



CITY *of* **BELDING**

CITY OF BELDING, MICHIGAN

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022



Vredeveld Haefner LLC
CPAs and Consultants

CITY OF BELDING

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INDEPENDENT AUDITORS' REPORT

December 28, 2022

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Belding, Michigan, (the "City") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, 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, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 10 and the information on pages 43 through 49 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedules, the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and Dial-A-Ride transit schedules section are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Dial-A-Ride transit schedules section balances at June 30, 2022, 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, 2022, 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, 2022, and the Schedule of Nonfinancial Information, have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2022, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

As management of the City of Belding (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2022. 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 2021-22 Fiscal Year as follows:

- Governmental and business-type activities repaid approximately \$276,535 of long-term debt.
- Governmental activities added approximately \$919,000 of capital assets which included primarily infrastructure improvements, fire vehicles and equipment.
- Net position of governmental activities increased \$141,587 while net position of business type activities decreased by \$103,608.

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, library, and capital improvements 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 \$24,579,205 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>	
	2022	2021	2022	2021	2022	2021
Assets						
Current and other assets	\$ 6,493,221	\$ 5,345,866	\$ 3,780,770	\$ 3,336,009	\$ 10,273,991	\$ 8,681,875
Capital assets	11,583,421	11,907,499	8,605,211	8,712,691	20,188,632	20,620,190
Total assets	18,076,642	17,253,365	12,385,981	12,048,700	30,462,623	29,302,065
Deferred outflows	241,571	224,063	-	-	241,571	224,063
Liabilities						
Current liabilities	263,240	223,085	901,802	234,861	1,165,042	457,946
Long-term liabilities	4,054,219	3,444,862	813,888	1,039,940	4,868,107	4,484,802
Total liabilities	4,317,459	3,667,947	1,715,690	1,274,801	6,033,149	4,942,748
Deferred inflows	91,840	42,154	-	-	91,840	42,154
Net position						
Net invested in capital assets	9,599,421	10,449,964	7,623,320	7,541,550	17,222,741	17,991,514
Restricted	2,671,317	2,299,884	213,068	213,068	2,884,385	2,512,952
Unrestricted	1,638,176	1,017,479	2,833,903	3,019,281	4,472,079	4,036,760
Total net position	\$13,908,914	\$13,767,327	\$10,670,291	\$10,773,899	\$24,579,205	\$24,541,226

By far the largest portion of the City's net position in the amount of 70% reflects its investment in capital assets (e.g., land, buildings, machinery and equipment and infrastructure), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position in the amount of 12% 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 \$4,472,079, or 18%, 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, 2022, was \$7,037,026. The total cost of all programs and services was \$6,999,047. This results in a net position increase of \$37,979. The following table presents a summary of the changes in net position for the fiscal year ended June 30, 2022.

City of Belding's Changes in Net Position

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	2022	2021	2022	2021	2022	2021
Revenues						
Program revenues						
Charges for services	\$ 484,538	\$ 520,127	\$2,036,885	\$2,092,313	\$2,521,423	\$2,612,440
Operating grants and contributions	1,009,755	954,257	247,511	264,920	1,257,266	1,219,177
Capital grants and contributions	13,010	26,280	13,990	-	27,000	26,280
General revenues						
Property taxes	2,369,796	2,347,306	-	-	2,369,796	2,347,306
State shared revenues	849,220	701,303	-	-	849,220	701,303
Federal grant	-	118,148	-	-	-	118,148
Investment earnings	6,856	3,973	5,465	3,432	12,321	7,405
Total revenues	4,733,175	4,671,394	2,303,851	2,360,665	7,037,026	7,032,059
Expenses						
General government	1,016,064	814,609	-	-	1,016,064	814,609
Public safety	1,722,921	1,634,956	-	-	1,722,921	1,634,956
Public works and streets	995,407	1,010,178	-	-	995,407	1,010,178
Culture and recreation	682,080	580,407	-	-	682,080	580,407
Interest on long-term debt	75,116	61,380	-	-	75,116	61,380
Dial-A-Ride	-	-	381,454	339,241	381,454	339,241
Sewer	-	-	1,167,597	1,361,211	1,167,597	1,361,211
Water	-	-	958,408	868,534	958,408	868,534
Total expenses	4,491,588	4,101,530	2,507,459	2,568,986	6,999,047	6,670,516
Increase (decrease) before transfers	241,587	569,864	(203,608)	(208,321)	37,979	361,543
Transfers in (out)	(100,000)	(80,000)	100,000	80,000	-	-
Increase (decrease) in net position	141,587	489,864	(103,608)	(128,321)	37,979	361,543
Net position – beginning	13,767,327	13,277,463	10,773,899	10,902,220	24,541,226	24,179,683
Net position – ending	\$13,908,914	\$13,767,327	\$10,670,291	\$10,773,899	\$24,579,205	\$24,541,226

Governmental Activities – Governmental activities increased the City's net position by \$141,587, due primarily to increases in the general fund fund balance.

Business-type Activities - Business-type activities decreased the City's net position by \$103,608, 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 \$4,732,649, an increase of \$727,250 in comparison with the prior year.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the General Fund reported unassigned fund balance of \$2,056,332. 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 76% of total General Fund expenditures and transfers out.

The fund balance of the General Fund increased \$355,817 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 \$1,354,591, an increase of \$231,276 primarily due to a county-wide road millage and is dependent on the level of summer and winter maintenance needed.

Fund balance of the library fund was \$397,132, an increase of \$30,685 primarily due to an increase in fines.

The capital improvements fund issued bonds of \$610,000 which were spent on capital items. The remaining fund balance was \$244,712

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 the Breimayer property purchase and receiving more state shared revenue than anticipated due to the overall state economy.

Capital Asset and Debt Administration

Capital Assets - The City's investment in capital assets for its governmental and business-type activities as of June 30, 2022, amounts to \$20,188,632 (net of accumulated depreciation). Of this amount, \$11,583,421 was for its governmental activities and \$8,605,211 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 police and fire departments, including a fire truck and rescue vehicle, road paving, and engineering for the Lightning Bend project.
- Depot roof repaid and heaters for the bus garage.
- Water system lead line replacements and well repairs.

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 \$3,049,091. Of this amount, \$2,067,200 was reported in governmental activities and \$981,891 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 2022-23 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, 2022

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Downtown Development Authority
Assets				
Cash and pooled investments	\$ 6,017,596	\$ 2,956,633	\$ 8,974,229	\$ 58,566
Accounts receivable	52,170	556,472	608,642	-
Prepaid items	5,000	-	5,000	-
Due from other governments	418,455	54,597	473,052	-
Restricted cash and pooled investments	-	213,068	213,068	-
Capital assets				
Land	945,450	57,234	1,002,684	-
Construction in progress	33,039	-	33,039	-
Depreciable capital assets, net	10,604,932	8,547,977	19,152,909	-
Total assets	18,076,642	12,385,981	30,462,623	58,566
Deferred outflow of resources				
Pension related	241,571	-	241,571	-
Liabilities				
Accounts payable	104,003	93,079	197,082	-
Accrued liabilities	62,770	16,723	79,493	-
Unearned revenue	-	602,000	602,000	-
Debt due within one year	96,467	190,000	286,467	-
Noncurrent liabilities				
Compensated absences	153,892	21,997	175,889	-
Debt due in more than one year	1,970,733	791,891	2,762,624	-
Net pension liability	1,373,482	-	1,373,482	-
Net OPEB liability	556,112	-	556,112	-
Total liabilities	4,317,459	1,715,690	6,033,149	-
Deferred inflow of resources				
Pension related	91,840	-	91,840	-
Net position				
Net investment in capital assets	9,599,421	7,623,320	17,222,741	-
Restricted for				
Library	397,132	-	397,132	-
Capital improvements	244,712	-	244,712	-
Major streets	1,354,594	-	1,354,594	-
Local streets	360,282	-	360,282	-
Museum	102,255	-	102,255	-
Law enforcement	7,992	-	7,992	-
Permanent trusts				
Riverridge Cemetery - expendable portion	15,599	-	15,599	-
Riverridge Cemetery - corpus	158,240	-	158,240	-
Debt service	30,511	213,068	243,579	-
Unrestricted	1,638,176	2,833,903	4,472,079	58,566
Total net position	\$ 13,908,914	\$ 10,670,291	\$ 24,579,205	\$ 58,566

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

CITY OF BELDING
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense)</u>
		<u>Charges</u>	<u>Operating</u>	<u>Capital</u>	
		<u>for Services</u>	<u>Grants and</u>	<u>Grants and</u>	<u>Revenue</u>
			<u>Contributions</u>	<u>Contributions</u>	
Primary government					
Governmental activities					
General government	\$ 1,016,064	\$ 320,102	\$ 429	\$ -	\$ (695,533)
Public safety	1,722,921	116,024	8,913	8,654	(1,589,330)
Public works and streets	995,407	1,730	894,927	-	(98,750)
Culture and recreation	682,080	46,682	105,486	4,356	(525,556)
Interest on long-term debt	75,116	-	-	-	(75,116)
Total governmental activities	4,491,588	484,538	1,009,755	13,010	(2,984,285)
Business-type activities					
Dial-A-Ride	381,454	88,073	247,511	13,990	(31,880)
Sewer	1,167,597	1,050,187	-	-	(117,410)
Water	958,408	898,625	-	-	(59,783)
Total business-type activities	2,507,459	2,036,885	247,511	13,990	(209,073)
Total primary government	\$ 6,999,047	\$ 2,521,423	\$ 1,257,266	\$ 27,000	\$ (3,193,358)
Component unit					
Downtown Development Authority	\$ 112	\$ -	\$ -	\$ -	\$ (112)
Total component units	\$ 112	\$ -	\$ -	\$ -	\$ (112)

(Continued)

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

CITY OF BELDING
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Primary Government</u>			<u>Component Unit</u>
	<u>Governmental</u>	<u>Business-type</u>		<u>Downtown</u>
	<u>Activities</u>	<u>Activities</u>	<u>Total</u>	<u>Development</u>
Changes in net position				<u>Authority</u>
Net (expense) revenue	\$ (2,984,285)	\$ (209,073)	\$ (3,193,358)	\$ (112)
General revenues				
Property taxes				
General operating	1,834,282	-	1,834,282	16,716
Capital improvement	147,774	-	147,774	-
County-wide library	387,740	-	387,740	-
State shared revenues - unrestricted	849,220	-	849,220	-
Interest earnings	6,856	5,465	12,321	107
Transfers - internal activities	(100,000)	100,000	-	-
Total general revenues and transfers	3,125,872	105,465	3,231,337	16,823
Change in net position	141,587	(103,608)	37,979	16,711
Net position, beginning of year	<u>13,767,327</u>	<u>10,773,899</u>	<u>24,541,226</u>	<u>41,855</u>
Net position, end of year	<u>\$ 13,908,914</u>	<u>\$ 10,670,291</u>	<u>\$ 24,579,205</u>	<u>\$ 58,566</u>

(Concluded)

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

CITY OF BELDING
GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET

JUNE 30, 2022

	<u>General</u>	<u>Major Streets</u>	<u>Library</u>	<u>Capital Improvements</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Assets						
Cash and pooled investments	\$ 1,841,171	\$ 1,254,668	\$ 405,206	\$ 244,712	\$ 642,803	\$ 4,388,560
Accounts receivable	52,170	-	-	-	-	52,170
Prepaid items	5,000	-	-	-	-	5,000
Due from other governments	284,466	100,167	-	-	33,822	418,455
Total assets	<u>\$ 2,182,807</u>	<u>\$ 1,354,835</u>	<u>\$ 405,206</u>	<u>\$ 244,712</u>	<u>\$ 676,625</u>	<u>\$ 4,864,185</u>
Liabilities and fund balances						
Liabilities						
Accounts payable	\$ 87,645	\$ -	\$ 4,322	\$ -	\$ 1,102	\$ 93,069
Accrued liabilities	33,830	241	3,752	-	644	38,467
Total liabilities	<u>121,475</u>	<u>241</u>	<u>8,074</u>	<u>-</u>	<u>1,746</u>	<u>131,536</u>
Fund balances						
Nonspendable						
Permanent fund corpus	-	-	-	-	158,240	158,240
Prepaid items	5,000	-	-	-	-	5,000
Restricted						
Permanent fund expendable	-	-	-	-	15,599	15,599
Streets	-	1,354,594	-	-	360,282	1,714,876
Library	-	-	397,132	-	-	397,132
Museum	-	-	-	-	102,255	102,255
Law enforcement	-	-	-	-	7,992	7,992
Capital projects	-	-	-	244,712	-	244,712
Assigned						
Debt service	-	-	-	-	30,511	30,511
Unassigned	2,056,332	-	-	-	-	2,056,332
Total fund balances	<u>2,061,332</u>	<u>1,354,594</u>	<u>397,132</u>	<u>244,712</u>	<u>674,879</u>	<u>4,732,649</u>
Total liabilities and fund balances	<u>\$ 2,182,807</u>	<u>\$ 1,354,835</u>	<u>\$ 405,206</u>	<u>\$ 244,712</u>	<u>\$ 676,625</u>	<u>\$ 4,864,185</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, 2022

Fund balances - total governmental funds	\$ 4,732,649
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Amounts reported for *governmental activities* in the statement of net position are different because

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

Add - land	945,450
Add - construction in progress	33,039
Add - capital assets (net of accumulated depreciation)	10,148,900

Deferred pension items are not reported in the funds.

Add - deferred outflows	241,571
Less - deferred inflows	(91,840)

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

Add - net position of governmental activities accounted for in the internal service funds	1,978,783
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Certain liabilities are not due and payable in the current period and therefore are not reported in the funds.

Deduct - compensated absences payable	(143,868)
Deduct - net OPEB liability	(556,112)
Deduct - net pension liability	(1,373,482)
Deduct - debt payable	(1,984,000)
Deduct - accrued interest on debt payable	<u>(22,176)</u>

Net position of governmental activities	<u>\$ 13,908,914</u>
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The accompanying notes are an integral part of these financial statements.

CITY OF BELDING
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2022

	<u>General</u>	<u>Major Streets</u>	<u>Library</u>	<u>Capital Improvements</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Revenues						
Taxes	\$ 1,743,275	\$ 91,007	\$ 387,740	\$ 147,774	\$ -	\$ 2,369,796
Intergovernmental revenues						
State	849,220	645,883	10,221	-	218,179	1,723,503
Licenses and permits	37,463	-	-	-	-	37,463
Charges for services	295,688	-	45,852	-	-	341,540
Fines	12,217	-	71,765	-	-	83,982
Donations	-	-	20,408	-	6,573	26,981
Miscellaneous	135,378	3,940	616	429	36,522	176,885
Total revenues	<u>3,073,241</u>	<u>740,830</u>	<u>536,602</u>	<u>148,203</u>	<u>261,274</u>	<u>4,760,150</u>
Expenditures						
Current						
General government	792,899	-	-	-	-	792,899
Public safety	1,623,139	-	-	-	-	1,623,139
Public works and streets	-	309,554	-	-	429,951	739,505
Culture and recreation	201,386	-	409,917	-	15,982	627,285
Debt service						
Principal	-	-	-	55,535	31,000	86,535
Interest	-	-	-	2,441	61,096	63,537
Capital outlay	-	-	-	610,000	-	610,000
Total expenditures	<u>2,617,424</u>	<u>309,554</u>	<u>409,917</u>	<u>667,976</u>	<u>538,029</u>	<u>4,542,900</u>
Revenues over (under) expenditures	<u>455,817</u>	<u>431,276</u>	<u>126,685</u>	<u>(519,773)</u>	<u>(276,755)</u>	<u>217,250</u>
Other financing sources (uses)						
Bond issuance	-	-	-	610,000	-	610,000
Transfers in	-	-	-	-	326,000	326,000
Transfers out	(100,000)	(200,000)	(96,000)	(30,000)	-	(426,000)
Total other financing sources (uses)	<u>(100,000)</u>	<u>(200,000)</u>	<u>(96,000)</u>	<u>580,000</u>	<u>326,000</u>	<u>510,000</u>
Net changes in fund balances	355,817	231,276	30,685	60,227	49,245	727,250
Fund balances, beginning of year	<u>1,705,515</u>	<u>1,123,318</u>	<u>366,447</u>	<u>184,485</u>	<u>625,634</u>	<u>4,005,399</u>
Fund balances, end of year	<u>\$ 2,061,332</u>	<u>\$ 1,354,594</u>	<u>\$ 397,132</u>	<u>\$ 244,712</u>	<u>\$ 674,879</u>	<u>\$ 4,732,649</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, 2022

Net changes in fund balances - total governmental funds	\$ 727,250
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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	731,215
Deduct - depreciation expense	(934,052)

Bond or note proceeds provide current financial resources to governmental funds in the period issued, but issuing debt increases long-term liabilities in the statement of net position. 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.

Deduct - issuance of debt	(610,000)
Add - principal payments on debt	83,535

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.

Add - decrease in compensated absences	32,392
Deduct - increase in other post-employment benefits	(29,886)
Deduct - increase in net pension liability	(5,509)
Add - increase in deferred outflows	17,508
Deduct - increase in deferred inflows	(49,686)
Deduct - increase in accrued interest	(11,579)

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>190,399</u>
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Change in net position of governmental activities	<u>\$ 141,587</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, 2022

	Enterprise Funds			Enterprise Fund Total	Governmental Activities Internal Service Funds
Assets	Sewer	Water	Dial-a-Ride Transit		
Current assets					
Cash and pooled investments	\$ 1,893,087	\$ 729,285	\$ 334,261	\$ 2,956,633	\$ 1,629,036
Accounts receivable	299,293	257,025	154	556,472	-
Due from other governments	-	-	54,597	54,597	-
Total current assets	2,192,380	986,310	389,012	3,567,702	1,629,036
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	1,829,374	2,594,718	725,893	5,149,985	437,574
Vehicles	-	-	434,106	434,106	1,830,900
Infrastructure	8,658,234	5,219,638	-	13,877,872	-
Less accumulated depreciation	(5,690,770)	(4,556,658)	(678,021)	(10,925,449)	(1,812,442)
Total long-term assets	5,066,183	3,270,118	481,978	8,818,279	456,032
Total assets	7,258,563	4,256,428	870,990	12,385,981	2,085,068
Liabilities					
Current liabilities					
Accounts payable	26,600	62,734	3,745	93,079	10,934
Accrued liabilities	9,310	3,878	3,535	16,723	2,127
Unearned revenue	602,000	-	-	602,000	-
Current portion of long-term debt	150,000	40,000	-	190,000	20,800
Total current liabilities	787,910	106,612	7,280	901,802	33,861
Long-term liabilities					
Compensated absences	2,978	8,616	10,403	21,997	10,024
Debt payable, net of current portion	746,891	45,000	-	791,891	62,400
Total long-term liabilities	749,869	53,616	10,403	813,888	72,424
Total liabilities	1,537,779	160,228	17,683	1,715,690	106,285
Net position					
Net investment in capital assets	3,956,224	3,185,118	481,978	7,623,320	456,032
Restricted for debt service	213,068	-	-	213,068	-
Unrestricted	1,551,492	911,082	371,329	2,833,903	1,522,751
Total net position	\$ 5,720,784	\$ 4,096,200	\$ 853,307	\$ 10,670,291	\$ 1,978,783

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, 2022

	Enterprise Funds			Enterprise Fund Total	Governmental Activities Internal Service Funds
	<u>Sewer</u>	<u>Water</u>	<u>Dial-a-Ride Transit</u>		
Operating revenue					
Charges for services	\$ 1,006,731	\$ 892,509	\$ 87,820	\$ 1,987,060	\$ 1,526,110
Other	<u>43,456</u>	<u>6,116</u>	<u>253</u>	<u>49,825</u>	<u>-</u>
Total operating revenue	<u>1,050,187</u>	<u>898,625</u>	<u>88,073</u>	<u>2,036,885</u>	<u>1,526,110</u>
Operating expense					
Personnel services	120,519	173,853	172,481	466,853	71,055
Contractual services	366,600	123,956	27,897	518,453	860,320
Benefits	32,750	59,949	47,479	140,178	22,060
Materials and supplies	190,905	59,890	34,385	285,180	84,693
Utilities	64,691	120,849	10,973	196,513	73,711
Repair and maintenance	35,705	136,973	39,659	212,337	96,447
Equipment rentals	100,000	100,000	-	200,000	-
Depreciation	225,626	179,572	47,198	452,396	121,240
Miscellaneous	<u>-</u>	<u>2,304</u>	<u>1,382</u>	<u>3,686</u>	<u>8,430</u>
Total operating expense	<u>1,136,796</u>	<u>957,346</u>	<u>381,454</u>	<u>2,475,596</u>	<u>1,337,956</u>
Operating income (loss)	<u>(86,609)</u>	<u>(58,721)</u>	<u>(293,381)</u>	<u>(438,711)</u>	<u>188,154</u>
Non-operating revenue (expense)					
Federal operating grants	-	-	127,105	127,105	-
State operating grants	-	-	120,406	120,406	-
Interest income	3,318	1,535	612	5,465	2,245
Interest expense	<u>(30,801)</u>	<u>(1,062)</u>	<u>-</u>	<u>(31,863)</u>	<u>-</u>
Total non-operating revenue (expense)	<u>(27,483)</u>	<u>473</u>	<u>248,123</u>	<u>221,113</u>	<u>2,245</u>
Income (loss) before contributions and transfers	<u>(114,092)</u>	<u>(58,248)</u>	<u>(45,258)</u>	<u>(217,598)</u>	<u>190,399</u>
Federal capital grants	-	-	11,192	11,192	-
State capital grants	-	-	2,798	2,798	-
Transfers in	<u>-</u>	<u>-</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>
Total contributions and transfers	<u>-</u>	<u>-</u>	<u>113,990</u>	<u>113,990</u>	<u>-</u>
Changes in net position	<u>(114,092)</u>	<u>(58,248)</u>	<u>68,732</u>	<u>(103,608)</u>	<u>190,399</u>
Net position, beginning 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>
Net position, end of year	<u>\$ 5,720,784</u>	<u>\$ 4,096,200</u>	<u>\$ 853,307</u>	<u>\$ 10,670,291</u>	<u>\$ 1,978,783</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, 2022

	Enterprise Funds			Enterprise Fund Total	Governmental Activities Internal Service Funds
	Sewer	Water	Dial-a-Ride Transit		
Cash flows from operating activities					
Receipts from internal services provided	\$ -	\$ -	\$ -	\$ -	\$ 1,526,110
Receipts from customers and users	1,049,437	881,485	62,784	1,993,706	-
Operating grants	602,000	-	247,511	849,511	-
Payments to employees	(172,908)	(271,323)	(225,114)	(669,345)	(89,586)
Payments to suppliers	(731,657)	(483,309)	(110,750)	(1,325,716)	(1,012,290)
Net cash provided by (used in) operating activities	<u>746,872</u>	<u>126,853</u>	<u>(25,569)</u>	<u>848,156</u>	<u>424,234</u>
Cash flows from non-capital financing activities					
Payment made on claim payable	-	-	-	-	(20,800)
Transfers in	-	-	100,000	100,000	-
Net cash provided by (used in) non-capital financing activities	<u>-</u>	<u>-</u>	<u>100,000</u>	<u>100,000</u>	<u>(20,800)</u>
Cash flows from capital and related financing activities					
Interest paid	(30,051)	(1,062)	-	(31,113)	-
Capital grants	-	-	13,990	13,990	-
Principal on bonds	(150,000)	(40,000)	-	(190,000)	-
Acquisitions of capital assets	(13,000)	(301,200)	(30,715)	(344,915)	-
Net cash provided by (used in) capital and related financing activities	<u>(193,051)</u>	<u>(342,262)</u>	<u>(16,725)</u>	<u>(552,038)</u>	<u>-</u>
Cash flows from investing activities					
Interest income	<u>3,317</u>	<u>1,535</u>	<u>612</u>	<u>5,464</u>	<u>2,246</u>
Net increase (decrease) in cash and pooled investments	557,138	(213,874)	58,318	401,582	405,680
Cash and pooled investments, beginning 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 and pooled investments, end of year	<u>\$ 2,106,155</u>	<u>\$ 729,285</u>	<u>\$ 334,261</u>	<u>\$ 3,169,701</u>	<u>\$ 1,629,036</u>
Cash flows from operating activities					
Operating income (loss)	\$ (86,609)	\$ (58,721)	\$ (293,381)	\$ (438,711)	\$ 188,154
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Depreciation	225,626	179,572	47,198	452,396	121,240
Claim payable agreement	-	-	-	-	104,000
Operating grants	602,000	-	247,511	849,511	-
Change in operating assets and liabilities which provided (used) cash					
Accounts receivable	(750)	(17,140)	(124)	(18,014)	-
Due from other governments	-	-	(25,165)	(25,165)	-
Accounts payable	26,244	60,663	3,546	90,453	7,311
Accrued liabilities	(6,993)	(13,883)	(4,636)	(25,512)	(1,092)
Compensated absences	(12,646)	(23,638)	(518)	(36,802)	4,621
Net cash provided by (used in) operating activities	<u>\$ 746,872</u>	<u>\$ 126,853</u>	<u>\$ (25,569)</u>	<u>\$ 848,156</u>	<u>\$ 424,234</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, 2022

	Custodial Funds
Assets	
Cash and pooled investments	\$ 32,701
Due from other governments	<u>19,019</u>
Total assets	<u>51,720</u>
Liabilities	
Accounts payable	26,108
Due to other governments	6,474
Escrow deposits	119
Other liabilities	<u>19,019</u>
Total liabilities	<u>51,720</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, 2022

	Custodial Funds
Additions	
Property taxes collected for other governments	\$ 3,289,189
Escrow deposits collected	26,115
Funds from Housing Commission	<u>349,513</u>
Total additions	<u>3,664,817</u>
Deductions	
Property taxes distributed to other governments	3,289,189
Escrow funds used to cover expenses	26,115
Funds spent for Housing Commission payroll	<u>349,513</u>
Total deductions	<u>3,664,817</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, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

Blended Component Unit

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

Discretely Presented Component Unit

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

Government-wide and Fund Financial Statements

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

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

CITY OF BELDING

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund are charges for services. The principal operating revenues of the City's internal service funds are charges to City departments for shared costs, equipment utilization, and insurance coverage. Operating expenses for the enterprise funds include depreciation on capital assets, labor, supplies and contracted services. Operating expenses for the internal service funds include the cost of services (including claims), administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

CITY OF BELDING

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

The City reports the following major governmental funds:

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

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

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

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

The City reports the following major proprietary funds:

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

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

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

Additionally, the City reports the following fund types:

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

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

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

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

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

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.

CITY OF BELDING

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

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

Cash and Cash Equivalents

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

Investments

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

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

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

CITY OF BELDING

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

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

Unearned/Unavailable Revenue

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

CITY OF BELDING

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

Compensated Absences

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

Long-Term Obligations

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

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

Pensions

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

Property Taxes

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

Property taxes levied in July of each year are recognized as revenue in that year.

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, 2022

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, 2022

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, 2022, in the General Fund, Planning and Community Development appropriation center, the City incurred \$29,807 of expenditures in excess of the amount appropriated.

3. CASH AND INVESTMENTS

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

	<u>Primary Government</u>	<u>Component Units</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Cash and pooled investments	\$8,974,229	\$58,566	\$32,701	\$9,065,496
Restricted cash and pooled investments	213,068	-	-	213,068
	<u>\$9,187,297</u>	<u>\$58,566</u>	<u>\$32,701</u>	<u>\$9,278,564</u>

Cash and pooled investments and investments captions consist of the following at June 30, 2022:

Deposits and certificates of deposit	\$5,845,546
Pooled funds and securities	3,432,468
Petty cash	<u>550</u>
Total	<u>\$9,278,564</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, \$5,072,226 of the City's bank balance of \$5,591,288 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	\$3,432,468	AAAm	S&P

CITY OF BELDING

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

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

Investment and Deposit Risk

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

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

Custodial Credit Risk - Investments. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State law does not require and the City does not have a policy for investment custodial credit risk. Of the above investments, the City's custodial credit risk exposure cannot be determined because the investment does not consist of specifically identifiable securities.

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

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

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

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

CITY OF BELDING

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

4. INTERFUND TRANSACTIONS

Transfers in and out for the year ended June 30, 2022 are as follows:

<u>Transfers out</u>	<u>Transfers in</u>		<u>Total</u>
	<u>Nonmajor Governmental</u>	<u>Dial-a- Ride Transit</u>	
General fund	\$ -	\$100,000	\$100,000
Major Streets	200,000	-	200,000
Library fund	96,000	-	96,000
Nonmajor governmental	30,000	-	30,000
Total	\$326,000	\$100,000	\$426,000

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

5. CAPITAL ASSETS

Capital asset activity for the year was as follows:

	<u>Balance July 1, 2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2022</u>
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 1,133,694	\$ -	\$188,244	\$ 945,450
Construction in progress	-	33,039	-	33,039
Total capital assets, not being depreciated	1,133,694	33,039	188,244	978,489
Capital assets, being depreciated				
Land improvements	3,727,822	-	-	3,727,822
Buildings and improvements	6,268,587	-	-	6,268,587
Furniture and equipment	725,814	54,591	-	780,405
Motor vehicles	2,804,259	671,641	398,646	3,077,254
Infrastructure	11,990,926	160,188	-	12,151,114
Total capital assets, being depreciated	25,517,408	886,420	398,646	26,005,182
Less accumulated depreciation for				
Land improvements	3,197,315	177,453	-	3,374,768
Buildings and improvements	3,729,668	147,377	-	3,877,045
Furniture and equipment	612,571	23,734	-	636,305
Motor vehicles	2,204,697	135,758	398,646	1,941,809
Infrastructure	4,999,352	570,971	-	5,570,323
Total accumulated depreciation	14,743,603	1,055,293	398,646	15,400,250
Net capital assets, being depreciated	10,773,805	(168,873)	-	10,604,932
Governmental activities capital assets, net	\$11,907,499	\$(135,834)	\$188,244	\$11,583,421

CITY OF BELDING

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

	Balance July 1, <u>2021</u>	<u>Additions</u>	<u>Deletions</u>	Balance June 30, <u>2022</u>
Business-type activities				
Capital assets, not being depreciated				
Land	\$ 57,234	\$ -	\$ -	\$ 57,234
Construction in progress	-	-	-	-
Total capital assets, not being depreciated	<u>57,234</u>	<u>-</u>	<u>-</u>	<u>57,234</u>
Capital assets being depreciated				
Land improvements	11,463	-	-	11,463
Buildings and equipment	5,106,270	43,715	-	5,149,985
Vehicles	434,106	-	-	434,106
Infrastructure	13,576,672	301,200	-	13,877,872
Total capital assets, being depreciated	<u>19,128,511</u>	<u>344,915</u>	<u>-</u>	<u>19,473,426</u>
Less accumulated depreciation for				
Land improvements	11,463	-	-	11,463
Buildings and equipment	3,159,838	96,891	-	3,256,729
Vehicles	324,654	29,851	-	354,505
Infrastructure	6,977,098	325,654	-	7,302,752
Total accumulated depreciation	<u>10,473,053</u>	<u>452,396</u>	<u>-</u>	<u>10,925,449</u>
Net capital assets, being depreciated	<u>8,655,458</u>	<u>(107,481)</u>	<u>-</u>	<u>8,547,977</u>
Business-type activities capital assets, net	<u>\$8,712,692</u>	<u>\$(107,481)</u>	<u>\$ -</u>	<u>\$8,605,211</u>

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

Governmental Activities	
General government	\$ 125,291
Public safety	255,961
Public works and streets	465,664
Culture and recreation	87,136
Capital assets held by the governments internal service funds are charged to the various functions based on their usage of the assets	<u>121,241</u>
Total depreciation expense - governmental activities	<u>\$1,055,293</u>
Business-type activities	
Dial-a-Ride	\$ 47,198
Sewer	225,626
Water	<u>179,572</u>
Total depreciation expense - business-type activities	<u>\$452,396</u>

CITY OF BELDING

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

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 \$103,803 and plan members contributed \$93,555 to the plan. The City also recognized \$17,349 in forfeitures this year which offset the City's expense. As of June 30, 2022, the City owed \$11,350 to the plan for June contributions.

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 \$5,212 and plan members contributed \$4,808 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, 2021):

Inactive employees or beneficiaries currently receiving benefits	8
Inactive employees entitled but not yet receiving benefits	6
Active plan members	5
Total	19

CITY OF BELDING

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

Contributions

The City is required to contribute an actuarially determined fixed amount, which for the current year was \$10,487 per month. Participating employees are required to contribute from 0% to 10% percent of gross wages to the Plan based on position and classification. The contribution requirements of the City are established and may be amended by the MERS Retirement Board. The contribution requirements of employees are established and may be amended by labor agreements.

Net Pension Liability

The employer's net pension liability was measured as of December 31, 2021, 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, 2021 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 6.7% based on years of service)

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

Mortality rates used for non-disabled plan member were based on a weighted blend of MP-2019 mortality tables of a 50% Male and 50% Female blend. Mortality rates used for disabled plan member were based on a blend of MP-2019 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 2018 actuarial experience study, first used in December 31, 2020 valuations.

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Expected Money Weighted Rate of Return*</u>
Global Equity	60.0%	4.50%	2.70%
Global Fixed Income	20.0%	2.00%	0.40%
Private Investments	20.0%	7.00%	1.40%
Inflation			2.50%
Administrative fee			0.25%
Discount rate			7.25%

CITY OF BELDING

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

Discount rate. The discount rate used to measure the total pension liability is 7.25%. 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, 2020	\$2,728,367	\$1,360,394	\$1,367,973
Changes for the Year:			
Service cost	35,184	-	35,184
Interest	201,162	-	201,162
Change in benefits	-	-	-
Differences between expected and actual experience	102	-	102
Change in assumptions	100,592	-	100,592
Contributions: employer	-	120,282	(120,282)
Contributions: employee	-	25,304	(25,304)
Net investment income	-	188,116	(188,116)
Benefit payments, including refunds	(198,175)	(198,175)	-
Administrative expense	-	(2,170)	2,170
Other changes	1	-	1
Net changes	138,866	133,357	5,509
Balance at December 31, 2021	\$2,867,233	\$1,493,751	\$1,373,482

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 7.25%, as well as what the employer's Net Pension Liability would be using a discount rate that is 1 percentage point lower (6.25%) or higher (8.25%) than the current rate.

	1% Decrease	Current Discount rate	1% Increase
Total Pension Liability	\$3,195,021	\$2,867,233	\$2,595,147
Fiduciary Net Position	1,493,751	1,493,751	1,493,751
Net Pension Liability	\$1,701,270	\$1,373,482	\$1,101,396

CITY OF BELDING

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

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

For the year ended June 30, 2022 the employer recognized pension expense of \$166,988. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in experience	\$ 29,685	\$ 271
Differences in assumptions	147,236	-
Excess (deficit) investment returns	-	91,569
Contributions subsequent to the measurement date*	64,650	-
Total	<u>\$241,571</u>	<u>\$91,840</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 2023.

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

2023	\$ 56,340
2024	19,326
2025	9,415
2026	-
2027	-
Thereafter	-
Total	<u>\$ 85,081</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 \$500 per month based on years of service. Benefit provisions are established through negotiations between the City and bargaining units and employee groups.

CITY OF BELDING

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

Membership of the plan consisted of the following at the date of the latest actuarial valuation (June 30, 2022):

Retirees and beneficiaries receiving benefits	7
Active plan members	2
Total	9

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, 2022, 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, 2022 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: 2.16%
- 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.
- Discount rate. The discount rate used to measure the total OPEB liability is 2.16% (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, 2021	\$526,226
Changes for the Year:	
Service cost	10,907
Interest	13,942
Change in benefits	-
Differences between expected and actual experience	-
Change in assumptions	35,637
Contributions	-
Benefit payments, including refunds	(30,600)
Administrative expense	-
Other changes	-
Net changes	29,886
Balance at June 30, 2022	\$556,112

CITY OF BELDING

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

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 2.16%, as well as what the employer's net OPEB liability would be using a discount rate that is 1 percentage point lower (1.16%) or higher (3.16%) than the current rate.

	1% Decrease	Current Discount rate	1% Increase
Total OPEB liability	\$615,721	\$556,112	\$503,377

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

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

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

For the year ended June 30, 2022 the employer recognized OPEB expense of \$60,486.

Defined Contribution OPEB Plan

The City of Belding's OPEB Plan is a defined contribution plan, which provides OPEB benefits to police and fire employees hired after January 1, 2004. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate immediately upon employment. Employees hired after January 1, 2004 are required to contribute 1-4% of their base salary. The City contributes 1.5-2% of covered wages. The City's contributions are vested 100% upon hire. Benefit provisions are established through negotiations between the City and bargaining units and employee groups. The plan is administered by the MERS. During the year, the City contributed \$5,468 and plan members contributed \$15,363 to the plan.

8. LONG-TERM DEBT

	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022	Due Within One Year
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%.	\$ 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%.	1,402,000	-	28,000	1,374,000	35,000
\$610,000, 2021 Fire truck installment purchase agreement. Payments due in annual installments of \$42,072 to \$61,695 through December 2036, including interest at \$3.40%.	-	610,000	-	610,000	40,667

CITY OF BELDING

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022	Due Within One Year
\$104,000 Payment plan with EGLE Water Resources Division for civil fine, payable from internal service fund, due in annual installments of \$20,800 through 2026; no interest	\$ -	\$104,000	\$ 20,800	\$ 83,200	\$20,800
Total bonds and notes	1,457,535	714,000	104,335	2,067,200	96,467
Accrued employee benefits	181,663	-	27,771	153,892	-
Total governmental activities	\$1,639,198	\$714,000	\$132,106	\$2,221,092	\$96,467
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%.	\$ 125,000	\$ -	\$ 40,000	\$ 85,000	\$ 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%.	465,000	-	60,000	405,000	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%.	586,316	-	90,000	496,316	90,000
Total bonds	1,176,316	-	190,000	986,316	190,000
Unamortized discount	(5,175)	-	(750)	(4,425)	-
Accrued employee benefits	58,799	-	36,802	21,997	-
Total business-type activities	\$1,229,940	\$ -	\$226,052	\$1,003,888	\$190,000

The following is a summary of the debt transactions of the City for the year ended June 30, 2022:

The City entered into a 5-year payment plan as part of an Administrative Consent Order with the Department of Environment, Great Lakes, and Energy (EGLE), Water Resources Division on April 26, 2022, to pay a civil fine in total of \$104,000. The first payment was made in June 2022.

CITY OF BELDING

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

The annual requirements to amortize all debt outstanding (excluding accrued employee benefits and unamortized discounts) as of June 30, 2022 are as follows:

Year Ending June 30	Governmental Activities		Business-type Activities	
	Private placement		Private placement	
	Principal	Interest	Principal	Interest
2023	\$ 96,467	\$ 79,742	\$ 190,000	\$27,806
2024	97,467	76,831	200,000	22,518
2025	99,467	73,907	155,000	17,505
2026	101,467	70,798	160,000	13,051
2027	82,666	67,654	160,000	8,300
2028-2032	440,333	288,479	121,316	3,901
2033-2037	497,333	197,214	-	-
2038-2042	365,000	106,358	-	-
2043-2047	287,000	24,822	-	-
Total	\$2,067,200	\$985,805	\$986,316	\$93,081

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 \$518,737. For the current year, principal and interest paid was \$98,796 and revenues were \$1,006,731.

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, 2022 the City abated property tax revenues of approximately \$14,800.

CITY OF BELDING

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

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, 2022 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.

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 \$356,844 (40.5%) of water sales.

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, 2022

	Budget Amounts		Actual	Variance
	<u>Original</u>	<u>Final</u>	<u>Amount</u>	<u>Positive (Negative)</u>
Revenues				
Taxes	\$ 1,685,000	\$ 1,743,241	\$ 1,743,275	\$ 34
Intergovernmental revenues				
State	698,000	698,000	849,220	151,220
Licenses and permits	10,500	23,500	37,463	13,963
Charges for services	276,300	289,469	295,688	6,219
Fines	6,000	11,500	12,217	717
Miscellaneous	114,000	125,554	135,378	9,824
Total revenues	<u>2,789,800</u>	<u>2,891,264</u>	<u>3,073,241</u>	<u>181,977</u>
Expenditures				
Current				
General government	831,100	852,800	792,899	59,901
Public safety	1,647,246	1,739,246	1,623,139	116,107
Culture and recreation	229,792	191,792	201,386	(9,594)
Total expenditures	<u>2,708,138</u>	<u>2,783,838</u>	<u>2,617,424</u>	<u>166,414</u>
Revenues over (under) expenditures	81,662	107,426	455,817	348,391
Other financing sources (uses)				
Transfers out	(80,000)	(100,000)	(100,000)	-
Net changes in fund balance	1,662	7,426	355,817	348,391
Fund balance, beginning of year	<u>1,705,515</u>	<u>1,705,515</u>	<u>1,705,515</u>	<u>-</u>
Fund balance, end of year	<u>\$ 1,707,177</u>	<u>\$ 1,712,941</u>	<u>\$ 2,061,332</u>	<u>\$ 348,391</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, 2022

	Budget Amounts		Actual Amount	Variance Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 75,000	\$ 91,000	\$ 91,007	\$ 7
Intergovernmental revenues				
State	630,000	630,000	645,883	15,883
Miscellaneous	<u>8,000</u>	<u>3,730</u>	<u>3,940</u>	<u>210</u>
Total revenues	713,000	724,730	740,830	16,100
Expenditures				
Current				
Public works and streets	<u>508,600</u>	<u>372,600</u>	<u>309,554</u>	<u>63,046</u>
Revenues over (under) expenditures	204,400	352,130	431,276	79,146
Other financing sources (uses)				
Transfers out	<u>(200,000)</u>	<u>(200,000)</u>	<u>(200,000)</u>	<u>-</u>
Net changes in fund balance	4,400	152,130	231,276	79,146
Fund balance, beginning of year	<u>1,123,318</u>	<u>1,123,318</u>	<u>1,123,318</u>	<u>-</u>
Fund balance, end of year	<u>\$ 1,127,718</u>	<u>\$ 1,275,448</u>	<u>\$ 1,354,594</u>	<u>\$ 79,146</u>

CITY OF BELDING

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

FOR THE YEAR ENDED JUNE 30, 2022

	Budget Amounts		Actual	Variance
	<u>Original</u>	<u>Final</u>	<u>Amount</u>	<u>Positive (Negative)</u>
Revenues				
Taxes	\$ 330,000	\$ 387,303	\$ 387,740	\$ 437
Intergovernmental revenues				
State	5,000	10,221	10,221	-
Charges for services	39,275	45,246	45,852	606
Fines	59,675	71,730	71,765	35
Donations	28,750	18,904	20,408	1,504
Miscellaneous	250	175	616	441
Total revenues	462,950	533,579	536,602	3,023
Expenditures				
Current				
Culture and recreation	366,950	444,679	409,917	34,762
Revenues over (under) expenditures	96,000	88,900	126,685	37,785
Other financing sources (uses)				
Transfers out	(96,000)	(96,000)	(96,000)	-
Net changes in fund balance	-	(7,100)	30,685	37,785
Fund balance, beginning of year	366,447	366,447	366,447	-
Fund balance, end of year	<u>\$ 366,447</u>	<u>\$ 359,347</u>	<u>\$ 397,132</u>	<u>\$ 37,785</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, 2022

	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability								
Service cost	\$ 35,184	\$ 35,873	\$ 33,497	\$ 32,240	\$ 35,205	\$ 26,748	\$ 36,382	\$ 40,621
Interest	201,162	191,548	191,898	186,492	183,357	173,772	160,085	152,995
Changes in benefit terms	-	(12,115)	-	-	-	-	-	-
Difference between expected and actual experience	102	26,880	14,435	38,567	(1,621)	64,706	74,947	-
Changes in assumptions	100,592	82,082	77,312	-	-	-	88,824	-
Benefit payments including employee refunds	(198,175)	(196,675)	(196,675)	(184,031)	(168,510)	(130,782)	(116,606)	(94,526)
Other	1	-	-	-	-	-	-	-
Net change in total pension liability	138,866	127,593	120,467	73,268	48,431	134,444	243,632	99,090
Total pension liability, beginning of year	2,728,367	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	\$ 2,867,233	\$ 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	\$ 120,282	\$ 105,559	\$ 110,305	\$ 104,844	\$ 84,623	\$ 60,203	\$ 52,421	\$ 54,792
Contributions-employee	25,304	32,976	31,237	28,766	28,840	30,005	31,423	25,713
Net investment income	188,116	155,745	156,381	(48,542)	151,811	123,409	(17,400)	69,552
Benefit payments including employee refunds	(198,175)	(196,675)	(196,675)	(184,031)	(168,510)	(130,782)	(116,606)	(94,526)
Administrative expense	(2,170)	(2,506)	(2,694)	(2,438)	(2,406)	(2,437)	(2,513)	(2,559)
Net change in plan fiduciary net position	133,357	95,099	98,554	(101,401)	94,358	80,398	(52,675)	52,972
Plan fiduciary net position, beginning of year	1,360,394	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	\$ 1,493,751	\$ 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	\$ 1,373,482	\$ 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	52%	50%	49%	47%	53%	50%	49%	58%
Covered employee payroll	\$ 291,848	\$ 381,338	\$ 355,258	\$ 335,136	\$ 357,105	\$ 339,780	\$ 356,040	\$ 398,741
Employer's net pension liability as a percentage of covered employee payroll	471%	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, 2022

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

Notes to schedule

Actuarial cost method	Entry Age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	17 years
Asset valuation method	5 year smoothed (10 year smoothing 2014)
Inflation	2.5% (3.5% 2014)
Salary increases	3.00% (3.75% for 2015 through 2019)
Investment rate of return	7.00% (7.35% for 2020-2021, 7.75% for 2015 through 2019)
Retirement age	Varies depending on plan adoption
Mortality	50% female/50% male MP-2019 mortality table

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, 2022

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

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

Notes to schedule

Notes to schedule

Actuarial cost method	Entry Age
Amortization method	Level dollar, closed
Remaining amortization period	10 years
Asset valuation method	N/A
Inflation	N/A - fixed benefit amount
Salary increases	N/A
Discount rate	2.16%
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

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**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

CITY OF BELDING
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2022

	Budget Amounts		Actual Amount	Variance Positive Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Expenditures				
Current				
General government				
City Council	\$ 12,196	\$ 12,196	\$ 9,579	\$ 2,617
City Manager	132,304	190,604	182,812	7,792
Finance and administration	243,204	243,204	221,778	21,426
City Clerk	119,804	125,204	122,855	2,349
Central municipal activities	203,796	213,796	199,659	14,137
Cemetery	77,796	67,796	56,216	11,580
Contingency	42,000	-	-	-
	<u>831,100</u>	<u>852,800</u>	<u>792,899</u>	<u>59,901</u>
Public safety				
Police Department	953,196	1,005,196	946,061	59,135
Fire Department	694,050	734,050	677,078	56,972
	<u>1,647,246</u>	<u>1,739,246</u>	<u>1,623,139</u>	<u>116,107</u>
Culture and recreation				
Park maintenance	170,296	132,296	118,512	13,784
Community center	25,996	25,996	20,131	5,865
Planning and community development	28,000	28,000	57,807	(29,807)
Community promotions	5,500	5,500	4,936	564
	<u>229,792</u>	<u>191,792</u>	<u>201,386</u>	<u>(9,594)</u>
Total expenditures	<u>\$ 2,708,138</u>	<u>\$ 2,783,838</u>	<u>\$ 2,617,424</u>	<u>\$ 166,414</u>

CITY OF BELDING
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2022

	<u>Special Revenue</u>			<u>Debt Service</u>	<u>Permanent</u>	
	<u>Local Streets</u>	<u>Museum</u>	<u>Drug Forfeiture</u>	<u>Library Debt Service</u>	<u>River Ridge Cemetery</u>	<u>Total</u>
Assets						
Cash and pooled investments	\$ 327,323	\$ 103,138	\$ 7,992	\$ 30,511	\$ 173,839	\$ 642,803
Due from other governments	<u>33,822</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,822</u>
Total assets	<u>\$ 361,145</u>	<u>\$ 103,138</u>	<u>\$ 7,992</u>	<u>\$ 30,511</u>	<u>\$ 173,839</u>	<u>\$ 676,625</u>
Liabilities and fund balances						
Liabilities						
Accounts payable	\$ 219	\$ 883	\$ -	\$ -	\$ -	\$ 1,102
Accrued liabilities	<u>644</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>644</u>
Total liabilities	<u>863</u>	<u>883</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,746</u>
Fund balances						
Non-Spendable						
Permanent fund corpus	-	-	-	-	158,240	158,240
Restricted						
Permanent fund spendable	-	-	-	-	15,599	15,599
Streets	360,282	-	-	-	-	360,282
Museum	-	102,255	-	-	-	102,255
Law enforcement	-	-	7,992	-	-	7,992
Assigned						
Debt Service	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,511</u>	<u>-</u>	<u>30,511</u>
	<u>360,282</u>	<u>102,255</u>	<u>7,992</u>	<u>30,511</u>	<u>173,839</u>	<u>674,879</u>
Total liabilities and fund balances	<u>\$ 361,145</u>	<u>\$ 103,138</u>	<u>\$ 7,992</u>	<u>\$ 30,511</u>	<u>\$ 173,839</u>	<u>\$ 676,625</u>

CITY OF BELDING
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Special Revenue</u>			<u>Debt Service</u>	<u>Permanent</u>	
	<u>Local Streets</u>	<u>Museum</u>	<u>Drug Forfeiture</u>	<u>Library Debt Service</u>	<u>River Ridge Cemetery</u>	<u>Total</u>
Revenues						
Intergovernmental revenues						
State	\$ 218,179	\$ -	\$ -	\$ -	\$ -	\$ 218,179
Donations	-	4,573	-	2,000	-	6,573
Miscellaneous	28,655	202	8	57	7,600	36,522
Total revenues	<u>246,834</u>	<u>4,775</u>	<u>8</u>	<u>2,057</u>	<u>7,600</u>	<u>261,274</u>
Expenditures						
Current						
Public works and streets	429,951	-	-	-	-	429,951
Culture and recreation	-	15,982	-	-	-	15,982
Debt service						
Principal	-	-	-	31,000	-	31,000
Interest	-	-	-	61,096	-	61,096
Total expenditures	<u>429,951</u>	<u>15,982</u>	<u>-</u>	<u>92,096</u>	<u>-</u>	<u>538,029</u>
Revenues over (under) expenditures	(183,117)	(11,207)	8	(90,039)	7,600	(276,755)
Other financing sources (uses)						
Transfers in	230,000	-	-	96,000	-	326,000
Net changes in fund balances	46,883	(11,207)	8	5,961	7,600	49,245
Fund balances, beginning of year	<u>313,399</u>	<u>113,462</u>	<u>7,984</u>	<u>24,550</u>	<u>166,239</u>	<u>625,634</u>
Fund balances, end of year	<u>\$ 360,282</u>	<u>\$ 102,255</u>	<u>\$ 7,992</u>	<u>\$ 30,511</u>	<u>\$ 173,839</u>	<u>\$ 674,879</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, 2022

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amount</u>	<u>Positive</u> <u>(Negative)</u>
Revenues				
Intergovernmental revenues				
State	\$ 213,000	\$ 213,000	\$ 218,179	\$ 5,179
Miscellaneous	<u>27,000</u>	<u>28,694</u>	<u>28,655</u>	<u>(39)</u>
Total revenues	240,000	241,694	246,834	5,140
Expenditures				
Current				
Public works and streets	<u>470,000</u>	<u>472,225</u>	<u>429,951</u>	<u>42,274</u>
Revenues over (under) expenditures	(230,000)	(230,531)	(183,117)	47,414
Other financing sources (uses)				
Transfers in	<u>230,000</u>	<u>230,000</u>	<u>230,000</u>	<u>-</u>
Net changes in fund balance	-	(531)	46,883	47,414
Fund balance, beginning of year	<u>313,399</u>	<u>313,399</u>	<u>313,399</u>	<u>-</u>
Fund balance, end of year	<u>\$ 313,399</u>	<u>\$ 312,868</u>	<u>\$ 360,282</u>	<u>\$ 47,414</u>

CITY OF BELDING

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

FOR THE YEAR ENDED JUNE 30, 2022

	Budget Amounts		Actual	Variance
	<u>Original</u>	<u>Final</u>	<u>Amount</u>	<u>Positive (Negative)</u>
Revenues				
Charges for services	\$ 2,000	\$ 2,000	\$ -	\$ (2,000)
Donations	18,100	18,100	4,573	(13,527)
Miscellaneous	<u>200</u>	<u>200</u>	<u>202</u>	<u>2</u>
Total revenues	20,300	20,300	4,775	(15,525)
Expenditures				
Current				
Culture and recreation	<u>20,300</u>	<u>20,300</u>	<u>15,982</u>	<u>4,318</u>
Net changes in fund balance	-	-	(11,207)	(11,207)
Fund balance, beginning of year	<u>113,462</u>	<u>113,462</u>	<u>113,462</u>	<u>-</u>
Fund balance, end of year	<u>\$ 113,462</u>	<u>\$ 113,462</u>	<u>\$ 102,255</u>	<u>\$ (11,207)</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, 2022

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amount</u>	<u>Positive</u> <u>(Negative)</u>
Revenues				
Miscellaneous	\$ -	\$ -	\$ 8	\$ 8
Expenditures				
Current				
Public safety	<u>2,500</u>	<u>2,500</u>	<u>-</u>	<u>2,500</u>
Net changes in fund balance	(2,500)	(2,500)	8	2,508
Fund balance, beginning of year	<u>7,984</u>	<u>7,984</u>	<u>7,984</u>	<u>-</u>
Fund balance, end of year	<u>\$ 5,484</u>	<u>\$ 5,484</u>	<u>\$ 7,992</u>	<u>\$ 2,508</u>

CITY OF BELDING

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF NET POSITION

JUNE 30, 2022

	<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	\$ 209,691	\$ 273,622	\$ 856,843	\$ 288,880	\$ 1,629,036
Total current assets	209,691	273,622	856,843	288,880	1,629,036
Capital assets					
Buildings and equipment	89,133	294,663	53,778	-	437,574
Vehicles	-	-	1,830,900	-	1,830,900
Less accumulated depreciation	(61,236)	(188,482)	(1,562,724)	-	(1,812,442)
Net capital assets	27,897	106,181	321,954	-	456,032
Total assets	237,588	379,803	1,178,797	288,880	2,085,068
Liabilities					
Current liabilities					
Accounts payable	1,573	2,085	7,226	50	10,934
Accrued liabilities	-	-	2,127	-	2,127
Current portion of claims payable	20,800	-	-	-	20,800
Total current liabilities	22,373	2,085	9,353	50	33,861
Long-term liabilities					
Compensated absences	-	-	10,024	-	10,024
Claims payable, net of current portion	62,400	-	-	-	62,400
Total long-term liabilities	62,400	-	10,024	-	72,424
Total liabilities	84,773	2,085	19,377	50	106,285
Net position					
Net investment in capital assets	27,897	106,181	321,954	-	456,032
Unrestricted	124,918	271,537	837,466	288,830	1,522,751
Total net position	\$ 152,815	\$ 377,718	\$ 1,159,420	\$ 288,830	\$ 1,978,783

CITY OF BELDING

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

FOR THE YEAR ENDED JUNE 30, 2022

	<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	\$ 350,000	\$ 120,000	\$ 534,378	\$ 521,732	\$ 1,526,110
Operating expense					
Personnel services	-	-	71,055	-	71,055
Contractual services	342,668	-	28,855	488,797	860,320
Benefits	-	-	22,060	-	22,060
Materials and supplies	22,079	-	62,614	-	84,693
Utilities	10,000	42,000	21,711	-	73,711
Repair and maintenance	-	32,073	64,374	-	96,447
Depreciation	11,685	10,935	98,620	-	121,240
Miscellaneous	7,930	-	500	-	8,430
Total operating expense	<u>394,362</u>	<u>85,008</u>	<u>369,789</u>	<u>488,797</u>	<u>1,337,956</u>
Operating income (loss)	(44,362)	34,992	164,589	32,935	188,154
Non-operating revenue (expense)					
Interest income	<u>293</u>	<u>487</u>	<u>1,465</u>	<u>-</u>	<u>2,245</u>
Changes in net position	(44,069)	35,479	166,054	32,935	190,399
Net position, beginning of year	<u>196,884</u>	<u>342,239</u>	<u>993,366</u>	<u>255,895</u>	<u>1,788,384</u>
Net position, end of year	<u>\$ 152,815</u>	<u>\$ 377,718</u>	<u>\$ 1,159,420</u>	<u>\$ 288,830</u>	<u>\$ 1,978,783</u>

CITY OF BELDING

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2022

	<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	\$ 350,000	\$ 120,000	\$ 534,378	\$ 521,732	\$ 1,526,110
Payments to employees	-	-	(89,586)	-	(89,586)
Payments to suppliers	(279,024)	(72,760)	(171,759)	(488,747)	(1,012,290)
Net cash provided by (used in) operating activities	70,976	47,240	273,033	32,985	424,234
Cash flows from non-capital financing activities					
Payment made on claim payable	(20,800)	-	-	-	(20,800)
Cash flows from investing activities					
Interest income	294	487	1,465	-	2,246
Net increase (decrease) in cash and pooled investments	50,470	47,727	274,498	32,985	405,680
Cash and pooled investments, beginning of year	159,221	225,895	582,345	255,895	1,223,356
Cash and pooled investments, end of year	\$ 209,691	\$ 273,622	\$ 856,843	\$ 288,880	\$ 1,629,036
Cash flows from operating activities					
Operating income (loss)	\$ (44,362)	\$ 34,992	\$ 164,589	\$ 32,935	\$ 188,154
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Depreciation	11,685	10,935	98,620	-	121,240
Claim payable agreement	104,000	-	-	-	104,000
Change in operating assets and liabilities which provided (used) cash					
Accounts payable	(347)	1,313	6,295	50	7,311
Accrued liabilities	-	-	(1,092)	-	(1,092)
Compensated absences	-	-	4,621	-	4,621
Net cash provided by (used in) operating activities	\$ 70,976	\$ 47,240	\$ 273,033	\$ 32,985	\$ 424,234

CITY OF BELDING
FIDUCIARY FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2022

	<u>Custodial Funds</u>			
	<u>Tax Collection</u>	<u>Housing Commission Payroll</u>	<u>Trust & Agency</u>	<u>Total</u>
Assets				
Cash and pooled investments	\$ 32,582	\$ -	\$ 119	\$ 32,701
Due from other governments	-	19,019	-	19,019
Total assets	<u>32,582</u>	<u>19,019</u>	<u>119</u>	<u>51,720</u>
Liabilities				
Accounts payable	26,108	-	-	26,108
Due to other governments	6,474	-	-	6,474
Escrow deposits	-	-	119	119
Other liabilities	-	19,019	-	19,019
Total liabilities	<u>32,582</u>	<u>19,019</u>	<u>119</u>	<u>51,720</u>
Net position				
Restricted	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF BELDING
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Custodial Funds</u>			
	<u>Tax Collection</u>	<u>Housing Commission Payroll</u>	<u>Trust & Agency</u>	<u>Total</u>
Additions				
Property taxes collected for other governments	\$ 3,289,189	\$ -	\$ -	\$ 3,289,189
Escrow deposits collected	-	-	26,115	26,115
Funds from Housing Commission	-	349,513	-	349,513
Total additions	<u>3,289,189</u>	<u>349,513</u>	<u>26,115</u>	<u>3,664,817</u>
Deductions				
Property taxes distributed to other governments	3,289,189	-	-	3,289,189
Escrow funds used to cover expenses	-	-	26,115	26,115
Funds spent for Housing Commission payroll	-	349,513	-	349,513
Total deductions	<u>3,289,189</u>	<u>349,513</u>	<u>26,115</u>	<u>3,664,817</u>
Net increase	-	-	-	-
Net position, beginning of year	-	-	-	-
Net position, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF BELDING

DOWNTOWN DEVELOPMENT AUTHORITY BALANCE SHEET/STATEMENT OF NET POSITION

JUNE 30, 2022

	<u>Governmental Fund Type</u>		<u>Statement of Net Position</u>
	<u>General Fund</u>	<u>Adjustments</u>	
Assets			
Cash and pooled investments	<u>\$ 58,566</u>	\$ -	<u>\$ 58,566</u>
Liabilities and fund balances			
Liabilities			
Total liabilities	\$ -	-	<u>-</u>
Fund balances			
Unassigned	<u>58,566</u>	<u>(58,566)</u>	-
Total liabilities and fund balances	<u>\$ 58,566</u>		
Net position			
Unrestricted		<u>\$ 58,566</u>	<u>\$ 58,566</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, 2022

	Governmental Fund Type		Statement of Activities
	<u>General Fund</u>	<u>Adjustments</u>	<u>Activities</u>
Revenues			
Taxes	\$ 16,716	\$ -	\$ 16,716
Miscellaneous	<u>107</u>	<u>-</u>	<u>107</u>
Total revenues	16,823	-	16,823
Expenditures/expenses			
Current			
General government	<u>112</u>	<u>-</u>	<u>112</u>
Net changes in fund balances	16,711	(16,711)	
Change in net position		(16,711)	16,711
Fund balances/net position, beginning of year	<u>41,855</u>		<u>41,855</u>
Fund balances/net position, end of year	<u>\$ 58,566</u>		<u>\$ 58,566</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, 2022

	<u>7/1/21 to 9/30/2021</u>	<u>10/1/21 to 6/30/2022</u>	<u>Total</u>
Demand response (farebox)			
Regular service	\$ 8,612	\$ 29,097	\$ 37,709
Contracted fares - Ionia County Job Access	19,655	30,456	50,111
Belding schools	26	227	253
Interest revenue	57	555	612
Sale of busses	-	-	-
Transfer from general fund	<u>20,000</u>	<u>80,000</u>	<u>100,000</u>
Total local revenues	<u>\$ 48,350</u>	<u>\$ 140,335</u>	<u>\$ 188,685</u>

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

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	<u>10/1/20 to 6/30/2021</u>	<u>7/1/21 to 9/30/2021</u>	<u>Total</u>
Local revenue			
Demand response (farebox)			
Regular service	\$ 26,703	\$ 8,612	\$ 35,315
Contracted fares - Ionia County Job Access	39,685	19,655	59,340
Package delivery	68	-	68
Belding schools	-	26	26
Interest revenue	147	57	204
Sale of busses	-	-	-
Transfer from general fund	<u>60,000</u>	<u>20,000</u>	<u>80,000</u>
Total local revenues	<u>\$ 126,603</u>	<u>\$ 48,350</u>	<u>\$ 174,953</u>

CITY OF BELDING
DIAL-A-RIDE TRANSIT FUND
SCHEDULE OF EXPENDITURES OF STATE AND FEDERAL AWARDS (2)
FOR THE YEAR ENDED JUNE 30, 2022

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	-	-	-	-	46,767	(5,711)
Operating assistance - section 5311 - 2018-2019 (settlement)	20.509	17-0019/P5	42,881	2,080	2,080	-	-	41,792	(991)
Operating assistance - section 5311 - 2019-2020	20.509	17-0019/P6/R1	99,784	-	-	-	-	98,661	1,123
Operating assistance - section 5311 - 2020-2021	20.509	17-0019/P7/R1	99,784	34,218	34,218	-	-	62,013	3,553
Operating assistance - section 5311 - 2020-2021	20.509	17-0019/P8	24,031	-	-	-	-	24,031	-
Operating assistance - section 5311 - 2021-2022	20.509	22-0018/P1	111,280	90,807	90,807	-	-	-	20,473
Capital grant - section 5311 - ARRA capital grant	20.509	07-0173/Z9	8,000	-	-	-	-	6,727	1,273
			561,729	127,105	127,105	-	-	384,070	50,554
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 - depot grant (80/20)	20.509	17-0019/P3/R1	140,000	13,990	11,192	2,798	-	-	126,010
			514,131	13,990	11,192	2,798	-	335,454	164,687
Total U.S. Department of Transportation			1,075,860	141,095	138,297	2,798	-	719,524	215,241
Michigan Department of Transportation									
Operating Assistance - Act 51 (final settlement)	N/A	FY18	8,014	8,014	-	8,014	-		
Operating Assistance - Act 51 (preliminary settlement)	N/A	FY19	-	-	-	-	-		
Operating Assistance - Act 51 (preliminary settlement)	N/A	FY20	16,126	16,126	-	16,126	-		
Operating Assistance - Act 51	N/A	FY21	23,009	23,009	-	23,009	-		
Operating Assistance - Act 51	N/A	FY22	72,999	72,999	-	72,999	-		
RTAP (prior year accrual)			-	-	-	-	-		
RTAP (receipts)			258	258	-	258	-		
Total Michigan Department of Transportation			120,406	120,406	-	120,406	-		
Total			\$ 1,196,266	\$ 261,501	\$ 138,297	\$ 123,204	\$ -	\$ 719,524	\$ 215,241

CITY OF BELDING
DIAL-A-RIDE TRANSIT FUND
SCHEDULE OF STATE AND FEDERAL AWARDS (2A)
FOR THE YEAR ENDED JUNE 30, 2022

	<u>7/1/21 to 9/30/2021</u>	<u>10/1/21 to 6/30/2022</u>	<u>Total</u>
Michigan Department of Transportation			
Capital grant - section 5310 - bus grant (80/20) (receipts)	\$ -	\$ -	\$ -
Capital grant - section 5311 - depot grant (80/20) 2017-0019/P3	-	2,798	2,798
Formula operating assistance (Act 51) - FY18 reconciliation	-	8,014	8,014
Formula operating assistance (Act 51) - FY20 prelim reconciliation	16,126	-	16,126
Formula operating assistance (Act 51) - FY21 (receipts)	23,009	-	23,009
Formula operating assistance (Act 51) - FY22 (receipts)	-	72,999	72,999
RTAP (receipt)	-	258	258
Total Michigan Department of Transportation	<u>39,135</u>	<u>84,069</u>	<u>123,204</u>
Federal grants			
Capital grant - section 5311 - depot grant (80/20) 2017-0019/P3	-	11,192	11,192
Section 5311 grant 2017-0019/P5 - (receipt)	-	3,791	3,791
Section 5311 grant 2017-0019/P5 - (PY accrual)	-	(1,711)	(1,711)
Section 5311 grant 2017-0019/P7 - CARES Act	19,924	31,809	51,733
Section 5311 grant 2017-0019/P7 - CARES Act (PY accrual)	(17,515)	-	(17,515)
Section 5311 grant 2022-0018/P1 - CARES Act (receipt)	-	46,416	46,416
Section 5311 grant 2022-0018/P1 - CARES Act (accrued)	-	44,391	44,391
Total federal grants	<u>2,409</u>	<u>135,888</u>	<u>138,297</u>
Total	<u>\$ 41,544</u>	<u>\$ 219,957</u>	<u>\$ 261,501</u>

DIAL-A-RIDE TRANSIT FUND
SCHEDULE OF STATE AND FEDERAL AWARDS (2B and 4R)
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	<u>10/1/20 to 6/30/2021</u>	<u>7/1/21 to 9/30/2021</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) (accrual)	(193)	-	(193)
Formula operating assistance (Act 51) - FY19 (receipts)	8,183	-	8,183
Formula operating assistance (Act 51) - FY20 prelim reconciliation	-	16,126	16,126
Formula operating assistance (Act 51) - FY21 (receipts)	77,030	23,009	100,039
Formula operating assistance (Act 51) - FY22 (receipts)	-	-	-
RTAP (receipt)	-	-	-
Total Michigan Department of Transportation	<u>85,213</u>	<u>39,135</u>	<u>124,348</u>
Federal grants			
Capital grant - section 5310 - bus grant (80/20) (receipts)	773	-	773
Capital grant - section 5310 - bus grant (80/20) (accrual)	(773)	-	(773)
Section 5311 grant 17-0019/P2 - (receipt reconciled)	6,316	-	6,316
Section 5311 grant 17-0019/P6/R1 - (receipt)	54,140	-	54,140
Section 5311 grant 17-0019/P7 - CARES Act	-	19,924	19,924
Section 5311 grant 17-0019/P7 - CARES Act (PY accrual)	-	(17,515)	(17,515)
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>146,500</u>	<u>2,409</u>	<u>148,909</u>
Total	<u>\$ 231,713</u>	<u>\$ 41,544</u>	<u>\$ 273,257</u>

CITY OF BELDING
DIAL-A-RIDE TRANSIT FUND
SCHEDULE OF OPERATING AND CONTRACT EXPENSES (3)
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Regular service</u>				
	<u>17-0019/P7/R1</u>				
	<u>17-0019/P8</u>	<u>22-0018/P1</u>		<u>Package</u>	<u>Total</u>
	<u>FY 2021</u>	<u>FY 2022</u>	<u>JARC</u>	<u>Delivery</u>	<u>System</u>
Operating expenses					
Labor					
Salaries and wages	\$ 20,402	\$ 101,968	\$ -	\$ -	\$ 122,370
JARC contract	-	-	50,111	-	50,111
Package delivery	-	-	-	-	-
Fringe benefits	12,463	35,016	-	-	47,479
Services					
Other services	5,918	17,567	-	-	23,485
Materials and supplies					
Fuel	4,215	17,207	-	-	21,422
Other materials and supplies	3,760	48,862	-	-	52,622
Casualty and liability costs					
Insurance	1,103	3,309	-	-	4,412
Utilities	3,514	7,459	-	-	10,973
Other	-	1,382	-	-	1,382
Depreciation	<u>11,800</u>	<u>35,398</u>	<u>-</u>	<u>-</u>	<u>47,198</u>
Total operating expenses	\$ 63,175	\$ 268,168	\$ 50,111	\$ -	\$ 381,454

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

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, 2022

	<u>7/1/21 to</u> <u>9/30/2021</u>	<u>10/1/21 to</u> <u>6/30/2022</u>	<u>Total</u>
Expenses			
Labor	\$ 20,402	\$ 101,968	\$ 122,370
Fringe benefits	12,463	35,016	47,479
Service	5,918	17,567	23,485
Materials and supplies	7,975	66,069	74,044
Casualty and liability costs	1,103	3,309	4,412
Utilities	3,514	7,459	10,973
Miscellaneous	-	1,382	1,382
Depreciation	<u>11,800</u>	<u>35,398</u>	<u>47,198</u>
Total regular service expenses	63,175	268,168	331,343
Package delivery	-	-	-
Job Access contract	<u>19,655</u>	<u>30,456</u>	<u>50,111</u>
Total expenses	\$ 82,830	\$ 298,624	\$ 381,454

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, 2021

	<u>10/1/20 to</u> <u>6/30/2021</u>	<u>7/1/21 to</u> <u>9/30/2021</u>	<u>Total</u>
Expenses			
Labor	\$ 92,234	\$ 20,402	\$ 112,636
Fringe benefits	44,027	12,463	56,490
Service	18,023	5,918	23,941
Materials and supplies	29,908	7,975	37,883
Casualty and liability costs	3,309	1,103	4,412
Utilities	11,440	3,514	14,954
Miscellaneous	-	-	-
Depreciation	<u>35,399</u>	<u>11,800</u>	<u>47,199</u>
Total regular service expenses	234,340	63,175	297,515
Package delivery	68	-	68
Job Access contract	<u>29,970</u>	<u>19,655</u>	<u>49,625</u>
Total expenses	\$ 264,378	\$ 82,830	\$ 347,208

CITY OF BELDING

DIAL-A-RIDE TRANSIT FUND OPERATING ASSISTANCE CALCULATION 5

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	<u>Nonurban</u>
State eligible expenses	
Labor	\$ 112,636
Fringe benefits	56,490
Service	23,941
Materials and supplies	37,883
Casualty and liability costs	4,412
Utilities	14,954
Miscellaneous	-
Depreciation	<u>47,199</u>
Total expenses B54	<u>297,515</u>
Less ineligible expenses	
Depreciation	46,699
Association dues	130
Federal grants - RTAP	<u>-</u>
Total ineligible expenses	<u>46,829</u>
State eligible expenses	<u>\$ 250,686</u>
 State operating assistance - 42.050916	 <u>\$ 105,318</u>
Federal eligible expenses	
State eligible expenses	\$ 250,686
Less additional federal ineligible expenses	
Audit costs	<u>2,750</u>
Federal eligible expenses	<u>\$ 247,936</u>
Section 5311 reimbursement - 36%	<u>\$ 89,257</u>
Section 5311 reimbursement - 8.7%	<u>\$ 21,570</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, 2022

	<u>Miles</u>		<u>Hours</u>	
	<u>Regular</u>	<u>JARC</u>	<u>Regular</u>	<u>JARC</u>
Demand response				
Fourth quarter (7/1/21 to 9/30/21)	13,685	4,160	1,859	195
First quarter (10/1/21 to 12/31/21)	13,742	4,032	1,197	189
Second quarter (1/1/22 to 3/31/22)	15,214	4,032	1,352	189
Third quarter (4/1/22 to 6/30/22)	<u>12,872</u>	<u>4,032</u>	<u>1,287</u>	<u>189</u>
Total	<u>55,513</u>	<u>16,256</u>	<u>5,695</u>	<u>762</u>

DIAL-A-RIDE TRANSIT FUND
SCHEDULE OF NONFINANCIAL INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	<u>Miles</u>		<u>Hours</u>	
	<u>Regular</u>	<u>JARC</u>	<u>Regular</u>	<u>JARC</u>
Demand response				
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
Fourth quarter (7/1/21 to 9/30/21)	<u>13,685</u>	<u>4,160</u>	<u>1,859</u>	<u>195</u>
Total	<u>55,467</u>	<u>16,256</u>	<u>5,404</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 except for the fourth quarter of the 2021 JARC contract year (7-1-21 to 9/30/21) and the first quarter of the 2022 JARC contract year (10-1-21 to 12-31-21) which was estimated after the fact. The above amounts have been segregated between regular service and JARC.

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SINGLE AUDIT SECTION



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

December 28, 2022

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, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 28, 2022.

Report on Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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



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

December 28, 2022

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited City of Belding, Michigan's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of City of Belding, Michigan's major federal programs for the year ended June 30, 2022. City of Belding, Michigan's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, City of Belding, Michigan complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on City of Belding, Michigan's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about City of Belding, Michigan's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Purpose of this Report

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

Urodeneld Haefner LLC

CITY OF BELDING
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass- through Grantor's Number	Expenditures
U.S. Department of Agriculture			
Community Facilities Bond 2006	10.766		<u>\$ 1,374,000</u>
U.S. Department of Transportation			
Capital grant - section 5309 - depot grant (80/20)	20.509	17-0019/P3/R1	11,192
Operating assistance - section 5311/CRRSAA	20.509		<u>127,105</u>
			<u>138,297</u>
Total Federal Awards			<u>\$ 1,512,297</u>

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

CITY OF BELDING

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2022

1. The Schedule of Expenditures of Federal Awards is prepared in accordance with the modified accrual basis of accounting with the exception of the Community Facilities Bonds which are required to be reported as expenditures until the bonds are repaid.

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

Federal revenue reported in enterprise funds	
Operating grants	\$ 127,105
Capital grants	11,192
Balance of loans expended in prior years and payable at year end	<u>1,374,000</u>
Expenditures reported on the schedule of expenditure of federal awards	<u>\$ 1,512,297</u>

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

CITY OF BELDING
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

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

Federal Awards

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

CFDA Number(s)

10.766

Name of Federal Program or Cluster

Community Facilities Bonds

Dollar threshold used to distinguish between Type A and B programs:

\$750,000

Auditee qualified as low-risk auditee?

☐ yes ☒ no

SECTION II - FINANCIAL STATEMENT FINDINGS

None

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

SECTION IV - SUMMARY OF PRIOR AUDIT FINDINGS

None