

# City of Beaverton

## City Council Agenda for the Regular Meeting

Monday, January 8, 2024  
6:00 pm

Mayor: James Case  
City Council Members: Nellie List Nila Frei  
Colleen Reader Jennifer Harper  
Tim Danielak Christine Gerace

1. Roll Call 6:00 pm
2. Pledge of Allegiance
3. Approval of Agenda
4. Public Comment: This is an opportunity for persons to address the Council on issues relevant to City business but not on the meeting agenda. Please state your name and address.
5. Adoption of Meeting Minutes: Regular Meeting December 18, 2023  
Public Hearing: Trail of Two Cities Pathway SPARK Grant Program
6. Agenda Items:
  - A. Consideration of Current BOR Members:
    - Bob Frei
    - Deb McCartney
    - Paula King
    - Richard Shapic (alternate)
  - B. Consideration of DDA Members:
    - Lou Stornello
    - Renee Lang
    - Christine Gerace
    - Kelly Wyrembelski
    - Jason Blades
    - Kurt Grove
  - C. Consideration of Audit Report
  - D. Consideration of Tax Collection Agreement with Beaverton School
7. Reports:
  - A. County Commissioner's Report/Karen Moore
  - B. DPW Report/Patrick Stanley
  - C. Police Report/Chief Brad Davis
  - D. Mayor's Report/Ray Nau
  - E. City Manager's Report
  - G. Engineer's Report
  - H. Library Use Data Report

8. Ways & Means: Payments of Bills and Tax Disbursements for December 2023: \$ 115,443.55  
Accounts Payable: \$ 65,006.00 Tax Disbursements: \$ 50,437.55
9. Committee Reports
  - A. Fire Board
  - B. Fair Board
  - C. Parks and Recreation
  - D. Police Committee
  - E. Personnel Committee
  - F. Downtown Development Authority
10. Communications:
11. Adjournment

# City of Beaverton

## Minutes of City Council Meeting

### December 18, 2023

**DRAFT**

**Meeting called to order** by Mayor Pro-Tem Frei at 6:00 PM

Swearing-in Mayor James Case and Council Members: Jennifer Harper, Nila Frei, and Christine Gerace by City Manager Shannon Sirpilla

**Roll Call:**

Present: Nellie List, Nila Frei, Colleen Reader, Jennifer Harper, Tim Danielak, Christine Gerace

Absent: None

**Pledge of Allegiance** recited by all present.

**Approval of Agenda:** Motion by Harper, second by Frei to approve agenda with amendments to include: Item F. Resolution 2023-32 Approval of Drinking Water State Revolving Fund Program Signatory and G. Republic Services 5-Year Contract Renewal. Correction on agenda item 8. Ways & Means: Payments of Bills and Tax Disbursements for November 2023 not October and include DPW report at 6:16 PM. All voting aye, motion carried.

**Public Comment:** Gerace talked about the new program called The Gladwin County Community Builders. They will hold their first meeting February 17<sup>th</sup> at 2:30 PM at the Knights of Columbus in Gladwin. The meeting will allow citizens to come to and discuss what they think is needed in the county. Then the community can work towards applying for grants and other monetary means to fund the targeted needs of Gladwin County.

Motion by Danielak, second by Harper to adopt the minutes for the council meeting November 20, 2023 and the special meeting October 3, 2023 with the correction of striking out Christine name under public comments. All voting aye, motion carried.

**Business Agenda Items:**

- A. Motion by Harper, second by Gerace to consider Mayor Pro-Tem Frei. All voting aye, motion carried.
- B. Swearing-in of Mayor Pro-Tem Frei by City Manager Shannon Sirpilla
- C. Motion by Danielak, second by Harper to approve Resolution 2023-30 Approval of Hardship Exemptions for 2024. List aye, Danielak aye, Reader aye, Gerace aye, Harper aye, and Frei aye. All voting aye, resolution adopted
- D. Motion by Harper, seconded by Frei to approve Resolution 2023-31 Approval of Federal, State and Local Grant Signatory removal of Scott Govitz and appoint Shannon Sirpilla City Manager List aye, Danielak aye, Reader aye, Gerace aye, Harper aye and Frei aye. All voting aye, resolution adopted

- E. Motion by Harper, seconded Frei to accept the City Council Meeting Dates for 2024. All ayes, motion carried
- F. Motion by Frei, seconded by Haper to approve Resolution 2023-32 Approval of Drinking Water State Revolving Fund Program Signatory removal of Scott Govitz and appoint Shannon Sirpilla City Manager. List aye, Danielak aye, Reader aye, Gerace aye, Harper aye and Frei aye. All voting aye, resolution adopted
- G. Motion by Reader, seconded by Harper to renew the Republic Services 5-Year Contract in February 2024 and yearly increase rates to residents. List aye, Danielak aye, Reader aye, Gerace aye, Harper aye and Frei aye. All voting aye, motion carried

**Reports:**

- A. County Commissioner's Report/Karen Moore: Gladwin County hired an executive secretary, and the County is looking at hiring security for the building. Gladwin County Community Builders invited everyone to the first meeting February 17<sup>th</sup> at 2:30 PM Knights of Columbus in Gladwin. The Broadband Grant was pulled from Gladwin County. Thank you for passing the county law enforcement mileage. The front counter is now open at the sheriff's department. There are four open positions in the sheriff's department.
- B. DPW Report/Pat Stanley: Written report provided; Stanley needs approval to purchase items for the sewer.
- C. Police Report/Chief Brad Davis-Written report provided, Chief Davis said, Shop with the Hero was a success this year. They had 25 kids.
- D. Mayor's Report/Jim Case- No report
- E. City Manager's Report – Written report provided, Sirpilla is currently working on the narrative for the City audit that details the changes in funds and provides additional documentation to the auditor as requested. The chopper at the sewer lagoon needs to be back into operation by this spring. The cost is just under \$2,500 plus the DPW labor. The sewer lagoon pump needs repaired in the Spring. The sidewalk plow tractor needs a cylinder, and the cost is \$664.00. Jordan will order this part. The well head needs \$995.50 replaced. The city doesn't have a purchasing policy in place yet. R.J. Grove bid for awnings at the DPW is not in the budget at this time.
- F. Engineer's Report – No Report
- G. Library Use Data Report – Written report provided

**Ways & Means:**

Motion by Frei, seconded by Danielak to approve bills for November 2023 in the amount of \$77,221.54. All voting aye, motion carried.

**Committee Reports:**

- A. Fire Board - October report
- B. Fair Board- Gerace will get copies of the 2024 Fair schedule
- C. Parks and Recreation-Reader stated there is a small group that focused on just the campground that meet on the first Monday of every month. The Parks and Recreation are meeting on the first Tuesday of every month. They are going to have the Conservation District look at the campground for invasive species.

- D. Police Committee-No report
- E. Personal Committee-No report
- F. Downtown Development Authority- The City of Beaverton renewed the contract with Freeman Nursery for the 2024 hanging baskets for \$5,075. The deposit due is \$2,537.50. Freeman Nursery donated \$1,000 toward the purchase of these baskets. Gerace mentioned that there is a vacancy on the DDA board, and it needs to be a resident that lives in the DDA District.

**Communications:**

Everyone wished Pastor Karen Blatt a Happy 86<sup>th</sup> Birthday.

Adjournment: Motion by Danielak, second by Harper to adjourn meeting at 7:10 PM. All voting aye, motion carried.

Respectfully submitted by,

Jodie Klamer  
Deputy City Clerk



# WE NEED YOUR INPUT!

## Trail of Two Cities Shared Use Pathway Connector

JOIN US FOR 1 OF 4 INPUT SESSIONS!

**December 21, 2023 // 5:15 pm**  
Beaverton Activity Center  
106 Tonkin Street, Beaverton

**January 8, 2024 // 5:15 pm**  
Beaverton City Hall 128 Saginaw Street  
- Beaverton City DDA Meeting

**January 10, 2024 // 5:15 pm**  
Beaverton Community Center/Lions  
Club 142 Saginaw Street location  
- BABA Annual Meeting

**January 15, 2024 // 6:00 pm**  
Beaverton City Council Meeting  
128 Saginaw Street, Beaverton

**Refreshments provided!**

**Please contact the City at 1-989-435-3511 if you require public transportation, mobility, hearing or visual aids, or child care in order to attend.**

**We hope to see you there and appreciate your input!**

**CAN'T MAKE IT?  
TAKE OUR SURVEY:**



  
**FLEIS&VANDENBRINK**  
DESIGN. BUILD. OPERATE.



# Trail of Two Cities – City Connector Walkway

## Presentation Talking Points

### The Spark Program

- Funded through the American Rescue Plan Act and consisted of 3 rounds.
- The first 2 rounds were administered by the DNR and open to all communities in Michigan.
- The 3<sup>rd</sup> round is only available to 39 “Opportunity Communities”. Beaverton is one of them.
- The program is administered by the Council of Michigan Foundations.
- The 39 communities were chosen based on Data related to:
  - Park Density
  - Financial Considerations
  - Mental health Disparity
  - Physical Health Disparity
- There is \$27.5 million left available in the 3<sup>rd</sup> Round.
- A 100 % grant. No match required.
- There are no guarantees, **Not all 39 communities will be awarded a grant.**
- Currently, the deadline for grant applications is the end of January.
- City is looking for public engagement and project support.

### The Trail of Two Cities – City Connector.

- This trail is both a hiking and biking path along the Cedar River from Gladwin south to Beaverton.
- The trail will ultimately connect with State trails;
  - South of Beaverton to the Pere Marquette Trail and
  - North of Gladwin to the Iron Bell Trail.
- The Route from Gladwin to Beaverton is a 10’ wide asphalt paved pathway.
- It currently ends at the Beaverton City Limits at Croll Road and Knox Road.
- The immediate goal is to extend the pathway from Croll/Knox to the sidewalk north of the Boat Launch.
- And ultimately, the pathway would extend south to the future Trail head at Ross St and Porter St.
- 3 options have been identified for the first phase connection.
- These options are conceptual and subject to easements, approvals, & permits from local and state agencies.

## TRAIL OPTIONS:

### TRAIL OPTION #1 - ALONG PORTER STREET

- 915± linear feet
- 260± boardwalk along lake
- Requires One street crossing
- Requires three driveway crossings
- Easements from property owners may be needed

### TRAIL OPTION #2 - ALONG SEARS STREET

- 1,260± linear feet
- Requires three primary street crossings & six driveway crossings
- Enclosing drainage ditch with Storm sewer is likely
- Easements from property owners may be needed

### TRAIL OPTION #3 - KNOX ROAD TO CENTER

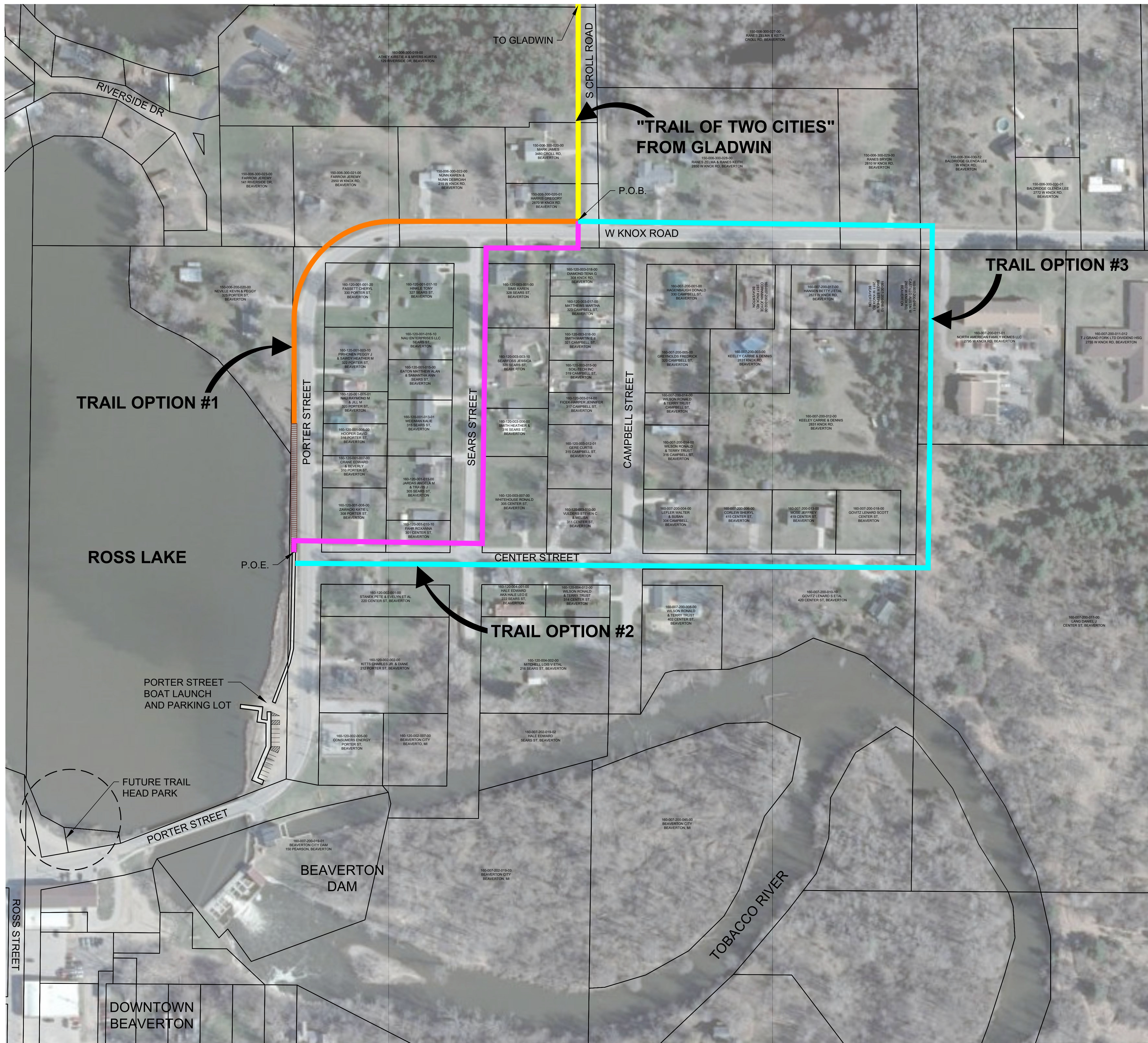
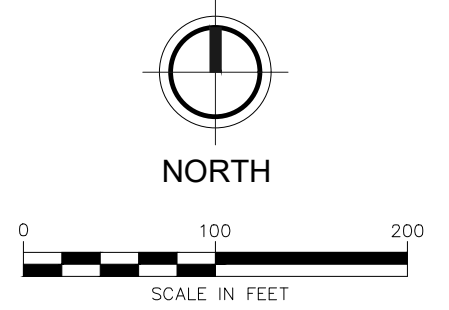
- 2,730± linear feet
- requires five primary street crossings & five driveway crossings
- enclosing drainage ditch likely
- direct access to housing development
- easements from property owners needed

## WHAT TO LOOK FOR IN AN IDEAL PATHWAY ROUTE:

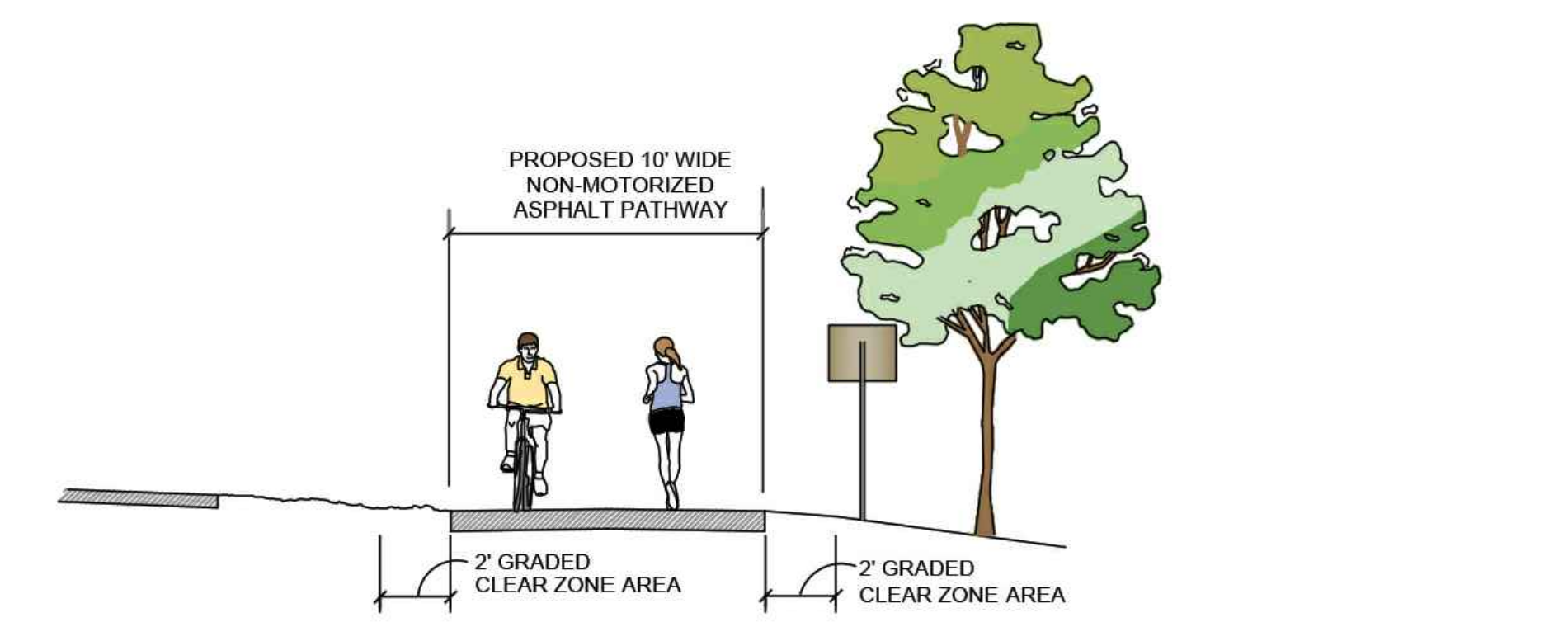
- Located in a road right of way, over public property or within a utility easement.
- Need enough space for a 10' wide pathway with 2' clear zone on each side.
- Try to avoid the need for private easements, if possible.
- Avoid street crossings or mid block crossings
- Minimal driveway crossings
- Through or along natural features for best user experience.
- Avoid drainage issues. Will the path block drainage patterns?
- Utilities and structures in the way? Will utility poles, guy wires, transformers require relocation?
- Impacting wetlands and floodplains will require a permit from EGLE.

- ★ Have participants view the maps and use comment cards to identify which trail route they prefer.
- ★ Make sure they take the survey – either on line or paper copy and return it to City Hall.

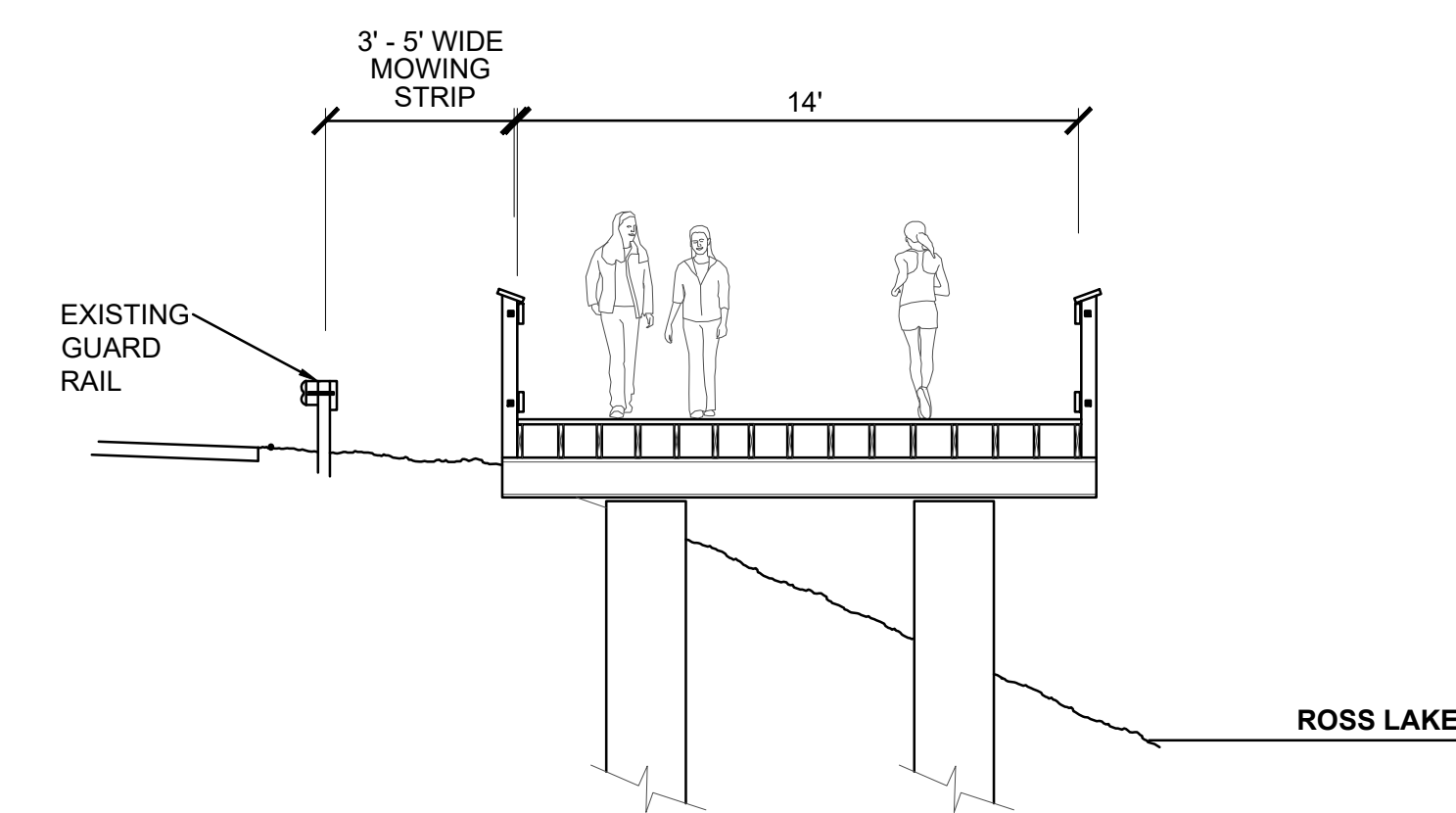




- TRAIL OPTION #1 - ALONG PORTER STREET**
- 915± LINEAR FEET
  - 260± BOARDWALK ALONG LAKE
  - ONE STREET CROSSING
  - REQUIRES THREE DRIVEWAY CROSSINGS
  - EASEMENT FROM PROPERTY OWNERS NEEDED
- TRAIL OPTION #2 - ALONG SEARS STREET**
- 1,260± LINEAR FEET
  - REQUIRES THREE PRIMARY STREET CROSSINGS & SIX DRIVEWAY CROSSINGS
  - ENCLOSING DRAINAGE DITCH LIKELY
  - EASEMENT FROM PROPERTY OWNERS NEEDED
- TRAIL OPTION #3 - KNOX ROAD TO CENTER**
- 2,730± LINEAR FEET
  - REQUIRES FIVE PRIMARY STREET CROSSINGS & FIVE DRIVEWAY CROSSINGS
  - ENCLOSING DRAINAGE DITCH LIKELY
  - DIRECT ACCESS TO HOUSING DEVELOPMENT
  - EASEMENT FROM PROPERTY OWNERS NEEDED



**PROPOSED MULTI-USE PATHWAY**



**PROPOSED PATHWAY BOARDWALK**





# TRAIL OF TWO CITIES

GLADWIN COUNTY TRAIL NETWORK



THE CITY OF  
**BEAVERTON**  
MICHIGAN

# Auditing Procedures Report

Issued under Public Act 2 of 1968, as amended.

Local Unit Basic Information					
<b>County:</b>	GLADWIN	<b>Type:</b>	City	<b>Local Unit Name:</b>	City of Beaverton
<b>Municode:</b>	26-2-010	<b>FY Ending:</b>	2023	<b>Year End Month:</b>	6
Form ID: 122090			Instructions		FAQs

Attachment File	Description
2620102023AUDIT.pdf	Please attach Audit Report
2620102023DEFICIENCIES.pdf	Please attach reported deficiencies

Reporting			
Enter Opinion Date:			12/14/2023
Select type of audit opinion for the following:			
Governmental activities:	UNMOD	Business-type activities:	UNMOD
Aggregate discretely presented component units:	UNMOD	Major fund(s):	UNMOD
Aggregate remaining fund information:	UNMOD	Aggregate discretely presented component units and remaining fund information:	

Has the local unit complied with generally accepted accounting principles (GAAP)?	Y
Are all required component units/funds/significant others of the local unit included in the financial statements and disclosed in the reporting entity notes to the financial statements when applicable?	Y

Please check all of the following that are missing:

Component Units

Funds

Significant  
Others

Please list component units missing:

Please list funds missing:

Please list others missing:

Is this unit in compliance with the Uniform Chart of Accounts issued by the Department of Treasury?

Y

Nothing came to my attention that caused me to believe that the local unit failed to comply with guidance issued by the Local Government Financial Services Division (ie., Uniform Reporting Format, Accounting Manual, Audit Manual, Budget Manual, Numbered Letters, MCGAA Statements). If nothing came to your attention, mark yes.

Y

### Statutory

Nothing came to my attention that caused me to believe that the local unit failed to comply with charters or ordinances. If nothing came to your attention, mark yes.

Y

Indicate section of charter or ordinance with which the local unit is not in compliance:

Does the local unit have a court ordered judgment tax levy or judgment bond?

N

Is this a one year levy?

Has the local unit distributed tax revenues that were collected for another taxing unit timely as required by the general property tax act?	Y
Has the current year pension actuarially determined contribution been paid by the unit required by the State Constitution Article 9, Section 24?	NA
Is the local unit free of illegal or unauthorized expenditures that came to your attention as defined in the manual for Audits of Local Units of Government in Michigan, as revised (see Appendix H of manual)?	Y
Has a description of the illegal or unauthorized expenditures been included in the audit?	
Please provide page number :	
Describe:	
Is the unit free of any indications of fraud or illegal acts that came to your attention during the course of the audit that have not been previously communicated to the Local Government Financial Services Division?	Y
Has a written report (forensic audit) been produced?	
Has law enforcement been notified?	
Does the audit report identify violations of other statutes not described in above?	N
Describe:	
<b>Borrowing/Debt/Deficit</b>	
Does the local unit have a negative fund balance in any of its unrestricted (unassigned, assigned and committed) fund balances/unrestricted fund net position (not government-wide statements)?	Y
<b>You must complete the "Deficit Worksheet" section below.</b>	
Is the local unit in compliance with Public Act 34 of 2001, Revised Municipal Finance Act (ie., authorized borrowing, annual filing of a qualifying statement, filing of a security report within 15 days of any issuance)?	Y
Is the local unit in compliance with orders issued under Public Act 243 of 1980, Emergency Municipal Loan Act?	NA

Did the local unit adopt a budget for all required funds (MCL 141.436)?	Y
Was a public hearing on the budget held in accordance with State statute?	Y
Were the local unit's actual expenditures within the amounts authorized in the budget?	N
Are there any individual expenditures or other financing uses that exceed 10% of total expenditures?	N
Are any of those over budget by 10% or more?	

### Internal Controls

Has the board or council approved all disbursements prior to payment as required by charter or statute?	Y
Do all deposits/investments comply with statutory requirements including the adoption of an investment policy?	Y
To your knowledge, were the bank reconciliations performed timely?	Y
Are there any reported deficiencies other than segregation of duties and/or the preparation of financial statements?	Y
How many are:	
Material weaknesses?	5
Significant deficiencies?	0
Statutory non-compliance?	0
Are any reported deficiencies repeated from the prior year?	Y
Were there any reported deficiencies including those that would be related to internal controls, statutory compliance, or other areas of concern?	Y

### Financial Statements

Please enter the following:			
General Fund Revenue:	\$887,949.00	Governmental net position:	\$4,745,269.00
General Fund Expenditure (Must be positive):	\$979,495.00	Business type net position:	\$3,788,856.00
General Fund Other financing net sources/(uses) (Can be positive or negative):	-\$122,509.00	Component units total net position:	\$154,008.00
General Fund Beginning Balance:	\$581,697.00	Governmental Activities Long-Term Debt:	\$99,761.00
General Fund Ending Balance:	\$367,642.00	Major Fund Deficit Amount:	\$0.00
Calculated General Fund Ending Balance:	\$367,642.00	Governmental Fund Revenues	\$2,491,971.00

Please explain the difference between calculated and entered General Fund Ending Balance:

## Deficit Worksheet

Fund Type	Fund Name	All Funds				Enterprise, Internal Service, Trust or Agency, & Component Unit Funds				Deficit To Be Eliminated
		Unrestricted Fund Balance/Net Position (Deficit)	Deferred Inflows of Resources	Taxes and Special Assessments Receivables	Deferred Inflows-Taxes and Special Assessments	Total Net Position (Deficit)/Surplus	Current Assets	Current Liabilities	CA-CL Deficit	
ENTERPRISE	RUBBISH	-\$625,211.00	\$0.00	\$0.00	\$0.00	-\$625,211.00	\$10,374.00	\$635,585.00	-\$625,211.00	-\$625,211.00
INSERV	INTERNAL SERVICE	-\$71,595.00	\$0.00	\$0.00	\$0.00	-\$22,889.00	\$5,331.00	\$76,926.00	-\$71,595.00	-\$71,595.00

### Pension Plans

Our records indicate the following pension plan(s) exist. Put a check mark next to any that are no longer active.

Assets				
Liabilities				
ADC				

### Health Care (OPEB) Plans

Our records indicate the following opeb plan(s) exist. Put a check mark next to any that are no longer active.

Assets				
Liabilities				
ADC/ARC				

### Certified Public Accountant Information

CHECKED	We affirm that we are certified public accountants licensed to practice in Michigan.		
CHECKED	We affirm that all answers are correct to the best of our knowledge.		
CHECKED	We further affirm that all material weaknesses, significant deficiencies, and statutory noncompliance violations as well as all budget violations that were reported to the auditee are reported to the Michigan Department of Treasury.		
CPA Name:	David Gwizdala	Ten Digit License Number:	1101019683
Please provide a primary email address for the local unit contact:		ssirpilla@beavertonmi.org	





STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

RACHAEL EUBANKS  
STATE TREASURER

GRETCHEN WHITMER  
GOVERNOR

January 02, 2024

**Request for Improvement  
of Deficiencies -  
Corrective Action Plan**

Fiscal Year: 2023

Municipality Code: 262010

Report ID Number: 152227

**Sent Via Email**

City of Beaverton

ssirpilla@beavertonmi.org

Dear Governing Body:

The Community Engagement and Finance Division has received the audit report for the fiscal year referenced above. It is the responsibility of this division to administer certain State statutes. Consequently, your audit has been reviewed to determine compliance with budgeting, accounting, auditing, and statutory compliance related activities. This review has identified issues that we believe need your attention.

Please note the following issues corresponding to response(s) on the auditing procedures report:

- There were reported deficiencies included with the audit report. Additional deficiencies in your report are usually found in the form of comments and recommendations located toward the end of the report. Describe the corrective action taken to eliminate each of these deficiencies.

The matter(s) described above are either violations of state statute or are deficiencies of the local unit that may impede the local unit's ability to comply with state statute.

Additional deficiencies in your report are usually found in the form of comments and recommendations located toward the end of the report or may be filed separately. The plan should identify each Auditing Procedure Report question listed above, each additional deficiency, the corrective action to be taken, the supporting documentation requested, if any, and the date in which the action is to be implemented.

Therefore, within **30 days** from the date of this letter, please submit to us a detailed Corrective Action Plan to resolve the above-mentioned matter(s), including other deficiencies noted in your audit report. To submit your Corrective Action Plan, visit the department's online filing site at [Michigan.gov/localfinancialreporting](https://www.michigan.gov/localfinancialreporting) and select the File Online Reports tab. You must request local unit user access if one does not already exist. We do not accept hard-copy or emailed responses. Please combine multiple documents as only one document can be uploaded.

Failure to respond within 30 days or an inability to demonstrate that corrective action



has been implemented may result in one or more of the following:

- Denial of subsequent year qualified status under Public Act 34 of 2001, the Revised Municipal Finance Act (possibly preventing your municipality the ability to borrow money);
- Subject the local unit to an audit and/or review performed by Department of Treasury auditors at the expense of the local unit.

Please contact the audit review staff at [LAFD\\_Audits@michigan.gov](mailto:LAFD_Audits@michigan.gov) if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read 'Cary Jay Vaughn', with a stylized flourish extending to the right.

Cary Jay Vaughn, CPA, CGFM  
Local Audit and Finance Division



STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

GRETCHEN WHITMER  
GOVERNOR

RACHAEL EUBANKS  
STATE TREASURER

January 02, 2024

**Notice of Intent To  
Withhold State Payments**

Municipality Code: 262010  
APR Form ID Number: 152227  
Report ID Number: 152231

**Sent Via Email**

Chief Administrative Officer  
City of Beaverton  
ssirpilla@beavertonmi.org

Dear Chief Administrative Officer:

The Glenn Steil State Revenue Sharing Act of 1971, Public Act 140 of 1971, Section 21(2) states that units of local government (local units) that end their fiscal year in a deficit condition shall formulate a deficit elimination plan. Any assessment of a local unit's deficit condition should be made using the guidelines provided in [Treasury Website \(Numbered Letter 2016-1\)](#). An additional resource is our [online video library](#) which explains what a deficit elimination plan is, why it is important, and how to file.

The Local Audit and Finance Division received an audit report from your local unit for the fiscal year ending 2023. Your Certified Public Accountant has indicated a deficit in one or more funds as follows:

<u>FUND NAME</u>	<u>AMOUNT</u>
RUBBISH	-\$625,211.00
INTERNAL SERVICE	-\$71,595.00

If a deficit exists in the General Fund, the General Fund plan should include a monthly breakdown of revenues and expenditures for the first two years of the projection and annual detail for the remaining years. For example, a five-year plan would show monthly detail for 24 months, and annual detail for the remaining three years. When a revised plan is submitted in the subsequent year, it would include a monthly breakdown for two years and an annual breakdown for the remaining two years. The monthly breakdown shall be for actual revenue and expenditures expected that month. For example, property taxes should be included in the months the taxes are projected to be actually collected. It shall not be merely the annual revenue and expenditures divided by 12 months. This will allow for a more meaningful picture of how the municipality is progressing on a monthly basis. In addition, for General Fund deficits the Department of

Treasury highly recommends the municipality use its [Multi-Year Budget ProjectionTool](#).

Except where indicated “No Plan Necessary,” within 30 days from the date of this letter please upload a deficit elimination plan for all funds listed above and a certified resolution online by visiting [Michigan.gov/MunicipalFinance](#) and select Deficit Elimination Plan Upload. Should a plan not be filed within 30 days, we may withhold 25% of the local unit’s State Incentive Payments or payments issued under Public Act 140 of 1971, the Glenn Steil State Revenue Sharing Act of 1971. Once withheld, payments are not released when a plan has been *filed*, but when a plan has been *evaluated and certified* by Treasury.

After receiving your plan, we will notify you by email if additional information is needed or that your plan has been certified. If you would like to speak with a member of our team, please email our office at [Treas\\_MunicipalFinance@Michigan.gov](mailto:Treas_MunicipalFinance@Michigan.gov).

Sincerely,

A handwritten signature in black ink that reads "Harlan Goodrich". The signature is written in a cursive style with a loop at the end of the last name.

Harlan Goodrich, Municipal Finance Manager  
Local Audit and Finance Division



SINGLE AUDIT REPORT  
FISCAL YEAR END JUNE 30, 2023

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CERTIFIED PUBLIC ACCOUNTANTS

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BAY CITY, MICHIGAN 48708  
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Fax: (989) 892-4030

*Partners*  
Timothy J. Quast, CPA  
David G. Janke, CPA  
Robert E. Zinke, CPA

*Members*  
American Institute of CPAs  
Michigan Association of CPAs

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

To the City Council  
City of Beaverton  
Beaverton, Michigan

We have audited, 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, the financial statements of the governmental activities, business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Beaverton, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise City of Beaverton's basic financial statements and have issued our report thereon dated December 14, 2023.

**Report on Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2023-001 and 2023-002 that we consider to be material weaknesses.

#### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether City of Beaverton's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2023-003.

#### **City of Beaverton's Response to Findings**

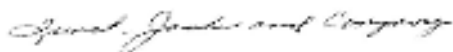
The City of Beaverton's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City of Beaverton's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

#### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Sincerely,

Quast, Janke and Company



---

Bay City, Michigan  
December 14, 2023



1010 N. JOHNSON STREET  
BAY CITY, MICHIGAN 48708  
Phone: (989) 892-4549  
Fax: (989) 892-4030

CERTIFIED PUBLIC ACCOUNTANTS

**Partners**  
Timothy Quast, CPA  
David C. Umrick, CPA  
Robert P. Bosley, CPA

**Members**  
American Institute of CPAs  
Michigan Association of CPAs

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

To the City Council  
City of Beaverton  
Beaverton, Michigan

**Report on Compliance for Each Major Federal Program**

***Opinion on Major Federal Program***

We have audited City of Beaverton'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 Beaverton's major federal programs for the year ended June 30, 2023. City of Beaverton'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 Beaverton complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2023.

***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 Beaverton 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 Beaverton'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 Beaverton's federal programs.

### ***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on City of Beaverton '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 Beaverton'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 Beaverton'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 Beaverton'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 Beaverton'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, significant audit findings, and certain internal control related matters that we identified during the audit.

### ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2023-004 and 2023-005. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the City of Beaverton's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The City of Beaverton's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

**Report on Internal Control over Compliance**

Our consideration of internal control over compliance was for the limited purpose described in the 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

*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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-004 to be material weaknesses.

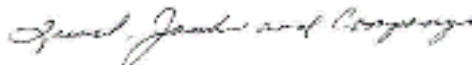
A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

Government Auditing Standards requires the auditor to perform limited procedures on the City of Beaverton's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The City of Beaverton's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

Quast, Janke and Company



Bay City, Michigan  
December 14, 2023

**City of Beaverton**  
**Schedule of Expenditures of Federal Awards**  
*For the Year Ended June 30, 2023*

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Assistance Listing Number</u>	<u>Award/ Project#</u>	<u>Current Year Expenditures</u>
United States Department of Agriculture Community Facilities Loans and Grants Loan portion	10.766	N/A	\$ 2,121,000
United States Department of Commerce Investments for Public Works & Economic Development	11.300	06-01-06133	<u>815,705</u>
United States Department of Housing and Urban Development Passed through - Michigan Strategic Fund Community Development Block Grants	14.228	MSC 220063-EDIG	474,268
United States Department of Justice Public Safety Partnership and Community Policing Grants	16.710	2020UMWX0400	<u>48,818</u>
<b>Total Federal Expenditures</b>			<u>\$ 3,459,791</u>

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

# CITY OF BEAVERTON

## NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2023

### Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal grant activity of City of Beaverton under programs of the federal government for the year ended June 30, 2023. Expenditures reported on the Schedule are reported on the same basis of accounting as the basic financial statements, although the basis for determining when federal awards are expended is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. In addition, expenditures reported on the Schedule are recognized following the cost principles contained in the *Uniform Guidance*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Because the Schedule presents only a selected portion of the operations of the City of Beaverton, it is not intended to, and does not, present the financial position, changes in net assets, or cash flows, if applicable, of the City of Beaverton. Pass through entity identifying numbers are presented where available.

### Note 2. Indirect Costs

The City did not elected to use the 10% de minimus indirect costs rate.

### Note 3. Loans Outstanding

The amount expended under AL 10.766, Communities Facilities Loans and Grants, includes beginning loan balances of \$1,602,000 and advances on loans during the year totaling \$519,000. The loans had outstanding principal balances totaling \$1,900,000 as of June 30, 2023.

### Note 4. Reconciliation of Schedule of Expenditures of Federal Awards to Financial Statements

Reported in the City's financial statements for the year ended June 30, 2023:

Expenditures per schedule of expenditures of federal awards	\$ 3,459,791
Enterprise funds (B.A.) beginning loan balance	(1,602,000)
Enterprise funds (B.A.) current year loan advances	<u>(519,000)</u>
Federal sources per statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 1,338,791</u>

**CITY OF BEAVERTON**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
*For the Year Ended June 30, 2023*

**Section I. Summary of Auditor's Results**

*Financial Statements*

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified:	<u>  X  </u>	YES	<u>          </u>	NO
Significant deficiencies identified that are not considered to be material weaknesses:	<u>          </u>	YES	<u>  X  </u>	NO

Noncompliance material to financial statements noted:   X   YES            NO

*Federal Awards*

Internal control over major programs:

Material weakness(es) identified:	<u>  X  </u>	YES	<u>          </u>	NO
Significant deficiencies identified that are not considered to be material weaknesses:	<u>          </u>	YES	<u>  X  </u>	NO

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported with Title 2 U.S. *Code of Federal Regulations* (CFR) PART 200 *Uniform Requirements*:   X   YES            NO

Identification of major programs

CFDA Numbers	Name of Federal Program or Cluster
11.300	Investments for Public Works & Economic Development

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as a low-risk auditee:            YES   X   NO

**CITY OF BEAVERTON**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
*For the Year Ended June 30, 2023*

**Section II. Financial Statement Audit Findings**

**2023-001 Lack of Segregation of Duties** *(repeated from prior year )*

Material weakness in internal control over financial reporting.

**Criteria:**

The City's management is responsible for establishing and maintaining effective internal controls over financial reporting and for safeguarding the City's assets.

**Condition:**

During the course of our audit we noted instances where multiple key financial duties were being performed by the same individual and there were no mitigating controls in place to ensure effective internal controls.

**Cause:**

Proper segregation of duties is intended to prevent an individual from committing an act of fraud or abuse and be able to conceal it. As is the case with many organizations of similar-size, the City lacks a sufficient number of personnel in order to ensure a complete segregation of duties within its accounting function.

**Effect:**

The City's current system of internal control does not appear to have sufficient safeguards in place to ensure that fraud or abuse is prevented or can be detected in a timely manner. Ideally, no single individual should ever be able to authorize a transaction, record the transaction in the accounting records and maintain custody of the assets resulting from the transaction.

**View of Responsible Officials:**

The City has made significant adjustments to correct this deficiency. The City has segregated duties of cash handling and transfers amongst the administrative staff to address this issue.

**CITY OF BEAVERTON**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
*For the Year Ended June 30, 2023*

**2023-002 Preparation of Financial Statements in Accordance with U.S. GAAP** *(repeated from prior year)*  
Material weakness in internal control over financial reporting.

**Criteria:**

The City is required to prepare financial statements in accordance with accounting principles generally accepted in the United States (U.S. GAAP). This is a responsibility of the City's management. The preparation of financial statements in accordance with U.S. GAAP requires internal controls over both (1) recording processing, and summarizing accounting data (i.e., maintaining internal books and records) and (2) reporting government-wide and fund financial statements, including the related footnotes (i.e., external financial reporting.)

**Condition:**

As is the case with many smaller and medium-sized entities the City has historically relied on its independent external auditors to assist in the preparation of the government-wide financial statements and footnotes as part of its external financial reporting process. Accordingly, the City's ability to prepare financial statements in accordance with U.S. GAAP is based, in part, on its reliance on its *external* auditors, who cannot by definition be considered a part of the government's *internal* controls.

**Cause:**

This condition was caused by the City's decision that it is more cost effective to outsource the preparation of its annual financial statements to the auditors than to incur the time and expense of obtaining the necessary training and expertise required for the government to perform this task internally.

**Effect:**

As a result of this condition the City lacks internal controls over the preparation of financial statements in accordance with U.S. GAAP, and instead relies, in part, on its external auditors for assistance with this task.

**View of Responsible Officials:**

The City has made significant adjustments to correct this deficiency. The City has hired accounting consultants to resolve this issue. The City will debrief consultants to make sure expectations are being met to address this issue.

**CITY OF BEAVERTON**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
*For the Year Ended June 30, 2023*

**2023-003 Violation of Reserve Requirements Related to Debt (repeated from prior year )**

Material Noncompliance or Other Matters

**Criteria:**

The City has revenue bonds outstanding in the Hydroelectric, Sewer and Water funds. The provisions of those debt agreements require the City to set aside assets in reserve accounts for debt service and repairs, replacement and improvements (RRI).

**Condition:**

The City has not accumulated sufficient reserves to satisfy the requirements, as follows:

- **92-08, 09** Sewer bond reserve; \$77,500 required - \$0 in reserves
- **92-28, 33** Sewer bond reserve \$3,714 required - \$0 in reserves
- **92-28, 33** Sewer RRI reserve \$9,600 required - \$0 in reserves
- **92-30** Sewer bond reserve \$1,200 required - \$0 in reserves

**Cause:**

Inadequate financial resources have been available to satisfy the requirements.

**Effect:**

The City is not in compliance with the reserve requirements imposed by the U.S. Department of Agriculture; Rural Development AL# 10.760.

**Questioned Costs:**

No costs have been questioned as a result of this finding.

**Recommendation:**

We recommend that the City develop a long-term plan to replenish and fund the USDA Reserve Accounts to the reserve provisions established in the debt agreements.

**View of Responsible Officials:**

The previous City Manager made unauthorized transfers out of the USDA Reserve Accounts to pay for capital improvements. The City has coordinated with the USDA to provide an explanation and solution to replenish the reserves. The City made the first transfer of an approved five (5) year workout plan in April 2020 and will continue to make the transfers as agreed. The City has adopted a five (5) year utility rate study that projects a 9.9% increase in rates over the next 5 years. Year 5 of the rate increase go into effect on July 1, 2022. The City plans to restrict funds to begin the process of replenishing these reserves.



**CITY OF BEAVERTON**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
*For the Year Ended June 30, 2023*

**Section III. Major Federal Award Findings**

**2023-004 AL# 11.300 Investments for Public Works & Economic Development - Written Policies Required by the Uniform Guidance (repeated from prior year )**

Material Weakness in Internal Control over Compliance

**Criteria:**

The Uniform Guidance requires a non-federal entity that has expended federal awards for a grant awarded on or after December 26, 2014 to have written policies pertaining to allowability of costs charged to federal programs, cash management, financial management, procurement, compensation/payroll, and travel costs (\$200.300 - 328).

**Condition:**

Although the City has processes in place to cover these areas, the City lacks formal written policies covering these areas.

**Cause:**

This condition appears to be the result of a time lag in identifying the requirement and developing a plan for compliance.

**Effect:**

As a result of this condition, the City did not fully comply with the Uniform Guidance applicable to the above noted grants.

**Questioned Costs:**

No costs have been questioned as a result of this finding.

**Recommendation:**

We recommend that the City ensures these policies are updated to conform with the Uniform Guidance as soon as practical, but no later than the end of fiscal year 2024.

**View of Responsible Officials:**

We agree with the finding. The City is currently working on updating all current procedures and policies to ensure that they are compliant with Uniform Guidance for all current and future Federal Awards.

**CITY OF BEAVERTON**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
*For the Year Ended June 30, 2023*

**2023-005 AL# 11.300 Investments for Public Works & Economic Development - Other Tests and Provisions**  
Compliance Other Matters

**Criteria:**

The City is required to erect and maintain in good condition and repair a sign or signs in accordance with EDA specifications. Prior to on-site construction, a reproducible photograph of the sign must be submitted to EDA along with evidence that the sign is located at the project site.

**Condition:**

During our inquiry of grant specific conditions the City was not able to readily produce a photograph of a sign at the site of the project. Additionally, the City did not have a sign erected at a second project site.

**Cause:**

This condition appears to be the result of a lack of administrative oversight.

**Effect:**

As a result of this condition, the City did not fully comply with the grant specific conditions of a major federal program/award.

**Questioned Costs:**

No costs have been questioned as a result of this finding.

**Recommendation:**

We recommend that the City ensures a sign is erected at both project sites and photographs are retained in the project files.

**View of Responsible Officials:**

We agree with the finding. The City, immediately after auditor inquiry, took a photograph of the erected sign and will retain it in the project file. Additionally, the City has provided a copy of the photograph to the Economic Development Administration.



## Section IV.

### Prior Audit Findings

#### Financial Statement Audit Findings

##### **2022-001 Material Weakness - Lack of Segregation of Duties**

**Criteria:**

During the course of our audit we noted instances where multiple key financial duties were being performed by the same individual and there were no mitigating controls in place to ensure effective internal controls.

**Status:**

Continues to be a finding in the current year, see current year finding 2023-001.

##### **2022-002 Material Weakness - Preparation of Financial Statements**

**Criteria:**

The City is required to prepare financial statements in accordance with accounting principles generally accepted in the United States (U.S. GAAP). This is a responsibility of the City's management. The preparation of financial statements in accordance with U.S. GAAP requires internal controls over both (1) recording processing, and summarizing accounting data (i.e., maintaining internal books and records) and (2) reporting government-wide and fund financial statements, including the related footnotes (i.e., external financial reporting.)

**Status:**

Continues to be a finding in the current year, see current year finding 2023-002.

##### **2022-003 Noncompliance in Internal Controls over Compliance**

**Criteria:**

The City has revenue bonds outstanding in the Hydroelectric, Sewer and Water funds. The provisions of those debt agreements require the City to set aside assets in reserve accounts for debt service and repairs, replacement and improvements (RRI).

**Status:**

Continues to be a finding in the current year, see current year finding 2023-003.

## **Major Federal Award Findings**

2022-004 AL# 10.766 Community Facilities Loans and Grants

Material weakness in internal control over federal award program - Other Matters: Written policies required by Uniform Guidance

### **Criteria:**

The Uniform Guidance requires a non-federal entity that has expended federal awards for a grant awarded on or after December 26, 2014 to have written policies pertaining to allowability of costs charged to federal programs, cash management, financial management, procurement, compensation/payroll, and travel costs (§200.300 - 328).

### **Status:**

Continues to be a finding in the current year, see current year finding 2023-004.



## Corrective Action Plan

### Federal Audit Clearinghouse

The City of Beaverton respectfully submits the following corrective action plan for the year ended June 30, 2023.

Name and address of independent public accounting firm:

Quast, Janke & Company  
1010 N Johnson St  
Bay City, MI 48708

Audit Period: June 30, 2023

Contact person responsible for Corrective Action  
Scott Govitz, City Manager

The findings from the June 30, 2023 schedule of findings and questions costs are detailed in the schedule above. The findings are numbered consistently with the numbers assigned in the schedule.

#### **2023-004 AL# 11.300 Investments for Public Works & Economic Development - Other Matters: Written Policies Required by the Uniform Guidance**

##### **Recommendation:**

We recommend that the City ensures these policies are updated to conform with the Uniform Guidance as soon as practical, but no later than the end of fiscal year 2023.

##### **Action Taken:**

The City has been provided an example of appropriate policies to use as a guide in updating their written policies. City management is currently working on updating all current procedures and policies to ensure that they are compliant with Uniform Guidance for all current and future Federal Awards.

##### **Anticipated Completion Date:**

June 2024

#### **2023-005 AL# 11.300 Investments for Public Works & Economic Development - Other Tests and Provisions**

##### **Recommendation:**

We recommend that the City ensures a sign is erected at both project sites and photographs are retained in the project files.

##### **Action Taken:**

The City immediately after auditor inquiry took a photograph of the erected sign and submitted a copy to the Economic Development Administration.

##### **Anticipated Completion Date:**

December 2023



FINANCIAL REPORT  
WITH SUPPLEMENTAL INFORMATION  
FISCAL YEAR END JUNE 30, 2023

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*Members:*  
American Institute of C.P.A.s  
Michigan Association of C.P.A.s

## INDEPENDENT AUDITORS' REPORT

To the City Council  
City of Beaverton  
Beaverton, 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 City of Beaverton, state of Michigan, as of and for the year ended June 30, 2023, and the related notes to the financial statements which collectively comprise the City of Beaverton' 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 of the governmental activities, business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Beaverton, as of June 30, 2023 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 audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of City of Beaverton and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 City of Beaverton' ability to continue as a going concern for one year after the date the financial statements are available to be issued.

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS and *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 City of Beaverton'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 City of Beaverton'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, the budgetary comparison information, on pages 4–9 and 42–45 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.

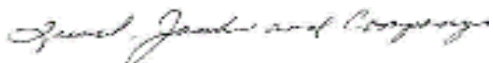
**Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Beaverton' basic financial statements. The accompanying combining and individual nonmajor fund financial statements and 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 , are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements 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.

**Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated December 14, 2023 on our consideration of City of Beaverton'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 City of Beaverton'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 City of Beaverton's internal control over financial reporting and compliance.

Quast, Janke and Company



Bay City, Michigan  
December 14, 2023

# City of Beaverton

## Management's Discussion and Analysis

June 30, 2023

As management of the City of Beaverton, Michigan, 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, 2023. We encourage readers to consider the information presented here in conjunction with the accompanying basic financial statements.

### CONCEPTUAL INFORMATION ABOUT THE CITY'S FINANCIAL STATEMENTS

#### 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 are comprised of 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. 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, health and welfare, community and economic development and recreation and culture. The business-type activities of the City include the Hydroelectric, Sewer and Water operations.

**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 the following categories: governmental funds and proprietary 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 government'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 government's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains six individual governmental funds. Information is presented separately in the governmental funds Balance Sheet and in the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund and the Major Streets Special Revenue Fund, both of which are considered to be major funds. Data from the other four governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report. The City adopts an annual appropriated budget for its General and Special Revenue Funds. Budgetary comparison statements or schedules have been provided herein to demonstrate compliance with those budgets.

# City of Beaverton

## Management's Discussion and Analysis

June 30, 2023

The basic governmental fund financial statements can be found on pages 12-15 of this report.

**Proprietary funds** - The City maintains two different types of proprietary funds: enterprise funds and an internal service fund. 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 Hydroelectric, Sewer, Water, and Rubbish operations. An internal service fund is an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses an internal service fund to account for its Equipment Revolving (equipment maintenance and replacement) activities. Because these services predominately benefit governmental rather than business-type functions, they have been included within the 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 Hydroelectric, Sewer, Water, and Rubbish funds, each of which is considered to be a major fund. The basic proprietary fund financial statements can be found on pages 19-21 of this report.

**Fiduciary fund** - The City maintains a Tax Collection Agency Fund (the "Current Tax Fund"). The Current Tax Fund is an Agency Fund and is used to account for resources held by the City in a purely custodial capacity. Activity in this fund represents deposits from current tax and special assessment collections and payments to taxing agencies. At year-end, the Current Tax Fund had no assets or liabilities and is therefore, excluded from presentation in the basic financial statements. Activity of the Current Tax Fund is excluded from the government-wide financial statements.

**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. The notes to the financial statements can be found on pages 21-41 of this report.

**Other information** - In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information. This includes the combining and individual fund financial statements and schedules. The supplementary information can be found on pages 48-63 of this report.

# City of Beaverton

## Management's Discussion and Analysis

June 30, 2023

### FINANCIAL HIGHLIGHTS

The City's combined net position increased \$1,503,498 over the course of the fiscal year to a total of \$8,722,234. The following tables present an analysis of the City's net position. Net position of governmental activities increased \$1,415,631 or 40% due mainly to a large capital project, the related grants, and financial results in the City's governmental funds. Business-type activities increased \$87,867 or 2% due mainly to results of operations of Enterprise Funds, including depreciation on capital assets and issuance of long-term debt.

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of financial position. The following analysis shows the City's total net position at June 30, 2023 and 2022.

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
<b>ASSETS</b>						
Current and other assets	\$ 1,558,582	\$ 1,563,588	\$ 995,868	\$ 1,000,842	\$ 2,554,450	\$ 2,564,430
Capital assets net of accumulated depreciation	<u>3,884,523</u>	<u>3,552,034</u>	<u>9,346,053</u>	<u>8,247,710</u>	<u>13,230,576</u>	<u>11,799,744</u>
Total Assets	5,443,105	5,115,622	10,341,921	9,248,552	15,785,026	14,364,174
<b>LIABILITIES</b>						
Current liabilities	598,075	383,437	686,499	909,242	1,284,574	1,292,679
Long-term liabilities	<u>99,761</u>	<u>1,214,438</u>	<u>5,866,566</u>	<u>4,638,321</u>	<u>5,966,327</u>	<u>5,852,759</u>
Total Liabilities	697,836	1,597,875	6,553,065	5,547,563	7,250,901	7,145,438
<b>NET POSITION</b>						
Net investment in capital assets	3,830,185	2,382,789	3,701,133	3,812,280	7,531,318	6,195,069
Restricted	653,842	617,745	250,876	217,947	904,718	835,692
Unrestricted	<u>261,242</u>	<u>517,213</u>	<u>(163,153)</u>	<u>(329,238)</u>	<u>98,089</u>	<u>187,975</u>
Total Net Position	<u>\$ 4,745,269</u>	<u>\$ 3,517,747</u>	<u>\$ 3,788,856</u>	<u>\$ 3,700,989</u>	<u>\$ 8,534,125</u>	<u>\$ 7,218,736</u>

The largest portion of the City's net position is invested in capital assets (e.g., land, infrastructure, buildings, and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with sources other than capital assets.

Restricted net position represents resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Total unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, legislation, or other legal requirements is \$292,410.

# City of Beaverton

## Management's Discussion and Analysis

June 30, 2023

The following analysis provides the changes in the net position for the City's governmental and business-type activities:

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
<b>Program Revenues</b>						
Charges for services	\$ 212,756	\$ 200,843	\$ 1,076,287	\$ 980,542	\$ 1,289,043	\$ 1,181,385
Operating grants and contributions	1,553,743	1,714,296	711,986	617,665	2,265,729	2,331,961
Capital grants and contributions	-	-	-	-	-	-
<b>General Revenues</b>						
Property taxes	470,455	452,163	-	-	470,455	452,163
State revenue sharing	168,478	162,990	-	-	168,478	162,990
Interest income	1,778	81	-	-	1,778	81
Other revenue	315,149	81,183	-	-	315,149	81,183
Total Revenues	2,722,359	2,611,556	1,788,273	1,598,207	4,510,632	4,209,763
<b>Program Expenses</b>						
General government	291,361	340,675	-	-	291,361	340,675
Public safety	538,074	436,762	-	-	538,074	436,762
Public works	399,250	557,612	-	-	399,250	557,612
Health and welfare	25,804	-	-	-	25,804	-
Community and economic development	-	125,231	-	-	-	125,231
Recreation and culture	111,382	66,540	-	-	111,382	66,540
Interest on long-term debt	24,632	4,992	-	-	24,632	4,992
Hydroelectric	-	-	886,432	394,698	886,432	394,698
Sewer	-	-	369,519	428,317	369,519	428,317
Water	-	-	404,540	332,734	404,540	332,734
Rubbish	-	-	68,632	69,772	68,632	69,772
Building authority	-	-	75,617	29,755	-	29,755
Total Expenses	1,390,503	1,531,812	1,804,740	1,255,276	3,050,994	2,687,561
Changes in Net Position before transfers	1,331,856	1,079,744	(16,467)	342,931	1,315,389	1,422,675
Transfers	(104,334)	(178,672)	104,334	178,672	-	-
Changes in Net Position	1,227,522	901,072	87,867	521,603	1,315,389	1,422,675
Net Position - Beginning	3,517,747	2,616,675	3,700,989	3,179,386	7,218,736	5,796,061
Net Position - Ending	\$ 4,745,269	\$ 3,517,747	\$ 3,788,856	\$ 3,700,989	\$ 8,534,125	\$ 7,218,736

Charges for services revenue in the Governmental Activities increased in the current year due mainly to charges to the local school district for placement of a school resource officer. General revenues in the Governmental Activities increased in the current year due mainly to non-recurring proceeds from grants and contributions. Charges for services revenue in the Business-type Activities increased to several utility rate increases that were imposed on customers during the year. The final utility rate increase commenced July 1, 2022. Overall, City-wide expenses increased due to non-recurring costs for contracted services related to accounting and financial reporting services, utility rate studies and other non-recurring project costs.

# City of Beaverton

## Management's Discussion and Analysis

June 30, 2023

### **FINANCIAL ANALYSIS OF THE CITY'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 the City's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the City itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the City's Council.

The General Fund is the chief operating fund of the City. At the end of the current year, the unassigned fund balance of the General Fund was \$367,642. 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 approximately 38% of total General Fund expenditures. In addition, the fund balance of the City's General Fund decreased by \$214,055, which is mainly due to transfers to other funds to cover timing differences between project costs and grant draw downs related to the Iron Treatment Plant.

The Major Streets Fund experienced an increase in fund balance of \$36,037 as result of increased revenue from gas and weight taxes and property taxes.

The Local Streets Fund experienced an increase in fund balance of \$32,479 as result of increased revenue from gas and weight taxes and property taxes.

*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 Hydroelectric Fund experienced a 17% decrease in net position as a result of major repairs expenditures.

The Sewer Fund experienced a modest 1% increase in net position. This results from the combination of increase in revenue coupled with decreased costs for wages and a decrease in other revenues. The 5th and final water/sewer rate increase commenced on July 1, 2022.

The Water Fund experienced an approximate 2% increase in net position. This results from the combination of an increase in revenue coupled with an increase in costs for wages and related expenses. The 5th and final water/sewer rate increase commenced on July 1, 2022.

The Rubbish Fund experienced an approximate 10% increase in net position. This results from planned transfers into the fund to eliminate the fund's deficit.

### **GENERAL FUND BUDGETARY HIGHLIGHTS**

The City's General Fund ended the fiscal year with a decrease to fund balance of \$19,734. The original budget projected a decrease of \$38,877 and the final amended budget projected an increase of \$3,555. Actual revenues and other financing resources were \$8,011 more than the final amended budget and actual expenditures and other financing uses were \$25,137 more than the final amended budget. The City continues to make incremental budgeting improvements to stabilize the operation and to address capital replacement needs. The City intends to be more consistent with month-end adjustments vs end of fiscal-year adjustments. The City has begun the process of quarterly budget amendments approved by City Council to ensure the budget stays on track.

### **CAPITAL ASSETS**

At year-end, the primary government reported capital assets of \$13,230,576 (net of accumulated depreciation) in a broad range of capital assets, including police equipment, public works equipment, buildings, park facilities and infrastructure (roads, dam facilities, and water and sewer systems). This amounts to a net overall increase of \$1,430,832 compared to the previous year, due mainly to net capital asset additions being in excess of depreciation expense. During the year, the City finished the construction projects on DPW/Police building and the Industrial Park. During the year the City also began the Iron treatment Plant construction project. Additional information regarding the City's capital assets can be found in the notes to the financial statements.



# City of Beaverton

## Management's Discussion and Analysis

June 30, 2023

### **LONG-TERM DEBT**

The City drew the \$519,000 available balance of the \$1,600,000 allowed debt to construct the new DPW/Police building and paid back \$181,000 of the draws. The City made normal scheduled debt service payments on its outstanding installment purchase agreements in Governmental Activities and revenue bonds in Business-type Activities. Further information on the City's long-term debt can be found in the notes to the financial statements.

### **ECONOMIC CONDITIONS AND OUTLOOK**

#### **Hydroelectric Dam:**

In FY 2020, rain started on May 14th and ended on May 20th. Beaverton received approximately 5 inches of rainfall. The Hydro-electric dam maintained consistent and proper lake levels per their FERC licensing limits. However, the dam sustained damage to the seawall and security fencing. The seawall also assists with erosion, so the structure also sustained washout of the supporting rip-wrap and soil. FEMA has assessed the current damages at over a million dollars. The final payment due to the 2020 flooding was made in July of 2023.

#### **Building Projects:**

The City is currently finalizing the Department of Public Works/Police Building project which replaces the old Public Works Building that was damaged in a fire in October 2018. Final payment on the Department of Public Works/Police Building was made in 2022.

#### **Industrial Park Project:**

The project includes the construction of a Water Iron Removal Treatment Plant. The project was completed and the last payment was made in the fall of 2023.

The City of Beaverton is currently working to secure grant funding from EDBG, EGLE, and MSHDA to potentially execute the following projects:

- Ross Lake Improvements
- Tonkin Street Infrastructure & Stormwater System Improvements (Culverts)
- Brown Street Infrastructure & Stormwater System Improvements (Culverts)
- Mitigation and Resilience Planning
- Community Housing Improvements

### **REQUEST FOR INFORMATION**

This financial report is designed to provide a general overview of the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Shannon Sirpilla, the City Manager, at P.O. Box 477, Beaverton, Michigan 48612-0477, call (989) 435-3511, or email [sgovitz@beavertonmi.org](mailto:sgovitz@beavertonmi.org).

# City of Beaverton

## Statement of Net Position

June 30, 2023

	Primary Government			Discrete Component Units
	Governmental Activities	Business -Type Units	Total	
<b>Assets:</b>				
Cash and cash equivalents	\$ 1,095,143	\$ 364,551	\$ 1,459,694	\$ 140,399
Receivables	694,823	138,582	833,405	300
Internal balances	(231,384)	241,859	10,475	(10,475)
Restricted assets				-
Cash and cash equivalents	-	250,876	250,876	-
Investments	-	-	-	-
Assets held for sale	-			
Capital assets:				
Assets not being depreciated	1,292,512	102,715	1,395,227	7,000
Assets being depreciated, net	<u>2,592,011</u>	<u>9,243,338</u>	<u>11,835,349</u>	<u>293,862</u>
<b>Total assets</b>	<u>5,443,105</u>	<u>10,341,921</u>	<u>15,785,026</u>	<u>431,086</u>
<b>Liabilities:</b>				
Accounts payable	598,075	686,499	1,284,574	1,683
Unearned revenue	-	-	-	20,000
Noncurrent liabilities:				
Accrued compensated absences	45,423	10,565	55,988	3,361
Installment purchase agreements and bonds				
Due within one year	24,555	204,000	228,555	6,565
Due in more than one year	<u>29,783</u>	<u>5,652,001</u>	<u>5,681,784</u>	<u>245,469</u>
<b>Total liabilities</b>	<u>697,836</u>	<u>6,553,065</u>	<u>7,250,901</u>	<u>277,078</u>
<b>Net position:</b>				
Investment in cap. assets net of debt	3,830,185	3,701,133	7,531,318	48,828
Restricted	653,842	250,876	904,718	-
Unrestricted	<u>261,242</u>	<u>(163,153)</u>	<u>98,089</u>	<u>105,180</u>
<b>Total net position</b>	<u>\$ 4,745,269</u>	<u>\$ 3,788,856</u>	<u>\$ 8,534,125</u>	<u>\$ 154,008</u>

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

# City of Beaverton

## Statement of Activities For the Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position			Component Units
		Charges for Services	Operating Grants/Contributions	Governmental Activities	Business-Type Activities	Total	
<b>Primary government</b>							
<b>Governmental activities:</b>							
General government	\$ 291,361	\$ 4,585	\$ -	\$ (286,776)	\$ -	\$ (286,776)	\$ -
Public safety	538,074	113,386	-	(424,688)	-	(424,688)	-
Public works	399,250	20,952	1,553,743	1,175,445	-	1,175,445	-
Health and welfare	25,804	-	-	(25,804)	-	(25,804)	-
Community and economic development	-	-	-	-	-	-	-
Recreational and cultural	111,382	73,833	-	(37,549)	-	(37,549)	-
Interest on debt	<u>24,632</u>			<u>(24,632)</u>		<u>(24,632)</u>	
Total Governmental Activities	1,390,503	212,756	1,553,743	375,996	-	375,996	-
<b>Business-type activities:</b>							
Hydroelectric	886,432	109,572	711,637	-	(65,223)	(65,223)	-
Sewer	369,519	399,430	349	-	30,260	30,260	-
Water	404,540	497,207	-	-	92,667	92,667	-
Rubbish	68,632	70,078	-	-	1,446	1,446	-
Building authority	<u>75,617</u>				<u>(75,617)</u>	<u>(75,617)</u>	
Total Business-Type Activities	<u>1,804,740</u>	<u>1,076,287</u>	<u>711,986</u>		<u>(16,467)</u>	<u>(16,467)</u>	
Total Primary Government	<u>\$ 3,195,243</u>	<u>\$ 1,289,043</u>	<u>\$ 2,265,729</u>	375,996	(16,467)	359,529	-
<b>Component unit</b>							
Downtown development authority	<u>119,477</u>		<u>80,104</u>				<u>(39,373)</u>
Total component units	119,477	-	80,104				(39,373)
<b>General purpose revenues:</b>							
Property taxes				470,455	-	470,455	83,476
Grants and contributions not restricted to specific programs				168,478	-	168,478	-
Unrestricted investment income				1,778	-	1,778	-
Other miscellaneous revenues				315,149	-	315,149	-
Transfers				<u>(104,334)</u>	<u>104,334</u>		
Total General Purpose Revenues and Transfers				<u>851,526</u>	<u>104,334</u>	<u>955,860</u>	<u>83,476</u>
Change in Net Position				1,227,522	87,867	1,315,389	44,103
Net Position - Beginning of Year				3,517,747	3,700,989	7,218,736	109,905
Net Position - End of Year				<u>\$ 4,745,269</u>	<u>\$ 3,788,856</u>	<u>\$ 8,534,125</u>	<u>\$ 154,008</u>

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

# City of Beaverton

## Balance Sheet Governmental Funds June 30, 2023

	Major Funds						Nonmajor Governmental	Total
	General	Major Streets	Local Streets	Capital Projects Industrial Park	Capital Projects DPW/Police	Capital Projects Iron Treatment	Campground	
<b>Assets</b>								
Cash and cash equivalents	\$ 674,431	\$ 171,502	\$ 212,878	\$ 5,000	\$ -	\$ -	\$ 26,801	\$ 1,090,612
Investments	-	-	-	-	-	-	-	-
Accounts receivable	258,925	-	-	-	-	-	215	259,140
Taxes receivable	-	-	-	-	-	-	-	-
Due from other governmental units	35,843	14,935	5,362	-	-	379,543	-	435,683
Due from other funds	73,945	128,880	-	-	-	194,321	89,845	486,991
Due from component unit	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total assets	<u>\$ 1,043,144</u>	<u>\$ 315,317</u>	<u>\$ 218,240</u>	<u>\$ 5,000</u>	<u>\$ -</u>	<u>\$ 573,864</u>	<u>\$ 116,861</u>	<u>\$ 2,272,426</u>
<b>Liabilities</b>								
Accounts payable	\$ 10,150	\$ 731	\$ 206	\$ -	\$ -	\$ 573,864	\$ 364	\$ 585,315
Accrued liabilities	10,876	116	103	-	-	-	56	11,151
Due to other governmental units	-	-	-	-	-	-	-	-
Due to other funds	654,476	-	-	-	-	-	-	654,476
Unearned revenue	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	<u>675,502</u>	<u>847</u>	<u>309</u>	<u>-</u>	<u>-</u>	<u>573,864</u>	<u>420</u>	<u>1,250,942</u>
<b>Fund balances</b>								
Nonspendable	-	-	-	-	-	-	-	-
Restricted for streets	-	314,470	217,931	-	-	-	-	532,401
Restricted for capital projects	-	-	-	5,000	-	-	-	5,000
Restricted for campground	-	-	-	-	-	-	116,441	116,441
Unassigned (deficit)	-	-	-	-	-	-	-	-
General fund	<u>367,642</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>367,642</u>
Total Fund Balances	<u>367,642</u>	<u>314,470</u>	<u>217,931</u>	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>116,441</u>	<u>1,021,484</u>
Total liabilities and fund balances	<u>\$ 1,043,144</u>	<u>\$ 315,317</u>	<u>\$ 218,240</u>	<u>\$ 5,000</u>	<u>\$ -</u>	<u>\$ 573,864</u>	<u>\$ 116,861</u>	<u>\$ 2,272,426</u>

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

# City of Beaverton

## Reconciliation of Fund Balances of Governmental Funds to Net Position of Governmental Activities

June 30, 2023

Fund balances - total governmental funds	\$ 1,021,484
Amounts reported for governmental activities in the Statement of Net Position are different because -	
Capital assets used in Governmental Activities are not financial resources and therefore are not reported in the Governmental Funds	
Capital assets not being depreciated	1,292,512
Capital assets being depreciated, net	2,592,011
Long-term liabilities are not due and payable in the current period and therefore are not reported in the Governmental Funds	
Compensated absences	(45,423)
Installment purchase agreements	(54,338)
An internal service fund is used by management to charge the cost of equipment use to individual funds. The assets and liabilities of the internal service fund are included in the Governmental Activities in the Statement of Net Position	
Interfund balances related to the internal service fund	(38,088)
Net position of internal service fund	<u>(22,889)</u>
Net position of governmental activities	<u>\$ 4,745,269</u>

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

# City of Beaverton

## Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds For the Year Ended June 30, 2023

	Major Funds						Nonmajor Governmental	Total
	General	Major Streets	Local Streets	Capital Projects Industrial Park	Capital Projects DPW/Police	Capital Projects Iron Treatment	Campground	
<b>Revenues:</b>								
Property taxes	\$ 390,934	\$ 42,270	\$ 37,251	\$ -	\$ -	\$ -	\$ -	\$ 470,455
Federal sources	48,818	-	-	688,853	-	601,119	-	1,338,790
State sources	220,505	121,312	41,614	-	-	-	-	383,431
Charges for services	141,153	-	-	-	-	-	71,603	212,756
Fines and forfeitures	13,315	-	-	-	-	-	-	13,315
Licenses and permits	2,629	-	-	-	-	-	-	2,629
Interest earned on deposits	1,778	-	-	-	-	-	-	1,778
Rent	10,686	-	-	-	-	-	-	10,686
Miscellaneous	<u>58,131</u>	-	-	-	-	-	-	<u>58,131</u>
Total Revenues	887,949	163,582	78,865	688,853	-	601,119	71,603	2,491,971
<b>Expenditures</b>								
General government	277,148	-	-	-	-	-	-	277,148
Public safety	516,805	-	-	-	-	-	-	516,805
Public works	83,002	75,795	98,136	459,107	326,836	1,071,381	1,771	2,116,028
Health and welfare	25,804	-	-	-	-	-	-	25,804
Community and economic development	-	-	-	-	-	-	-	-
Recreation and culture	39,906	-	-	-	-	-	62,640	102,546
Capital outlay	-	-	-	-	-	-	-	-
Debt service - principal	33,902	-	-	-	208,000	-	-	241,902
Debt service - interest	<u>2,928</u>	-	-	-	<u>21,709</u>	-	-	<u>24,637</u>
Total Expenditures	<u>979,495</u>	<u>75,795</u>	<u>98,136</u>	<u>459,107</u>	<u>556,545</u>	<u>1,071,381</u>	<u>64,411</u>	<u>3,304,871</u>
Excess of revenues over (under) expenditures	(91,546)	87,787	(19,271)	229,746	(556,545)	(470,262)	7,192	(812,899)
<b>Other financing sources (uses):</b>								
Sale of capital assets	230,000	-	-	-	-	-	-	230,000
Bond proceeds	-	-	-	-	519,000	-	-	519,000
Transfer from other funds	293,024	-	51,750	138,992	325,013	470,262	-	1,279,041
Transfer to other funds	<u>(645,533)</u>	<u>(51,750)</u>	-	<u>(402,793)</u>	<u>(293,024)</u>	-	-	<u>(1,393,100)</u>
Total other financing sources (uses):	<u>(122,509)</u>	<u>(51,750)</u>	<u>51,750</u>	<u>(263,801)</u>	<u>550,989</u>	<u>470,262</u>	-	<u>634,941</u>
Net changes in fund balances	(214,055)	36,037	32,479	(34,055)	(5,556)	-	7,192	(177,958)
Fund balances (deficits) - beginning of year	<u>581,697</u>	<u>278,433</u>	<u>185,452</u>	<u>39,055</u>	<u>5,556</u>	-	<u>109,249</u>	<u>1,199,442</u>
Fund balances (deficits) - end of year	<u>\$ 367,642</u>	<u>\$ 314,470</u>	<u>\$ 217,931</u>	<u>\$ 5,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 116,441</u>	<u>\$ 1,021,484</u>

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

# City of Beaverton

## Reconciliation of Net Changes in Fund Balances of the Governmental Funds to Change in Net Position of Governmental Activities

For the Year Ended June 30, 2023

Net change in fund balances - total governmental funds	\$ (177,958)
Amounts reported for Governmental Activities in the Statement of Activities are different because -	
Governmental funds report capital outlays as expenditures while in the Statement of Activities, these costs are allocated over their estimated lives as depreciation expense.	
Capital outlay	1,860,452
Asset disposals net of depreciation	-
Depreciation expense	(98,888)
Asset transfers to enterprise funds	(1,402,275)
Governmental funds report the proceeds of debt as a financial resource in the fund financial statements. The repayment of debt is an outlay of current fund resources. Neither transaction has any effect on net position in the government wide statements.	
Bond proceeds	(519,000)
Increase in accrued interest	-
Principal payments	241,907
Debt transfers to enterprise funds	1,392,000
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 fund statements.	
Change in compensated absences	(230)
An internal service fund is used by management to charge the net costs of equipment use to individual funds. The net cost of the internal service fund is reported in the governmental activities.	
Net operating income from internal service funds.	16,374
Net operating income from governmental internal service funds allocated to business-type activities.	<u>(84,860)</u>
Change in net position of governmental activities	<u>\$ 1,227,522</u>

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

# City of Beaverton

## Statement of Net Position Proprietary Funds June 30, 2023

Assets	Major Enterprise Funds					Total	Internal Service Fund
	Hydroelectric Fund	Sewer Fund	Water Fund	Rubbish Fund	Building Authority Fund		Equipment
<b>Current assets:</b>							
Cash and cash equivalents	\$ 218,282	\$ 17,505	\$ 113,526	\$ -	\$ 15,238	\$ 364,551	\$ 5,331
Accounts receivable	-	57,584	70,149	10,374	-	138,107	-
Special assessment receivable	-	-	475	-	-	475	-
Due from other funds	<u>145,441</u>	<u>103,818</u>	<u>120,200</u>	<u>-</u>	<u>5,300</u>	<u>374,759</u>	<u>-</u>
Total Current Assets	363,723	178,907	304,350	10,374	20,538	877,892	5,331
<b>Noncurrent Assets:</b>							
Investments	-	-	-	-	-	-	-
<b>Restricted assets:</b>							
USDA repair, replacement & improvement (RRI)	-	-	140,051	-	-	140,051	-
USDA bond reserve	39,795	-	71,030	-	-	110,825	-
<b>Capital Assets:</b>							
Nondepreciable capital assets	-	102,115	600	-	-	102,715	-
Depreciable capital assets, net	<u>1,214,751</u>	<u>3,589,417</u>	<u>2,477,174</u>	<u>-</u>	<u>1,961,996</u>	<u>9,243,338</u>	<u>48,700</u>
Total Noncurrent Assets	<u>1,254,546</u>	<u>3,691,532</u>	<u>2,688,854</u>	<u>-</u>	<u>1,961,996</u>	<u>9,596,929</u>	<u>48,700</u>
<b>Total Assets</b>	<b>1,618,269</b>	<b>3,870,439</b>	<b>2,993,205</b>	<b>10,374</b>	<b>1,982,534</b>	<b>10,474,821</b>	<b>54,037</b>
<b>Liabilities</b>							
<b>Current Liabilities:</b>							
Checks issued in excess of pooled cash	-	-	-	624,825	-	624,825	-
Accounts payable	632	1,674	824	5,764	-	8,894	1,606
Accrued liabilities	116	310	349	-	-	775	65
Accrued interest	14,361	8,886	12,732	-	16,026	52,005	-
Due to other funds	68,200	49,790	-	4,867	-	122,857	73,945
<b>Current portion of long-term debt:</b>							
Accrued compensated absences	422	4,464	5,550	129	-	10,565	1,310
Revenue bonds	<u>37,000</u>	<u>76,000</u>	<u>32,000</u>	<u>-</u>	<u>59,000</u>	<u>204,000</u>	<u>-</u>
Total Current Liabilities	120,731	141,124	51,455	635,585	75,026	1,023,921	76,926
<b>Noncurrent Liabilities:</b>							
Revenue bonds/note payable	<u>1,132,000</u>	<u>1,276,000</u>	<u>1,403,001</u>	<u>-</u>	<u>1,841,000</u>	<u>5,652,001</u>	<u>-</u>
<b>Total Liabilities</b>	<b>1,252,731</b>	<b>1,417,124</b>	<b>1,454,456</b>	<b>635,585</b>	<b>1,916,026</b>	<b>6,675,922</b>	<b>76,926</b>
<b>Net position</b>							
Invested in capital assets net of related debt	45,751	2,339,532	1,253,854	-	61,996	3,701,133	48,706
Restricted for debt	39,795	-	211,081	-	-	250,876	-
Unrestricted	<u>279,992</u>	<u>113,783</u>	<u>73,814</u>	<u>(625,211)</u>	<u>4,512</u>	<u>(153,110)</u>	<u>(71,595)</u>
<b>Total Net Position</b>	<b><u>\$ 365,538</u></b>	<b><u>\$ 2,453,315</u></b>	<b><u>\$ 1,538,749</u></b>	<b><u>\$ (625,211)</u></b>	<b><u>\$ 66,508</u></b>	<b>3,798,899</b>	<b><u>\$ (22,889)</u></b>
Adjustment to reflect the consolidation of internal service fund activities related to the enterprise fund						<u>(10,043)</u>	
Net position of business-type activities on the government-wide statement of net position						<u>\$ 3,788,856</u>	



# City of Beaverton

## Statement of Cash Flows Proprietary Funds For the Year Ended June 30, 2023

	Major Enterprise Funds					Total	Internal Service Fund Equipment
	Hydroelectric Fund	Sewer Fund	Water Fund	Rubbish Fund	Building Authority Fund		
<b>Cash flows from operating activities</b>							
Cash received from customers	\$ 459,572	\$ 394,688	\$ 491,663	\$ 70,187	\$ -	\$ 1,416,110	\$ -
Other operating cash receipts	-	-	-	-	-	-	69,546
Cash effects of interfund balances	-	1,395	(28,577)	4,738	-	(27,182)	433
Cash payments to suppliers for goods and services	(820,744)	(142,051)	(124,383)	(68,573)	(25,635)	(1,181,386)	(30,279)
Cash payments to employees for services and fringes	(50,513)	(100,472)	(177,239)	109	-	(328,115)	(15,493)
Net cash provided (used) by operating activities	(411,685)	153,560	161,464	6,461	(25,635)	(120,573)	24,207
<b>Cash flows from noncapital and related financing activities</b>							
Transfer to/from other funds	-	-	(42,140)	70,000	66,199	94,059	20,000
Miscellaneous revenues/receipts	711,637	349	-	-	-	711,986	385
Uses/funding of bond restricted cash	-	-	-	-	-	-	-
Net cash provided (used) by noncapital financing activities	711,637	349	(42,140)	70,000	66,199	806,045	20,385
<b>Cash flows from capital and related financing activities</b>							
Acquisition of capital assets	-	-	-	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-	-	-	-
Proceeds from issuance of long-term debt	-	-	-	-	-	-	-
Debt payments							
Interest paid on bonds	(44,245)	(41,329)	(43,482)	-	(12,326)	(141,382)	-
Principal payments on bonds	(35,000)	(74,000)	(31,000)	-	(13,000)	(153,000)	-
Net cash provided (used) by capital and related financing activities	(79,245)	(115,329)	(74,482)	-	(25,326)	(294,382)	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>							
Interest on investments	-	-	-	-	-	-	-
Net increase (decrease) in cash	220,707	38,580	44,842	76,461	15,238	391,090	44,592
Cash/Restricted Cash beginning of year	37,370	(21,074)	279,763	(701,286)	-	296,059	(39,261)
Cash/Restricted Cash end of year	<u>\$ 258,077</u>	<u>\$ 17,506</u>	<u>\$ 324,605</u>	<u>\$ (624,825)</u>	<u>\$ 15,238</u>	<u>\$ 687,149</u>	<u>\$ 5,331</u>
<b>RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>							
Income (loss) from operations	\$ (735,170)	\$ 50,642	\$ 124,641	\$ 1,446	\$ (52,431)	\$ (610,872)	\$ (4,011)
Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities:							
Depreciation	80,498	112,073	84,436	-	26,924	303,931	26,800
Change in assets and liabilities:							
(Increase) decrease in accounts receivable	350,000	(4,742)	(5,544)	109	-	339,823	-
(Increase) decrease in due from other funds	-	(2,657)	(6,262)	-	-	-	-
Increase (decrease) in accounts payable	(104,303)	(51)	(7,394)	59	(128)	(111,817)	1,226
Increase (decrease) in accrued expenses	(559)	(1,455)	(1,796)	(20)	-	(3,830)	(242)
Increase (decrease) in due to other funds	-	4,052	(22,315)	4,738	-	-	433
Increase (decrease) in compensated absences	(2,151)	(4,302)	(4,302)	129	-	(10,626)	1
Net Cash Provided (Used) in Operating Activities	<u>\$ (411,685)</u>	<u>\$ 153,560</u>	<u>\$ 161,464</u>	<u>\$ 6,461</u>	<u>\$ (25,635)</u>	<u>\$ (93,391)</u>	<u>\$ 24,207</u>

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

# City of Beaverton

## Statement of Revenues, Expenses and Changes in Fund Net Position Proprietary Funds

For the Year Ended June 30, 2023

	Major Enterprise Funds					Total	Internal
	Hydroelectric Fund	Sewer Fund	Water Fund	Rubbish Fund	Building Authority Fund		Service Fund Equipment
Operating revenues							
Charges for services	\$ 109,572	\$ 399,430	\$ 497,207	\$ 70,078	\$ -	\$ 1,076,287	\$ 69,546
Operating expenses:							
Salaries	33,639	74,478	115,558	-	-	223,675	11,028
Payroll taxes	2,701	5,920	9,042	-	-	17,663	825
Employee benefits	11,463	14,317	46,541	-	-	72,321	3,399
Supplies	-	3,734	6,869	-	-	10,603	13,642
Postage	-	6,624	1,066	-	-	7,690	-
Telephone	4,296	2,418	5,402	-	-	12,116	-
Utilities	5,040	36,657	18,163	-	-	59,860	-
Repairs and maintenance	9,818	15,798	25,673	-	-	51,289	16,867
Contracted services	685,797	24,521	50,685	68,329	-	829,332	304
Equipment rental	3,043	18,456	5,314	-	-	26,813	-
Miscellaneous	8,447	33,792	3,817	303	25,507	71,866	692
Depreciation	80,496	112,072	84,436	-	26,924	303,931	26,800
Total Operating Expenses	<u>844,742</u>	<u>348,788</u>	<u>372,566</u>	<u>68,632</u>	<u>52,431</u>	<u>1,687,156</u>	<u>73,557</u>
Operating Income (loss)	(735,170)	50,642	124,641	1,446	(52,431)	(610,872)	(4,011)
Nonoperating revenues (expenses)							
Interest earned on deposits	-	-	-	-	-	-	-
Interest expense	(50,663)	(38,677)	(49,920)	-	(23,186)	(162,446)	-
Other revenue	711,637	349	-	-	10,275	722,261	385
Other expenses	-	-	-	-	-	-	-
Total nonoperating revenues (expenses)	<u>660,974</u>	<u>(38,328)</u>	<u>(49,920)</u>	<u>-</u>	<u>(12,911)</u>	<u>559,815</u>	<u>385</u>
Income Before Transfers	(74,196)	12,314	74,721	1,446	(65,342)	(51,057)	(3,626)
Other financing sources (uses):							
Transfers in	-	-	-	70,000	66,199	136,199	20,000
Transfers out	-	-	(42,140)	-	-	(42,140)	-
Total other financing sources (uses):	<u>-</u>	<u>-</u>	<u>(42,140)</u>	<u>70,000</u>	<u>66,199</u>	<u>94,059</u>	<u>20,000</u>
Change in net position	(74,196)	12,314	32,581	71,446	857	43,002	16,374
Net position, beginning of year	439,734	2,441,001	1,506,168	(696,657)	65,651	3,755,897	(39,263)
Net position, end of year	<u>\$ 365,538</u>	<u>\$ 2,453,315</u>	<u>\$ 1,538,749</u>	<u>\$ (625,211)</u>	<u>\$ 66,508</u>	<u>\$ 3,798,899</u>	<u>\$ (22,889)</u>
Adjustments to reflect the consolidation of internal service fund activities related to the enterprise funds						<u>(10,043)</u>	
Change in net position of business-type activities						<u>\$ 3,788,856</u>	

# City of Beaverton

## Fiduciary Funds Statement of Fiduciary Net Position June 30, 2023

	Current Tax Fund
<b>Assets</b>	
Cash and cash equivalents	\$ 216
Receivables	
Taxes for other governments	<u>39</u>
Total assets	<u>\$ 255</u>
<b>Liabilities</b>	
Due to other funds	\$ 216
Due to other local governments	<u>39</u>
TOTAL LIABILITIES	<u>255</u>
<b>Net position</b>	
Restricted for -	
Individuals, organizations, and other governments	<u>\$ -</u>

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

# City of Beaverton

## Fiduciary Funds Statement of Changes in Fiduciary Net Position

*For the Year Ended June 30, 2023*

	<u>Current Tax Fund</u>
Additions:	
Property tax collections	\$ 1,202,656
Miscellaneous	<u>-</u>
Total additions	<u>1,202,656</u>
Deductions	
Payments of property taxes to other governments	1,202,656
Administrative expenses	<u>-</u>
Total deductions	<u>1,202,656</u>
Net position	
Restricted for - Individuals, organizations, and other governments	<u>\$ -</u>

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

**City of Beaverton**  
**Notes to the Financial Statements**  
*June 30, 2023*

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

The accounting policies of the *City of Beaverton*, (the "*City*") conform, in all material respects, to accounting principles generally accepted in the United States of America (U.S. GAAP), as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the standard setting body for establishing governmental accounting and financial reporting principles, which are primarily set forth in the GASB's Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification). The following sections provide a summary of the City's more significant policies.

**A: Description of Reporting Entity:**

**Reporting Entity**

The City is organized under Michigan's Comprehensive Home Rule City Act. The Mayor and a seven-member City Council is the governing body elected by the community at large. The Council appoints a City Manager to administer the affairs of the City.

As required by U.S. GAAP, the financial statements of the reporting entity include those of the City and its component unit. The component unit discussed below is included in the City's reporting entity because it is an entity for which the City is considered to be financially accountable. The financial data of the component unit is included in the City's reporting entity because of the significance of its operational and financial relationship with the City. The discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City.

**Discretely Presented Component Unit**

The *Downtown Development Authority* (the "*DDA*") was created to collect and prevent deterioration in the City's downtown district, encourage historical preservation and to promote economic growth within the downtown district. The DDA's governing body consists of the City Mayor and between eight and twelve members selected by the City Council. In addition, the City is responsible for compliance with federal grants received in conjunction with the DDA's projects and the DDA's budget is approved by the City Council. In accordance with Statement of Michigan Governmental Accounting and Auditing No. 5, the DDA has been discretely presented in the City's financial statements. The DDA does not issue formal financial statements, except as otherwise contained in the City's annual financial statements. Additional information can be obtained by contacting the City Clerk.

# City of Beaverton

## Notes to the Financial Statements

*June 30, 2023*

### **Blended Component Unit**

The Building Authority was created to provide for the acquisition and construction of certain public buildings, parking lots or structures, recreational facilities, stadiums and other necessary sites for use of the City. The Building Authority's governing body consists of the City's Mayor, the City Manager and one member of the City Council. In addition, the City is responsible for compliance with grants and loan proceeds received in conjunction with the Building Authority's projects and the Building Authority's budget is approved by the City Council. In accordance with applicable GASB standards, the Building Authority has been blended in the City's financial statements and is presented as an Enterprise Fund. The Building Authority does not issue formal financial statements, except as otherwise contained in the City's annual financial statements. Additional information can be obtained by contacting the City Clerk.

### **Related Organization**

The City, in conjunction with Beaverton and Tobacco Townships, entered into an agreement to create the *Beaverton Area Fire Protection District* (the "BAFPD"). The BAFPD is a legally separate organization established to provide fire protection services to the three communities. The BAFPD is financed each year on a proportional basis for each participating unit based upon their respective state equalized valuation.

### **B: Basis of Presentation**

#### **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 non-fiduciary activities of the primary government and its component unit. 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 certain legally separate component units for which the primary government is financially accountable.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. 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.

**City of Beaverton**  
**Notes to the Financial Statements**  
*June 30, 2023*

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, except for the Agency fund, which does not have a measurement focus. Revenues are recorded when earned and expenses are recorded when a 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. Agency funds, a type of fiduciary fund, are unlike all other types of funds, reporting only assets and liabilities. Therefore, agency funds cannot be said to have a measurement focus. They do, however, use the accrual basis of accounting to recognize receivables and payables.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Under this method, 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 City considers revenues to be available if they are collected within 60 days of the end of the Current fiscal 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.

Revenues are recognized in the accounting period in which they become susceptible to accrual- that is, when they become both measurable and available to finance expenditures of the fiscal period. Revenues susceptible to accrual include property taxes, state revenue sharing, and interest.

The City property tax is levied each December 1st on the taxable valuation of property (as defined by State statutes) located in the City as of the preceding December 31st. The 2021 taxable valuation of the City totaled \$20,151,794, on which ad valorem taxes levied consisted of 13.7293 mills for City operating purpose, 2.0000 for roads and bridges, 2.0000 mills for public safety, 1.5000 for Fire. These amounts are recognized in the General Fund, Major Streets Fund, and Local Streets Fund as property taxes.

# City of Beaverton

## Notes to the Financial Statements

June 30, 2023

The City reports the following major *governmental funds*:

The *General Fund* is the City's primarily operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Major Streets Fund* accounts for the City's share of proceeds from gas and weight taxes levied by the State and distributed to local governmental units for major streets and roads. State law requires that these taxes be used for street maintenance and construction.

The *Local Streets Fund* accounts for the City's share of proceeds from gas and weight taxes levied by the State and distributed to local governmental units for local streets and roads. State law requires that these taxes be used for street maintenance and construction.

The Capital Projects Funds accounts for the receipt and disbursement of proceeds from bond issues or other revenues specifically designated for certain capital expenditures of the City. The City currently has two Capital Projects Funds - the *Industrial Park Fund* and *DPW/Police Building Fund*.

The City reports the following major *enterprise funds*:

The *Hydroelectric Fund* is used to account for the activities of the City's hydroelectric dam system.

The *Sewer Fund* is used to account for the activities of the City's sewer system.

The *Water Fund* is used to account for the activities of the City's water system.

The *Rubbish Fund* is used to account for the activities of the City's trash collection services.

Additionally, the City reports the following fund types:

The *special revenue funds* are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

The *internal service fund* accounts for equipment rental provided to other departments and funds of the City on a cost reimbursement basis.



# City of Beaverton

## Notes to the Financial Statements

*June 30, 2023*

The City also administers a Tax Collection Agency Fund (the "*Current Tax Fund*"). The Current Tax Fund is an Agency Fund and is used to account for resources held by the City in a purely custodial capacity. Activity in this fund represents deposits from current tax and special assessment collections and payments to other taxing agencies. At year-end, the Current Tax Fund had no assets or liabilities and is therefore, excluded from presentation in the basic financial statements. Activity of the Current Tax Fund is excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

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

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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 City's enterprise and internal service funds are charges to customers for sales and services. The sewer and water funds also recognize the portion of tap fees intended to recover current costs as operating revenue. The portion intended to recover the cost of the infrastructure is recognized as nonoperating revenue. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

Restricted net position represents amounts that are subject to restrictions beyond the government's control. The restrictions may be externally imposed or imposed by law. When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

**City of Beaverton**  
**Notes to the Financial Statements**  
*June 30, 2023*

**C: Assets, Liabilities, Deferred Inflows of Resources and Equity**

**Cash and Cash Equivalents**

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less when acquired.

**Investments**

State statutes authorize the City to deposit in the accounts of federally insured banks, credit unions, and savings and loan associations, and to invest in obligations of the U.S. Treasury, certain commercial paper, repurchase agreements, bankers' acceptances, and mutual funds composed of otherwise legal investments. Investments are comprised solely of certificates of deposits and are reported at fair value (Level 1).

**Restricted Cash and Cash Equivalents**

The revenue bonds of the enterprise funds require amounts to be set aside for repairs, replacement and improvements (RRI) and for debt service. The amounts the City has deposited in separate accounts for these requirements are reported as restricted assets.

**Receivables and Payables**

All receivables and payables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

**Capital Assets**

Capital assets, which generally include property, infrastructure (such as water and sewer systems, roads and sidewalks), buildings vehicles and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 (unless the asset is a computer or firearm 1) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Donated capital assets are recorded at estimated fair value at the date of donation.

**City of Beaverton**  
**Notes to the Financial Statements**  
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Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities, if any, is included as part of the capitalized value of the assets constructed. No such interest expense was incurred during the current fiscal year.

As permitted by GASB Statement No. 34, the City has elected not to report governmental infrastructure assets (principally roads and sidewalks) acquired prior to July 1, 2003.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Type</u>	<u>Years</u>
Buildings	40 to 60
Building improvements	15 to 30
Machinery and equipment	5 to 10
Public domain infrastructure	50 to 75

**Unearned Revenue**

Grant proceeds that were received prior to the City having met all of the eligibility requirements (reimbursement based) are reported as a liability in governmental funds and in the Statement of Net Position at year-end.

**Compensated Absences**

The City's policy allows employees to accumulate earned but unused paid time off benefits. Accumulated paid time off is accrued when incurred in the proprietary funds. A liability for these amounts is reported in governmental funds only if they mature, for example, as a result of employee resignations and retirements. The unpaid paid time off pay that is applicable to governmental fund types is reported in the Statement of Net Position.

**City of Beaverton**  
**Notes to the Financial Statements**  
*June 30, 2023*

**Long-term Obligations**

In the government-wide and the proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental or business-type activities. Bond premiums and discounts, as well as issuance costs are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported inclusive of the applicable bond premium or net of the applicable bond discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. 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 while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

The City would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

**Interfund Transactions**

During the course of normal operations, the City has numerous transactions between funds, including expenditures and transfers of resources to provide services construct assets, and service debt. The accompanying financial statements generally reflect such transactions as transfers. Operating subsidies are also recorded as transfers. The amounts recorded as subsidies or advances are determined by the City. Balances outstanding at year-end are reported as due to/from other funds. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements. Internal service funds are used to record charges for services to all City departments and funds as transfers or operating revenue. All City funds record these payments to the internal service funds as transfers or operating expenditures/expenses.

**Use of Estimates**

In preparing financial statements in conformity with U.S. GAAP, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

# City of Beaverton

## Notes to the Financial Statements

June 30, 2023

### *Change in Accounting Principle*

For 2023, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangement*. GASB Statement No. 96 will improve financial reporting by establishing a definition for SBITAs and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. That definition and uniform guidance will result in greater consistency in practice. Establishing the capitalization criteria for implementation costs also will reduce diversity and improve comparability in financial reporting by governments. This Statement also will enhance the relevance and reliability of a government's financial statements by requiring a government to report a subscription asset and subscription liability for a SBITA and to disclose essential information about the arrangement. The disclosures will allow users to understand the scale and important aspects of a government's SBITA activities and evaluate a government's obligations and assets resulting from SBITAs. The City did not identify any arrangements that met the capitalization criteria.

### **Note 2. Stewardship, Compliance, and Accountability:**

#### **Budgetary Information**

The City is subject to the budgetary control requirements of the Uniform Budgeting Act (P.A. 621 of 1978, as amended). Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General Fund and all Special Revenue Funds. All annual appropriations lapse at fiscal year end.

Prior to September 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following January 1. Public hearings are obtained to obtain taxpayer comments and the budget is legally enacted through passage of an ordinance prior to November 1.

The budget document presents information by fund, activity, department, and line items. The legal level of budgetary control adopted by the governing body is the activity level. The City Manager is authorized to transfer budgeted amounts between line items within an activity; however, any revisions that alter the total expenditures of an activity must be approved by the Township Board.

Amounts encumbered for purchase orders, contracts, etc. are not tracked during the year. Budget appropriations are considered to be spent when goods are received or services rendered.

**City of Beaverton**  
**Notes to the Financial Statements**  
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**EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGETED FUNDS:**

During the year, the Township incurred expenditures in certain budgetary funds, which were in excess of the amounts appropriated as follows:

	<u>Budget</u>	<u>Actual</u>	<u>Excess</u>
General Fund			
General government	\$ 268,647	\$ 277,148	\$ 8,501
Public safety	512,491	516,805	4,314
Public works	76,539	83,002	6,463
Recreation & culture	37,960	39,906	1,946
Transfers out	441,137	645,533	204,396

**Deficit Fund Equity**

At year-end, the Rubbish Fund and the Equipment Internal Service Fund had deficits in unrestricted net position of \$625,211 and \$71,530, respectively. The Iron Treatment Plant Capital Projects Fund had a fund deficit of \$6,212. Public Act 275 of 1980 (MCL141.921) requires that the City file a deficit elimination plan to the Michigan Department of Treasury within 90 days after the end of the fiscal year due to the deficit positions.

**Note 3. Deposits and Investments**

**Deposits and Investments**

A reconciliation of cash and investments as shown in the financial statements to the City's deposits and investments is as follows:

	<u>Carrying Amount</u>
Government-wide Financial Statement Captions:	
Primary Government	
Cash and cash equivalents	\$ 828,773
Cash and cash equivalents restricted	250,876
Investment	-
Component Unit	
Cash and cash equivalents	140,399
Total	<u>\$ 1,220,048</u>
Notes to Financial Statements:	
Cash on hand	\$ 100
Deposits (checking/savings accounts)	1,191,973
Certificates of deposit	27,975
Total	<u>\$ 1,220,048</u>

**City of Beaverton**  
**Notes to the Financial Statements**  
*June 30, 2023*

**Deposit and Investment Risk**

*Interest Rate Risk*

Michigan Compiled Laws, Section 129.91, authorizes the City to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The City is allowed to invest in bonds securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government or federal agency obligations; repurchase agreements; bankers acceptances of United States banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

The City Council has designated two banks for the deposit of City funds. The investment policy adopted by the City Council in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and certificates of deposit. The City's deposits and investment policy are in accordance with statutory authority.

*Credit Risk*

The City's investment policy does not have specific limits in excess of State law on investment credit risk. At year-end, the City had no investments and was therefore, not exposed to credit risk.

*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. At year-end, \$1,014,215 of the City's bank balance of \$1,264,215 was exposed to custodial credit risk because it was uninsured and uncollateralized.

*Concentration of Credit Risk*

State law limits allowable investments but does not limit concentration of credit risk. The City's investment policy does not have specific limits in excess of State law on concentration of credit risk. At year-end, the City had no investments and was therefore, not exposed to concentration of credit risk.

Due to the dollar amounts of cash deposits and the limits of FDIC insurance the City believes it is impractical to insure all bank deposits. As a result, the City evaluates each financial institution with which it deposits City funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

**City of Beaverton**  
**Notes to the Financial Statements**  
*June 30, 2023*

**Note 4. Receivables**

At year end, the City's receivables were comprised of the following:

	Governmental Activities	Business-type Activities
Accounts	\$ 585,315	\$ 138,107
Taxes and special assessments	-	475
Intergovernmental	435,683	
 Total	\$ 1,020,998	\$ 138,582

**Note 5. Capital Assets**

Capital asset activity for the year ended June 30, 2023, was as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
<b>Governmental Activities</b>				
Capital assets not being depreciated:				
Land	\$ 221,131	-	-	221,131
Construction in Progress	2,147,669	1,071,381	(2,147,669)	1,071,381
Total	2,368,800	1,071,381	(2,147,669)	1,292,512
 Capital assets being depreciated				
Building and improvements	1,103,443	-	-	1,103,443
Furniture and equipment	1,298,861	3,130	-	1,301,991
Infrastructure	806,607	1,531,337	-	2,337,944
Total assets being depreciated	3,208,911	1,534,467	-	4,743,378
 Less accumulated depreciation				
Building and improvements	(782,742)	(16,294)	-	(799,036)
Furniture and equipment	(1,132,477)	(50,121)	-	(1,182,598)
Infrastructure	(110,453)	(59,275)	-	(169,728)
Total accumulated depreciation	(2,025,672)	(125,690)	-	(2,151,362)
 Net assets being depreciated	1,183,239	1,408,777	-	2,592,016
 Capital assets net of depreciation	\$ 3,552,039	\$ 2,480,158	\$ (2,147,669)	\$ 3,884,528



**City of Beaverton**  
**Notes to the Financial Statements**  
*June 30, 2023*

Governmental Activities	
General government	\$ 23,648
Public safety	13,220
Public works	51,673
Culture and recreation	10,349
Capital assets held by the City's internal service funds are charged to various functions based on their usage.	26,800
Total governmental activities	\$ 125,690

	Beginning Balance	Additions	Disposals	Ending Balance
<b>Business-type Activities</b>				
Capital assets not being depreciated:				
Land	\$ 102,715	\$ -	\$ -	\$ 102,715
Construction in progress	-	-	-	-
Total	102,715	-	-	102,715
Capital assets being depreciated				
Buildings	609,502	1,402,274	-	2,011,776
Equipment	425,377	-	-	425,377
Infrastructure	12,875,941	-	-	12,875,941
Total	13,910,820	1,402,274	-	15,313,094
Less accumulated depreciation				
Buildings	(22,857)	(26,923)	-	(49,780)
Equipment	(414,591)	(3,012)	-	(417,603)
Infrastructure	(5,328,378)	(273,994)	-	(5,602,372)
Total	(5,765,826)	(303,929)	-	(6,069,755)
Net assets being depreciated	8,144,994	1,098,345	-	9,243,339
Capital assets net of depreciation	\$ 8,247,709	\$ 1,098,345	\$ -	\$ 9,346,054

Business-type Activities	
Hydroelectric	\$ 80,498
Sewer	112,072
Water	84,436
Building Authority	26,923
Total Business-type Activities	\$ 303,929

**City of Beaverton**  
**Notes to the Financial Statements**  
*June 30, 2023*

<b>Discretely Presented Component Unit</b>	Beginning Balance	Additions	Disposals	Ending Balance
Capital assets not being depreciated:				
Land	\$ 7,000	\$ -	\$ -	\$ 7,000
Capital assets being depreciated				
Infrastructure	748,204	-	-	748,204
Less accumulated depreciation				
Infrastructure	(400,093)	(54,248)	-	(454,341)
Net assets being depreciated	348,111	(54,248)	-	293,863
Capital assets net of depreciation	<u>\$ 355,111</u>	<u>\$ (54,248)</u>	<u>\$ -</u>	<u>\$ 300,863</u>

**Note 6. Accounts Payable and Accrued Liabilities**

The composition of accounts payable and accrued liabilities at year-end is as follows:

	Governmental Activities	Business-type Activities	Component Unit
Accounts payable	\$ 585,315	\$ 8,894	\$ 754
Accrued liabilities	10,876	775	929
Due to other governments	-	-	-
Accrued interest payable	-	52,005	-
Total	<u>\$ 596,191</u>	<u>\$ 61,674</u>	<u>\$ 1,683</u>

# City of Beaverton

## Notes to the Financial Statements

*June 30, 2023*

### Note 7. Interfund Balances and Transfers

The City's management reported the following interfund balances at year-end:

<u>Due To:</u>	<u>Due From:</u>	<u>Amount</u>
General fund	Internal Service Fund	\$ 73,945
Major streets fund	General Fund	128,883
Calhoun Campground	General Fund	89,845
Building Authority	General Fund	5,300
Iron Treatment Cap. Proj.	General Fund	194,321
Hydroelectric fund	General Fund	134,966
Sewer Fund	General Fund	101,161
Hydroelectric fund	DDA Component Unit	10,475
Water Fund	Hydroelectric fund	68,200
Sewer Fund	Rubbish fund	2,658
Water Fund	Sewer fund	49,790
Water Fund	Rubbish fund	2,210
		<u>\$ 861,754</u>

Total outstanding balances between funds generally result from short-term loans and the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, and the payments between funds.

The City's management reported the following interfund transfers during the year:

<u>Transfers In:</u>	<u>Transfers Out:</u>	<u>Amount</u>
Building Authority	General Fund	\$ 66,199
DPW/Police Cap. Proj.	General Fund	13,780
Iron Treatment Cap. Proj.	DPW/Police Cap. Proj.	275,941
Iron Treatment Cap. Proj.	General Fund	194,321
General fund	DPW/Police Cap. Proj.	51,721
Industrial Park Cap. Proj.	Water Fund	12,140
Rubbish Fund	General Fund	40,000
Rubbish Fund	Water Fund	30,000
Equipment Fund	General Fund	20,000
Local Streets	Major Streets	51,750
		<u>\$ 755,852</u>

Transfers generally represent unrestricted revenues used to finance programs that the City must account for in specific funds in accordance with budgetary authorizations, amounts provided as subsidies, or matching funds for specific grant programs.

**City of Beaverton**  
**Notes to the Financial Statements**  
*June 30, 2023*

**Note 8. Long-term Debt**

The government issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the government. City contractual agreements and installment purchase agreements are also general obligations of the government. Revenue bonds involve a pledge of specific income derived from the acquired or constructed assets to pay debt service.

Long-term obligations at year-end were comprised of the following:

<b>Governmental activities</b>	Beginning Balance	Increases	(Decreases)	Ending Balance	Due Within One Year
Installment purchase contracts:					
2014 Fire building interest of 2.79% matures December 2029	\$ 41,874	\$ -	\$ (5,961)	\$ 35,913	\$ 6,129
2019 418 Ross Street land contract, interest of 6% matures January 2024	25,114	-	(17,505)	7,609	7,609
2019 Tahoe Police vehicle installment purchase agreement, interest of 3.59% matures June 2024	21,257	-	(10,441)	10,816	10,816
Total installment debt	<u>88,245</u>	<u>-</u>	<u>(33,907)</u>	<u>54,338</u>	<u>24,554</u>
Compensated absences	<u>45,193</u>	<u>-</u>	<u>230</u>	<u>45,423</u>	<u>-</u>
Total	<u>\$ 133,438</u>	<u>\$ -</u>	<u>\$ (33,677)</u>	<u>\$ 99,761</u>	<u>\$ 24,554</u>

**City of Beaverton**  
**Notes to the Financial Statements**  
*June 30, 2023*

<b>Business-type activities</b>	Beginning Balance	Increases	(Decreases)	Ending Balance	Due Within One Year
Revenue bonds:					
2007 Water line, interest of 4.125% matures April 2047	\$ 917,000	\$ -	\$ (20,000)	\$ 897,000	\$ 21,000
2020 Water line, interest of 1.125% matures July 2060	549,000	-	(11,000)	538,000	11,000
1992 Wastewater plant, interest of 5% matures March 2032	589,000	-	(56,000)	533,000	57,000
2020 Wastewater lift station, interest of 1.125% matures August 2061	115,000	-	(2,000)	113,000	2,000
2020 Wastewater system , interest of 2.125% matures October 2050	415,000	-	(10,000)	405,000	11,000
2020 Wastewater system , interest of 1.125% matures July 2060	267,000	-	(5,000)	262,000	5,000
2020 Wastewater system , interest of 1.125% matures July 2060	40,000	-	(1,000)	39,000	1,000
2010 Dam renovation, interest of 4.375% matures September 2049	937,000	-	(18,000)	919,000	19,000

**City of Beaverton**  
**Notes to the Financial Statements**  
*June 30, 2023*

2019 Dam renovation, interest of 2.73% matures November 2034	267,000	-	(17,000)	250,000	18,000
2020 Building Authority, interest of 3% matures February 2050	521,000	-	(13,000)	508,000	14,000
2021 Building Authority, interest of 2.25%, matures September 2060	1,081,000	519,000	(208,000)	1,392,000	27,000
Total installment	<u>5,698,000</u>	<u>519,000</u>	<u>(361,000)</u>	<u>5,856,000</u>	<u>186,000</u>
Compensated absences	21,320	-	(10,755)	10,565	-
Total	<u>\$ 5,719,320</u>	<u>\$ 519,000</u>	<u>\$ (371,755)</u>	<u>\$ 5,866,565</u>	<u>\$ 186,000</u>

The annual requirements to pay future principal and inters on the primary government's installment purchase contracts and bonds are as follows:

Year Ending June 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2024	\$ 24,555	\$ 2,921	\$ 186,000	\$ 172,225
2025	6,301	1,464	189,000	166,717
2026	6,479	787	192,000	160,107
2027	6,660	611	197,000	153,401
2028	6,847	427	204,000	146,486
2029-2033	3,496	289	1,016,000	622,203
2034-2038	-	-	822,000	477,351
2039-2043	-	-	901,000	352,875
2044-2048	-	-	1,046,000	206,302
2049-2053	-	-	596,000	72,207
2054-2058	-	-	415,000	26,364
2059-2063	-	-	90,000	2,260
Total	<u>\$ 54,338</u>	<u>\$ 6,499</u>	<u>\$ 5,854,000</u>	<u>\$ 2,558,498</u>

**City of Beaverton**  
**Notes to the Financial Statements**  
*June 30, 2023*

<b>Component Unit (DDA)</b>	Beginning Balance	Increases	(Decreases)	Ending Balance	Due Within One Year
Land contract	\$ 258,277	\$ -	\$ (6,215)	\$ 252,062	\$ 6,565

In 2019 the DDA entered into a land contract agreement for the purchase of a building with interest of 5.50% and required installment payments through July 2044. The annual requirements to pay future principal and interest on the component unit's installment purchase contract are as follows:

Year Ending June 30,	Component Unit	
	Principal	Interest
2024	\$ 6,565	\$ 13,700
2025	6,936	13,329
2026	7,327	12,938
2027	7,740	12,525
2028	8,177	12,088
2029-2033	48,345	52,980
2034-2038	63,608	37,716
2039-2043	83,690	17,635
2044-2048	19,674	591
Total	<u>\$ 252,062</u>	<u>\$ 173,502</u>

**Note 9. Property Taxes**

City property taxes are attached as an enforceable lien on property as of July 1 and are due without penalty on or before September 15. Real property taxes not collected as of March 1 are turned over to Gladwin County for collection, which advances the City 100% for the delinquent 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 acts as a collection agent for the State of Michigan, Gladwin County and the local school district. Taxes collected on behalf of the school district, Gladwin County and the State of Michigan are turned over immediately following collection and are accounted for in the agency fund.

**City of Beaverton**  
**Notes to the Financial Statements**  
*June 30, 2023*

**Note 10. Tax Abatements**

The City has entered into property tax abatement agreements with local businesses under programs authorized under Public Act 198 of 1974, as amended (PA 198).

PA 198 (Industrial Property Tax Abatement) allows abatements to encourage Michigan manufacturers to build new plants expand existing plants, renovate aging plants, or add new machinery and equipment. High technology operations are also eligible for the abatement. Once approved by the municipality the firm pays an Industrial Facilities Tax (IFT), instead of full rate property taxes, which reflects the abatement savings. The exemption covers only the specific project that is the subject of the application. Any buildings and equipment that existed prior to the construction of a new facility are not eligible. Likewise, any structures or equipment added after completion of the project are fully taxable. The IFT on new plant and non-industrial personal property is computed at half the local property mileage rate resulting in a reduction of property taxes of approximately 50%. For an obsolete plant or machinery that is being replaced or restored, the IFT is frozen at the assessed value of the plant prior to improvement, resulting in a 50% exemption from property tax on the value of the improvements. A speculative building would be eligible for a reduction in property taxes of approximately 50%. Commercial personal property will receive an automatic reduction of 12 mills for the local school operating millage on their property tax

During the year, the City abated property taxes of approximately \$6,100 under these programs.

**Note 11. Risk Management**

The City participates in a public entity risk (insurance) pool with other local units of government. in the Michigan Municipal Liability and Property Pool. This self-insurance plan provides members with loss protection for property damage and general liability. The City made contributions of \$45,201 to the plan during the year.

When a claim is incurred and/or paid, the member's loss contribution account is charged or credited according to the member's actual loss experience. no obligation is credited for another member's losses. If contributions are in excess of actual expenses and reserves, future contributions are decreased. Should any member have more losses paid on their behalf than contributions covering such losses, credit is extended within the association joint loss fund; such a deficit is repaid by the member in future contributions.

The plan does not maintain separate funds for members and consequently the City's share of total assets and total equity is unknown. Audited financial statements of the plan are available.



# **City of Beaverton**

## **Notes to the Financial Statements**

*June 30, 2023*

### **Note 12. Pension Plan**

The City's defined contribution pension plan investments are held in trust by the fiduciary: Michigan Municipal Employees' Retirement System, Massachusetts Mutual Life Insurance Company Chemical Bank or Modem Woodmen of America. Michigan Compiled Laws Section 38.1132, authorizes the City pension plan to invest in a wide variety of investments including stocks, bonds, certificates of deposit, real estate, annuity contracts, obligations of a specified nature, and real property. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The City provides pension benefits to administrative employees and union employees, who are full-time, age twenty-one and over and employed with the City for at least one

### **Note 13. Deferred Compensation Plan**

The City offers all full-time employees a deferred compensation plan (Plan) created in accordance with the Internal Revenue Code Section 457. The assets of the plans are held in trust, as described in IRC Section 457(g), for the exclusive benefit of the participants (employees) and their beneficiaries. The Plan custodian holds the custodial account for the beneficiaries of this Section 457 plan, and the assets may not be diverted to any other use. The Plan administrators are agents of the employer for the purpose of providing direction to the Plan custodian from time to time for the investment of the funds held in the custodial account, transfer of assets to or from the custodial

### **Note 14. Contingencies and Commitments**

The City receives financial assistance from other governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the City. However, in the opinion of management, any such disallowed claims will not have a material effect on any financial statements herein or on the overall position of the City.

The City is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries (workers' compensation). The City has purchased commercial insurance for these types of claims. Settled claims relating to commercial insurance have not exceeded the amount of insurance coverage in any of the past three years.

The City is subject to various legal proceedings arising in the course of providing public services to City residents. However, in the opinion of the City's attorney and management, the resolution of these matters will not have a material effect, if any, on the financial condition of the City.

### **Note 15. Management Review**

Management has evaluated subsequent events and transactions for potential recognition and disclosure through December 14, 2023 the date these financial statements were available to be issued.

## **Required Supplementary Information**

# City of Beaverton

## Schedule of Revenues, Expenditures and Changes in Fund Balance

### Budget and Actual

#### General Fund

For the Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Final Amended Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
<b>Revenues:</b>				
Property taxes	\$ 369,584	\$ 394,455	\$ 390,934	\$ (3,521)
Federal sources	137,950	-	48,818	48,818
State sources	306,799	266,498	220,505	(45,993)
Charges for services	251,799	116,277	141,153	24,876
Fines and forfeitures	9,200	10,200	13,315	3,115
Licenses and permits	4,000	2,615	2,629	14
Interest earned on deposits	-	1,700	1,778	78
Rent	8,205	10,200	10,686	486
Miscellaneous	<u>73,000</u>	<u>77,990</u>	<u>58,130</u>	<u>(19,861)</u>
<b>Total Revenues</b>	<b>1,160,537</b>	<b>879,937</b>	<b>887,949</b>	<b>8,012</b>
<b>Expenditures:</b>				
<b>General government -</b>				
City council	16,916	16,991	16,649	342
City manager	22,375	13,524	13,451	73
Finance and administration	88,272	108,383	116,574	(8,191)
Clerk	72,520	77,981	74,920	3,061
Board of Review	693	608	617	(9)
Treasurer	29,100	9,438	9,260	178
Assessor	11,396	14,303	14,222	81
Elections	3,310	3,919	3,924	(5)
Building an grounds	<u>9,070</u>	<u>23,500</u>	<u>27,530</u>	<u>(4,031)</u>
<b>Total general government</b>	<b><u>253,650</u></b>	<b><u>268,640</u></b>	<b><u>277,140</u></b>	<b><u>(8,501)</u></b>
<b>Public safety -</b>				
Police	404,409	415,479	424,473	(8,994)
Fire protection contract	97,759	84,762	84,896	(134)
Building inspection department	<u>44,754</u>	<u>12,250</u>	<u>7,436</u>	<u>4,814</u>
<b>Total public safety</b>	<b><u>546,922</u></b>	<b><u>512,491</u></b>	<b><u>516,805</u></b>	<b><u>(4,314)</u></b>
<b>Public works -</b>				
Public works	53,820	55,482	60,974	(5,492)
Cemetery	9,653	3,557	4,723	(1,166)
Street lights	<u>16,700</u>	<u>17,500</u>	<u>17,305</u>	<u>195</u>
<b>Total public works</b>	<b><u>80,173</u></b>	<b><u>76,539</u></b>	<b><u>83,002</u></b>	<b><u>(6,463)</u></b>
<b>Health and welfare -</b>				
Mosquito control	<u>24,000</u>	<u>25,804</u>	<u>25,804</u>	<u>-</u>

# City of Beaverton

## Schedule of Revenues, Expenditures and Changes in Fund Balance

### Budget and Actual

#### General Fund

*For the Year Ended June 30, 2023*

Community and economic development -				
Planning	6,500	-	-	-
Civic betterment	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total community and economic development	<u>106,500</u>	<u>-</u>	<u>-</u>	<u>-</u>
Recreation and culture	<u>56,598</u>	<u>37,960</u>	<u>39,906</u>	<u>(1,946)</u>
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Debt service -				
Principal	47,277	33,902	33,902	-
Interest	<u>18,302</u>	<u>2,927</u>	<u>2,928</u>	<u>(1)</u>
Total debt service	<u>65,579</u>	<u>36,829</u>	<u>36,830</u>	<u>(1)</u>
Total Expenditures	<u>1,133,424</u>	<u>958,270</u>	<u>979,495</u>	<u>(21,225)</u>
Other financing sources (uses) -				
Sale of fixed assets	-	230,000	230,000	-
Debt proceeds	-	-	-	-
Transfers in	50,000	293,025	293,024	(1)
Transfers out	<u>(116,000)</u>	<u>(441,137)</u>	<u>(645,533)</u>	<u>(204,396)</u>
Other financing sources (uses) -	<u>(66,000)</u>	<u>(148,112)</u>	<u>(122,509)</u>	<u>25,603</u>
Net change in fund balance	(38,887)	(226,445)	(214,055)	(12,390)
Fund balance - beginning of year	<u>573,298</u>	<u>581,697</u>	<u>581,697</u>	<u>-</u>
Fund balance - end of year	<u>\$ 534,411</u>	<u>\$ 355,252</u>	<u>\$ 367,642</u>	<u>\$ (12,390)</u>

# City of Beaverton

## Schedule of Revenues, Expenditures and Changes in Fund Balance

### Budget and Actual

### Major Streets Fund

For the Year Ended June 30, 2023

	Original Budget	Final Amended Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
<b>Revenues</b>				
Property taxes	\$ -	\$ 40,180	\$ 42,270	\$ 2,090
Federal sources	-	-	-	-
State sources	115,000	115,000	121,312	6,312
Interest earned on deposits	-	-	-	-
Total Revenues	115,000	155,180	163,582	8,402
<b>Expenditures</b>				
Public works -				
Salaries	25,781	25,500	26,015	(515)
Payroll taxes	1,945	2,000	1,956	44
Employee benefits	4,800	10,146	10,421	(275)
Supplies	11,000	2,500	2,302	198
Repairs and maintenance	7,650	24,239	23,919	320
Equipment rental	20,000	12,000	11,182	818
Total public works	71,176	76,385	75,795	590
Excess revenues over (under) expenditures	43,824	78,795	87,787	8,992
<b>Other financing sources (uses)</b>				
Transfers out	-	(51,750)	(51,750)	-
Transfers in	-	-	-	-
Bond proceeds	-	-	-	-
Total other financing sources	-	(51,750)	(51,750)	-
Excess (deficiency) of revenues over expenditures and other uses	43,824	27,045	36,037	8,992
Fund balance - beginning of year	278,433	278,433	278,433	(54,170)
Fund balance - end of year	\$ 322,257	\$ 305,478	\$ 314,470	\$ (45,178)

# City of Beaverton

## Schedule of Revenues, Expenditures and Changes in Fund Balance

### Budget and Actual

#### Local Streets Fund

*For the Year Ended June 30, 2023*

	<u>Original Budget</u>	<u>Final Amended Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
<b>Revenues</b>				
Property taxes	\$ 37,536	\$ 39,800	\$ 37,251	\$ (2,549)
Federal sources	-	-	-	-
State sources	46,000	51,300	41,614	(9,686)
Interest earned on deposits	<u>440</u>	<u>440</u>	<u>          </u>	<u>(440)</u>
Total Revenues	83,976	91,540	78,865	(12,675)
<b>Expenditures</b>				
Public works -				
Salaries	25,781	25,781	25,986	(205)
Payroll taxes	1,945	1,945	1,958	(13)
Employee benefits	4,800	9,846	10,032	(186)
Supplies	7,200	900	1,171	(271)
Repairs and maintenance	6,700	48,615	47,658	957
Equipment rental	<u>12,174</u>	<u>12,174</u>	<u>11,331</u>	<u>843</u>
Total public works	<u>58,600</u>	<u>99,261</u>	<u>98,136</u>	<u>1,125</u>
Excess revenues over (under) expenditures	25,376	(7,721)	(19,271)	(11,550)
<b>Other financing sources (uses)</b>				
Transfers out	-	-	-	-
Transfers in	308	51,750	51,750	-
Bond proceeds	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total other financing sources	<u>308</u>	<u>51,750</u>	<u>51,750</u>	<u>          </u>
Excess (deficiency) of revenues over expenditures and other uses	25,684	44,029	32,479	(11,550)
Fund balance - beginning of year	<u>185,452</u>	<u>185,452</u>	<u>185,452</u>	<u>(54,170)</u>
Fund balance - end of year	<u>\$ 211,136</u>	<u>\$ 229,481</u>	<u>\$ 217,931</u>	<u>\$ (65,720)</u>

## **Other Supplementary Information**

# City of Beaverton

## Balance Sheet and Statement of Net Position

### Downtown Development Authority Component Unit

For the Year Ended June 30, 2023

	Downtown Development Authority	Adjustments	Statement of Net Position
<b>Assets</b>			
Cash and investments	\$ 140,399	\$ -	\$ 140,399
Accounts receivable	300	-	300
Due from primary	-	-	-
Capital assets:			
Nondepreciable capital assets	-	7,000	7,000
Depreciable capital assets, net	-	293,862	293,862
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Assets	<u>\$ 140,699</u>	<u>\$ 300,862</u>	<u>\$ 441,561</u>
<b>Liabilities and fund balance</b>			
<b>Liabilities</b>			
Current liabilities -			
Accounts payable	\$ 754	\$ -	\$ 754
Accrued liabilities	929	-	929
Due to primary government	10,475	-	10,475
Unearned revenue	20,000	-	20,000
Noncurrent liabilities -			
Accrued compensated absences	-	3,361	3,361
Due within one year	-	6,565	6,565
Due in more than one year	-	245,469	245,469
Total liabilities	<u>32,158</u>	<u>255,395</u>	<u>287,553</u>
Fund balance (deficit) Unassigned	<u>108,541</u>	<u>(108,541)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 140,699</u>		
<b>Net position</b>			
Net Investment in capital assets		48,828	48,828
Unrestricted		105,180	105,180
Total Net Position		<u>\$ 154,008</u>	<u>\$ 154,008</u>



# City of Beaverton

## Governmental Revenues, Expenditures and Changes in Fund Balances and Statement of Activities

### Downtown Development Authority Component Unit

For the Year Ended June 30, 2023

	Downtown Development Authority	Adjustments	Statement of Net Position
Revenues			
Property taxes	\$ 83,476	\$ -	\$ 83,476
State revenue - LCSA	44,133	-	44,133
Charges for services	18,819	-	18,819
Other revenue	17,152	-	17,152
Interest	-	-	-
Total revenues	<u>\$ 163,580</u>	<u>\$ -</u>	<u>\$ 163,580</u>
Expenditures/expenses			
Community and economic development	51,205	-	51,205
Capital outlay	-	-	-
Debt service -			
Principal	6,243	(6,243)	-
Interest	14,022	-	14,022
Depreciation	-	54,250	54,250
Total expenditures/expenses	<u>71,470</u>	<u>48,007</u>	<u>119,477</u>
Excess (deficiency) of revenues over (under) expenditures/expenses	92,110	(48,007)	44,103
Other financing sources (uses)			
Transfers in - primary government	-	-	-
Net change in fund balance/net position	92,110	(48,007)	44,103
Fund balance (deficit)/net position -			
Beginning of year	<u>16,431</u>	<u>57,880</u>	<u>109,905</u>
End of year	<u>\$ 108,541</u>	<u>\$ 9,873</u>	<u>\$ 154,008</u>

**City of Beaverton**  
**Schedule of Expenditures of Federal Awards**  
*For the Year Ended June 30, 2023*

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Assistance Listing Number</u>	<u>Award/ Project#</u>	<u>Current Year Expenditures</u>
United States Department of Agriculture Community Facilities Loans and Grants Loan portion	10.766	N/A	\$ 2,121,000
United States Department of Commerce Investments for Public Works & Economic Development	11.300	06-01-06133	<u>815,705</u>
United States Department of Housing and Urban Development Passed through - Michigan Strategic Fund Community Development Block Grants	14.228	MSC 220063-EDIG	474,268
United States Department of Justice Public Safety Partnership and Community Policing Grants	16.710	2020UMWX0400	<u>48,818</u>
<b>Total Federal Expenditures</b>			<u><u>\$ 3,459,791</u></u>

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

# CITY OF BEAVERTON

## NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2023

### Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal grant activity of City of Beaverton under programs of the federal government for the year ended June 30, 2023. Expenditures reported on the Schedule are reported on the same basis of accounting as the basic financial statements, although the basis for determining when federal awards are expended is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. In addition, expenditures reported on the Schedule are recognized following the cost principles contained in the *Uniform Guidance*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Because the Schedule presents only a selected portion of the operations of the City of Beaverton, it is not intended to, and does not, present the financial position, changes in net assets, or cash flows, if applicable, of the City of Beaverton. Pass through entity identifying numbers are presented where available.

### Note 2. Indirect Costs

The City did not elected to use the 10% de minimus indirect costs rate.

### Note 3. Loans Outstanding

The amount expended under AL 10.766, Communities Facilities Loans and Grants, includes beginning loan balances of \$1,602,000 and advances on loans during the year totaling \$519,000. The loans had outstanding principal balances totaling \$1,900,000 as of June 30, 2023.

### Note 4. Reconciliation of Schedule of Expenditures of Federal Awards to Financial Statements

Reported in the City's financial statements for the year ended June 30, 2023:

Expenditures per schedule of expenditures of federal awards	\$ 3,459,791
Enterprise funds (B.A.) beginning loan balance	(1,602,000)
Enterprise funds (B.A.) current year loan advances	<u>(519,000)</u>
Federal sources per statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 1,338,791</u>



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

To the City Council  
City of Beaverton  
Beaverton, Michigan

We have audited, 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, the financial statements of the governmental activities, business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Beaverton, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise City of Beaverton's basic financial statements and have issued our report thereon dated December 14, 2023.

**Report on Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2023-001 and 2023-002 that we consider to be material weaknesses.

#### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether City of Beaverton's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2023-003.

#### **City of Beaverton's Response to Findings**

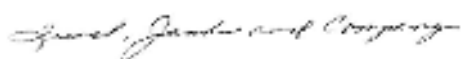
The City of Beaverton's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City of Beaverton's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

#### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Sincerely,

Quast, Janke and Company



---

Bay City, Michigan  
December 14, 2023



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

To the City Council  
City of Beaverton  
Beaverton, Michigan

**Report on Compliance for Each Major Federal Program**

***Opinion on Major Federal Program***

We have audited City of Beaverton'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 Beaverton's major federal programs for the year ended June 30, 2023. City of Beaverton'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 Beaverton complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2023.

***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 Beaverton 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 Beaverton'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 Beaverton's federal programs.

### ***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on City of Beaverton '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 Beaverton'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 Beaverton'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 Beaverton'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 Beaverton'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, significant audit findings, and certain internal control related matters that we identified during the audit.

### ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2023-004 and 2023-005. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the City of Beaverton's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The City of Beaverton's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

**Report on Internal Control over Compliance**

Our consideration of internal control over compliance was for the limited purpose described in the 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

*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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-004 to be material weaknesses.

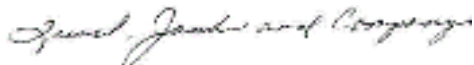
A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

Government Auditing Standards requires the auditor to perform limited procedures on the City of Beaverton's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The City of Beaverton's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

Quast, Janke and Company



Bay City, Michigan  
December 14, 2023



**CITY OF BEAVERTON**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
*For the Year Ended June 30, 2023*

**Section I. Summary of Auditor's Results**

*Financial Statements*

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified:	<u>  X  </u>	YES	<u>          </u>	NO
Significant deficiencies identified that are not considered to be material weaknesses:		<u>          </u>	YES	<u>  X  </u> NO

Noncompliance material to financial statements noted:   X   YES            NO

*Federal Awards*

Internal control over major programs:

Material weakness(es) identified:	<u>  X  </u>	YES	<u>          </u>	NO
Significant deficiencies identified that are not considered to be material weaknesses:		<u>          </u>	YES	<u>  X  </u> NO

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported with Title 2 U.S. *Code of Federal Regulations* (CFR) PART 200 *Uniform Requirements*:   X   YES            NO

Identification of major programs

CFDA Numbers	Name of Federal Program or Cluster
11.300	Investments for Public Works & Economic Development

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as a low-risk auditee:            YES   X   NO

**CITY OF BEAVERTON**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
*For the Year Ended June 30, 2023*

**Section II. Financial Statement Audit Findings**

**2023-001 Lack of Segregation of Duties** *(repeated from prior year)*

Material weakness in internal control over financial reporting.

**Criteria:**

The City's management is responsible for establishing and maintaining effective internal controls over financial reporting and for safeguarding the City's assets.

**Condition:**

During the course of our audit we noted instances where multiple key financial duties were being performed by the same individual and there were no mitigating controls in place to ensure effective internal controls.

**Cause:**

Proper segregation of duties is intended to prevent an individual from committing an act of fraud or abuse and be able to conceal it. As is the case with many organizations of similar-size, the City lacks a sufficient number of personnel in order to ensure a complete segregation of duties within its accounting function.

**Effect:**

The City's current system of internal control does not appear to have sufficient safeguards in place to ensure that fraud or abuse is prevented or can be detected in a timely manner. Ideally, no single individual should ever be able to authorize a transaction, record the transaction in the accounting records and maintain custody of the assets resulting from the transaction.

**View of Responsible Officials:**

The City has made significant adjustments to correct this deficiency. The City has segregated duties of cash handling and transfers amongst the administrative staff to address this issue.

**CITY OF BEAVERTON**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
*For the Year Ended June 30, 2023*

**2023-002 Preparation of Financial Statements in Accordance with U.S. GAAP** *(repeated from prior year)*  
Material weakness in internal control over financial reporting.

**Criteria:**

The City is required to prepare financial statements in accordance with accounting principles generally accepted in the United States (U.S. GAAP). This is a responsibility of the City's management. The preparation of financial statements in accordance with U.S. GAAP requires internal controls over both (1) recording processing, and summarizing accounting data (i.e., maintaining internal books and records) and (2) reporting government-wide and fund financial statements, including the related footnotes (i.e., external financial reporting.)

**Condition:**

As is the case with many smaller and medium-sized entities the City has historically relied on its independent external auditors to assist in the preparation of the government-wide financial statements and footnotes as part of its external financial reporting process. Accordingly, the City's ability to prepare financial statements in accordance with U.S. GAAP is based, in part, on its reliance on its *external* auditors, who cannot by definition be considered a part of the government's *internal* controls.

**Cause:**

This condition was caused by the City's decision that it is more cost effective to outsource the preparation of its annual financial statements to the auditors than to incur the time and expense of obtaining the necessary training and expertise required for the government to perform this task internally.

**Effect:**

As a result of this condition the City lacks internal controls over the preparation of financial statements in accordance with U.S. GAAP, and instead relies, in part, on its external auditors for assistance with this task.

**View of Responsible Officials:**

The City has made significant adjustments to correct this deficiency. The City has hired accounting consultants to resolve this issue. The City will debrief consultants to make sure expectations are being met to address this issue.

# CITY OF BEAVERTON

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

*For the Year Ended June 30, 2023*

### **2023-003 Violation of Reserve Requirements Related to Debt (repeated from prior year )**

Material Noncompliance or Other Matters

#### **Criteria:**

The City has revenue bonds outstanding in the Hydroelectric, Sewer and Water funds. The provisions of those debt agreements require the City to set aside assets in reserve accounts for debt service and repairs, replacement and improvements (RRI).

#### **Condition:**

The City has not accumulated sufficient reserves to satisfy the requirements, as follows:

- **92-08, 09** Sewer bond reserve; \$77,500 required - \$0 in reserves
- **92-28, 33** Sewer bond reserve \$3,714 required - \$0 in reserves
- **92-28, 33** Sewer RRI reserve \$9,600 required - \$0 in reserves
- **92-30** Sewer bond reserve \$1,200 required - \$0 in reserves

#### **Cause:**

Inadequate financial resources have been available to satisfy the requirements.

#### **Effect:**

The City is not in compliance with the reserve requirements imposed by the U.S. Department of Agriculture; Rural Development AL# 10.760.

#### **Questioned Costs:**

No costs have been questioned as a result of this finding.

#### **Recommendation:**

We recommend that the City develop a long-term plan to replenish and fund the USDA Reserve Accounts to the reserve provisions established in the debt agreements.

#### **View of Responsible Officials:**

The previous City Manager made unauthorized transfers out of the USDA Reserve Accounts to pay for capital improvements. The City has coordinated with the USDA to provide an explanation and solution to replenish the reserves. The City made the first transfer of an approved five (5) year workout plan in April 2020 and will continue to make the transfers as agreed. The City has adopted a five (5) year utility rate study that projects a 9.9% increase in rates over the next 5 years. Year 5 of the rate increase go into effect on July 1, 2022. The City plans to restrict funds to begin the process of replenishing these reserves.

**CITY OF BEAVERTON**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
*For the Year Ended June 30, 2023*

**Section III. Major Federal Award Findings**

**2023-004 AL# 11.300 Investments for Public Works & Economic Development - Written Policies Required by the Uniform Guidance** *(repeated from prior year )*  
Material Weakness in Internal Control over Compliance

**Criteria:**

The Uniform Guidance requires a non-federal entity that has expended federal awards for a grant awarded on or after December 26, 2014 to have written policies pertaining to allowability of costs charged to federal programs, cash management, financial management, procurement, compensation/payroll, and travel costs (§200.300 - 328).

**Condition:**

Although the City has processes in place to cover these areas, the City lacks formal written policies covering these areas.

**Cause:**

This condition appears to be the result of a time lag in identifying the requirement and developing a plan for compliance.

**Effect:**

As a result of this condition, the City did not fully comply with the Uniform Guidance applicable to the above noted grants.

**Questioned Costs:**

No costs have been questioned as a result of this finding.

**Recommendation:**

We recommend that the City ensures these policies are updated to conform with the Uniform Guidance as soon as practical, but no later than the end of fiscal year 2024.

**View of Responsible Officials:**

We agree with the finding. The City is currently working on updating all current procedures and policies to ensure that they are compliant with Uniform Guidance for all current and future Federal Awards.

**CITY OF BEAVERTON**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
*For the Year Ended June 30, 2023*

**2023-005 AL# 11.300 Investments for Public Works & Economic Development - Other Tests and Provisions**  
Compliance Other Matters

**Criteria:**

The City is required to erect and maintain in good condition and repair a sign or signs in accordance with EDA specifications. Prior to on-site construction, a reproducible photograph of the sign must be submitted to EDA along with evidence that the sign is located at the project site.

**Condition:**

During our inquiry of grant specific conditions the City was not able to readily produce a photograph of a sign at the site of the project. Additionally, the City did not have a sign erected at a second project site.

**Cause:**

This condition appears to be the result of a lack of administrative oversight.

**Effect:**

As a result of this condition, the City did not fully comply with the grant specific conditions of a major federal program/award.

**Questioned Costs:**

No costs have been questioned as a result of this finding.

**Recommendation:**

We recommend that the City ensures a sign is erected at both project sites and photographs are retained in the project files.

**View of Responsible Officials:**

We agree with the finding. The City, immediately after auditor inquiry, took a photograph of the erected sign and will retain it in the project file. Additionally, the City has provided a copy of the photograph to the Economic Development Administration.



## Section IV.

### Prior Audit Findings

#### Financial Statement Audit Findings

##### **2022-001 Material Weakness - Lack of Segregation of Duties**

**Criteria:**

During the course of our audit we noted instances where multiple key financial duties were being performed by the same individual and there were no mitigating controls in place to ensure effective internal controls.

**Status:**

Continues to be a finding in the current year, see current year finding 2023-001.

##### **2022-002 Material Weakness - Preparation of Financial Statements**

**Criteria:**

The City is required to prepare financial statements in accordance with accounting principles generally accepted in the United States (U.S. GAAP). This is a responsibility of the City's management. The preparation of financial statements in accordance with U.S. GAAP requires internal controls over both (1) recording processing, and summarizing accounting data (i.e., maintaining internal books and records) and (2) reporting government-wide and fund financial statements, including the related footnotes (i.e., external financial reporting.)

**Status:**

Continues to be a finding in the current year, see current year finding 2023-002.

##### **2022-003 Noncompliance in Internal Controls over Compliance**

**Criteria:**

The City has revenue bonds outstanding in the Hydroelectric, Sewer and Water funds. The provisions of those debt agreements require the City to set aside assets in reserve accounts for debt service and repairs, replacement and improvements (RRI).

**Status:**

Continues to be a finding in the current year, see current year finding 2023-003.

## **Major Federal Award Findings**

2022-004 AL# 10.766 Community Facilities Loans and Grants

Material weakness in internal control over federal award program - Other Matters: Written policies required by Uniform Guidance

### **Criteria:**

The Uniform Guidance requires a non-federal entity that has expended federal awards for a grant awarded on or after December 26, 2014 to have written policies pertaining to allowability of costs charged to federal programs, cash management, financial management, procurement, compensation/payroll, and travel costs (§200.300 - 328).

### **Status:**

Continues to be a finding in the current year, see current year finding 2023-004.





## Corrective Action Plan

### Federal Audit Clearinghouse

The City of Beaverton respectfully submits the following corrective action plan for the year ended June 30, 2023.

Name and address of independent public accounting firm:

Quast, Janke & Company  
1010 N Johnson St  
Bay City, MI 48708

Audit Period: June 30, 2023

Contact person responsible for Corrective Action  
Scott Govitz, City Manager

The findings from the June 30, 2023 schedule of findings and questions costs are detailed in the schedule above. The findings are numbered consistently with the numbers assigned in the schedule.

#### **2023-004 AL# 11.300 Investments for Public Works & Economic Development - Other Matters: Written Policies Required by the Uniform Guidance**

##### **Recommendation:**

We recommend that the City ensures these policies are updated to conform with the Uniform Guidance as soon as practical, but no later than the end of fiscal year 2023.

##### **Action Taken:**

The City has been provided an example of appropriate policies to use as a guide in updating their written policies. City management is currently working on updating all current procedures and policies to ensure that they are compliant with Uniform Guidance for all current and future Federal Awards.

##### **Anticipated Completion Date:**

June 2024

#### **2023-005 AL# 11.300 Investments for Public Works & Economic Development - Other Tests and Provisions**

##### **Recommendation:**

We recommend that the City ensures a sign is erected at both project sites and photographs are retained in the project files.

##### **Action Taken:**

The City immediately after auditor inquiry took a photograph of the erected sign and submitted a copy to the Economic Development Administration.

##### **Anticipated Completion Date:**

December 2023



# Beaverton Schools

*Office of the Superintendent*

468 S. Ross St. P.O. Box 529 • Beaverton, Michigan 48612

989-246-3000 • Fax: 989-435-7631

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December 14, 2023

Shannon Sirpilla  
Beaverton City Manager  
128 Saginaw Street  
P.O. Box 477  
Beaverton, MI 48612

Dear Mrs. Sirpilla:

Enclosed is a copy of a resolution of the Board of Education of Beaverton Schools, whereby the Board, pursuant to statute, has determined to impose a summer property tax levy in 2024 of all (100%) of school district property taxes, including debt services.

The Board of Education requests that the City collect the District's summer school property taxes levied upon property located within the boundaries of the City. If the City agrees to do so, please sign the enclosed proposed Tax Collection Agreement and return by March 31, 2024.

If the City does not agree to collect, or wishes to discuss the proposed agreement, please contact Heath Kaplan, Business Manager, at 989-246-3000, prior to March 31, 2024.

Sincerely,

Joseph Passalacqua  
Superintendent

CC: Township Clerk  
Township Treasurer



**Tax Collection Agreement**

WHEREAS, the Beaverton Schools has presented **City of Beaverton** Board with an offer for the collection of taxes by the Township, as follows:

The proposed collections fee for 2024 is \$3.30 per parcel. The parcel count will be set directly from the warrants. This is to be the total cost of collection for the 2024 summer taxes.

The amount proposed will be for all expenses including but not limited to: tax roll, delinquent roll, binders, postage, envelopes, salaries, FICA, retirement benefits, if any.

Taxes collected are to be turned over to the Beaverton School District within ten (10) working days of the first and the fifteenth of each month until October 1, 2024 then ten (10) working days after the fifteenth of each succeeding month until the tax roll is turned into the county treasurer. Payment to include any delinquency fee and interest collected.

Payment to the Township Treasurer for collection fees will be issued as follows: 50% in July and 50% in November.

This offer is contingent upon its acceptance by all taxing units.

BE IT RESOLVED THAT, **City of Beaverton** accepts the proposal of the Beaverton Schools Board of Education and agrees to collect the 2024 summer taxes according to the terms of this agreement.

\_\_\_\_\_  
Supervisor

\_\_\_\_\_  
Date

\_\_\_\_\_  
Treasurer

\_\_\_\_\_  
Date

\_\_\_\_\_  
Superintendent of Schools

\_\_\_\_\_  
Date

CC: For Township records.

One copy returned to: Joseph Passalacqua, Superintendent  
Beaverton Schools  
PO Box 529  
Beaverton, MI 48612

# BEAVERTON POLICE DEPARTMENT

## DECEMBER 2022 Report

Calls for service-97	Misdemeanor Arrests- 10
Criminal Calls for Service-56	Felony Arrests- 5
Civil Calls for Service-41	Alarms- 1
Non Traffic Citations-3	Calls to School- 2
Traffic Stops- 73	EMS assists- 2
Verbal Warnings- 48	Assist other police agencies- 5
Citations Issued- 25	Trailer Park-3

# BEAVERTON POLICE DEPARTMENT

## December 2023 Report

Calls for service-75	Misdemeanor Arrests- 1
Criminal Calls for Service-38	Felony Arrests- 0
Civil Calls for Service-37	Alarms- 0
Non Traffic Citations-4	Calls to School- 4
Traffic Stops- 19	EMS assists- 1
Verbal Warnings- 10	Assist other police agencies- 3
Citations Issued- 9	Trailer Park-5

THE CITY OF  
**BEAVERTON**  
M I C H I G A N

City Manager Report – Monday, January 8, 2024

TO: Beaverton City Mayor & Council  
FROM: Shannon M. Sirpilla, Beaverton City Manager  
DATE: January 4, 2024

**City Audit:** The city financial audit has been completed and a copy of the report has been provided. The City contracted auditing team at Quast, Janke & Company CPAs submitted the required State reports by the December 31, 2023 deadline. I electronically certified the submitted report with the clearinghouse on January 3, 2024, prior to the January 15, 2024 deadline. Nothing out of the ordinary has been reported. A report was also forwarded to Troy Shank with USDA per our debt agreement.

We received the standard requests from Treasury for answers, that I am also currently working to fulfill:

1. Deficit Elimination Plan – Needs Updated
2. Request for Improvement of Deficiencies or findings – Corrective Action Plan
3. Separation of Duties – Compliance / Corrective Action Plan and Execution

**Bank Reconciliations:** November 2023 reconciliations have been completed and December 2023 is currently in progress, as the December bank statements have recently become available online.

**MSHDA-CHILL Grant Round 2 Update:** The City of Beaverton was selected to submit an application for grant funding, based on the criteria submitted. I'm currently working on the narrative for submission of the application. The deadline date for the application and all documents to be uploaded is February 12, 2024. There are several webinars being held prior to the submission date.

**FYI**

**From:** MFPA CEGrants <[cetreeplantinggrants@gmail.com](mailto:cetreeplantinggrants@gmail.com)>

**Sent:** Monday, December 4, 2023 7:09 PM

**To:** City Of Beaverton <[scottgovitz@gmail.com](mailto:scottgovitz@gmail.com)>

**Subject:** Consumers Energy 2023 Tree Planting Grant Award notification

Hello City of Beaverton,

Consumers Energy and Michigan Forestry and Park Association would like to congratulate all involved for successfully completing the Consumers Energy 2023 Community Street & Boulevard Tree Planting Grant process. Your project has contributed to moving the Right Tree Right Place philosophy forward and enhancing the beauty of your community. Thank you for participating in the program this season.

The planting project has met the reimbursement Grant criteria and funds in the amount of \$ 3,000.00 are currently being processed and will be sent from Consumers Energy to the address you provided on your signed Agreement.

Respectfully Yours,

Rebecca Wildenthal  
Secretary

Michigan Forestry and Park Association  
on behalf of

Consumers Energy 2023 Community Street & Boulevard Tree Planting Grant Program

01/04/2024

CASH SUMMARY BY BANK FOR CITY OF BEAVERTON  
 FROM 12/01/2023 TO 12/31/2023

Bank Code GL Number	Description	Beginning Balance 12/01/2023	Total Debits	Total Credits	Ending Balance 12/31/2023
101-000-002.003	ROTARY SPLASH PAD FUND	\$ 2,200.04	\$ -	\$ -	\$ 2,200.04
101-000-002.004	FARMERS MARKET	\$ 3,946.44	\$ -	\$ -	\$ 3,946.44
202-000-004.000	GLIDDEN ROAD	\$ 47,116.93	\$ -	\$ -	\$ 47,116.93
265-000-001.000	DRUG FOREFITURE ACCOUNT	\$ 9,069.76	\$ -	\$ -	\$ 9,069.76
582-000-008.001	HYDRO REPAIR REPLACEMENT RESERVE	\$ 39,795.40	\$ -	\$ -	\$ 39,795.40
591/2	SEWEGE DISP. OPER AND RECEIVING	\$ 165,519.16	\$ -	\$ -	\$ 165,519.16
703-000-001.000	CURRENT TAX COLLECTION FUND CHECKING	\$ 3,037.92	\$ 253,066.32	\$ 50,437.55	\$ 205,666.69
GENERAL FUND	NEW POOLED CASH	\$ 566,877.77	\$ 252,628.91	\$ 127,720.36	\$ 691,786.32
<b>TOTALS:</b>		<b>\$ 837,563.42</b>	<b>\$ 505,695.23</b>	<b>\$ 178,157.91</b>	<b>\$ 1,165,100.74</b>



Bank 703 CURRENT TAX COLLECTION FUND CHECKING			
12/07/2023	3886	BEAVERTON SCHOOLS	TAX DISBURSEMENT 917.27
12/07/2023	3887	City of Beaverton	TAX DISBURSEMENT ADMIN FEE 28.41
12/07/2023	3888	GLADWIN COUNTY TREASURER	TAX DISBURSEMENT 1,994.13
12/21/2023	3889	City of Beaverton	TAX DISBURSEMENT 2,155.03
12/21/2023	3890	CLARE-GLADWIN RESD	TAX DISBURSEMENT 4,151.32
12/21/2023	3891	DDA BEAVERTON	2023 DDA WINTER CAPTURE 39,437.93
12/21/2023	3892	WEBER CHRISTOPHER R & KRYSTAL L	2023 Sum Tax Refund 160-050-008-012-10 1,753.46
703 TOTALS:			

Total of 7 Disbursements: 50,437.55

Bank POOL2	NEW POOLED	CASH		
12/05/2023	30319		ALERUS FINANCIAL	DEFINED CONTRIBUTIONS 3,763.27
12/05/2023	30320		HEALTH EQUITY	PRORATED HSA BENEFIT FOR 4TH QUARTER 231.00
12/06/2023	65 (E)		CAMPSPOT	CALHOUN RESERVATION SIGHT FEES 102.60
12/06/2023	66 (E)		GOOGLE APPS	GOOGLE APPS FOR COMPUTER 194.40
12/06/2023	30321		AT4T	WELLHOUSE 916.34
12/06/2023	30322		AUTO-WARES GROUP	FFUEL RES GASKET/FUEL LINE HOSE 30.07
12/06/2023	30323		BEAVERTON HARDWARE & SPORTS	MISC PARTS AND SUPPLIES 169.72
12/06/2023	30324		CHARTER COMMUNICATIONS	HYDRODAM 197.95
12/06/2023	30325		City of Beaverton	UTILITIES 1,693.93
12/06/2023	30326		CONSUMERS ENERGY	STREET LIGHTS 1,355.10
12/06/2023	30327		CREATE-IT	BUCK POLE SIGN 10.00
12/06/2023	30328		CRYSTAL FLASH	FUEL 1,420.94
12/06/2023	30329		CULLIGAN	OFFICE/PD/DPW WATER 30.00
12/06/2023	30330		FAMILY, FARM & HOME	CONCRETE MIX/ELECTRODE/LIFT ARM PIN 65.93
12/06/2023	30331		FLEIS & VANDENBRINK	PROJECT 862610 8,918.90
12/06/2023	30332		GLADWIN COUNTY RECORD	VARIANCE NOTICE/OVERLAND/DOLLAR GENERAL 169.20
12/06/2023	30333		HUTSON, INC.	SWITCH/OIL FILTER 36.21
12/06/2023	30334		KIESLER POLICE SUPPLY	POLICE TRAINING EQUIPMENT 1,419.61
12/06/2023	30335		MCCURDY WOTILA & PORTEOUS, PC	LEGAL SERVICES 0.00 V
12/06/2023	30336		MICHIGAN STATE POLICE	MI RECORDS MGT LAW ENF. FEES 800.00
12/06/2023	30337		OFFICE CENTRAL	COPY PAPER 103.98
12/06/2023	30338		PENINSULA FIBER NETWORK LLC	PD AND OFFICE INTERNET 225.00
12/06/2023	30339		PITNEY BOWES	POSTAGE MACHINE LEASE 144.93
12/06/2023	30340		REPUBLIC SERVICES	TRASH PICKUP 5,800.29
12/06/2023	30341		ROWE PROFESSIONAL SERVICES CO.	PROJECT 2300453 135.00
12/06/2023	30342		RSTECHNOLOGY SOLUTIONS	IT SERVICES/CREDIT FOR PAX CHARGED TO CC 795.24
12/06/2023	30343		T & J AUTO	2019 DODGE CHARGER HEADLIGHT REPLACEMENT 30.80
12/06/2023	30344		VERIZON WIRELESS	PHONES/IPADS/CAMERAS 571.62
12/06/2023	30345		WEX-SHELL	PD FUEL 728.86
12/12/2023	30350		BRIANNA DOYLE	PD AND DPW OFFICE CLEANING 180.00
12/12/2023	30351		CINTAS	UNIFORM RENTAL 521.24
12/12/2023	30352		CONSUMERS ENERGY	M18 SIGN 2,402.91
12/12/2023	30353		FLYNN LUMBER & SUPPLY CO.	SHINGLES PURCHASED BY RUEBEN ADAMS TO FI 77.98
12/12/2023	30354		FREEMAN NURSERY	50% DOWN RMT ON FLOWERS FOR 2024 2,537.50
12/12/2023	30355		JANELLE KEEN	REIMB./DPW CONCRETE CRACK RULER ORDERED 27.55
12/12/2023	30356		LI'L WILLIES, INC	PORTA POTTIES 85.00
12/12/2023	30357		MCCURDY WOTILA & PORTEOUS, PC	LEGAL SERVICES (CK 30335 VOIDED FOR INCO 860.00
12/12/2023	30358		FACE ANALYTICAL SERVICES, LLC	LAB 2,501.00
12/12/2023	30359		RICHARDSON-GLADWIN INC.	2019 TAHOE OIL CHANGE 72.20
12/12/2023	30360		ROSATTI'S FRESH MARKET	LAB TEST SHIPPING/SUPPLIES /ELECTION MEA 669.03
12/12/2023	30361		SCOTT GOVITZ	SPECIAL PROJECT COORDINATOR 2,820.00
12/12/2023	30362		TLC CONSULTING	CONSULTING SERVICES 1,140.00
12/12/2023	30363		TOBACCO RIVER FOOTWEAR & APPAREL	CLOTHING REIMBURSEMENT/PAT STANLEY/BOOT 290.90
12/12/2023	30364		US BANK EQUIPMENT CO.	COPIER MAINT 384.53
12/21/2023	30365		CONSUMERS ENERGY	PUMP 1 4,097.13
12/21/2023	30366		FIRST ADVANTAGE OCCUPATIONAL HEALTH	DRUG/ALCOHOL TESTING 143.75
12/21/2023	30367		GLADWIN COUNTY CHAMBER OF COMMERCE	2024 LEGESLATIVE BREAKFAST TICKETS/2@ 85 170.00
12/21/2023	30368		GLADWIN COUNTY TREASURER	2023 DDA SUMMER CAPTURE 750.75
12/21/2023	30369		MESSA	MEDICAL INSURANCE 14,180.89
12/21/2023	30370		MICHIGAN MUNICIPAL TREASURERS ASSOC	2026 MEMBERSHIP SIRPILIA 99.00
12/21/2023	30371		ROWE PROFESSIONAL SERVICES CO.	PROJECT 2300453 783.75
12/21/2023	30372		THOMAS O'BRIEN	WATER LINE MAP 150.00
POOL2 TOTALS:				

(1 Check Voided)  
Total of 51 Disbursements: 65,006.00

REPORT TOTALS:

(1 Check Voided)  
Total of 58 Disbursements: 115,443.55

December 6<sup>th</sup>, 2023 Fire Board Meeting Minutes

The Beaverton Area Fire Protection District Board held the monthly board meeting on Wednesday, December 6<sup>th</sup>, 2023 at 7:00 P.M.

Present: BJ Oard, Tom Murray, Nila Frei, John Blades, Tim Mickler, Jennifer Harper, and Aimee Gasche

Absent: None

Firemen: Phil Andrist, John Damvelt, and Adam Johnson

Guests: Ed Hale

OLD BUSINESS: No luck yet selling the Ford diesel pickup.

CHIEF'S REPORT: Phil participated in a course offered by CMCMH for assisting individuals with Autism on accident/incidents scenes. The department was given a sensory kit for participating in the class. The fire department provided medical coverage for 11 home, high school football games and hosted/participated in multiple events for fire prevention for area youth. The BAFPD is now a member of the BABA. St. Gobain donated a pallet of gloves for fire department use. Phil was able to share with area departments as well. Phil has ordered the parts to replace the garage door cables and seals. E110 sold for \$27,000. The department agreed to pay \$750 for new tires and had to pay \$412 for a surety bond due to not having the title. Phil is going to proceed with ordering the new skid unit. The truck available for sale from the Harrison Fire Department came in higher than expected. Tobacco and Beaverton Township will each be billed for 50% of the total cost of the skid unit.

NEW BUSINESS: The department has not yet been reimbursed for the Michigan Fire Equipment Grant purchases. Phil is hopeful that we will see the money reimbursed before the end of the budget year. Phil will be purchasing hams for department members again this year for Christmas. Will look into using Rosati's to support local business. Phil is still evaluating which credit card will be best for fuel purchases moving forward.

PUBLIC COMMENT: None

December Payables: Expense Total: \$; Salaries/Wages:\$; Payroll Taxes: \$

MOTION TO PAY BILLS: MOTION by Tim Mickler, supported by Nila Frei. All ayes.

MOTION TO APPROVE FINANCIAL REPORTS: MOTION by Tim Mickler, supported by Nila Frei. All ayes.

MOTION TO ADJOURN: MOTION by Tim Mickler, supported by Nila Frei. All ayes.

Meeting adjourned at 7:27 P.M.

*"This institution is an equal opportunity provider."*  
Aimee Gasche – Administrator