



CITY^{of} BELDING

CITY OF BELDING, MICHIGAN

**FINANCIAL STATEMENTS
and
SINGLE AUDIT REPORTING**

FOR THE YEAR ENDED JUNE 30, 2025



**Vredeveld Haefner LLC
CPAs and Consultants**

CITY OF BELDING

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INDEPENDENT AUDITOR'S REPORT

November 26, 2025

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, 2025, 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, 2025, 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 45 through 51 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, 2025, 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, 2025, 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, 2025, 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 November 26, 2025, 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.

Ordeveld Haefner LLC

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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, 2025. 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 2024-25 Fiscal Year as follows:

- Governmental and business-type activities repaid approximately \$255,000 of long-term debt and had approximately \$20,110,000 of debt forgiven.
- Governmental activities added approximately \$1,000,000 of capital assets which included primarily street improvements, vehicle replacements, equipment and building improvements.
- Business-type activities added approximately \$24,775,000 of capital assets which included primarily lagoon improvements and lead service line replacements.
- Net position of governmental activities increased \$878,082 while net position of business-type activities increased by \$19,761,130.

Overview of the Financial Statements

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

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

The statement of net position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works and streets, and culture and recreation. The business-type activities of the City include Dial-a-Ride, Sewer, and Water.

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

Fund financial statements - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

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

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

Proprietary funds - The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Dial-a-Ride (Transit), Sewer, and Water operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its supplies and professional fees, building and ground maintenance, fleet of vehicles, and insurance. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

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

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

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

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

Government-wide Financial Analysis

Statement of Net Position - As noted earlier, net position may serve over time as a useful indicator of a City's financial position. In the case of the City, assets exceeded liabilities by \$50,697,161 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>	
	2025	2024	2025	2024	2025	2024
Assets						
Current and other assets	\$ 8,564,334	\$ 7,726,069	\$ 6,013,682	\$ 3,633,545	\$14,578,016	\$11,359,614
Capital assets	11,874,105	11,889,841	44,834,713	20,650,316	56,708,818	32,540,157
Total assets	20,438,439	19,615,910	50,848,395	24,283,861	71,286,834	43,899,771
Deferred outflows	184,752	223,731	-	-	184,752	223,731
Liabilities						
Current liabilities	290,842	255,199	3,750,050	1,328,230	4,040,892	1,583,429
Long-term liabilities	3,571,879	3,737,278	13,161,654	8,780,070	16,733,533	12,517,348
Total liabilities	3,862,721	3,992,477	16,911,704	10,108,300	20,774,425	14,100,777
Deferred inflows	-	-	-	-	-	-
Net position						
Net invested in capital						
assets	10,100,308	10,058,176	29,510,761	10,851,877	39,611,069	20,910,053
Restricted	3,726,323	3,256,646	213,068	213,068	3,939,391	3,469,714
Unrestricted	2,933,839	2,532,342	4,212,862	3,110,616	7,146,701	5,642,958
Total net position	\$16,760,470	\$15,847,164	\$33,936,691	\$14,175,561	\$50,697,161	\$30,022,725

By far the largest portion of the City's net position in the amount of 78% 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 8% 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 \$7,146,701, or 14%, 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, 2025, was \$29,768,024. The total cost of all programs and services was \$9,128,812. This results in a net position increase of \$20,639,212. The following table presents a summary of the changes in net position for the fiscal year ended June 30, 2025.

City of Belding's Changes in Net Position

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	2025	2024	2025	2024	2025	2024
Revenues						
Program revenues						
Charges for services	\$ 742,713	\$ 523,170	\$ 3,068,071	\$ 2,626,411	\$ 3,810,784	\$ 3,149,581
Operating grants and contributions	1,321,182	1,179,413	310,430	794,301	1,631,612	1,973,714
Capital grants and contributions	203,024	385,703	20,109,583	607,219	20,312,607	992,922
General revenues						
Property taxes	2,811,363	2,664,067	-	-	2,811,363	2,664,067
State shared revenues	886,823	859,945	-	-	886,823	859,945
Federal grant	-	-	-	-	-	-
Investment earnings	209,486	186,635	105,349	61,379	314,835	248,014
Total revenues	6,174,591	5,798,933	23,593,433	4,089,310	29,768,024	9,888,243
Expenses						
General government	1,144,134	1,001,365	-	-	1,144,134	1,001,365
Public safety	2,157,000	1,713,443	-	-	2,157,000	1,713,443
Public works and streets	1,093,552	1,011,174	-	-	1,093,552	1,011,174
Culture and recreation	790,095	682,818	-	-	790,095	682,818
Interest on long-term debt	71,728	74,724	-	-	71,728	74,724
Dial-A-Ride	-	-	464,091	412,798	464,091	412,798
Sewer	-	-	1,406,438	1,160,156	1,406,438	1,160,156
Water	-	-	2,001,774	1,095,442	2,001,774	1,095,442
Total expenses	5,256,509	4,483,524	3,872,303	2,668,396	9,128,812	7,151,920
Increase (decrease) before transfers	918,082	1,315,409	19,801,130	1,420,914	20,639,212	2,736,323
Transfers in (out)	(40,000)	(40,000)	40,000	40,000	-	-
Increase (decrease) in net position	878,082	1,275,409	19,761,130	1,460,914	20,639,212	2,736,323
Net position – beginning	15,847,164	14,571,755	14,175,561	12,714,647	30,022,725	27,286,402
Error correction	35,224	-	-	-	35,224	-
Net position – ending	\$16,760,470	\$15,847,164	\$33,936,691	\$14,175,561	\$50,697,161	\$30,022,725

Governmental Activities – Governmental activities increased the City's net position by \$878,082, due primarily to increases in the grants and property tax revenue.

Business-type Activities - Business-type activities increased the City's net position by \$19,761,130, due primarily to capital grants in the sewer fund and increased sewer and water rates.

Financial Analysis of the Government's Funds

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

Governmental funds - The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a city's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$6,847,728, an increase of \$883,565 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 \$3,053,727. 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 92% of total General Fund expenditures and transfers out.

The fund balance of the General Fund increased \$413,888 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 \$2,057,459, an increase of \$261,991 primarily due to a county-wide road millage and is dependent on the level of summer and winter maintenance needed.

Fund balance of the local streets fund was \$462,474, a decrease of \$98,267 primarily due to transfers from the major streets fund and is dependent on the level of summer and winter maintenance needed.

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

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

Major Fund Budgetary Highlights

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

Capital Asset and Debt Administration

Capital Assets - The City's investment in capital assets for its governmental and business-type activities as of June 30, 2025, amounts to \$56,708,818 (net of accumulated depreciation). Of this amount, \$11,874,105 was for its governmental activities and \$44,834,713 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 Lightning Bend Park and street projects.
- Work continued on a new lagoon plant.
- Water system lead line replacements.

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 \$15,076,196. Of this amount, \$1,773,797 was reported in governmental activities and \$13,302,399 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 2025-26 fiscal year:

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

Requests for Information

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

BASIC FINANCIAL STATEMENTS

CITY OF BELDING
STATEMENT OF NET POSITION
JUNE 30, 2025

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Downtown Development Authority
Assets				
Cash and pooled investments	\$ 8,164,442	\$ 1,324,221	\$ 9,488,663	\$ 103,938
Accounts receivable	30,371	849,254	879,625	-
Prepaid items	67,678	-	67,678	-
Due from other governments	301,843	3,627,139	3,928,982	2,654
Restricted cash and pooled investments	-	213,068	213,068	-
Capital assets				
Land	945,450	117,734	1,063,184	-
Construction in progress	95,797	35,812,188	35,907,985	-
Depreciable capital assets, net	10,832,858	8,904,791	19,737,649	-
Total assets	20,438,439	50,848,395	71,286,834	106,592
Deferred outflow of resources				
Pension related	184,752	-	184,752	-
Liabilities				
Accounts payable	105,353	3,526,661	3,632,014	258
Accrued liabilities	84,022	63,389	147,411	-
Debt due within one year	101,467	160,000	261,467	-
Noncurrent liabilities				
Compensated absences	164,269	19,255	183,524	-
Debt due in more than one year	1,672,330	13,142,399	14,814,729	-
Net pension liability	1,270,100	-	1,270,100	-
Net OPEB liability	465,180	-	465,180	-
Total liabilities	3,862,721	16,911,704	20,774,425	258
Net position				
Net investment in capital assets	10,100,308	29,510,761	39,611,069	-
Restricted for				
Library	447,725	-	447,725	-
Capital improvements	334,985	-	334,985	-
Major streets	2,057,459	-	2,057,459	-
Local streets	462,474	-	462,474	-
Museum	181,234	-	181,234	-
Law enforcement	8,157	-	8,157	-
Permanent trusts				
Riverridge Cemetery - expendable portion	15,599	-	15,599	-
Riverridge Cemetery - corpus	170,540	-	170,540	-
Debt service	48,150	213,068	261,218	-
Unrestricted	2,933,839	4,212,862	7,146,701	106,334
Total net position	\$ 16,760,470	\$ 33,936,691	\$ 50,697,161	\$ 106,334

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

CITY OF BELDING
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

<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	\$ 1,144,134	\$ 561,582	\$ 14,267	\$ 151,250	\$ (417,035)
Public safety	2,157,000	131,978	7,270	-	(2,017,752)
Public works and streets	1,093,552	-	1,097,507	1,898	5,853
Culture and recreation	790,095	49,153	202,138	49,876	(488,928)
Interest on long-term debt	71,728	-	-	-	(71,728)
Total governmental activities	5,256,509	742,713	1,321,182	203,024	(2,989,590)
Business-type activities					
Dial-A-Ride	464,091	74,098	178,130	-	(211,863)
Sewer	1,406,438	1,928,763	-	18,510,000	19,032,325
Water	2,001,774	1,065,210	132,300	1,599,583	795,319
Total business-type activities	3,872,303	3,068,071	310,430	20,109,583	19,615,781
Total primary government	\$ 9,128,812	\$ 3,810,784	\$ 1,631,612	\$ 20,312,607	\$ 16,626,191
Component unit					
Downtown Development Authority	\$ 7,758	\$ -	\$ -	\$ -	\$ (7,758)
Total component units	\$ 7,758	\$ -	\$ -	\$ -	\$ (7,758)

(Continued)

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

CITY OF BELDING
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Downtown Development Authority
Changes in net position				
Net (expense) revenue	\$ (2,989,590)	\$ 19,615,781	\$ 16,626,191	\$ (7,758)
General revenues				
Property taxes				
General operating	2,090,011	-	2,090,011	25,809
Capital improvement	239,284	-	239,284	-
County-wide library	482,068	-	482,068	-
State shared revenues - unrestricted	886,823	-	886,823	-
Interest earnings	209,486	105,349	314,835	3,478
Transfers - internal activities	(40,000)	40,000	-	-
Total general revenues and transfers	3,867,672	145,349	4,013,021	29,287
Change in net position	878,082	19,761,130	20,639,212	21,529
Net position, beginning of year as previously presented	15,847,164	14,175,561	30,022,725	84,805
Error correction	35,224	-	35,224	-
Net position, beginning of year as restated	15,882,388	14,175,561	30,057,949	84,805
Net position, end of year	\$ 16,760,470	\$ 33,936,691	\$ 50,697,161	\$ 106,334

(Concluded)

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

CITY OF BELDING
GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET

JUNE 30, 2025

	<u>General</u>	<u>Major Streets</u>	<u>Local Streets</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Assets					
Cash and pooled investments	\$ 2,938,902	\$ 1,985,355	\$ 458,735	\$ 1,215,443	\$ 6,598,435
Accounts receivable	30,371	-	-	-	30,371
Prepaid items	67,678	-	-	-	67,678
Due from other governments	<u>148,108</u>	<u>114,853</u>	<u>38,882</u>	<u>-</u>	<u>301,843</u>
Total assets	<u>\$ 3,185,059</u>	<u>\$ 2,100,208</u>	<u>\$ 497,617</u>	<u>\$ 1,215,443</u>	<u>\$ 6,998,327</u>
Liabilities and fund balances					
Liabilities					
Accounts payable	\$ 11,633	\$ 39,589	\$ 31,984	\$ 2,562	\$ 85,768
Accrued liabilities	<u>52,021</u>	<u>3,160</u>	<u>3,159</u>	<u>6,491</u>	<u>64,831</u>
Total liabilities	<u>63,654</u>	<u>42,749</u>	<u>35,143</u>	<u>9,053</u>	<u>150,599</u>
Fund balances					
Nonspendable					
Permanent fund corpus	-	-	-	170,540	170,540
Prepaid items	67,678	-	-	-	67,678
Restricted					
Permanent fund expendable	-	-	-	15,599	15,599
Streets	-	2,057,459	462,474	-	2,519,933
Library	-	-	-	447,725	447,725
Museum	-	-	-	181,234	181,234
Law enforcement	-	-	-	8,157	8,157
Capital projects	-	-	-	334,985	334,985
Assigned					
Debt service	-	-	-	48,150	48,150
Unassigned	<u>3,053,727</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,053,727</u>
Total fund balances	<u>3,121,405</u>	<u>2,057,459</u>	<u>462,474</u>	<u>1,206,390</u>	<u>6,847,728</u>
Total liabilities and fund balances	<u>\$ 3,185,059</u>	<u>\$ 2,100,208</u>	<u>\$ 497,617</u>	<u>\$ 1,215,443</u>	<u>\$ 6,998,327</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, 2025

Fund balances - total governmental funds	\$ 6,847,728
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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	95,797
Add - capital assets (net of accumulated depreciation)	9,957,963

Deferred pension items are not reported in the funds.

Add - deferred outflows	184,752
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Internal service funds are used by management to charge the costs of centralized costs, to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities.

Add - net position of governmental activities accounted for in the internal service funds	2,400,517
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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	(164,269)
Deduct - net OPEB liability	(465,180)
Deduct - net pension liability	(1,270,100)
Deduct - debt payable	(1,752,997)
Deduct - accrued interest on debt payable	<u>(19,191)</u>

Net position of governmental activities	<u>\$ 16,760,470</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, 2025

	<u>General</u>	<u>Major Streets</u>	<u>Local Streets</u>	<u>Formerly Major</u>		<u>Nonmajor Governmental Funds</u>	<u>Total</u>
				<u>Library</u>	<u>Capital Improvements</u>		
Revenues							
Taxes	\$ 1,976,611	\$ 113,400	\$ -			\$ 721,352	\$ 2,811,363
Intergovernmental revenues							
State	886,823	720,543	275,300			162,929	2,045,595
Local	-	-	-			37,000	37,000
Licenses and permits	62,318	-	-			-	62,318
Charges for services	304,149	-	-			150,423	454,572
Fines	18,193	-	-			56,078	74,271
Donations	-	-	-			26,380	26,380
Miscellaneous	470,736	63,141	38,523			36,491	608,891
Total revenues	<u>3,718,830</u>	<u>897,084</u>	<u>313,823</u>	<u>-</u>	<u>-</u>	<u>1,190,653</u>	<u>6,120,390</u>
Expenditures							
Current							
General government	1,025,908	-	-			-	1,025,908
Public safety	2,020,658	-	-			-	2,020,658
Public works and streets	-	527,593	519,590			-	1,047,183
Culture and recreation	218,376	-	-			568,695	787,071
Debt service							
Principal	-	-	-			78,668	78,668
Interest	-	-	-			72,843	72,843
Capital outlay	-	-	-			164,494	164,494
Total expenditures	<u>3,264,942</u>	<u>527,593</u>	<u>519,590</u>	<u>-</u>	<u>-</u>	<u>884,700</u>	<u>5,196,825</u>
Revenues over (under) expenditures	<u>453,888</u>	<u>369,491</u>	<u>(205,767)</u>	<u>-</u>	<u>-</u>	<u>305,953</u>	<u>923,565</u>
Other financing sources (uses)							
Transfers in	-	-	107,500			96,000	203,500
Transfers out	(40,000)	(107,500)	-			(96,000)	(243,500)
Total other financing sources (uses)	<u>(40,000)</u>	<u>(107,500)</u>	<u>107,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(40,000)</u>
Net changes in fund balances	<u>413,888</u>	<u>261,991</u>	<u>(98,267)</u>	<u>-</u>	<u>-</u>	<u>305,953</u>	<u>883,565</u>
Fund balances, beginning of year, as previously presented	2,707,517	1,795,468	560,741	439,199	116,619	344,619	5,964,163
Change within financial reporting entity	-	-	-	(439,199)	(116,619)	555,818	-
Fund balances, beginning of year, as restated	<u>2,707,517</u>	<u>1,795,468</u>	<u>560,741</u>	<u>-</u>	<u>-</u>	<u>900,437</u>	<u>5,964,163</u>
Fund balances, end of year	<u>\$ 3,121,405</u>	<u>\$ 2,057,459</u>	<u>\$ 462,474</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,206,390</u>	<u>\$ 6,847,728</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, 2025

Net changes in fund balances - total governmental funds	\$ 883,565
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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	792,642
Deduct - depreciation expense	(856,139)

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

Add - principal payments on debt	78,668
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.

Deduct - increase in compensated absences	48,847
Add - decrease in other post-employment benefits	5,914
Add - decrease in net pension liability	21,477
Deduct - decrease in deferred outflows	(38,979)
Add - decrease in accrued interest	1,115

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>(59,028)</u>
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Change in net position of governmental activities	\$ <u>878,082</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, 2025

	Enterprise Funds			Enterprise Fund	Governmental Activities
	Sewer	Water	Dial-a-Ride Transit	Total	Internal Service Funds
Assets					
Current assets					
Cash and pooled investments	\$ 835,202	\$ 144,589	\$ 344,430	\$ 1,324,221	\$ 1,566,007
Accounts receivable	564,691	284,548	15	849,254	-
Due from other funds	97,549	-	-	97,549	-
Due from other governments	3,304,455	276,055	46,629	3,627,139	-
Total current assets	4,801,897	705,192	391,074	5,898,163	1,566,007
Long-term assets					
Restricted cash and pooled investments	213,068	-	-	213,068	-
Land	105,314	12,420	-	117,734	-
Construction in progress	35,162,860	649,328	-	35,812,188	-
Land improvements	11,463	-	-	11,463	-
Buildings and equipment	1,829,374	2,604,318	791,793	5,225,485	515,063
Vehicles	-	-	877,680	877,680	2,511,908
Infrastructure	8,682,156	6,517,602	-	15,199,758	-
Less accumulated depreciation	(6,375,628)	(5,137,637)	(896,330)	(12,409,595)	(2,152,076)
Total long-term assets	39,628,607	4,646,031	773,143	45,047,781	874,895
Total assets	44,430,504	5,351,223	1,164,217	50,945,944	2,440,902
Liabilities					
Current liabilities					
Accounts payable	3,242,262	254,852	29,547	3,526,661	19,585
Accrued liabilities	52,596	4,934	5,859	63,389	-
Due to other funds	-	97,549	-	97,549	-
Current portion of long-term debt	160,000	-	-	160,000	20,800
Total current liabilities	3,454,858	357,335	35,406	3,847,599	40,385
Long-term liabilities					
Compensated absences	3,212	15,586	457	19,255	-
Debt payable, net of current portion	13,142,399	-	-	13,142,399	-
Total long-term liabilities	13,145,611	15,586	457	13,161,654	-
Total liabilities	16,600,469	372,921	35,863	17,009,253	40,385
Net position					
Net investment in capital assets	24,218,638	4,518,980	773,143	29,510,761	874,895
Restricted for debt service	213,068	-	-	213,068	-
Unrestricted (deficit)	3,398,329	459,322	355,211	4,212,862	1,525,622
Total net position	\$ 27,830,035	\$ 4,978,302	\$ 1,128,354	\$ 33,936,691	\$ 2,400,517

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, 2025

	<u>Enterprise Funds</u>			<u>Enterprise Fund Total</u>	<u>Governmental Activities Internal Service Funds</u>
	<u>Sewer</u>	<u>Water</u>	<u>Dial-a-Ride Transit</u>		
Operating revenue					
Charges for services	\$ 1,889,116	\$ 1,024,582	\$ 75,298	\$ 2,988,996	\$ 1,302,295
Other	39,647	40,628	-	80,275	3,057
Total operating revenue	<u>1,928,763</u>	<u>1,065,210</u>	<u>75,298</u>	<u>3,069,271</u>	<u>1,305,352</u>
Operating expense					
Personnel services	212,308	69,869	208,634	490,811	23,252
Contractual services	252,041	1,285,039	25,063	1,562,143	933,702
Benefits	66,620	2,472	53,619	122,711	6,547
Materials and supplies	484,340	79,746	27,790	591,876	76,606
Utilities	76,899	158,036	13,510	248,445	103,316
Repair and maintenance	1,245	179,597	16,537	197,379	74,890
Equipment rentals	40,000	-	-	40,000	-
Depreciation	241,417	223,515	116,105	581,037	187,113
Miscellaneous	-	3,500	2,833	6,333	11,257
Total operating expense	<u>1,374,870</u>	<u>2,001,774</u>	<u>464,091</u>	<u>3,840,735</u>	<u>1,416,683</u>
Operating income (loss)	<u>553,893</u>	<u>(936,564)</u>	<u>(388,793)</u>	<u>(771,464)</u>	<u>(111,331)</u>
Non-operating revenue (expense)					
Gain (loss) on sale of capital assets	-	-	(1,200)	(1,200)	-
Federal operating grants	-	132,300	74,733	207,033	-
State operating grants	-	-	103,397	103,397	-
Interest income	34,215	58,707	12,427	105,349	52,303
Interest expense	(31,568)	-	-	(31,568)	-
Total non-operating revenue (expense)	<u>2,647</u>	<u>191,007</u>	<u>189,357</u>	<u>383,011</u>	<u>52,303</u>
Income (loss) before contributions and transfers	<u>556,540</u>	<u>(745,557)</u>	<u>(199,436)</u>	<u>(388,453)</u>	<u>(59,028)</u>
Federal capital grants	18,510,000	1,599,583	-	20,109,583	-
Transfers in	-	-	40,000	40,000	-
Total contributions and transfers	<u>18,510,000</u>	<u>1,599,583</u>	<u>40,000</u>	<u>20,149,583</u>	<u>-</u>
Changes in net position	<u>19,066,540</u>	<u>854,026</u>	<u>(159,436)</u>	<u>19,761,130</u>	<u>(59,028)</u>
Net position, beginning of year	<u>8,763,495</u>	<u>4,124,276</u>	<u>1,287,790</u>	<u>14,175,561</u>	<u>2,459,545</u>
Net position, end of year	<u>\$ 27,830,035</u>	<u>\$ 4,978,302</u>	<u>\$ 1,128,354</u>	<u>\$ 33,936,691</u>	<u>\$ 2,400,517</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, 2025

	Enterprise Funds			Enterprise Fund	Governmental Activities
	Sewer	Water	Dial-a-Ride Transit	Total	Internal Service Funds
Cash flows from operating activities					
Receipts from internal services provided	\$ -	\$ -	\$ -	\$ -	\$ 1,305,352
Receipts from customers and users	1,900,819	1,056,347	38,941	2,996,107	-
Operating grants	-	132,300	178,130	310,430	-
Payments to employees	(269,290)	(69,492)	(264,102)	(602,884)	(29,799)
Payments to suppliers	(1,405,561)	(1,654,078)	(69,720)	(3,129,359)	(1,198,531)
Net cash provided by (used in) operating activities	<u>225,968</u>	<u>(534,923)</u>	<u>(116,751)</u>	<u>(425,706)</u>	<u>77,022</u>
Cash flows from non-capital financing activities					
Payment made on claim payable	-	-	-	-	(20,800)
Transfers in	-	-	40,000	40,000	-
Net cash provided by (used in) non-capital financing activities	<u>-</u>	<u>-</u>	<u>40,000</u>	<u>40,000</u>	<u>(20,800)</u>
Cash flows from capital and related financing activities					
Bond or other debt issue	20,773,633	1,323,528	-	22,097,161	-
Interest paid	(30,817)	-	-	(30,817)	-
Capital grants	18,510,000	1,599,583	-	20,109,583	-
Principal on bonds	(18,665,000)	(1,599,583)	-	(20,264,583)	-
Acquisitions of capital assets	(21,174,959)	(702,723)	-	(21,877,682)	(199,649)
Sale of capital assets	-	-	(1,200)	(1,200)	-
Net cash provided by (used in) capital and related financing activities	<u>(587,143)</u>	<u>620,805</u>	<u>(1,200)</u>	<u>32,462</u>	<u>(199,649)</u>
Cash flows from investing activities					
Interest income	<u>34,215</u>	<u>58,707</u>	<u>12,426</u>	<u>105,348</u>	<u>52,302</u>
Net increase (decrease) in cash and pooled investments	(326,960)	144,589	(65,525)	(247,896)	(91,125)
Cash and pooled investments, beginning of year	<u>1,375,230</u>	<u>-</u>	<u>409,955</u>	<u>1,785,185</u>	<u>1,657,132</u>
Cash and pooled investments, end of year	<u>\$ 1,048,270</u>	<u>\$ 144,589</u>	<u>\$ 344,430</u>	<u>\$ 1,537,289</u>	<u>\$ 1,566,007</u>
Cash flows from operating activities					
Operating income (loss)	\$ 553,893	\$ (936,564)	\$ (388,793)	\$ (771,464)	\$ (111,331)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Depreciation	241,417	223,515	116,105	581,037	187,113
Operating grants	-	132,300	178,130	310,430	-
Change in operating assets and liabilities which provided (used) cash					
Accounts receivable	(27,944)	(8,863)	228	(36,579)	-
Due from other governments	-	-	(36,585)	(36,585)	-
Accounts payable	(551,036)	51,840	16,013	(483,183)	1,240
Accrued liabilities	10,668	1,115	468	12,251	-
Compensated absences	(1,030)	1,734	(2,317)	(1,613)	-
Net cash provided by (used in) operating activities	<u>\$ 225,968</u>	<u>\$ (534,923)</u>	<u>\$ (116,751)</u>	<u>\$ (425,706)</u>	<u>\$ 77,022</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, 2025

	Custodial Funds
Assets	
Cash and pooled investments	\$ 16,314
Due from other governments	<u>8,112</u>
Total assets	<u>24,426</u>
Liabilities	
Accounts payable	431
Due to other governments	15,883
Other liabilities	<u>8,112</u>
Total liabilities	<u>24,426</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, 2025

	Custodial Funds
Additions	
Property taxes collected for other governments	\$ 3,796,296
Funds from Housing Commission	<u>426,143</u>
Total additions	<u>4,222,439</u>
 Deductions	
Property taxes distributed to other governments	3,796,296
Funds spent for Housing Commission payroll	<u>426,143</u>
Total deductions	<u>4,222,439</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, 2025

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, 2025

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, 2025

The City reports the following major governmental funds:

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

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

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

The City reports the following major proprietary funds:

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

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

Additionally, the City reports the following fund types:

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

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

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

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

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

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

Budgets and Budgetary Accounting

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

1. Prior to May 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget is adopted by activity.

CITY OF BELDING

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

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, 2025

Receivables

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

Prepaid Items

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

Capital Assets

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

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

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

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

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

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

Subscription-Based Information Technology Arrangements (SBITAs)

Significant subscription-based information technology arrangements are recorded as an intangible right to use subscription, SBITAs asset. These assets are amortized over the shorter of the subscription term or the useful life of the underlying IT assets. The assets are disclosed with other capital assets in note 5. The associated liability for the arrangement is recorded as long-term debt. Both the asset and the liability are recorded at the present value of the contract. Details regarding the SBITAs and the long-term debt are discussed in note 8.

CITY OF BELDING

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

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.

Compensated Absences

Under contracts negotiated with employee groups and personnel policy, individual employees have a vested right to receive payments for unused vacation and other compensation depending on employment agreements. The City recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled during or upon separation from employment. The liability for compensated absences is recognized in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The liability for compensated absences includes salary-related benefits, where applicable.

Long-Term Obligations

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

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

Pensions

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

Property Taxes

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

Property taxes levied in July of each year are recognized as revenue in that year. The City's 2024 taxable value was \$128,431,752 on which they levied 16.5572 mills for general fund operations.

CITY OF BELDING

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

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.

Interfund Transactions

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

Deferred Outflows/Inflows of Resources

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

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

Net Position and Fund Balance Reporting

Governmental funds report fund balance in the following five categories:

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

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

CITY OF BELDING

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

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.

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, 2025, the City incurred no 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	\$9,488,663	\$103,938	\$16,314	\$9,608,915
Restricted cash and pooled investments	213,068	-	-	213,068
	<u>\$9,701,731</u>	<u>\$103,938</u>	<u>\$16,314</u>	<u>\$9,821,983</u>

Cash and pooled investments and investments captions consist of the following at June 30, 2025:

Deposits and certificates of deposit	\$5,849,495
Pooled funds and securities	3,972,188
Petty cash	<u>300</u>
Total	<u>\$9,821,983</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.

CITY OF BELDING

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

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, \$5,682,003 of the City's bank balance of \$6,182,003 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	\$3,972,188	AAAm	S&P

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

Investment and Deposit Risk

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

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

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

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

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

CITY OF BELDING

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

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).

4. INTERFUND TRANSACTIONS

Transfers in and out for the year ended June 30, 2025 are as follows:

Transfers in				
<u>Transfers out</u>	<u>Nonmajor Governmental</u>	<u>Dial a Ride Transit</u>	<u>Local Streets</u>	<u>Total</u>
General fund	\$ -	\$40,000	\$ -	\$ 40,000
Major Streets	-	-	107,500	107,500
Nonmajor governmental	96,000	-	-	96,000
Total	\$96,000	\$40,000	\$107,500	\$243,500

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, 2024</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2025</u>
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 945,450	\$ -	\$ -	\$ 945,450
Construction in progress	1,019,642	95,797	1,019,642	95,797
Total capital assets, not being depreciated	1,965,092	95,797	1,019,642	1,041,247
Capital assets, being depreciated				
Land improvements	3,727,822	505,375	-	4,233,197
Buildings and improvements	6,339,475	71,172	-	6,410,647
Furniture and equipment	974,684	98,231	-	1,072,915
Motor vehicles	3,672,524	266,610	113,912	3,825,222
Infrastructure	12,611,963	933,300	-	13,545,263
SBITA	-	41,450	-	41,450
Total capital assets, being depreciated	27,326,468	1,916,138	113,912	29,128,694

CITY OF BELDING

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

	Balance July 1, <u>2024</u>	<u>Additions</u>	<u>Deletions</u>	Balance June 30, <u>2025</u>
Less accumulated depreciation and amortization for				
Land improvements	3,498,859	40,362	-	3,539,221
Buildings and improvements	4,170,979	130,747	-	4,301,726
Furniture and equipment	700,656	50,488	-	751,144
Motor vehicles	2,279,615	224,009	113,912	2,389,712
Infrastructure	6,716,387	597,646	-	7,314,033
SBITA	-	-	-	-
Total accumulated depreciation and amortization	17,366,496	1,043,252	113,912	18,295,836
Net capital assets, being depreciated	9,959,972	872,886	-	10,832,858
Governmental activities capital assets, net	\$11,925,064	\$ 968,683	\$1,019,642	\$11,874,105
Business-type activities				
Capital assets, not being depreciated				
Land	\$ 117,734	\$ -	\$ -	\$ 117,734
Construction in progress	11,124,071	24,712,039	23,922	35,812,188
Total capital assets, not being depreciated	11,241,805	24,712,039	23,922	35,929,922
Capital assets being depreciated				
Land improvements	11,463	-	-	11,463
Buildings and equipment	5,225,485	-	-	5,225,485
Vehicles	699,201	-	-	699,201
Infrastructure	15,122,440	77,318	-	15,199,758
Total capital assets, being depreciated	21,058,589	77,318	-	21,135,907
Less accumulated depreciation for				
Land improvements	11,463	-	-	11,463
Buildings and equipment	3,461,203	79,117	-	3,540,320
Vehicles	235,726	93,830	-	329,556
Infrastructure	7,941,687	408,090	-	8,349,777
Total accumulated depreciation	11,650,079	581,037	-	12,231,116
Net capital assets, being depreciated	9,408,510	(503,719)	-	8,904,791
Business-type activities capital assets, net	\$20,650,315	\$24,208,320	\$ 23,922	\$44,834,713

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

Governmental Activities	
General government	\$ 114,840
Public safety	234,610
Public works and streets	426,822
Culture and recreation	79,867
Capital assets held by the governments internal service funds are charged to the various functions based on their usage of the assets	187,113
Total depreciation and amortization expense - governmental activities	\$1,043,252

CITY OF BELDING

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

Business-type activities	
Dial-a-Ride	\$116,105
Sewer	241,417
Water	<u>223,515</u>
Total depreciation expense - business-type activities	<u>\$581,037</u>

In 2025, the City entered into a 5-year SBITA with Motorola for body cameras and the associated cloud services. The total of the agreement was \$41,450 which was fully paid in 2025. As of June 30, 2025, the remaining right of use asset is \$41,450.

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 \$133,341 and plan members contributed \$158,269 to the plan. The City also recognized \$0 in forfeitures this year which offset the City's expense. As of June 30, 2025, there was no payable owed to the plan.

Library employees are covered under a separate plan in which the City is contributing to separate retirement annuity accounts for three individuals. During the year, the City contributed \$9,044 and plan members contributed \$2,962 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.

CITY OF BELDING

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

Membership of the defined benefit plan consisted of the following at the date of the latest actuarial valuation (December 31, 2024):

Inactive employees or beneficiaries currently receiving benefits	7
Inactive employees entitled but not yet receiving benefits	6
Active plan members	<u>5</u>
Total	<u>18</u>

Contributions

The City is required to contribute an actuarially determined fixed amount, which for the current year was \$12,222 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, 2024, 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, 2024 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation: 2.5%

Salary Increases: base wage inflation of 3.00% annually

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

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

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

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

CITY OF BELDING

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

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

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

Discount rate

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

Changes in the Net Pension Liability

	Increase (Decrease)		
	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
	<u>(a)</u>	<u>(b)</u>	<u>(a)-(b)</u>
Balance at December 31, 2023	\$3,020,334	\$1,728,757	\$1,291,577
Changes for the Year:			
Service cost	46,591	-	46,591
Interest	211,472	-	211,472
Change in benefits	-	-	-
Differences between expected and actual experience	29,237	-	29,237
Change in assumptions	8,827	-	8,827
Contributions: employer	-	162,114	(162,114)
Contributions: employee	-	30,282	(30,282)
Net investment income	-	129,067	(129,067)
Benefit payments, including refunds	(196,675)	(196,675)	-
Administrative expense	-	(3,859)	3,859
Other changes	-	-	-
Net changes	99,452	120,929	(21,477)
Balance at December 31, 2024	\$3,119,786	\$1,849,686	\$1,270,100

CITY OF BELDING

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

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

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

	1% Decrease	Current discount rate	1% Increase
Total Pension Liability	\$3,473,661	\$3,119,786	\$2,821,680
Fiduciary Net Position	1,849,686	1,849,686	1,849,686
Net Pension Liability	\$1,623,975	\$1,270,100	\$ 971,994

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

For the year ended June 30, 2025 the employer recognized pension expense of \$186,906. 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	\$ 21,982	\$ -
Differences in assumptions	13,153	-
Excess (deficit) investment returns	64,915	-
Contributions subsequent to the measurement date*	84,702	-
Total	\$184,752	\$ -

* 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 2026.

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

2026	\$ 61,776
2027	52,017
2028	(12,697)
2029	(1,046)
Total	\$100,050

7. OTHER POST-EMPLOYMENT BENEFITS

Plan Description

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

CITY OF BELDING

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

Benefits provided

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

Membership of the plan consisted of the following at the date of the latest actuarial valuation (June 30, 2025):

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

Contributions

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

Net OPEB Liability

The employer's net OPEB liability was measured as of June 30, 2025, 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, 2025 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

- Inflation: Not applicable as benefit at retirement is fixed
- Salary Increases: Not applicable as benefit at retirement is fixed
- Discount rate: 3.93%
- Healthcare cost trend rates: Not applicable as benefit at retirement is fixed
- Mortality rates were based on the 2019 life tables for males or females, as appropriate, from the Social Security Administration.
- Discount rate. The discount rate used to measure the total OPEB liability is 3.93% (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, 2024	<u>\$471,094</u>
Changes for the Year:	
Service cost	5,737
Interest	18,026
Change in assumptions	923
Contributions	-
Benefit payments, including refunds	(30,600)
Other changes	-
Net changes	<u>(5,914)</u>
Balance at June 30, 2025	<u>\$465,180</u>

CITY OF BELDING

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

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

The following presents the net OPEB liability of the employer, calculated using the discount rate of 3.93%, as well as what the employer's net OPEB liability would be using a discount rate that is 1 percentage point lower (2.93%) or higher (4.93%) than the current rate.

	1% Decrease	Current Discount rate	1% Increase
Total OPEB liability	\$510,001	\$465,180	\$425,511

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, 2025 the employer recognized OPEB expense of \$24,686.

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

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 \$12,590 and plan members contributed \$24,143 to the plan.

8. LONG-TERM DEBT

	Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025	Due Within One Year
Governmental activities					
Private placement					
\$2,810,000 Building Authority Bonds, Series 2006, issued through USDA Rural Development. Payments due in annual installments of \$7,000 to \$110,000 through 2046, plus interest at 4.25%.	\$1,303,000	\$ -	\$38,000	\$1,265,000	\$ 40,000
\$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%.	528,665	-	40,668	487,997	40,667

CITY OF BELDING

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

	<u>Balance July 1, 2024</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2025</u>	<u>Due Within One Year</u>
\$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	\$ 41,600	\$ -	\$ 20,800	\$ 20,800	\$ 20,800
Total bonds and notes	1,873,265	-	99,468	1,773,797	101,467
Accrued employee benefits**	213,116	-	48,847	164,269	-
Total governmental activities	\$2,086,381	\$ -	\$148,315	\$1,938,066	\$101,467
Business-type activities					
Private placement					
\$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%.	\$280,000	\$ -	\$ 65,000	\$ 215,000	\$ 70,000
\$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%.	316,316	-	90,000	226,316	90,000
\$46,000,000 2023 Sewage Disposal System Junior Lien Revenue Bonds due in annual installments of \$690,000 to \$1,185,000 through October 1, 2055, plus interest at 1.875%.	8,320,811	23,052,447	18,510,000	12,863,258	-
\$4,145,000 2024 Water Supply System Junior Lien Revenue Bonds due in annual installments of \$48,950 to \$95,000 through October 1, 2055, plus interest at 2.000%.	-	1,599,583	1,599,583	-	-
Total bonds	8,917,127	24,652,030	20,264,583	13,304,574	160,000
Unamortized discount	(2,925)	-	(750)	(2,175)	-
Accrued employee benefits **	20,868	-	1,613	19,255	-
Total business-type activities	\$8,935,070	\$24,652,030	\$20,265,446	\$13,321,654	\$160,000

** The change in compensated absences is presented as a net change

CITY OF BELDING

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

The annual requirements to amortize all debt outstanding (excluding accrued employee benefits and unamortized discounts) as of June 30, 2025 are as follows:

Year Ending June 30	Governmental Activities		Business-type Activities	
	Private placement		Private placement	
	Principal	Interest	Principal	Interest
2026	\$ 101,467	\$ 72,242	\$ 160,000	\$ 224,499
2027	82,666	69,098	850,000	243,017
2028	84,667	65,890	751,316	223,777
2029	85,667	62,653	790,000	210,090
2030	87,666	59,261	730,000	194,780
2031-2035	473,332	242,657	3,855,000	761,603
2036-2040	416,332	148,051	4,235,000	382,853
2041-2045	413,000	65,131	1,933,258	39,904
2046-2048	29,000	1,998	-	-
Total	\$1,773,797	\$786,981	\$13,304,574	\$2,280,523

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 2023 Sewage Disposal System Bonds of \$46,000,000 are issued through a State Revolving Fund program which provides for bond proceeds to be received as the related construction project progresses to a maximum amount of \$46,000,000. In accordance with program guidelines \$18,510,000 of principal forgiveness was recognized this year. The future minimum payment schedule includes only debt outstanding at June 30, 2025.

The 2024 Water Supply System Bonds of \$4,145,000 are issued through a State Revolving Fund program which provides for bond proceeds to be received as the related construction project progresses to a maximum amount of \$4,145,000. In accordance with program guidelines, \$1,599,583 of principal forgiveness was recognized this year. The future minimum payment schedule includes only debt outstanding at June 30, 2025.

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 \$231,123. For the current year, principal and interest paid was \$94,409 and revenues were \$1,889,116.

CITY OF BELDING

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

9. 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.

10. 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.

11. 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 \$405,444 (40%) of water sales.

12. 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, 2025 the City abated property tax revenues of approximately \$9,000.

The City entered into a property tax abatement agreement with a local organization to provide housing for low income and senior persons and families and to encourage the development of such housing by providing for a service charge in lieu of property taxes in accordance with the State Housing Development Authority Act of 1966 (1966 PA 346, as amended, MCL 125.1401, et seq, MSA 116.11-4(1), et seq). Under the agreement the organization pays 10% of annual shelter rent in lieu of taxes or the ad valorem property taxes whichever is smaller. The agreement is approved for a term dependent on the status of outstanding loans, participation in low-income housing tax credits, and rehabilitation of the property. For the year ended June 30, 2025 the City abated property tax revenues of approximately \$40,000.

13. COMMITMENTS

The City has remaining construction commitments of approximately \$12,730,000 for the upgrades to the wastewater treatment plant, the bridge street reconstruction project and city hall elevator upgrades.

CITY OF BELDING

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

14. RESTATEMENT OF FUND BALANCE

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

Beginning net position of the government wide statements was increased by \$91,017 to recognize the full costs of construction projects completed in the prior year and decreased by \$55,793 to recognize the full scope of the prior year depreciation expense. This resulted in a net increase to government-wide beginning net position of \$35,224.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF BELDING

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

FOR THE YEAR ENDED JUNE 30, 2025

	Budget Amounts		Actual	Variance
	<u>Original</u>	<u>Final</u>	<u>Amount</u>	<u>Positive (Negative)</u>
Revenues				
Taxes	\$ 1,924,972	\$ 1,980,900	\$ 1,976,611	\$ (4,289)
Intergovernmental revenues				
State	896,000	896,000	886,823	(9,177)
Licenses and permits	21,000	25,000	62,318	37,318
Charges for services	292,552	299,629	304,149	4,520
Fines	7,000	15,575	18,193	2,618
Miscellaneous	165,700	452,470	470,736	18,266
Total revenues	<u>3,307,224</u>	<u>3,669,574</u>	<u>3,718,830</u>	<u>49,256</u>
Expenditures				
Current				
General government	1,086,256	1,120,614	1,025,908	94,706
Public safety	1,945,000	2,291,916	2,020,658	271,258
Culture and recreation	235,300	262,800	218,376	44,424
Total expenditures	<u>3,266,556</u>	<u>3,675,330</u>	<u>3,264,942</u>	<u>410,388</u>
Revenues over (under) expenditures	40,668	(5,756)	453,888	459,644
Other financing sources (uses)				
Transfers out	(40,000)	(40,000)	(40,000)	-
Net changes in fund balance	668	(45,756)	413,888	459,644
Fund balance, beginning of year	<u>2,707,517</u>	<u>2,707,517</u>	<u>2,707,517</u>	<u>-</u>
Fund balance, end of year	<u>\$ 2,708,185</u>	<u>\$ 2,661,761</u>	<u>\$ 3,121,405</u>	<u>\$ 459,644</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, 2025

	Budget Amounts		Actual	Variance
	<u>Original</u>	<u>Final</u>	<u>Amount</u>	<u>Positive (Negative)</u>
Revenues				
Taxes	\$ 100,000	\$ 113,400	\$ 113,400	\$ -
Intergovernmental revenues				
State	700,000	700,000	720,543	20,543
Miscellaneous	<u>20,000</u>	<u>67,000</u>	<u>63,141</u>	<u>(3,859)</u>
Total revenues	820,000	880,400	897,084	16,684
Expenditures				
Current				
Public works and streets	<u>712,100</u>	<u>745,753</u>	<u>527,593</u>	<u>218,160</u>
Revenues over (under) expenditures	107,900	134,647	369,491	234,844
Other financing sources (uses)				
Transfers out	<u>(107,500)</u>	<u>(107,500)</u>	<u>(107,500)</u>	<u>-</u>
Net changes in fund balance	400	27,147	261,991	234,844
Fund balance, beginning of year	<u>1,795,468</u>	<u>1,795,468</u>	<u>1,795,468</u>	<u>-</u>
Fund balance, end of year	<u>\$ 1,795,868</u>	<u>\$ 1,822,615</u>	<u>\$ 2,057,459</u>	<u>\$ 234,844</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, 2025

	Budget Amounts		Actual	Variance
	<u>Original</u>	<u>Final</u>	<u>Amount</u>	<u>Positive</u>
				<u>(Negative)</u>
Revenues				
Intergovernmental revenues				
State	\$ 265,000	\$ 265,000	\$ 275,300	\$ 10,300
Miscellaneous	<u>50,000</u>	<u>39,719</u>	<u>38,523</u>	<u>(1,196)</u>
Total revenues	315,000	304,719	313,823	9,104
Expenditures				
Current				
Public works and streets	<u>422,000</u>	<u>520,000</u>	<u>519,590</u>	<u>410</u>
Revenues over (under) expenditures	(107,000)	(215,281)	(205,767)	9,514
Other financing sources (uses)				
Transfers in	<u>107,500</u>	<u>107,500</u>	<u>107,500</u>	<u>-</u>
Net changes in fund balance	500	(107,781)	(98,267)	9,514
Fund balance, beginning of year	<u>560,741</u>	<u>560,741</u>	<u>560,741</u>	<u>-</u>
Fund balance, end of year	<u>\$ 561,241</u>	<u>\$ 452,960</u>	<u>\$ 462,474</u>	<u>\$ 9,514</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, 2025

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability										
Service cost	\$ 46,591	\$ 42,596	\$ 41,212	\$ 35,184	\$ 35,873	\$ 33,497	\$ 32,240	\$ 35,205	\$ 26,748	\$ 36,382
Interest	211,472	207,401	202,239	201,162	191,548	191,898	186,492	183,357	173,772	160,085
Changes in benefit terms	-	-	-	-	(12,115)	-	-	-	-	-
Difference between expected and actual experience	29,237	7,471	23,730	102	26,880	14,435	38,567	(1,621)	64,706	74,947
Changes in assumptions	8,827	21,802	-	100,592	82,082	77,312	-	-	-	88,824
Benefit payments including employee refunds	(196,675)	(196,675)	(196,675)	(198,175)	(196,675)	(196,675)	(184,031)	(168,510)	(130,782)	(116,606)
Other	-	-	-	1	-	-	-	-	-	-
Net change in total pension liability	99,452	82,595	70,506	138,866	127,593	120,467	73,268	48,431	134,444	243,632
Total pension liability, beginning of year	<u>3,020,334</u>	<u>2,937,739</u>	<u>2,867,233</u>	<u>2,728,367</u>	<u>2,600,774</u>	<u>2,480,307</u>	<u>2,407,039</u>	<u>2,358,608</u>	<u>2,224,164</u>	<u>1,980,532</u>
Total pension liability, end of year	<u>\$ 3,119,786</u>	<u>\$ 3,020,334</u>	<u>\$ 2,937,739</u>	<u>\$ 2,867,233</u>	<u>\$ 2,728,367</u>	<u>\$ 2,600,774</u>	<u>\$ 2,480,307</u>	<u>\$ 2,407,039</u>	<u>\$ 2,358,608</u>	<u>\$ 2,224,164</u>
Plan Fiduciary Net Position										
Contributions-employer	\$ 162,114	\$ 429,518	\$ 140,130	\$ 120,282	\$ 105,559	\$ 110,305	\$ 104,844	\$ 84,623	\$ 60,203	\$ 52,421
Contributions-employee	30,282	28,106	27,183	25,304	32,976	31,237	28,766	28,840	30,005	31,423
Net investment income	129,067	162,470	(153,002)	188,116	155,745	156,381	(48,542)	151,811	123,409	(17,400)
Benefit payments including employee refunds	(196,675)	(196,675)	(196,675)	(198,175)	(196,675)	(196,675)	(184,031)	(168,510)	(130,782)	(116,606)
Administrative expense	(3,859)	(3,307)	(2,742)	(2,170)	(2,506)	(2,694)	(2,438)	(2,406)	(2,437)	(2,513)
Net change in plan fiduciary net position	120,929	420,112	(185,106)	133,357	95,099	98,554	(101,401)	94,358	80,398	(52,675)
Plan fiduciary net position, beginning of year	<u>1,728,757</u>	<u>1,308,645</u>	<u>1,493,751</u>	<u>1,360,394</u>	<u>1,265,295</u>	<u>1,166,741</u>	<u>1,268,142</u>	<u>1,173,784</u>	<u>1,093,386</u>	<u>1,146,061</u>
Plan fiduciary net position, end of year	<u>\$ 1,849,686</u>	<u>\$ 1,728,757</u>	<u>\$ 1,308,645</u>	<u>\$ 1,493,751</u>	<u>\$ 1,360,394</u>	<u>\$ 1,265,295</u>	<u>\$ 1,166,741</u>	<u>\$ 1,268,142</u>	<u>\$ 1,173,784</u>	<u>\$ 1,093,386</u>
Employer net pension liability	<u>\$ 1,270,100</u>	<u>\$ 1,291,577</u>	<u>\$ 1,629,094</u>	<u>\$ 1,373,482</u>	<u>\$ 1,367,973</u>	<u>\$ 1,335,479</u>	<u>\$ 1,313,566</u>	<u>\$ 1,138,897</u>	<u>\$ 1,184,824</u>	<u>\$ 1,130,778</u>
Plan fiduciary net position as a percentage of the total pension liability	59%	57%	45%	52%	50%	49%	47%	53%	50%	49%
Covered employee payroll	\$ 346,646	\$ 322,160	\$ 312,350	\$ 291,848	\$ 381,338	\$ 355,258	\$ 335,136	\$ 357,105	\$ 339,780	\$ 356,040
Employer's net pension liability as a percentage of covered employee payroll	366%	401%	522%	471%	359%	376%	392%	319%	349%	318%

Notes to schedule:

Above data is based on a December 31 measurement date.

CITY OF BELDING

DEFINED BENEFIT PENSION PLAN SCHEDULE OF EMPLOYER CONTRIBUTIONS

FOR THE YEAR ENDED JUNE 30, 2025

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
6/30/2016	\$ 48,828	\$ 48,828	\$ -	\$ 356,040	14%
6/30/2017	72,060	72,060	-	339,780	21%
6/30/2018	74,172	97,762	(23,590)	357,105	27%
6/30/2019	94,152	112,147	(17,995)	335,136	33%
6/30/2020	103,485	103,485	-	355,258	29%
6/30/2021	111,299	111,299	-	381,338	29%
6/30/2022	129,300	129,300	-	291,848	44%
6/30/2023	150,960	150,960	-	312,350	48%
6/30/2024	154,824	154,824	-	322,160	48%
6/30/2025	169,404	169,404	-	346,646	49%

Notes to schedule

Actuarial cost method	Entry Age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	15 years
Asset valuation method	5 year smoothed (10 year smoothing 2014)
Inflation	2.5% (3.5% 2014)
Salary increases	3.00% (3.75% for 2015 through 2019)
Investment rate of return	7.00% (7.35% for 2020-2021, 7.75% for 2015 through 2019)
Retirement age	Varies depending on plan adoption
Mortality	50% female/50% male MP-2019 mortality table

CITY OF BELDING

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

FOR THE YEAR ENDED JUNE 30, 2025

	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB liability								
Service cost	\$ 5,737	\$ 6,915	\$ 7,062	\$ 10,907	\$ 9,421	\$ 9,735	\$ 2,701	\$ 35,705
Interest	18,026	17,142	19,269	13,942	14,100	13,978	15,432	13,312
Changes in benefit terms	-	-	-	-	(4,345)	-	-	-
Difference between expected and actual experience	-	-	-	-	4,825	10,564	8,873	23,531
Changes in assumptions	923	(3,847)	(70,359)	35,637	-	-	-	-
Benefit payments including employee refunds	(30,600)	(30,600)	(30,600)	(30,600)	(30,600)	(28,600)	(25,800)	(21,800)
Other	-	-	-	-	-	-	-	-
Net change in total OPEB liability	<u>(5,914)</u>	<u>(10,390)</u>	<u>(74,628)</u>	<u>29,886</u>	<u>(6,599)</u>	<u>5,677</u>	<u>1,206</u>	<u>50,748</u>
Total OPEB liability, beginning of year	<u>471,094</u>	<u>481,484</u>	<u>556,112</u>	<u>526,226</u>	<u>532,825</u>	<u>527,148</u>	<u>525,942</u>	<u>475,194</u>
Total OPEB liability, ending of year	<u>\$465,180</u>	<u>\$ 471,094</u>	<u>\$ 481,484</u>	<u>\$ 556,112</u>	<u>\$ 526,226</u>	<u>\$ 532,825</u>	<u>\$ 527,148</u>	<u>\$ 525,942</u>
Plan Fiduciary Net Position								
Contributions-employer	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions-employee	-	-	-	-	-	-	-	-
Net investment income	-	-	-	-	-	-	-	-
Benefit payments including employee refunds	-	-	-	-	-	-	-	-
Administrative expense	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Net change in plan fiduciary net position	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Plan fiduciary net position, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Plan fiduciary net position, ending of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Employer net OPEB liability	<u>\$465,180</u>	<u>\$ 471,094</u>	<u>\$ 481,484</u>	<u>\$ 556,112</u>	<u>\$ 526,226</u>	<u>\$ 532,825</u>	<u>\$ 527,148</u>	<u>\$ 525,942</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0%	0%	0%	0%	0%	0%	0%	0%
Covered employee payroll	\$ 166,101	\$ 149,925	\$ 136,919	\$ 141,266	\$ 128,156	\$ 109,408	\$ 190,578	\$ 179,974
Employer's net OPEB liability as a percentage of covered employee payroll	280%	314%	352%	394%	411%	487%	277%	292%

Notes to schedule:

Above data is based on a June 30 measurement date.

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

CITY OF BELDING

DEFINED BENEFIT OPEB PLAN

SCHEDULE OF EMPLOYER CONTRIBUTIONS

FOR THE YEAR ENDED JUNE 30, 2025

Fiscal Year end	Actuarially determined contributions	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered employee payroll	Contributions as a percentage of covered employee payroll
6/30/2018	\$ 35,705	\$ 21,800	\$ 13,905	\$ 179,974	12%
6/30/2019	19,558	25,800	(6,242)	190,578	14%
6/30/2020	35,876	28,600	7,276	109,408	26%
6/30/2021	35,238	30,600	4,638	128,156	24%
6/30/2022	36,287	30,600	5,687	141,266	22%
6/30/2023	33,373	30,600	2,773	136,919	22%
6/30/2024	32,794	30,600	2,194	149,925	20%
6/30/2025	32,411	30,600	1,811	166,101	18%

Notes to schedule

Notes to schedule

Actuarial cost method	Entry Age
Amortization method	Level dollar, closed
Remaining amortization period	6.5 years
Asset valuation method	N/A
Inflation	N/A - fixed benefit amount
Salary increases	N/A
Discount rate	3.93%
Retirement age	Varies depending on plan adoption
Mortality	2019 Social Security Life tables

Note to schedule:

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

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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, 2025

	Budget Amounts		Actual Amount	Variance Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Expenditures				
Current				
General government				
City Council	\$ 46,800	\$ 51,300	\$ 48,436	\$ 2,864
City Manager	213,150	228,150	215,569	12,581
Finance and administration	264,376	264,376	254,590	9,786
City Clerk	178,430	204,788	179,644	25,144
Central municipal activities	246,000	282,500	252,761	29,739
Cemetery	87,500	89,500	74,908	14,592
Contingency	50,000	-	-	-
	<u>1,086,256</u>	<u>1,120,614</u>	<u>1,025,908</u>	<u>94,706</u>
Public safety				
Police Department	1,194,800	1,344,300	1,222,898	121,402
Fire Department	750,200	947,616	797,760	149,856
	<u>1,945,000</u>	<u>2,291,916</u>	<u>2,020,658</u>	<u>271,258</u>
Culture and recreation				
Park maintenance	129,500	137,000	136,906	94
Community center	42,800	62,800	53,512	9,288
Planning and community development	52,000	52,000	19,408	32,592
Community promotions	11,000	11,000	8,550	2,450
	<u>235,300</u>	<u>262,800</u>	<u>218,376</u>	<u>44,424</u>
Total expenditures	<u>\$ 3,266,556</u>	<u>\$ 3,675,330</u>	<u>\$ 3,264,942</u>	<u>\$ 410,388</u>

CITY OF BELDING
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2025

	<u>Special revenue</u>				<u>Debt Service</u>	<u>Permanent</u>	
			<u>Formerly Major</u>				
	<u>Museum</u>	<u>Drug Forfeiture</u>	<u>Library</u>	<u>Capital Improvements</u>	<u>Library Debt Service</u>	<u>River Ridge Cemetery</u>	<u>Total</u>
Assets							
Cash and pooled investments	\$ 181,454	\$ 8,157	\$ 456,558	\$ 334,985	\$ 48,150	\$ 186,139	\$ 1,215,443
Liabilities and fund balances							
Liabilities							
Accounts payable	\$ 220	\$ -	\$ 2,342	\$ -	\$ -	\$ -	\$ 2,562
Accrued liabilities	-	-	6,491	-	-	-	6,491
Total liabilities	<u>220</u>	<u>-</u>	<u>8,833</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,053</u>
Fund balances							
Non-Spendable							
Permanent fund corpus	-	-	-	-	-	170,540	170,540
Restricted							
Permanent fund spendable	-	-	-	-	-	15,599	15,599
Library	-	-	447,725	-	-	-	447,725
Museum	181,234	-	-	-	-	-	181,234
Law enforcement	-	8,157	-	-	-	-	8,157
Capital projects	-	-	-	334,985	-	-	334,985
Assigned							
Debt Service	-	-	-	-	48,150	-	48,150
	<u>181,234</u>	<u>8,157</u>	<u>447,725</u>	<u>334,985</u>	<u>48,150</u>	<u>186,139</u>	<u>1,206,390</u>
Total liabilities and fund balances	<u>\$ 181,454</u>	<u>\$ 8,157</u>	<u>\$ 456,558</u>	<u>\$ 334,985</u>	<u>\$ 48,150</u>	<u>\$ 186,139</u>	<u>\$ 1,215,443</u>

CITY OF BELDING
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2025

	Special revenue				Debt Service	Permanent	
			Formerly Major	Capital	Library	River Ridge	
	<u>Museum</u>	<u>Drug Forfeiture</u>	<u>Library</u>	<u>Improvements</u>	<u>Debt Service</u>	<u>Cemetery</u>	<u>Total</u>
Revenues							
Taxes	\$ -	\$ -	\$ 482,068	\$ 239,284	\$ -	\$ -	\$ 721,352
Intergovernmental revenues							
State	-	-	11,679	151,250	-	-	162,929
Local	-	-	-	37,000	-	-	37,000
Charges for services	102,000	-	48,423	-	-	-	150,423
Fines	-	-	56,078	-	-	-	56,078
Donations	19,668	-	5,662	-	1,050	-	26,380
Miscellaneous	1,857	147	13,846	14,267	3,174	3,200	36,491
Total revenues	<u>123,525</u>	<u>147</u>	<u>617,756</u>	<u>441,801</u>	<u>4,224</u>	<u>3,200</u>	<u>1,190,653</u>
Expenditures							
Current							
Culture and recreation	55,465	-	513,230	-	-	-	568,695
Debt service							
Principal	-	-	-	40,668	38,000	-	78,668
Interest	-	-	-	18,273	54,570	-	72,843
Capital outlay	-	-	-	164,494	-	-	164,494
Total expenditures	<u>55,465</u>	<u>-</u>	<u>513,230</u>	<u>223,435</u>	<u>92,570</u>	<u>-</u>	<u>884,700</u>
Revenues over (under) expenditures	68,060	147	104,526	218,366	(88,346)	3,200	305,953
Other financing sources (uses)							
Transfers in	-	-	-	-	96,000	-	96,000
Transfers out	-	-	(96,000)	-	-	-	(96,000)
Total other financing sources (uses)	-	-	(96,000)	-	96,000	-	-
Net changes in fund balances	<u>68,060</u>	<u>147</u>	<u>8,526</u>	<u>218,366</u>	<u>7,654</u>	<u>3,200</u>	<u>305,953</u>
Fund balances, beginning of year, as previously presented	113,174	8,010	-	-	40,496	182,939	344,619
Change within financial reporting entity	-	-	439,199	116,619	-	-	555,818
Fund balances, beginning of year, as restated	<u>113,174</u>	<u>8,010</u>	<u>439,199</u>	<u>116,619</u>	<u>40,496</u>	<u>182,939</u>	<u>900,437</u>
Fund balances, end of year	<u>\$ 181,234</u>	<u>\$ 8,157</u>	<u>\$ 447,725</u>	<u>\$ 334,985</u>	<u>\$ 48,150</u>	<u>\$ 186,139</u>	<u>\$ 1,206,390</u>

CITY OF BELDING

MUSEUM FUND

SCHEDULE OF REVENUES, EXPENDITURES

AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2025

	Budget Amounts		Actual	Variance
	<u>Original</u>	<u>Final</u>	<u>Amount</u>	<u>Positive</u>
				<u>(Negative)</u>
Revenues				
Charges for services	\$ 500	\$ 100,000	\$ 102,000	\$ 2,000
Donations	8,450	14,500	19,668	5,168
Miscellaneous	<u>200</u>	<u>5,000</u>	<u>1,857</u>	<u>(3,143)</u>
Total revenues	9,150	119,500	123,525	4,025
Expenditures				
Current				
Culture and recreation	<u>8,850</u>	<u>111,300</u>	<u>55,465</u>	<u>55,835</u>
Net changes in fund balance	300	8,200	68,060	59,860
Fund balance, beginning of year	<u>113,174</u>	<u>113,174</u>	<u>113,174</u>	<u>-</u>
Fund balance, end of year	<u>\$ 113,474</u>	<u>\$ 121,374</u>	<u>\$ 181,234</u>	<u>\$ 59,860</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, 2025

	Budget Amounts		Actual	Variance
	<u>Original</u>	<u>Final</u>	<u>Amount</u>	<u>Positive (Negative)</u>
Revenues				
Miscellaneous	\$ -	\$ -	\$ 147	\$ 147
Expenditures				
Current				
Public safety	<u>2,500</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balance	(2,500)	-	147	147
Fund balance, beginning of year	<u>8,010</u>	<u>8,010</u>	<u>8,010</u>	<u>-</u>
Fund balance, end of year	<u>\$ 5,510</u>	<u>\$ 8,010</u>	<u>\$ 8,157</u>	<u>\$ 147</u>

CITY OF BELDING

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

FOR THE YEAR ENDED JUNE 30, 2025

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amount</u>	<u>Positive</u> <u>(Negative)</u>
Revenues				
Taxes	\$ 358,900	\$ 482,067	\$ 482,068	\$ 1
Intergovernmental revenues				
State	9,331	11,678	11,679	1
Charges for services	50,225	47,997	48,423	426
Fines	68,469	56,077	56,078	1
Donations	40,587	24,085	5,662	(18,423)
Miscellaneous	2,223	12,634	13,846	1,212
Total revenues	529,735	634,538	617,756	(16,782)
Expenditures				
Current				
Culture and recreation	381,060	538,538	513,230	25,308
Revenues over (under) expenditures	148,675	96,000	104,526	8,526
Other financing sources (uses)				
Transfers out	(96,000)	(96,000)	(96,000)	-
Net changes in fund balance	52,675	-	8,526	8,526
Fund balance, beginning of year	439,199	439,199	439,199	-
Fund balance, end of year	<u>\$ 491,874</u>	<u>\$ 439,199</u>	<u>\$ 447,725</u>	<u>\$ 8,526</u>

CITY OF BELDING

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF NET POSITION

JUNE 30, 2025

	<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	\$ 127,233	\$ 404,798	\$ 798,455	\$ 235,521	\$ 1,566,007
Capital assets					
Buildings and equipment	124,697	336,588	53,778	-	515,063
Vehicles	-	-	2,511,908	-	2,511,908
Less accumulated depreciation	(101,296)	(223,432)	(1,827,348)	-	(2,152,076)
Net capital assets	23,401	113,156	738,338	-	874,895
Total assets	<u>150,634</u>	<u>517,954</u>	<u>1,536,793</u>	<u>235,521</u>	<u>2,440,902</u>
Liabilities					
Current liabilities					
Accounts payable	16,035	296	3,054	200	19,585
Current portion of claims payable	20,800	-	-	-	20,800
Total liabilities	<u>36,835</u>	<u>296</u>	<u>3,054</u>	<u>200</u>	<u>40,385</u>
Net position					
Net investment in capital assets	23,401	113,156	738,338	-	874,895
Unrestricted	90,398	404,502	795,401	235,321	1,525,622
Total net position	<u>\$ 113,799</u>	<u>\$ 517,658</u>	<u>\$ 1,533,739</u>	<u>\$ 235,321</u>	<u>\$ 2,400,517</u>

CITY OF BELDING

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

FOR THE YEAR ENDED JUNE 30, 2025

	<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	\$ 354,500	\$ 143,902	\$ 360,232	\$ 443,661	\$ 1,302,295
Other	-	3,057	-	-	3,057
Total operating revenue	<u>354,500</u>	<u>146,959</u>	<u>360,232</u>	<u>443,661</u>	<u>1,305,352</u>
Operating expense					
Personnel services	-	-	23,252	-	23,252
Contractual services	464,196	-	7,000	462,506	933,702
Benefits	-	-	6,547	-	6,547
Materials and supplies	16,843	-	59,763	-	76,606
Utilities	10,537	64,203	28,576	-	103,316
Repair and maintenance	-	36,695	38,195	-	74,890
Depreciation	12,151	12,046	162,916	-	187,113
Miscellaneous	10,757	-	500	-	11,257
Total operating expense	<u>514,484</u>	<u>112,944</u>	<u>326,749</u>	<u>462,506</u>	<u>1,416,683</u>
Operating income (loss)	(159,984)	34,015	33,483	(18,845)	(111,331)
Non-operating revenue (expense)					
Interest income	8,131	15,707	28,465	-	52,303
Changes in net position	(151,853)	49,722	61,948	(18,845)	(59,028)
Net position, beginning of year	<u>265,652</u>	<u>467,936</u>	<u>1,471,791</u>	<u>254,166</u>	<u>2,459,545</u>
Net position, end of year	<u>\$ 113,799</u>	<u>\$ 517,658</u>	<u>\$ 1,533,739</u>	<u>\$ 235,321</u>	<u>\$ 2,400,517</u>

CITY OF BELDING
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2025

	<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	\$ 354,500	\$ 146,959	\$ 360,232	\$ 443,661	\$ 1,305,352
Payments to employees	-	-	(29,799)	-	(29,799)
Payments to suppliers	(499,876)	(103,862)	(132,487)	(462,306)	(1,198,531)
Net cash provided by (used in) operating activities	(145,376)	43,097	197,946	(18,645)	77,022
Cash flows from non-capital financing activities					
Payment made on claim payable	(20,800)	-	-	-	(20,800)
Cash flows from capital and related financing activities					
Acquisitions of capital assets	-	-	(199,649)	-	(199,649)
Cash flows from investing activities					
Interest income	8,131	15,706	28,465	-	52,302
Net increase (decrease) in cash and pooled investments	(158,045)	58,803	26,762	(18,645)	(91,125)
Cash and pooled investments, beginning of year	285,278	345,995	771,693	254,166	1,657,132
Cash and pooled investments, end of year	\$ 127,233	\$ 404,798	\$ 798,455	\$ 235,521	\$ 1,566,007
Cash flows from operating activities					
Operating income (loss)	\$ (159,984)	\$ 34,015	\$ 33,483	\$ (18,845)	\$ (111,331)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Depreciation	12,151	12,046	162,916	-	187,113
Change in operating assets and liabilities which provided (used) cash					
Accounts payable	2,457	(2,964)	1,547	200	1,240
Net cash provided by (used in) operating activities	\$ (145,376)	\$ 43,097	\$ 197,946	\$ (18,645)	\$ 77,022

CITY OF BELDING
FIDUCIARY FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2025

	<u>Custodial Funds</u>		
	<u>Tax Collection</u>	<u>Housing Commission Payroll</u>	<u>Total</u>
Assets			
Cash and pooled investments	\$ 16,314	\$ -	\$ 16,314
Due from other governments	<u>-</u>	<u>8,112</u>	<u>8,112</u>
Total assets	<u>16,314</u>	<u>8,112</u>	<u>24,426</u>
Liabilities			
Accounts payable	431	-	431
Due to other governments	15,883	-	15,883
Other liabilities	<u>-</u>	<u>8,112</u>	<u>8,112</u>
Total liabilities	<u>16,314</u>	<u>8,112</u>	<u>24,426</u>
Net position			
Restricted	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF BELDING
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2025

	<u>Custodial Funds</u>		
	<u>Tax Collection</u>	<u>Housing Commission Payroll</u>	<u>Total</u>
Additions			
Property taxes collected for other governments	\$ 3,796,296	\$ -	\$ 3,796,296
Funds from Housing Commission	-	426,143	426,143
Total additions	<u>3,796,296</u>	<u>426,143</u>	<u>4,222,439</u>
Deductions			
Property taxes distributed to other governments	3,796,296	-	3,796,296
Funds spent for Housing Commission payroll	-	426,143	426,143
Total deductions	<u>3,796,296</u>	<u>426,143</u>	<u>4,222,439</u>
Net increase	-	-	-
Net position, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Net position, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF BELDING

DOWNTOWN DEVELOPMENT AUTHORITY BALANCE SHEET/STATEMENT OF NET POSITION

JUNE 30, 2025

	Governmental Fund Type		Statement of
	General Fund	Adjustments	Net Position
Assets			
Cash and pooled investments	\$ 103,938	\$ -	\$ 103,938
Due from other governments	<u>2,654</u>	<u>-</u>	<u>2,654</u>
Total assets	<u>\$ 106,592</u>	<u>-</u>	106,592
Liabilities and fund balances			
Liabilities			
Accounts payable and accrued liabilities	\$ 258	-	<u>258</u>
Fund balances			
Unassigned	<u>106,334</u>	<u>(106,334)</u>	-
Total liabilities and fund balances	<u>\$ 106,592</u>		
Net position			
Unrestricted		<u>\$ 106,334</u>	<u>\$ 106,334</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, 2025

	<u>Governmental Fund Type</u>		<u>Statement of Activities</u>
	<u>General Fund</u>	<u>Adjustments</u>	
Revenues			
Taxes	\$ 25,809	\$ -	\$ 25,809
Miscellaneous	<u>3,478</u>	<u>-</u>	<u>3,478</u>
Total revenues	29,287	-	29,287
Expenditures/expenses			
Current			
General government	<u>7,758</u>	<u>-</u>	<u>7,758</u>
Net changes in fund balances	21,529	(21,529)	
Change in net position		(21,529)	21,529
Fund balances/net position, beginning of year	<u>84,805</u>		<u>84,805</u>
Fund balances/net position, end of year	<u>\$ 106,334</u>		<u>\$ 106,334</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, 2025

	<u>7/1/24 to 9/30/2024</u>	<u>10/1/24 to 6/30/2025</u>	<u>Total</u>
Demand response (farebox)			
Regular service	\$ 7,180	\$ 21,084	\$ 28,264
Contracted fares - Ionia County Job Access	-	47,034	47,034
Interest revenue	4,438	7,989	12,427
Sale of buses	(600)	(600)	(1,200)
Transfer from general fund	<u>10,000</u>	<u>30,000</u>	<u>40,000</u>
Total local revenues	<u>\$ 21,018</u>	<u>\$ 105,507</u>	<u>\$ 126,525</u>

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

FOR THE YEAR ENDED SEPTEMBER 30, 2024

	<u>10/1/23 to 6/30/2024</u>	<u>7/1/24 to 9/30/2024</u>	<u>Total</u>
Local revenue			
Demand response (farebox)			
Regular service	\$ 25,004	\$ 7,180	\$ 32,184
Contracted fares - Ionia County Job Access	39,257	-	39,257
Interest revenue	13,792	4,438	18,230
Sale of buses	8,314	(600)	7,714
Transfer from general fund	<u>30,000</u>	<u>10,000</u>	<u>40,000</u>
Total local revenues	<u>\$ 116,367</u>	<u>\$ 21,018</u>	<u>\$ 137,385</u>

CITY OF BELDING
DIAL-A-RIDE TRANSIT FUND
SCHEDULE OF EXPENDITURES OF STATE AND FEDERAL AWARDS (2)
FOR THE YEAR ENDED JUNE 30, 2025

Federal and State Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant No. Authorization Number	Program Award Amount	Current year expenditures				Prior Year's Expended	Award Amount Remaining
				Total	Federal	State	Local		
U.S. Department of Transportation									
Passed through Michigan Department of Transportation									
Formula Grants for Rural Areas									
Operating assistance - section 5311 - 2021-2023 ARPA (accrued PY)	20.509	22-0018/P3	\$ 109,515	\$ -	\$ -			\$ 68,825	\$ 40,690
Operating assistance - section 5311 - 2024-2025 (receipts)	20.509	22-0018/P4	57,447	23,159	23,159	-	-	26,759	-
Operating assistance - section 5311 - 2023-2024 (accrued)	20.509	22-0018/P4		7,529	7,529				
Operating assistance - section 5311 - 2024-2025 (receipts)	20.509	22-0018/P6	57,880	28,940	28,940	-	-	-	16,785
Operating assistance - section 5311 - 2024-2025 (accrual)	20.509	22-0018/P6		9,749	9,749				
Operating assistance - section 5311 - 2024-2025 (accrual)	20.509	22-0018/P6		2,406	2,406				
Capital grant - section 5311 (receipt)	20.526	22-0018/P2	148,125	-	-	-	-	-	148,125
Capital grant - section 5311 (receipt)	20.526	17-0019/P9	297,369	-	-	-	-	-	297,369
Capital grant - section 5311 (receipt)	20.509	17-0019/P3	140,000	-	-	-	-	79,890	60,110
			810,336	71,783	71,783	-	-	175,474	563,079
RTAP (receipts)			-	2,950	2,950	-	-	-	(2,950)
Total U.S. Department of Transportation			810,336	74,733	74,733	-	-	175,474	560,129
Michigan Department of Transportation									
Operating Assistance - Act 51 (settlement paid)	N/A	FY21		(9,333)	-	(9,333)	-		
Operating Assistance - Act 51 (settlement paid)	N/A	FY24		(15,750)	-	(15,750)	-		
Operating Assistance - Act 51 (settlement accrued)	N/A	FY24		17,549	-	17,549	-		
Operating Assistance - Act 51 (receipts)	N/A	FY24		32,154	-	32,154	-		
Operating Assistance - Act 51 (receipts)	N/A	FY25		83,214	-	83,214	-		
Operating Assistance - Act 51 (deferred)	N/A	FY25		(4,437)	-	(4,437)	-		
Total Michigan Department of Transportation			-	103,397	-	103,397	-		
Total			\$ 810,336	\$ 178,130	\$ 74,733	\$ 103,397	\$ -	\$ 175,474	\$ 560,129

CITY OF BELDING

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

FOR THE YEAR ENDED JUNE 30, 2025

	Grant number	7/1/24 to 9/30/2024	10/1/24 to 6/30/2025	Total
Michigan Department of Transportation				
Operating Assistance - Act 51 (preliminary settlement) (paid)	FY21	\$ -	\$ (9,333)	\$ (9,333)
Operating Assistance - Act 51 (preliminary settlement) (paid)	FY24	-	(15,750)	(15,750)
Operating Assistance - Act 51 (receipts)	FY24	32,154	-	32,154
Operating Assistance - Act 51 (accrued)	FY24	-	17,549	17,549
Operating Assistance - Act 51 (receipts)	FY25	-	83,214	83,214
Operating Assistance - Act 51 (accrued)	FY25	-	(4,437)	(4,437)
Total Michigan Department of Transportation		<u>32,154</u>	<u>71,243</u>	<u>103,397</u>
Federal grants				
Operating assistance - section 5311 - 2023-2024 (receipts)	22-0018/P4	14,208	8,951	23,159
Operating assistance - section 5311 - 2023-2024 (accrued)	22-0018/P4	-	7,529	7,529
Operating assistance - section 5311 - 2024-2025 (receipts)	22-0018/P6	-	28,940	28,940
Operating assistance - section 5311 - 2024-2025 (accrual)	22-0018/P6	-	9,749	9,749
Operating assistance - section 5311 - 2024-2025 (accrual)	22-0018/P6	-	2,406	2,406
RTAP	N/A	<u>2,950</u>	<u>-</u>	<u>2,950</u>
Total federal grants		<u>17,158</u>	<u>57,575</u>	<u>74,733</u>
Total		\$ 49,312	\$ 128,818	\$ 178,130

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

FOR THE YEAR ENDED SEPTEMBER 30, 2024

		10/1/23 to 6/30/2024	7/1/24 to 9/30/2024	Total
Michigan Department of Transportation				
Operating Assistance - Act 51 (receipts)	FY24	\$ 96,462	\$ 32,154	\$ 128,616
Operating Assistance - Act 51 (accrued)	FY23	(10,617)	-	(10,617)
Capital grant - section 5311 (receipt)	17-0019/P3	9,600	-	9,600
Capital grant - section 5311 (receipt)	17-0019/P9	59,474	-	59,474
Capital grant - section 5311 (receipt)	22-0018/P2	<u>29,625</u>	<u>-</u>	<u>29,625</u>
Total Michigan Department of Transportation		<u>184,544</u>	<u>32,154</u>	<u>216,698</u>
Federal grants				
Operating assistance - section 5311 - 2021-2023 ARPA (receipts)	22-0018/P3	18,190	-	18,190
Operating assistance - section 5311 - 2024-2025 (receipts)	22-0018/P4	26,759	14,208	40,967
Capital grant - section 5311 (receipt)	17-0019/P3	38,400	-	38,400
Capital grant - section 5311 (receipt)	17-0019/P9	237,895	-	237,895
Capital grant - section 5311 (receipt)	22-0018/P2	118,500	-	118,500
RTAP	N/A	<u>1,995</u>	<u>2,950</u>	<u>4,945</u>
Total federal grants		<u>441,739</u>	<u>17,158</u>	<u>458,897</u>
Total		\$ 626,283	\$ 49,312	\$ 675,595

CITY OF BELDING
DIAL-A-RIDE TRANSIT FUND
SCHEDULE OF OPERATING AND CONTRACT EXPENSES (3)
FOR THE YEAR ENDED JUNE 30, 2025

	<u>Regular service</u>					
	<u>22-0018/P4</u>	<u>22-0018/P6</u>			<u>Package</u>	<u>Total</u>
	<u>FY 2024</u>	<u>FY 2025</u>	<u>JARC</u>		<u>Delivery</u>	<u>System</u>
Operating expenses						
Labor						
Salaries and wages	\$ 42,549	\$ 119,053	\$ -	\$ -	\$ -	\$ 161,602
JARC contract	-	-	47,032	-	-	47,032
Fringe benefits	11,155	42,464	-	-	-	53,619
Services						
Other services	6,135	15,428	-	-	-	21,563
Materials and supplies						
Fuel	6,994	21,281	-	-	-	28,275
Other materials and supplies	3,037	13,015	-	-	-	16,052
Casualty and liability costs						
Insurance	-	3,500	-	-	-	3,500
Utilities	2,295	11,215	-	-	-	13,510
Other	292	2,541	-	-	-	2,833
Depreciation	<u>31,556</u>	<u>84,549</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>116,105</u>
Total operating expenses	<u>\$ 104,013</u>	<u>\$ 313,046</u>	<u>\$ 47,032</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 464,091</u>

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

2023 Package delivery
2023 Administrative Cost allocation

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

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

CITY OF BELDING

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

FOR THE YEAR ENDED JUNE 30, 2025

	<u>7/1/24 to 9/30/2024</u>	<u>10/1/24 to 6/30/2025</u>	<u>Total</u>
Expenses			
Labor	\$ 42,549	\$ 119,053	\$ 161,602
Fringe benefits	11,155	42,464	53,619
Service	6,135	15,428	21,563
Materials and supplies	10,031	34,296	44,327
Casualty and liability costs	-	3,500	3,500
Utilities	2,295	11,215	13,510
Miscellaneous	292	2,541	2,833
Depreciation	<u>31,556</u>	<u>84,549</u>	<u>116,105</u>
Total regular service expenses	104,013	313,046	417,059
Package delivery	-	-	-
Job Access contract	<u>-</u>	<u>47,032</u>	<u>47,032</u>
Total expenses	<u>\$ 104,013</u>	<u>\$ 360,078</u>	<u>\$ 464,091</u>

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

FOR THE YEAR ENDED SEPTEMBER 30, 2024

	<u>10/1/23 to 6/30/2024</u>	<u>7/1/24 to 9/30/2024</u>	<u>Total</u>
Expenses			
Labor	\$ 133,557	\$ 42,549	\$ 176,106
Fringe benefits	37,427	11,155	48,582
Service	14,284	6,135	20,419
Materials and supplies	45,909	10,031	55,940
Casualty and liability costs	7,000	-	7,000
Utilities	9,935	2,295	12,230
Miscellaneous	7,584	292	7,876
Depreciation	<u>39,563</u>	<u>31,556</u>	<u>71,119</u>
Total regular service expenses	295,259	104,013	399,272
Job Access contract	<u>30,132</u>	<u>-</u>	<u>30,132</u>
Total expenses	<u>\$ 325,391</u>	<u>\$ 104,013</u>	<u>\$ 429,404</u>

CITY OF BELDING

DIAL-A-RIDE TRANSIT FUND OPERATING ASSISTANCE CALCULATION 5

FOR THE YEAR ENDED SEPTEMBER 30, 2024

	<u>Nonurban</u>
State eligible expenses	
Labor	\$ 176,106
Fringe benefits	48,582
Service	20,419
Materials and supplies	55,940
Casualty and liability costs	7,000
Utilities	12,230
Miscellaneous	7,876
Depreciation	<u>71,119</u>
Total expenses	<u>399,272</u>
Less ineligible expenses	
Depreciation	70,619
Association dues	92
Federal grants - RTAP	<u>4,945</u>
Total ineligible expenses	<u>75,656</u>
State eligible expenses	<u>\$ 323,616</u>
 State operating assistance - 40.2993	 <u>\$ 130,415</u>
Federal eligible expenses	
State eligible expenses	\$ 323,616
Less additional federal ineligible expenses	
Audit costs	<u>-</u>
Federal eligible expenses	<u>\$ 323,616</u>
Section 5311 reimbursement - 18%	<u>\$ 58,251</u>

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

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

CITY OF BELDING
DIAL-A-RIDE TRANSIT FUND
SCHEDULE OF NONFINANCIAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2025

	<u>Miles</u>		<u>Hours</u>	
	<u>Regular</u>	<u>JARC</u>	<u>Regular</u>	<u>JARC</u>
Demand response				
Fourth quarter (7/1/24 to 9/30/24)	15,021	4,096	1,518	192
First quarter (10/1/24 to 12/31/24)	15,021	3,968	1,421	186
Second quarter (1/1/25 to 3/31/25)	15,736	3,904	1,568	183
Third quarter (4/1/25 to 6/30/25)	<u>14,788</u>	<u>4,160</u>	<u>1,544</u>	<u>195</u>
Total	<u>60,566</u>	<u>16,128</u>	<u>6,051</u>	<u>756</u>

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

	<u>Miles</u>		<u>Hours</u>	
	<u>Regular</u>	<u>JARC</u>	<u>Regular</u>	<u>JARC</u>
Demand response				
First quarter (10/1/23 to 12/31/23)	11,216	3,968	1,308	186
Second quarter (1/1/24 to 3/31/24)	11,053	3,968	1,332	186
Third quarter (4/1/24 to 6/30/24)	10,925	4,096	1,326	192
Fourth quarter (7/1/24 to 9/30/24)	<u>15,021</u>	<u>4,096</u>	<u>1,518</u>	<u>192</u>
Total	<u>48,215</u>	<u>16,128</u>	<u>5,484</u>	<u>756</u>

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

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SINGLE AUDIT SECTION



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INDEPENDENT AUDITOR'S 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

November 26, 2025

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, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 26, 2025.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Vredexeld 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

November 26, 2025

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, 2025. 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, 2025.

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.

Urodeuxeld Haefner LLC

CITY OF BELDING
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025

Federal Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing Number	Pass- through Grantor's Number	Expenditures
U.S. Department of Agriculture			
Community Facilities Bonds 2006	10.766		<u>\$ 1,265,000</u>
U.S. Environmental Protection Agency			
Passed through Michigan Department of Environment, Great Lakes			
Capitalization Grants for Clean Water State Revolving Funds	66.458		23,052,447
Drinking Water State Revolving Funds	66.468		<u>1,599,583</u>
			24,652,030
U.S. Department of Treasury			
Passed through Michigan Department of Environment, Great Lakes, and Energy			
Drinking Water Asset Management Grant	21.027	FRF3173-DWA140	<u>132,300</u>
U.S. Department of Transportation			
Operating assistance - section 5311	20.509	22-0018/P6	50,710
Operating assistance - section 5311	20.509	22-0018/P4	30,688
RTAP receipts	20.509		<u>2,950</u>
			<u>84,348</u>
Total Federal Awards			<u>\$ 26,133,678</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, 2025

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

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

Federal revenue reported in proprietary funds - nonoperating revenue	\$ 216,648
Federal revenue reported in proprietary funds - contributed capital	-
Federal portion of SRF loan draws included in proprietary fund liabilities	<u>24,652,030</u>
Total	24,868,678
 Balance of USDA bonds expended in prior years and payable at year end	 <u>1,265,000</u>
 Expenditures reported on the schedule of expenditure of federal awards	 <u>\$ 26,133,678</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, 2025

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

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

Federal Awards

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.766	Community Facilities Bonds
66.458	Clean Water State Revolving Funds
66.468	Drinking Water State Revolving Funds

Dollar threshold used to distinguish between Type A and B programs:	<u> \$780,041 </u>	
Auditee qualified as low-risk auditee?	_____ yes	<u> X </u> no

SECTION II - FINANCIAL STATEMENT FINDINGS

None

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

SECTION IV - SUMMARY OF PRIOR AUDIT FINDINGS

2024-001
This finding as reported in the previous year has been corrected.