CITY OF BEAVERTON

GLADWIN COUNTY, MICHIGAN

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

YEAR ENDED JUNE 30, 2025

SCHULZE, OSWALD, MILLER & EDWARDS PC
CERTIFIED PUBLIC ACCOUNTANTS
989-354-8707

CITY OF BEAVERTON
GLADWIN COUNTY, MICHIGAN
TABLE OF CONTENTS

	PAGE
INDEPENDENT AUDITORS' REPORT	1 - 3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4 - 10
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements	
Statement of Net Position	11
Statement of Activities	12
Fund Financial Statements	
Governmental Funds:	
Balance Sheet	13
Reconciliation of the Balance Sheet to the Statement of Net Position	14
Statement of Revenues, Expenditures and Changes in Fund Balances	15
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	16
Proprietary Funds:	
Statement of Net Position	17
Statement of Revenues, Expenses and Changes in Net Position	18
Statement of Cash Flows	19 - 20
Fiduciary Funds:	
Statement of Net Position	21
Statement of Changes in Net Position	22
NOTES TO FINANCIAL STATEMENTS	23 - 40
REQUIRED SUPPLEMENTAL INFORMATION	
Budgetary Comparison Schedule - General Fund	41
Budgetary Comparison Schedule - Major Street Fund	42
OTHER SUPPLEMENTAL INFORMATION	
Combining Balance Sheet - Nonmajor Governmental Funds	43
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	44
Balance Sheet and Statement of Net Position - Downtown Development Authority	45
Governmental Revenues, Expenditures, and Changes in Fund Balances and Statement of Activities - Downtown Development Authority	46

Schulze Oswald Miller & Edwards PC

120 N. Ripley Street • Alpena, MI 49707
P.O. Box 69 • Rose City, MI 48654

Alpena 989-354-8707 • Fax 989-354-8708
Rose City 989-685-2411 • Fax 989-685-2412

INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members
of the City Commission
City of Beaverton
Gladwin County, 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, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to 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.

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 and budgetary comparison information 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.

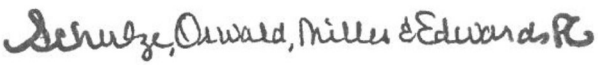
Supplementary Information

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 component unit statements and combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare 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, from page 2, the combining and individual nonmajor fund financial statements 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 October 21, 2025 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 County'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
November 25, 2025

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, 2025.

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 increased $1,074,493 over the course of the fiscal year to a total of $9,398,214. The following tables present an analysis of the City's net position. Net position of governmental activities increased $214,998 or 6% due mainly to a large capital project, the related grants, and financial results in the City's governmental funds. Business-type activities increased $859,495 or 17% 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, 2025 and 2024.

City's Net Position

	Governmental Activities		Business-type Activities		Total	
	2025	2024	**2025**	2024	**2025**	2024
Assets						
Current and Other Assets	**$ 1,495,124**	$ 1,006,475	**$ 1,162,736**	$ 1,090,911	**$ 2,657,860**	2,097,386
Capital Assets, Net	**2,814,474**	2,703,972	**10,796,830**	10,153,946	**13,611,304**	12,857,918
Total Assets	**4,309,598**	3,710,447	**11,959,566**	11,244,857	**16,269,164**	14,955,304
Liabilities						
Current Liabilities	**634,584**	212,194	**672,427**	628,994	**1,307,011**	841,188
Long-term Liabilities	**72,074**	73,551	**5,491,865**	5,680,080	**5,563,939**	5,753,631
Total Liabilities	**706,658**	285,745	**6,164,292**	6,309,074	**6,870,950**	6,594,819
Net Position						
Invested in Capital Assets	**2,780,510**	2,698,162	**5,012,640**	4,482,946	**7,793,150**	7,181,108
Restricted	**854,056**	747,660	**301,189**	250,761	**1,155,245**	998,421
Unrestricted	**(31,626)**	(232)	**481,445**	201,876	**449,819**	201,644
Total Net Position	**$ 3,602,940**	$ 3,445,590	**$ 5,795,274**	$ 4,935,583	**$ 9,398,214**	$ 8,381,173

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 $449,819.

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	
	2025	2024	**2025**	2024	**2025**	2024
Revenue:						
Program Revenue:						
Charges for Services	**$ 465,072**	$ 190,397	**$ 1,177,271**	$ 1,149,501	**$ 1,642,343**	$ 1,339,898
Operating Grants & Contributions	**-**	-	**-**	-	**-**	-
General Revenue:						
Property Taxes	**529,192**	508,027	**-**	-	**529,192**	508,027
Federal Sources	**180,047**	44,539	**789,673**	-	**969,720**	44,539
State-Shared Revenues	**402,035**	394,184	**17,823**	-	**419,858**	394,184
Interest Earnings	**-**	5,423	**-**	435	**-**	5,858
Other	**129,736**	92,368	**25,778**	56,380	**155,514**	148,748
Total Revenue	**1,706,082**	1,234,938	**2,010,545**	1,206,316	**3,716,627**	2,441,254
Expenses:						
General Government	**604,392**	409,015	**-**	-	**604,392**	409,015
Public Safety	**458,856**	460,344	**-**	-	**458,856**	460,344
Public Works	**346,470**	392,660	**-**	-	**346,470**	392,660
Health and Welfare	**26,943**	-	**-**	-	**26,943**	-
Community & Economic Development	**441**	590	**-**	-	**441**	590
Recreation & Culture	**94,278**	91,811	**-**	-	**94,278**	91,811
Interest on Long-term Debt	**372**	1,921	**-**	-	**372**	1,921
Hydroelectric	**-**	-	**230,956**	223,842	**230,956**	223,842
Sewer	**-**	-	**307,773**	369,721	**307,773**	369,721
Water Expenses	**-**	-	**411,675**	523,881	**411,675**	523,881
Rubbish	**-**	-	**67,930**	71,264	**67,930**	71,264
Building Authority	**-**	-	**92,048**	78,111	**92,048**	78,111
Total Expenses	**1,531,752**	1,356,341	**1,110,382**	1,266,819	**2,642,134**	2,623,160
Excess (deficiency) Before Transfers	**174,330**	(121,403)	**900,163**	(60,503)	**1,074,493**	(181,906)
Transfers	**40,668**	(1,197,387)	**(40,668)**	1,197,387	**-**	-
	214,998	(1,318,790)	**859,495**	1,136,884	**1,074,493**	(181,906)
Net Position, Beginning of Year*	**3,387,942**	4,764,380	**4,935,779**	3,798,899	**8,323,721**	8,563,279
Net Position, End of Year	**$ 3,602,940**	$ 3,445,590	**$ 5,795,274**	$ 4,935,783	**$ 9,398,214**	$ 8,381,373

*As restated

General revenues in the Governmental Activities increased in the current year due mainly to non-recurring proceeds from grants and contributions. Revenue in the Business-type Activities also increased mainly due to non-recurring proceeds from grants and contributions. Overall, City-wide expenses remained mostly unchanged from the prior year.

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 net 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 $15,480. 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 1% of the total General Fund expenditure. In addition, the fund balance of the City's General Fund decreased by $64,310, 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 $47,223 as result of less spending during the year.

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 8% decrease in net position as a result of major repairs expenditures

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

The Water Fund experienced a 31% increase in net position. This results from a federal grant for the water system. The related expenditures were capitalized and will be depreciated over time.

The Building Authority Fund experienced a 26% decrease in net position. This results from planned transfers into the fund, which were less than the expenditures.

General Fund Budgetary Highlights

The City's General fund original budget projected an increase of $786,274 and the final amended budget projected an increase of $700,451 of the fund balance. Actual revenues and other financing resources were $663,396 less than the final amended budget and actual expenditures and other financing uses were $83,305 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, 2025, amounted to $2,814,474 and $10,495,644, respectively (net of accumulated depreciation). This investment in capital assets includes infrastructure, land, buildings, vehicles and equipment. Governmental activity additions totaled $10,921, which was an addition to land. There were $688,787 of business-type activity additions, which was $678,694 of construction in progress and $10,093 of equipment.

City's Capital Assets
(net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2025	2024	**2025**	2024	**2025**	2024
Land	**$ 232,052**	$ 221,131	**$ 102,715**	$ 102,715	**$ 334,767**	$ 323,846
Construction in Progress	**-**	-	**678,694**	-	**678,694**	-
Infrastructure	**2,049,666**	2,108,941	**6,734,887**	7,000,883	**8,784,553**	9,109,824
Buildings and Imp.	**409,494**	290,014	**1,861,408**	1,911,702	**2,270,902**	2,201,716
Furniture and Equip.	**123,262**	83,886	**1,117,940**	1,138,646	**1,241,202**	1,222,532
Net Capital Assets	**$ 2,814,474**	$ 2,703,972	**$ 10,495,644**	$ 10,153,946	**$ 13,310,118**	$ 12,857,918

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 $7,267 of long-term debt and business-type activities had a total reduction of $188,000. 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
A fully executed agreement was signed in the 2025 fiscal year. The City has been collaborating with MSHDA on several home rehabilitation projects, and as of November 2025, these projects are more than halfway completed.

CMF DNR SPARK Grant
This grant agreement has been fully executed. The engineers, obtained through a Request for Proposal (RFP) process, are currently under contract for construction through a second RFP process.

DWSRF Water System Improvements Grant
This project includes a water tower, water lines, water mains, a water well, and water meters. Work on these projects began in the spring of 2025.

Porter and Ross Street Trailhead Project
The City successfully secured a contractor through the RFP process, and the construction has been completed. Final payments are being submitted, and reimbursements are pending as of November 2025.

MEDC CDBG DR Planning Grant
A fully executed grant agreement is in place.

- Project A - involves the repair and replacement of the storm sewer main line on Tonkin and Brown Streets, including culverts, manholes, and catch basins. This project also includes the removal and replacement of water mains up to the property line, milling of existing pavement, curbing repairs, driveway approach adjustments, street sidewalk and ramp replacements, street lighting installation, and repaving of streets.
- Project B - focuses on Ross Lake environmental studies, including review and permitting, excess sediment and material removal and disposal, clearing and grubbing, bank stabilization, channel restoration, habitat restoration, as-built drawings, and implementation of on-land best management practices (BMPs).

Michigan Department of Treasury Funding
Four Memorandums of Understanding (MOUs) have been signed:
1. An MOU to cover contracted grant writing costs and facilitate reimbursement.
2. An MOU for the City to obtain a Financial Plan and submit for reimbursement.
3. An MOU for the City to hire a college intern and submit for reimbursement.

4. A second MOU to continue funding the college intern and provide reimbursement for the intern to attend the 2025 MML convention.

2023 Coronavirus State and Local Fiscal Recovery Fund Grant

This project is a collaboration with the Beaverton City Police Department to construct a pavilion-like structure in Ross Lake Park. The goal is to promote recreational activities that enhance the overall health of the community, with a particular focus on youth in grades K-12. The fully executed agreement was signed in the 2025 fiscal year, and construction is currently underway as of November 2025.

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, 2025

	PRIMARY GOVERNMENT			COMPONENT UNIT
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	DOWNTOWN DEVELOPMENT AUTHORITY
ASSETS				
Cash and cash equivalents	$ 1,287,535	$ 645,336	$ 1,932,871	$ 288,497
Accounts receivable	3,644	126,785	130,429	-
Grants receivable	145,455	138,500	283,955	-
Special assessments receivable	-	213	213	
Due from other governments	58,490	-	58,490	-
Due from component unit	-	10,475	10,475	-
Internal balances	-	241,427	241,427	-
Restricted assets				
Cash and cash equivalents	-	-	-	-
Capital assets:				
Assets not being depreciated	232,052	102,715	334,767	7,000
Assets being depreciated, net	2,582,422	10,694,115	13,276,537	188,705
TOTAL ASSETS	4,309,598	11,959,566	16,269,164	484,202
LIABILITIES				
Checks issued in excess of pooled cash	344,061	483,403	827,464	-
Accounts payable	31,230	139,718	170,948	165
Accrued liabilities	17,866	-	17,866	800
Accrued interest	-	49,306	49,306	-
Unearned revenue	-	-	-	20,000
Due to primary government	-	-	-	10,475
Internal balances	241,427	-	241,427	
Noncurrent liabilities:			-	
Accrued compensated absences	38,109	8,865	46,974	257
Installment purchase agreements and bonds			-	
Due within one year	11,128	159,000	170,128	7,327
Due in more than one year	22,837	5,324,000	5,346,837	231,767
TOTAL LIABILITIES	706,658	6,164,292	6,870,950	270,791
NET POSITION				
Investment in capital assets net of debt	2,780,510	5,012,640	7,793,150	(43,389)
Restricted	854,056	301,189	1,155,245	-
Unrestricted	(31,626)	481,445	449,819	256,800
TOTAL NET POSITION	$ 3,602,940	$ 5,795,274	$ 9,398,214	$ 213,411

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, 2025

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES: CHARGES FOR SERVICES	PROGRAM REVENUES: OPERATING GRANTS AND CONTRIBUTIONS	PROGRAM REVENUES: CAPITAL GRANTS AND CONTRIBUTIONS	NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION: PRIMARY GOVERNMENT: GOVERNMENTAL ACTIVITIES	PRIMARY GOVERNMENT: BUSINESS-TYPE ACTIVITIES	PRIMARY GOVERNMENT: TOTAL	COMPONENT UNIT: DOWNTOWN DEVELOPMENT AUTHORITY
PRIMARY GOVERNMENT								
Governmental Activities:								
General government	$ 604,392	$ 14,478	$ -	$ -	$ (589,914)	$ -	$ (589,914)	$ -
Public safety	458,856	142,938	-	-	(315,918)	-	(315,918)	-
Public works	346,470	237,663	50,797	-	(58,010)	-	(58,010)	-
Health and welfare	26,943	-	-	-	(26,943)	-	(26,943)	-
Community and economic development	441	-	-	-	(441)	-	(441)	-
Recreational and culture	94,278	69,993	-	129,250	104,965	-	104,965	-
Interest on debt	372	-	-	-	(372)	-	(372)	-
Total Governmental Activities	1,531,752	465,072	50,797	129,250	(886,633)	-	(886,633)	-
Business-Type Activities:								
Hydroelectric	230,956	203,842	-	-	-	(27,114)	(27,114)	-
Sewer	307,773	405,043	7,203	-	-	104,473	104,473	-
Water	411,675	-	-	490,357	-	78,682	78,682	-
Rubbish	67,930	78,029	-	-	-	10,099	10,099	-
Building authority	92,048	-	-	-	-	(92,048)	(92,048)	-
Total Business-Type Activities	1,110,382	686,914	7,203	490,357	-	74,092	74,092	-
TOTAL PRIMARY GOVERNMENT	2,642,134	1,151,986	58,000	619,607	(886,633)	74,092	(812,541)	-
COMPONENT UNITS								
Downtown Development Authority	195,096	21,501	-	-				(173,595)
TOTAL COMPONENT UNITS	$ 195,096	$ 21,501	$ -	$ -				$ (173,595)
GENERAL REVENUES AND TRANSFERS								
Property taxes					$ 529,192	$ -	$ 529,192	$ 138,788
Federal sources					-	782,470	782,470	-
State sources					402,035	17,823	419,858	54,208
Licenses and permits					645	-	645	-
Unrestricted investment income/rents					36,684	6,161	42,845	-
Gain/(Loss) on the sale of fixed assets					-	-	-	-
Other miscellaneous revenues					92,407	19,617	112,024	10,628
Transfers					40,668	(40,668)	-	-
TOTAL GENERAL REVENUES AND TRANSFERS					1,101,631	785,403	1,887,034	203,624
CHANGES IN NET POSITION					214,998	859,495	1,074,493	30,029
NET POSITION - Beginning of Year					3,445,590	4,935,779	8,381,369	183,382
Prior period adjustment					(57,648)	-	(57,648)	-
NET POSITION - End of Year					$ 3,602,940	$ 5,795,274	$ 9,398,214	$ 213,411

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, 2025

	MAJOR FUNDS		NONMAJOR GOVERNMENTAL	
	GENERAL FUND	MAJOR STREETS FUND	OTHER GOVERNMENTAL FUNDS	TOTAL
ASSETS				
Cash and cash equivalents	$ 598,457	$ 254,688	$ 369,210	$ 1,222,355
Investments	-	-	-	-
Accounts receivable	3,644	-	-	3,644
Taxes receivable	-	-	-	-
Grants receivable	-	-	145,455	145,455
Due from other governmental units	28,664	22,437	7,389	58,490
Due from other funds	73,945	128,883	284,166	486,994
TOTAL ASSETS	704,710	406,008	806,220	1,916,938
LIABILITIES				
Accounts payable	16,888	176	13,935	30,999
Checks issued in excess of pooled cash	-	-	344,061	344,061
Accrued liabilities	17,866	-		17,866
Due to other governmental units	-	-	-	-
Due to other funds	654,476	-	-	654,476
Unearned revenue	-	-	-	-
TOTAL LIABILITIES	689,230	176	357,996	1,047,402
FUND BALANCES				
Restricted for streets	-	405,832	-	405,832
Restricted	-	-	448,224	448,224
Unrestricted	15,480	-	-	15,480
TOTAL FUND BALANCES	15,480	405,832	448,224	869,536
TOTAL LIABILITES AND FUND BALANCES	$ 704,710	$ 406,008	$ 806,220	$ 1,916,938

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, 2025

Fund Balance - Total Governmental Funds	$	869,536
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		232,052
Capital assets being depreciated, net		2,504,080
Long-term liabilities are not due and payable in the current period and therefore are not reported in the Governmental Funds		
Compensated absences		(34,458)
Installment purchase agreements		(23,526)
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		55,256
Net Position of Governmental Activities	$	3,602,940

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

CITY OF BEAVERTON
GLADWIN COUNTY, MICHIGAN
FUND FINANCIAL STATEMENTS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2025

	MAJOR FUNDS		NONMAJOR GOVERNMENTAL	
	GENERAL	MAJOR STREETS FUND	OTHER GOVERNMENTAL FUNDS	TOTAL
REVENUES				
Property taxes	$ 436,357	$ 46,701	$ 46,134	$ 529,192
Federal sources	-	-	180,047	180,047
State sources	208,832	140,761	52,442	402,035
Charges for services	301,771	-	67,923	369,694
Fines and forfeitures	11,475	-	-	11,475
Licenses and permits	2,735	-	-	2,735
Interest earned on deposits	28,520	-	-	28,520
Rent	8,164	-	-	8,164
Miscellaneous	90,944	-	1,168	92,112
TOTAL REVENUES	1,088,798	187,462	347,714	1,623,974
EXPENDITURES				
General government	441,879	-	-	441,879
Public safety	457,718	-	-	457,718
Public works	130,409	80,239	81,734	292,382
Health and welfare	26,943	-	-	26,943
Community and economic development	441	-	-	441
Recreation and culture	37,876	-	44,976	82,852
Capital outlay	10,921	-	129,250	140,171
Debt service - principal	3,172	-	-	3,172
Debt service - interest	372	-	-	372
TOTAL EXPENDITURES	1,109,731	80,239	255,960	1,445,930
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	(20,933)	107,223	91,754	178,044
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	-	-
Bond proceeds	-	-	-	-
Transfer from other funds	34,906	-	63,045	97,951
Transfer to other funds	(78,283)	(60,000)	(89,000)	(227,283)
TOTAL OTHER FINANCING SOURCES (USES)	(43,377)	(60,000)	(25,955)	(129,332)
NET CHANGE IN FUND BALANCES	(64,310)	47,223	65,799	48,712
FUND BALANCES - Beginning of Year	110,090	361,945	385,715	857,750
Prior period adjustment	(30,300)	(3,336)	(3,290)	(36,926)
FUND BALANCES - End of Year	$ 15,480	$ 405,832	$ 448,224	$ 869,536

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

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, 2025

Net Change in Fund Balances - Total Governmental Funds	$	48,712
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		140,171
Asset disposals net of depreciation		-
Depreciation expense		(80,360)
Asset transfers to enterprise funds		-
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		3,172
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		8,533
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		94,770
Change in Net Position of Governmental Activities	$	214,998

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

CITY OF BEAVERTON
GLADWIN COUNTY, MICHIGAN
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2025

	MAJOR ENTERPRISE FUNDS				NON-MAJOR FUND		INTERNAL SERVICE FUND
	HYDROELECTRIC FUND	SEWER FUND	WATER FUND	BUILDING AUTHORITY FUND	RUBBISH FUND	TOTAL	EQUIPMENT
ASSETS							
Current assets:							
Cash and cash equivalents	$ 215,319	$ 44,208	$ 361,086	$ 24,723	$ -	$ 645,336	$ 65,180
Accounts receivable	-	53,091	64,116	-	9,578	126,785	-
Special assessment receivable	-	-	213	-	-	213	-
Grants receivable	-	-	138,500	-	-	138,500	-
Due from component unit	10,475	-	-	-	-	10,475	-
Due from other funds	134,966	111,567	122,008	5,300	4,438	378,279	-
Total current assets	360,760	208,866	685,923	30,023	14,016	1,299,588	65,180
Noncurrent assets:							
Investments	-	-	-	-	-	-	-
Restricted assets:							
USDA repair, replacement & improvement (RRI)	-	-	167,551	-	-	167,551	-
USDA bond reserve	60,598	-	73,040	-	-	133,638	-
Capital assets:							
Nondepreciable capital assets	-	102,115	600	-	-	102,715	-
Depreciable capital assets, net	1,063,219	3,374,767	4,093,533	1,861,407	-	10,392,926	78,342
Total noncurrent assets	1,123,817	3,476,882	4,334,724	1,861,407	-	10,796,830	78,342
TOTAL ASSETS	1,484,577	3,685,748	5,020,647	1,891,430	14,016	12,096,418	143,522
LIABILITIES							
Current liabilities							
Checks issued in excess of pooled cash	-	-	-	-	483,403	483,403	-
Accounts payable	149	483	139,071	-	15	139,718	231
Accrued liabilities	-	-	-	-	-	-	-
Accrued interest	13,954	10,736	9,850	14,766	-	49,306	-
Due to other funds	68,200	50,356	11,331	-	6,965	136,852	73,945
Current portion of long-term debt:							
Accrued compensated absences	1,468	2,749	4,648	-	-	8,865	3,651
Revenue bonds	14,000	39,000	78,000	28,000	-	159,000	4,649
Total current liabilities	97,771	103,324	242,900	42,766	490,383	977,144	82,476
Noncurrent liabilities							
Revenue bonds/note payable	1,082,000	1,160,000	1,292,000	1,790,000	-	5,324,000	5,790
TOTAL LIABILITIES	1,179,771	1,263,324	1,534,900	1,832,766	490,383	6,301,144	88,266
NET POSITION							
Invested in capital assets	(32,782)	2,277,882	2,724,133	43,407	-	5,012,640	67,904
Restricted for debt service	60,598	-	240,591	-	-	301,189	-
Unrestricted	276,990	144,542	521,023	15,257	(476,367)	481,445	(12,648)
TOTAL NET POSITION	$ 304,806	$ 2,422,424	$ 3,485,747	$ 58,664	$ (476,367)	$ 5,795,274	$ 55,256

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, 2025

	BUSINESS-TYPE ACTIVITIES						
	MAJOR FUNDS				NON-MAJOR FUND		INTERNAL SERVICE FUND
	HYDROELECTRIC FUND	SEWER FUND	WATER FUND	BUILDING AUTHORITY FUND	RUBBISH FUND	TOTAL	EQUIPMENT
OPERATING REVENUES							
State sources	$ 17,823	$ -	$ -	$ -	$ -	$ 17,823	$ -
Federal sources	-	7,203	782,470	-	-	789,673	-
Charges for services	203,842	405,043	490,357	-	78,029	1,177,271	81,813
Miscellaneous	17,823	977	817	-	-	19,617	295
TOTAL OPERATING REVENUES	239,488	413,223	1,273,644	-	78,029	2,004,384	82,108
OPERATING EXPENSES							
Salaries and wages	12,805	24,685	31,181	-	-	68,671	28,223
Payroll taxes	987	1,914	2,354	-	-	5,255	2,166
Employee benefits	14,009	20,357	21,510	-	196	56,072	11,177
Supplies	-	1,417	7,557	-	-	8,974	16,635
Postage	-	7,018	2,510	-	-	9,528	-
Telephone	1,725	1,751	9,308	-	-	12,784	-
Utilities	1,730	38,430	25,294	-	-	65,454	-
Repairs and maintenance	20,049	14,740	16,651	-	-	51,440	67,211
Contracted services	53,203	577	121,678	-	67,734	243,192	2,559
Equipment rentals	2,614	17,732	15,072	-	-	35,418	-
Miscellaneous	5,755	31,690	6,869	-	-	44,314	772
Depreciation	72,422	112,623	111,751	50,295	-	347,091	27,967
TOTAL OPERATING EXPENSES	185,299	272,934	371,735	50,295	67,930	948,193	156,710
OPERATING INCOME (LOSS)	54,189	140,289	901,909	(50,295)	10,099	1,056,191	(74,602)
NON-OPERATING REVENUE (EXPENSES)							
Interest earned on deposits	1,175	4,986	-	-	-	6,161	-
Interest expense	(45,659)	(34,839)	(39,940)	(41,753)	-	(162,191)	(628)
Other revenue	-	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-	-
TOTAL NON-OPERATING REVENUE (EXPENSES)	(44,484)	(29,853)	(39,940)	(41,753)	-	(156,030)	(628)
INCOME BEFORE TRANSFERS	9,705	110,436	861,969	(92,048)	10,099	900,161	(75,230)
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	71,332	70,000	141,332	170,000
Transfers out	(37,000)	(115,000)	(30,000)	-	-	(182,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	(37,000)	(115,000)	(30,000)	71,332	70,000	(40,668)	170,000
CHANGE IN NET POSITION	(27,295)	(4,564)	831,969	(20,716)	80,099	859,493	94,770
NET POSITION - Beginning of year	332,101	2,426,988	2,653,778	79,380	(556,466)	4,935,781	(39,514)
Prior period adjustment	-	-	-	-	-	-	-
NET POSITION - End of Year	$ 304,806	$ 2,422,424	$ 3,485,747	$ 58,664	$ (476,367)	$ 5,795,274	$ 55,256

*Rubbish Fund

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

CITY OF BEAVERTON
GLADWIN COUNTY, MICHIGAN
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2025

	BUSINESS-TYPE ACTIVITIES						INTERNAL SERVICE FUND
	HYDROELECTRIC FUND	SEWER FUND	WATER FUND	BUILDING AUTHORITY FUND	NON-MAJOR PROPRIETARY FUND	TOTAL	EQUIPMENT
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts from customers	$ 203,842	$ 405,043	$ 490,357	$ -	$ 78,029	$ 1,177,271	$ 81,813
Other operating cash receipts	35,646	8,180	783,287	-	-	827,113	295
Cash effects of interfund balances	-	-	(6,642)	-	-	(6,642)	-
Cash payments to suppliers for goods and services	(87,320)	(117,711)	(209,130)	-	(147,833)	(561,994)	(87,177)
Cash payments to employees for services and fringes	(27,801)	(46,956)	(55,045)	-	(196)	(129,998)	(41,566)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	124,367	248,556	1,002,827	-	(70,000)	1,305,750	(46,635)
CASH FLOWS FROM NONCAPITAL FINANCING AND RELATED FINANCING ACTIVITIES							
Transfer to/from other funds (cash)	(37,000)	(115,000)	(30,000)	71,332	70,000	(40,668)	170,000
Miscellaneous revenues/receipts	-	-	-	-	-	-	-
Uses/funding of bond restricted cash	-	-	-	-	-	-	-
NET CASH PROVIDED (USED) BY NONCAPITAL AND RELATED FINANCING ACTIVITIES	(37,000)	(115,000)	(30,000)	71,332	70,000	(40,668)	170,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Acquisition of capital assets	-	-	(688,787)	-	-	(688,787)	(70,069)
Proceeds from sale of capital assets	-	-	-	-	-	-	-
Proceeds from issuance of long-term debt	-	-	-	-	-	-	
Interest paid on bonds	(45,659)	(34,839)	(39,940)	(41,753)	-	(162,191)	(628)
Principal payments on bonds	(36,000)	(77,000)	(33,000)	(41,000)	-	(187,000)	-
NET CASH PROVIDED (USED) IN CAPITAL AND RELATED FINANCING ACTIVITIES	(81,659)	(111,839)	(761,727)	(82,753)	-	(1,037,978)	(70,697)
CASH FLOWS FROM INVESTING ACTIVITIES							
Interest income	1,175	4,986	-	-	-	6,161	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS							
CASH AND EQUIVALENTS - Beginning of Year	269,034	17,505	390,577	36,144	-	713,260	12,512
CASH AND EQUIVALENTS - End of Year	275,917	44,208	601,677	24,723	-	946,525	65,180
BALANCE SHEET CLASSIFICATION OF CASH AND CASH EQUIVALENTS							
Cash and cash equivalents	215,319	44,208	361,086	24,723	-	645,336	65,180
Restricted cash and cash equivalents	60,598	-	240,591	-	-	301,189	-
TOTAL	$ 275,917	$ 44,208	$ 601,677	$ 24,723	$ -	$ 946,525	$ 65,180

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
YEAR ENDED JUNE 30, 2025

CONTINUED FROM PREVIOUS PAGE

RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES							
Operating income (loss)	$ 54,189	$ 140,289	$ 901,909	$ (50,295)	$ 10,099	$ 1,056,191	$ (74,602)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:							
Depreciation and amortization	72,422	112,623	111,751	50,295	-	347,091	27,967
Changes in assets and liabilities:						-	
Accounts receivable	-	(6,945)	(11,710)	-	2,199	(16,456)	-
Grants receivable	-	-	(138,500)	-	-	(138,500)	-
Due from other funds/component unit	-	4,029	-	-	312	4,341	-
Special assessments receivable	-	-	75	-	-	75	-
Accounts payable / Accrued expenses	(2,066)	(1,066)	138,965	-	(82,481)	53,352	(211)
Compensated absences	(178)	(374)	337	-	(129)	(344)	211
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ 124,367	$ 248,556	$ 1,002,827	$ -	$ (70,000)	$ 1,305,750	$ (46,635)

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
JUNE 30, 2025

	CUSTODIAL FUND CURRENT TAX COLLECTION
ASSETS	
Cash and cash equivalents	$ 248
Receivables	
Taxes for other governments	-
TOTAL ASSETS	$ 248
LIABILITIES	
Due to other funds	$ 248
Due to other local governments	-
TOTAL LIABILITIES	$ 248
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, 2025

	CUSTODIAL FUND
	CURRENT TAX COLLECTION
ADDITIONS	
Property tax collections for other governments	1,401,611
Miscellaneous	-
TOTAL ADDITIONS	1,401,611
DEDUCTIONS	
Payments of property taxes to other governments	1,401,611
Administrative expenses	-
TOTAL DEDUCTIONS	1,401,611
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.

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 six-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 unity. 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 unity 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 unity 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.

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 off set 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 2024 taxable valuation of the City totaled $25,537,921, on which ad valorem taxes levied consisted of 13.3476 mills for City operating purpose, 1.9443 for roads and bridges, 1.9712 mills for public safety, 1.4581 for Fire. These amounts are recognized in the General Fund, Major Streets Fund, and Local Streets Fund as property taxes.

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.

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:

Custodial Fund: Current Tax Collection Fund is used to account for property taxes collected for the City and as an agent for other governmental units. Fiduciary activities are not reported in the government-wide financial statements, in accordance with GASB Statement No. 34.

Assets, Liabilities, and Net Position or Equity

Cash and Cash Equivalents: Cash consists of checking and savings accounts.

In accordance with Michigan Compiled Laws, the City is authorized to invest in the following investment vehicles:

a. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
b. Mutual funds composed of investment vehicles, which are legal for direct investment by local units of government in Michigan.
c. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank which is a member of the Federal Deposit Insurance Corporation (FDIC) or a savings and loan association which is a member of the Federal Savings and Loan Insurance Corporation (FSLIC) or a credit union which is insured by the National Credit Union Administration, but only if the bank savings and loan association, or credit union is eligible to be a depository of surplus funds belonging to the State under Section 5 or 6 of Act No. 105 of the Public Acts of 1855, as amended, being Section 21.145 and 21.146 of the Michigan Compiled Laws.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d. Commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services, and which matures not more than 270 days after the date of purchase.
e. The United States government of Federal agency obligations repurchase agreements.
f. Bankers acceptances of United States banks.

Michigan Compiled Laws allow for collateralization of government deposits, if the assets for pledging are acceptable to the State Treasurer under Section 3 of 1855 PA 105, MCL 21.143, to secure deposits of State surplus funds, securities issued by the Federal Loan Mortgage Corporation, Federal National Mortgage Association, or Government National Mortgage Association.

Investments: State Statues 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.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible right-to-use assets are amortized over the shorter of the lease/SBITA term, or the useful life of the underlying asset.

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.

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.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2025.

- 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 Council – the government's highest level of decision-making authority.

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 Council or through the City Council delegating this responsibility to the management through the budgetary process. The City did not have any assigned resources as of June 30, 2025.

- 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 Unform 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 June 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. Public hearings are obtained to obtain taxpayer comments, and the budget is legally enacted through the passage of an ordinance prior to June 30.

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

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)

budgeted amounts between line items within an activity; however, any revisions that alter the total expenditures of an activity must be approved by the City Council.

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 no expenditures, which were in excess of the amounts.

Deficit Fund Equity

At year-end, the Rubbish Fund and the Equipment Internal Service Fund had deficits in unrestricted net position of $476,367 and $12,648, 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.

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	$ 1,932,871
Cash & Cash Equivalents Restricted	-
Investment	-
Component Unit	
Cash & Cash Equivalents	288,497
Total	$ 2,221,368
Notes to Financial Statements	
Cash on Hand	$ 100
Deposits (checking/savings accounts)	2,221,268
Certificates of Deposit	-
Total	$ 2,221,368

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.

NOTE 3 - DEPOSITS AND INVESTMENTS (continued)

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, $1,435,168 of the City's bank balance of $1,685,168 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 Council has designated a financial institution for the deposit of City funds. The investment policy adopted by the City Council, in accordance with the Public Act 196 of 1997, has authorized investments in bank accounts and CDs, but not the remainder of State statutory authority as listed above.

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:

	Governmental Activities	Business-type Activities
Accounts	$ 3,644	$ 126,785
Grants	145,455	138,500
Taxes & Special Assessments	-	288
Intergovernmental	58,490	10,475
	$ 207,589	$ 276,048

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	$ 10,921	$ -	$ 232,052
Construction in Progress	-	-	-	-
Subtotal	221,131	10,921	-	232,052
Capital assets being depreciated				
Building and Improvements	1,103,443	129,250	-	1,232,693
Furniture and Equipment	1,308,070	78,491	-	1,386,561
Infrastructure	2,337,944	-	-	2,337,944
Subtotal	4,749,457	207,741	-	4,957,198
Less accumuated depreciation				
Building and Improvements	(813,429)	(9,770)	-	(823,199)
Furniture and Equipment	(1,224,184)	(39,115)	-	(1,263,299)
Infrastructure	(229,003)	(59,275)	-	(288,278)
Subtotal	(2,266,616)	(108,160)	-	(2,374,776)
Net Assets Being Depreciated	2,482,841	99,581	-	2,582,422
Capital Assets Net of Depreciation	$ 2,703,972	$ 110,502	$ -	$ 2,814,474

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

Governmental Activities	
General Government	$ 24,861
Public Safety	1,138
Public Works	42,935
Culture and Recreation	11,426
Capital assets held by the City's internal service funds are charged to various functions based on their usage	27,800
Total Governmental Activities	$ 108,160

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	-	678,694	-	678,694
Total	102,715	678,694	-	781,409
Capital assets being depreciated				
Buildings	2,011,776	-	-	2,011,776
Equipment	1,587,762	10,093	-	1,597,855
Infrastructure	12,875,941	-	-	12,875,941
Total	16,475,479	10,093	-	16,485,572
Less accumulated depreciation				
Buildings	(100,074)	(50,294)	-	(150,368)
Equipment	(449,116)	(30,799)	-	(479,915)
Infrastructure	(5,875,057)	(265,997)	-	(6,141,054)
Subtotal	(6,424,247)	(347,090)	-	(6,771,337)
Net capital assets being depreciated	10,051,232	(336,997)	-	9,714,235
Net capital assets	$ 10,153,947	$ 341,697	$ -	$ 10,495,644

Business-type Activities	
Hydroelectric	$ 72,422
Sewer	112,623
Water	111,751
Building Authority	50,294
Total Business-type Activities	$ 347,090

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	(506,920)	(52,579)	-	(559,499)
Net assets being depreciated	241,284	(52,579)	-	188,705
Capital assets net of depreciation	$ 248,284	$ (52,579)	$ -	$ 195,705

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	$ 375,291	$ 623,121	$ 165
Accrued Liabilities	17,866	-	800
Due to Other Governments	241,427	-	-
Accrued Interest Payable	-	49,306	-
Total	$ 634,584	$ 672,427	$ 965

NOTE 7 – INTERFUND BALANCES AND TRANSFERS

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

Due to:	Due From:	Amount
General Fund	Internal Service Fund	$ 73,945
Major Streets Fund	General Fund	128,883
Calhoun Campground Fund	General Fund	89,845
Building Authority Fund	General Fund	5,300
Iron Treatment Cap. Proj. Fund	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	Water Fund	7,020
Sewer Fund	Rubbish Fund	3,386
Rubbish Fund	Water Fund	4,311
Water Fund	Rubbish Fund	3,579
Water Fund	Sewer Fund	50,229
Water Fund	Rubbish Fund	127
		$ 875,748

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:

Fund:	Transfers In	Transfers Out
General Fund	$ 34,906	$ 78,283
Major Streets Fund	-	60,000
Local Streets Fund	60,000	75,000
Hydroelectric Fund	-	37,000
Equipment Fund	170,000	-
Building Authority Fund	71,332	-
Rubbish Fund	70,000	-
Calhoun Campground Fund	-	14,000
Iron Treatment Cap.Proj. Fund	3,045	-
Sewer Fund	-	115,000
Water Fund	-	30,000
	$ 409,283	$ 409,283

NOTE 7 – INTERFUND BALANCES AND TRANSFERS (continued)

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.

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, 2025, and transactions related thereto for the year then ended as follows:

	Balance 7/1/2024	Additions	Reductions	Balance 6/30/2025	Due Within One Year
Installment Purchase Contracts: 2014 Fire building interest of 20.79% matures December 2029	$ 26,698	$ -	$ (3,172)	$ 23,526	$ 6,479
Total Installment Debt	26,698	-	(3,172)	23,526	6,479
Compensated Absences*	46,732	121	-	46,853	-
Total	$ 73,430	$ 121	$ (3,172)	$ 70,379	$ 6,479

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

NOTE 8 - LONG-TERM DEBT (continued)

	Balance 7/1/2024	Increases	Decreases	Balance 6/30/2024	Due Within One Year
Revenue Bonds					
2007 Water line, interest of 4.125% matures April 2027	$ 876,000	$ -	$ (22,000)	$ 854,000	$ 22,000
2020 Water line, interest of 1.125% matures July 2060	527,000	-	(11,000)	516,000	11,000
1992 Wastewater plant, interest of 5% matures March 2032	476,000	-	(58,000)	418,000	59,000
2020 Wastewater lift station, interest of 1.125% matures October 2061	111,000	-	(2,000)	109,000	2,000
2020 Wastewater system, interest of 2.125% matures 2050	394,000	-	(11,000)	383,000	11,000
2020 Wastewater system, interest of 1.125% matures July 2060	257,000	-	(5,000)	252,000	5,000
2020 Wastewater system, interest of 1.125% matures July 2060	38,000	-	(1,000)	37,000	1,000
2010 Dam renovation, interest of 4.375% matures September 2049	901,000	-	(19,000)	882,000	20,000
2019 Dam renovation, interest of 4.375% matures November 2034	232,000	-	(18,000)	214,000	19,000
2020 Building authority, interest of 3% matures February 2050	494,000	-	(14,000)	480,000	14,000
2021 Building Authority, interest of 2.25% matures September 2060	1,365,000	-	(27,000)	1,338,000	28,000
Total	5,671,000	-	(188,000)	5,483,000	192,000
Compensated Absences*	9,337	-	-	9,337	-
Total	$5,680,337	$ -	$ (188,000)	$ 5,492,337	$ 192,000

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

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 Activities Principal	Government Activities Interest	Business-type Activities Principal	Business-type Activities Interest
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	3,540	49	208,000	137,336
2030	-	-	214,000	129,977
2031-2035	-	-	929,000	549,492
2036-2040	-	-	815,000	429,070
2041-2045	-	-	948,000	298,366
2046-2050	-	-	980,000	146,488
2051-2055	-	-	456,000	48,564
2056-2060	-	-	316,000	11,346
2061-maturity	-	-	27,000	113
	$ 23,526	$ 1,327	$ 5,483,000	$ 2,204,616

Interest expense for the year in the statement of activities, governmental activities, was $372. Interest expense for business-type activities was $165,335.

Component Unit (DDA)

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Land Contract	$ 245,484	$ -	$ (6,390)	$ 239,094	$ 7,327

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:

	Component Unit	
Year Ending June 30,	Principal	Interest
2026	$ 7,327	$ 12,938
2027	7,740	12,525
2028	8,177	12,088
2029	8,638	11,627
2030	9,125	11,140
2031-2035	53,953	47,371
2036-2040	70,987	30,338
2041-2044	73,147	8,446
Total	$ 239,094	$ 146,473

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

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 $24,689 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.

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 Modem Woodmen of America. Michigan Compiled Laws Section 38.1132 authorizes the City pension plan to invest in a wide variety of investments including stocks, bonds, certificates of deposit, real estate, annuity contracts, obligations of a specified nature, and real property. In a defined contribution plan, benefits depend solely on 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.

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 November 25, 2025, the date the financial statements were available to be issued.

CITY OF BEAVERTON
GLADWIN COUNTY, MICHIGAN
REQUIRED SUPPLEMENTAL INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
YEAR ENDED JUNE 30, 2025

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Property taxes	$ 403,674	$ 403,674	$ 436,357	$ 32,683
Federal sources	769,500	769,500	-	(769,500)
State sources	205,570	205,570	208,832	3,262
Charges for services	280,650	280,650	301,771	21,121
Fines and forfeitures	10,200	10,200	11,475	1,275
Licenses and permits	3,000	3,000	2,735	(265)
Interest earned on deposits	1,700	1,700	28,520	26,820
Rent	8,900	8,900	8,164	(736)
Miscellaneous	69,000	69,000	90,944	21,944
TOTAL REVENUES	1,752,194	1,752,194	1,088,798	(663,396)
EXPENDITURES				
General government				
City council	21,228	34,913	34,504	409
City manager	110,800	98,980	98,976	4
Finance and administration	107,250	95,760	91,588	4,172
Clerk	75,325	76,409	73,903	2,506
Board of review	630	950	754	196
Treasurer	64,505	60,955	60,935	20
Assessor	16,600	21,080	20,351	729
Elections	10,950	13,150	12,492	658
Building and grounds	22,340	40,732	37,223	3,509
Total general government	429,628	442,929	430,726	12,203
Public safety				
Police	402,850	371,349	364,902	6,447
Fire protection contract	85,800	92,831	92,816	15
Building inspection department	-	-	-	-
Total public safety	488,650	464,180	457,718	6,462
Public works				
Public works	84,950	109,742	109,730	12
Cemetery	16,188	12,358	11,153	1,205
Street lights	18,000	22,000	20,679	1,321
Total public works	119,138	144,100	141,562	2,538
Health and welfare				
Mosquito control	25,804	27,104	26,943	161
Community and economic development				
Planning	-	-	-	-
Civic betterment	1,000	1,000	441	559
Total community and economic development	1,000	1,000	441	559
Recreation and culture	17,500	41,601	37,876	3,725
Capital outlay	-	10,922	10,921	1
Debt service				
Principal	36,400	36,400	3,172	33,228
Interest	27,800	24,800	372	24,428
Total debt service	64,200	61,200	3,544	57,656
TOTAL EXPENDITURES	1,145,920	1,193,036	1,109,731	83,305
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	606,274	559,158	(20,933)	(580,091)
OTHER FINANCING SOURCES (USES)				
Sales of fixed assets	-	-	-	-
Debt proceeds	-	-	-	-
Transfers in	250,000	250,000	34,906	(215,094)
Transfers out	(70,000)	(108,707)	(78,283)	30,424
Total other financing sources (uses)	180,000	141,293	(43,377)	(184,670)
NET CHANGE IN FUND BALANCE	786,274	700,451	(64,310)	(764,761)
FUND BALANCE - Beginning of Year	110,090	110,090	110,090	-
Prior period adjustment:	(30,300)	(30,300)	(30,300)	-
FUND BALANCE - End of Year	$ 866,064	$ 780,241	$ 15,480	$ (764,761)

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

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNT	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Property taxes	$ 41,360	$ 44,784	$ 46,701	$ 1,917
Federal sources	-	-	-	-
State sources	120,000	139,885	139,831	(54)
Interest earned on deposits	-	936	-	(936)
TOTAL REVENUES	161,360	185,605	186,532	927
EXPENDITURES				
Public works	65,500	80,500	79,309	1,191
TOTAL EXPENDITURES	65,500	80,500	79,309	1,191
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	95,860	105,105	107,223	2,118
OTHER FINANCING SOURCES (USES)				
Transfers out	(60,000)	(75,000)	(60,000)	(15,000)
Transfers in	-	-	-	-
Bond proceeds	-	-	-	-
TOTAL OTHER FINANCING SOURCES	(60,000)	(75,000)	(60,000)	(15,000)
Net change in fund balance	35,860	30,105	47,223	(17,118)
FUND BALANCE - Beginning of Year	361,945	361,945	361,945	-
Prior period adjustment:	(3,336)	(3,336)	(3,336)	-
FUND BALANCE - End of Year	$ 394,469	$ 388,714	$ 405,832	$ (17,118)

SEE NOTES TO FINANCIAL STATEMENTS.

CITY OF BEAVERTON
GLADWIN COUNTY, MICHIGAN
OTHER SUPPLEMENTAL INFORMATION
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2025

	SPECIAL REVENUE		CAPITAL PROJECTS FUND				TOTAL NONMAJOR GOVERNMENTAL FUNDS
	LOCAL STREETS	CAMPGROUND FUND	TONKIN BROWN FUND	ROSS LAKE FUND	PAVILLION FUND	IRON TREATMENT FUND	
ASSETS							
Cash and cash equivalents	$ 321,829	$ 47,381	$ -	$ -	$ -	$ -	$ 369,210
Grants receivable	-	-	16,205	-	129,250	-	145,455
Due from other governments	7,389	-	-	-	-	-	7,389
Due from other funds	-	89,845	-	-	-	194,321	284,166
TOTAL ASSETS	329,218	137,226	16,205	-	129,250	194,321	806,220
LIABILITIES							
Checks issued in excess of pooled cash	-	-	7,287	13,203	129,250	194,321	344,061
Accounts payable	162	307	5,423	8,043	-	-	13,935
TOTAL LIABILITIES	162	307	12,710	21,246	129,250	194,321	357,996
FUND BALANCES							
Restricted for:							
Streets	329,056	-	3,495	-	-	-	332,551
Campground	-	136,919	-	-	-	-	136,919
Other	-	-	-	(21,246)	-	-	(21,246)
TOTAL FUND BALANCES	329,056	136,919	3,495	(21,246)	-	-	448,224
TOTAL LIABILITIES AND FUND BALANCE	$ 329,218	$ 137,226	$ 16,205	$ -	$ 129,250	$ 194,321	$ 806,220

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, 2025

	SPECIAL REVENUE		CAPITAL PROJECTS FUND				TOTAL
	LOCAL STREETS	CAMPGROUND FUND	TONKIN BROWN	ROSS LAKE FUND	PAVILLION FUND	IRON TREATMENT FUND	NONMAJOR GOVERNMENTAL FUNDS
REVENUES							
Property taxes	$ 46,134	$ -	$ -	-	-	$ -	$ 46,134
Federal sources	34,592	-	16,205	-	129,250	-	180,047
State sources	52,442	-	-	-	-	-	52,442
Charges for services	-	67,923	-	-	-	-	67,923
Interest income	1,168	-	-	-	-	-	1,168
TOTAL REVENUES	134,336	67,923	16,205	-	129,250	-	347,714
EXPENDITURES							
Public works	44,733	-	12,710	21,246	129,250	3,045	210,984
Recreation and culture	-	44,976	-	-	-	-	44,976
TOTAL EXPENDITURES	44,733	44,976	12,710	21,246	129,250	3,045	255,960
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	89,603	22,947	3,495	(21,246)	-	(3,045)	- 91,754
Other Financing Sources (Uses)							
Transfers from other funds	60,000	-	-	-	-	3,045	63,045
Transfers to other funds	(75,000)	(14,000)	-	-	-	-	(89,000)
Net Other Financing Sources (Uses)	(15,000)	(14,000)	-	-	-	3,045	(25,955)
NET CHANGES IN FUND BALANCES	74,603	8,947	3,495	(21,246)	-	-	65,799
FUND BALANCES							
Beginning of Year	257,744	127,972	-	-	-	-	385,716
Prior period adjustment	(3,291)	-	-	-	-	-	(3,291)
FUND BALANCES							
End of Year	$ 329,056	$ 136,919	$ 3,495	(21,246)	-	$ -	$ 448,224

SEE NOTES TO FINANCIAL STATEMENTS.

CITY OF BEAVERTON
GLADWIN COUNTY, MICHIGAN
OTHER SUPPLEMENTARY INFORMATION
BALANCE SHEET AND STATEMENT OF NET POSITION
JUNE 30, 2025

	DOWNTOWN DEVELOPMENT AUTHORITY
ASSETS	
Cash and investments	$ 288,497
Accounts receivable	-
Due from primary	-
Capital assets:	
Nondepreciable capital assets	7,000
Depreciable capital assets, net	188,705
TOTAL ASSETS	484,202
LIABILITIES	
Current liabilities	
Accounts payable	165
Accrued liabilities	800
Due to primary government	10,475
Unearned revenue	20,000
Noncurrent liabilities	
Accrued compensated absences	257
Due within one year	7,327
Due in more than one year	231,767
TOTAL LIABILITIES	270,791
FUND BALANCE (DEFICIT) UNASSIGNED	213,411
TOTAL LIABILITIES AND FUND BALANCE	484,202
NET POSITION	
Net investment in capital assets	(43,389)
Unrestricted	256,800
TOTAL NET POSITION	$ 213,411

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, 2025

	DOWNTOWN DEVELOPMENT AUTHORITY
REVENUES	
Property taxes	$ 138,788
State sources	54,208
Charges for services	21,501
Other miscellaneous	10,628
Interest	-
TOTAL REVENUES	225,125
EXPENDITURES/EXPENSES	
Community and economic development	130,331
Capital outlay	-
Debt service	18,576
Depreciation	46,189
TOTAL LIABILITIES	195,096
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES/EXPENSES	30,029
NET CHANGE IN FUND BALANCE/NET POSITION	30,029
FUND BALANCE (DEFICIT)/NET POSITION	
Beginning of year	183,382
End of year	$ 213,411

SEE NOTES TO FINANCIAL STATEMENTS.

Schulze Oswald Miller & Edwards PC

120 N. Ripley Street • Alpena, MI 49707
P.O. Box 69 • Rose City, MI 48654

Alpena 989-354-8707 • Fax 989-354-8708
Rose City 989-685-2411 • Fax 989-685-2412

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

November 25, 2025

Honorable Mayor and Members
Of the City Council
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, 2025, 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 August 21, 2025. 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 the fiscal year the Township adopted GASB Statement No. 101 and GASB Statement No. 102, *Compensated Absences*. 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 of the accrued compensated absences is based on current hourly rates, payroll taxes, fringes 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 4 to the financial statements is based on estimated useful lives. Actual results may vary from estimates.
>
> The disclosure relating to vested employee benefits in Note 1 to the financial statements is based on currently hourly rates and policies regarding payment of 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 June 30, 2025.

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 and component unit 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

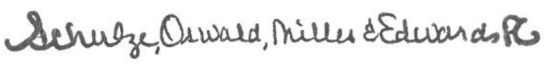
In April 2024, the GASB issued Statement No. 103, Financial Reporting Model Improvements. This statement establishes new accounting and financial reporting requirements, or modifies existing requirements, related to the following: management's discussion and analysis; unusual or infrequent items; presentation of the proprietary

fund statement of revenue, expenses, and changes in fund net position; information about major component units in basic financial statements; budgetary comparison information; and financial trends information in the statistical section. This new accounting pronouncement will be effective for the City's 2026 fiscal year.

In April 2024, the GASB issued Statement No. 104, Disclosure of Certain Capital Assets. This statement requires certain types of capital assets, such as lease assets, intangible right-of-use assets, subscription assets, and other intangible assets, to be disclosed separately by major class of underlying asset in the capital assets note. It also requires additional disclosures for capital assets held for sale. This new accounting pronouncement will be effective for the City's 2026 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

Schulze Oswald Miller & Edwards PC

120 N. Ripley Street • Alpena, MI 49707
P.O. Box 69 • Rose City, MI 48654

Alpena 989-354-8707 • Fax 989-354-8708
Rose City 989-685-2411 • Fax 989-685-2412

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*

November 25, 2025

Honorable Mayor and Members
Of the City Commission
City of Beaverton
Presque Isle 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, 2025, 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 November 25, 2025.

Report on Internal Control Over Financial Reporting

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

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

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

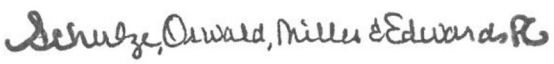
Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit preformed 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