



CITY *of* **BELDING**

CITY OF BELDING, MICHIGAN

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021



Vredeveld Haefner LLC
CPAs and Consultants

CITY OF BELDING

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INDEPENDENT AUDITORS' REPORT

September 1, 2021

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

Report on the Financial Statements

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, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, 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, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 8 and the information on pages 43 through 50 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other 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 combining and individual fund financial statements and schedules, and Dial-A-Ride transit schedules section are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and individual fund financial statements and schedules are 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. 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, the combining and individual fund financial statements and schedules 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, 2021, 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, 2021, 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, 2021, 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 September 1, 2021, 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 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.

Urodeuxeld Haefner LLC

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, 2021. 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 2020-21 Fiscal Year as follows:

- Governmental and business-type activities repaid approximately \$349,000 of long-term debt.
- Governmental activities added approximately \$392,000 of capital asset which included primarily infrastructure improvements and vehicles.
- Net position of governmental activities increased \$489,864 while net position of business type activities decreased by \$128,321.

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 \$24,541,226 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>	
	2021	2020	2021	2020	2021	2020
Assets						
Current and other assets	\$ 5,345,866	\$ 4,209,024	\$ 3,336,009	\$ 3,244,337	\$ 8,681,875	\$ 7,453,361
Capital assets	11,907,499	12,588,325	8,712,691	9,115,785	20,620,190	21,704,110
Total assets	17,253,365	16,797,349	12,048,700	12,360,122	29,302,065	29,157,471
Deferred outflows	224,063	200,126	-	-	224,063	200,126
Liabilities						
Current liabilities	223,085	260,999	234,861	226,183	457,946	487,182
Long-term liabilities	3,444,862	3,458,202	1,039,940	1,231,719	4,484,802	4,689,921
Total liabilities	3,667,947	3,719,201	1,274,801	1,457,902	4,942,748	5,177,103
Deferred inflows	42,154	811	-	-	42,154	811
Net position						
Net invested in capital assets	10,449,964	10,966,169	7,541,550	7,760,394	17,991,514	18,726,563
Restricted	2,299,884	2,072,990	213,068	213,068	2,512,952	2,286,058
Unrestricted	1,017,479	238,304	3,019,281	2,928,758	4,036,760	3,167,062
Total net position	\$13,767,327	\$13,277,463	\$10,773,899	\$10,902,220	\$24,541,226	\$24,179,683

By far the largest portion of the City's net position in the amount of 73% 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 10% 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 \$4,036,760, or 17%, 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, 2021, was \$7,032,059. The total cost of all programs and services was \$6,670,516. This results in a net position increase of \$361,543. The following table presents a summary of the changes in net position for the fiscal year ended June 30, 2021.

City of Belding's Changes in Net Position

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	2021	2020	2021	2020	2021	2020
Revenues						
Program revenues						
Charges for services	\$ 520,127	\$494,833	\$2,092,313	\$2,197,054	\$2,612,440	\$2,691,887
Operating grants and contributions	954,257	874,173	264,920	134,513	1,219,177	1,008,686
Capital grants and contributions	26,280	20,163	-	149,253	26,280	169,416
General revenues						
Property taxes	2,347,306	2,285,364	-	-	2,347,306	2,285,364
State shared revenues	701,303	705,015	-	-	701,303	705,015
Federal grant	118,148	-	-	-	118,148	-
Investment earnings	3,973	32,109	3,432	29,163	7,405	61,272
Total revenues	4,671,394	4,411,657	2,360,665	2,509,983	7,032,059	6,921,640
Expenses						
General government	814,609	787,818	-	-	814,609	787,818
Public safety	1,634,956	1,732,300	-	-	1,634,956	1,732,300
Public works and streets	1,010,178	1,034,927	-	-	1,010,178	1,034,927
Culture and recreation	580,407	569,484	-	-	580,407	569,484
Interest on long-term debt	61,380	72,257	-	-	61,380	72,257
Dial-A-Ride	-	-	339,241	312,140	339,241	312,140
Sewer	-	-	1,361,211	1,169,394	1,361,211	1,169,394
Water	-	-	868,534	784,548	868,534	784,548
Total expenses	4,101,530	4,196,786	2,568,986	2,266,082	6,670,516	6,462,868
Increase (decrease) before transfers	569,864	214,871	(208,321)	243,901	361,543	458,772
Transfers in (out)	(80,000)	(100,000)	80,000	100,000	-	-
Increase (decrease) in net position	489,864	114,871	(128,321)	343,901	361,543	458,772
Net position – beginning	13,277,463	13,162,592	10,902,220	10,558,319	24,179,683	23,720,911
Net position – ending	\$13,767,327	\$13,277,463	\$10,773,899	\$10,902,220	\$24,541,226	\$24,179,683

Governmental Activities – Governmental activities increased the City's net position by \$489,864, due primarily to increases in the general fund fund balance and internal service funds net position.

Business-type Activities - Business-type activities decreased the City's net position by \$128,321, due primarily to sewer fund operating expenses in excess of revenues.

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 \$4,005,399, an increase of \$767,743 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 \$1,700,515. 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 68% of total General Fund expenditures and transfers out.

The fund balance of the General Fund increased \$540,849 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 \$1,123,318, an increase of \$159,554 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 \$313,399, an increase of \$27,485 primarily due to transfers from the major street and capital improvements funds to assist with local street projects during the year.

Fund balance of the library fund was \$366,447, an increase of \$43,265 primarily due to reduced expenses during the pandemic related shutdown.

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 sale of Ranney Village property purchase and unbudgeted Federal revenue.

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, 2021, amounts to \$20,620,190 (net of accumulated depreciation). Of this amount, \$11,907,499 was for its governmental activities and \$8,712,691 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 equipment for the fire department and road paving.
- Water system lead line replacements and updated computer system for the wells.

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 \$2,628,676. Of this amount, \$1,457,535 was reported in governmental activities and \$1,171,141 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 2021/22 fiscal year:

- Flat performance of the State of Michigan's economy and slow state funding growth.

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, 2021

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Downtown Development Authority
Assets				
Cash and pooled investments	\$ 5,050,871	\$ 2,555,051	\$ 7,605,922	\$ 42,297
Accounts receivable	33,730	538,458	572,188	-
Prepaid items	5,000	-	5,000	-
Due from other governments	256,265	29,432	285,697	-
Restricted cash and pooled investments	-	213,068	213,068	-
Capital assets				
Land	1,133,694	57,234	1,190,928	-
Depreciable capital assets, net	10,773,805	8,655,457	19,429,262	-
Total assets	17,253,365	12,048,700	29,302,065	42,297
Deferred outflow of resources				
Pension related	224,063	-	224,063	-
Liabilities				
Accounts payable	22,352	2,626	24,978	442
Accrued liabilities	112,198	42,235	154,433	-
Debt due within one year	88,535	190,000	278,535	-
Noncurrent liabilities				
Compensated absences	181,663	58,799	240,462	-
Debt due in more than one year	1,369,000	981,141	2,350,141	-
Net pension liability	1,367,973	-	1,367,973	-
Net OPEB liability	526,226	-	526,226	-
Total liabilities	3,667,947	1,274,801	4,942,748	442
Deferred inflow of resources				
Pension related	42,154	-	42,154	-
Net position				
Net investment in capital assets	10,449,964	7,541,550	17,991,514	-
Restricted for				
Library	366,447	-	366,447	-
Capital improvements	184,485	-	184,485	-
Major streets	1,123,318	-	1,123,318	-
Local streets	313,399	-	313,399	-
Museum	113,462	-	113,462	-
Law enforcement	7,984	-	7,984	-
Permanent trusts				
Riverridge Cemetery - expendable portion	9,499	-	9,499	-
Riverridge Cemetery - corpus	156,740	-	156,740	-
Debt service	24,550	213,068	237,618	-
Unrestricted	1,017,479	3,019,281	4,036,760	41,855
Total net position	\$ 13,767,327	\$ 10,773,899	\$ 24,541,226	\$ 41,855

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

CITY OF BELDING
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Primary government					
Governmental activities					
General government	\$ 814,609	\$ 362,347	\$ 521	\$ -	\$ (451,741)
Public safety	1,634,956	105,583	8,283	-	(1,521,090)
Public works and streets	1,010,178	15,023	842,548	-	(152,607)
Culture and recreation	580,407	37,174	102,905	26,280	(414,048)
Interest on long-term debt	61,380	-	-	-	(61,380)
Total governmental activities	4,101,530	520,127	954,257	26,280	(2,600,866)
Business-type activities					
Dial-A-Ride	339,241	87,493	264,920	-	13,172
Sewer	1,361,211	1,140,247	-	-	(220,964)
Water	868,534	864,573	-	-	(3,961)
Total business-type activities	2,568,986	2,092,313	264,920	-	(211,753)
Total primary government	\$ 6,670,516	\$ 2,612,440	\$ 1,219,177	\$ 26,280	\$ (2,812,619)
Component unit					
Downtown Development Authority	\$ 2,427	\$ -	\$ -	\$ -	\$ (2,427)
Total component units	\$ 2,427	\$ -	\$ -	\$ -	\$ (2,427)

(Continued)

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

CITY OF BELDING
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Primary Government</u>			<u>Component Unit</u>
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Downtown Development Authority</u>
Changes in net position				
Net (expense) revenue	\$ (2,600,866)	\$ (211,753)	\$ (2,812,619)	\$ (2,427)
General revenues				
Property taxes				
General operating	1,827,245	-	1,827,245	14,862
Capital improvement	138,158	-	138,158	-
County-wide library	381,903	-	381,903	-
State shared revenues - unrestricted	701,303	-	701,303	-
Federal grant	118,148	-	118,148	-
Interest earnings	3,973	3,432	7,405	50
Transfers - internal activities	(80,000)	80,000	-	-
Total general revenues and transfers	3,090,730	83,432	3,174,162	14,912
Change in net position	489,864	(128,321)	361,543	12,485
Net position, beginning of year	<u>13,277,463</u>	<u>10,902,220</u>	<u>24,179,683</u>	<u>29,370</u>
Net position, end of year	<u>\$ 13,767,327</u>	<u>\$ 10,773,899</u>	<u>\$ 24,541,226</u>	<u>\$ 41,855</u>

(Concluded)

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

CITY OF BELDING
GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET

JUNE 30, 2021

	<u>General</u>	<u>Major Streets</u>	<u>Local Streets</u>	<u>Library</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Assets						
Cash and pooled investments	\$ 1,641,655	\$ 1,027,592	\$ 283,497	\$ 378,051	\$ 496,720	\$ 3,827,515
Accounts receivable	33,730	-	-	-	-	33,730
Prepaid items	5,000	-	-	-	-	5,000
Due from other governments	124,271	98,638	33,356	-	-	256,265
Total assets	<u>\$ 1,804,656</u>	<u>\$ 1,126,230</u>	<u>\$ 316,853</u>	<u>\$ 378,051</u>	<u>\$ 496,720</u>	<u>\$ 4,122,510</u>
Liabilities and fund balances						
Liabilities						
Accounts payable	\$ 17,451	\$ 51	\$ 12	\$ 1,215	\$ -	\$ 18,729
Accrued liabilities	81,690	2,861	3,442	10,389	-	98,382
Total liabilities	<u>99,141</u>	<u>2,912</u>	<u>3,454</u>	<u>11,604</u>	<u>-</u>	<u>117,111</u>
Fund balances						
Nonspendable						
Permanent fund corpus	-	-	-	-	156,740	156,740
Prepaid items	5,000	-	-	-	-	5,000
Restricted						
Permanent fund expendable	-	-	-	-	9,499	9,499
Streets	-	1,123,318	313,399	-	-	1,436,717
Library	-	-	-	366,447	-	366,447
Museum	-	-	-	-	113,462	113,462
Law enforcement	-	-	-	-	7,984	7,984
Capital projects	-	-	-	-	184,485	184,485
Assigned						
Debt service	-	-	-	-	24,550	24,550
Unassigned	1,700,515	-	-	-	-	1,700,515
Total fund balances	<u>1,705,515</u>	<u>1,123,318</u>	<u>313,399</u>	<u>366,447</u>	<u>496,720</u>	<u>4,005,399</u>
Total liabilities and fund balances	<u>\$ 1,804,656</u>	<u>\$ 1,126,230</u>	<u>\$ 316,853</u>	<u>\$ 378,051</u>	<u>\$ 496,720</u>	<u>\$ 4,122,510</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, 2021

Fund balances - total governmental funds	\$ 4,005,399
<p>Amounts reported for <i>governmental activities</i> in the statement of net position are different because</p>	
<p>Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.</p>	
Add - land	1,133,694
Add - capital assets (net of accumulated depreciation)	10,196,532
<p>Certain assets are not due and receivable in the current period and therefore are offset with deferred revenue in the funds.</p>	
Add - deferred outflows	224,063
Less - deferred inflows	(42,154)
<p>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.</p>	
Add - net position of governmental activities accounted for in the internal service funds	1,788,384
<p>Certain liabilities are not due and payable in the current period and therefore are not reported in the funds.</p>	
Deduct - compensated absences payable	(176,260)
Deduct - net OPEB liability	(526,226)
Deduct - net pension liability	(1,367,973)
Deduct - debt payable	(1,457,535)
Deduct - accrued interest on debt payable	<u>(10,597)</u>
Net position of governmental activities	<u>\$ 13,767,327</u>

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, 2021

	<u>General</u>	<u>Major Streets</u>	<u>Local Streets</u>	<u>Library</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Revenues						
Taxes	\$ 1,737,940	\$ 89,305	\$ -	\$ 381,903	\$ 138,158	\$ 2,347,306
Intergovernmental revenues						
Federal	118,148	-	-	-	-	118,148
State	701,303	627,526	212,207	9,171	-	1,550,207
Licenses and permits	22,151	-	-	-	-	22,151
Charges for services	284,008	-	-	36,344	-	320,352
Fines	9,201	-	-	43,185	-	52,386
Donations	-	-	-	50,045	26,280	76,325
Miscellaneous	158,613	17,551	287	309	6,826	183,586
Total revenues	<u>3,031,364</u>	<u>734,382</u>	<u>212,494</u>	<u>520,957</u>	<u>171,264</u>	<u>4,670,461</u>
Expenditures						
Current						
General government	700,773	-	-	-	-	700,773
Public safety	1,497,850	-	-	-	-	1,497,850
Public works and streets	-	421,368	438,469	-	-	859,837
Culture and recreation	129,742	-	-	392,692	10,784	533,218
Debt service						
Principal	-	-	-	-	164,621	164,621
Interest	-	-	-	-	65,045	65,045
Capital outlay	-	-	-	-	1,374	1,374
Total expenditures	<u>2,328,365</u>	<u>421,368</u>	<u>438,469</u>	<u>392,692</u>	<u>241,824</u>	<u>3,822,718</u>
Revenues over (under) expenditures	<u>702,999</u>	<u>313,014</u>	<u>(225,975)</u>	<u>128,265</u>	<u>(70,560)</u>	<u>847,743</u>
Other financing sources (uses)						
Transfers in	-	-	253,460	-	167,150	420,610
Transfers out	(162,150)	(153,460)	-	(85,000)	(100,000)	(500,610)
Total other financing sources (uses)	<u>(162,150)</u>	<u>(153,460)</u>	<u>253,460</u>	<u>(85,000)</u>	<u>67,150</u>	<u>(80,000)</u>
Net changes in fund balances	540,849	159,554	27,485	43,265	(3,410)	767,743
Fund balances, beginning of year	<u>1,164,666</u>	<u>963,764</u>	<u>285,914</u>	<u>323,182</u>	<u>500,130</u>	<u>3,237,656</u>
Fund balances, end of year	<u>\$ 1,705,515</u>	<u>\$ 1,123,318</u>	<u>\$ 313,399</u>	<u>\$ 366,447</u>	<u>\$ 496,720</u>	<u>\$ 4,005,399</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, 2021

Net changes in fund balances - total governmental funds	\$ 767,743
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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	270,459
Deduct - depreciation expense	(912,815)

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	164,621
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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	(49,408)
Add - decrease in other post-employment benefits	6,599
Deduct - increase in net pension liability	(32,494)
Add - increase in deferred outflows	23,937
Deduct - increase in deferred inflows	(41,343)
Add - decrease in accrued interest	3,665

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>288,900</u>
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Change in net position of governmental activities	<u>\$ 489,864</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, 2021

	Enterprise Funds			Enterprise Fund Total	Governmental Activities Internal Service Funds
Assets	Sewer	Water	Nonmajor Dial-a-Ride Transit		
Current assets					
Cash and pooled investments	\$ 1,335,949	\$ 943,159	\$ 275,943	\$ 2,555,051	\$ 1,223,356
Accounts receivable	298,543	239,885	30	538,458	-
Due from other governments	-	-	29,432	29,432	-
Total current assets	1,634,492	1,183,044	305,405	3,122,941	1,223,356
Long-term assets					
Restricted cash and pooled investments	213,068	-	-	213,068	-
Land	44,814	12,420	-	57,234	-
Land improvements	11,463	-	-	11,463	-
Buildings and equipment	1,816,374	2,594,718	695,178	5,106,270	437,574
Vehicles	-	-	434,106	434,106	1,830,900
Infrastructure	8,658,234	4,918,438	-	13,576,672	-
Less accumulated depreciation	(5,465,145)	(4,377,086)	(630,823)	(10,473,054)	(1,691,201)
Total long-term assets	5,278,808	3,148,490	498,461	8,925,759	577,273
Total assets	6,913,300	4,331,534	803,866	12,048,700	1,800,629
Liabilities					
Current liabilities					
Accounts payable	356	2,071	199	2,626	3,623
Accrued liabilities	16,303	17,761	8,171	42,235	3,219
Current portion of compensated absences	-	-	-	-	-
Current portion of long-term debt	150,000	40,000	-	190,000	-
Total current liabilities	166,659	59,832	8,370	234,861	6,842
Long-term liabilities					
Compensated absences	15,624	32,254	10,921	58,799	5,403
Bonds payable, net of current portion	896,141	85,000	-	981,141	-
Total long-term liabilities	911,765	117,254	10,921	1,039,940	5,403
Total liabilities	1,078,424	177,086	19,291	1,274,801	12,245
Net position					
Net investment in capital assets	4,019,599	3,023,490	498,461	7,541,550	577,273
Restricted for debt service	213,068	-	-	213,068	-
Unrestricted	1,602,209	1,130,958	286,114	3,019,281	1,211,111
Total net position	\$ 5,834,876	\$ 4,154,448	\$ 784,575	\$ 10,773,899	\$ 1,788,384

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, 2021

	Enterprise Funds			Enterprise Fund	Governmental Activities
	<u>Sewer</u>	<u>Water</u>	<u>Nonmajor Dial-a-Ride Transit</u>	<u>Fund Total</u>	<u>Internal Service Funds</u>
Operating revenue					
Charges for services	\$ 1,093,171	\$ 863,387	\$ 83,600	\$ 2,040,158	\$ 1,542,513
Other	<u>47,076</u>	<u>1,186</u>	<u>3,893</u>	<u>52,155</u>	<u>-</u>
Total operating revenue	<u>1,140,247</u>	<u>864,573</u>	<u>87,493</u>	<u>2,092,313</u>	<u>1,542,513</u>
Operating expense					
Personnel services	173,773	130,713	154,719	459,205	62,225
Contractual services	267,276	117,239	28,353	412,868	742,485
Benefits	62,022	60,626	57,994	180,642	26,151
Materials and supplies	261,897	54,150	21,422	337,469	80,239
Utilities	57,187	113,963	14,954	186,104	67,258
Repair and maintenance	51,731	104,811	14,003	170,545	108,632
Equipment rentals	150,000	100,000	-	250,000	-
Depreciation	255,986	182,868	47,796	486,650	160,166
Miscellaneous	<u>-</u>	<u>2,089</u>	<u>-</u>	<u>2,089</u>	<u>7,390</u>
Total operating expense	<u>1,279,872</u>	<u>866,459</u>	<u>339,241</u>	<u>2,485,572</u>	<u>1,254,546</u>
Operating income (loss)	<u>(139,625)</u>	<u>(1,886)</u>	<u>(251,748)</u>	<u>(393,259)</u>	<u>287,967</u>
Non-operating revenue (expense)					
Loss on sale of capital assets	(45,745)	-	-	(45,745)	-
Federal operating grants	-	-	158,410	158,410	-
State operating grants	-	-	106,510	106,510	-
Interest income	1,881	1,329	222	3,432	933
Interest expense	<u>(35,594)</u>	<u>(2,075)</u>	<u>-</u>	<u>(37,669)</u>	<u>-</u>
Total non-operating revenue (expense)	<u>(79,458)</u>	<u>(746)</u>	<u>265,142</u>	<u>184,938</u>	<u>933</u>
Income (loss) before contributions and transfers	<u>(219,083)</u>	<u>(2,632)</u>	<u>13,394</u>	<u>(208,321)</u>	<u>288,900</u>
Transfers in	<u>-</u>	<u>-</u>	<u>80,000</u>	<u>80,000</u>	<u>-</u>
Changes in net position	<u>(219,083)</u>	<u>(2,632)</u>	<u>93,394</u>	<u>(128,321)</u>	<u>288,900</u>
Net position, beginning of year	<u>6,053,959</u>	<u>4,157,080</u>	<u>691,181</u>	<u>10,902,220</u>	<u>1,499,484</u>
Net position, end of year	<u>\$ 5,834,876</u>	<u>\$ 4,154,448</u>	<u>\$ 784,575</u>	<u>\$ 10,773,899</u>	<u>\$ 1,788,384</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, 2021

	Enterprise Funds			Enterprise Fund	Governmental Activities
	Sewer	Water	Nonmajor Dial-a-Ride Transit	Total	Internal Service Funds
Cash flows from operating activities					
Receipts from internal services provided	\$ -	\$ -	\$ -	\$ -	\$ 1,542,513
Receipts from customers and users	1,173,312	860,539	103,775	2,137,626	-
Operating grants	-	-	264,920	264,920	-
Payments to employees	(242,744)	(179,598)	(206,569)	(628,911)	(85,474)
Payments to suppliers	(798,242)	(491,934)	(78,685)	(1,368,861)	(1,006,659)
Net cash provided by (used in) operating activities	<u>132,326</u>	<u>189,007</u>	<u>83,441</u>	<u>404,774</u>	<u>450,380</u>
Cash flows from non-capital financing activities					
Transfers in	-	-	80,000	80,000	-
Cash flows from capital and related financing activities					
Interest paid	(34,844)	(2,075)	-	(36,919)	-
Principal on bonds	(145,000)	(40,000)	-	(185,000)	-
Acquisitions of capital assets	-	(129,302)	-	(129,302)	(121,695)
Net cash provided by (used in) capital and related financing activities	<u>(179,844)</u>	<u>(171,377)</u>	<u>-</u>	<u>(351,221)</u>	<u>(121,695)</u>
Cash flows from investing activities					
Interest income	1,881	1,329	222	3,432	933
Net cash provided by (used in) investing activities	<u>1,881</u>	<u>1,329</u>	<u>222</u>	<u>3,432</u>	<u>933</u>
Net increase (decrease) in cash and pooled investments	(45,637)	18,959	163,663	136,985	329,618
Cash and pooled investments, beginning of year	<u>1,594,654</u>	<u>924,200</u>	<u>112,280</u>	<u>2,631,134</u>	<u>893,738</u>
Cash and pooled investments, end of year	<u>\$ 1,549,017</u>	<u>\$ 943,159</u>	<u>\$ 275,943</u>	<u>\$ 2,768,119</u>	<u>\$ 1,223,356</u>
Cash flows from operating activities					
Operating income (loss)	\$ (139,625)	\$ (1,886)	\$ (251,748)	\$ (393,259)	\$ 287,967
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Depreciation	255,986	182,868	47,796	486,650	160,166
Operating grants	-	-	264,920	264,920	-
Change in operating assets and liabilities which provided (used) cash					
Accounts receivable	33,065	(4,034)	(30)	29,001	-
Due from other governments	-	-	16,312	16,312	-
Accounts payable	(10,151)	318	47	(9,786)	(655)
Accrued liabilities	(267)	11,368	2,364	13,465	676
Net cash provided by (used in) operating activities	<u>\$ 132,326</u>	<u>\$ 189,007</u>	<u>\$ 83,441</u>	<u>\$ 404,774</u>	<u>\$ 450,380</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, 2021

	Custodial Funds
Assets	
Cash and pooled investments	\$ 5,154
Due from other governments	<u>11,288</u>
Total assets	<u>16,442</u>
Liabilities	
Accounts payable	10
Due to other governments	5,144
Other liabilities	<u>11,288</u>
Total liabilities	<u>16,442</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, 2021

	Custodial Funds
Additions	
Property taxes collected for other governments	\$ 8,413,464
Funds from Housing Commission	<u>294,288</u>
Total additions	<u>8,707,752</u>
Deductions	
Property taxes distributed to other governments	8,413,464
Funds spent for Housing Commission payroll	<u>294,288</u>
Total deductions	<u>8,707,752</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, 2021

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 changes 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, 2021

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.

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.

CITY OF BELDING

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

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 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.

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 *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 *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.

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 and payroll activities for the Housing Commission.

CITY OF BELDING

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

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.

CITY OF BELDING

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

- 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.
- 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.

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 incurred or 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

CITY OF BELDING

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

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.

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.

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.

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, 2021

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 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 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, 2021

2. COMPLIANCE

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, 2021, in the Parks and Maintenance Fund, the City incurred \$1,374 of expenditures in excess of the amount appropriated for capital outlay.

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	\$7,605,922	\$42,297	\$5,154	\$7,653,373
Restricted cash and pooled investments	213,068	-	-	213,068
	<u>\$7,818,990</u>	<u>\$42,297</u>	<u>\$5,154</u>	<u>\$7,866,441</u>

Cash and pooled investments and investments captions consist of the following at June 30, 2021:

Deposits and certificates of deposit	\$2,734,907
Pooled funds and securities	5,130,984
Petty cash	<u>550</u>
Total	<u>\$7,866,441</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, \$2,373,232 of the City's bank balance of \$2,892,294 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. 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	\$5,130,984	AAAm	S&P

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

CITY OF BELDING

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

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, 2021

4. INTERFUND TRANSACTIONS

Transfers in and out for the year ended June 30, 2021 are as follows:

	Transfers in			
	Local Streets	Nonmajor Governmental	Dial-a- Ride Transit	Total
Transfers out				
General fund	\$ -	\$ 82,150	\$80,000	\$162,150
Major Streets	153,460	-	-	153,460
Library fund	-	85,000	-	85,000
Nonmajor governmental	100,000	-	-	100,000
Total	\$253,460	\$167,150	\$80,000	\$500,610

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:

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 1,133,694	\$ -	\$ -	\$ 1,133,694
Construction in progress	-	-	-	-
Total capital assets, not being depreciated	1,133,694	-	-	1,133,694
Capital assets, being depreciated				
Land improvements	3,727,822	-	-	3,727,822
Buildings and improvements	6,268,587	-	-	6,268,587
Furniture and equipment	673,714	52,100	-	725,814
Motor vehicles	2,775,577	110,446	81,764	2,804,259
Infrastructure	11,761,318	229,608	-	11,990,926
Total capital assets, being depreciated	25,207,018	392,154	81,764	25,517,408
Less accumulated depreciation for				
Land improvements	3,019,862	177,453	-	3,197,315
Buildings and improvements	3,572,973	156,695	-	3,729,668
Furniture and equipment	594,818	17,753	-	612,571
Motor vehicles	2,123,550	162,911	81,764	2,204,697
Infrastructure	4,441,184	558,168	-	4,999,352
Total accumulated depreciation	13,752,387	1,072,980	81,764	14,743,603
Net capital assets, being depreciated	11,454,631	(680,826)	-	10,773,805
Governmental activities capital assets, net	\$12,588,325	\$(680,826)	\$ -	\$11,907,499

CITY OF BELDING

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

	Balance July 1, <u>2020</u>	<u>Additions</u>	<u>Deletions</u>	Balance June 30, <u>2021</u>
Business-type activities				
Capital assets, not being depreciated				
Land	\$ 57,234	\$ -	\$ -	\$ 57,234
Construction in progress	94,235	-	94,235	-
Total capital assets, not being depreciated	151,469	-	94,235	57,234
Capital assets being depreciated				
Land improvements	11,463	-	-	11,463
Buildings and equipment	5,149,169	-	42,899	5,106,270
Vehicles	546,460	-	112,354	434,106
Infrastructure	13,384,580	223,537	31,445	13,576,672
Total capital assets, being depreciated	19,091,672	223,537	186,698	19,128,511
Less accumulated depreciation for				
Land improvements	11,463	-	-	11,463
Buildings and equipment	3,087,808	100,630	28,598	3,159,840
Vehicles	406,559	30,448	112,354	324,653
Infrastructure	6,621,526	355,572	-	6,977,098
Total accumulated depreciation	10,127,356	486,650	140,952	10,473,054
Net capital assets, being depreciated	8,964,316	(263,113)	45,746	8,655,457
Business-type activities capital assets, net	\$9,115,785	\$(263,113)	\$139,981	\$8,712,691

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

Governmental Activities	
General government	\$ 122,443
Public safety	250,141
Public works and streets	455,075
Culture and recreation	85,155
Capital assets held by the governments internal service funds are charged to the various functions based on their usage of the assets	160,166
Total depreciation expense - governmental activities	\$1,072,980
Business-type activities	
Dial-a-Ride	\$ 47,796
Sewer	255,986
Water	182,868
Total depreciation expense - business-type activities	\$486,650

CITY OF BELDING

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

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 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 \$107,509 and plan members contributed \$85,592 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 \$3,550 and plan members contributed \$3,323 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, 2020):

Inactive employees or beneficiaries currently receiving benefits	7
Inactive employees entitled but not yet receiving benefits	5
Active plan members	8
	<hr/>
Total	20

CITY OF BELDING

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

Contributions

The City is required to contribute an actuarially determined fixed amount, which for the current year was \$9,272 per month. Participating employees are required to contribute from 0% to 9% 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.

Net Pension Liability

The employer's net pension liability was measured as of December 31, 2020, 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, 2020 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% in the long-term (plus merit and longevity from 0 to 11% based on age)

Investment rate of return: 7.35%, 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 the valuation were based on the results of the 2020 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%	7.75%	3.15%
Global Fixed Income	20.0%	3.75%	0.25%
Private Investments	20.0%	9.75%	1.45%
Inflation			2.50%
Administrative fee			0.25%
Investment rate of return			7.60%

CITY OF BELDING

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

Discount rate. The discount rate used to measure the total pension liability is 7.60%. 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 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, 2019	\$2,600,774	\$1,265,295	\$1,335,479
Changes for the Year:			
Service cost	35,873	-	35,873
Interest	191,548	-	191,548
Change in benefits	(12,115)	-	(12,115)
Differences between expected and actual experience	26,880	-	26,880
Change in assumptions	82,082	-	82,082
Contributions: employer	-	105,559	(105,559)
Contributions: employee	-	32,976	(32,976)
Net investment income	-	155,745	(155,745)
Benefit payments, including refunds	(196,675)	(196,675)	-
Administrative expense	-	(2,506)	2,506
Other changes	-	-	-
Net changes	127,593	95,099	32,494
Balance at December 31, 2020	\$2,728,367	\$1,360,394	\$1,367,973

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 7.6%, as well as what the employer's Net Pension Liability would be using a discount rate that is 1 percentage point lower (6.6%) or higher (8.6%) than the current rate.

	1% Decrease	Current Discount rate	1% Increase
Total Pension Liability	\$3,049,026	\$2,728,367	\$2,461,809
Fiduciary Net Position	1,360,394	1,360,394	1,360,394
Net Pension Liability	\$1,688,632	\$1,367,973	\$1,101,415

CITY OF BELDING

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

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

For the year ended June 30, 2021 the employer recognized pension expense of \$161,199. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences in experience	\$ 56,379	\$ 541
Differences in assumptions	112,052	-
Excess (deficit) investment returns	-	41,613
Contributions subsequent to the measurement date*	55,632	-
	<hr/>	<hr/>
Total	<u>\$224,063</u>	<u>\$42,154</u>

* 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 2022.

Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2022	\$ 50,456
2023	51,712
2024	14,693
2025	9,416
2026	-
Thereafter	-
	<hr/>
Total	<u>\$126,277</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.

Benefits provided

The plan provides health insurance premiums for retirees until death of the employee at a rate ranging from \$200 to \$400 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, 2021):

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

CITY OF BELDING

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

This Plan is closed to employees hired after January 1, 2004

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, 2021, 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, 2021 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: 2.7%

Healthcare cost trend rates: Not applicable as benefit at retirement is fixed

Mortality rates were based on the 2015 life tables for males or females, as appropriate, from the Social Security Administration.

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

Discount rate. The discount rate used to measure the total OPEB liability is 2.7% (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, 2020	<u>\$532,825</u>
Changes for the Year:	
Service cost	9,421
Interest	14,100
Change in benefits	(4,345)
Differences between expected and actual experience	4,825
Change in assumptions	-
Contributions	-
Benefit payments, including refunds	(30,600)
Administrative expense	-
Other changes	-
Net changes	<u>(6,599)</u>
Balance at June 30, 2021	<u>\$526,226</u>

CITY OF BELDING

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

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 2.7%, as well as what the employer's net OPEB liability would be using a discount rate that is 1 percentage point lower (1.7%) or higher (3.7%) than the current rate.

	1% Decrease	Current Discount rate	1% Increase
Total OPEB liability	\$582,919	\$526,226	\$476,242

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.

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

For the year ended June 30, 2021 the employer recognized OPEB expense of \$24,001.

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 1-3% of their base salary. The City contributes 1.5% 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 \$5,953 and plan members contributed \$32,964 to the plan.

CITY OF BELDING

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

8. LONG-TERM DEBT

	<u>Balance July 1, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2021</u>	<u>Due Within One Year</u>
Governmental activities					
Private placements					
\$600,000, 2006 Parking lot installment note. Payments due in annual installments of \$56,060 through November 1, 2021, including interest at 4.55%.	\$ 109,156	\$ -	\$ 53,621	\$ 55,535	\$ 55,535
\$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%.	1,433,000	-	31,000	1,402,000	33,000
Total private placements	1,542,156	-	84,621	1,457,535	88,535
Public placement					
\$950,000 Building Authority Bonds, Series 2000. Payments due in annual installments of \$30,000 to \$80,000 through November 1, 2020, plus interest at 5.25% to 5.375%.	80,000	-	80,000	-	-
Total bonds and notes	1,622,156	-	164,621	1,457,535	88,535
Accrued employee benefits	130,029	51,634	-	181,663	-
Total governmental activities	\$1,752,185	\$51,634	\$164,621	\$1,639,198	\$88,535

CITY OF BELDING

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

	Balance July 1, <u>2020</u>	<u>Additions</u>	<u>Deletions</u>	Balance June 30, <u>2021</u>	Due Within <u>One Year</u>
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%.	\$ 165,000	\$ -	\$ 40,000	\$ 125,000	\$ 40,000
\$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%.	520,000	-	55,000	465,000	60,000
\$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%.	676,316	-	90,000	586,316	90,000
Total bonds	1,361,316	-	185,000	1,176,316	190,000
Unamortized discount	(5,925)	-	(750)	(5,175)	-
Accrued employee benefits	61,328	-	2,529	58,799	-
Total business-type activities	\$1,416,719	\$ -	\$186,779	\$1,229,940	\$190,000

The following is a summary of the debt transactions of the City for the year ended June 30, 2021:

The annual requirements to amortize all debt outstanding (excluding accrued employee benefits and unamortized discounts) as of June 30, 2021 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>
2022	\$ 88,535	\$ 60,840	\$ 190,000	\$ 32,967
2023	35,000	58,714	190,000	27,806
2024	36,000	57,205	200,000	22,518
2025	38,000	55,633	155,000	17,505
2026	40,000	53,976	160,000	13,051
2027-2031	227,000	242,230	281,316	12,201
2032-2036	282,000	188,403	-	-
2037-2041	350,000	121,551	-	-
2042-2046	361,000	39,761	-	-
Total	\$1,457,535	\$878,313	\$1,176,316	\$126,048

CITY OF BELDING

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

Compensated absences of governmental funds are generally liquidated with General fund resources. Other post-employment benefits of governmental are generally liquidated with General fund resources.

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 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 \$617,534. For the current year, principal and interest paid was \$100,259 and revenues were \$1,093,171.

9. 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, 2021 the City abated property tax revenues of approximately \$37,000.

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, 2021 the City abated property tax revenues of approximately \$15,000.

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.

CITY OF BELDING

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

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.

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 \$312,912 (36%) of water sales.

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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, 2021

	Budget Amounts		Actual	Variance
	<u>Original</u>	<u>Final</u>	<u>Amount</u>	<u>Positive (Negative)</u>
Revenues				
Taxes	\$ 1,710,000	\$ 1,711,376	\$ 1,737,940	\$ 26,564
Intergovernmental revenues				
Federal	-	118,000	118,148	148
State	650,000	650,000	701,303	51,303
Licenses and permits	13,500	15,600	22,151	6,551
Charges for services	276,700	287,292	284,008	(3,284)
Fines	8,000	8,000	9,201	1,201
Miscellaneous	104,200	185,200	158,613	(26,587)
Total revenues	<u>2,762,400</u>	<u>2,975,468</u>	<u>3,031,364</u>	<u>55,896</u>
Expenditures				
Current				
General government	852,925	857,525	700,773	156,752
Public safety	1,599,469	1,599,469	1,497,850	101,619
Culture and recreation	224,578	234,578	129,742	104,836
Total expenditures	<u>2,676,972</u>	<u>2,691,572</u>	<u>2,328,365</u>	<u>363,207</u>
Revenues over (under) expenditures	85,428	283,896	702,999	419,103
Other financing sources (uses)				
Transfers out	(162,150)	(162,150)	(162,150)	-
Net changes in fund balance	(76,722)	121,746	540,849	419,103
Fund balance, beginning of year	<u>1,164,666</u>	<u>1,164,666</u>	<u>1,164,666</u>	<u>-</u>
Fund balance, end of year	<u>\$ 1,087,944</u>	<u>\$ 1,286,412</u>	<u>\$ 1,705,515</u>	<u>\$ 419,103</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, 2021

	Budget Amounts		Actual	Variance
	<u>Original</u>	<u>Final</u>	<u>Amount</u>	<u>Positive (Negative)</u>
Revenues				
Taxes	\$ 75,000	\$ 85,000	\$ 89,305	\$ 4,305
Intergovernmental revenues				
State	640,615	640,615	627,526	(13,089)
Miscellaneous	<u>10,000</u>	<u>25,023</u>	<u>17,551</u>	<u>(7,472)</u>
Total revenues	725,615	750,638	734,382	(16,256)
Expenditures				
Current				
Public works and streets	<u>534,207</u>	<u>453,507</u>	<u>421,368</u>	<u>32,139</u>
Revenues over (under) expenditures	<u>191,408</u>	<u>297,131</u>	<u>313,014</u>	<u>15,883</u>
Other financing sources (uses)				
Transfers out	<u>(190,000)</u>	<u>(153,460)</u>	<u>(153,460)</u>	<u>-</u>
Net changes in fund balance	1,408	143,671	159,554	15,883
Fund balance, beginning of year	<u>963,764</u>	<u>963,764</u>	<u>963,764</u>	<u>-</u>
Fund balance, end of year	<u>\$ 965,172</u>	<u>\$ 1,107,435</u>	<u>\$ 1,123,318</u>	<u>\$ 15,883</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, 2021

	Budget Amounts		Actual	Variance
	<u>Original</u>	<u>Final</u>	<u>Amount</u>	<u>Positive (Negative)</u>
Revenues				
Intergovernmental revenues				
State	\$ 216,635	\$ 216,635	\$ 212,207	\$ (4,428)
Miscellaneous	<u>22,000</u>	<u>28,960</u>	<u>287</u>	<u>(28,673)</u>
Total revenues	238,635	245,595	212,494	(33,101)
Expenditures				
Current				
Public works and streets	<u>575,208</u>	<u>479,208</u>	<u>438,469</u>	<u>40,739</u>
Revenues over (under) expenditures	(336,573)	(233,613)	(225,975)	7,638
Other financing sources (uses)				
Transfers in	<u>340,000</u>	<u>253,460</u>	<u>253,460</u>	<u>-</u>
Net changes in fund balance	3,427	19,847	27,485	7,638
Fund balance, beginning of year	<u>285,914</u>	<u>285,914</u>	<u>285,914</u>	<u>-</u>
Fund balance, end of year	<u>\$ 289,341</u>	<u>\$ 305,761</u>	<u>\$ 313,399</u>	<u>\$ 7,638</u>

CITY OF BELDING

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

FOR THE YEAR ENDED JUNE 30, 2021

	Budget Amounts		Actual	Variance
	<u>Original</u>	<u>Final</u>	<u>Amount</u>	<u>Positive (Negative)</u>
Revenues				
Taxes	\$ 320,000	\$ 381,734	\$ 381,903	\$ 169
Intergovernmental revenues				
State	4,500	4,440	9,171	4,731
Charges for services	39,300	36,161	36,344	183
Fines	70,500	43,185	43,185	-
Donations	31,500	49,508	50,045	537
Miscellaneous	<u>2,000</u>	<u>258</u>	<u>309</u>	<u>51</u>
Total revenues	467,800	515,286	520,957	5,671
Expenditures				
Current				
Culture and recreation	<u>376,800</u>	<u>430,286</u>	<u>392,692</u>	<u>37,594</u>
Revenues over (under) expenditures	91,000	85,000	128,265	43,265
Other financing sources (uses)				
Transfers out	<u>(85,000)</u>	<u>(85,000)</u>	<u>(85,000)</u>	<u>-</u>
Net changes in fund balance	6,000	-	43,265	43,265
Fund balance, beginning of year	<u>323,182</u>	<u>323,182</u>	<u>323,182</u>	<u>-</u>
Fund balance, end of year	<u>\$ 329,182</u>	<u>\$ 323,182</u>	<u>\$ 366,447</u>	<u>\$ 43,265</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, 2021

	2020	2019	2018	2017	2016	2015	2014
Total pension liability							
Service cost	\$ 35,873	\$ 33,497	\$ 32,240	\$ 35,205	\$ 26,748	\$ 36,382	\$ 40,621
Interest	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	26,880	14,435	38,567	(1,621)	64,706	74,947	-
Changes in assumptions	82,082	77,312	-	-	-	88,824	-
Benefit payments including employee refunds	(196,675)	(196,675)	(184,031)	(168,510)	(130,782)	(116,606)	(94,526)
Other	-	-	-	-	-	-	-
Net change in total pension liability	127,593	120,467	73,268	48,431	134,444	243,632	99,090
Total pension liability, beginning of year	2,600,774	2,480,307	2,407,039	2,358,608	2,224,164	1,980,532	1,881,442
Total pension liability, end of year	\$ 2,728,367	\$ 2,600,774	\$ 2,480,307	\$ 2,407,039	\$ 2,358,608	\$ 2,224,164	\$ 1,980,532
Plan Fiduciary Net Position							
Contributions-employer	\$ 105,559	\$ 110,305	\$ 104,844	\$ 84,623	\$ 60,203	\$ 52,421	\$ 54,792
Contributions-employee	32,976	31,237	28,766	28,840	30,005	31,423	25,713
Net investment income	155,745	156,381	(48,542)	151,811	123,409	(17,400)	69,552
Benefit payments including employee refunds	(196,675)	(196,675)	(184,031)	(168,510)	(130,782)	(116,606)	(94,526)
Administrative expense	(2,506)	(2,694)	(2,438)	(2,406)	(2,437)	(2,513)	(2,559)
Net change in plan fiduciary net position	95,099	98,554	(101,401)	94,358	80,398	(52,675)	52,972
Plan fiduciary net position, beginning of year	1,265,295	1,166,741	1,268,142	1,173,784	1,093,386	1,146,061	1,093,089
Plan fiduciary net position, end of year	\$ 1,360,394	\$ 1,265,295	\$ 1,166,741	\$ 1,268,142	\$ 1,173,784	\$ 1,093,386	\$ 1,146,061
Employer net pension liability	\$ 1,367,973	\$ 1,335,479	\$ 1,313,566	\$ 1,138,897	\$ 1,184,824	\$ 1,130,778	\$ 834,471
Plan fiduciary net position as a percentage of the total pension liability	50%	49%	47%	53%	50%	49%	58%
Covered employee payroll	\$ 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	359%	376%	392%	319%	349%	318%	209%

Notes to schedule:

Above data is based on a December 31 measurement date.

This schedule is being accumulated prospectively until ten years of data is presented.

CITY OF BELDING

DEFINED BENEFIT PENSION PLAN SCHEDULE OF EMPLOYER CONTRIBUTIONS

FOR THE YEAR ENDED JUNE 30, 2021

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%

Notes to schedule

Actuarial cost method	Entry Age
Amortization method	Level percentage of payroll, open
Remaining amortization period	25 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	7.35% (7.75% for 2015 through 2019)
Retirement age	Varies depending on plan adoption
Mortality	50% female/ 50% male RP-2014 mortality table

Note to schedule:

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

CITY OF BELDING

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

FOR THE YEAR ENDED JUNE 30, 2021

	2021	2020	2019	2018
Total OPEB liability				
Service cost	\$ 9,421	\$ 9,735	\$ 2,701	\$ 35,705
Interest	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	-	-	-	-
Benefit payments including employee refunds	(30,600)	(28,600)	(25,800)	(21,800)
Other	-	-	-	-
Net change in total OPEB liability	(6,599)	5,677	1,206	50,748
Total OPEB liability, beginning of year	532,825	527,148	525,942	475,194
Total OPEB liability, ending of year	<u>\$ 526,226</u>	<u>\$ 532,825</u>	<u>\$ 527,148</u>	<u>\$ 525,942</u>
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	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Employer net OPEB liability	<u>\$ 526,226</u>	<u>\$ 532,825</u>	<u>\$ 527,148</u>	<u>\$ 525,942</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0%	0%	0%	0%
Covered employee payroll	\$ 128,156	\$ 109,408	\$ 190,578	\$ 179,974
Employer's net OPEB liability as a percentage of covered employee payroll	411%	487%	277%	292%

Note to schedule:

Above data is based on a June 30 measurement date.

CITY OF BELDING
DEFINED BENEFIT OPEB PLAN
SCHEDULE OF EMPLOYER CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2021

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%

Notes to schedule

Notes to schedule

Actuarial cost method	Entry Age
Amortization method	Level percentage of payroll, open
Remaining amortization period	29 years
Asset valuation method	N/A
Inflation	N/A - fixed benefit amount
Salary increases	N/A
Discount rate	2.70%
Retirement age	Varies depending on plan adoption
Mortality	2015 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, 2021

	<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>
Expenditures				
Current				
General government				
City Council	\$ 10,496	\$ 10,496	\$ 9,308	\$ 1,188
City Manager	133,980	133,980	123,351	10,629
Finance and administration	238,826	238,826	209,340	29,486
City Clerk	141,504	136,104	119,238	16,866
Central municipal activities	214,722	224,722	193,693	31,029
Cemetery	71,397	71,397	45,843	25,554
Contingency	42,000	42,000	-	42,000
	<u>852,925</u>	<u>857,525</u>	<u>700,773</u>	<u>156,752</u>
Public safety				
Police Department	987,335	987,335	936,985	50,350
Fire Department	612,134	612,134	560,865	51,269
	<u>1,599,469</u>	<u>1,599,469</u>	<u>1,497,850</u>	<u>101,619</u>
Culture and recreation				
Park maintenance	160,782	170,782	93,296	77,486
Community center	30,296	30,296	17,302	12,994
Planning and community development	28,000	28,000	16,394	11,606
Community promotions	5,500	5,500	2,750	2,750
	<u>224,578</u>	<u>234,578</u>	<u>129,742</u>	<u>104,836</u>
Total expenditures	<u>\$ 2,676,972</u>	<u>\$ 2,691,572</u>	<u>\$ 2,328,365</u>	<u>\$ 363,207</u>

CITY OF BELDING

NONMAJOR GOVERNMENTAL FUNDS COMBINING BALANCE SHEET

JUNE 30, 2021

	<u>Special Revenue</u>			
	<u>Museum</u>	<u>Drug Forfeiture</u>	<u>Parks and Maintenance</u>	<u>Capital Improvements</u>
Assets				
Cash and pooled investments	\$ 113,462	\$ 7,984	\$ -	\$ 184,485
Total assets	<u>\$ 113,462</u>	<u>\$ 7,984</u>	<u>\$ -</u>	<u>\$ 184,485</u>
Liabilities and fund balances				
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Fund balances				
Non-Spendable				
Permanent fund corpus	-	-	-	-
Restricted				
Permanent fund spendable	-	-	-	-
Museum	113,462	-	-	-
Law enforcement	-	7,984	-	-
Capital projects	-	-	-	184,485
Assigned				
Debt Service	-	-	-	-
	<u>113,462</u>	<u>7,984</u>	<u>-</u>	<u>184,485</u>
Total liabilities and fund balances	<u>\$ 113,462</u>	<u>\$ 7,984</u>	<u>\$ -</u>	<u>\$ 184,485</u>

<u>Debt Service</u>		<u>Permanent</u>	
<u>Building Authority</u>	<u>Library Debt Service</u>	<u>River Ridge Cemetery</u>	<u>Total</u>
\$ -	\$ 24,550	\$ 166,239	\$ 496,720
<u>\$ -</u>	<u>\$ 24,550</u>	<u>\$ 166,239</u>	<u>\$ 496,720</u>
\$ -	\$ -	\$ -	\$ -
-	-	156,740	156,740
-	-	9,499	9,499
-	-	-	113,462
-	-	-	7,984
-	-	-	184,485
-	24,550	-	24,550
-	24,550	166,239	496,720
<u>\$ -</u>	<u>\$ 24,550</u>	<u>\$ 166,239</u>	<u>\$ 496,720</u>

CITY OF BELDING

NONMAJOR GOVERNMENTAL FUNDS COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2021

	<u>Special Revenue</u>			
	<u>Museum</u>	<u>Drug Forfeiture</u>	<u>Parks and Maintenance</u>	<u>Capital Improvements</u>
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ 138,158
Intergovernmental revenues				
Donations	21,680	-	-	-
Miscellaneous	<u>132</u>	<u>10</u>	<u>-</u>	<u>521</u>
			-	
Total revenues	<u>21,812</u>	<u>10</u>	<u>-</u>	<u>138,679</u>
Expenditures				
Current				
Culture and recreation	10,784	-	-	-
Debt service				
Principal	-	-	-	53,621
Interest	-	-	-	2,439
Capital outlay	<u>-</u>	<u>-</u>	<u>1,374</u>	<u>-</u>
Total expenditures	<u>10,784</u>	<u>-</u>	<u>1,374</u>	<u>56,060</u>
Revenues over (under) expenditures	<u>11,028</u>	<u>10</u>	<u>(1,374)</u>	<u>82,619</u>
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>(100,000)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(100,000)</u>
Net changes in fund balances	11,028	10	(1,374)	(17,381)
Fund balances, beginning of year	<u>102,434</u>	<u>7,974</u>	<u>1,374</u>	<u>201,866</u>
Fund balances, end of year	<u>\$ 113,462</u>	<u>\$ 7,984</u>	<u>\$ -</u>	<u>\$ 184,485</u>

<u>Debt Service</u>		<u>Permanent</u>	
<u>Building Authority</u>	<u>Library Debt Service</u>	<u>River Ridge Cemetery</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ 138,158
-	4,600	-	26,280
-	63	6,100	6,826
-	4,663	6,100	171,264
-	-	-	10,784
80,000	31,000	-	164,621
2,150	60,456	-	65,045
-	-	-	1,374
82,150	91,456	-	241,824
(82,150)	(86,793)	6,100	(70,560)
82,150	85,000	-	167,150
-	-	-	(100,000)
82,150	85,000	-	67,150
-	(1,793)	6,100	(3,410)
-	26,343	160,139	500,130
<u>\$ -</u>	<u>\$ 24,550</u>	<u>\$ 166,239</u>	<u>\$ 496,720</u>

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

FOR THE YEAR ENDED JUNE 30, 2021

	Budget Amounts		Actual	Variance
	<u>Original</u>	<u>Final</u>	<u>Amount</u>	<u>Positive</u> <u>(Negative)</u>
Revenues				
Charges for services	\$ 2,000	\$ 2,000	\$ -	\$ (2,000)
Donations	18,100	18,100	21,680	3,580
Miscellaneous	<u>200</u>	<u>200</u>	<u>132</u>	<u>(68)</u>
Total revenues	20,300	20,300	21,812	1,512
Expenditures				
Current				
Culture and recreation	<u>20,300</u>	<u>20,300</u>	<u>10,784</u>	<u>9,516</u>
Net changes in fund balance	-	-	11,028	11,028
Fund balance, beginning of year	<u>102,434</u>	<u>102,434</u>	<u>102,434</u>	<u>-</u>
Fund balance, end of year	<u>\$ 102,434</u>	<u>\$ 102,434</u>	<u>\$ 113,462</u>	<u>\$ 11,028</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, 2021

	Budget Amounts		Actual	Variance
	<u>Original</u>	<u>Final</u>	<u>Amount</u>	<u>Positive (Negative)</u>
Revenues				
Miscellaneous	\$ 100	\$ 100	\$ 10	\$ (90)
Expenditures				
Current				
Public safety	<u>2,500</u>	<u>2,500</u>	<u>-</u>	<u>2,500</u>
Net changes in fund balance	(2,400)	(2,400)	10	2,410
Fund balance, beginning of year	<u>7,974</u>	<u>7,974</u>	<u>7,974</u>	<u>-</u>
Fund balance, end of year	<u>\$ 5,574</u>	<u>\$ 5,574</u>	<u>\$ 7,984</u>	<u>\$ 2,410</u>

CITY OF BELDING

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

FOR THE YEAR ENDED JUNE 30, 2021

	Budget Amounts		Actual	Variance
	<u>Original</u>	<u>Final</u>	<u>Amount</u>	<u>Positive (Negative)</u>
Revenues				
Miscellaneous	\$ -	\$ -	\$ -	\$ -
Expenditures				
Capital outlay	-	-	1,374	(1,374)
Net changes in fund balance	-	-	(1,374)	(1,374)
Fund balance, beginning of year	1,374	1,374	1,374	-
Fund balance, end of year	<u>\$ 1,374</u>	<u>\$ 1,374</u>	<u>\$ -</u>	<u>\$ (1,374)</u>

CITY OF BELDING

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF NET POSITION

JUNE 30, 2021

	<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	\$ 159,221	\$ 225,895	\$ 582,345	\$ 255,895	\$ 1,223,356
Total current assets	159,221	225,895	582,345	255,895	1,223,356
Capital assets					
Buildings and equipment	89,133	294,663	53,778	-	437,574
Vehicles	-	-	1,830,900	-	1,830,900
Less accumulated depreciation	(49,550)	(177,547)	(1,464,104)	-	(1,691,201)
Net capital assets	39,583	117,116	420,574	-	577,273
Total assets	<u>198,804</u>	<u>343,011</u>	<u>1,002,919</u>	<u>255,895</u>	<u>1,800,629</u>
Liabilities					
Current liabilities					
Accounts payable	1,920	772	931	-	3,623
Accrued liabilities	-	-	3,219	-	3,219
Total current liabilities	1,920	772	4,150	-	6,842
Long-term liabilities					
Compensated absences	-	-	5,403	-	5,403
Total liabilities	<u>1,920</u>	<u>772</u>	<u>9,553</u>	<u>-</u>	<u>12,245</u>
Net position					
Net investment in capital assets	39,583	117,116	420,574	-	577,273
Unrestricted	157,301	225,123	572,792	255,895	1,211,111
Total net position	<u>\$ 196,884</u>	<u>\$ 342,239</u>	<u>\$ 993,366</u>	<u>\$ 255,895</u>	<u>\$ 1,788,384</u>

CITY OF BELDING

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

FOR THE YEAR ENDED JUNE 30, 2021

	<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	\$ 280,000	\$ 110,000	\$ 578,224	\$ 574,289	\$ 1,542,513
Total operating revenue	<u>280,000</u>	<u>110,000</u>	<u>578,224</u>	<u>574,289</u>	<u>1,542,513</u>
Operating expense					
Personnel services	-	-	62,225	-	62,225
Contractual services	193,462	-	29,083	519,940	742,485
Benefits	-	-	26,151	-	26,151
Materials and supplies	23,015	-	57,224	-	80,239
Utilities	9,900	37,415	19,943	-	67,258
Repair and maintenance	-	21,689	86,943	-	108,632
Depreciation	9,816	11,868	138,482	-	160,166
Miscellaneous	6,871	-	519	-	7,390
Total operating expense	<u>243,064</u>	<u>70,972</u>	<u>420,570</u>	<u>519,940</u>	<u>1,254,546</u>
Operating income (loss)	36,936	39,028	157,654	54,349	287,967
Non-operating revenue (expense)					
Interest income	<u>92</u>	<u>250</u>	<u>591</u>	<u>-</u>	<u>933</u>
Changes in net position	37,028	39,278	158,245	54,349	288,900
Net position, beginning of year	<u>159,856</u>	<u>302,961</u>	<u>835,121</u>	<u>201,546</u>	<u>1,499,484</u>
Net position, end of year	<u>\$ 196,884</u>	<u>\$ 342,239</u>	<u>\$ 993,366</u>	<u>\$ 255,895</u>	<u>\$ 1,788,384</u>

CITY OF BELDING

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2021

	<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	\$ 280,000	\$ 110,000	\$ 578,224	\$ 574,289	\$ 1,542,513
Payments to employees	-	-	(85,474)	-	(85,474)
Payments to suppliers	<u>(231,870)</u>	<u>(61,842)</u>	<u>(192,947)</u>	<u>(520,000)</u>	<u>(1,006,659)</u>
Net cash provided by (used in) operating activities	48,130	48,158	299,803	54,289	450,380
Cash flows from capital and related financing activities					
Acquisitions of capital assets	(11,250)	-	(110,445)	-	(121,695)
Cash flows from investing activities					
Interest income	<u>92</u>	<u>250</u>	<u>591</u>	<u>-</u>	<u>933</u>
Net increase (decrease) in cash and pooled investments	36,972	48,408	189,949	54,289	329,618
Cash and pooled investments, beginning of year	<u>122,249</u>	<u>177,487</u>	<u>392,396</u>	<u>201,606</u>	<u>893,738</u>
Cash and pooled investments, end of year	<u>\$ 159,221</u>	<u>\$ 225,895</u>	<u>\$ 582,345</u>	<u>\$ 255,895</u>	<u>\$ 1,223,356</u>
Cash flows from operating activities					
Operating income (loss)	\$ 36,936	\$ 39,028	\$ 157,654	\$ 54,349	\$ 287,967
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Depreciation	9,816	11,868	138,482	-	160,166
Change in operating assets and liabilities which provided (used) cash					
Accounts payable	1,378	(2,738)	765	(60)	(655)
Accrued liabilities	-	-	676	-	676
Compensated absences	<u>-</u>	<u>-</u>	<u>2,226</u>	<u>-</u>	<u>2,226</u>
Net cash provided by (used in) operating activities	<u>\$ 48,130</u>	<u>\$ 48,158</u>	<u>\$ 299,803</u>	<u>\$ 54,289</u>	<u>\$ 450,380</u>

CITY OF BELDING
FIDUCIARY FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2021

	<u>Custodial Funds</u>		
	<u>Tax Collection</u>	<u>Housing Commission Payroll</u>	<u>Total</u>
Assets			
Cash and pooled investments	\$ 5,154	\$ -	\$ 5,154
Due from other governments	-	11,288	11,288
Total assets	<u>5,154</u>	<u>11,288</u>	<u>16,442</u>
Liabilities			
Accounts payable	10	-	10
Due to other governments	5,144	-	5,144
Other liabilities	-	11,288	11,288
Total liabilities	<u>5,154</u>	<u>11,288</u>	<u>16,442</u>
Net position			
Restricted	<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, 2021

	<u>Custodial Funds</u>		
	<u>Tax Collection</u>	<u>Housing Commission Payroll</u>	<u>Total</u>
Additions			
Property taxes collected for other governments	\$ 8,413,464	\$ -	\$ 8,413,464
Funds from Housing Commission	-	294,288	294,288
Total additions	<u>8,413,464</u>	<u>294,288</u>	<u>8,707,752</u>
Deductions			
Property taxes distributed to other governments	8,413,464	-	8,413,464
Funds spent for Housing Commission payroll	-	294,288	294,288
Total deductions	<u>8,413,464</u>	<u>294,288</u>	<u>8,707,752</u>
Net increase	-	-	-
Net position, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Net position, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF BELDING

DOWNTOWN DEVELOPMENT AUTHORITY BALANCE SHEET/STATEMENT OF NET POSITION

JUNE 30, 2021

	<u>Governmental Fund Type</u>		<u>Statement of Net Position</u>
	<u>General Fund</u>	<u>Adjustments</u>	
Assets			
Cash and pooled investments	\$ 42,297	\$ -	\$ 42,297
Liabilities and fund balances			
Liabilities			
Accounts payable and accrued liabilities	\$ 442	-	442
Fund balances			
Unassigned	41,855	(41,855)	-
Total liabilities and fund balances	<u>\$ 42,297</u>		
Net position			
Unrestricted		<u>\$ 41,855</u>	<u>\$ 41,855</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, 2021

	Governmental Fund Type		Statement of Activities
	<u>General Fund</u>	<u>Adjustments</u>	<u>Activities</u>
Revenues			
Taxes	\$ 14,862	\$ -	\$ 14,862
Miscellaneous	<u>50</u>	<u>-</u>	<u>50</u>
Total revenues	14,912	-	14,912
Expenditures/expenses			
Current			
General government	<u>2,427</u>	<u>-</u>	<u>2,427</u>
Revenues over (under) expenditures/expenses	<u>12,485</u>	<u>-</u>	<u>12,485</u>
Net changes in fund balances	12,485	(12,485)	
Change in net position		(12,485)	12,485
Fund balances/net position, beginning of year	<u>29,370</u>		<u>29,370</u>
Fund balances/net position, end of year	<u>\$ 41,855</u>		<u>\$ 41,855</u>

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DIAL-A-RIDE TRANSIT SCHEDULES

CITY OF BELDING

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

FOR THE YEAR ENDED JUNE 30, 2021

	<u>7/1/20 to 9/30/2020</u>	<u>10/1/20 to 6/30/2021</u>	<u>Total</u>
Demand response (farebox)			
Regular service	\$ 7,144	\$ 26,703	\$ 33,847
Contracted fares - Ionia County Job Access	10,368	39,385	49,753
Package delivery	-	68	68
Interest revenue	75	147	222
Sale of busses	3,825	-	3,825
Transfer from general fund	<u>20,000</u>	<u>60,000</u>	<u>80,000</u>
Total local revenues	<u>\$ 41,412</u>	<u>\$ 126,303</u>	<u>\$ 167,715</u>

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

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	<u>10/1/19 to 6/30/2020</u>	<u>7/1/20 to 9/30/2020</u>	<u>Total</u>
Local revenue			
Demand response (farebox)			
Regular service	\$ 21,540	\$ 7,144	\$ 28,684
Contracted fares - Ionia County Job Access	50,198	10,368	60,566
Package delivery	128	-	128
Interest revenue	708	75	783
Sale of busses	-	3,825	3,825
Transfer from general fund	<u>80,000</u>	<u>20,000</u>	<u>100,000</u>
Total local revenues	<u>\$ 152,574</u>	<u>\$ 41,412</u>	<u>\$ 193,986</u>

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

FOR THE YEAR ENDED JUNE 30, 2021

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 - 2013-2014	20.509	12-0044/P4/R1	\$ 40,838	\$ -	\$ -	\$ -	\$ -	\$ 36,870	\$ 3,968
Operating assistance - section 5311 - 2014-2015	20.509	12-0044/P5/R1	47,099	-	-	-	-	37,969	9,130
Operating assistance - section 5311 - 2015-2016	20.509	12-0044/P6/R1	46,976	-	-	-	-	29,240	17,736
Operating assistance - section 5311 - 2017-2018 (settlement)	20.509	17-0019/P2/R1	41,056	6,316	6,316	-	-	40,451	(5,711)
Operating assistance - section 5311 - 2018-2019	20.509	17-0019/P5	42,881	-	-	-	-	41,792	1,089
Operating assistance - section 5311 - 2019-2020	20.509	17-0019/P6/R1	99,784	66,050	66,050	-	-	32,611	1,123
Operating assistance - section 5311 - 2020-2021	20.509	17-0019/P7/R1	99,784	62,013	62,013	-	-	-	37,771
Operating assistance - section 5311 - 2020-2021	20.509	17-0019/P8	24,031	24,031	24,031	-	-	-	-
Capital grant - section 5311 - ARRA capital grant	20.509	07-0173/Z9	8,000	-	-	-	-	6,727	1,273
			450,449	158,410	158,410	-	-	225,660	66,379
Federal Transit - Capital Grants									
Capital grant - section 5309 - FY 2010 earmarks	20.500	07-0173/Z8	75,750	-	-	-	-	66,948	8,802
Capital grant - section 5309 - bus grant (80/20)	20.500	07-0173/Z12	69,476	-	-	-	-	62,235	7,241
Capital grant - section 5309 - bus grant (80/20)	20.500	12-0044/P3	76,123	-	-	-	-	57,018	19,105
Capital grant - section 5310 - bus grant (80/20) (receipts)	20.513	17-0019/P4	152,782	-	-	-	-	149,253	3,529
Capital grant - section 5309 - bus grant (80/20)	20.509	17-0019/P3/R1	140,000	-	-	-	-	-	140,000
			514,131	-	-	-	-	335,454	178,677
Total U.S. Department of Transportation			964,580	158,410	158,410	-	-	561,114	245,056
Michigan Department of Transportation									
RTAP funding	N/A	N/A	-	-	-	-	-		
Operating Assistance - Act 51 (preliminary settlement)	N/A	FY19	8,183	8,183	-	8,183	-		
Operating Assistance - Act 51	N/A	FY20	21,297	21,297	-	21,297	-		
Operating Assistance - Act 51	N/A	FY21	77,030	77,030	-	77,030	-		
RTAP (receipts)			-	-	-	-	-		
Total Michigan Department of Transportation			106,510	106,510	-	106,510	-		
Total			\$ 1,071,090	\$ 264,920	\$ 158,410	\$ 106,510	\$ -	\$ 561,114	\$ 245,056

CITY OF BELDING

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

FOR THE YEAR ENDED JUNE 30, 2021

	<u>7/1/20 to 9/30/2020</u>	<u>10/1/20 to 6/30/2021</u>	<u>Total</u>
Michigan Department of Transportation			
Capital grant - section 5310 - bus grant (80/20) (receipts)	\$ -	\$ 193	\$ 193
Capital grant - section 5310 - bus grant (80/20) (PY accrual)	-	(193)	(193)
Formula operating assistance (Act 51) - FY19 (receipts)	-	8,183	8,183
Formula operating assistance (Act 51) - FY20 (receipts)	21,297	-	21,297
Formula operating assistance (Act 51) - FY21 (receipts)	-	77,030	77,030
RTAP (prior year accrual)	-	-	-
RTAP (receipt)	-	-	-
Total Michigan Department of Transportation	<u>21,297</u>	<u>85,213</u>	<u>106,510</u>
Federal grants			
Capital grant - section 5310 - bus grant (80/20) (receipts)	-	773	773
Capital grant - section 5310 - bus grant (80/20) (PY accrual)	-	(773)	(773)
Section 5311 grant 17-0019/P2 - (receipt reconciled)	-	6,316	6,316
Section 5311 grant 17-0019/P5 - (prior year accrual)	-	-	-
Section 5311 grant 17-0019/P5 - (receipt)	-	-	-
Section 5311 grant 17-0019/P6 - (receipt)	44,521	-	44,521
Section 5311 grant 17-0019/P6 - (PY accrual)	(32,611)	-	(32,611)
Section 5311 grant 17-0019/P6/R1 - (receipt)	-	54,140	54,140
Section 5311 grant 17-0019/P7 - (receipt)	-	44,498	44,498
Section 5311 grant 17-0019/P7 - (accrual)	-	17,515	17,515
Section 5311 grant 17-0019/P8 - (receipt)	-	24,031	24,031
Total federal grants	<u>11,910</u>	<u>146,500</u>	<u>158,410</u>
Total	<u>\$ 33,207</u>	<u>\$ 231,713</u>	<u>\$ 264,920</u>

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

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	<u>10/1/19 to 6/30/2020</u>	<u>7/1/20 to 9/30/2020</u>	<u>Total</u>
Michigan Department of Transportation			
Capital grant - section 5310 - bus grant (80/20) (receipts)	\$ 29,335	\$ -	29,335
Capital grant - section 5310 - bus grant (80/20) (accrual)	515	-	-
Formula operating assistance (Act 51) - FY19 (receipts)	-	-	-
Formula operating assistance (Act 51) - FY20 (receipts)	73,240	21,297	94,537
RTAP (accrued in prior year)	-	-	-
RTAP (receipt)	-	-	-
Total Michigan Department of Transportation	<u>103,090</u>	<u>21,297</u>	<u>123,872</u>
Federal grants			
Capital grant - section 5310 - bus grant (80/20) (receipts)	117,341	-	117,341
Capital grant - section 5310 - bus grant (80/20) (accrual)	2,062	-	2,062
Section 5311 grant 17-0019/P1 - (receipt reconciled)	843	-	843
Section 5311 grant 17-0019/P5 - (prior year accrual)	(37,619)	-	(37,619)
Section 5311 grant 17-0019/P5 - (receipt)	41,792	-	41,792
Section 5311 grant 17-0019/P6 - (accrual)	32,611	(32,611)	-
Section 5311 grant 17-0019/P6 - (receipt)	-	44,521	44,521
Total federal grants	<u>157,030</u>	<u>11,910</u>	<u>168,940</u>
Total	<u>\$ 260,120</u>	<u>\$ 33,207</u>	<u>\$ 292,812</u>

CITY OF BELDING
DIAL-A-RIDE TRANSIT FUND
SCHEDULE OF OPERATING AND CONTRACT EXPENSES (3)
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Regular service</u>					
	17-0019/P7/R1					
	17-0019/P6/R1	17-0019/P8				
Operating expenses	<u>FY 2020</u>	<u>FY 2021</u>	<u>JARC</u>	<u>Package</u>	<u>Delivery</u>	<u>Total</u>
Labor						
Salaries and wages	\$ 12,646	\$ 92,234	\$ -	\$ -	\$ -	104,880
JARC contract						
Package delivery	-	-	49,771	-	-	49,771
	-	-	-	68	-	68
Fringe benefits	-	-	-	-	-	-
Services						
Other services	5,918	18,023	-	-	-	23,941
Materials and supplies						
Fuel						
Other materials and supplies	4,215	17,207	-	-	-	21,422
	1,302	12,701	-	-	-	14,003
Casualty and liability costs						
Insurance	1,103	3,309	-	-	-	4,412
Utilities	3,514	11,440	-	-	-	14,954
Miscellaneous						
Other	-	-	-	-	-	-
	-	-	-	-	-	-
Depreciation						
	12,397	35,399	-	-	-	47,796
Total operating expenses	<u>\$ 55,062</u>	<u>\$ 234,340</u>	<u>\$ 49,771</u>	<u>\$ 68</u>	<u>\$ -</u>	<u>\$ 339,241</u>

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

2018 Package delivery
1997 Administrative Cost allocation
2008 JARC

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, 2021

	<u>7/1/20 to</u> <u>9/30/2020</u>	<u>10/1/20 to</u> <u>6/30/2021</u>	<u>Total</u>
Expenses			
Labor	\$ 12,646	\$ 92,234	\$ 104,880
Fringe benefits	13,967	44,027	57,994
Service	5,918	18,023	23,941
Materials and supplies	5,517	29,908	35,425
Casualty and liability costs	1,103	3,309	4,412
Utilities	3,514	11,440	14,954
Miscellaneous	-	-	-
Depreciation	<u>12,397</u>	<u>35,399</u>	<u>47,796</u>
Total regular service expenses	55,062	234,340	289,402
Package delivery	-	68	68
Job Access contract	<u>19,801</u>	<u>29,970</u>	<u>49,771</u>
Total expenses	\$ 74,863	\$ 264,378	\$ 339,241

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, 2020

	<u>10/1/19 to</u> <u>6/30/2020</u>	<u>7/1/20 to</u> <u>9/30/2020</u>	<u>Total</u>
Expenses			
Labor	\$ 71,113	\$ 12,646	\$ 83,759
Fringe benefits	34,957	13,967	48,924
Service	20,045	5,918	25,963
Materials and supplies	26,480	5,517	31,997
Casualty and liability costs	1,103	1,103	2,206
Utilities	14,558	3,514	18,072
Miscellaneous	826	-	826
Depreciation	<u>30,088</u>	<u>12,397</u>	<u>42,485</u>
Total regular service expenses	199,170	55,062	254,232
Package delivery	128	-	128
Job Access contract	<u>39,506</u>	<u>19,801</u>	<u>59,307</u>
Total expenses	\$ 238,804	\$ 74,863	\$ 313,667

CITY OF BELDING

DIAL-A-RIDE TRANSIT FUND SCHEDULE OF NONURBAN REGULAR SERVICE EXPENSES 4E FOR THE YEAR ENDED SEPTEMBER 30, 2020

	<u>Operations</u>	<u>Maintenance</u>	<u>General Administration</u>	<u>Total System</u>
Operating expenses				
Labor				
Salaries and wages	\$ 60,347	\$ -	\$ 23,412	\$ 83,759
Fringe benefits	35,469	-	13,455	48,924
Services				
Other services	835	5,143	19,985	25,963
Materials and supplies				
Fuel	19,534	-	-	19,534
Other materials and supplies	5,211	5,811	1,441	12,463
Casualty and liability costs				
Insurance	2,022	-	184	2,206
Utilities	18,072	-	-	18,072
Miscellaneous				
Travel, meetings and training	-	-	826	826
Other	-	-	-	-
Depreciation	<u>42,485</u>	<u>-</u>	<u>-</u>	<u>42,485</u>
Total operating expenses	<u>\$ 183,975</u>	<u>\$ 10,954</u>	<u>\$ 59,303</u>	<u>254,232</u>
Ineligible expenses				
Ineligible depreciation	\$ 41,985	\$ -	\$ -	41,985
Ineligible portion of association dues	<u>130</u>	<u>-</u>	<u>-</u>	<u>130</u>
Total ineligible expenses	<u>\$ 42,115</u>	<u>\$ -</u>	<u>\$ -</u>	<u>42,115</u>
Total eligible expenses				<u>\$ 212,117</u>

The eligible depreciation of \$500 includes the depreciation of assets purchased with local funds where the useful life of the asset purchased has been approved by OPT.

CITY OF BELDING

DIAL-A-RIDE TRANSIT FUND OPERATING ASSISTANCE CALCULATION 5

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	<u>Nonurban</u>
State eligible expenses	
Labor	\$ 83,759
Fringe benefits	48,924
Service	25,963
Materials and supplies	31,997
Casualty and liability costs	2,206
Utilities	18,072
Miscellaneous	826
Depreciation	<u>42,485</u>
Total expenses B54	<u>254,232</u>
Less ineligible expenses	
Depreciation	41,985
Association dues	130
Federal grants - RTAP	<u>-</u>
Total ineligible expenses	<u>42,115</u>
State eligible expenses	<u>\$ 212,117</u>
State operating assistance - 42.050916	<u><u>\$ 89,197</u></u>
Federal eligible expenses	
State eligible expenses	\$ 212,117
Less additional federal ineligible expenses	
Audit costs	<u>2,750</u>
Federal eligible expenses	<u><u>\$ 209,367</u></u>
Section 5311 reimbursement - 36%	<u><u>\$ 75,372</u></u>
Section 5311 reimbursement - 8.7%	<u><u>\$ 18,215</u></u>

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, 2021

	<u>Miles</u>		<u>Hours</u>	
	<u>Regular</u>	<u>JARC</u>	<u>Regular</u>	<u>JARC</u>
Demand response				
Fourth quarter (7/1/20 to 9/30/20)	11,910	4,160	1,288	195
First quarter (10/1/20 to 12/31/20)	12,188	3,904	1,158	183
Second quarter (1/1/21 to 3/31/21)	15,182	4,096	1,196	192
Third quarter (4/1/21 to 6/30/21)	14,412	4,096	1,191	192
Total	<u>53,692</u>	<u>16,256</u>	<u>4,833</u>	<u>762</u>

DIAL-A-RIDE TRANSIT FUND
SCHEDULE OF NONFINANCIAL INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	<u>Miles</u>		<u>Hours</u>	
	<u>Regular</u>	<u>JARC</u>	<u>Regular</u>	<u>JARC</u>
Demand response				
First quarter (10/1/19 to 12/31/19)	15,185	3,904	1,163	183
Second quarter (1/1/20 to 3/31/20)	14,444	4,096	1,533	192
Third quarter (4/1/20 to 6/30/20)	7,919	4,096	1,212	192
Fourth quarter (7/1/20 to 9/30/20)	11,910	4,160	1,288	195
Total	<u>49,458</u>	<u>16,256</u>	<u>5,196</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. The above amounts have been segregated between regular service and JARC.

CONTROL AND COMPLIANCE



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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

September 1, 2021

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, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated September 1, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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