	<u>\$ 94,391</u>

CITY OF BELDING

LIBRARY FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2024

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amount</u>	<u>Positive</u> <u>(Negative)</u>
Revenues				
Taxes	\$ 358,900	\$ 358,900	\$ 440,119	\$ 81,219
Intergovernmental revenues				
State	9,331	9,331	11,243	1,912
Charges for services	50,225	50,225	41,380	(8,845)
Fines	68,469	68,469	50,635	(17,834)
Donations	40,587	40,587	49,376	8,789
Miscellaneous	2,223	2,223	11,255	9,032
Total revenues	529,735	529,735	604,008	74,273
Expenditures				
Current				
Culture and recreation	381,060	381,060	449,971	(68,911)
Revenues over (under) expenditures	148,675	148,675	154,037	5,362
Other financing sources (uses)				
Transfers out	(96,000)	(96,000)	(96,000)	-
Net changes in fund balance	52,675	52,675	58,037	5,362
Fund balance, beginning of year	381,162	381,162	381,162	-
Fund balance, end of year	<u>\$ 433,837</u>	<u>\$ 433,837</u>	<u>\$ 439,199</u>	<u>\$ 5,362</u>

CITY OF BELDING

DEFINED BENEFIT PENSION PLAN SCHEDULE OF CHANGES IN EMPLOYERS NET PENSION LIABILITY AND RELATED RATIOS

FOR THE YEAR ENDED JUNE 30, 2024

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability										
Service cost	\$ 42,596	\$ 41,212	\$ 35,184	\$ 35,873	\$ 33,497	\$ 32,240	\$ 35,205	\$ 26,748	\$ 36,382	\$ 40,621
Interest	207,401	202,239	201,162	191,548	191,898	186,492	183,357	173,772	160,085	152,995
Changes in benefit terms	-	-	-	(12,115)	-	-	-	-	-	-
Difference between expected and actual experience	7,471	23,730	102	26,880	14,435	38,567	(1,621)	64,706	74,947	-
Changes in assumptions	21,802	-	100,592	82,082	77,312	-	-	-	88,824	-
Benefit payments including employee refunds	(196,675)	(196,675)	(198,175)	(196,675)	(196,675)	(184,031)	(168,510)	(130,782)	(116,606)	(94,526)
Other	-	-	1	-	-	-	-	-	-	-
Net change in total pension liability	82,595	70,506	138,866	127,593	120,467	73,268	48,431	134,444	243,632	99,090
Total pension liability, beginning of year	<u>2,937,739</u>	<u>2,867,233</u>	<u>2,728,367</u>	<u>2,600,774</u>	<u>2,480,307</u>	<u>2,407,039</u>	<u>2,358,608</u>	<u>2,224,164</u>	<u>1,980,532</u>	<u>1,881,442</u>
Total pension liability, end of year	<u>\$ 3,020,334</u>	<u>\$ 2,937,739</u>	<u>\$ 2,867,233</u>	<u>\$ 2,728,367</u>	<u>\$ 2,600,774</u>	<u>\$ 2,480,307</u>	<u>\$ 2,407,039</u>	<u>\$ 2,358,608</u>	<u>\$ 2,224,164</u>	<u>\$ 1,980,532</u>
Plan Fiduciary Net Position										
Contributions-employer	\$ 429,518	\$ 140,130	\$ 120,282	\$ 105,559	\$ 110,305	\$ 104,844	\$ 84,623	\$ 60,203	\$ 52,421	\$ 54,792
Contributions-employee	28,106	27,183	25,304	32,976	31,237	28,766	28,840	30,005	31,423	25,713
Net investment income	162,470	(153,002)	188,116	155,745	156,381	(48,542)	151,811	123,409	(17,400)	69,552
Benefit payments including employee refunds	(196,675)	(196,675)	(198,175)	(196,675)	(196,675)	(184,031)	(168,510)	(130,782)	(116,606)	(94,526)
Administrative expense	(3,307)	(2,742)	(2,170)	(2,506)	(2,694)	(2,438)	(2,406)	(2,437)	(2,513)	(2,559)
Net change in plan fiduciary net position	420,112	(185,106)	133,357	95,099	98,554	(101,401)	94,358	80,398	(52,675)	52,972
Plan fiduciary net position, beginning of year	<u>1,308,645</u>	<u>1,493,751</u>	<u>1,360,394</u>	<u>1,265,295</u>	<u>1,166,741</u>	<u>1,268,142</u>	<u>1,173,784</u>	<u>1,093,386</u>	<u>1,146,061</u>	<u>1,093,089</u>
Plan fiduciary net position, end of year	<u>\$ 1,728,757</u>	<u>\$ 1,308,645</u>	<u>\$ 1,493,751</u>	<u>\$ 1,360,394</u>	<u>\$ 1,265,295</u>	<u>\$ 1,166,741</u>	<u>\$ 1,268,142</u>	<u>\$ 1,173,784</u>	<u>\$ 1,093,386</u>	<u>\$ 1,146,061</u>
Employer net pension liability	<u>\$ 1,291,577</u>	<u>\$ 1,629,094</u>	<u>\$ 1,373,482</u>	<u>\$ 1,367,973</u>	<u>\$ 1,335,479</u>	<u>\$ 1,313,566</u>	<u>\$ 1,138,897</u>	<u>\$ 1,184,824</u>	<u>\$ 1,130,778</u>	<u>\$ 834,471</u>
Plan fiduciary net position as a percentage of the total pension liability	57%	45%	52%	50%	49%	47%	53%	50%	49%	58%
Covered employee payroll	\$ 322,160	\$ 312,350	\$ 291,848	\$ 381,338	\$ 355,258	\$ 335,136	\$ 357,105	\$ 339,780	\$ 356,040	\$ 398,741
Employer's net pension liability as a percentage of covered employee payroll	401%	522%	471%	359%	376%	392%	319%	349%	318%	209%

Notes to schedule:

Above data is based on a December 31 measurement date.

CITY OF BELDING

DEFINED BENEFIT PENSION PLAN SCHEDULE OF EMPLOYER CONTRIBUTIONS

FOR THE YEAR ENDED JUNE 30, 2024

Fiscal Year end	Actuarially determined contributions	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered employee payroll	Contributions as a percentage of covered employee payroll
6/30/2015	\$ 51,707	\$ 51,707	\$ -	\$ 398,741	13%
6/30/2016	48,828	48,828	-	356,040	14%
6/30/2017	72,060	72,060	-	339,780	21%
6/30/2018	74,172	97,762	(23,590)	357,105	27%
6/30/2019	94,152	112,147	(17,995)	335,136	33%
6/30/2020	103,485	103,485	-	355,258	29%
6/30/2021	111,299	111,299	-	381,338	29%
6/30/2022	129,300	129,300	-	291,848	44%
6/30/2023	150,960	150,960	-	312,350	48%
6/30/2024	154,824	154,824	-	322,160	48%

Notes to schedule

Actuarial cost method	Entry Age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	16 years
Asset valuation method	5 year smoothed (10 year smoothing 2014)
Inflation	2.5% (3.5% 2014)
Salary increases	3.00% (3.75% for 2015 through 2019)
Investment rate of return	7.00% (7.35% for 2020-2021, 7.75% for 2015 through 2019)
Retirement age	Varies depending on plan adoption
Mortality	50% female/50% male MP-2019 mortality table

CITY OF BELDING

DEFINED BENEFIT OPEB PLAN SCHEDULE OF CHANGES IN EMPLOYERS NET OPEB LIABILITY AND RELATED RATIOS

FOR THE YEAR ENDED JUNE 30, 2024

	2024	2023	2022	2021	2020	2019	2018
Total OPEB liability							
Service cost	\$ 6,915	\$ 7,062	\$ 10,907	\$ 9,421	\$ 9,735	\$ 2,701	\$ 35,705
Interest	17,142	19,269	13,942	14,100	13,978	15,432	13,312
Changes in benefit terms	-	-	-	(4,345)	-	-	-
Difference between expected and actual experience	-	-	-	4,825	10,564	8,873	23,531
Changes in assumptions	(3,847)	(70,359)	35,637	-	-	-	-
Benefit payments including employee refunds	(30,600)	(30,600)	(30,600)	(30,600)	(28,600)	(25,800)	(21,800)
Other	-	-	-	-	-	-	-
Net change in total OPEB liability	(10,390)	(74,628)	29,886	(6,599)	5,677	1,206	50,748
Total OPEB liability, beginning of year	481,484	556,112	526,226	532,825	527,148	525,942	475,194
Total OPEB liability, ending of year	\$ 471,094	\$ 481,484	\$ 556,112	\$ 526,226	\$ 532,825	\$ 527,148	\$ 525,942
Plan Fiduciary Net Position							
Contributions-employer	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions-employee	-	-	-	-	-	-	-
Net investment income	-	-	-	-	-	-	-
Benefit payments including employee refunds	-	-	-	-	-	-	-
Administrative expense	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Net change in plan fiduciary net position	-	-	-	-	-	-	-
Plan fiduciary net position, beginning of year	-	-	-	-	-	-	-
Plan fiduciary net position, ending of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer net OPEB liability	\$ 471,094	\$ 481,484	\$ 556,112	\$ 526,226	\$ 532,825	\$ 527,148	\$ 525,942
Plan fiduciary net position as a percentage of the total OPEB liability	0%	0%	0%	0%	0%	0%	0%
Covered employee payroll	\$ 149,925	\$ 136,919	\$ 141,266	\$ 128,156	\$ 109,408	\$ 190,578	\$ 179,974
Employer's net OPEB liability as a percentage of covered employee payroll	314%	352%	394%	411%	487%	277%	292%

Notes to schedule:

Above data is based on a June 30 measurement date.

The schedule is being accumulated prospectively until 10 years of information is presented

CITY OF BELDING

DEFINED BENEFIT OPEB PLAN

SCHEDULE OF EMPLOYER CONTRIBUTIONS

FOR THE YEAR ENDED JUNE 30, 2024

Fiscal Year end	Actuarially determined contributions	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered employee payroll	Contributions as a percentage of covered employee payroll
6/30/2018	\$ 35,705	\$ 21,800	\$ 13,905	\$ 179,974	12%
6/30/2019	19,558	25,800	(6,242)	190,578	14%
6/30/2020	35,876	28,600	7,276	109,408	26%
6/30/2021	35,238	30,600	4,638	128,156	24%
6/30/2022	36,287	30,600	5,687	141,266	22%
6/30/2023	33,373	30,600	2,773	136,919	22%
6/30/2024	32,794	30,600	2,194	149,925	20%

Notes to schedule

Notes to schedule

Actuarial cost method	Entry Age
Amortization method	Level dollar, closed
Remaining amortization period	7.5 years
Asset valuation method	N/A
Inflation	N/A - fixed benefit amount
Salary increases	N/A
Discount rate	3.65%
Retirement age	Varies depending on plan adoption
Mortality	2019 Social Security Life tables

Note to schedule:

The schedule is being accumulated prospectively until 10 years of information is presented

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

CITY OF BELDING
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2024

	Budget Amounts		Actual Amount	Variance Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Expenditures				
Current				
General government				
City Council	\$ 29,796	\$ 28,396	\$ 28,194	\$ 202
City Manager	192,004	253,404	245,694	7,710
Finance and administration	249,496	249,496	258,941	(9,445)
City Clerk	161,146	177,496	159,885	17,611
Central municipal activities	270,600	270,600	209,157	61,443
Cemetery	62,208	77,808	60,560	17,248
Contingency	46,000	-	-	-
	<u>1,011,250</u>	<u>1,057,200</u>	<u>962,431</u>	<u>94,769</u>
Public safety				
Police Department	1,141,908	1,241,809	1,126,966	114,843
Fire Department	663,454	733,102	677,024	56,078
	<u>1,805,362</u>	<u>1,974,911</u>	<u>1,803,990</u>	<u>170,921</u>
Culture and recreation				
Park maintenance	154,804	168,804	87,542	81,262
Community center	33,208	53,208	21,729	31,479
Planning and community development	67,000	67,000	44,529	22,471
Community promotions	10,000	10,000	10,000	-
	<u>265,012</u>	<u>299,012</u>	<u>163,800</u>	<u>135,212</u>
Total expenditures	<u>\$ 3,081,624</u>	<u>\$ 3,331,123</u>	<u>\$ 2,930,221</u>	<u>\$ 400,902</u>

CITY OF BELDING
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET

JUNE 30, 2024

	<u>Special revenue</u>		<u>Debt Service</u>	<u>Permanent</u>	
	<u>Museum</u>	<u>Drug Forfeiture</u>	<u>Library Debt Service</u>	<u>River Ridge Cemetery</u>	<u>Total</u>
Assets					
Cash and pooled investments	\$ 113,226	\$ 8,010	\$ 40,496	\$ 182,939	\$ 344,671
Total assets	<u>\$ 113,226</u>	<u>\$ 8,010</u>	<u>\$ 40,496</u>	<u>\$ 182,939</u>	<u>\$ 344,671</u>
Liabilities and fund balances					
Liabilities					
Accounts payable	\$ 52	\$ -	\$ -	\$ -	\$ 52
Total liabilities	<u>52</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>52</u>
Fund balances					
Non-Spendable					
Permanent fund corpus	-	-	-	167,340	167,340
Restricted					
Permanent fund spendable	-	-	-	15,599	15,599
Museum	113,174	-	-	-	113,174
Law enforcement	-	8,010	-	-	8,010
Assigned					
Debt Service	-	-	40,496	-	40,496
	<u>113,174</u>	<u>8,010</u>	<u>40,496</u>	<u>182,939</u>	<u>344,619</u>
Total liabilities and fund balances	<u>\$ 113,226</u>	<u>\$ 8,010</u>	<u>\$ 40,496</u>	<u>\$ 182,939</u>	<u>\$ 344,671</u>

CITY OF BELDING
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2024

	<u>Special revenue</u>		<u>Formerly</u>	<u>Debt Service</u>	<u>Permanent</u>	
	<u>Museum</u>	<u>Drug</u>	<u>Non-major</u>	<u>Library</u>	<u>River Ridge</u>	
		<u>Forfeiture</u>	<u>Capital</u>	<u>Debt Service</u>	<u>Cemetery</u>	<u>Total</u>
			<u>Improvements</u>			
Revenues						
Donations	\$ 8,373	\$ -	\$ -	\$ 250	\$ -	\$ 8,623
Miscellaneous	9,702	9	-	960	5,900	16,571
Total revenues	<u>18,075</u>	<u>9</u>	<u>-</u>	<u>1,210</u>	<u>5,900</u>	<u>25,194</u>
Expenditures						
Current						
Culture and recreation	6,483	-	-	-	-	6,483
Debt service						
Principal	-	-	-	36,000	-	36,000
Interest	-	-	-	56,143	-	56,143
Total expenditures	<u>6,483</u>	<u>-</u>	<u>-</u>	<u>92,143</u>	<u>-</u>	<u>98,626</u>
Revenues over (under) expenditures	11,592	9	-	(90,933)	5,900	(73,432)
Other financing sources (uses)						
Transfers in	-	-	-	96,000	-	96,000
Net changes in fund balances	<u>11,592</u>	<u>9</u>	<u>-</u>	<u>5,067</u>	<u>5,900</u>	<u>22,568</u>
Fund balances, beginning of year, as previously presented	101,582	8,001	343,984	35,429	177,039	666,035
Change within financial reporting entity	-	-	(343,984)	-	-	(343,984)
Fund balances, beginning of year, as restated	<u>101,582</u>	<u>8,001</u>	<u>-</u>	<u>35,429</u>	<u>177,039</u>	<u>322,051</u>
Fund balances, end of year	<u>\$ 113,174</u>	<u>\$ 8,010</u>	<u>\$ -</u>	<u>\$ 40,496</u>	<u>\$ 182,939</u>	<u>\$ 344,619</u>

CITY OF BELDING

MUSEUM FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2024

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Donations	\$ 9,250	\$ 9,250	\$ 8,373	\$ (877)
Miscellaneous	<u>200</u>	<u>200</u>	<u>9,702</u>	<u>9,502</u>
Total revenues	9,450	9,450	18,075	8,625
Expenditures				
Current				
Culture and recreation	<u>9,450</u>	<u>9,450</u>	<u>6,483</u>	<u>2,967</u>
Net changes in fund balance	-	-	11,592	11,592
Fund balance, beginning of year	<u>101,582</u>	<u>101,582</u>	<u>101,582</u>	<u>-</u>
Fund balance, end of year	<u>\$ 101,582</u>	<u>\$ 101,582</u>	<u>\$ 113,174</u>	<u>\$ 11,592</u>

CITY OF BELDING

DRUG FORFEITURE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2024

	Budget Amounts		Actual	Variance
	<u>Original</u>	<u>Final</u>	<u>Amount</u>	<u>Positive (Negative)</u>
Revenues				
Miscellaneous	\$ -	\$ -	\$ 9	\$ 9
Expenditures				
Current				
Public safety	<u>2,500</u>	<u>2,500</u>	<u>-</u>	<u>2,500</u>
Net changes in fund balance	(2,500)	(2,500)	9	2,509
Fund balance, beginning of year	<u>8,001</u>	<u>8,001</u>	<u>8,001</u>	<u>-</u>
Fund balance, end of year	<u>\$ 5,501</u>	<u>\$ 5,501</u>	<u>\$ 8,010</u>	<u>\$ 2,509</u>

CITY OF BELDING

INTERNAL SERVICE FUNDS COMBINING STATEMENT OF NET POSITION

JUNE 30, 2024

	<u>Internal Service</u>	<u>Buildings and Grounds Maintenance</u>	<u>Motor Pool</u>	<u>Insurance</u>	<u>Total</u>
Assets					
Current assets					
Cash and pooled investments	\$ 285,278	\$ 345,995	\$ 771,693	\$ 254,166	\$ 1,657,132
Capital assets					
Buildings and equipment	124,697	336,588	53,778	-	515,063
Vehicles	-	-	2,426,171	-	2,426,171
Less accumulated depreciation	(89,145)	(211,387)	(1,778,344)	-	(2,078,876)
Net capital assets	35,552	125,201	701,605	-	862,358
Total assets	<u>320,830</u>	<u>471,196</u>	<u>1,473,298</u>	<u>254,166</u>	<u>2,519,490</u>
Liabilities					
Current liabilities					
Accounts payable	13,578	3,260	1,507	-	18,345
Current portion of claims payable	20,800	-	-	-	20,800
Total current liabilities	34,378	3,260	1,507	-	39,145
Long-term liabilities					
Claims payable, net of current portion	20,800	-	-	-	20,800
Total liabilities	<u>55,178</u>	<u>3,260</u>	<u>1,507</u>	<u>-</u>	<u>59,945</u>
Net position					
Net investment in capital assets	35,552	125,201	701,605	-	862,358
Unrestricted	230,100	342,735	770,186	254,166	1,597,187
Total net position	<u>\$ 265,652</u>	<u>\$ 467,936</u>	<u>\$ 1,471,791</u>	<u>\$ 254,166</u>	<u>\$ 2,459,545</u>

CITY OF BELDING

INTERNAL SERVICE FUNDS COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

FOR THE YEAR ENDED JUNE 30, 2024

	<u>Internal Service</u>	<u>Buildings and Grounds Maintenance</u>	<u>Motor Pool</u>	<u>Insurance</u>	<u>Total</u>
Operating revenue					
Charges for services	\$ 492,051	\$ 130,046	\$ 378,426	\$ 444,754	\$ 1,445,277
Other	-	575	-	-	575
Total operating revenue	<u>492,051</u>	<u>130,621</u>	<u>378,426</u>	<u>444,754</u>	<u>1,445,852</u>
Operating expense					
Contractual services	370,438	-	7,600	447,256	825,294
Benefits	-	-	414	-	414
Materials and supplies	20,145	-	54,413	-	74,558
Utilities	6,649	56,222	23,785	-	86,656
Repair and maintenance	-	34,154	117,318	-	151,472
Depreciation	16,373	11,970	154,936	-	183,279
Miscellaneous	13,042	-	-	-	13,042
Total operating expense	<u>426,647</u>	<u>102,346</u>	<u>358,466</u>	<u>447,256</u>	<u>1,334,715</u>
Operating income (loss)	65,404	28,275	19,960	(2,502)	111,137
Non-operating revenue (expense)					
Interest income	6,741	12,982	29,004	-	48,727
Changes in net position	72,145	41,257	48,964	(2,502)	159,864
Net position, beginning of year	<u>193,507</u>	<u>426,679</u>	<u>1,422,827</u>	<u>256,668</u>	<u>2,299,681</u>
Net position, end of year	<u>\$ 265,652</u>	<u>\$ 467,936</u>	<u>\$ 1,471,791</u>	<u>\$ 254,166</u>	<u>\$ 2,459,545</u>

CITY OF BELDING

INTERNAL SERVICE FUNDS COMBINING STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2024

	<u>Internal Service</u>	<u>Buildings and Grounds Maintenance</u>	<u>Motor Pool</u>	<u>Insurance</u>	<u>Total</u>
Cash flows from operating activities					
Receipts from internal services provided	\$ 492,051	\$ 130,621	\$ 378,426	\$ 444,754	\$ 1,445,852
Payments to employees	-	-	(414)	-	(414)
Payments to suppliers	<u>(407,626)</u>	<u>(88,306)</u>	<u>(202,252)</u>	<u>(447,256)</u>	<u>(1,145,440)</u>
Net cash provided by (used in) operating activities	84,425	42,315	175,760	(2,502)	299,998
Cash flows from non-capital financing activities					
Payment made on claim payable	(20,800)	-	-	-	(20,800)
Cash flows from capital and related financing activities					
Acquisitions of capital assets	-	(32,595)	(276,991)	-	(309,586)
Cash flows from investing activities					
Interest income	<u>6,741</u>	<u>12,983</u>	<u>29,004</u>	<u>-</u>	<u>48,728</u>
Net increase (decrease) in cash and pooled investments	70,366	22,703	(72,227)	(2,502)	18,340
Cash and pooled investments, beginning of year	<u>214,912</u>	<u>323,292</u>	<u>843,920</u>	<u>256,668</u>	<u>1,638,792</u>
Cash and pooled investments, end of year	<u>\$ 285,278</u>	<u>\$ 345,995</u>	<u>\$ 771,693</u>	<u>\$ 254,166</u>	<u>\$ 1,657,132</u>
Cash flows from operating activities					
Operating income (loss)	\$ 65,404	\$ 28,275	\$ 19,960	\$ (2,502)	\$ 111,137
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Depreciation	16,373	11,970	154,936	-	183,279
Change in operating assets and liabilities which provided (used) cash					
Accounts payable	<u>2,648</u>	<u>2,070</u>	<u>864</u>	<u>-</u>	<u>5,582</u>
Net cash provided by (used in) operating activities	<u>\$ 84,425</u>	<u>\$ 42,315</u>	<u>\$ 175,760</u>	<u>\$ (2,502)</u>	<u>\$ 299,998</u>

CITY OF BELDING

FIDUCIARY FUNDS COMBINING STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2024

	<u>Custodial Funds</u>			
	<u>Tax Collection</u>	<u>Housing Commission Payroll</u>	<u>Trust & Agency</u>	<u>Total</u>
Assets				
Cash and pooled investments	\$ 8,756	\$ -	\$ 15,009	\$ 23,765
Due from other governments	-	8,303	-	8,303
Total assets	<u>8,756</u>	<u>8,303</u>	<u>15,009</u>	<u>32,068</u>
Liabilities				
Accounts payable	412	-	-	412
Due to other governments	8,344	-	-	8,344
Other liabilities	-	8,303	-	8,303
Total liabilities	<u>8,756</u>	<u>8,303</u>	<u>15,009</u>	<u>32,068</u>
Net position				
Restricted	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF BELDING

FIDUCIARY FUNDS

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FOR THE YEAR ENDED JUNE 30, 2024

	<u>Custodial Funds</u>			
	<u>Tax Collection</u>	<u>Housing Commission Payroll</u>	<u>Trust & Agency</u>	<u>Total</u>
Additions				
Property taxes collected for other governments	\$ 3,531,024	\$ -	\$ -	\$ 3,531,024
Escrow deposits collected	-	-	15,000	15,000
Funds from Housing Commission	-	395,589	-	395,589
Total additions	<u>3,531,024</u>	<u>395,589</u>	<u>15,000</u>	<u>3,941,613</u>
Deductions				
Property taxes distributed to other governments	3,531,024	-	-	3,531,024
Escrow funds used to cover expenses	-	-	15,000	15,000
Funds spent for Housing Commission payroll	-	395,589	-	395,589
Total deductions	<u>3,531,024</u>	<u>395,589</u>	<u>15,000</u>	<u>3,941,613</u>
Net increase	-	-	-	-
Net position, beginning of year	-	-	-	-
Net position, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF BELDING

DOWNTOWN DEVELOPMENT AUTHORITY BALANCE SHEET/STATEMENT OF NET POSITION

JUNE 30, 2024

	<u>Governmental Fund Type</u>		<u>Statement of Net Position</u>
	<u>General Fund</u>	<u>Adjustments</u>	
Assets			
Cash and pooled investments	\$ 84,805	\$ -	\$ 84,805
Total assets	<u>\$ 84,805</u>	<u>-</u>	84,805
Liabilities and fund balances			
Liabilities			
Accounts payable and accrued liabilities	\$ -	-	-
Fund balances			
Unassigned	<u>84,805</u>	<u>(84,805)</u>	-
Total liabilities and fund balances	<u>\$ 84,805</u>		
Net position			
Unrestricted		<u>\$ 84,805</u>	<u>\$ 84,805</u>

CITY OF BELDING

DOWNTOWN DEVELOPMENT AUTHORITY STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES/STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2024

	<u>Governmental Fund Type</u>		<u>Statement of Activities</u>
	<u>General Fund</u>	<u>Adjustments</u>	
Revenues			
Taxes	\$ 24,719	\$ -	\$ 24,719
Miscellaneous	<u>2,852</u>	<u>-</u>	<u>2,852</u>
Total revenues	27,571	-	27,571
Expenditures/expenses			
Current			
General government	<u>15,000</u>	<u>-</u>	<u>15,000</u>
Net changes in fund balances	12,571	(12,571)	
Change in net position		(12,571)	12,571
Fund balances/net position, beginning of year	<u>72,234</u>		<u>72,234</u>
Fund balances/net position, end of year	<u>\$ 84,805</u>		<u>\$ 84,805</u>

DIAL-A-RIDE TRANSIT SCHEDULES

CITY OF BELDING
DIAL-A-RIDE TRANSIT FUND
SCHEDULE OF LOCAL REVENUES (1)
FOR THE YEAR ENDED JUNE 30, 2024

	<u>7/1/23 to</u> <u>9/30/2023</u>	<u>10/1/23 to</u> <u>6/30/2024</u>	<u>Total</u>
Demand response (farebox)			
Regular service	\$ 6,924	\$ 25,004	\$ 31,928
Contracted fares - Ionia County Job Access	10,044	39,257	49,301
Interest revenue	3,526	13,792	17,318
Sale of buses	-	8,314	8,314
Transfer from general fund	<u>10,000</u>	<u>30,000</u>	<u>40,000</u>
Total local revenues	<u>\$ 30,494</u>	<u>\$ 116,367</u>	<u>\$ 146,861</u>

DIAL-A-RIDE TRANSIT FUND
SCHEDULE OF LOCAL REVENUES (1A)

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>10/1/22 to</u> <u>6/30/2023</u>	<u>7/1/23 to</u> <u>9/30/2023</u>	<u>Total</u>
Local revenue			
Demand response (farebox)			
Regular service	\$ 30,262	\$ 6,924	\$ 37,186
Contracted fares - Ionia County Job Access	30,132	10,044	40,176
Package delivery	2,477	-	2,477
Belding schools	8,998	-	8,998
Interest revenue	-	3,526	3,526
Sale of buses	-	-	-
Transfer from general fund	<u>42,500</u>	<u>10,000</u>	<u>52,500</u>
Total local revenues	<u>\$ 114,369</u>	<u>\$ 30,494</u>	<u>\$ 144,863</u>

CITY OF BELDING
DIAL-A-RIDE TRANSIT FUND
SCHEDULE OF EXPENDITURES OF STATE AND FEDERAL AWARDS (2)
FOR THE YEAR ENDED JUNE 30, 2024

Federal and State Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant No. Authorization Number	Program Award Amount	Current year expenditures				Prior Year's Expended	Award Amount Remaining
				Total	Federal	State	Local		
U.S. Department of Transportation									
Passed through Michigan Department of Transportation									
Formula Grants for Rural Areas									
Operating assistance - section 5311 - 2021-2023 ARPA (accrued PY)	20.509	22-0018/P3	\$ 109,515	\$ (24,705)	\$ (24,705)			\$ 68,825	\$ 65,395
Operating assistance - section 5311 - 2021-2023 ARPA (receipts)	20.509	22-0018/P3	-	45,568	45,568	-	-	-	(45,568)
Operating assistance - section 5311 - 2023-2024 (receipts)	20.509	22-0018/P4	57,447	26,759	26,759	-	-	-	30,688
Operating assistance - section 5311 - 2023-2024 (accrual)	20.509	22-0018/P4	-	-	-	-	-	-	-
Capital grant - section 5311 (receipt)	20.526	22-0018/P2	148,125	148,125	118,500	29,625	-	-	-
Capital grant - section 5311 (receipt)	20.526	17-0019/P9	297,369	148,541	118,833	29,708	-	-	-
Capital grant - section 5311 (receipt)	20.526	17-0019/P9		148,541	118,832	29,709	-	-	-
Capital grant - section 5311 (receipt)	20.526	17-0019/P9		287	230	57			-
Capital grant - section 5311 (PY accrued)	20.509	17-0019/P3		(31,275)	(25,020)	(6,255)			
Capital grant - section 5311 (receipt)	20.509	17-0019/P3	140,000	48,000	38,400	9,600	-	79,890	12,110
			752,456	509,841	417,397	92,444	-	148,715	62,625
RTAP (receipts)			-	2,793	2,793	-	-	-	(2,793)
Total U.S. Department of Transportation			752,456	512,634	420,190	92,444	-	148,715	59,832
Michigan Department of Transportation									
Operating Assistance - Act 51 (settlement paid)	N/A	FY20		(19,312)	-	(19,312)	-		
Operating Assistance - Act 51 (preliminary reconciliation)	N/A	FY22		7,539	-	7,539	-		
Operating Assistance - Act 51 (settlement accrued)	N/A	FY23		(10,617)	-	(10,617)	-		
Operating Assistance - Act 51 (reverse PY accrual)	N/A			567	-	567	-		
Operating Assistance - Act 51 (receipts)	N/A	FY23		26,298	-	26,298	-		
Operating Assistance - Act 51 (receipts)	N/A	FY24		96,462	-	96,462	-		
Total Michigan Department of Transportation			-	100,937	-	100,937	-		
Total			\$ 752,456	\$ 613,571	\$ 420,190	\$ 193,381	\$ -	\$ 148,715	\$ 59,832

CITY OF BELDING

DIAL-A-RIDE TRANSIT FUND SCHEDULE OF STATE AND FEDERAL AWARDS (2A)

FOR THE YEAR ENDED JUNE 30, 2024

	Grant number	7/1/23 to 9/30/2023	10/1/23 to 6/30/2024	Total
Michigan Department of Transportation				
Operating Assistance - Act 51 (preliminary settlement) (paid)	FY20	\$ (19,312)	\$ -	\$ (19,312)
Operating Assistance - Act 51 (preliminary reconciliation)	FY22	7,539	\$ -	7,539
Operating Assistance - Act 51 (receipts)	FY23	26,298	-	26,298
Operating Assistance - Act 51 (prior year AR reversal)		567	-	567
Operating Assistance - Act 51 (receipts)	FY24	-	96,462	96,462
Operating Assistance - Act 51 (accrued)	FY23	-	(10,617)	(10,617)
Capital grant - section 5311 (PY Accrued)	17-0019/P3	(6,255)	-	(6,255)
Capital grant - section 5311 (receipt)	17-0019/P3	-	9,600	9,600
Capital grant - section 5311 (receipt)	17-0019/P9	-	59,474	59,474
Capital grant - section 5311 (receipt)	22-0018/P2	-	29,625	29,625
Total Michigan Department of Transportation		<u>8,837</u>	<u>184,544</u>	<u>193,381</u>
Federal grants				
Operating assistance - section 5311 - 2021-2023 ARPA (receipts)	22-0018/P3	27,378	18,190	45,568
Operating assistance - section 5311 - 2021-2023 ARPA (PY accrual)	22-0018/P3	(24,705)	-	(24,705)
Operating assistance - section 5311 - 2023-2024 (receipts)	22-0018/P4	-	26,759	26,759
Capital grant - section 5311 (PY Accrued)	17-0019/P3	(25,020)	-	(25,020)
Capital grant - section 5311 (receipt)	17-0019/P3	-	38,400	38,400
Capital grant - section 5311 (receipt)	17-0019/P9	-	237,895	237,895
Capital grant - section 5311 (receipt)	22-0018/P2	-	118,500	118,500
RTAP	N/A	798	1,995	2,793
Total federal grants		<u>(21,549)</u>	<u>441,739</u>	<u>420,190</u>
Total		<u>\$ (12,712)</u>	<u>\$ 626,283</u>	<u>\$ 613,571</u>

DIAL-A-RIDE TRANSIT FUND SCHEDULE OF STATE AND FEDERAL AWARDS (2B and 4R)

FOR THE YEAR ENDED SEPTEMBER 30, 2023

		10/1/22 to 6/30/2023	7/1/23 to 9/30/2023	Total
Michigan Department of Transportation				
Operating Assistance - Act 51 (preliminary settlement) (paid)	FY20	\$ -	\$ (19,312)	(19,312)
Operating Assistance - Act 51 (receipts)	FY19	(2,756)	-	(2,756)
Operating Assistance - Act 51 (preliminary reconciliation)	FY22	-	7,539	7,539
Operating Assistance - Act 51 (accrual)		-	567	567
Operating Assistance - Act 51 (receipts)	FY23	78,912	26,298	105,210
Operating Assistance - Act 51 (accrual)	FY23	(11,841)	-	(11,841)
Capital grant - section 5311 (accrued)	17-0019/P3	6,255	(6,255)	-
Capital grant - section 5311 (receipt)	17-0019/P3	-	-	-
Total Michigan Department of Transportation		<u>70,570</u>	<u>8,837</u>	<u>79,407</u>
Federal grants				
Operating assistance - section 5311 2021-2022 (receipt)	22-0018/P1	64,621	-	64,621
Operating assistance - section 5311 2021-2023 ARPA (receipt)	22-0018/P3	44,120	27,378	71,498
Operating assistance - section 5311 2021-2023 ARPA (accrual)	22-0018/P3	24,705	(24,705)	-
Capital grant - section 5311 (accrued)	17-0019/P3	25,020	(25,020)	-
RTAP	N/A	-	798	798
Total federal grants		<u>158,466</u>	<u>(21,549)</u>	<u>136,917</u>
Total		<u>\$ 229,036</u>	<u>\$ (12,712)</u>	<u>\$ 216,324</u>

CITY OF BELDING
DIAL-A-RIDE TRANSIT FUND
SCHEDULE OF OPERATING AND CONTRACT EXPENSES (3)
FOR THE YEAR ENDED JUNE 30, 2024

	<u>Regular service</u>				
	<u>22-0018/P3</u>	<u>22-0018/P4</u>		<u>Package</u>	<u>Total</u>
	<u>FY 2023</u>	<u>FY 2024</u>	<u>JARC</u>	<u>Delivery</u>	<u>System</u>
Operating expenses					
Labor					
Salaries and wages	\$ 23,380	\$ 133,557	\$ -	\$ -	\$ 156,937
JARC contract	-	-	49,301	-	49,301
Package delivery	-	-	-	-	-
Fringe benefits	5,826	37,427	-	-	43,253
Services					
Other services	3,475	14,284	-	-	17,759
Materials and supplies					
Fuel	6,994	21,281	-	-	28,275
Other materials and supplies	10,035	24,628	-	-	34,663
Casualty and liability costs					
Insurance	-	7,000	-	-	7,000
Utilities	1,144	9,935	-	-	11,079
Other	4,197	7,584	-	-	11,781
Depreciation	13,187	39,563	-	-	52,750
Total operating expenses	\$ 68,238	\$ 295,259	\$ 49,301	\$ -	\$ 412,798

The following cost allocation plans were adhered to in the preparation of the financial statements:

2018 Package delivery
1997 Administrative Cost allocation

There are no capital items purchased with capital grants included in operating expenses above.

Pension expenses are included in fringe benefits above and include only amounts actually paid in to the City's defined contribution pension plan and deferred compensation plan. Pension expenses are calculated in accordance with City employment agreements. The Dial-A-Ride did not incur nor pay any other post-employment retirement benefits.

CITY OF BELDING

DIAL-A-RIDE TRANSIT FUND SCHEDULE OF OPERATING EXPENSE SPLIT BETWEEN A JUNE 30 AND SEPTEMBER 30 YEAR END (3A)

FOR THE YEAR ENDED JUNE 30, 2024

	<u>7/1/23 to 9/30/2023</u>	<u>10/1/23 to 6/30/2024</u>	<u>Total</u>
Expenses			
Labor	\$ 23,380	\$ 133,557	\$ 156,937
Fringe benefits	5,826	37,427	43,253
Service	3,475	14,284	17,759
Materials and supplies	17,029	45,909	62,938
Casualty and liability costs	-	7,000	7,000
Utilities	1,144	9,935	11,079
Miscellaneous	4,197	7,584	11,781
Depreciation	<u>13,187</u>	<u>39,563</u>	<u>52,750</u>
Total regular service expenses	68,238	295,259	363,497
Package delivery	-	-	-
Job Access contract	<u>19,169</u>	<u>30,132</u>	<u>49,301</u>
Total expenses	\$ <u>87,407</u>	\$ <u>325,391</u>	\$ <u>412,798</u>

DIAL-A-RIDE TRANSIT FUND SCHEDULE OF OPERATING EXPENSE SPLIT BETWEEN A JUNE 30 AND SEPTEMBER 30 YEAR END (3B)

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>10/1/22 to 6/30/2023</u>	<u>7/1/23 to 9/30/2023</u>	<u>Total</u>
Expenses			
Labor	\$ 96,400	\$ 23,380	\$ 119,780
Fringe benefits	27,709	5,826	33,535
Service	10,624	3,475	14,099
Materials and supplies	43,997	17,029	61,026
Casualty and liability costs	4,375	-	4,375
Utilities	7,097	1,144	8,241
Miscellaneous	3,332	4,197	7,529
Depreciation	<u>37,375</u>	<u>13,187</u>	<u>50,562</u>
Total regular service expenses	230,909	68,238	299,147
Package delivery	-	-	-
Job Access contract	<u>30,132</u>	<u>19,169</u>	<u>49,301</u>
Total expenses	\$ <u>261,041</u>	\$ <u>87,407</u>	\$ <u>348,448</u>

CITY OF BELDING

DIAL-A-RIDE TRANSIT FUND OPERATING ASSISTANCE CALCULATION 5

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>Nonurban</u>
State eligible expenses	
Labor	\$ 119,780
Fringe benefits	33,535
Service	14,099
Materials and supplies	61,026
Casualty and liability costs	4,375
Utilities	8,241
Miscellaneous	7,529
Depreciation	<u>50,562</u>
Total expenses	<u>299,147</u>
Less ineligible expenses	
Depreciation	50,062
Association dues	103
Federal grants - RTAP	<u>1,056</u>
Total ineligible expenses	<u>51,221</u>
State eligible expenses	<u>\$ 247,926</u>
 State operating assistance - 34.5849	 <u>\$ 85,745</u>
Federal eligible expenses	
State eligible expenses	\$ 247,926
Less additional federal ineligible expenses	
Audit costs	<u>2,750</u>
Federal eligible expenses	<u>\$ 245,176</u>
Section 5311 reimbursement - 36%	<u>\$ 88,263</u>

Depreciation expense included to be to be reimbursed only includes assets purchased with local funds where the useful life of the asset has been approved by OPT.

Expenses associated with 406xx and 407xx revenues are subtracted out as ineligible expenses when required by Michigan Department of Transportation guidance.

CITY OF BELDING
DIAL-A-RIDE TRANSIT FUND
SCHEDULE OF NONFINANCIAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2024

	<u>Miles</u>		<u>Hours</u>	
	<u>Regular</u>	<u>JARC</u>	<u>Regular</u>	<u>JARC</u>
Demand response				
Fourth quarter (7/1/23 to 9/30/23)	14,088	4,160	1,543	195
First quarter (10/1/23 to 12/31/23)	15,184	3,968	1,494	186
Second quarter (1/1/24 to 3/31/24)	15,021	3,968	1,518	186
Third quarter (4/1/24 to 6/30/24)	<u>15,021</u>	<u>4,096</u>	<u>1,518</u>	<u>192</u>
Total	<u>59,314</u>	<u>16,192</u>	<u>6,073</u>	<u>759</u>

DIAL-A-RIDE TRANSIT FUND
SCHEDULE OF NONFINANCIAL INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>Miles</u>		<u>Hours</u>	
	<u>Regular</u>	<u>JARC</u>	<u>Regular</u>	<u>JARC</u>
Demand response				
First quarter (10/1/22 to 12/31/22)	11,327	4,032	1,320	189
Second quarter (1/1/23 to 3/31/23)	12,193	4,032	1,411	189
Third quarter (4/1/23 to 6/30/23)	7,709	4,032	1,166	189
Fourth quarter (7/1/23 to 9/30/23)	<u>14,088</u>	<u>4,160</u>	<u>1,543</u>	<u>195</u>
Total	<u>45,317</u>	<u>16,256</u>	<u>5,440</u>	<u>762</u>

The methodology used for compiling miles and other nonfinancial data information has been reviewed and the methodology has not been found to be adequate and reliable because the third quarter of 2024 included incorrect miles and hours for the quarter and multiple mathematical errors were noted throughout the year. City DART staff have been working closely with MDOT staff to develop a system to produce reliable numbers. The above amounts have been segregated between regular service and JARC.

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SINGLE AUDIT SECTION



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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

December 24, 2024

Honorable Mayor and Members of the City Council
City of Belding, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Belding, Michigan, (the "City") as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 24, 2024.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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*.

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 City'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.

Vredenveld Haefner LLC



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

December 24, 2024

Honorable Mayor and Members of the City Council
City of Belding, Michigan

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited City of Belding, Michigan's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of City of Belding, Michigan's major federal programs for the year ended June 30, 2024. City of Belding, Michigan's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, City of Belding, Michigan complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of City of Belding, Michigan 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 program. Our audit does not provide a legal determination of City of Belding, Michigan'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 City of Belding, Michigan's federal programs.

Auditor's 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 City of Belding, Michigan'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 generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance 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 City of Belding, Michigan's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, 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 City of Belding, Michigan'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 City of Belding, Michigan'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, but not for the purpose of expressing an opinion on the effectiveness of City of Belding, Michigan'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 which is described in the accompanying schedule of findings and questioned costs as item 2024-001. Our opinion on each major federal 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 findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

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 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 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 program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's 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. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Uradexeld Haefner LLC

CITY OF BELDING
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024

Federal Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing Number	Pass- through Grantor's Number	Expenditures
U.S. Department of Agriculture			
Community Facilities Bonds 2006	10.766		<u>\$ 1,303,000</u>
U.S. Environmental Protection Agency			
Passed through Michigan Department of Environment, Great Lakes Capitalization Grants for Clean Water State Revolving Funds	66.458		<u>7,132,241</u>
U.S. Department of Treasury			
Passed through Michigan Department of Treasury Coronavirus Relief Fund	21.027		493,280
Passed through Michigan Department of Environment, Great Lakes, and Energy 5.1 Clean Water: Centralized Wastewater Treatment	21.027	FRF2859-SPA002	145,000
Drinking Water Asset Management Grant	21.027	FRF3173-DWA140	<u>149,669</u>
			<u>787,949</u>
U.S. Department of Transportation			
Capital grant - section 5311	20.526	17-0019/P3	13,380
Capital grant - section 5311	20.526	17-0019/P9	237,895
Capital grant - section 5311	20.526	22-0018/P2	118,500
Operating assistance - section 5311	20.509	22-0018/P3	20,863
Operating assistance - section 5311	20.509	22-0018/P4	26,759
RTAP receipts	20.509		<u>2,793</u>
			<u>420,190</u>
Total Federal Awards			<u>\$ 9,643,380</u>

See accompanying notes to the Schedule of Expenditures of Federal Awards.

CITY OF BELDING

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2024

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1. With the exception of the USDA bonds expended in prior years, the Schedule of Expenditures of Federal Awards is prepared in accordance with the modified accrual basis of accounting in governmental funds and the accrual basis of accounting in proprietary funds. The USDA community facilities bonds are required to be reported as expenditures until the bonds are repaid.

2. Reconciliation of revenues from federal sources per financial statements and expenditures per the Schedule of Expenditures of Federal Awards:

Federal revenue reported in proprietary funds - nonoperating revenue	\$ 693,364
Federal revenue reported in proprietary funds - contributed capital	514,775
Federal portion of SRF loan draws included in proprietary fund liabilities	<u>7,132,241</u>
Total	8,340,380
 Balance of USDA bonds expended in prior years and payable at year end	 <u>1,303,000</u>
 Expenditures reported on the schedule of expenditure of federal awards	 <u>\$ 9,643,380</u>

3. The City did not elect to use the 10% de minimis cost rate as covered in Uniform Guidance section 2 CFR 200.414 indirect costs.

CITY OF BELDING
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued	Unmodified	
Internal control over financial reporting:		
Material weakness(es) identified?	<u> </u> yes	<u> X </u> no
Significant deficiency(ies) identified?	<u> </u> yes	<u> X </u> none reported
Noncompliance material to financial statements noted?	<u> </u> yes	<u> X </u> no

Federal Awards

Internal control over major programs:		
Material weakness(es) identified?	<u> </u> yes	<u> X </u> no
Significant deficiency(ies) identified?	<u> </u> yes	<u> X </u> none reported
Type of auditors' report issued on compliance for major programs	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	<u> X </u> yes	<u> </u> no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
66.458	Capitalization Grants for Clean Water
	State Revolving Funds
21.027	Coronavirus Relief Fund

Dollar threshold used to distinguish between Type A and B programs:	<u> \$750,000 </u>
Auditee qualified as low-risk auditee?	<u> X </u> yes <u> </u> no

SECTION II - FINANCIAL STATEMENT FINDINGS

None

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2024-001

Condition and Criteria: The City's does not have written policies and procedures regarding federal awards required by 2CFR 200.

Cause: The City has had minimal federal grant funding in the past and has not implemented written federal grant policies and procedures as required by 2CFR 200.

Effect: The City expended federal funds without implementing written federal grant policies and procedures.

Recommendation: The City should establish formal written federal grant policies and procedures.

Management Response: Management will establish formal written federal grant policies and procedures as required by 2CFR 200.

SECTION IV - SUMMARY OF PRIOR AUDIT FINDINGS

Finding 2023-001 is repeated above as finding 2024-001.



CITY of BELDING
live. grow. naturally.

CORRECTIVE ACTION PLAN

December 20, 2024

To Whom it may concern:

The City of Belding agrees with the finding identified and respectfully submits the following corrective action plan for the year ended June 30, 2024.

Finding 2024-001

The City does not have formal written policies and procedures regarding federal awards which meet all the requirements by 2CFR 200.

Implementing and monitoring

The City followed proper procurement standards and other control procedures for ensuring federal funds were spent in accordance with grant documents, however, the City's policies and procedures do not include all of the items require to be part of the policy per 2CFR 200. Subsequent to our fiscal year ended June 30, 2024, written Federal policies and procedures were formally approved and adopted by City Council at their December 17, 2024 meeting.

The person responsible for the corrective action is Becky Schlienzy, Finance Director.

Sincerely,

Becky Schlienzy
Finance Director