

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input checked="" type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name City of Beaverton	County Gladwin
Fiscal Year End June 30, 2007	Opinion Date November 19, 2007	Date Audit Report Submitted to State	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

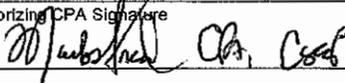
YES NO

Check each applicable box below. (See instructions for further detail.)

1. All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. The local unit has adopted a budget for all required funds.
5. A public hearing on the budget was held in accordance with State statute.
6. The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. The local unit only holds deposits/investments that comply with statutory requirements.
9. The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. The local unit is free of repeated comments from previous years.
12. The audit opinion is UNQUALIFIED.
13. The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. The board or council approves all invoices prior to payment as required by charter or statute.
15. To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)
Financial Statements	<input checked="" type="checkbox"/>	
The letter of Comments and Recommendations	<input type="checkbox"/>	No comments or recommendations were noted.
Other (Describe)	<input checked="" type="checkbox"/>	Internal Audit Committee Letter
Certified Public Accountant (Firm Name) Burnside & Lang, P.C.		Telephone Number (989) 835-7721
Street Address 5915 Eastman Ave., Suite 100		City Midland
		State MI
		Zip 48640
Authorizing CPA Signature 	Printed Name Mark. R. Freed, CPA, CSEP	License Number 1101012221

CITY OF BEAVERTON
GLADWIN COUNTY, MICHIGAN

FINANCIAL STATEMENTS
For The Year Ended June 30, 2007

CITY OF BEAVERTON

CITY COUNCIL

Nila Frei	Mayor
Pattie Vallender	Council Member, Ward 1
Mark Schultz	Council Member, Ward 1
Michael Bassage	Council Member, Ward 2
Bridget Rise	Council Member, Ward 2
Jerry Malosh	Council Member, Ward 3
Clark Wentz	Council Member, Ward 3

MANAGEMENT

Kerry Posey (effective 8-1-07)	City Manager
Beverley Dodd Miller	City Clerk
Tena Andrist	City Treasurer

CITY POPULATION–2000 CENSUS

1,106

STATE EQUALIZED VALUE–2006

\$22,249,200

STATE TAXABLE VALUE–2006

\$18,374,006

**CITY OF BEAVERTON
GLADWIN COUNTY, MICHIGAN**

**AUDITED FINANCIAL STATEMENTS
JUNE 30, 2007**

Table of Contents

FINANCIAL SECTION:

INDEPENDENT AUDITORS' REPORT 1

REQUIRED SUPPLEMENTARY INFORMATION:

Management's Discussion and Analysis (Exhibit 1) 2-6

BASIC FINANCIAL STATEMENTS:

Government-Wide Statement of Net Assets (Exhibit 2) 7

Government-Wide Statement of Activities (Exhibit 3) 8

Governmental Funds Balance Sheet (Exhibit 4) 9

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Assets (Exhibit 4.1) 10

Statement of Revenue, Expenditures, and Changes
in Fund Balances (Exhibit 5) 11

Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds to the
Statement of Net Assets (Exhibit 5.1) 12

Proprietary Funds Statement of Net Assets (Exhibit 6) 13

Proprietary Funds Statement of Revenue, Expenses and
Changes in Net Assets (Exhibit 7) 14

Proprietary Funds Statement of Cash Flows (Exhibit 8) 15

Statement of Fiduciary Assets and Liabilities
Current Tax Fund (Exhibit 9) 16

Notes to Financial Statements 17-33

REQUIRED SUPPLEMENTARY INFORMATION:

Budgetary Comparison Schedule–General Fund (Exhibit 10) 34

Budgetary Comparison Schedule–Major Street Fund (Exhibit 11) 35

Budgetary Comparison Schedule–Local Street Fund (Exhibit 12) 36

Independent Auditors' Report

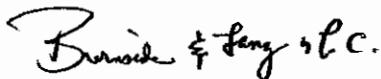
**Members of the City Council
City of Beaverton
Gladwin County, Michigan**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Beaverton, Gladwin County, Michigan (the "City"), as of and for the year ended June 30, 2007, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Beaverton, Gladwin County, Michigan, as of June 30, 2007 and the respective changes in financial position and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages 2 through 6 and 34 through 36, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



**Midland, Michigan
November 19, 2007**

**CITY OF BEAVERTON
GLADWIN COUNTY, MICHIGAN
MANAGEMENT DISCUSSION AND ANALYSIS
June 30, 2007**

As management of the City of Beaverton, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the year ended June 30, 2007.

Financial Highlights

- The net assets of the City decreased at the close of the year ending June 30, 2007 by \$89,216.
- During the year, the City's expenses were \$2,790 more than the \$649,140 generated in property taxes and other revenues for the governmental activities. Revenues exceeded expenses by \$27,576 in the previous year.
- The City's net assets in its business-type activities decreased \$86,426 during the year, compared to an increase of \$39,900 in the previous year.
- As of the close of the year ended June 30, 2007, the City's unrestricted net assets in its governmental activities was \$47,134 or approximately 7% of current year expenses. Unrestricted net assets were \$65,700 or approximately 10% of current year expenses in the previous year.
- Problems with DDA capture are being addressed by the County and the DDA may owe money to other entities, although the amount is not expected to be material.

Overview of the Financial Statements

This annual report consists of three parts - management's discussion and analysis (this section), the basic financial statements and required supplementary information. The basic financial statements include two kinds of statements that present different views of the City:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the City's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide statements.

The *governmental funds* statements tell how general government services like public safety were financed in the short term as well as what remains for future spending.

**CITY OF BEAVERTON
GLADWIN COUNTY, MICHIGAN
MANAGEMENT DISCUSSION AND ANALYSIS
June 30, 2007**

Proprietary fund statements offer short and long-term financial information about the activities the government operated like businesses, such as the hydroelectric, water and sewer systems.

Fiduciary fund statements provide information about financial relationships - like the tax collection activities of the City.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

The City has three kinds of funds:

- Governmental funds - Most of the City's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information in the notes to the financial statements.
- Proprietary funds - Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long and short-term financial information. In fact, the City's enterprise funds (one type of proprietary fund) are the same as its business-type activities, but provide more detail and additional information, such as cash flows. We use internal service funds (the other kind of proprietary fund) to report activities that provide supplies and services for the City's other programs and activities - such as the City's DPW Equipment Fund.
- Fiduciary funds - The City is the agent, or fiduciary, for tax collection purposes. The City is responsible for the collection and proper remittance of all property taxes. The City's fiduciary activity is reported in a separate statement of fiduciary net assets. We exclude this activity from the City's government-wide financial statements because the City cannot use these assets to finance its operations.

**CITY OF BEAVERTON
GLADWIN COUNTY, MICHIGAN
MANAGEMENT DISCUSSION AND ANALYSIS
June 30, 2007**

Changes in Net Assets

The City's total revenues increased \$18,415 during the fiscal year. Approximately one quarter of the City's revenue comes from property taxes. The remaining revenue comes from state aid, user fees, and water, sewer and hydroelectric utility sales. The impact of state revenue cuts and the slow growth of property taxes is hoped to be off set by the growth in revenue produced by the hydroelectric fund.

Governmental Activities

Revenues for the City governmental activities remained relatively unchanged. Loss in state revenue sharing was off set by increases in proprietary funds and fees charged. The City has also increased efforts to bring new business into the City and encouraging existing business to stay by offering tax abatements for new developments and expansion, seeking grant opportunities, and maintaining a website which highlights advantages of doing business within the City.

The City's management took the following steps to stabilize or lower expenses to help offset the continued slow decline in revenues.

- Continued improved reporting and bookkeeping procedures, which reduced duplication of effort, reduced late fees and better-informed city decision makers as to the status of city funds.
- Better recording of employee time spent on the various fund activities, which allowed the enterprise funds to alleviate the general fund of more payroll expenditures.

Proprietary funds

Revenues from the City's business-type activities increased \$16,454. A significant decrease in revenue provided by the hydroelectric fund was off-set by the \$100,242 increase in revenue for the sewer and water funds.

Financial Analysis of the City's Funds

As the city completed its fiscal year, its governmental funds reported a combined fund balance of \$234,651. This represents a \$12,617 fund balance decrease from the last fiscal year.

General Fund Budgetary Highlights

Over the course of the year, the City Council revised the budget several times. These budget amendments fall into two categories.

- Budget amendments in February and June to adjust revenue and expenditure figures.

**CITY OF BEAVERTON
GLADWIN COUNTY, MICHIGAN
MANAGEMENT DISCUSSION AND ANALYSIS
June 30, 2007**

- Transfer of monies from one fund to another to adjust fund shortfalls.

With these adjustments, actual general fund expenditures were \$22,963 less than budgeted expenditures. Resources available were also reduced based on lower than expected revenue sharing and tax revenues. The City's ending General Fund balance increased by \$760. The \$84,775 fund balance is 16.22% of actual, current year expenditures.

Capital Assets

At June 30, 2007, the City had a net investment of \$4,565,334 in a broad range of capital assets, including police equipment, buildings, park facilities, and water and sewer infrastructure. This amounts to a net decrease of \$169,432 over the previous year. The City has invested \$290,774 in street improvements during the last three years.

Long Term Debt

At year end the city had approximately \$1,572,000 in bonds and notes outstanding. This is a reduction of \$54,000 from the last fiscal year. Bonded indebtedness is the result of bonds sold for the wastewater treatment plant improvements, water system expansions, and the gravel roads project.

Economic Factors and Next Year's Budget

- The level in state revenue sharing will either remain the same or continue to fall.
- Health care costs are expected to rise by 3%. Costs have been manageable because of the ability to spread most of the increase across all expense categories. The City is also requiring employees to pay a portion of their health care costs.
- General property taxes will continue to slightly decline while costs continue to rise. The combination of the Headlee Amendment and the effects of Proposition A are contributing to the continuing decline of the millage rate, which off sets any actual growth. The combination of Proposition A and Headlee Amendment continue to erode our millage rate and the age of the population handicaps the City in increasing taxable value. At some point in the future, the City may have to go to the voters and ask for a rollback of the millage reduction.
- DDA property tax capture, while showing a slight increase in fiscal 2007, will continue to grow based on increased efforts to attract industrial and commercial expansion. More administrative and project costs are being funded by the DDA, where applicable.

**CITY OF BEAVERTON
GLADWIN COUNTY, MICHIGAN
MANAGEMENT DISCUSSION AND ANALYSIS
June 30, 2007**

- The local union contract for the United Steel Workers was settled with only a 2% wage increase, no benefit contribution and a small increase in clothing allowance.
- The water mains of the City need to be replaced. It is anticipated that this and other improvements to the City's water system will cost approximately \$2,000,000. The Water Fund has established a repair fund, funded with 15% of the water rate increase. Water rates will be increased in October of each year. Also, the City will receive a grant of \$750,000 to help with the costs of the improvements. The City is anticipating a November, 2007 start for the water main project. Additional engineering costs were incurred because the right of way documentation needed to be brought up to date.
- During fiscal year 2006, the City set aside money in the hydroelectric fund for repairs mandated by FERC costing \$69,000. While these repairs were made, voids underneath the dam were discovered and the City took preventive steps to mitigate any future problems. These repairs cost over \$100,000. The projects required additional engineering costs and overtime.

Funding for most City programs are under constant scrutiny. Each budget category will be monitored and adjusted if necessary.

Contacting the City Management

This financial report is intended to provide our citizens, customers, investors and creditors with a general overview of the City's finances. If you have questions about this report or need additional information, contact the City Manager at P.O. Box 477, Beaverton, Michigan 48612-0477, call (989) 435-3511, or e-mail at beavertonmanager@ispmgt.com.

CITY OF BEAVERTON
GOVERNMENT-WIDE STATEMENT OF NET ASSETS
June 30, 2007

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Downtown Development Authority
ASSETS				
Cash and cash equivalents	\$ 164,108	\$ 384,552	\$ 548,660	\$ 81,701
Accounts receivable, net	5,192	85,506	90,698	-
Assessments receivable, net	104,692	-	104,692	-
Due from other funds	3,462	50,983	54,445	-
Due from other governmental units	49,640	-	49,640	-
Inventory	-	22,977	22,977	-
Prepaid items	3,717	2,959	6,676	-
Other current assets	-	-	-	2,922
Restricted cash	-	119,820	119,820	-
Capital assets:				
Land	192,484	102,715	295,199	-
Buildings and improvements, net	205,391	-	205,391	-
Equipment, net	12,854	329	13,183	-
Infrastructure, net	-	4,051,561	4,051,561	-
Total capital assets	<u>410,729</u>	<u>4,154,605</u>	<u>4,565,334</u>	<u>-</u>
Total assets	<u>741,540</u>	<u>4,821,402</u>	<u>5,562,942</u>	<u>84,623</u>
LIABILITIES				
Accounts payable	12,833	13,222	26,055	72
Accrued expenses	6,457	7,674	14,131	-
Due to other funds	65,411	2,739	68,150	-
Due to other governmental units	859	-	859	-
Deposits and other liabilities	10,600	-	10,600	15,608
Long-term liabilities:				
Portion due or payable within one year:				
Bonds and contracts payable	30,000	24,000	54,000	20,000
Portion due or payable after one year:				
Bonds and contracts payable	<u>350,000</u>	<u>1,168,000</u>	<u>1,518,000</u>	<u>260,000</u>
Total liabilities	<u>476,160</u>	<u>1,215,635</u>	<u>1,691,795</u>	<u>295,680</u>
NET ASSETS				
Invested in capital assets, net of related debt	30,729	2,962,605	2,993,334	-
Restricted for:				
Streets, roads and bridges	75,884	-	75,884	-
Debt service	111,633	119,820	231,453	-
Unrestricted	<u>47,134</u>	<u>523,342</u>	<u>570,476</u>	<u>(211,057)</u>
Total net assets	<u>\$ 265,380</u>	<u>\$ 3,605,767</u>	<u>\$ 3,871,147</u>	<u>\$ (211,057)</u>

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

**CITY OF BEAVERTON
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2007**

Activities:	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Units
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-Type Activities	Total	
Governmental:								
General government	\$ 185,396	\$ 79,355	\$ -	\$ -	\$ (106,041)	\$ -	\$ (106,041)	
Public safety	145,152	-	-	-	(145,152)	-	(145,152)	
Public works	243,578	-	-	-	(243,578)	-	(243,578)	
Recreation and culture	59,902	-	-	-	(59,902)	-	(59,902)	
Interest and fiscal charges	17,902	-	-	-	(17,902)	-	(17,902)	
Total governmental activities	<u>651,930</u>	<u>79,355</u>	<u>-</u>	<u>-</u>	<u>(572,575)</u>	<u>-</u>	<u>(572,575)</u>	
Business-type:								
Electric utility	269,167	159,468	-	-	-	(109,699)	(109,699)	
Sewer	252,775	249,708	-	-	-	(3,067)	(3,067)	
Water	190,157	213,359	-	-	-	23,202	23,202	
Total business-type activities	<u>712,099</u>	<u>622,535</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(89,564)</u>	<u>(89,564)</u>	
Total Primary Government	<u>\$ 1,364,029</u>	<u>\$ 701,890</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(572,575)</u>	<u>(89,564)</u>	<u>(662,139)</u>	
Component units:								
Downtown Development Authority	<u>\$ 60,326</u>	<u>\$ -</u>	<u>\$ 1,963</u>	<u>\$ -</u>				\$ (58,363)
General revenues:								
Property taxes, levied for general purposes					246,242	-	246,242	60,635
Property taxes, levied for fire protection					15,630	-	15,630	
Property taxes, levied for roads and bridges					61,700	-	61,700	
State aid					221,858	-	221,858	
Interest earnings					5,917	3,088	9,005	596
Miscellaneous					18,438	50	18,488	140
Total general revenues and transfers					<u>569,785</u>	<u>3,138</u>	<u>572,923</u>	<u>61,371</u>
Change in net assets					(2,790)	(86,426)	(89,216)	3,008
Net assets-beginning					268,170	3,692,193	3,960,363	(214,065)
Net assets-ending					<u>\$ 265,380</u>	<u>\$ 3,605,767</u>	<u>\$ 3,871,147</u>	<u>\$ (211,057)</u>

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

CITY OF BEAVERTON
GOVERNMENTAL FUNDS BALANCE SHEET
June 30, 2007

	<u>General Fund</u>	<u>Major Street Fund</u>	<u>Local Street Fund</u>	<u>Gravel Street Debt Service Fund</u>	<u>Total</u>
ASSETS					
Cash and cash equivalents	\$ 121,047	\$ 29,298	\$ 6,822	\$ 6,941	\$ 164,108
Accounts receivable, net	5,192	-	-	-	5,192
Assessment receivable, net	-	-	-	104,692	104,692
Due from other funds	1,071	1,036	1,355	-	3,462
Due from other governmental units	43,033	4,950	1,657	-	49,640
Prepaid items	3,481	166	70	-	3,717
Total assets	<u>\$ 173,824</u>	<u>\$ 35,450</u>	<u>\$ 9,904</u>	<u>\$ 111,633</u>	<u>\$ 330,811</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 12,099	\$ 734	\$ -	\$ -	\$ 12,833
Accrued expenses	6,107	227	123	-	6,457
Due to other funds	59,384	3,346	2,681	-	65,411
Due to other governmental units	859	-	-	-	859
Deposits and other liabilities	10,600	-	-	-	10,600
Total liabilities	<u>89,049</u>	<u>4,307</u>	<u>2,804</u>	<u>-</u>	<u>96,160</u>
Fund balances:					
Reserved for:					
Prepaid items	3,481	-	-	-	3,481
Roads and streets	75,884	-	-	-	75,884
Unreserved and undesignated	5,410	31,143	7,100	111,633	155,286
Total fund balances	<u>84,775</u>	<u>31,143</u>	<u>7,100</u>	<u>111,633</u>	<u>234,651</u>
Total liabilities and fund balances	<u>\$ 173,824</u>	<u>\$ 35,450</u>	<u>\$ 9,904</u>	<u>\$ 111,633</u>	<u>\$ 330,811</u>

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

**CITY OF BEAVERTON
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
June 30, 2007**

Total fund balances for governmental funds (Exhibit 4) \$ 234,651

Total net assets reported for governmental activities in the statement of net assets is different because:

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

Land	\$ 192,484	
Buildings and improvements, net of \$568,652 accumulated depreciation	205,391	
Equipment, net of \$22,541 accumulated depreciation	<u>12,854</u>	
Total capital assets		410,729

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net assets. Balances at June 30, 2007 are:

2002 General Obligation Limited Tax Bonds	<u>\$ (380,000)</u>	<u>(380,000)</u>
---	---------------------	------------------

Total net assets of governmental activities (Exhibit 2)		<u><u>\$ 265,380</u></u>
---	--	--------------------------

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

CITY OF BEAVERTON
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES
IN FUND BALANCES
For the Year Ended June 30, 2007

	General Fund	Major Street Fund	Local Street Fund	Gravel Street Debt Service Fund	Total
REVENUES					
Property taxes and related fees	\$ 323,572	\$ -	\$ -	\$ -	\$ 323,572
Licenses and permits	3,523	-	-	-	3,523
State aid	136,376	61,238	24,244	-	221,858
Charges for services	71,555	-	-	-	71,555
Interest and dividends	4,123	945	834	15	5,917
Rents and royalties	14,182	-	-	-	14,182
Fines and forfeits	7,800	-	-	-	7,800
Miscellaneous	733	-	-	-	733
Total revenues	561,864	62,183	25,078	15	649,140
EXPENDITURES					
General government	181,908	-	-	275	182,183
Public safety	142,052	-	-	-	142,052
Public works	133,542	49,326	41,850	-	224,718
Recreation and culture	59,902	-	-	-	59,902
Capital outlay	5,000	-	-	-	5,000
Debt service:					
Principal	-	-	-	30,000	30,000
Interest	-	-	-	17,902	17,902
Total expenditures	522,404	49,326	41,850	48,177	661,757
Excess (deficiency) of revenues over expenditures	39,460	12,857	(16,772)	(48,162)	(12,617)
OTHER FINANCING SOURCES (USES)					
Transfers-in	-	-	16,150	38,700	54,850
Transfers-out	(38,700)	(16,150)	-	-	(54,850)
Total other financing sources and uses	(38,700)	(16,150)	16,150	38,700	-
Net change in fund balances	760	(3,293)	(622)	(9,462)	(12,617)
Fund balances-beginning	84,015	34,436	7,722	121,095	247,268
Fund balances-ending	\$ 84,775	\$ 31,143	\$ 7,100	\$ 111,633	\$ 234,651

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

**CITY OF BEAVERTON
 RECONCILIATION OF THE STATEMENT OF REVENUE,
 EXPENDITURES, AND CHANGES IN FUND BALANCES
 OF GOVERNMENTAL FUNDS TO THE
 STATEMENT OF ACTIVITIES
 For the Year Ended June 30, 2007**

Net change in fund balances - total governmental funds (Exhibit 5)	\$	(12,617)
--	----	----------

The change in net assets reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$5,000) were exceeded by depreciation (\$24,840) and loss on disposal (\$333) in the current period.		(20,173)
---	--	----------

Debt proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net assets, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net assets.

Repayments:		
2002 General Obligation Limited Tax Bonds	\$ 30,000	
		30,000

Change in net assets of governmental activities (Exhibit 3)	\$	(2,790)
---	----	---------

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

CITY OF BEAVERTON
PROPRIETARY FUNDS STATEMENT OF NET ASSETS
June 30, 2007

	Enterprise Funds			Total	DPW Equipment Internal Service Fund
	Hydroelectric Fund	Sewer Fund	Water Fund		
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 88,546	\$ 208,447	\$ 87,559	\$ 384,552	\$ 58,402
Accounts receivable, net	16,784	38,298	30,424	85,506	-
Due from other funds	-	50,983	-	50,983	14,705
Inventory	-	4,952	18,025	22,977	-
Prepaid items	1,228	680	1,051	2,959	-
Total current assets	<u>106,558</u>	<u>303,360</u>	<u>137,059</u>	<u>546,977</u>	<u>73,107</u>
Noncurrent assets:					
Restricted cash	13,569	62,930	43,321	119,820	-
Capital assets:					
Land	-	102,115	600	102,715	-
Equipment, net	-	-	329	329	76,636
Infrastructure, net	384,697	2,438,117	1,228,747	4,051,561	-
Total noncurrent assets	<u>398,266</u>	<u>2,603,162</u>	<u>1,272,997</u>	<u>4,274,425</u>	<u>76,636</u>
Total assets	<u>504,824</u>	<u>2,906,522</u>	<u>1,410,056</u>	<u>4,821,402</u>	<u>149,743</u>
LIABILITIES					
Liabilities:					
Accounts payable	355	11,214	1,653	13,222	1,198
Accrued expenses	3,593	2,378	1,703	7,674	-
Due to other funds	658	1,678	403	2,739	-
Bonds and contracts payable	-	19,000	5,000	24,000	5,640
Total current liabilities	<u>4,606</u>	<u>34,270</u>	<u>8,759</u>	<u>47,635</u>	<u>6,838</u>
Noncurrent liabilities					
Bonds and contracts payable	-	1,015,000	153,000	1,168,000	5,987
Total noncurrent liabilities	<u>-</u>	<u>1,015,000</u>	<u>153,000</u>	<u>1,168,000</u>	<u>5,987</u>
Total liabilities	<u>4,606</u>	<u>1,049,270</u>	<u>161,759</u>	<u>1,215,635</u>	<u>12,825</u>
NET ASSETS					
Invested in capital assets, net of related debt	384,697	1,506,232	1,048,403	2,939,332	65,009
Restricted for debt obligations	-	62,930	43,321	106,251	-
Reserved for repairs	13,569	-	23,273	36,842	-
Unrestricted	101,952	288,090	133,300	523,342	71,909
Total net assets	<u>\$ 500,218</u>	<u>\$ 1,857,252</u>	<u>\$ 1,248,297</u>	<u>\$ 3,605,767</u>	<u>\$ 136,918</u>

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

CTTY OF BEAVERTON
PROPRIETARY FUNDS STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET ASSETS
For the Year Ended June 30, 2007

	Enterprise Funds			Total	DPW Equipment Internal Service Fund
	Hydroelectric Fund	Sewer Fund	Water Fund		
OPERATING REVENUES					
Charges for services	\$ 159,468	\$ 249,708	\$ 213,359	\$ 622,535	\$ 112,937
Miscellaneous	-	50	-	50	1,475
Total operating revenues	<u>159,468</u>	<u>249,758</u>	<u>213,359</u>	<u>622,585</u>	<u>114,412</u>
OPERATING EXPENSES					
Salaries and wages	68,789	49,068	35,643	153,500	-
Payroll taxes	5,186	3,747	2,771	11,704	-
Employee benefits	19,883	11,018	17,784	48,685	-
Supplies	1,545	-	-	1,545	19,767
Postage	-	917	659	1,576	-
Contracted services	-	351	424	775	-
Insurance	373	1,500	1,200	3,073	-
Bank fees	551	10	-	561	-
Engineering costs	6,580	-	51,628	58,208	-
Telephone and communications	2,011	2,341	896	5,248	-
Travel, meals and lodging	-	312	408	720	-
Publications	-	-	2,801	2,801	-
Utilities	2,205	30,577	5,142	37,924	-
Repair and maintenance	113,734	12,913	16,315	142,962	4,849
Equipment rental	10,157	14,510	4,925	29,592	-
Miscellaneous	500	284	790	1,574	750
Depreciation	37,653	74,833	36,771	149,257	36,807
Total operating expenses	<u>269,167</u>	<u>202,381</u>	<u>178,157</u>	<u>649,705</u>	<u>62,173</u>
Operating income (loss)	<u>(109,699)</u>	<u>47,377</u>	<u>35,202</u>	<u>(27,120)</u>	<u>52,239</u>
NONOPERATING REVENUES (EXPENSES)					
Investment earnings	448	297	2,343	3,088	-
Interest expense	-	(50,394)	(12,000)	(62,394)	(1,674)
Total nonoperating revenue (expenses)	<u>448</u>	<u>(50,097)</u>	<u>(9,657)</u>	<u>(59,306)</u>	<u>(1,674)</u>
Income (loss) before transfers	(109,251)	(2,720)	25,545	(86,426)	50,565
Transfers in	70,000	-	-	70,000	-
Transfers (out)	-	(64,000)	(6,000)	(70,000)	-
Changes in net assets	(39,251)	(66,720)	19,545	(86,426)	50,565
Total net assets-beginning	<u>539,469</u>	<u>1,923,972</u>	<u>1,228,752</u>	<u>3,692,193</u>	<u>86,353</u>
Total net assets-ending	<u>\$ 500,218</u>	<u>\$ 1,857,252</u>	<u>\$ 1,248,297</u>	<u>\$ 3,605,767</u>	<u>\$ 136,918</u>

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

CITY OF BEAVERTON
PROPRIETARY FUNDS STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2007

	Enterprise Funds				DPW Equipment Internal Service Fund
	Hydroelectric Fund	Sewer Fund	Water Fund	Total	
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$ 162,262	\$ 228,527	\$ 192,876	\$ 583,665	\$ 112,937
Payments to suppliers	(139,871)	(41,483)	(81,760)	(263,114)	(28,311)
Payments to employees	(92,867)	(63,757)	(56,198)	(212,822)	-
Internal activity-payments from (to) other funds	(10,157)	(14,510)	(5,524)	(30,191)	-
Other receipts	-	-	-	-	1,475
Net cash provided (used) by operating activities	<u>(80,633)</u>	<u>108,777</u>	<u>49,394</u>	<u>77,538</u>	<u>86,101</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers in	70,000	-	-	70,000	-
Transfers (out)	-	(64,000)	(6,000)	(70,000)	-
Interfund loans-proceeds and collections	(934)	(26,152)	(8,602)	(35,688)	(2,018)
Net cash provided (used) by noncapital financing activities	<u>69,066</u>	<u>(90,152)</u>	<u>(14,602)</u>	<u>(35,688)</u>	<u>(2,018)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchases and construction of capital assets	-	-	-	-	(6,900)
Principal paid on capital debt	-	(19,000)	(5,000)	(24,000)	(21,567)
Interest paid on capital debt	-	(50,394)	(12,000)	(62,394)	(1,674)
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>(69,394)</u>	<u>(17,000)</u>	<u>(86,394)</u>	<u>(30,141)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest and dividends	448	297	2,343	3,088	-
Net increase in cash and cash equivalents	(11,119)	(50,472)	20,135	(41,456)	53,942
Balances-beginning of the year	113,234	321,849	110,745	545,828	4,460
Balances-end of the year	<u>\$ 102,115</u>	<u>\$ 271,377</u>	<u>\$ 130,880</u>	<u>\$ 504,372</u>	<u>\$ 58,402</u>
Displayed as:					
Cash and cash equivalents	\$ 88,546	\$ 208,447	\$ 87,559	\$ 384,552	\$ 58,402
Restricted cash	13,569	62,930	43,321	119,820	-
	<u>\$ 102,115</u>	<u>\$ 271,377</u>	<u>\$ 130,880</u>	<u>\$ 504,372</u>	<u>\$ 58,402</u>
Reconciliation of operating income to net cash provided (used) by operating activities:					
Operating income (loss)	\$ (109,699)	\$ 47,377	\$ 35,202	\$ (27,120)	\$ 52,239
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation expense	37,653	74,833	36,771	149,257	36,807
Change in assets and liabilities:					
Receivables, net	2,794	(21,619)	(21,062)	(39,887)	-
Prepaid items	447	388	579	1,414	-
Accounts payable	(12,819)	7,722	(1,497)	(6,594)	(2,945)
Accrued expenses	991	76	(599)	468	-
Net cash provided (used) by operating activities	<u>\$ (80,633)</u>	<u>\$ 108,777</u>	<u>\$ 49,394</u>	<u>\$ 77,538</u>	<u>\$ 86,101</u>

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

**CITY OF BEAVERTON
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
CURRENT TAX FUND
June 30, 2007**

ASSETS

Cash and cash equivalents	\$ 2,075
Total assets	2,075

LIABILITIES

Due to other governmental units	1,075
Due to other funds	1,000
Total liabilities	2,075

NET ASSETS	\$ -
-------------------	------

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

**CITY OF BEAVERTON
GLADWIN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2007**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City 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 accounting policies used by the City:

A. Reporting Entity

The City is governed by an elected seven-member council. The accompanying financial statements present the City and its component unit, an entity for which the government is considered to be financially accountable. The discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

Discretely Presented Component Unit

The following component unit is reported within the “component unit” column in the combined financial statements. The discretely presented component unit is an entity that is legally separate from the City, but for which the unit is financially accountable, or its relationship with the City is such that exclusion would cause the unit’s financial statements to be misleading or incomplete.

Downtown Development Authority—The Downtown Development Authority was created to correct and prevent deterioration in the downtown district, encourage historical preservation, and to promote economic growth within the downtown district. The Authority’s governing body consists of the City Manager and between eight and twelve members, selected by the City Council. In addition, the Authority’s budget is approved by the City Council. The Authority does not issue separate financial statements. Detail information can be obtained by contacting the City Clerk.

Related Organization

Fire Protection District—The City, in conjunction with Beaverton and Tobacco Townships, entered into an agreement to create the Beaverton Area Fire Protection District. The Fire Protection District is a legally separate organization established to provide fire protection services to the three communities.

**CITY OF BEAVERTON
GLADWIN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2007**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the government and its component unit. For the most part, the effect of interfund 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 the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Property taxes, state aid, and other types of revenue not included among program revenues are reported 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.

C. 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 the fiduciary fund financial statements. Revenue is 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 revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**CITY OF BEAVERTON
GLADWIN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2007**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Governmental fund financial statements are reported using the current financial resources 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 government 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, expenditures relating to compensated absences, and claims and judgements 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. Revenue 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 2006 taxable valuation of the City totaled \$17.8 million, on which ad valorem taxes levied consisted of 13.8274 mills for City operating purpose, 1.8916 mills for roads, .9770 mills for fire protection, and 2.0671 mills for county roads and bridges. These amounts are recognized in the General Fund as property taxes and related fees.

The government reports the following major funds:

The General Fund is the governments primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Major Street Fund accounts for the receipt and expenditures of State motor fuel taxes which are earmarked by law for major street and highway purposes.

The Local Street Fund is used to account for the receipt and expenditure of State motor fuel taxes which are earmarked by law for local street and highway purposes.

**CITY OF BEAVERTON
GLADWIN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2007**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

The government reports the following major proprietary funds:

The Hydroelectric Fund is used to record the revenues and expenses for the operation of a hydroelectric system. Capital assets are recorded within the fund and depreciation is charged.

The Sewer Fund is used to record the revenues and expenses for the operation of a sewer system. Capital assets are recorded within the fund and depreciation is charged.

The Water Fund is used to record the revenues and expenses for the operation of a water system. Capital assets are recorded within the fund and depreciation is charged.

Additionally, the government reports the following fund types:

The DPW Equipment Fund is an internal service fund, which accounts for major machinery and equipment purchases and maintenance to provide services to other departments of the government on a cost reimbursement basis.

The Current Tax Collection Fund is used to account for resources held by the City in a purely custodial capacity. Money in this fund is from current tax and special assessment collections. Timely distribution to the appropriate fund and local unit must be made in accordance with Section 43 of the General Property Tax Act.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The government has elected to also follow private-sector standards issued after November 30, 1989 for its business-type activities.

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

**CITY OF BEAVERTON
GLADWIN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2007**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of our proprietary funds relate to charges to customers for sales and services. The sewer and water funds also recognizes the portion of tap fees intended to recover current costs as operating revenue. The portion intended to recover the cost of the infrastructure is recognized as nonoperating revenue. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

D. Assets, Liabilities, and Net Assets

Bank Deposits and Investments—Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables and Payables—In general, outstanding balances between funds are reported as “due to/from other funds”. Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as “advances to/from other funds”.

All trade and property tax receivables are shown net of allowance for uncollectible amounts. Property taxes are levied on each December 1st on the taxable valuation of property as of the preceding December 31st. Taxes are considered delinquent on March 1st of the following year, at which time penalties and interest are assessed.

Inventories and Prepaid Items—Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect cost applicable to future years and are recorded as prepaid items in the government-wide and fund statements.

Restricted Assets—The revenue bonds of the enterprise funds require amounts to be set aside for construction, debt service principal and interest, operations and maintenance, and a bond reserve. These amounts have been classified as restricted assets.

**CITY OF BEAVERTON
GLADWIN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2007**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Net Assets

Capital Assets—Capital assets, which include property, plant, equipment and infrastructure assets are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$500 (unless the asset is a computer or a firearm) 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.

Interest incurred, if any, during the construction of capital assets of business-type activities is included in the capitalized value of the assets constructed.

Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

Buildings	40 to 60 years
Building improvements	15 to 30 years
Sewer and water systems	50 to 75 years
Office equipment	5 to 10 years
Computer equipment	3 to 5 years

Compensated Absences (Vacation and Sick Leave)—It is the City’s policy to permit employees to accumulate earned but unused personal days and vacation benefits. All vacation and personal day pay is accrued when incurred in the government-wide financial statements.

Long-Term Obligations—In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental 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 net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

**CITY OF BEAVERTON
GLADWIN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2007**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Net Assets

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

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information—Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds except the debt service funds. All annual appropriations lapse at fiscal year end. The budget document presents information by fund, function, department or activity, and line items. The legal level of budgetary control adopted by the governing body is the department or activity level.

Excess of Expenditures Over Appropriations in Budgeted Funds—During the year, the City incurred expenditures in certain budgeted funds which were in excess of the amounts appropriated, as follows:

<u>Budgeted Item</u>	<u>Budget Appropriation</u>	<u>Actual Expenditure</u>
General Fund—City Council	\$ 6,335	\$ 6,685
General Fund—Capital Outlay	-	5,000
Major Street Fund—Equipment Rental	22,500	22,871
Local Street Fund—Equipment Rental	16,025	18,392

**CITY OF BEAVERTON
GLADWIN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2007**

NOTE 3. DEPOSITS AND INVESTMENTS

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

The City Council has designated three banks for the deposit of City funds. The investment policy adopted by the council in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and certificates of deposit, but not the remainder of State statutory as listed above.

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

At year-end, the City's deposits and investments were reported in the basic financial statements in the following categories:

	Governmental Activities	Business-Type Funds	Fiduciary Funds	Total Primary Government	Component Unit
Cash and cash equivalents	\$ 164,108	\$ 384,552	\$ 2,075	\$ 550,735	\$ 81,701
Restricted assets	-	119,820	-	119,820	-
Total	\$ 164,108	\$ 504,372	\$ 2,075	\$ 670,555	\$ 81,701

The breakdown between deposits and investments is as follows:

	Primary Government	Component Unit
Bank Deposits (checking and savings, certificate of deposit)	\$ 670,455	\$ 81,701
Petty Cash and Cash on Hand	100	-
Total	\$ 670,555	\$ 81,701

**CITY OF BEAVERTON
GLADWIN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2007**

NOTE 3. DEPOSITS AND INVESTMENTS (Continued)

Investment and Deposit Risk

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the City’s deposits may not be returned. The City does not have a deposit policy for custodial credit risk. At year end, the City had \$ 554,499 of bank deposits (checking and savings accounts) that were potentially uninsured and uncollateralized.

Custodial Credit Risk – Investments. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, that the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At year end, the City had no investments.

Interest Rate Risk. Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. State law limits the allowable investments and the maturities of some of the allowable investments. The City’s current investments have no potential interest rate risk.

NOTE 4. CAPITAL ASSETS

Capital asset activity of the primary government for the current period was as follows:

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Not Being Depreciated				
Land	\$ 192,484	\$ -	\$ -	\$ 192,484
Capital Assets Being Depreciated				
Buildings and Improvements	769,043	5,000	-	774,043
Equipment - Police Department	16,828	-	333	16,495
Other Capital Assets	18,900	-	-	18,900
Subtotal	804,771	5,000	333	809,438
Less Accumulated Depreciation for				
Buildings and Improvements	549,792	18,860	-	568,652
Equipment - Police Department	8,221	3,100	-	11,321
Other Capital Assets	8,340	2,880	-	11,220
Subtotal	566,353	24,840	-	591,193
Net Capital Assets Being Depreciated	238,418	(19,840)	(333)	218,245
Governmental Activities Capital Assets–Net of Depreciation	<u>\$ 430,902</u>	<u>\$ (19,840)</u>	<u>\$ (333)</u>	<u>\$ 410,729</u>

**CITY OF BEAVERTON
GLADWIN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2007**

NOTE 4. CAPITAL ASSETS (Continued)

Business-Type Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Not Being Depreciated				
Land	\$ 102,715	\$ -	\$ -	\$ 102,715
Capital Assets Being Depreciated				
Equipment	526	-	-	526
Infrastructure	6,191,506	-	-	6,191,506
Subtotal	6,192,032	-	-	6,192,032
Less Accumulated Depreciation for				
Equipment	145	52	-	197
Infrastructure	1,990,740	149,205	-	2,139,945
Subtotal	1,990,885	149,257	-	2,140,142
Net Capital Assets Being Depreciated	4,201,147	(149,257)	-	4,051,890
Business-Type Activities Capital Assets-Net of Depreciation	<u>\$ 4,303,862</u>	<u>\$ (149,257)</u>	<u>\$ -</u>	<u>\$ 4,154,605</u>

Depreciation expense was charged to programs of the City as follows:

Governmental Activities	
General Government	\$ 2,880
Public Safety	3,100
Public Works	18,860
Total Governmental Activities	<u>\$ 24,840</u>
Business-Type Activities	
Hydroelectric	\$ 37,653
Sewer	74,833
Water	36,771
Total Business-Type Activities	<u>\$ 149,257</u>

**CITY OF BEAVERTON
GLADWIN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2007**

NOTE 5. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund receivables and payables is as follows:

Fund	Interfund Receivable	Fund	Interfund Payable
General	\$ 1,071	General	\$ 59,384
Major Street	1,036	Major Street	3,346
Local Street	1,355	Local Street	2,681
Sewer	50,983	Hydroelectrical	658
DPW Equipment	14,705	Sewer	1,678
		Water	403
		Tax Collection	1,000
Total	<u>\$ 69,150</u>	Total	<u>\$ 69,150</u>

The composition of interfund transfers out and in is as follows:

Fund	Transfers Out	Fund	Transfers In
DDA	\$ 35,000	Local Street	\$ 16,150
Sewer	64,000	Debt Service	73,700
Water	6,000	Hydroelectrical	70,000
Major Street	16,150		
General	38,700		
Total	<u>\$ 159,850</u>	Total	<u>\$ 159,850</u>

**CITY OF BEAVERTON
GLADWIN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2007**

NOTE 6. 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. County contractual agreements and installment purchase agreements are also general obligations of the government. Special assessment bonds provide for capital improvements that benefit specific properties, and will be repaid from amounts levied against those properties that directly benefitted from the construction. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the government is obligated to provide resources to cover the deficiency until other resources (such as tax sale proceeds or a re-assessment of the district) are received. Revenue bonds involve a pledge of specific income derived from the acquired or constructed assets to pay debt service.

Bond and contractual agreements can be summarized as follows:

	<u>Interest Rate</u>	<u>Principal Matures</u>	<u>Beginning Balance</u>	<u>Additions (Reductions)</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities						
General Obligation Bonds						
2002 Gravel Street	3.65 to 4.90%	April 2017	\$ 410,000	\$ (30,000)	\$ 380,000	\$ 30,000
Business-Type Activities						
Revenue Bonds						
1981 Water Line	5.00%	March 2022	\$ 64,000	\$ (3,000)	\$ 61,000	\$ 3,000
1984 Water Line	7.125%	March 2022	99,000	(2,000)	97,000	2,000
1992 Wastewater Plant	5.00%	March 2032	1,053,000	(19,000)	1,034,000	21,000
			<u>\$ 1,216,000</u>	<u>\$ (24,000)</u>	<u>\$ 1,192,000</u>	<u>\$ 26,000</u>
Internal Service Fund						
Purchase Contract						
2002 Truck	3.90%	March 2007	\$ 16,254	\$ (16,254)	\$ -	\$ -
2006 Police Car	6.15%	July 2008	16,940	(5,313)	11,627	5,640
			<u>\$ 33,194</u>	<u>\$ (21,567)</u>	<u>\$ 11,627</u>	<u>\$ 5,640</u>
Component Unit						
General Obligation Bonds						
2001 DDA Streetscape	4.558%	December 2016	\$ 300,000	\$ (20,000)	\$ 280,000	\$ 20,000

**CITY OF BEAVERTON
GLADWIN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2007**

NOTE 6. LONG-TERM DEBT(Continued)

Scheduled principal maturities of long-term debt for years subsequent to June 30, 2007 are as follows:

Year Ending June 30	Governmental Activities	Business-Type Activities	Internal Service Fund	Component Unit
2008	\$ 30,000	\$ 26,000	\$ 5,640	\$ 20,000
2009	35,000	27,000	5,987	20,000
2010	35,000	28,000	-	25,000
2011	35,000	29,000	-	25,000
2012	35,000	30,000	-	25,000
Thereafter	210,000	1,052,000	-	165,000
Total	<u>\$ 380,000</u>	<u>\$ 1,192,000</u>	<u>\$ 11,627</u>	<u>\$ 280,000</u>

Interest expense for the year ended June 30, 2007, totaled \$95,212.

**CITY OF BEAVERTON
GLADWIN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2007**

NOTE 8. SEGMENT INFORMATION

The City issued revenue bonds to finance water and sewer system improvements. Summary financial information for the sewer and water departments are presented below:

Condensed Statement of Net Assets:

	Sewer	Water
	<u> </u>	<u> </u>
Assets		
Current Assets	\$ 252,377	\$ 137,059
Due From Other Funds	50,983	-
Restricted Assets	62,930	43,321
Capital Assets	2,540,232	1,229,676
	<u> </u>	<u> </u>
Total Assets	2,906,522	1,410,056
	<u> </u>	<u> </u>
Liabilities		
Current Liabilities	32,592	8,356
Due to Other Funds	1,678	403
Noncurrent Liabilities	1,015,000	153,000
	<u> </u>	<u> </u>
Total Liabilities	1,049,270	161,759
	<u> </u>	<u> </u>
Net Assets		
Invested in Capital Assets	1,506,232	1,071,676
Restricted	62,930	43,321
Unrestricted	288,090	133,300
	<u> </u>	<u> </u>
Total Net Assets	<u>\$ 1,857,252</u>	<u>\$ 1,248,297</u>

**CITY OF BEAVERTON
GLADWIN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2007**

NOTE 8. SEGMENT INFORMATION (Continued)

Condensed Statement of Revenue, Expenses, and Changes in Net Assets:

	Sewer	Water
Operating Revenues	\$ 249,758	\$ 213,359
Depreciation Expense	(74,833)	(36,771)
Other Operating Expenses	(127,548)	(141,386)
Operating Income	<u>47,377</u>	<u>35,202</u>
Nonoperating Revenue (Expense)		
Investment Earnings	297	2,343
Interest Expense	(50,394)	(12,000)
Transfers	(64,000)	(6,000)
Change in Net Assets	(66,720)	19,545
Beginning Net Assets	<u>1,923,972</u>	<u>1,228,752</u>
Total Net Assets	<u>\$ 1,857,252</u>	<u>\$ 1,248,297</u>

Condensed Statement of Cash Flows:

	Sewer	Water
Net Cash Provided by (Used in)		
Operating Activities	\$ 108,777	\$ 49,434
Noncapital Financing Activities	(90,152)	(14,642)
Capital and Related Financing Activities	(69,394)	(17,000)
Investing Activities	297	2,343
Net Increase (Decrease)	(50,472)	20,135
Beginning Cash and Cash Equivalents	<u>321,849</u>	<u>110,745</u>
Ending Cash and Cash Equivalents	<u>\$ 271,377</u>	<u>\$ 130,880</u>

**CITY OF BEAVERTON
GLADWIN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2007**

NOTE 9. RESTRICTED ASSETS

The balances of the restricted asset accounts in the sewer and water funds are as follows:

	Sewer	Water
Restricted for debt obligations	\$ 62,930	\$ 43,321

NOTE 10. RISK MANAGEMENT

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 11. PENSION PLAN

The City has a contributory Individual Retirement Account annuity plan covering union employees, who are full-time, age twenty-one and over, and employed with the City for at least one year. The City's policy is to contribute 7.5 percent of the annual salaries of covered employees into this plan. The City's pension expense for the year ended June 30, 2007, was \$13,858.

The City also has a Money Plan and Trust plan for all full-time, administrative employees. The City's policy is to contribute 7.5 percent of the annual salaries of covered employees into this plan. The City's expense under this plan for the year ended June 30, 2007, was \$2,870.

NOTE 12. DEFERRED COMPENSATION PLAN

The City offers for all its full-time employees a deferred compensation 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 custodian thereof for the exclusive benefit of the participants holds the custodial account for the beneficiaries of this Section 457 plan, and the assets may not be diverted to any other use. The administrators are agents of the employer (City) for the purposes of providing direction to the custodian of the custodial account from time to time for the investment of the funds held in the account, transfer of assets to or from the account, and all other matters. In accordance with the provisions of GASB Statement No. 32, plan balances and activities are not reflected in the City's financial statements.

**CITY OF BEAVERTON
GLADWIN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2007**

NOTE 12. DEFERRED COMPENSATION PLAN (Continued)

A summary of the plan's investment activity for the year ended June 30, 2007, follows:

Balance - June 30, 2006	\$ 130,663
Employer Contributions	5,707
Interest and Market Gains	4,429
	<hr/>
Balance - June 30, 2007	<u>\$ 140,799</u>

NOTE 13. SUBSEQUENT EVENT

During the year ended June 30, 2007, the City became aware that certain of its water mains require replacement. The City is anticipating that this and other improvements to the water system will cost approximately \$2,000,000. The City will receive a grant in the amount of \$750,000 to help with the costs of the improvements, and will finance the remainder of the cost with revenue bonds, which will be repaid through increased water rates to the users. The City is anticipating a November, 2007 start for the water main project.

CITY OF BEAVERTON
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended June 30, 2007

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes and related fees	\$ 297,802	\$ 317,702	\$ 323,572	\$ 5,870
Licenses and permits	4,165	4,665	3,523	(1,142)
State aid	145,000	120,000	136,376	16,376
Charges for services	70,725	76,900	71,555	(5,345)
Interest and dividends	1,800	3,600	4,123	523
Rents and royalties	17,000	17,000	14,182	(2,818)
Fines and forfeits	3,500	4,500	7,800	3,300
Special assessments	6,000	-	-	-
Miscellaneous	1,000	1,000	733	(267)
Total revenues	546,992	545,367	561,864	16,497
EXPENDITURES				
General Government:				
City council	6,235	6,335	6,685	(350)
City manager	35,897	33,425	32,877	548
Treasurer	22,523	22,973	22,805	168
Assessing	10,236	10,036	9,812	224
Clerk	3,146	2,580	1,995	585
Elections	3,700	3,500	3,294	206
Board of review	571	605	581	24
Cemetary	15,205	9,949	9,150	799
Buildings and grounds	7,400	9,000	8,493	507
Finance and administration	90,457	84,236	79,109	5,127
All other general government	5,000	8,000	7,107	893
Public Safety:				
Fire protection contract	22,356	21,000	20,970	30
Police department	100,433	123,578	120,683	2,895
Building inspection and regulation activities	1,400	1,400	399	1,001
Public Works:				
Public works	106,615	80,076	74,518	5,558
Highways and streets	15,200	4,750	4,615	135
Garbage collection	34,300	36,913	33,614	3,299
Street lights	16,000	21,180	20,795	385
Recreation and Culture:				
Parks and recreation	70,318	65,831	59,902	5,929
Capital Outlay:				
General government	-	-	5,000	(5,000)
Total expenditures	566,992	545,367	522,404	22,963
Deficiency of revenues over expenditures	(20,000)	-	39,460	39,460
OTHER FINANCING SOURCES (USES)				
Transfers-in	58,700	38,700	-	(38,700)
Transfers-out	(38,700)	(38,700)	(38,700)	-
Total other financing sources and uses	20,000	-	(38,700)	(38,700)
Net change in fund balances	-	-	760	760
Fund balances-beginning	84,015	84,015	84,015	-
Fund balances-ending	\$ 84,015	\$ 84,015	\$ 84,775	\$ 760

CITY OF BEAVERTON
BUDGETARY COMPARISON SCHEDULE
MAJOR STREET
For the Year Ended June 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
State aid	\$ 57,000	\$ 67,000	\$ 61,238	\$ (5,762)
Interest and dividends	750	1,000	945	(55)
Miscellaneous	1,000	1,000	-	(1,000)
Total revenues	<u>58,750</u>	<u>69,000</u>	<u>62,183</u>	<u>(6,817)</u>
EXPENDITURES				
Salaries and wages	16,524	16,524	16,337	187
Payroll taxes	1,428	1,428	1,278	150
Employee benefits	5,145	4,000	3,690	310
Supplies	700	1,200	798	402
Contracted services	200	200	-	200
Insurance	500	1,848	1,818	30
Engineering costs	-	2,000	-	2,000
Utilities	-	1,000	735	265
Repairs and maintenance	2,803	2,000	1,649	351
Equipment rental	15,300	22,500	22,871	(371)
Miscellaneous	-	150	150	-
Total expenditures	<u>42,600</u>	<u>52,850</u>	<u>49,326</u>	<u>3,524</u>
Excess of revenues over expenditures	<u>16,150</u>	<u>16,150</u>	<u>12,857</u>	<u>(3,293)</u>
OTHER FINANCING SOURCES (USES)				
Transfers-out	(16,150)	(16,150)	(16,150)	-
Total other financing sources and uses	<u>(16,150)</u>	<u>(16,150)</u>	<u>(16,150)</u>	<u>-</u>
Net change in fund balances	-	-	(3,293)	(3,293)
Fund balances-beginning	34,436	34,436	34,436	-
Fund balances-ending	<u>\$ 34,436</u>	<u>\$ 34,436</u>	<u>\$ 31,143</u>	<u>\$ (3,293)</u>

CITY OF BEAVERTON
BUDGETARY COMPARISON SCHEDULE
LOCAL STREET
For the Year Ended June 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
State aid	\$ 22,100	\$ 25,600	\$ 24,244	\$ (1,356)
Interest and dividends	400	1,000	834	(166)
Total revenues	<u>22,500</u>	<u>26,600</u>	<u>25,078</u>	<u>(1,522)</u>
EXPENDITURES				
Salaries and wages	8,160	16,705	15,899	806
Payroll taxes	816	1,280	1,210	70
Employee benefits	6,405	2,405	1,938	467
Supplies	1,000	36	-	36
Contracted services	945	-	-	-
Insurance	800	-	-	-
Engineering costs	500	5,075	3,300	1,775
Equipment rental	12,000	16,025	18,392	(2,367)
Repairs and maintenance	7,924	1,124	1,111	13
Miscellaneous	100	100	-	100
Total expenditures	<u>38,650</u>	<u>42,750</u>	<u>41,850</u>	<u>900</u>
Deficiency of revenues over expenditures	<u>(16,150)</u>	<u>(16,150)</u>	<u>(16,772)</u>	<u>(622)</u>
OTHER FINANCING SOURCES (USES)				
Transfers-in	16,150	16,150	16,150	-
Total other financing sources and uses	<u>16,150</u>	<u>16,150</u>	<u>16,150</u>	<u>-</u>
Net change in fund balances	-	-	(622)	(622)
Fund balances beginning	7,722	7,722	7,722	-
Fund balances-ending	<u>\$ 7,722</u>	<u>\$ 7,722</u>	<u>\$ 7,100</u>	<u>\$ (622)</u>

November 19, 2007

Members of the City Council
City of Beaverton
Gladwin County, Michigan

Dear Council Members:

We have audited the financial statements of the City of Beaverton for the year ended June 30, 2007. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under Generally Accepted Auditing Standards

As stated in our engagement letter dated June 7, 2007, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance about whether the financial statements are free of material misstatement. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, fraud, or other illegal acts may exist and not be detected by us.

As part of our audit, we considered the internal control of the City. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the City's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

Significant Accounting Policies

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the City are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2007. We noted no type of transaction entered into by the City during the year that was both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

Accounting Estimates

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.

Other than depreciation, the City has recorded no significant accounting estimates.

Significant Audit Adjustments

For purposes of this letter, professional standards define a significant audit adjustment as a proposed correction of the financial statements that, in our judgement, may not have been detected except through our auditing procedures. These adjustments may include those proposed by us but not recorded by the City that could potentially cause future financial statements to be materially misstated, even though we have concluded that such adjustments are not material to the current financial statements.

We recorded minor adjustments in order to prepare the City's financial statements.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter 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.

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 governmental unit'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.

Issues Discussed Prior to Retention of Independent Auditors

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.

Difficulties Encountered in Performing the Audit

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

This report is intended for the information of the members of the City Council, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Sincerely,

A handwritten signature in black ink, appearing to read "Burnside & Lang, P.C.", written in a cursive style.

BURNSIDE & LANG, P.C.