

CITY OF BEAVERTON
GLADWIN COUNTY, MICHIGAN

REPORT ON FINANCIAL STATEMENTS
(with required and other supplementary information)

YEAR ENDED JUNE 30, 2024



SCHULZE, OSWALD, MILLER & EDWARDS PC
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CITY OF BEAVERTON
GLADWIN COUNTY, MICHIGAN
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INDEPENDENT AUDITORS' REPORT

To the City Council
City of Beaverton
Beaverton, Michigan

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Beaverton, Michigan (the City), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in the *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 the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

The financial statements of the component units were not audited in accordance with *Government Auditing Standards*.

Responsibilities of Management for the Financial Statements

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

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

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

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

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

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

Required Supplementary Information

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

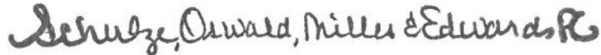
Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining and individual fund financial statements and schedules are presented for the 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 fund financial statements and schedules 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, under separate cover, our report dated December 11, 2024, on our consideration of the City of Beaverton, Michigan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City of Beaverton, Michigan's internal control over financial reporting and compliance.



Schulze, Oswald, Miller & Edwards PC
Alpena, Michigan
December 11, 2024

As management of City of Beaverton (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2024.

Overview of the Financial Statements

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

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

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

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

The government-wide financial statements can be found on pages 11 - 12 of this report.

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 two 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 the City's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the 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 of Beaverton maintains six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Major Street Special Revenue Fund, both of which are considered to be major funds. Data from the other four non-major governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City of Beaverton 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.

The basic governmental fund financial statements can be found on pages 13 - 16 of this report.

Proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Hydroelectric, Sewer, Water, Building Authority, 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 predominantly 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 17 – 20 of this report.

Fiduciary funds. 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.

The basic fiduciary fund financial statements can be found on pages 21 - 22 of this report.

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 23 - 40 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 43 – 46 of this report.

Financial Highlights. The City's combined net position decreased \$181,906 over the course of the fiscal year to a total of \$8,381,373. The following tables present an analysis of the City's net position. Net position of governmental activities decreased \$1,318,790 or 28% due mainly to a large capital project, the related grants, and financial results in the City's governmental funds. Business-type activities increased \$1,136,885 or 30% due mainly to results of operations of Enterprise Funds, including the addition of capital assets that were originally in a governmental fund.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The following analysis shows the City's total net position at June 30, 2024 and 2023

City's Net Position

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Assets						
Current and Other Assets	\$ 1,006,475	\$ 1,558,582	\$ 1,090,911	\$ 995,868	\$ 2,097,386	\$ 2,554,450
Capital Assets, Net	2,703,972	3,884,523	10,153,946	9,346,053	12,857,918	13,230,576
Total Assets	<u>3,710,447</u>	<u>5,443,105</u>	<u>11,244,857</u>	<u>10,341,921</u>	<u>14,955,304</u>	<u>15,785,026</u>
Liabilities						
Current Liabilities	212,194	598,075	628,994	686,499	841,188	1,284,574
Long-term Liabilities	73,551	99,761	5,680,080	5,866,566	5,753,631	5,966,327
Total Liabilities	<u>285,745</u>	<u>697,836</u>	<u>6,309,074</u>	<u>6,553,065</u>	<u>6,594,819</u>	<u>7,250,901</u>
Net Position						
Invested in Capital						
Assets	2,698,162	3,830,185	4,482,946	3,701,133	7,181,108	7,531,318
Restricted	747,660	653,842	250,961	250,876	998,621	904,718
Unrestricted	(232)	261,242	201,876	(163,153)	201,644	98,089
Total Net Position	<u>\$ 3,445,590</u>	<u>\$ 4,745,269</u>	<u>\$ 4,935,783</u>	<u>\$ 3,788,856</u>	<u>\$ 8,381,373</u>	<u>\$ 8,534,125</u>

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

Restricted net position represents resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Total unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, legislation, or other legal requirements is \$201,644.

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

City's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenue:						
Program Revenue:						
Charges for						
Services	\$ 190,397	\$ 212,756	\$ 1,149,501	\$ 1,076,287	\$ 1,339,898	\$ 1,289,043
Operating Grants & Contributions	-	1,553,743	-	711,986	-	2,265,729
General Revenue:						
Property Taxes	508,027	470,455	-	-	508,027	470,455
Federal Sources	44,539	-	-	-	44,539	-
State-Shared Revenues	394,184	168,478	-	-	394,184	168,478
Interest Earnings	5,423	1,778	435	-	5,858	1,778
Other	92,368	315,149	56,380	-	148,748	315,149
Total Revenue	<u>1,234,938</u>	<u>2,722,359</u>	<u>1,206,316</u>	<u>1,788,273</u>	<u>2,441,254</u>	<u>4,510,632</u>
Expenses:						
General Government	409,015	291,361	-	-	-	291,361
Public Safety	460,344	538,074	-	-	460,344	538,074
Public Works	392,660	399,250	-	-	-	399,250
Health and Welfare	-	25,804	-	-	-	25,804
Community & Economic Development	590	-	-	-	590	-
Recreation & Culture	91,811	111,382	-	-	91,811	111,382
Interest on Long-term Debt	1,921	24,632	-	-	-	24,632
Hydroelectric	-	-	223,842	886,432	223,842	886,432
Sewer	-	-	369,721	369,519	369,721	369,519
Water Expenses	-	-	523,881	404,540	523,881	404,540
Rubbish	-	-	71,264	68,632	71,264	68,632
Building Authority	-	-	78,111	75,617	78,111	75,617
Total Expenses	<u>1,356,341</u>	<u>1,390,503</u>	<u>1,266,819</u>	<u>1,804,740</u>	<u>1,819,564</u>	<u>3,195,243</u>
Excess (deficiency)						
Before Transfers	(121,403)	1,331,856	(60,503)	(16,467)	621,690	1,315,389
Transfers	(1,197,387)	(104,334)	1,197,387	104,334	-	-
	(1,318,790)	1,227,522	1,136,884	87,867	621,690	1,315,389
Net Position,						
Beginning of Year*	<u>4,764,380</u>	<u>3,517,747</u>	<u>3,798,899</u>	<u>3,700,989</u>	<u>8,563,279</u>	<u>7,218,736</u>
Net Position,						
End of Year	<u>\$ 3,445,590</u>	<u>\$ 4,745,269</u>	<u>\$ 4,935,783</u>	<u>\$ 3,788,856</u>	<u>\$ 9,184,969</u>	<u>\$ 8,534,125</u>

*As restated

General revenues in the Governmental Activities decreased in the current year due mainly to non-recurring proceeds from grants and contributions. Revenue in the Business-type Activities also decreased mainly due to non-recurring proceeds from grants and contributions. Overall, City-wide expenses decreased due to non-recurring costs for contracted services related to accounting and financial reporting services, utility rate studies and other non-recurring project costs.

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 of 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 \$110,090. 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 11% of the total General Fund expenditure. In addition, the fund balance of the City's General Fund decreased by \$257,553, which is mainly due to transfers to other funds to cover timing differences between project costs and grant drawdowns related to the Iron Treatment Plant.

The Major Streets Fund experienced an increase in fund balance of \$40,687 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 9% decrease in net position as a result of major repairs expenditures

The Sewer Fund experienced a modest 1% decrease in net position. This results from transfers to other funds.

The Water Fund experienced a 72% increase in net position. This results from a transfer for the completion of capital project initial recorded in the governmental funds.

The Building Authority Fund experienced a 19% 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 original budget projected an increase of \$280,589 and the final amended budget projected an increase of \$153,541 of the fund balance. Actual revenues and other financing resources were \$42,634 more than the final amended budget and actual expenditures and other financing uses were \$6,272 less 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 the City Council to ensure the budget stays on track.

Capital Asset and Debt Administration

Capital Assets. The City's investment in capital assets for its governmental activities and business-type activities as of June 30, 2024, amounted to \$2,703,972 and \$10,153,947, respectively (net of accumulated depreciation). This investment in capital assets includes infrastructure, land, buildings, vehicles and equipment. Governmental activity additions totaled \$6,079, including equipment purchases of \$6,079. There were \$1,162,385 of business-type activity additions.

City's Capital Assets
(net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Land	\$ 221,131	\$ 221,131	\$ 102,715	\$ 102,715	\$ 323,846	\$ 323,846
Construction in Progress	-	1,071,381	-	-	-	1,071,381
Infrastructure	2,108,941	2,168,216	7,000,883	7,273,568	9,109,824	9,441,784
Buildings and Imp.	290,014	304,407	1,911,702	1,961,996	2,201,716	2,266,403
Furniture and Equip.	83,886	119,393	1,138,646	7,774	1,222,532	127,167
Net Capital Assets	\$ 2,703,972	\$ 3,884,528	\$ 10,153,946	\$ 9,346,053	\$ 12,857,918	\$ 13,230,581

Long-Term Debt

The City made normal scheduled debt service payments on its outstanding installment purchase agreements in Governmental Activities and revenue bonds in Business-type Activities. Governmental activities has a total reduction of \$27,410 of long-term debt and business-type activities had a total reduction of \$187,432. Further information on the City's long-term debt can be found in the notes to the financial statements.

Economic Conditions and Outlook

MSHDA MI Neighborhood 1.0 – Fully executed agreement signed in the 2025 fiscal year. The City is working to secure contractors and developers to move this grant project forward once able to proceed.

CMF DNR SPARK Grant– The City is working to execute a clean grant agreement to detail which pathway the connector can follow. Fully executed revised agreement signed and received in the 2025 fiscal year.

DWSRF Water System Improvements Grant – This is a project inclusive of water tower, water lines, water mains, water well, and water meters, that will begin the bid process in the fall of 2024 for work to begin in the spring of 2025.

Porter and Ross Street Trailhead Project – The City is working to stay within the scope of the project and within the budget. It has not been finalized due to the increased costs.

MEDC CDBG DR Planning Grant LOI (Disaster Recovery Grant Letter of Interest) – The grant agreement is pending for the 2025 fiscal year.

- Project A – Tonkin and Brown Streets for repair/replacement of storm sewer main line including culverts, manholes, and catch basins, remove and replace water main with services to the property line, mill existing pavement, repair curbing, driveway approaches, adjust manhole and catch basin structures, street sidewalk and ramp replacement, street lighting installation, and repave streets.
- Project B– Ross Lake environmental studies, review, permitting, excess sediment and material removal, sediment disposal, clearing and grubbing, bank stabilization, channel restoration, habitat restoration, as-built drawings, and on-land best management practices (BMP) implementation.

Michigan Department of Treasury Funding – The City was able to secure additional funds to help cover contracted rant writing costs. Fully executed agreement was signed in the 2025 fiscal year.

2023 Coronavirus State and Local Fiscal Recovery Fund Grant - MCOLES Project in collaboration with Beaverton City Police Department to construct a pavilion-like structure in Ross Lake Park to promote recreational activities that will contribute to the overall health of the community with a focus on youth, grades K-12. Fully executed agreement was signed in the 2025 fiscal year.

Michigan Department of Treasury Funding – The City submitted a new funding request for a college intern to assist with various city hall projects and to enhance student growth and development while maintaining residency in Mid-Michigan.

Requests for Information

This financial report is designed to provide its readers with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. 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 ssirpilla@beavertonmi.org.

CITY OF BEAVERTON
GLADWIN COUNTY, MICHIGAN
GOVERNMENT-WIDE FINANCIAL STATEMENTS
STATEMENT OF NET POSITION
JUNE 30, 2024

	PRIMARY GOVERNMENT			COMPONENT UNIT
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	DISCRETELY PRESENTED COMPONENT UNIT
ASSETS				
Cash and cash equivalents	\$ 1,151,038	\$ 386,314	\$ 1,537,352	\$ 214,540
Receivables	34,314	107,015	141,329	-
Due from other governments	62,550	-	62,550	-
Due from component unit	-	10,475	10,475	-
Internal balances	(241,427)	241,427	-	-
Restricted assets				
Cash and cash equivalents	-	345,680	345,680	-
Capital assets:				
Assets not being depreciated	221,131	102,715	323,846	7,000
Assets being depreciated, net	2,482,841	10,051,231	12,534,072	241,283
TOTAL ASSETS	3,710,447	11,244,857	14,955,304	462,823
LIABILITIES				
Accounts payable	201,200	576,544	777,744	1,962
Accrued liabilities	10,994	-	10,994	1,264
Accrued interest	-	52,450	52,450	-
Unearned revenue	-	-	-	20,000
Due to primary government	-	-	-	10,475
Noncurrent liabilities:				
Accrued compensated absences	46,853	9,080	55,933	257
Installment purchase agreements and bonds				
Due within one year	6,301	185,000	191,301	6,936
Due in more than one year	20,397	5,486,000	5,506,397	238,520
TOTAL LIABILITIES	285,745	6,309,074	6,594,819	279,414
NET POSITION				
Investment in capital assets net of debt	2,698,162	4,482,946	7,181,108	2,827
Restricted	747,660	250,961	998,621	-
Unrestricted	(232)	201,876	201,644	180,582
TOTAL NET POSITION	\$ 3,445,590	\$ 4,935,783	\$ 8,381,373	\$ 183,409

SEE ACCOMPANYING NOTES WHICH ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS.

CITY OF BEAVERTON
GLADWIN COUNTY, MICHIGAN
GOVERNMENT-WIDE FINANCIAL STATEMENTS
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2024

FUNCTIONS/PROGRAMS	NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION						COMPONENT UNIT DOWNTOWN DEVELOPMENT AUTHORITY
	EXPENSES	PROGRAM REVENUES		PRIMARY GOVERNMENT		TOTAL	
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES		
PRIMARY GOVERNMENT							
Governmental Activities:							
General government	\$ 409,015	\$ 21,154	\$ -	\$ (387,861)	\$ -	\$ (387,861)	\$ -
Public safety	460,344	98,041	-	(362,303)	-	(362,303)	-
Public works	392,660	-	-	(392,660)	-	(392,660)	-
Health and welfare	-	-	-	-	-	-	-
Community and economic development	590	-	-	(590)	-	(590)	-
Recreational and cultural	91,811	71,202	-	(20,609)	-	(20,609)	-
Interest on debt	1,921	-	-	(1,921)	-	(1,921)	-
Total Governmental Activities	<u>1,356,341</u>	<u>190,397</u>	<u>-</u>	<u>(1,165,944)</u>	<u>-</u>	<u>(1,165,944)</u>	<u>-</u>
Business-Type Activities:							
Hydroelectric	223,842	232,979	-	-	9,137	9,137	-
Sewer	369,721	390,427	-	-	20,706	20,706	-
Water	523,881	456,087	-	-	(67,794)	(67,794)	-
Rubbish	71,264	70,008	-	-	(1,256)	(1,256)	-
Building authority	78,111	-	-	-	(78,111)	(78,111)	-
Total Business-Type Activities	<u>1,266,819</u>	<u>1,149,501</u>	<u>-</u>	<u>-</u>	<u>(117,318)</u>	<u>(117,318)</u>	<u>-</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 2,623,160</u>	<u>\$ 1,339,898</u>	<u>\$ -</u>	<u>\$ (1,165,944)</u>	<u>\$ (117,318)</u>	<u>\$ (1,283,262)</u>	<u>\$ -</u>
COMPONENT UNITS							
Downtown Development Authority	145,226	19,551	340				(125,335)
TOTAL COMPONENT UNITS	<u>\$ 145,226</u>	<u>\$ 19,551</u>	<u>\$ 340</u>				<u>\$ (125,335)</u>
GENERAL REVENUES AND TRANSFERS							
Property taxes				\$ 508,027	\$ -	\$ 508,027	\$ 102,994
Federal sources				44,539	-	44,539	-
State sources				394,184	-	394,184	51,743
Licenses and permits				3,847	-	3,847	-
Unrestricted investment income/rents				13,950	-	13,950	-
Gain/(Loss) on the sale of fixed assets				1,062	435	1,497	-
Other miscellaneous revenues				78,932	56,380	135,312	-
Transfers				(1,197,387)	1,197,387	-	-
TOTAL GENERAL REVENUES AND TRANSFERS				<u>(152,846)</u>	<u>1,254,202</u>	<u>1,101,356</u>	<u>154,737</u>
CHANGES IN NET POSITION				<u>(1,318,790)</u>	<u>1,136,884</u>	<u>(181,906)</u>	<u>29,402</u>
NET POSITION - Beginning of Year, as restated				<u>4,764,380</u>	<u>3,798,899</u>	<u>8,563,279</u>	<u>154,007</u>
NET POSITION - End of Year				<u>\$ 3,445,590</u>	<u>\$ 4,935,783</u>	<u>\$ 8,381,373</u>	<u>\$ 183,409</u>

SEE ACCOMPANYING NOTES WHICH ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS.

CITY OF BEAVERTON
GLADWIN COUNTY, MICHIGAN
FUND FINANCIAL STATEMENTS
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2024

	MAJOR FUNDS		NONMAJOR GOVERNMENTAL		TOTAL
	GENERAL FUND	MAJOR STREETS FUND	OTHER GOVERNMENTAL FUNDS		
ASSETS					
Cash and cash equivalents	\$ 643,869	\$ 208,386	\$ 286,271	\$	1,138,526
Investments	-	-	-	-	-
Accounts receivable	3,644	-	-	-	3,644
Taxes receivable	30,670	-	-	-	30,670
Due from other governmental units	27,475	24,847	10,228	-	62,550
Due from other funds	73,945	128,883	284,166	-	486,994
TOTAL ASSETS	\$ 779,603	\$ 362,116	\$ 580,665	\$	1,722,384
LIABILITIES					
Accounts payable	\$ 4,043	\$ 171	\$ 194,950	\$	199,164
Accrued liabilities	10,994	-	-	-	10,994
Due to other governmental units	-	-	-	-	-
Due to other funds	654,476	-	-	-	654,476
Unearned revenue	-	-	-	-	-
TOTAL LIABILITIES	669,513	171	194,950	\$	864,634
FUND BALANCES					
Restricted for streets	-	361,945	257,744	-	619,689
Restricted for campground	-	-	127,971	-	127,971
General fund	110,090	-	-	-	110,090
TOTAL FUND BALANCES	110,090	361,945	385,715	\$	857,750
TOTAL LIABILITES AND FUND BALANCES	\$ 779,603	\$ 362,116	\$ 580,665	\$	1,722,384

SEE ACCOMPANYING NOTES WHICH ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS.

CITY OF BEAVERTON
GLADWIN COUNTY, MICHIGAN
FUND FINANCIAL STATEMENTS
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2024

Fund Balance - Total Governmental Funds	\$	857,750
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Amounts reported for governmental activities in the statement of net position are different because:

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

Capital assets not being depreciated		221,131
Capital assets being depreciated, net		2,475,911

Long-term liabilities are not due and payable in the current period and therefore are not reported in the Governmental Funds

Compensated absences		(42,991)
Installment purchase agreements		(26,698)

Internal service funds are used by management to charge the costs of certain activities, such as equipment costs, to individual funds. The assets and liabilities of the internal fund are included in governmental activities in the statement of net position.

Net position of internal service fund		(39,513)
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Net Position of Governmental Activities	\$	<u>3,445,590</u>
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CITY OF BEAVERTON
GLADWIN COUNTY, MICHIGAN
FUND FINANCIAL STATEMENTS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2024

	MAJOR FUNDS		GASB 100 Change in Reporting Entity-Formerly Major *	NONMAJOR	TOTAL
	GENERAL	MAJOR STREETS FUND		OTHER GOVERNMENTAL FUNDS	
REVENUES					
Property taxes	\$ 419,675	\$ 44,450	\$ -	\$ 43,902	\$ 508,027
Federal sources	2,000	-	-	42,539	44,539
State sources	209,878	134,487	-	49,819	394,184
Charges for services	109,447	-	-	69,092	178,539
Fines and forfeitures	10,078	-	-	-	10,078
Licenses and permits	5,627	-	-	-	5,627
Interest earned on deposits	5,323	100	-	-	5,423
Rent	8,527	-	-	-	8,527
Miscellaneous	78,932	-	-	-	78,932
TOTAL REVENUES	849,487	179,037	-	205,352	1,233,876
EXPENDITURES					
General government	387,295	-	-	-	387,295
Public safety	449,114	-	-	-	449,114
Public works	143,339	43,135	-	206,930	393,404
Health and welfare	-	-	-	-	-
Community and economic development	590	-	-	-	590
Recreation and culture	23,900	-	-	57,562	81,462
Capital outlay	6,080	-	-	-	6,080
Debt service - principal	27,640	-	-	-	27,640
Debt service - interest	1,921	-	-	-	1,921
TOTAL EXPENDITURES	1,039,879	43,135	-	264,492	1,347,506
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	(190,392)	135,902	-	(59,140)	(113,630)
OTHER FINANCING SOURCES (USES)					
Sale of capital assets	1,062	-	-	-	1,062
Bond proceeds	-	-	-	-	-
Transfer from other funds	94,726	42,539	-	155,227	292,492
Transfer to other funds	(162,949)	(137,754)	-	(51,791)	(352,494)
TOTAL OTHER FINANCING SOURCES (USES)	(67,161)	(95,215)	-	103,436	(58,940)
NET CHANGE IN FUND BALANCES	(257,553)	40,687	-	44,296	(172,570)
FUND BALANCES - Beginning of year, as previously presented	367,643	314,470	222,931	116,441	1,021,485
Adjustments to the beginning fund balances	-	6,788	(222,931)	224,978	8,835
FUND BALANCES - Beginning of Year, as restated	367,643	321,258	-	341,419	1,030,320
FUND BALANCES - End of Year	\$ 110,090	\$ 361,945	\$ -	\$ 385,715	\$ 857,750

*Local Streets, Industrial Park, Iron Treatment

**CITY OF BEAVERTON
GLADWIN COUNTY, MICHIGAN
FUND FINANCIAL STATEMENTS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2024**

Net Change in Fund Balances - Total Governmental Funds \$ (172,570)

Amounts reported for governmental activities are different because:

Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their useful lives and reported as depreciation expense.

Capital outlay, net	97,084
Asset disposals net of depreciation	-
Depreciation expense	(94,366)
Asset transfers to enterprise funds	(1,162,385)

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	-
Increase in accrued interest	-
Principal payments	27,640
Debt transfers to enterprise funds	-

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	2,432
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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	(16,625)
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Change in Net Position of Governmental Activities	\$ (1,318,790)
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CITY OF BEAVERTON
GLADWIN COUNTY, MICHIGAN
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2024

	MAJOR ENTERPRISE FUNDS				NON-MAJOR FUND	TOTAL	INTERNAL SERVICE FUND
	HYDROELECTRIC FUND	SEWER FUND	WATER FUND	BUILDING AUTHORITY FUND	RUBBISH FUND		EQUIPMENT
ASSETS							
Current assets:							
Cash and cash equivalents	\$ 209,694	\$ 35,898	\$ 104,237	\$ 36,485	\$ -	\$ 386,314	\$ 12,512
Accounts receivable	-	46,146	52,406	-	8,175	106,727	-
Special assessment receivable	-	-	288	-	-	288	-
Due from component unit	10,475	-	-	-	-	10,475	-
Due from other funds	134,966	107,438	121,897	5,300	1,749	371,350	-
Total current assets	355,135	189,482	278,828	41,785	9,924	875,154	12,512
Noncurrent assets:							
Investments	-	-	-	-	-	-	-
Restricted assets:							
USDA repair, replacement & improvement (RRI)	-	-	213,300	-	-	213,300	-
USDA bond reserve	59,340	-	73,040	-	-	132,380	-
Capital assets:							
Nondepreciable capital assets	-	102,115	600	-	-	102,715	-
Depreciable capital assets, net	1,135,641	3,477,298	3,526,590	1,911,702	-	10,051,231	27,818
Total noncurrent assets	1,194,981	3,579,413	3,813,530	1,911,702	-	10,499,626	27,818
TOTAL ASSETS	1,550,116	3,768,895	4,092,358	1,953,487	9,924	11,374,780	40,330
LIABILITIES							
Current liabilities							
Checks issued in excess of pooled cash	-	-	-	-	553,516	553,516	-
Accounts payable	850	1,549	14,682	-	5,947	23,028	2,036
Accrued liabilities	-	-	-	-	-	-	-
Accrued interest	14,320	11,025	11,998	15,107	-	52,450	-
Due to other funds	68,200	50,207	4,588	-	6,928	129,923	73,945
Current portion of long-term debt:							
Accrued compensated absences	1,646	3,123	4,311	-	-	9,080	3,862
Revenue bonds	36,000	76,000	32,000	41,000	-	185,000	-
Total current liabilities	121,016	141,904	67,579	56,107	566,391	952,997	79,843
Noncurrent liabilities							
Revenue bonds/note payable	1,097,000	1,200,000	1,371,000	1,818,000	-	5,486,000	-
TOTAL LIABILITIES	1,218,016	1,341,904	1,438,579	1,874,107	566,391	6,438,997	79,843
NET POSITION							
Invested in capital assets	2,641	2,303,413	2,124,190	52,702	-	4,482,946	27,818
Restricted for debt service	39,880	-	211,081	-	-	250,961	-
Unrestricted	289,579	123,578	318,508	26,678	(556,467)	201,876	(67,331)
TOTAL NET POSITION	332,100	2,426,991	2,653,779	79,380	(556,467)	4,935,783	\$ (39,513)

SEE ACCOMPANYING NOTES WHICH ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS.

CITY OF BEAVERTON
GLADWIN COUNTY, MICHIGAN
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2024

	BUSINESS-TYPE ACTIVITIES							INTERNAL SERVICE FUND	
	MAJOR FUNDS					NON-MAJOR FUND	TOTAL		EQUIPMENT
	HYDROELECTRIC FUND	SEWER FUND	WATER FUND	BUILDING AUTHORITY FUND	GASB 100 Change in Reporting Entity- Formerly Major *	RUBBISH FUND			
OPERATING REVENUES									
Charges for services	\$ 232,979	\$ 390,427	\$ 456,087	\$ -	\$ -	\$ 70,008	\$ 1,149,501	\$ 63,900	
Reimbursed	-	434	55,946	-	-	-	56,380	-	
TOTAL OPERATING REVENUES	232,979	390,861	512,033	-	-	70,008	1,205,881	63,900	
OPERATING EXPENSES									
Salaries and wages	15,157	21,921	23,470	-	-	-	60,548	31,316	
Payroll taxes	1,078	1,805	1,919	-	-	-	4,802	2,218	
Employee benefits	12,402	18,955	19,707	-	-	194	51,258	9,531	
Supplies	1,455	347	11,240	-	-	114	13,156	14,888	
Postage	-	8,967	3,580	-	-	-	12,547	-	
Telephone	3,074	4,108	6,999	-	-	-	14,181	-	
Utilities	2,087	38,209	19,508	-	-	-	59,804	-	
Repairs and maintenance	15,919	5,979	54,529	-	-	-	76,427	25,915	
Contracted services	33,382	48,082	27,176	-	-	70,956	179,596	41	
Equipment rentals	3,558	19,327	4,204	-	-	-	27,089	-	
Miscellaneous	9,146	49,409	196,781	-	-	-	255,336	728	
Depreciation	79,110	112,119	112,969	50,294	-	-	354,492	20,888	
TOTAL OPERATING EXPENSES	176,368	329,228	482,082	50,294	-	71,264	1,109,236	105,525	
OPERATING INCOME (LOSS)	56,611	61,633	29,951	(50,294)	-	(1,256)	96,645	(41,625)	
NON-OPERATING REVENUE (EXPENSES)									
Interest earned on deposits	84	351	-	-	-	-	435	-	
Interest expense	(47,473)	(40,493)	(41,799)	(27,817)	-	-	(157,582)	-	
Other revenue	-	-	-	-	-	-	-	-	
Other expenses	-	-	-	-	-	-	-	-	
TOTAL NON-OPERATING REVENUE (EXPENSES)	(47,389)	(40,142)	(41,799)	(27,817)	-	-	(157,147)	-	
INCOME BEFORE TRANSFERS	9,222	21,491	(11,848)	(78,111)	-	(1,256)	(60,502)	(41,625)	
OTHER FINANCING SOURCES (USES)									
Transfers in	-	-	1,162,385	90,983	-	70,000	1,323,368	25,000	
Transfers out	(42,660)	(47,814)	(35,507)	-	-	-	(125,981)	-	
TOTAL OTHER FINANCING SOURCES (USES)	(42,660)	(47,814)	1,126,878	90,983	-	70,000	1,197,387	25,000	
CHANGE IN NET POSITION	(33,438)	(26,323)	1,115,030	12,872	-	68,744	1,136,885	(16,625)	
NET POSITION - Beginning of year, as previously presented	365,539	2,453,314	1,538,749	66,508	(625,211)	-	3,798,899	(22,888)	
Adjustments to the beginning fund balances	-	-	-	-	625,211	(625,211)	-	-	
NET POSITION - Beginning of Year, as restated	365,539	2,453,314	1,538,749	66,508	-	(625,211)	3,798,899	(22,888)	
NET POSITION - End of Year	\$ 332,101	\$ 2,426,991	\$ 2,653,779	\$ 79,380	\$ -	\$ (556,467)	\$ 4,935,784	\$ (39,513)	

*Rubbish Fund

CITY OF BEAVERTON
GLADWIN COUNTY, MICHIGAN
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2024

	BUSINESS-TYPE ACTIVITIES					INTERNAL	
	HYDROELECTRIC FUND	SEWER FUND	WATER FUND	BUILDING AUTHORITY FUND	NON-MAJOR PROPRIETARY FUNDS	TOTAL	SERVICE FUND EQUIPMENT
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts from customers	\$ 222,504	\$ 395,822	\$ 474,017	\$ -	\$ 72,207	\$ 1,164,550	\$ 63,900
Other operating cash receipts	-	434	55,946	-	-	56,380	-
Cash effects of interfund balances	-	3,203	2,891	-	312	6,406	-
Cash payments to suppliers for goods and services	(68,403)	(174,428)	(310,159)	-	(142,196)	(695,186)	(38,654)
Cash payments to employees for services and fringes	(27,529)	(42,681)	(46,684)	-	(323)	(117,217)	(43,065)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>126,572</u>	<u>182,350</u>	<u>176,011</u>	<u>-</u>	<u>(70,000)</u>	<u>414,933</u>	<u>(17,819)</u>
CASH FLOWS FROM NONCAPITAL FINANCING AND RELATED FINANCING ACTIVITIES							
Transfer to/from other funds (cash)	(32,185)	(47,814)	(35,507)	90,983	70,000	45,477	25,000
Miscellaneous revenues/receipts	-	-	-	-	-	-	-
Uses/funding of bond restricted cash	-	-	-	-	-	-	-
NET CASH PROVIDED (USED) BY NONCAPITAL AND RELATED FINANCING ACTIVITIES	<u>(32,185)</u>	<u>(47,814)</u>	<u>(35,507)</u>	<u>90,983</u>	<u>70,000</u>	<u>45,477</u>	<u>25,000</u>
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	-	-	-	-	-	-	-
Interest paid on bonds	(47,514)	(40,494)	(42,533)	(28,736)	-	(159,277)	-
Principal payments on bonds	(36,000)	(76,000)	(32,000)	(41,000)	-	(185,000)	-
NET CASH PROVIDED (USED) IN CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(83,514)</u>	<u>(116,494)</u>	<u>(74,533)</u>	<u>(69,736)</u>	<u>-</u>	<u>(344,277)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES							
Interest income	84	351	-	-	-	435	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS							
CASH AND EQUIVALENTS - Beginning of Year	258,077	17,505	324,606	15,238	-	615,426	5,331
CASH AND EQUIVALENTS - End of Year	<u>\$ 269,034</u>	<u>\$ 35,898</u>	<u>\$ 390,577</u>	<u>\$ 36,485</u>	<u>\$ -</u>	<u>\$ 731,994</u>	<u>\$ 12,512</u>
BALANCE SHEET CLASSIFICATION OF CASH AND CASH EQUIVALENTS							
Cash and cash equivalents	209,694	35,898	104,237	36,485	-	386,314	12,512
Restricted cash and cash equivalents	59,340	-	286,340	-	-	345,680	-
TOTAL	<u>\$ 269,034</u>	<u>\$ 35,898</u>	<u>\$ 390,577</u>	<u>\$ 36,485</u>	<u>\$ -</u>	<u>\$ 731,994</u>	<u>\$ 12,512</u>

CONTINUED ON NEXT PAGE

SEE ACCOMPANYING NOTES WHICH ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS.

CITY OF BEAVERTON
GLADWIN COUNTY, MICHIGAN
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
JUNE 30, 2024

CONTINUED FROM PREVIOUS PAGE

**RECONCILIATION OF OPERATING INCOME (LOSS) TO NET
CASH PROVIDED (USED) BY OPERATING ACTIVITIES**

Operating income (loss)	56,611	61,633	29,951	(50,294)	(1,256)	96,645	(41,625)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:							
Depreciation and amortization	79,110	112,119	112,969	50,294	-	354,492	20,888
Changes in assets and liabilities:							
Accounts receivable	-	11,438	17,743	-	2,199	31,380	-
Due from other funds/component unit	(10,475)	(3,203)	2,891	-	312	(10,475)	(2,619)
Special assessments receivable	-	-	187	-	-	187	-
Accounts payable / Accrued expenses	102	4,827	13,509	-	(71,126)	(52,688)	4,227
Compensated absences	1,224	(4,464)	(1,239)	-	(129)	(4,608)	1,310
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 126,572</u>	<u>\$ 182,350</u>	<u>\$ 176,011</u>	<u>\$ -</u>	<u>\$ (70,000)</u>	<u>\$ 414,933</u>	<u>\$ (17,819)</u>

SEE ACCOMPANYING NOTES WHICH ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS.

CITY OF BEAVERTON
GLADWIN COUNTY, MICHIGAN
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION - TAX COLLECTION FUND
JUNE 30, 2024

	CURRENT TAX FUND
ASSETS	
Cash and cash equivalents	\$ 246
Receivables	
Taxes for other governments	-
TOTAL ASSETS	\$ 246
 LIABILITIES	
Due to other funds	\$ 246
Due to other local governments	-
TOTAL LIABILITIES	\$ 246
 NET POSITION	
Restricted for -	
Individuals, organizations, and other governments	\$ -

SEE ACCOMPANYING NOTES WHICH ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS.

CITY OF BEAVERTON
GLADWIN COUNTY, MICHIGAN
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2024

	CURRENT TAX FUND
ADDITIONS	
Property tax collections for other governments	1,338,928
Miscellaneous	-
	-
TOTAL ADDITIONS	1,338,928
DEDUCTIONS	
Payments of property taxes to other governments	1,338,928
Administrative expenses	-
	-
TOTAL DEDUCTIONS	1,338,928
CHANGE IN NET POSITION	-
NET POSITION - Beginning of Year	-
NET POSITION - End of Year	-

SEE ACCOMPANYING NOTES WHICH ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS.

CITY OF BEAVERTON
GLADWIN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of Beaverton (the City), Beaverton, Michigan conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant policies used by the City of Beaverton.

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

Downtown Development Authority – 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's Mayor and between eight and twelve members selected by the City Council. In addition, the City is responsible for compliance with federal grants received in conjunction with the DDA's projects and the DDA's budget is approved by the City Council. In accordance with Statement of Michigan Governmental Accounting and Auditing No. 5, the DDA has been discretely presented in the City's financial statements. The DDA does not issue formal financial statements, except as otherwise contained in the City's annual financial statements. Additional information can be obtained by contacting the City Clerk.

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 “BAFPF”). 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.

CITY OF BEAVERTON
GLADWIN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government-Wide and Fund Financial Statements

Government-Wide Financial Statements: The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of inter-fund activity has been removed from these statements.

Governmental activities, normally 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 direct expenses of a given function or segment 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 are not properly included among program revenues are reported instead as general revenue.

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year in 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 measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected 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 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 2023 taxable valuation of the City totaled \$23,681,327, on which ad valorem taxes levied consisted of 13.5427 mills for City operating purpose, 1.9728 for roads and bridges, 1.9728 mills for public safety, 1.4795 for Fire. These amounts are recognized in the General Fund, Major Streets Fund, and Local Streets Fund as property taxes.

CITY OF BEAVERTON
GLADWIN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The City reports the following major governmental funds:

General Fund: 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.

Major Street Fund: This special revenue 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 City reports the following major enterprise funds:

Hydroelectric Fund: This fund account is used to account for the activities of the City's hydroelectric dam system.

Sewer Fund: This fund account is used to account for the activities of the City's sewer system.

Water Fund: This fund account is used to account for the activities of the City's water system.

Rubbish Fund: This fund account is used to account for the activities of the City's trash collection services.

Additionally, the City of Beaverton reports the following fund types:

Special Revenue Funds: These funds account for revenue sources that are legally restricted to expenditures for specific purposes not including major capital projects.

Debt Service Fund: This non-major fund accounts for resources accumulated and payments made for principal and interest on long-term debt of governmental funds.

Capital Project Fund: This non-major fund accounts for the acquisition of capital assets or construction of major capital projects not being financed by proprietary funds.

Internal Service Fund: This fund accounts for equipment rental provided to other departments and funds of the City on a cost reimbursement basis.

The City reports the following fiduciary funds:

Tax Collection Agency Fund (the "Current Tax Fund"): This fund account 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.

Assets, Liabilities, and Net Position or Equity

Cash and Cash Equivalents: 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.

Restricted Assets: The revenue bonds of the enterprise funds require amounts 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.

CITY OF BEAVERTON
GLADWIN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Receivables, Payables and Transfers: All receivables are reported at their gross values and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Activity between funds that are representative of lend/borrowing arrangements outstanding at the end of the fiscal year are referred to as of 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 & Right to Use Assets: Capital and right to use assets which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are generally defined by the City as assets with an initial individual cost of \$5,000 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. Donated capital assets are recorded at estimated fair market value at the date of donation. Expenditures for maintenance and repair are charged to current expenditures as incurred. Interest expense incurred during the construction of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Depreciation is computed using the straight-line method.

When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts and the resulting gain or loss is recorded in operations.

All reported capital assets are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. The right to use assets are amortized over the life of the lease. Depreciation is computed using the straight-line method over the following useful lives:

Buildings	40 - 60 years
Building Improvements	15 - 30 years
Machinery and Equipment	5 - 10 years
Public Domain Infrastructure	50 - 75 years

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.

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 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 to be 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.

CITY OF BEAVERTON
GLADWIN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Estimates: 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 statement and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Deferred Outflows of Resources: In addition to assets, the statement of net position will sometime report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenses/expenditure) until then. The City has pension items that qualify for reporting in this category.

Deferred Inflows of Resources: In addition to liabilities, the statement of net position and governmental funds balance sheet will sometime report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The City has no items that qualify for reporting in this category.

Fund Equity: In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Fund Balance Classification: The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- **Nonspendable:** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The City did not have any nonspendable resources as of June 30, 2024.
- **Restricted:** This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The City has restricted balances for public works and debt service in the governmental activities, repair and replacement and debt service in the business-type activities, as shown in the body of the financial statements.
- **Committed:** These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the City Commission – the government’s highest level of decision-making authority.

CITY OF BEAVERTON
GLADWIN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Those committed amounts cannot be used for any other purpose unless the board removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. The City has committed resources for courthouse renovations, recreation equipment, and public safety, as shown in the body of the financial statements.

- **Assigned:** This classification includes amounts that are constrained by The City’s intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the City Commission or through the City Commission delegating this responsibility to the management through the budgetary process. The City did not have any assigned resources as of June 30, 2024.
- **Unassigned:** This classification includes the residual fund balance for the General Fund.

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.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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.

Excess of Expenditures Over Appropriations in Budgeted Funds

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

	Budget	Actual	Excess
General Fund			
Transfers Out	\$ 155,983	\$ 162,949	\$ 6,966

Deficit Fund Equity

At year-end, the Rubbish Fund and the Equipment Internal Service Fund had deficits in unrestricted net position of \$556,467 and \$39,513, respectively. 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.

CITY OF BEAVERTON
GLADWIN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 3 - 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:

	Carrying Amount
Government-wide Financial Statement Captions	
Primary Government	
Cash & Cash Equivalents	\$ 1,537,352
Cash & Cash Equivalents Restricted	345,680
Investment	-
Component Unit	
Cash & Cash Equivalents	214,540
Total	\$ 2,097,572
 Notes to Financial Statements	
Cash on Hand	\$ 100
Deposits (checking/savings accounts)	2,097,472
Certificates of Deposit	-
Total	\$ 2,097,572

Interest Rate Risk: State law limits the allowable investments and the maturities of some of the allowable investments as identified in the following list of authorized investments. The City's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk: The City's investment policy does not have specific limits in excess of state law on investment credit risk. The City has no investments and was therefore not exposed to credit risk.

Custodial Credit Risk: Custodial 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, \$1,385,977 of the City's bank balance of \$1,635,977 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Statutory Authority: 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' acceptance 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 Commission has designated one financial institution for the deposit of City funds. The investment policy adopted by the commission, in accordance with Public Act 196 of 1997, has authorized investments in bank accounts and CDs, but not the remainder of State statutory authority as listed above.

CITY OF BEAVERTON
GLADWIN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 3 - DEPOSITS AND INVESTMENTS (continued)

The City's deposits and investment policy are in accordance with statutory authority.

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 estimated risk level are used as depositories.

NOTE 4 - RECEIVABLES

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

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Accounts	\$ 3,644	\$ 106,727
Taxes & Special Assessments	30,670	288
Intergovernmental	62,550	10,475
	<u>\$ 96,864</u>	<u>\$ 117,490</u>

CITY OF BEAVERTON
GLADWIN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 5 – CAPITAL ASSETS

Capital asset activity of the City’s governmental and business-type activities were as follows:

Governmental Activities

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated:				
Land	\$ 221,131	\$ -	\$ -	\$ 221,131
Construction in Progress	1,071,381	-	1,071,381	-
Subtotal	<u>1,292,512</u>	<u>-</u>	<u>1,071,381</u>	<u>221,131</u>
Capital assets being depreciated				
Building and Improvements	1,103,443	-	-	1,103,443
Furniture and Equipment	1,301,991	6,079	-	1,308,070
Infrastructure	2,337,944	-	-	2,337,944
Subtotal	<u>4,743,378</u>	<u>6,079</u>	<u>-</u>	<u>4,749,457</u>
Less accumulated depreciation				
Building and Improvements	(799,036)	(14,393)	-	(813,429)
Furniture and Equipment	(1,182,598)	(41,586)	-	(1,224,184)
Infrastructure	(169,728)	(59,275)	-	(229,003)
Subtotal	<u>(2,151,362)</u>	<u>(115,254)</u>	<u>-</u>	<u>(2,266,616)</u>
Net Assets Being Depreciated	<u>2,592,016</u>	<u>(109,175)</u>	<u>-</u>	<u>2,482,841</u>
Capital Assets Net of Depreciation	<u>\$ 3,884,528</u>	<u>\$ (109,175)</u>	<u>\$ 1,071,381</u>	<u>\$ 2,703,972</u>

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

Governmental Activities	
General Government	\$ 24,152
Public Safety	11,230
Public Works	48,635
Culture and Recreation	10,349
Capital assets held by the City's internal service funds are charged to various functions based on their usage	<u>20,888</u>
Total Governmental Activities	<u>\$ 115,254</u>

CITY OF BEAVERTON
GLADWIN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 5 – CAPITAL ASSETS (continued)

Business-type Activities

	Beginning Balance	Additions	Deletions	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	2,011,776	-	-	2,011,776
Equipment	425,377	1,162,385	-	1,587,762
Infrastructure	12,875,941	-	-	12,875,941
Total	15,313,094	1,162,385	-	16,475,479
Less accumulated depreciation				
Buildings	(49,780)	(50,294)	-	(100,074)
Equipment	(417,603)	(31,513)	-	(449,116)
Infrastructure	(5,602,373)	(272,685)	-	(5,875,058)
Subtotal	(6,069,756)	(354,492)	-	(6,424,248)
Net capital assets being depreciated	9,243,338	807,893	-	10,051,231
Net capital assets	\$ 9,346,053	\$ 807,893	\$ -	\$ 10,153,946

Business-type Activities

Hydroelectric	\$ 79,110
Sewer	112,119
Water	112,969
Building Authority	50,294
Total Business-type Activities	\$ 354,492

CITY OF BEAVERTON
GLADWIN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 5 – CAPITAL ASSETS (continued)

Discretely Presented Component Unit

	Beginning Balance	Additions	Deletions	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	(454,342)	(52,579)	-	(506,921)
Net assets being depreciated	293,862	(52,579)	-	241,283
Capital assets net of depreciation	<u>\$ 300,862</u>	<u>\$ (52,579)</u>	<u>\$ -</u>	<u>\$ 248,283</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	\$ 201,200	\$ 576,544	\$ 1,962
Accrued Liabilities	10,994	-	1,264
Due to Other Governments	-	-	-
Accrued Interest Payable	-	52,450	-
Total	<u>\$ 212,194</u>	<u>\$ 628,994</u>	<u>\$ 3,226</u>

CITY OF BEAVERTON
GLADWIN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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	3,330
Water Fund	Sewer Fund	47,260
Water Fund	Rubbish Fund	1,849
		<u>\$ 859,535</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>
Major Street	Industrial Park Cap. Proj.	\$ 42,539
Iron Treatment Cap. Proj.	Water Fund	5,507
Iron Treatment Cap. Proj.	DPW/Police Cap. Proj.	5,000
Iron Treatment Cap. Proj.	General Fund	86,004
Building Authority	General Fund	47,255
Industrial Park Cap. Proj.	Water Fund	35,507
Rubbish Fund	General Fund	70,000
General Fund	Multiple	112,581
Equipment Fund	General Fund	25,000
Local Streets	Major Streets	51,750
		<u>\$ 481,143</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
GLADWIN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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.

A summary of long-term obligations as of June 30, 2024, and transactions related thereto for the year then ended as follows:

	Balance 7/1/2023	Additions	Reductions	Balance 6/30/2024	Due Within One Year
Installment Purchase Contracts:					
2014 Fire building interest of 20.79% matures December 2029	\$ 35,913	\$ -	\$ (9,215)	\$ 26,698	\$ 6,301
2019 418 Ross Street land contract, interest of 6%	7,609	-	(7,609)	\$ -	-
2019 Tahoe Police vehicle installment purchase agreement, interest of 3.59% matures June 2024	10,816	-	(10,816)	\$ -	
Total Installment Debt	54,338	-	(27,640)	26,698	6,301
Compensated Absences	46,732	121	-	\$ 46,853	-
Total	\$ 101,070	\$ 121	\$ (27,640)	\$ 73,551	\$ 6,301

CITY OF BEAVERTON
GLADWIN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 8 - LONG-TERM DEBT (continued)

	Balance 7/1/2023	Increases	Decreases	Balance 6/30/2024	Due Within One Year
Revenue Bonds					
2007 Water line, interest of 4.125% matures April 2027	\$ 897,000	\$ -	\$ (21,000)	\$ 876,000	\$ 21,000
2020 Water line, interest of 1.125% matures July 2060	538,000	-	(11,000)	527,000	11,000
1992 Wastewater plant, interest of 5% matures March 2032	533,000	-	(57,000)	476,000	57,000
2020 Wastewater lift station, interest of 1.125% matures October 2061	113,000	-	(2,000)	111,000	2,000
2020 Wastewater system, interest of 2.125% matures 2050	405,000	-	(11,000)	394,000	11,000
2020 Wastewater system, interest of 1.125% matures July 2060	262,000	-	(5,000)	257,000	5,000
2020 Wastewater system, interest of 1.125% matures July 2060	39,000	-	(1,000)	38,000	1,000
2010 Dam renovation, interest of 4.375% matures September 2049	919,000	-	(18,000)	901,000	18,000
2019 Dam renovation, interest of 4.375% matures November 2034	250,000	-	(18,000)	232,000	18,000
2020 Building authority, interest of 3% matures February 2050	508,000	-	(14,000)	494,000	14,000
2021 Building Authority, interest of 2.25% matures September 2060	1,392,000	-	(27,000)	1,365,000	27,000
Total	5,856,000	-	(185,000)	5,671,000	185,000
Compensated Absences	13,925	-	(4,588)	9,337	-
Total	\$ 5,869,925	\$ -	\$ (189,588)	\$ 5,680,337	\$ 185,000

CITY OF BEAVERTON
GLADWIN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 8 - LONG-TERM DEBT (continued)

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

Year Ended March 31	Government Principal	Activities Interest	Business-type Principal	Activities Interest
2025	\$ 6,301	\$ 787	\$ 185,000	\$ 164,649
2026	6,479	611	192,000	158,060
2027	6,660	427	196,000	151,347
2028	6,847	240	202,000	144,457
2029	411	49	208,000	137,336
2030-2034	-	-	969,000	579,499
2035-2039	-	-	815,000	452,962
2040-2044	-	-	920,000	326,381
2045-2049	-	-	1,008,000	176,040
2050-2054	-	-	546,000	60,612
2055-2059	-	-	368,000	17,325
2060-maturity	-	-	62,000	596
	<u>\$ 26,698</u>	<u>\$ 2,114</u>	<u>\$ 5,671,000</u>	<u>\$ 2,369,264</u>

Interest expense for the year in the statement of activities, governmental activities, was \$1,921. Interest expense for business-type activities was \$157,582.

Component Unit (DDA)

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Land Contract	\$ 252,034	\$ -	\$ (6,578)	\$ 245,456	\$ 6,936

CITY OF BEAVERTON
GLADWIN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 8 - LONG-TERM DEBT (continued)

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 the future principal and interest on the component unit's installment purchase contract are as follows:

Year Ending June 30,	Component Unit	
	Principal	Interest
2025	\$ 6,936	\$ 13,329
2026	7,327	12,938
2027	7,740	12,525
2028	8,177	12,088
2029	8,638	11,627
2030-2034	51,072	50,252
2035-2039	67,196	34,128
2040-2044	88,368	12,914
Total	\$ 245,454	\$ 159,801

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.

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 bill

CITY OF BEAVERTON
GLADWIN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 10 – TAX ABATEMENTS (continued)

receives 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 \$6,200 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 \$7,039 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.

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 Modern 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 the amounts contributed to the plan plus investment earnings. The City provides pension benefits to administrative employees and union employees, who are full-time, aged twenty-one and over, and employed with the City for at least one year.

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 directions to the Plan custodian from time to time for the investment of the funds held in the custodial accounts, transfer of assets to or from the custodial accounts.

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 is 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.

CITY OF BEAVERTON
GLADWIN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 14 – CONTINGENCIES AND COMMITMENTS (continued)

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 - SUBSEQUENT EVENTS

The City has evaluated subsequent events and transactions for potential recognition and disclosure through December 11, 2024, the date the financial statements were available to be issued.

NOTE 16 – ADJUSTMENTS TO BEGINNING FUND BALANCES

During fiscal year 2024, changes to or within the financial reporting entity and an error correction (GASB 100) resulted in adjustments to and restatements of beginning fund balance, as follows:

	Reporting Units Affected by Adjustments to and Restatements of Beginning Balances			
	Major Street	Local Street	Industrial Park	Nonmajor Governmental Funds
Fund balance, as previously reported	\$ 314,470	\$ 217,931	\$ 5,000	\$ 116,441
Change from major to nonmajor fund	-	(217,931)	(5,000)	222,931
Change from nonmajor to major fund	-	-	-	-
Error correction	6,788	-	-	2,047
	<u>\$ 321,258</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 341,419</u>

	Reporting Units Affected by Adjustments to and Restatements of Nonmajor			
	Rubbish	Proprietary Funds	Governmental Activities	Business-type Activities
Net position, as previously reported	\$ 625,211	\$ -	\$ 4,745,268	\$ 3,788,856
Change from major to nonmajor fund	(625,211)	625,211	-	-
Change from nonmajor to major fund	-	-	-	-
Error correction	-	-	19,112	10,043
	<u>\$ -</u>	<u>\$ 625,211</u>	<u>\$ 4,764,380</u>	<u>\$ 3,798,899</u>

CITY OF BEAVERTON
GLADWIN COUNTY, MICHIGAN
REQUIRED SUPPLEMENTAL INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
YEAR ENDED JUNE 30, 2024

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Property taxes	\$ 403,517	\$ 403,517	\$ 419,675	\$ 16,158
Federal sources	2,000	2,000	2,000	-
State sources	225,712	225,712	209,878	(15,834)
Charges for services	147,057	147,057	109,447	(37,610)
Fines and forfeitures	10,200	10,200	10,078	(122)
Licenses and permits	6,247	6,247	5,627	(620)
Interest earned on deposits	2,510	2,510	5,323	2,813
Rent	8,900	8,900	8,527	(373)
Miscellaneous	113,455	113,455	78,932	(34,523)
TOTAL REVENUES	919,598	919,598	849,487	(70,111)
EXPENDITURES				
General government				
City council	15,050	21,497	20,933	564
City manager	63,782	59,158	56,739	2,419
Finance and administration	87,910	95,649	95,288	361
Clerk	71,429	75,544	74,718	826
Board of review	540	540	498	42
Treasurer	63,361	72,342	70,741	1,601
Assessor	13,240	17,465	16,794	671
Elections	3,981	13,549	13,369	180
Building and grounds	10,190	29,644	28,809	835
Total general government	329,483	385,388	377,889	7,499
Public safety				
Police	419,749	365,363	364,491	872
Fire protection contract	84,342	84,992	84,623	369
Building inspection department	-	-	-	-
Total public safety	504,091	450,355	449,114	1,241
Public works				
Public works	44,950	99,933	98,470	1,463
Cemetery	3,327	9,586	9,406	180
Street lights	18,000	19,120	19,117	3
Total public works	66,277	128,639	126,993	1,646
Health and welfare				
Mosquito control	25,804	25,804	25,752	52
Community and economic development				
Planning	-	-	-	-
Civic betterment	560	882	590	292
Total community and economic development	560	882	590	292
Recreation and culture				
	13,585	24,023	23,900	123
Capital outlay				
	6,080	6,080	6,080	-
Debt service				
Principal	28,426	28,426	27,640	786
Interest	3,520	3,520	1,921	1,599
Total debt service	31,946	31,946	29,561	2,385
TOTAL EXPENDITURES	977,826	1,053,117	1,039,879	13,238
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(58,228)	(133,519)	(190,392)	(56,873)
OTHER FINANCING SOURCES (USES)				
Sales of fixed assets	231,062	231,062	1,062	(230,000)
Debt proceeds	-	-	-	-
Transfers in	211,981	211,981	94,726	(117,255)
Transfers out	(104,226)	(155,983)	(162,949)	(6,966)
Total other financing sources (uses)	338,817	287,060	(67,161)	(354,221)
NET CHANGE IN FUND BALANCE	280,589	153,541	(257,553)	(411,094)
FUND BALANCE - Beginning of Year	367,643	367,643	367,643	-
FUND BALANCE - End of Year	\$ 648,232	\$ 521,184	\$ 110,090	\$ (411,094)

SEE NOTES TO FINANCIAL STATEMENTS.

CITY OF BEAVERTON
GLADWIN COUNTY, MICHIGAN
REQUIRED SUPPLEMENTAL INFORMATION
BUDGETARY COMPARISON SCHEDULE - MAJOR STREET FUND
YEAR ENDED JUNE 30, 2024

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL AMOUNT</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
REVENUES				
Property taxes	\$ -	\$ 41,164	\$ 44,450	\$ 3,286
Federal sources	-	-	-	-
State sources	-	115,000	134,487	19,487
Interest earned on deposits	-	100	100	-
TOTAL REVENUES	<u>-</u>	<u>156,264</u>	<u>179,037</u>	<u>22,773</u>
EXPENDITURES				
Public works	59,005	50,411	43,135	7,276
TOTAL EXPENDITURES	<u>59,005</u>	<u>50,411</u>	<u>43,135</u>	<u>7,276</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(59,005)</u>	<u>105,853</u>	<u>135,902</u>	<u>30,049</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(113,223)	(137,754)	(137,754)	-
Transfers in	-	42,539	42,539	-
Bond proceeds	-	-	-	-
TOTAL OTHER FINANCING SOURCES	<u>(113,223)</u>	<u>(95,215)</u>	<u>(95,215)</u>	<u>-</u>
Net change in fund balance	<u>(172,228)</u>	<u>10,638</u>	<u>40,687</u>	
FUND BALANCE - Beginning of Year, as restated	<u>321,258</u>	<u>321,258</u>	<u>321,258</u>	
FUND BALANCE - End of Year	<u>\$ 149,030</u>	<u>\$ 331,896</u>	<u>\$ 361,945</u>	<u>\$ 30,049</u>

CITY OF BEAVERTON
GLADWIN COUNTY, MICHIGAN
OTHER SUPPLEMENTAL INFORMATION
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2024

	SPECIAL REVENUE		CAPITAL PROJECTS FUND		TOTAL
	LOCAL STREETS	CAMPGROUND FUND	INDUSTRIAL PARKS FUND	IRON TREATMENT FUND	NONMAJOR GOVERNMENTAL FUNDS
ASSETS					
Cash and cash equivalents	\$ 247,674	\$ 38,597	\$ -	\$ -	286,271
Due from other governments	10,228				10,228
Due from other funds	-	89,845	-	194,321	284,166
TOTAL ASSETS	\$ 257,902	\$ 128,442	\$ -	\$ 194,321	\$ 580,665
LIABILITIES					
Checks issued in excess of pooled cash	-	-	-	194,321	194,321
Accounts payable	158	471	-	-	629
	158	471	-	194,321	194,950
FUND BALANCES					
Restricted for:					
Streets	257,744	-	-	-	257,744
Campground	-	127,971	-	-	127,971
TOTAL FUND BALANCES	257,744	127,971	-	-	385,715
TOTAL LIABILITIES AND FUND BALANCE	\$ 257,902	\$ 128,442	\$ -	\$ 194,321	\$ 580,665

SEE NOTES TO FINANCIAL STATEMENTS.

CITY OF BEAVERTON
GLADWIN COUNTY, MICHIGAN
OTHER SUPPLEMENTAL INFORMATION
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2024

	SPECIAL REVENUE		CAPITAL PROJECTS FUND		TOTAL NONMAJOR GOVERNMENTAL FUNDS
	LOCAL STREETS	CAMPGROUND FUND	INDUSTRIAL PARKS FUND	IRON TREATMENT FUND	
REVENUES					
Property taxes	\$ 43,902	\$ -	\$ -	\$ -	\$ 43,902
Federal sources	-	-	42,539	-	42,539
State sources	49,819	-	-	-	49,819
Charges for services	-	69,092	-	-	69,092
Interest income	-	-	-	-	-
TOTAL REVENUES	93,721	69,092	42,539	-	205,352
EXPENDITURES					
Public works	103,453	-	3,970	99,507	206,930
Recreation and culture	-	57,562	-	-	57,562
TOTAL EXPENDITURES	103,453	57,562	3,970	99,507	264,492
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(9,732)	11,530	38,569	(99,507) -	(59,140)
Other Financing Sources (Uses)					
Transfers from other funds	51,750	-	3,970	99,507	155,227
Transfers to other funds	(4,252)	-	(47,539)	-	(51,791)
Net Other Financing Sources (Uses)	47,498	-	(43,569)	99,507	103,436
NET CHANGES IN FUND BALANCES	37,766	11,530	(5,000)	-	44,296
FUND BALANCES					
Beginning of Year, as restated	219,978	116,441	5,000	-	341,419
FUND BALANCES					
End of Year	\$ 257,744	\$ 127,971	\$ -	\$ -	\$ 385,715

SEE NOTES TO FINANCIAL STATEMENTS.

CITY OF BEAVERTON
GLADWIN COUNTY, MICHIGAN
OTHER SUPPLEMENTARY INFORMATION
BALANCE SHEET AND STATEMENT OF NET POSITION
JUNE 30, 2024

	DOWNTOWN DEVELOPMENT AUTHORITY
ASSETS	
Cash and investments	\$ 214,540
Accounts receivable	-
Due from primary	-
Capital assets:	
Nondepreciable capital assets	7,000
Depreciable capital assets, net	241,283
TOTAL ASSETS	\$ 462,823
LIABILITIES	
Current liabilities	
Accounts payable	\$ 1,962
Accrued liabilities	1,264
Due to primary government	10,475
Unearned revenue	20,000
Noncurrent liabilities	
Accrued compensated absences	257
Due within one year	6,936
Due in more than one year	238,520
TOTAL LIABILITIES	279,414
FUND BALANCE (DEFICIT) UNASSIGNED	183,409
TOTAL LIABILITIES AND FUND BALANCE	\$ 462,823
NET POSITION	
Net investment in capital assets	2,827
Unrestricted	180,582
TOTAL NET POSITION	\$ 183,409

SEE NOTES TO FINANCIAL STATEMENTS.

CITY OF BEAVERTON
GLADWIN COUNTY, MICHIGAN
OTHER SUPPLEMENTARY INFORMATION
GOVERNMENTAL REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES AND STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2024

	DOWNTOWN DEVELOPMENT AUTHORITY
REVENUES	
Property taxes	\$ 102,994
State sources	51,743
Charges for services	19,551
Operating grants and contributions	340
Interest	-
TOTAL REVENUES	\$ 174,628
EXPENDITURES/EXPENSES	
Community and economic development	\$ 78,960
Capital outlay	-
Debt service	13,687
Depreciation	52,579
TOTAL LIABILITIES	145,226
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES/EXPENSES	29,402
NET CHANGE IN FUND BALANCE/NET POSITION	29,402
FUND BALANCE (DEFICIT)/NET POSITION	
Beginning of year	154,007
End of year	\$ 183,409



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

December 11, 2024

Honorable Mayor and Members
Of the City Commission
City of Beaverton
Gladwin County, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of The City of Beaverton, Michigan (also referred to as the City), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City of Beaverton, Michigan's basic financial statements, and have issued our report thereon dated December 11, 2024.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2024-001 that we consider to be material weakness and 2024-002 that we consider to be a significant deficiency.

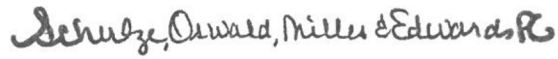
Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. However, providing an opinion on compliance with those provisions was not the objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which are described in the accompanying schedule of findings and responses as items 2024-003 and 2024-004.

Purpose of this Report

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

Very truly yours,



Schulze, Oswald, Miller & Edwards PC
Alpena, Michigan

SCHEDULE OF FINDINGS AND RESPONSES

INTERNAL CONTROL OVER FINANCIAL REPORTING

Segregation of Duties (Significant Deficiency)

Finding 2024-001

Criteria:	All governments are required to establish an internal control structure with segregation of responsibilities sufficient to provide reasonable assurance that errors (whether caused by error or fraud) will be prevented or detected and corrected by management on a timely basis. This is a responsibility of the City. Adequate segregation of duties as it related to the cash cycle of a municipality requires separation of the management function, the custody of assets function, and the accounting function.
Condition:	Certain members of the accounting department are responsible for the custody of assets as well as for the accounting for those assets in the area of cash receipts and cash disbursements. Further, certain employees holding management positions also collect or disburse cash and account for the transactions of the City.
Cause:	As is the case with many organizations of similar size, the City lacks a sufficient number of accounting personnel involved in the financial reporting process in order to ensure a complete segregation of duties within the accounting function.
Effect:	As a result of this condition, the City's current system of internal control has limited safeguards in place to ensure that fraud or abuse is being prevented, specifically in the transactions of the cash cycle.
View of Responsible Officials:	To the extent possible, duties are allocated between accounting personnel to mitigate the risk of material misappropriation of assets. In addition, the City Board of Commissioners assumes a higher level of oversight responsibilities to mitigate risks related to this lack of segregation of duties.

This comment is a repeat from prior audits but has moved from a material weakness.

Preparation of the Financial Statements in Accordance With Generally Accepted Accounting Principles (Material Weakness)

Finding 2024-002

Criteria:	The City is required to prepare financial statements in accordance with generally accepted accounting principles (GAAP). The preparation of financial statements requires having in place internal controls over recording, processing, reconciling and preparing financial statements.
Condition:	The City relied on its independent external auditors to assist in reconciling accounts, preparing the financial statements and related footnotes. Accordingly, the City has placed reliance on its external auditors who cannot be considered a part of the City's internal controls.
Cause:	It continues to be the decision of the City to have the independent auditor's assistance in the preparation of the City's audited financial statements and related footnotes as it is more cost effective than incurring the time and expense to obtain the necessary training and expertise required for the City to perform this task internally.
Effect:	As a result of this condition, the City lacks internal control over the financial statement preparation process and instead relies, in part, on its external auditors for assistance with this task.
View of Responsible Officials:	Like many other governmental organizations, the City has made an ongoing evaluation of the respective costs and benefits of obtaining internal knowledge versus utilizing external resources for the preparation of the financial statements. As with many organizations, the City has determined that the additional benefits derived from implementing such an internal system would not outweigh the costs of utilizing external resources. The City will continue to review the draft financial statements and notes prior to approving them and accepting responsibility for their content and presentation.

This comment is a repeat from the prior audits.

Violation of Reserve Requirements Related to Debt (Noncompliance)

Finding 2024-003

- Criteria:** The City has revenue bonds outstanding in the Hydroelectric, Sewer and Water funds. The provisions of those debt agreements require the City to set aside assets in reserve accounts for debt service and repairs, replacement and improvements (RRI).
- Condition:** The City has not accumulated sufficient reserves to satisfy the requirements, as follows:
92-08, 09 Sewer bond reserve; \$77 500 required - \$0 in reserves
92-28, 33 Sewer bond reserve \$4,952 required - \$0 in reserves
92-28, 33 Sewer RRI reserve \$12,800 required - \$0 in reserves
92-30 Sewer bond reserve \$1,600 required - \$0 in reserves
- Cause:** Inadequate financial resources have been available to satisfy the requirements.
- Effect:** The City is not in compliance with the reserve requirements imposed by the U.S. Department of Agriculture; Rural Development AL# 10.760.
- View of Responsible Officials:** The previous City Manager made unauthorized transfers out of the USDA Reserve Accounts to pay for capital improvements. The City has coordinated with the USDA to provide an explanation and solution to replenish the reserves. The City made the first transfer of an approved five (5) year workout plan in April 2020 and will continue to make the transfers as agreed. The City has adopted a five (5) year utility rate study that projects a 9.9% increase in rates over the next 5 years. Year 5 of the rate increase went into effect on July 1, 2022. The City plans to restrict funds to begin the process of replenishing these reserves.

This comment is a repeat from the prior audits.

Negative Fund Balance (Noncompliance)

Finding 2024-003

- Criteria:** All governments are required to maintain a positive fund balance in all funds. A positive fund balance helps ensure that there will be adequate liquid resources to serve as a financial cushion. In addition, all governments are required to not spend in excess of budgeted amounts.
- Condition:** As of June 30, 2024, the Rubbish Fund had an ending fund balance of (\$556,467).
- Cause:** Inadequate financial resources have been available to satisfy the requirements.
- Effect:** The State of Michigan requires that a reasonable plan to eliminate a deficit condition is vital to the fiscal well-being of the City, as is early implementation of that plan. A plan and certified resolution is required to be filed as soon as possible following the submission of the City's audit report to the State of Michigan. In addition, the City will be required to submit a corrective action plan regarding budgetary compliance.
- View of Responsible Officials:** The City Manager provides a corrective action plan each year to the State of Michigan. They are ensuring that the City is committed to the elimination of this deficit and adhering to the plan they are submitting.



COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

December 11, 2024

Honorable Mayor and Members
Of the City Commission
City of Beaverton
Gladwin County, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Beaverton, Michigan (the City) for the year ended June 30, 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and, if applicable, *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter November 1, 2024. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City of Beaverton are described in Note 1 to the financial statements. During 2024, the City implemented Governmental Accounting Standard Board No. 100, Accounting Changes and Error Corrections. The application of existing policies was not changed during the year ended June 30, 2024. We noted no transactions entered into by the City of Beaverton during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the City of Beaverton's financial statements were:

Management's estimate of the useful lives of depreciable capital assets is based on the length of time it is believed that those assets will provide some economic benefit in the future.

Management's estimate of the allowance for doubtful accounts is based on historical collections. We evaluated the key factors and assumptions used to develop the allowance for doubtful accounts in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the of the accrued compensated absences is based on current hourly rates and policies regarding payment of sick and vacation banks.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

The disclosure relating to capital assets and related accumulated depreciation in Note 1 to the financial statements is based on estimated useful lives. Actual results may vary from estimates.

The disclosure of Accounts Receivable (any uncollectible amounts) in Note 4 to the financial

statements estimate based on prior experience the accounts receivable that will be uncollectible.

The disclosure relating to vested employee benefits in Note 1 to the financial statements is based on current hourly rates and policies regarding payment of vacation and sick banks. Actual results may vary from the current rates and policies.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 11, 2024.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the budget to actual comparison schedules, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the combining statements which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the schedule of bonded indebtedness and the schedule of contractual indebtedness, which accompany the financial statements but are not RSI. Such information has not been subjected

to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Upcoming Accounting Pronouncements

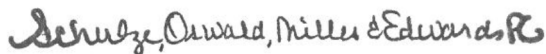
In June 2022, the GASB issued Statement No. 101, Compensated Absences. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. The City is currently evaluating the impact this standard will have on the financial statements when adopted during the 2024-2025 fiscal year.

In December 2023, the GASB issued Statement No. 102, Certain Risk Disclosures. This Statement requires a government to assess whether a concentration or constraint makes the government vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact to have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. If a government determines that those criteria for disclosure have been met for a concentration or constraint, it should disclose information in notes to financial statements in sufficient detail to enable users of financial statements to understand the nature of circumstances disclosed and the government's vulnerability to the risk of substantial impact. The City is currently evaluating the impact this standard will have on the financial statements when adopted during the 2024-2025 fiscal year.

Restriction on Use

This information is intended solely for the use of the governing body and management of the City of Beaverton, Michigan, and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



Schulze, Oswald, Miller & Edwards PC
Alpena, Michigan