



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

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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.

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
ASSETS						
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	3,884,523	3,552,034	9,346,053	8,247,710	13,230,576	11,799,744
Total Assets	5,443,105	5,115,622	10,341,921	9,248,552	15,785,026	14,364,174
LIABILITIES						
Current liabilities	598,075	383,437	686,499	909,242	1,284,574	1,292,679
Long-term liabilities	99,761	1,214,438	5,866,566	4,638,321	5,966,327	5,852,759
Total Liabilities	697,836	1,597,875	6,553,065	5,547,563	7,250,901	7,145,438
NET POSITION						
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	261,242	517,213	(163,153)	(329,238)	98,089	187,975
Total Net Position	\$ 4,745,269	\$ 3,517,747	\$ 3,788,856	\$ 3,700,989	\$ 8,534,125	\$ 7,218,736

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
Program Revenues						
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	-	-	-	-	-	-
General Revenues						
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	<u>2,722,359</u>	<u>2,611,556</u>	<u>1,788,273</u>	<u>1,598,207</u>	<u>4,510,632</u>	<u>4,209,763</u>
Program Expenses						
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	<u>1,390,503</u>	<u>1,531,812</u>	<u>1,804,740</u>	<u>1,255,276</u>	<u>3,050,994</u>	<u>2,687,561</u>
Changes in Net Position before transfers	1,331,856	1,079,744	(16,467)	342,931	1,315,389	1,422,675
Transfers	<u>(104,334)</u>	<u>(178,672)</u>	<u>104,334</u>	<u>178,672</u>	<u>-</u>	<u>-</u>
Changes in Net Position	<u>1,227,522</u>	<u>901,072</u>	<u>87,867</u>	<u>521,603</u>	<u>1,315,389</u>	<u>1,422,675</u>
Net Position - Beginning	3,517,747	2,616,675	3,700,989	3,179,386	7,218,736	5,796,061
Net Position - Ending	<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>

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 Improvemtns (Culverts)
- Brown Street Infrastructure & Stormwater System Improvemtns (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.

City of Beaverton

Statement of Net Position

June 30, 2023

	Primary Government			Discrete Component Units
	Governmental Activities	Business -Type Units	Total	
Assets:				
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	2,592,011	9,243,338	11,835,349	293,862
Total assets	5,443,105	10,341,921	15,785,026	431,086
Liabilities:				
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	29,783	5,652,001	5,681,784	245,469
Total liabilities	697,836	6,553,065	7,250,901	277,078
Net position:				
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	261,242	(163,153)	98,089	105,180
Total net position	\$ 4,745,269	\$ 3,788,856	\$ 8,534,125	\$ 154,008

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	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Units
	Expenses	Charges for Services	Operating Grants/Contributions	Governmental Activities	Business-Type Activities	Total	
Primary government							
Governmental activities:							
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	24,632	-	-	(24,632)	-	(24,632)	-
Total Governmental Activities	1,390,503	212,756	1,553,743	375,996	-	375,996	-
Business-type activities:							
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	75,617	-	-	-	(75,617)	(75,617)	-
Total Business-Type Activities	1,804,740	1,076,287	711,986	-	(16,467)	(16,467)	-
Total Primary Government	\$ 3,195,243	\$ 1,289,043	\$ 2,265,729	375,996	(16,467)	359,529	-
Component unit							
Downtown development authority	119,477	-	80,104				(39,373)
Total component units	119,477	-	80,104				(39,373)
General purpose revenues:							
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				(104,334)	104,334	-	-
Total General Purpose Revenues and Transfers				851,526	104,334	955,860	83,476
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				\$ 4,745,269	\$ 3,788,856	\$ 8,534,125	\$ 154,008

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	
Assets								
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>
Liabilities								
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	675,502	847	309	-	-	573,864	420	1,250,942
Fund balances								
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	
Revenues:								
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	58,131	-	-	-	-	-	-	58,131
Total Revenues	<u>887,949</u>	<u>163,582</u>	<u>78,865</u>	<u>688,853</u>	<u>-</u>	<u>601,119</u>	<u>71,603</u>	<u>2,491,971</u>
Expenditures								
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	2,928	-	-	-	21,709	-	-	24,637
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>3,304,870</u>
Excess of revenues over (under) expenditures	(91,546)	87,787	(19,271)	229,746	(556,545)	(470,262)	7,192	(812,899)
Other financing sources (uses):								
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	(645,533)	(51,750)	-	(402,793)	(293,024)	-	-	(1,393,100)
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>-</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>-</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

<u>Assets</u>	Major Enterprise Funds					Total	Internal Service Fund Equipment
	Hydroelectric Fund	Sewer Fund	Water Fund	Rubbish Fund	Building Authority Fund		-
Current assets:							
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	145,441	103,818	120,200	-	5,300	374,759	-
Total Current Assets	363,723	178,907	304,350	10,374	20,538	877,892	5,331
Noncurrent Assets:							
Investments	-	-	-	-	-	-	-
Restricted assets:							
USDA repair, replacement & improvement (RRI)	-	-	140,051	-	-	140,051	-
USDA bond reserve	39,795	-	71,030	-	-	110,825	-
Capital Assets:							
Nondepreciable capital assets	-	102,115	600	-	-	102,715	-
Depreciable capital assets, net	1,214,751	3,589,417	2,477,174	-	1,961,996	9,243,338	48,706
Total Noncurrent Assets	1,254,546	3,691,532	2,688,855	-	1,961,996	9,596,929	48,706
Total Assets	1,618,269	3,870,439	2,993,205	10,374	1,982,534	10,474,821	54,037
<u>Liabilities</u>							
Current Liabilities:							
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
Current portion of long-term debt:							
Accrued compensated absences	422	4,464	5,550	129	-	10,565	1,310
Revenue bonds	37,000	76,000	32,000	-	59,000	204,000	-
Total Current Liabilities	120,731	141,124	51,455	635,585	75,026	1,023,921	76,926
Noncurrent Liabilities:							
Revenue bonds/note payable	1,132,000	1,276,000	1,403,001	-	1,841,000	5,652,001	-
Total Liabilities	1,252,731	1,417,124	1,454,456	635,585	1,916,026	6,675,922	76,926
<u>Net position</u>							
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	279,992	113,783	73,814	(625,211)	4,512	(153,110)	(71,595)
Total Net Position	\$ 365,538	\$ 2,453,315	\$ 1,538,749	\$ (625,211)	\$ 66,508	3,798,899	\$ (22,889)
Adjustment to reflect the consolidation of internal service fund activities related to the enterprise fund						(10,043)	
Net position of business-type activities on the government-wide statement of net position						\$ 3,788,856	

City of Beaverton

Statement of Cash Flows 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
Cash flows from operating activities							
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
Cash flows from noncapital and related financing activities							
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
Cash flows from capital and related financing activities							
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)	-
CASH FLOWS FROM INVESTING ACTIVITIES:							
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>
RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:							
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	80,498	112,073	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>1,687,159</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	<u>439,734</u>	<u>2,441,001</u>	<u>1,506,168</u>	<u>(696,657)</u>	<u>65,651</u>	<u>3,755,897</u>	<u>(39,263)</u>
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						(10,043)	
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*

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

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

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' 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
June 30, 2023

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

June 30, 2023

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
Governmental Activities				
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

Business-type Activities	Beginning Balance	Additions	Disposals	Ending Balance
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

Discretely Presented Component Unit	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:

Governmental activities

	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

Business-type activities	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><u>\$ 5,719,320</u></u>	<u><u>\$ 519,000</u></u>	<u><u>\$ (371,755)</u></u>	<u><u>\$ 5,866,565</u></u>	<u><u>\$ 186,000</u></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><u>\$ 54,338</u></u>	<u><u>\$ 6,499</u></u>	<u><u>\$ 5,854,000</u></u>	<u><u>\$ 2,558,498</u></u>

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

Component Unit (DDA)	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>
Revenues:				
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	73,000	77,992	58,131	(19,861)
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	1,160,537	879,937	887,949	8,012
Expenditures:				
General government -				
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	9,070	23,500	27,531	(4,031)
Total general government	<hr/>	<hr/>	<hr/>	<hr/>
	253,652	268,647	277,148	(8,501)
Public safety -				
Police	404,409	415,479	424,473	(8,994)
Fire protection contract	97,759	84,762	84,896	(134)
Building inspection department	44,754	12,250	7,436	4,814
Total public safety	<hr/>	<hr/>	<hr/>	<hr/>
	546,922	512,491	516,805	(4,314)
Public works -				
Public works	53,820	55,482	60,974	(5,492)
Cemetery	9,653	3,557	4,723	(1,166)
Street lights	16,700	17,500	17,305	195
Total public works	<hr/>	<hr/>	<hr/>	<hr/>
	80,173	76,539	83,002	(6,463)
Health and welfare -				
Mosquito control	<hr/>	<hr/>	<hr/>	<hr/>
	24,000	25,804	25,804	-

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)
Revenues				
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
Expenditures				
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
Other financing sources (uses)				
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

	Original Budget	Final Amended Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
Revenues				
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	440	440	-	(440)
Total Revenues	83,976	91,540	78,865	(12,675)
Expenditures				
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	12,174	12,174	11,331	843
Total public works	58,600	99,261	98,136	1,125
Excess revenues over (under) expenditures	25,376	(7,721)	(19,271)	(11,550)
Other financing sources (uses)				
Transfers out	-	-	-	-
Transfers in	308	51,750	51,750	-
Bond proceeds	-	-	-	-
Total other financing sources	308	51,750	51,750	-
Excess (deficiency) of revenues over expenditures and other uses	25,684	44,029	32,479	(11,550)
Fund balance - beginning of year	185,452	185,452	185,452	(54,170)
Fund balance - end of year	\$ 211,136	\$ 229,481	\$ 217,931	\$ (65,720)

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
Assets			
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>\$ 140,699</u>	<u>\$ 300,862</u>	<u>\$ 441,561</u>
Liabilities and fund balance			
Liabilities			
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)	<u>108,541</u>	<u>(108,541)</u>	<u>-</u>
Unassigned			
Total liabilities and fund balance	<u>\$ 140,699</u>		
Net position			
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	-	-	-
	<hr/>	<hr/>	<hr/>
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
	<hr/>	<hr/>	<hr/>
Total expenditures/expenses	71,470	48,007	119,477
Excess (deficiency) of revenues over (under) expenditures/expenses	92,110	(48,007)	44,103
Other financing sources (uses)			
Transfers in - primary government	-	-	-
	<hr/>	<hr/>	<hr/>
Net change in fund balance/net position	92,110	(48,007)	44,103
Fund balance (deficit)/net position -			
Beginning of year	16,431	57,880	109,905
End of year	<u>\$ 108,541</u>	<u>\$ 9,873</u>	<u>\$ 154,008</u>