

City of Coopersville

Ottawa County, Michigan

Annual Financial Report

Year Ended June 30, 2017



Kiekover, Scholma & Shumaker, PC
Certified Public Accountants and Consultants

City of Coopersville, Michigan
ANNUAL FINANCIAL REPORT
Year Ended June 30, 2017

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**City of Coopersville, Michigan
ANNUAL FINANCIAL REPORT
Year Ended June 30, 2017**

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INDEPENDENT AUDITOR'S REPORT

October 5, 2017

City Council
City of Coopersville, Michigan

Report on the Financial Statements

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 Coopersville, Michigan, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence obtained is sufficient and appropriate to provide a reasonable basis for our audit opinions.

Opinions

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 Coopersville, Michigan, as of June 30, 2017 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require the required supplementary information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information, 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 to provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Coopersville, Michigan's basic financial statements. The additional supplementary information, as identified in the table of contents, is presented for purposes of additional analysis and is are not a required part of the basic financial statements.

The additional supplementary 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the additional supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 5, 2017, on our consideration of the City of Coopersville, 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 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 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 Coopersville, Michigan's internal control over financial reporting and compliance.

Kiekover, Scholma & Shumaker, PC

Management's Discussion and Analysis

As management of the City of Coopersville Michigan, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2017. We encourage readers to consider the information presented here in conjunction with the City's financial statements that follow this section.

Financial Highlights

- The assets and deferred outflows of resources of the City of Coopersville exceeded its liabilities at the close of the most recent fiscal year by \$23,251,193 (*net position*). Of this amount, \$8,811,508 (*unrestricted net position*) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$2,831,609. Net investment in capital assets increased by \$831,598, while restricted net position increased by \$60,176, and unrestricted net position increased by \$1,939,835.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$2,555,032, a decrease of \$687,209 in comparison with the prior year. Approximately 36% of this total amount, \$930,639, is *available for spending* at the City's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unrestricted fund balance (the total of *committed*, *assigned* and *unassigned* components of fund balance) for the general fund was \$1,087,631 or 30% of total general fund expenditures and transfers out.
- The City's total debt decreased by \$1,372,000 (21%) during the current fiscal year. This is the result of the City making debt service payments of \$1,372,000 while incurring no new debt during the year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains 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, liabilities, and deferred inflows/outflows of resources, with the difference 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 of Coopersville 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 (e.g., uncollected taxes and accrued interest payable).

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, community and economic development, and recreation and culture. The business-type activities of the City include water supply and sewage disposal operations.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also a legally separate Downtown Development Authority for which the City is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 1-2 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 three categories, governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances, provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains nine 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, Major Street, and Local Street Funds, which are considered to be major funds. The City of Coopersville has six nonmajor funds. These include special revenue funds, a debt service fund, and capital project funds. Data from the other six governmental funds are combined into a single aggregate presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City adopts an annual appropriated budget for its General, Major Streets and Local Streets Funds. Budgetary comparison statements have been provided herein to demonstrate compliance with those budgets.

The basic governmental fund financial statements can be found on pages 3-5 of this report.

Proprietary funds. The City maintains two types of 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 water supply and sewage disposal operations. *Internal service funds* are 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 the rental of machinery, equipment, and vehicles to other departments, and related costs. Because these services predominantly benefit governmental rather than business-type functions, the assets and liabilities of the internal service fund have been included within *governmental activities* in the government-wide statement of net position.

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 Water Supply System and Sewage Disposal System Funds, both of which are considered to be major funds of the City. The proprietary fund financial statements also provide separate information for the internal service fund.

The basic proprietary fund financial statements can be found on pages 6-8 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for the proprietary funds. The City accounts for one type of fiduciary funds – agency funds.

The City maintains three agency funds to account for tax collections, the Meadow Green Escrow account, and the NOCCOA Recreational account.

The basic fiduciary fund financial statements can be found on page 9 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 10-27 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* presenting budgetary comparison schedules for the City's General Fund, Major Street Fund, and Local Street Fund, a Defined Benefit Pension Plan Schedule of Changes in Net Pension Liability, and a Defined Benefit Pension Plan Schedule of Contributions. Required supplementary information can be found on pages 28-32 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining statements for the discretely presented component unit are also presented immediately following the required supplementary information. Combining statements can be found on pages 33-36 of this report.

Government-wide Financial Analysis

Net Position - As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Coopersville, assets and deferred outflows of resources exceeded liabilities by \$23,251,193 at the close of the most recent fiscal year.

The largest portion of the City's net position (58.8%) reflects its investment in capital assets (e.g., land, buildings, vehicles, equipment and infrastructure) less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (3.4%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$8,811,508 is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

The following table shows, in a condensed format, the net position of the City of Coopersville as of June 30, 2017 and 2016.

City of Coopersville's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 2,714,677	\$ 3,614,220	\$ 7,783,181	\$ 4,971,241	\$ 10,497,858	\$ 8,585,461
Capital assets	4,203,977	4,146,742	14,745,531	15,246,639	18,949,508	19,393,381
Total assets	<u>6,918,654</u>	<u>7,760,962</u>	<u>22,528,712</u>	<u>20,217,880</u>	<u>29,447,366</u>	<u>27,978,842</u>
Deferred outflows of resources	141,415	258,422	45,411	89,225	186,826	347,647
Long-term debt	-	1,115,000	5,289,000	5,546,000	5,289,000	6,661,000
Net pension liability	518,612	649,311	166,537	224,185	685,149	873,496
Other liabilities	92,771	144,163	214,884	228,246	307,655	372,409
Total liabilities	<u>611,383</u>	<u>1,908,474</u>	<u>5,670,421</u>	<u>5,998,431</u>	<u>6,281,804</u>	<u>7,906,905</u>
Deferred inflows of resources	76,598	-	24,597	-	101,195	-
Net position:						
Net investment in capital assets	4,203,977	3,128,271	9,456,531	9,700,639	13,660,508	12,828,910
Restricted	358,277	371,301	420,900	347,700	779,177	719,001
Unrestricted	1,809,834	2,611,338	7,001,674	4,260,335	8,811,508	6,871,673
Total net position	<u>\$ 6,372,088</u>	<u>\$ 6,110,910</u>	<u>\$ 16,879,105</u>	<u>\$ 14,308,674</u>	<u>\$ 23,251,193</u>	<u>\$ 20,419,584</u>

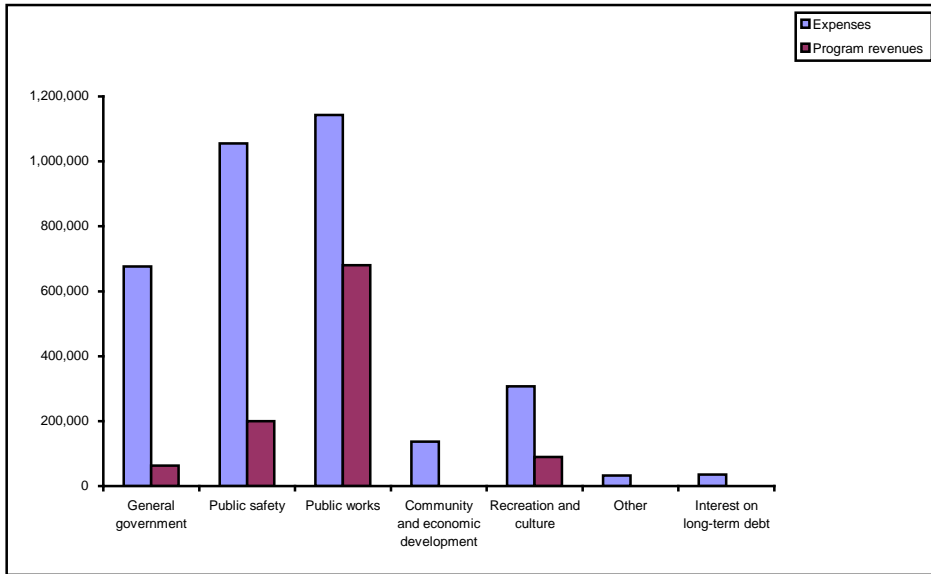
Change in Net Position – Following is a summary of the City’s change in net position for the fiscal year.

City of Coopersville's Changes in Net Position

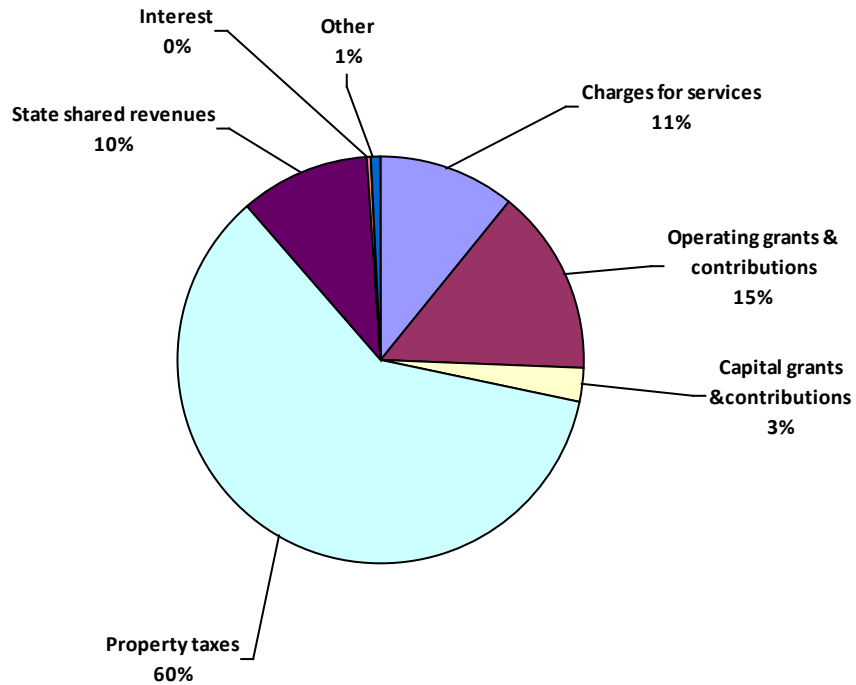
	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Program revenues						
Charges for services	\$ 394,074	\$ 504,711	\$ 5,869,003	\$ 5,342,617	\$ 6,263,077	\$ 5,847,328
Operating grants and contributions	534,880	491,348	-	-	534,880	491,348
Capital grants and contributions	104,317	1,687,971	150,930	1,357,209	255,247	3,045,180
General revenues						
Property taxes	2,198,510	1,958,157	70,821	74,419	2,269,331	2,032,576
State shared revenues	376,089	351,708	-	-	376,089	351,708
Interest	10,328	8,158	8,261	5,409	18,589	13,567
Other	30,286	40,534	13,488	12,629	43,774	53,163
Total revenues	<u>3,648,484</u>	<u>5,042,587</u>	<u>6,112,503</u>	<u>6,792,283</u>	<u>9,760,987</u>	<u>11,834,870</u>
Program expenses						
General government	676,425	696,048	-	-	676,425	696,048
Public safety	1,055,676	1,031,945	-	-	1,055,676	1,031,945
Public works	1,142,703	935,409	-	-	1,142,703	935,409
Community and economic development	137,007	123,696	-	-	137,007	123,696
Recreation and culture	307,531	301,115	-	-	307,531	301,115
Other	32,466	16,658	-	-	32,466	16,658
Interest on long-term debt	35,498	50,509	-	-	35,498	50,509
Water supply	-	-	1,300,652	1,278,019	1,300,652	1,278,019
Sewage disposal	-	-	2,241,420	2,357,878	2,241,420	2,357,878
Total expenses	<u>3,387,306</u>	<u>3,155,380</u>	<u>3,542,072</u>	<u>3,635,897</u>	<u>6,929,378</u>	<u>6,791,277</u>
Change before transfers	261,178	1,887,207	2,570,431	3,156,386	2,831,609	5,043,593
Transfers in (out)	-	57,940	-	(57,940)	-	-
Change in net position	<u>\$ 261,178</u>	<u>\$ 1,945,147</u>	<u>\$ 2,570,431</u>	<u>\$ 3,098,446</u>	<u>\$ 2,831,609</u>	<u>\$ 5,043,593</u>

Governmental activities. Governmental activities increased the City’s net position by \$261,178, accounting for 9.2% of the total increase in the net position of the City. Total revenues decreased by \$2,073,883 compared to the prior year, mostly due to decreases and capital grants and contributions. Total expenses increased by \$249,081, primarily due to increased costs for public works, compared to the prior year.

Expenses and Program Revenues – Governmental Activities

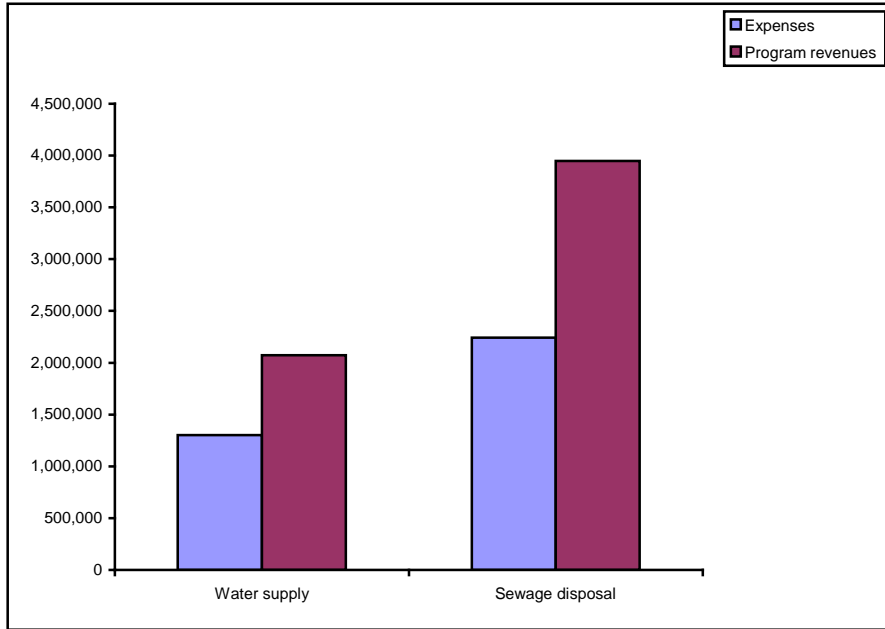


Revenues by Source – Governmental Activities

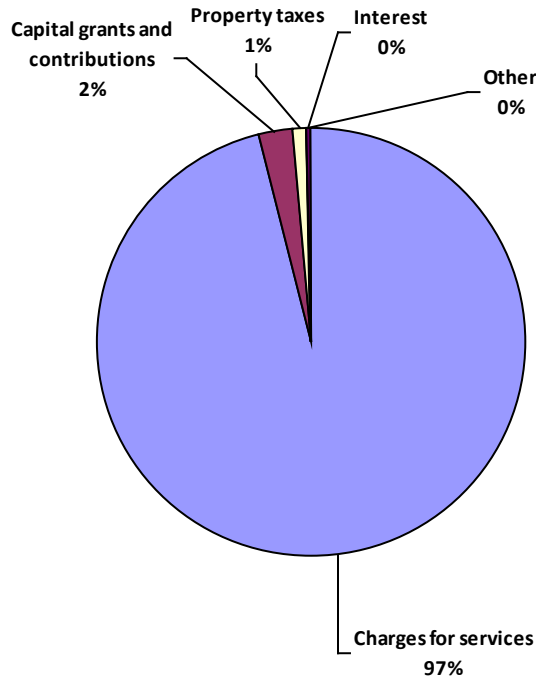


Business-type activities. The total increase in net position for the business-type activities of the City was \$2,570,431 or 18% from the prior fiscal year. Revenues decreased by \$679,780 due to an increase in water and sewage disposal sales and a significant decrease in capital grants and contributions. Operating expenses decreases by \$83,825 from the prior year, mainly due to decreases in operation and maintenance costs.

Expenses and Program Revenues-Business-type Activities



Revenues by Source – Business-type Activities



Financial Analysis of the Government'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 a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited for use by either an external party or the City of Coopersville itself.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$2,555,032, a decrease of \$687,209 from the prior year. Approximately 36% of this fund balance amount (\$930,639) constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is either *non-spendable, restricted, committed, or assigned* to indicate that it is 1) not in spendable form (\$7,898), 2) legally required to be maintained in tact (\$0), 3) restricted for particular purposes (\$358,277), 4) committed for particular purposes (\$0), or 5) assigned for particular purposes (\$1,258,218).

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$930,639. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total General Fund expenditures and transfers out. Unassigned fund balance represents 28% of total General Fund expenditures and transfers out, while total fund balance represents 40% of the same amount.

The fund balance of the City's General Fund decreased by \$542,666 during the current fiscal year. Total revenue sources increased by \$98,975 or 3.3%, primarily due to increases in property taxes, and decreases in licenses and permits and state grants. General Fund expenditures increased by \$13,480 or 0.6%, due to consistent expenditures with the prior year. The General Fund also transferred \$1,292,050 to other funds, with \$1,047,050 transferred to the 2006 Capital Improvement Bonds Fund to pay off bonds.

The Major Street Fund has a fund balance of \$578,645, a decrease of \$106,701 during the year. Total revenues decreased by \$34,123, and transfers in decreased by \$280,000 compared to the prior year. Major Street Fund expenditures increased by \$127,842 compared to the prior year.

The Local Street Fund has a fund balance of \$378,180, an increase of \$62,661 during the year. Total revenues decreased by \$40,553 compared to the prior year and transfers in decreased by \$100,000 compared to the prior year. Local Street Fund expenditures increased by \$77,399 compared to the prior year.

Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements (business-type activities), but in more detail.

Unrestricted net position of the Water Supply System and Sewage Disposal System Funds at the end of the year amounted to \$1,331,064 and \$8,125,467, respectively. Changes in the Water Supply System and Sewage Disposal System Funds' net position during the current year were an increase of \$860,389 and \$1,712,307, respectively. Factors concerning the finances of these two funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

Over the course of the year, the City Council amended the budget to take into account events during the year. The most significant changes were increases of \$25,000 building and grounds expenditures, \$8,000 in community and economic development expenditures for planning and zoning administration, and \$9,000 for insurance expenditures. Revenues exceeded budgeted amounts by \$380,482 while City operational departments stayed below budget overall, resulting in total expenditures \$211,685 below the final budget.

Capital Assets and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business-type activities as of June 30, 2017, amounted to \$18,670,784 (net of accumulated depreciation). This investment in capital assets includes land, buildings and systems, improvements, machinery and equipment, park facilities, and street and sidewalks.

Major capital asset events during the current fiscal year included the following:

- \$257,388 for 2016 Freightliner sweeper
- \$46,459 for 2017 water truck
- \$72,438 for pump station upgrades
- \$115,666 for sidewalks

Additional information on the City's capital assets can be found in Note 4 of this report.

City of Coopersville's Capital Assets (net of depreciation)

	Governmental		Business-Type		Total	
	Activities		Activities			
	2017	2016	2017	2016	2017	2016
Land	\$ 130,051	\$ 130,051	\$ 47,250	\$ 47,250	\$ 177,301	\$ 177,301
Construction in progress	-	-	101,423	-	101,423	-
Land improvements	89,179	96,709	-	-	89,179	96,709
Buildings and improvements	502,623	513,820	3,656	5,729	506,279	519,549
Systems	-	-	14,570,440	15,160,909	14,570,440	15,160,909
Machinery, equipment, vehicles	436,830	263,055	22,762	32,751	459,592	295,806
Infrastructure	3,045,294	3,143,107	-	-	3,045,294	3,143,107
Total	\$ 4,203,977	\$ 4,146,742	\$ 14,745,531	\$ 15,246,639	\$ 18,949,508	\$ 19,393,381

Long-term debt. At the end of the current fiscal year, the City had total installment debt outstanding of \$5,289,000. Of this amount, \$3,233,000 is general obligation debt and \$2,056,000 is paid from specified revenue sources.

Total outstanding debt decreased by \$1,372,000 during the current year. This is the result of the City making debt service payments of \$1,372,000 while incurring no new debt during the year.

Additional information on the City's long-term debt can be found in Note 6 of this report.

Pension. The City's net pension liability amounted to \$685,149, decrease of \$188,347 from the prior year. Additional information on the City's net pension liability can be found in Note 10 of this report.

Economic Factors Bearing on the City's Future

Key discussion points remain the same for Coopersville this year as they were for the last. Economic growth and expansion continues which results in local economic stability. For years the City has maintained an AA- Stable bond rating until we paid in full a LTGO (Limited Tax General Obligation) bond, Series 2006 for the City. Our historical and stable bond rating signified that the City has continued to manage its fiscal policy in a conservative, deliberate, and responsible fashion.

The City of Coopersville is very fortunate to be experiencing healthy economic growth and expansion. Continental Dairy Facilities (CDF) and Fairlife continue to expand operations with new product lines with Fairlife significantly outpacing the other. Their success unfortunately has resulted in a serious challenge for the City of Coopersville's Waste Water Treatment Plant (WWTP) in that the continued growth has surpassed the capacity of the WWTP (which was significantly upgraded in 2012). Nevertheless, the positive economic impact of this investment is being felt within the City and regionally as well in terms of job creation and increased business for local and regional suppliers.

Other notable examples of the City's local economic growth include, but not limited to the following:

- Betten Baker is significantly expanding their car dealership in the city.
- Conveyor Concepts continues their success here in Coopersville with yet another expansion of their operation.
- The Reserve of Coopersville, a new housing development, has begun building in earnest with several new single-family homes and condominium units already complete.
- Fairlife, one of the largest employers in the City in terms of sales, has initiated yet another expansion of their production by adding a fourth bottling line.

As the above examples indicate, the local economy promises to remain strong for the immediate future. The diversity and types of industry found in Coopersville is also a positive attribute of the business environment.

Other significant projects include:

The East Gateway, an undeveloped quadrant of the City, continues to attract strong interest from a developer that will fit the Mixed-Use PUD zoning of this property in a positive usage. The interest in development of this quadrant exemplifies the confidence others have for Coopersville's business friendly environment and its continued investment in infrastructure to support smart growth that will enhance the quality of life of its community.

Engineers are still reviewing the proposed route of a sewer forcemain from Coopersville to the Muskegon County Wastewater Management System. The distance is slightly over 19 miles with a few segments of route needing to be finalized. A feasibility study will determine if this solution is a viable alternate wastewater site for the continued expansion of Fairlife. Estimated cost of the project is approximately \$25 million.

The upgrade and expansion to the City of Coopersville's water system continues which includes a second Grand River watermain crossing. City staff is working closely with Allendale Township and Ottawa County to formulate a final plan for a new booster station. Part of this plan includes the feasibility of acquiring additional real estate for the larger booster station facility. The results of this project will provide the City with a more reliable source of water that will have real, economic development impact for the City residents and business owners to insure continued economic growth. Estimated costs remain at \$1.2 million.

The wastewater treatment plant upgrade project consists of upgrading the effluent pumps that discharges treated water to the Grand River. In addition, this project includes the construction of an UV disinfection process equipment. The result of this upgrade will allow the city to increase the volume of treated water being discharged from the Waste Water Treatment Plant and provide additional capacity for our customers. At this writing, the MDEQ is reviewing engineering plans so that construction permits can issued yet in the fall of 2017. Approximate cost of this project is \$1.2 - \$1.5 million.

Financial – Economic Issues:

- The City is still uncertain of the long-term impact of the elimination of Personal Property Tax (PPT) in the State of Michigan. This past fiscal year showed a healthy reimbursement from the state but future payments remain uncertain.
- The City still retains a relative healthy fund balance within the General Fund. The actual percentage has diminished somewhat due to a conscious decision to upgrade local and major roads that have been postponed for several years. This reflects a continuous plan to upgrade infrastructure.
- More economic diversification will continue to be desired. Although the City's two largest taxpayers, Continental Dairy Facilities (CDF) and Fairlife, are more stable over the long-term and somewhat immune from economic downturns, it's in the best interest of the City to continue to diversify.

The economic outlook for the City of Coopersville remains bright and with the start of construction for The Reserve of Coopersville, the future looks positive for residential expansion and the economic multiplier effect that traditionally follows. In essences Coopersville's future remains strong both financially and in its desire to improve the quality of life for its residents and businesses owners alike.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City Treasurer, 289 Danforth St., Coopersville, MI 49404.

Basic Financial Statements

City of Coopersville
STATEMENT OF NET POSITION
June 30, 2017

	Primary Government			Component Unit
	Governmental Activities	Business Type Activities	Total	
ASSETS				
Cash and investments	\$ 2,801,955	\$ 5,708,954	\$ 8,510,909	\$ 752,812
Receivables:				
Accounts	1,067	1,384,217	1,385,284	-
Special assessments	8,212	-	8,212	-
Due from other governments	163,655	-	163,655	-
Internal balances	(269,110)	269,110	-	-
Prepaid items	8,898	-	8,898	-
Restricted cash-revenue bond covenant accounts	-	420,900	420,900	-
Capital assets not being depreciated	130,051	148,673	278,724	-
Capital assets (net of accumulated depreciation)	<u>4,073,926</u>	<u>14,596,858</u>	<u>18,670,784</u>	<u>-</u>
Total Assets	<u>6,918,654</u>	<u>22,528,712</u>	<u>29,447,366</u>	<u>752,812</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows-pension related	<u>141,415</u>	<u>45,411</u>	<u>186,826</u>	<u>-</u>
LIABILITIES				
Accounts payable	92,771	154,766	247,537	1,479
Accrued liabilities	-	60,118	60,118	-
Noncurrent liabilities:				
Due within one year				
Long-term debt	-	263,000	263,000	-
Due in more than one year				
Net pension liability	518,612	166,537	685,149	-
Long-term debt	<u>-</u>	<u>5,026,000</u>	<u>5,026,000</u>	<u>-</u>
Total Liabilities	<u>611,383</u>	<u>5,670,421</u>	<u>6,281,804</u>	<u>1,479</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows-pension related	<u>76,598</u>	<u>24,597</u>	<u>101,195</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	4,203,977	9,456,531	13,660,508	-
Restricted for:				
Construction code activities	319,248	-	319,248	-
Cemetery operations	39,029	-	39,029	-
Debt service	-	104,650	104,650	-
Repair, replacement and improvements	-	316,250	316,250	-
Unrestricted	<u>1,809,834</u>	<u>7,001,674</u>	<u>8,811,508</u>	<u>751,333</u>
Total Net Position	<u>\$ 6,372,088</u>	<u>\$ 16,879,105</u>	<u>\$ 23,251,193</u>	<u>\$ 751,333</u>

See Notes to Financial Statements

City of Coopersville
STATEMENT OF ACTIVITIES
Year Ended June 30, 2017

	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Total	Component Unit
Function/Programs:								
Primary Government:								
Governmental Activities:								
General government	\$ 676,425	\$ 63,069	\$ -	\$ -	\$ (613,356)	\$ -	\$ (613,356)	\$ -
Public safety	1,055,676	97,960	101,989	-	(855,727)	-	(855,727)	-
Public works	1,142,703	143,443	432,891	104,317	(462,052)	-	(462,052)	-
Community and economic development	137,007	-	-	-	(137,007)	-	(137,007)	-
Recreation and culture	307,531	89,602	-	-	(217,929)	-	(217,929)	-
Other	32,466	-	-	-	(32,466)	-	(32,466)	-
Interest on long-term debt	35,498	-	-	-	(35,498)	-	(35,498)	-
Total Governmental Activities	<u>3,387,306</u>	<u>394,074</u>	<u>534,880</u>	<u>104,317</u>	<u>(2,354,035)</u>	<u>-</u>	<u>(2,354,035)</u>	<u>-</u>
Business-type activities:								
Water supply	1,300,652	2,072,901	-	-	-	772,249	772,249	-
Sewage disposal	2,241,420	3,796,102	-	150,930	-	1,705,612	1,705,612	-
Total Business-type Activities	<u>3,542,072</u>	<u>5,869,003</u>	<u>-</u>	<u>150,930</u>	<u>-</u>	<u>2,477,861</u>	<u>2,477,861</u>	<u>-</u>
Total Primary Government	<u>\$ 6,929,378</u>	<u>\$ 6,263,077</u>	<u>\$ 534,880</u>	<u>\$ 255,247</u>	<u>(2,354,035)</u>	<u>2,477,861</u>	<u>123,826</u>	<u>-</u>
Component Unit:								
Downtown Development Authority	<u>\$ 185,195</u>	<u>\$ 11,181</u>	<u>\$ -</u>	<u>\$ -</u>				<u>(174,014)</u>
General revenues:								
Property taxes					2,198,510	70,821	2,269,331	400,000
State shared revenues					376,089	-	376,089	-
Interest					10,328	8,261	18,589	1,103
Other					30,286	13,488	43,774	8,435
Total General Revenues and Transfers					<u>2,615,213</u>	<u>92,570</u>	<u>2,707,783</u>	<u>409,538</u>
Change in Net Position					261,178	2,570,431	2,831,609	235,524
Net Position - Beginning (as restated)					<u>6,110,910</u>	<u>14,308,674</u>	<u>20,419,584</u>	<u>515,809</u>
Net Position - Ending					<u>\$ 6,372,088</u>	<u>\$ 16,879,105</u>	<u>\$ 23,251,193</u>	<u>\$ 751,333</u>

See Notes to Financial Statements

**City of Coopersville
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2017**

	General	Major Street	Local Street	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments	\$ 1,444,428	\$ 539,103	\$ 362,347	\$ 191,026	\$ 2,536,904
Receivables:					
Accounts	985	-	-	82	1,067
Special assessments	-	-	-	8,212	8,212
Due from other governments	32,015	50,665	18,393	-	101,073
Prepaid items	7,898	-	-	-	7,898
Total Assets	\$ 1,485,326	\$ 589,768	\$ 380,740	\$ 199,320	\$ 2,655,154
LIABILITIES					
Accounts payable	\$ 70,549	\$ 11,123	\$ 2,560	\$ 7,678	\$ 91,910
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue-special assessments	-	-	-	8,212	8,212
FUND BALANCES					
Non-spendable:					
Prepaid items	7,898	-	-	-	7,898
Restricted for:					
Construction code activities	319,248	-	-	-	319,248
Cemetery operations	-	-	-	39,029	39,029
Assigned to:					
Subsequent year's budget: fund balance appropriation	156,992	-	-	-	156,992
Streets and roads	-	578,645	378,180	-	956,825
Police services	-	-	-	90,919	90,919
Debt service	-	-	-	1,106	1,106
Capital projects	-	-	-	52,376	52,376
Unassigned	930,639	-	-	-	930,639
Total Fund Balances	1,414,777	578,645	378,180	183,430	2,555,032
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 1,485,326	\$ 589,768	\$ 380,740	\$ 199,320	

Amount reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and are not reported in the funds	3,847,595
State shared revenues (sales taxes) collected and held by the State at year end are not considered available to pay for current year expenditures	62,582
Special assessments receivable are expected to be collected over several years and are not available to pay for current year expenditures	8,212
Net pension liability is not due and payable in the current period and is not reported in the funds	(518,612)
Deferred inflows and outflows of resources related to pensions are not reported in the governmental funds	
Deferred outflows of resources related to pensions	141,415
Deferred inflows of resources related to pensions	(76,598)
Internal Service Funds are included as part of governmental activities	352,462
Net Position of Governmental Activities	\$ 6,372,088

City of Coopersville
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2017

	General	Major Street	Local Street	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 2,198,510	\$ -	\$ -	\$ -	\$ 2,198,510
Licenses and permits	75,236	-	-	-	75,236
State grants	97,816	-	-	-	97,816
State shared revenues	373,576	267,963	104,150	-	745,689
Local unit contributions	-	-	60,778	29,000	89,778
Charges for services	250,123	-	-	14,200	264,323
Fines and forfeits	4,632	-	-	-	4,632
Interest	7,594	832	399	1,212	10,037
Other	31,161	-	2,731	104,275	138,167
Total Revenues	<u>3,038,648</u>	<u>268,795</u>	<u>168,058</u>	<u>148,687</u>	<u>3,624,188</u>
Expenditures:					
Current:					
General government	588,902	-	-	41,746	630,648
Public safety	917,619	-	-	116,680	1,034,299
Public works	311,688	395,496	305,397	-	1,012,581
Community and economic development	129,881	-	-	-	129,881
Recreation and culture	308,708	-	-	-	308,708
Other	32,466	-	-	-	32,466
Debt service:					
Principal retirement	-	-	-	1,115,000	1,115,000
Interest and fiscal charges	-	-	-	47,814	47,814
Total Expenditures	<u>2,289,264</u>	<u>395,496</u>	<u>305,397</u>	<u>1,321,240</u>	<u>4,311,397</u>
Excess of Revenues Over (Under) Expenditures	<u>749,384</u>	<u>(126,701)</u>	<u>(137,339)</u>	<u>(1,172,553)</u>	<u>(687,209)</u>
Other Financing Sources (Uses):					
Transfers in	-	20,000	200,000	1,168,579	1,388,579
Transfers out	(1,292,050)	-	-	(96,529)	(1,388,579)
Total Other Financing Sources (Uses)	<u>(1,292,050)</u>	<u>20,000</u>	<u>200,000</u>	<u>1,072,050</u>	<u>-</u>
Net Change in Fund Balances	(542,666)	(106,701)	62,661	(100,503)	(687,209)
Fund Balances - July 1	<u>1,957,443</u>	<u>685,346</u>	<u>315,519</u>	<u>283,933</u>	<u>3,242,241</u>
Fund Balances - June 30	<u>\$ 1,414,777</u>	<u>\$ 578,645</u>	<u>\$ 378,180</u>	<u>\$ 183,430</u>	<u>\$ 2,555,032</u>

City of Coopersville
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2017

Net change in fund balances-Total Governmental Funds \$ (687,209)

Amounts reported for the governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures; in the statement of activities these costs are allocated over their estimated useful lives as depreciation:

Current year capital outlays capitalized - general capital assets	142,505
Current year depreciation expense on capitalized assets	(279,975)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds until collected or collectible within 60 days of year end

State shared revenues	2,513
Special assessment revenues	(357)

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The effect of these differences in the treatment of long-term debt and related items is as follows:

Principal payments on long-term debt	1,115,000
--------------------------------------	-----------

Governmental funds report pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned, net of employee contributions, is reported as pension expense.

(62,906)

In the statement of activities, interest is accrued on outstanding notes payable, whereas in governmental funds, an interest expenditure is reported when due

12,316

An internal service fund is used by management to charge the costs of certain activities, such as equipment rental, to individual funds. A portion of the net revenue (expenses) of the internal service fund is reported with governmental activities

19,291

Change in net position of governmental activities \$ 261,178

City of Coopersville
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2017

	Enterprise Funds			Internal Service Fund
	Water Supply System	Sewage Disposal System	Total	Equipment Fund
ASSETS				
Current Assets:				
Cash and investments	\$ 1,945,720	\$ 3,763,234	\$ 5,708,954	\$ 265,051
Receivables:				
Accounts	358,369	1,025,848	1,384,217	-
Prepaid items	-	-	-	1,000
Total Current Assets	<u>2,304,089</u>	<u>4,789,082</u>	<u>7,093,171</u>	<u>266,051</u>
Noncurrent Assets:				
Restricted cash - revenue bond covenant accounts	-	420,900	420,900	-
Capital assets not being depreciated	72,438	76,235	148,673	-
Capital assets (net of accumulated depreciation)	<u>1,423,626</u>	<u>13,173,232</u>	<u>14,596,858</u>	<u>356,382</u>
Total Noncurrent Assets	<u>1,496,064</u>	<u>13,670,367</u>	<u>15,166,431</u>	<u>356,382</u>
Total Assets	<u>3,800,153</u>	<u>18,459,449</u>	<u>22,259,602</u>	<u>622,433</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows-pension related	<u>22,690</u>	<u>22,721</u>	<u>45,411</u>	<u>-</u>
LIABILITIES				
Current Liabilities:				
Accounts payable	84,122	70,644	154,766	861
Customer deposits	2,700	2,100	4,800	-
Accrued liabilities	875	54,443	55,318	-
Current portion of long-term debt	<u>120,000</u>	<u>143,000</u>	<u>263,000</u>	<u>-</u>
Total Current Liabilities	<u>207,697</u>	<u>270,187</u>	<u>477,884</u>	<u>861</u>
Noncurrent Liabilities:				
Net pension liability	83,214	83,323	166,537	-
Long-term debt	<u>45,000</u>	<u>4,981,000</u>	<u>5,026,000</u>	<u>-</u>
Total Noncurrent Liabilities	<u>128,214</u>	<u>5,064,323</u>	<u>5,192,537</u>	<u>-</u>
Total Liabilities	<u>335,911</u>	<u>5,334,510</u>	<u>5,670,421</u>	<u>861</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows-pension related	<u>12,290</u>	<u>12,307</u>	<u>24,597</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	1,331,064	8,125,467	9,456,531	356,382
Restricted for debt service	-	104,650	104,650	-
Restricted for repair, replacement and improvements	-	316,250	316,250	-
Unrestricted	<u>2,143,578</u>	<u>4,588,986</u>	<u>6,732,564</u>	<u>265,190</u>
Total Net Position	<u>\$ 3,474,642</u>	<u>\$ 13,135,353</u>	<u>16,609,995</u>	<u>\$ 621,572</u>
Adjustment to reflect the consolidation of internal service funds activities to enterprise funds			<u>269,110</u>	
Net position of business-type activities			<u>\$ 16,879,105</u>	

See Notes to Financial Statements

City of Coopersville
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
Year Ended June 30, 2017

	Enterprise Funds			Internal Service Fund
	Water Supply System	Sewage Disposal System	Total	Equipment Fund
Operating Revenues:				
Water sales	\$ 2,060,101	\$ -	\$ 2,060,101	\$ -
Sewage disposal service	-	3,786,006	3,786,006	-
Charges for services	-	-	-	219,971
Fees	7,699	5,837	13,536	-
Total Operating Revenues	<u>2,067,800</u>	<u>3,791,843</u>	<u>5,859,643</u>	<u>219,971</u>
Operating Expenses:				
Cost of water	814,286	-	814,286	-
Operations and maintenance	354,049	1,538,198	1,892,247	115,944
Depreciation	122,710	479,821	602,531	109,142
Total Operating Expenses	<u>1,291,045</u>	<u>2,018,019</u>	<u>3,309,064</u>	<u>225,086</u>
Operating Income (Loss)	<u>776,755</u>	<u>1,773,824</u>	<u>2,550,579</u>	<u>(5,115)</u>
Nonoperating Revenues (Expenses):				
Hook-ups	5,101	4,259	9,360	-
Property taxes	70,821	-	70,821	-
Interest income	2,830	5,431	8,261	291
Other	13,488	-	13,488	21,850
Interest and fiscal charges	(8,606)	(222,137)	(230,743)	-
Total Nonoperating Revenues (Expenses)	<u>83,634</u>	<u>(212,447)</u>	<u>(128,813)</u>	<u>22,141</u>
Income (Loss) Before Transfers	860,389	1,561,377	2,421,766	17,026
Capital contributions - SAW Grant	-	150,930	150,930	-
Change in Net Position	860,389	1,712,307	2,572,696	17,026
Net Position - July 1	<u>2,614,253</u>	<u>11,423,046</u>		<u>604,546</u>
Net Position - June 30	<u>\$ 3,474,642</u>	<u>\$ 13,135,353</u>		<u>\$ 621,572</u>
Adjustment to reflect the consolidation of internal service funds activities to enterprise funds			(2,265)	
Change in net position of business-type activities			<u>\$ 2,570,431</u>	

City of Coopersville
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2017

	Enterprise Funds			Internal Service Fund
	Water Supply System	Sewage Disposal System	Total	Equipment Fund
Cash Flows From Operating Activities:				
Receipts from customers	\$ 2,061,854	\$ 3,555,088	\$ 5,616,942	\$ -
Receipts from interfund services provided	-	-	-	219,971
Payments to suppliers	(962,059)	(1,335,608)	(2,297,667)	(108,100)
Payments to employees	(158,457)	(160,473)	(318,930)	(7,700)
Payments for interfund services used	(40,662)	(51,324)	(91,986)	-
Receipts from other sources	18,589	4,259	22,848	21,850
Net Cash Provided By Operating Activities	<u>919,265</u>	<u>2,011,942</u>	<u>2,931,207</u>	<u>126,021</u>
Cash Flows From Capital and Related Financing Activities:				
Capital contributions	-	150,930	150,930	-
Construction and purchase of capital assets	(28,985)	(72,438)	(101,423)	(303,847)
Proceeds from sale of capital assets	-	-	-	-
Principal paid on capital debt	(120,000)	(137,000)	(257,000)	-
Interest paid on capital debt	(9,200)	(223,592)	(232,792)	-
Property taxes	70,821	-	70,821	-
Net Cash Provided (Used) By Capital and Related Financing Activities	<u>(87,364)</u>	<u>(282,100)</u>	<u>(369,464)</u>	<u>(303,847)</u>
Cash Flows From Investing Activities:				
Interest received on investments	2,830	5,431	8,261	291
Net Increase (Decrease) in Cash and Investments	834,731	1,735,273	2,570,004	(177,535)
Cash and Investments - July 1	<u>1,110,989</u>	<u>2,448,861</u>	<u>3,559,850</u>	<u>442,586</u>
Cash and Investments - June 30	<u>\$ 1,945,720</u>	<u>\$ 4,184,134</u>	<u>\$ 6,129,854</u>	<u>\$ 265,051</u>
Reconciliation of Operating Income to Net Cash Provided By Operating Activities:				
Operating income	\$ 776,755	\$ 1,773,824	\$ 2,550,579	\$ (5,115)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	122,710	479,821	602,531	109,142
Other nonoperating income	18,589	4,259	22,848	21,850
Change in assets/deferred outflows of resources and liabilities/deferred inflows of resources				
Receivables	(7,446)	(236,755)	(244,201)	-
Deferred outflows of resources	20,174	23,640	43,814	-
Accounts payable	(823)	(11,990)	(12,813)	144
Customer deposits	1,500	-	1,500	-
Net pension liability	(24,484)	(33,164)	(57,648)	-
Deferred inflows of resources	12,290	12,307	24,597	-
Net Cash Provided By Operating Activities	<u>\$ 919,265</u>	<u>\$ 2,011,942</u>	<u>\$ 2,931,207</u>	<u>\$ 126,021</u>
Cash and investments:				
Cash and investments	\$ 1,945,720	\$ 3,763,234	\$ 5,708,954	\$ 265,051
Revenue bond covenant accounts	-	420,900	420,900	-
	<u>\$ 1,945,720</u>	<u>\$ 4,184,134</u>	<u>\$ 6,129,854</u>	<u>\$ 265,051</u>

See Notes to Financial Statements

City of Coopersville
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
June 30, 2017

	<u>Agency Funds</u>
ASSETS	
Cash and investments	<u>\$ 28,608</u>
LIABILITIES	
Due to other units	<u>\$ 28,608</u>

City of Coopersville, Michigan
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of Coopersville 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 of Coopersville:

Reporting Entity

The City of Coopersville is governed by an elected mayor and six-member council. The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Although blended component units are legal separate entities, in substance, they are part of the City's operations. Each 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 (see discussion below for description).

Blended Component Unit. The City has no blended component units.

Discretely Presented Component Unit. The Coopersville Downtown Development Authority (DDA) was created to finance improvements within the authority's district of the City. The Authority's twelve member governing board is appointed by the Chief Executive Officer subject to the approval of the City Council. In addition, the Authority's budget, tax rates and bonded debt are subject to approval by the City Council. The DDA issued debt, which has subsequently been paid off, and currently receives captured tax increment revenues.

Separate financial statements for the Downtown Development Authority are not prepared. The Authority's financial activity is as reflected in these accompanying financial statements.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. 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. Taxes and other items 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. 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.

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, expenditures relating to defined benefit pension plan contributions, and claims and judgments are recorded only when payment is due.

Those revenues susceptible to accrual are property taxes, special assessments, licenses, interest revenue, and charges for services. Sales taxes (state shared revenues) collected and held by the State at year end on behalf of the City and paid to the City at the end of the following August are recognized as revenue in the year received. Such amounts are not normally received within 60 days of the end of the current fiscal year and are budgeted for use by the City in the year received. Other revenue is recorded when received.

The City reports the following major governmental funds:

General Fund - The General Fund is the City's primary operating fund. It is used to account for and report all financial resources not accounted for and reported in another fund.

Major and Local Street Funds - The Major Street and Local Street Funds account for and report the resources of state gas and weight taxes that are restricted for use on major and local streets. They also account for monies received from special taxes levied for street improvement purposes and for monies received from General Fund contributions.

The City reports the following major proprietary funds:

Water Supply System Fund - This fund is used to account for the operation and maintenance of a water distribution system, including storage tanks, pumping stations, distribution mains and services and related equipment. Water is purchased from Ottawa County for storage and distribution to Coopersville's customers.

Sewage Disposal System Fund - This fund is used to account for the operation and maintenance of a wastewater collection system, lift stations and treatment facility.

Additionally, the City reports the following fund types:

Governmental Funds

Special Revenue Funds - Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specific purposes other than debt service or capital projects.

Debt Service Funds - Debt Service Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest payments.

Capital Project Funds - Capital Project Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Proprietary Funds

Internal Service Fund – The Internal Service Fund accounts for the rental of machinery, equipment, and vehicles to other departments, and related costs.

Fiduciary Funds (Not included in government-wide statements)

Agency Funds - Agency Funds account for assets held by the City in a purely custodial capacity. Agency funds are custodial in nature (i.e., assets equal liabilities) and do not involve the measurement of results of operations.

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

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.

Proprietary funds distinguish operating revenue and expenses from non-operating 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 water and sewage disposal systems fund also recognizes the portion of tap fees intended to recover current costs (e.g., labor and materials to hook up new customers) as operating revenue. The portion intended to recover the cost of the infrastructure is recognized as non-operating 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 non-operating revenue and expenses.

Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal year-end.

Before June 30, the proposed budget is presented to the City's Council for review. The Council holds public hearings and a final budget must be prepared and adopted no later than June 30. City charter requires as follows: "At the regular meeting held not later than the third Monday in May, Council shall, by resolution, adopt a budget for the next fiscal year and make an appropriation of the money needed therefore."

The City Manager is authorized to transfer budgeted amounts within departments within any fund; however, any revisions that alter total expenditures of any fund must be approved by City Council.

The appropriated budget is prepared by fund, function, and activity. Budgetary control over expenditures is exercised by the City Council. Appropriated budgets are amended by a majority vote of the City Council. The legal level of budgetary control is the activity level. The City Council made several supplemental budgetary appropriations throughout the year.

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

Cash and Investments

The City maintains separate cash accounts for each of its various funds as well as maintaining a pooled cash account to facilitate the management of cash.

For purposes of the statement of cash flows, all highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents.

Investments are recorded 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.” Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as “internal balances.”

All trade and property tax receivables are shown net of an allowance for uncollectible amounts. The property tax receivable allowance is equal to 100 percent of the outstanding property taxes. No allowance for uncollectible accounts is considered necessary for other receivables.

Inventories and Prepaid Items

Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are not material and are recorded as expenditures when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

Restricted Assets

Certain cash of the enterprise funds are classified as restricted assets on the balance sheet because their use is limited for purposes of servicing outstanding enterprise fund general obligation bonded debt.

Capital Assets

Capital 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. General infrastructure assets acquired prior to July 1, 2003, are not reported in the basic financial statements. Capital assets are defined by the government as assets with an estimated useful life in excess of two years and an initial individual cost of more than \$5,000 for governmental activities and \$10,000 for business-type activities and proprietary funds. 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 during the construction of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. During the current year \$0 of interest expense was capitalized as part of the cost of assets under construction.

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

<u>Assets</u>	<u>Years</u>
Buildings and improvements	20-40
Land improvements	5-10
Machinery and equipment	5-15
Office furniture and equipment	5-20
Vehicles	3-25
Roads and sidewalks	15-25
Water and sewer systems	10-50

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statements element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government-wide statements and proprietary funds report deferred outflows-pension related, which includes deferred employer pension contributions (contributions made subsequent to the pension plan's fiscal year end through the City's fiscal year-end), deferred deficit pension investment earnings (the difference between the plan's investment earnings and the plan's assumed investment earnings), and deferred changes in experience and assumptions (the difference between projected and actual experience and assumptions of the pension plan).

In addition to liabilities, the statement of financial position or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has only one type of item that qualifies under this category. The item, unavailable revenue (special assessments), is reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Net Position Flow Assumption/Fund Balance Flow Assumptions

In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

In order to calculate the amounts reported as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before any of the components of unrestricted fund balance is applied in the following order: committed, assigned, and unassigned.

Compensated Absences

City employees are entitled to certain compensated absences based on their length of employment. City employees earn vacation in varying amounts based on length of service. Unused vacation time does not accumulate past June 30 of each fiscal year.

Sick leave is accumulated at the rate of one day per month of employment. Unused sick leave accumulates from year to year to a maximum of 120 days of sick leave. Twenty-five percent of unused sick leave is paid to employees at the time of termination or retirement. It is the City's policy to recognize the cost of sick leave at the time payments are made and if material, record a liability for employee terminations at year-end.

Long-Term Obligations

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Issuance costs are reported as debt service expenses. Bonds payable are reported net of the applicable bond premium or discount. 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.

Fund Equity

In governmental fund financial statements, fund balances are classified as follows:

- Non-spendable – amounts that are not in spendable form (such as prepaids, inventory and long-term receivables) or are required to be maintained intact such as the corpus of a permanent fund.
- Restricted – amounts constrained to specific purposes by their providers (such as creditors, grantors, contributors, or laws and regulations) or imposed by law through constitutional provisions or enabling legislation.
- Committed – amounts constrained to specific purposes determined by formal action by City Council ordinance or resolution, and that remains binding unless removed in the same manner.
- Assigned – amounts, neither restricted nor committed, a government intends to use for a specific purpose; intent can be expressed by the City Council or a body or official to which the City Council has delegated the authority to assign amounts for specific purposes. Currently the assigned fund balance is determined through the budget and any residual amounts of fund balance in governmental funds other than the general fund.
- Unassigned – amounts that are available for any purpose; positive amounts are reported only in the general fund.

Pension

The City offers a defined benefit pension plan to its employees. The City records a net pension liability for the difference between the total pension liability calculated by the actuary and the pension plan's fiduciary net position. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Municipal Employees Retirement System (MERS) of Michigan and additions to/deductions from MERS' fiduciary net position have been determined on the same basis as they are reported by MERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Property Taxes

Property taxes are levied on each July 1 (lien date and due date) on the taxable valuation of property as of the preceding December 31. Real and personal property taxes are collected without additional charge from a period of 45 days from the date the bills are due. After that period of time, three percent penalty and interest at one percent per month are added to all unpaid taxes. The City continues to collect taxes until March 1, at which time the delinquent real property taxes are returned to the county for collection. The county's policy has been to pay the City for all delinquent real property taxes returned. The City continues to collect delinquent personal property taxes.

The City's 2016 ad valorem tax is levied and collectible on July 1, 2016, and is recognized as revenue in the year ended June 30, 2017, when the proceeds of this levy are budgeted and made available for the financing of operations.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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:

Budget Items:	<u>Budget Appropriation</u>	<u>Actual Expenditure</u>
General Fund		
Public Safety		
Sheriff	\$ 570,000	\$ 584,743
Building inspector	32,952	74,753

State Construction Code Act

The City oversees building construction, in accordance with the State's Construction Code Act, including inspection of building construction and renovation to ensure compliance with the building codes. The City charges fees for these services. Beginning January 1, 2000, the law requires that collection of these fees be used only for construction code costs, including an allocation of estimated overhead costs.

The City accounts for the activity of its building inspection department within its general fund. Following is a summary of the cumulative surplus or deficit and activity for the year ended June 30, 2016.

Surplus (deficit) - July 1		\$ 329,166
Current year - building permit revenue	\$ 75,236	
Current year - related expenditures		
Direct costs	(74,753)	
Estimated indirect costs	<u>(10,401)</u>	<u>(9,918)</u>
Surplus (deficit) - June 30		<u>\$ 319,248</u>

3. DEPOSITS AND INVESTMENTS

Michigan Compiled Laws, Section 129.91, authorizes the local governmental unit 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 local unit 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 governing body has designated several banks for the deposit of City funds. The investment policy adopted by the City in accordance with Public Act 196 of 1997 has authorized investment in all of the State statutory authority as listed above.

There are no limitations or restrictions on participant withdrawals for investment pools that are recorded at amortized cost, except for a one-day minimum investment period.

The City's deposits and investments 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:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Fiduciary Funds</u>	<u>Total</u>	<u>Component Unit</u>
Cash and investments	\$ 2,801,955	\$ 5,708,954	\$ 28,608	\$ 8,539,517	\$ 752,812
Revenue bond covenant accounts	-	420,900	-	420,900	-
Total	<u>\$ 2,801,955</u>	<u>\$ 6,129,854</u>	<u>\$ 28,608</u>	<u>\$ 8,960,417</u>	<u>\$ 752,812</u>

The breakdown between deposits and investments is as follows:

	<u>Primary Government</u>	<u>Component Unit</u>
Bank Deposits (checking and savings accounts, certificates of deposit)	\$ 8,149,022	\$ 752,812
Investments	<u>811,395</u>	-
Total	<u>\$ 8,960,417</u>	<u>\$ 752,812</u>

Deposits

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 bank balance of the City's (including its component unit) deposits was \$9,065,055 of which \$1,101,261 was covered by federal depository insurance and \$7,963,794 was exposed to custodial credit risk because it was uninsured and uncollateralized. The City believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits. As a result, the City evaluates each financial institution with which it deposits City funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Investments

The City chooses to disclose its investments by specifically identifying each. As of year-end, the City had the following investments.

<u>Investment</u>	<u>Fair value</u>	<u>Weighted average maturity (years)</u>	<u>Rating</u>	<u>Rating Organization</u>
Money Market Funds	\$ 491,641	Not required	Not rated	n/a
Comerica Government Cash Investment Fund	132,072	0.0027	Not rated	n/a
Michigan Class Investment Pool	<u>187,682</u>	0.0027	AAAm	S&P
Total investments	<u>\$ 811,395</u>			

1 day maturity equals 0.0027, one year equals 1.00

Interest Rate Risk. In addition to the limits set by state law as listed above, the City's investment policy limits maturities as a means of managing its exposure to fair value losses arising from increasing interest rates as follows: investments in bonds, securities and other obligations of the United States or an agency or instrumentality of the United States with remaining maturities of two years or less (unless purchased for debt retirement or other long-term investment accounts) and investments in certificates of deposit with maturities of five years or less.

Credit risk. The City has no investment policy that limits its investment choices beyond those required by state law.

Custodial Credit Risk – Investments – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, 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's and its component unit's investments in permissible money market funds and investment pools were held by third parties in the City's name.

Concentration of Credit Risk. State law does not limit, but the City has adopted a formal policy on, the amount the City may invest in any one issuer as follows: not more than 50% of the City's portfolio may be invested in commercial paper or in United States government or federal agency repurchase obligations and not more than 25% of the City's portfolio may be invested in banker's acceptances of United States banks.

Fair Value Measurement

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level I inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy.

In instances whereby inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The City's assessment of the significance of particular inputs to these fair value measurements requires judgement and considers factors specific to each asset or liability.

The City did not have any investments subject to the fair value disclosures at June 30, 2017.

Michigan Class Investment Pool holdings are measured at net asset value (NAV).

The City invests in the Comerica Government Investment Fund which is considered an external investment pool. This fund is recorded at amortized cost which approximates fair value and is not subject to the fair value disclosures.

4. CAPITAL ASSETS

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

Governmental Activities	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Completed Construction</u>	<u>Ending Balance</u>
Capital Assets Not Being Depreciated					
Land	\$ 130,051	\$ -	\$ -	\$ -	\$ 130,051
Capital Assets Being Depreciated					
Building and improvements	1,267,808	26,838	-	-	1,294,646
Land improvements	1,346,675	-	-	-	1,346,675
Machinery and equipment	193,674	-	(2,500)	-	191,174
Office furniture and equipment	234,958	-	(2,670)	-	232,288
Vehicles	54,555	-	-	-	54,555
Equipment-Equipment Fund	418,740	-	-	-	418,740
Vehicles-Equipment Fund	454,658	303,847	(82,664)	-	675,841
Infrastructure	<u>4,197,058</u>	<u>115,667</u>	<u>-</u>	<u>-</u>	<u>4,312,725</u>
Subtotal	<u>8,168,126</u>	<u>446,352</u>	<u>(87,834)</u>	<u>-</u>	<u>8,526,644</u>
Less Accumulated Depreciation for					
Buildings and improvements	(753,988)	(38,035)	-	-	(792,023)
Land improvements	(1,249,966)	(7,530)	-	-	(1,257,496)
Machinery and equipment	(152,626)	(5,725)	2,500	-	(155,851)
Office furniture and equipment	(202,284)	(4,294)	2,670	-	(203,908)
Vehicles	(26,899)	(10,911)	-	-	(37,810)
Equipment-Equipment Fund	(315,401)	(22,379)	-	-	(337,780)
Vehicles-Equipment Fund	(396,320)	(86,763)	82,664	-	(400,419)
Infrastructure	<u>(1,053,951)</u>	<u>(213,480)</u>	<u>-</u>	<u>-</u>	<u>(1,267,431)</u>
Subtotal	<u>(4,151,435)</u>	<u>(389,117)</u>	<u>87,834</u>	<u>-</u>	<u>(4,452,718)</u>
Net Capital Assets Being Depreciated	<u>4,016,691</u>	<u>57,235</u>	<u>-</u>	<u>-</u>	<u>4,073,926</u>
Governmental Activities Total					
Capital Assets - Net of Depreciation	<u>\$ 4,146,742</u>	<u>\$ 57,235</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,203,977</u>

Depreciation expense was charged to governmental functions as follows:

General government	\$ 14,950
Public safety	20,136
Public works	231,002
Recreation and culture	13,887
Internal service fund depreciation is charged to the various functions based on their usage of the assets	<u>109,142</u>
Total Governmental Activities	<u>\$ 389,117</u>

Business-Type Activities	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Completed Construction</u>	<u>Ending Balance</u>
Capital Assets Not Being Depreciated					
Land	\$ 47,250	\$ -	\$ -	\$ -	\$ 47,250
Construction in progress	<u>-</u>	<u>101,423</u>	<u>-</u>	<u>-</u>	<u>101,423</u>
Subtotal	<u>47,250</u>	<u>101,423</u>	<u>-</u>	<u>-</u>	<u>148,673</u>
Capital Assets Being Depreciated					
Water systems	5,216,702	-	-	-	5,216,702
Sewage systems	18,729,114	-	(12,827)	-	18,716,287
Building	82,950	-	-	-	82,950
Machinery and equipment-water	10,600	-	-	-	10,600
Machinery and equipment-sewer	<u>84,992</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>84,992</u>
Subtotal	<u>24,124,358</u>	<u>-</u>	<u>(12,827)</u>	<u>-</u>	<u>24,111,531</u>
Less Accumulated Depreciation for					
Water systems	(3,632,642)	(120,637)	-	-	(3,753,279)
Sewage systems	(5,152,265)	(469,832)	12,827	-	(5,609,270)
Building	(77,221)	(2,073)	-	-	(79,294)
Machinery and equipment-water	(10,600)	-	-	-	(10,600)
Machinery and equipment-sewer	<u>(52,241)</u>	<u>(9,989)</u>	<u>-</u>	<u>-</u>	<u>(62,230)</u>
Subtotal	<u>(8,924,969)</u>	<u>(602,531)</u>	<u>12,827</u>	<u>-</u>	<u>(9,514,673)</u>
Net Capital Assets Being Depreciated	<u>15,199,389</u>	<u>(602,531)</u>	<u>-</u>	<u>-</u>	<u>14,596,858</u>
Business Type Activities Total					
Capital Assets - Net of Depreciation	<u>\$ 15,246,639</u>	<u>\$ (501,108)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,745,531</u>

Depreciation expense was charged to business type activities as follows:

Water supply	\$ 122,710
Sewage disposal	<u>479,821</u>
Total Business-Type Activities	<u><u>\$ 602,531</u></u>

Construction Commitments - At June 30, 2017, the City had no significant construction commitments.

5. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

At June 30, 2017, there were no interfund balances. Interfund transfers reported in the funds statements were as follows:

	Transfers Out		
	General	Non-major	
		Fund	Governmental
Transfers In			
Major Street Fund	\$ 20,000 (1)	-	\$ 20,000
Local Street Fund	200,000 (1)	-	200,000
Community That Cares Fund	25,000 (1)	-	25,000
2006 Capital Improvements Bonds	<u>1,047,050 (2)</u>	<u>96,529 (3)</u>	<u>1,143,579</u>
	<u>\$ 1,292,050</u>	<u>\$ 96,529</u>	<u>\$ 1,388,579</u>

The following describes the nature of significant transfers:

- (1) Transfer for annual operating purposes
- (2) Transfers for annual debt service requirements and for fiscal 2017 debt payoff
- (3) Transfer to close 2016 Capital Improvement Construction Fund

6. LONG-TERM DEBT

Bond and contractual obligation activity for the City can be summarized as follows:

	<u>Original Issue</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities						
General Obligation Bonds						
2006 General Obligation Capital						
Improvement, interest rates						
from 4.375%-4.55%, maturing 2026						
	\$ 1,715,000	\$ 1,115,000	\$ -	\$ (1,115,000)	\$ -	\$ -
	<u>Original Issue</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Business-Type Activities						
County Contractual Obligation						
1978 Water Supply, interest rate						
of 5.0%, maturing 2019						
	\$ 1,175,000	\$ 150,000	\$ -	\$ (75,000)	\$ 75,000	\$ 75,000
Michigan Municipal Bond Authority						
1998 Drinking Water, interest rate						
of 2.5%, maturing 2019						
	746,618	135,000	-	(45,000)	90,000	45,000
Revenue Bonds						
2011 Wastewater Treatment Revenue,						
interest rate of 4.25%, maturing 2041						
	3,000,000	2,120,000	-	(64,000)	2,056,000	67,000
General Obligation Bonds						
2011 Wastewater General Obligation,						
interest rate of 4.25%, maturing 2041						
	3,404,000	3,141,000	-	(73,000)	3,068,000	76,000
Total Business-Type Activities		<u>\$ 5,546,000</u>	<u>\$ -</u>	<u>\$ (257,000)</u>	<u>\$ 5,289,000</u>	<u>\$ 263,000</u>

Annual debt service requirements to maturity for the above obligations are as follows:

Years Ended June 30	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ -	\$ -	\$ 263,000	\$ 221,895
2019	-	-	194,000	212,818
2020	-	-	156,000	205,360
2021	-	-	162,000	198,730
2022	-	-	169,000	191,845
2023-2027	-	-	958,000	845,113
2028-2032	-	-	1,180,000	623,603
2033-2037	-	-	1,454,000	350,625
2038-2041	-	-	753,000	81,133
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,289,000</u>	<u>\$ 2,931,122</u>

7. RESTRICTED ASSETS

Restricted assets in the business-type activities are amounts required to be set aside by Sewage Disposal System Fund revenue bond covenants as follows:

2011 Wastewater Treatment Revenue Bonds:	
Debt service	\$ 104,650
Repair, replacement and improvements	<u>316,250</u>
	<u>\$ 420,900</u>

8. RISK MANAGEMENT

The City is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries (workers' compensation), as well as medical benefits provided to employees. The City has purchased commercial insurance for medical benefit claims. The City participates in the Michigan Municipal League risk pool for workers' compensation claims, general liability, and property loss. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The Michigan Municipal League risk pool operates as a common risk-sharing program for local units of government in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

9. DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their current salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseen emergency. All assets of the plan are held in trust for the employees thereby insulating the assets from the City's general creditors. As a result, the plan assets are not included in these financial statements.

10. EMPLOYEE RETIREMENT SYSTEMS AND PLANS

General Information about the Pension Plan

Plan Description – The City’s defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The City participates in the Municipal Employees’ Retirement System of Michigan (MERS) of Michigan. MERS is an agent multiple-employer, statewide public employee pension plan established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine member Retirement Board. MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by accessing the MERS website at www.mersofmich.com.

Benefits Provided – The Plan provides certain retirement, disability, and death benefits to plan members and beneficiaries. PA 427 of 1984, as amended, established and amends the benefit provisions of the participants in MERS.

01 - SEIU: Open Division

	<u>2016 Valuation</u>	<u>2015 Valuation</u>
Benefit Multiplier:	2.00% Multiplier (no max)	2.00% Multiplier (no max)
Normal Retirement Age:	60	60
Vesting:	6 years	6 years
Early Retirement (Unreduced):	55/25	55/25
Early Retirement (Reduced):	50/25	50/25
	55/15	55/15
Final Average Compensation:	5 years	5 years
Employee Contributions:	4%	4%
Act 88:	Yes (Adopted 10/23/1989)	Yes (Adopted 10/23/1989)

Employees covered by benefit terms – At December 31, 2016 valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	15
Inactive members entitled to but not yet receiving benefits	6
Active plan members	<u>14</u>
Total participants	<u><u>35</u></u>

Contributions – The City is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS Retirement Board. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer may establish contribution rates to be paid by its covered employees.

Employer contributions for the year ended June 30, 2017 were 10.19% based on annual payroll for open divisions.

Net Pension Liability – The City’s Net Pension Liability was measured as of December 31, 2016, and the total pension liability used to calculate the Net Pension Liability was determined by an annual actuarial valuation as of that date.

Actuarial Assumptions – The total pension liability used to calculate the Net Pension Liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation:	2.5%
Salary increases:	3.75% in the long term
Investment rate of return:	7.75%, net of investment and administrative expense including inflation

Although no specific price inflation assumptions are needed for the valuation, the 4.5% long-term wage inflation assumption would be consistent with a price inflation of 3%-4%.

Cost-of-living-adjustments (COLA) – The City provides for no cost of living adjustment.

Mortality rates used were based on the RP-2014 Group Annuity Mortality Table of a 50% Male and 50% Female blend. For disabled retirees, the regular mortality table is used with a 10-year set forward in ages to reflect the higher expected mortality rates of disabled members.

The actuarial assumption used in valuation were based on the results of the most recent actuarial experience study of 2009-2013.

The long-term expected rate of return on pension plan investments was determined using a model method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment and administrative expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	55.5%	5.02%
Global Fixed Income	18.5%	2.18%
Real Assets	13.5%	4.23%
Diversifying Strategies	12.5%	6.56%

Discount Rate – The discount rate used to measure the total pension liability is 8.00% for 2016. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at 12/31/15	\$ 2,854,147	\$ 1,980,651	\$ 873,496
Changes for the Year			
Service cost	71,004	-	71,004
Interest on Total Pension Liability	224,668	-	224,668
Changes in benefit terms	-	-	-
Difference between expected and actual experience	(162,357)	-	(162,357)
Changes in assumptions	-	-	-
Employer contributions	-	72,676	(72,676)
Employee contributions	-	29,542	(29,542)
Net investment income	-	223,864	(223,864)
Benefit payments, including employee refunds	(162,601)	(162,601)	-
Administrative expenses	-	(4,420)	4,420
Other changes	-	-	-
Net Changes	<u>(29,286)</u>	<u>159,061</u>	<u>(188,347)</u>
Balances as of 12/31/16	<u>\$ 2,824,861</u>	<u>\$ 2,139,712</u>	<u>\$ 685,149</u>

Sensitivity of the Net Pension Liability to changes in the discount rate – The following presents the Net Pension Liability of the employer, calculated using the discount rate of 8.00%, as well as what the employer's Net Pension Liability would be using a discount rate that is 1 percentage point lower (7.00%) or 1% higher (9.00%) than the current rate.

	Current		
	1% decrease 7.00%	Discount Rate 8.00%	1% increase 9.00%
Net Pension Liability	\$ 996,882	\$ 685,149	\$ 420,784

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2017 the City recognized pension expense of \$152,796. The City reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 101,195
Changes in assumptions	70,540	-
Excess (inflow) or deficit (outflow) investment returns	78,878	-
Contributions subsequent to the measurement date (1)	37,408	-
Total	<u>\$ 186,826</u>	<u>\$ 101,195</u>

- (1) The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the Net Pension Liability for the year ending June 30, 2018

Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows. These amounts are exclusive of the employer contributions subsequent to measurement date which will not affect pension expense.

Year Ended June 30,	Amount
2018	\$ 38,105
2019	38,105
2020	(14,385)
2021	<u>(13,602)</u>
Total	<u>\$ 48,223</u>

Payable to the Pension Plan

At June 30, 2017, the City reported a payable of \$0 for the outstanding amount of legally required contributions to the pension plan required for the year ended June 30, 2017.

NOTE 11 – TAX ABATEMENTS

As of June 30, 2017, the City provides tax abatement through one type of program: The Industrial Facilities Exemption.

Industrial Facilities Exemption

The City entered into property tax abatement agreements with local businesses under the Plant Rehabilitation and Industrial Development Districts Act, (known as the Industrial Facilities Exemption) PA 198 of 1974, as amended. The Industrial Facilities Exemption provides a tax incentive to manufacturers to enable renovation and expansion of aging facilities, assist in the building of new facilities, and to promote the establishment of high tech facilities. An Industrial Facilities Exemption (IFE) certificate entitles the facility to exemption from ad valorem real and/or personal property taxes for a term of 1-12 years as determined by the local unit of government. The IFT on a new plant and non-industrial property, such as some high-tech personal property, is computed at half the local property tax millage rate. This amounts to a reduction in property taxes of approximately 50%.

For the year ended June 30, 2017 the City abated property tax revenues approximating \$616,000 under this program.

Required
Supplementary Information

City of Coopersville
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 1,895,166	\$ 1,895,166	\$ 2,198,510	\$ 303,344
Licenses and permits	30,000	30,000	75,236	45,236
State grants	99,000	99,000	97,816	(1,184)
State shared revenues	360,000	360,000	373,576	13,576
Charges for services	240,000	240,000	250,123	10,123
Fines and forfeits	6,500	6,500	4,632	(1,868)
Interest	4,500	4,500	7,594	3,094
Other	23,000	23,000	31,161	8,161
Total Revenues	<u>2,658,166</u>	<u>2,658,166</u>	<u>3,038,648</u>	<u>380,482</u>
Expenditures:				
Current:				
General Government:				
City Council	15,700	15,700	14,242	1,458
Manager	93,254	93,254	88,015	5,239
Elections	16,400	16,400	9,428	6,972
Assessor	37,786	37,786	31,183	6,603
Attorney	30,000	30,000	18,429	11,571
Clerk	98,228	98,228	86,475	11,753
Board of Review	2,410	2,410	2,365	45
Treasurer	92,112	92,112	77,357	14,755
Computer services	80,836	80,836	80,812	24
Building and grounds	143,724	168,724	168,596	128
Cemetery	12,000	12,000	12,000	-
Total General Government	<u>622,450</u>	<u>647,450</u>	<u>588,902</u>	<u>58,548</u>
Public Safety:				
Police	26,926	26,926	21,064	5,862
Sheriff	570,000	570,000	584,743	(14,743)
Fire department	153,500	153,500	153,500	-
Emergency unit	88,272	88,272	83,559	4,713
Building inspector	32,952	32,952	74,753	(41,801)
Total Public Safety	<u>871,650</u>	<u>871,650</u>	<u>917,619</u>	<u>(45,969)</u>
Public Works:				
Street lighting	60,000	60,000	52,676	7,324
Sanitation	135,000	135,000	134,282	718
Storm sewer	267,583	267,583	124,730	142,853
Total Public Works	<u>462,583</u>	<u>462,583</u>	<u>311,688</u>	<u>150,895</u>

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Community and Economic Development:				
Planning and zoning administration	<u>121,926</u>	<u>129,926</u>	<u>129,881</u>	<u>45</u>
Recreation and Culture:				
Parks	147,480	147,480	122,025	25,455
Recreation	182,360	182,360	178,080	4,280
Historical society	<u>19,000</u>	<u>19,000</u>	<u>8,603</u>	<u>10,397</u>
Total Recreation and Culture	<u>348,840</u>	<u>348,840</u>	<u>308,708</u>	<u>40,132</u>
Other:				
Insurance	<u>31,500</u>	<u>40,500</u>	<u>32,466</u>	<u>8,034</u>
Total Expenditures	<u>2,458,949</u>	<u>2,500,949</u>	<u>2,289,264</u>	<u>211,685</u>
Excess Of Revenues Over (Under) Expenditures	199,217	157,217	749,384	592,167
Other Financing Sources (Uses):				
Transfers out	<u>(361,550)</u>	<u>(1,292,050)</u>	<u>(1,292,050)</u>	<u>-</u>
Net Change in Fund Balances	(162,333)	(1,134,833)	(542,666)	592,167
Fund Balances - July 1	<u>1,957,443</u>	<u>1,957,443</u>	<u>1,957,443</u>	<u>-</u>
Fund Balances - June 30	<u>\$ 1,795,110</u>	<u>\$ 822,610</u>	<u>\$ 1,414,777</u>	<u>\$ 592,167</u>

City of Coopersville, Michigan
MAJOR STREET FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
State shared revenues	\$ 284,500	\$ 284,500	\$ 267,963	\$ (16,537)
Interest	500	500	832	332
Total Revenues	<u>285,000</u>	<u>285,000</u>	<u>268,795</u>	<u>(16,205)</u>
Expenditures:				
Current:				
Public Works:				
Surface maintenance	334,257	374,257	366,238	8,019
Winter maintenance	57,428	57,428	21,974	35,454
Administration	9,836	9,836	7,284	2,552
Total Public Works	<u>401,521</u>	<u>441,521</u>	<u>395,496</u>	<u>46,025</u>
Total Expenditures	<u>401,521</u>	<u>441,521</u>	<u>395,496</u>	<u>46,025</u>
Excess Of Revenues Over (Under) Expenditures	<u>(116,521)</u>	<u>(156,521)</u>	<u>(126,701)</u>	<u>29,820</u>
Other Financing Sources (Uses):				
Transfers in	20,000	20,000	20,000	-
Transfers out	(30,000)	(30,000)	-	30,000
Total Other Financing Sources (Uses)	<u>(10,000)</u>	<u>(10,000)</u>	<u>20,000</u>	<u>30,000</u>
Net Change in Fund Balances	(126,521)	(166,521)	(106,701)	59,820
Fund Balances - July 1	<u>685,346</u>	<u>685,346</u>	<u>685,346</u>	<u>-</u>
Fund Balances - June 30	<u>\$ 558,825</u>	<u>\$ 518,825</u>	<u>\$ 578,645</u>	<u>\$ 59,820</u>

City of Coopersville, Michigan
LOCAL STREET FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
State grants	\$ 11,500	\$ 11,500	\$ -	\$ (11,500)
State shared revenues	105,000	105,000	104,150	(850)
Local unit contributions	70,000	70,000	60,778	(9,222)
Interest	350	350	399	49
Other	-	-	2,731	2,731
Total Revenues	<u>186,850</u>	<u>186,850</u>	<u>168,058</u>	<u>(18,792)</u>
Expenditures:				
Current:				
Public Works:				
Surface maintenance	418,839	418,839	271,463	147,376
Winter maintenance	65,908	65,908	27,607	38,301
Administration	7,942	7,942	6,327	1,615
Total Public Works	<u>492,689</u>	<u>492,689</u>	<u>305,397</u>	<u>187,292</u>
Total Expenditures	<u>492,689</u>	<u>492,689</u>	<u>305,397</u>	<u>187,292</u>
Excess Of Revenues Over (Under) Expenditures	(305,839)	(305,839)	(137,339)	168,500
Other Financing Sources (Uses):				
Transfers in	230,000	230,000	200,000	(30,000)
Net Change in Fund Balances	(75,839)	(75,839)	62,661	138,500
Fund Balances - July 1	<u>315,519</u>	<u>315,519</u>	<u>315,519</u>	<u>-</u>
Fund Balances - June 30	<u>\$ 239,680</u>	<u>\$ 239,680</u>	<u>\$ 378,180</u>	<u>\$ 138,500</u>

City of Coopersville
REQUIRED SUPPLEMENTARY INFORMATION

Defined Benefit Pension Plan
Schedule of Changes in Net Pension Liability and Related Ratios

Fiscal year ended June 30,	2017	2016	2015
Total Pension Liability			
Service cost	\$ 71,004	\$ 71,295	\$ 56,681
Interest on total pension liability	224,668	207,335	198,485
Changes in benefit terms	-	-	-
Differences between expected and actual experience	(162,357)	41,146	-
Changes in assumptions	-	141,080	-
Benefit payments, including refunds	(162,601)	(168,427)	(141,960)
Other changes	-	-	-
Net Change in Total Pension Liability	(29,286)	292,429	113,206
Total Pension Liability - Beginning of Year	2,854,147	2,561,718	2,448,512
Total Pension Liability - End of Year	\$ 2,824,861	\$ 2,854,147	\$ 2,561,718
Plan Fiduciary Net Position			
Employer contributions	\$ 72,676	\$ 62,693	\$ 50,374
Employee contributions	29,542	47,338	104,149
Net investment income	223,864	(30,512)	125,745
Benefit payments, including refunds	(162,601)	(168,427)	(141,960)
Administrative expenses	(4,420)	(4,514)	(4,622)
Net Change in Plan Fiduciary Net Position	159,061	(93,422)	133,686
Plan Fiduciary Net Position - Beginning of Year	1,980,651	2,074,073	1,940,387
Plan Fiduciary Net Position - End of Year	\$ 2,139,712	\$ 1,980,651	\$ 2,074,073
Net Pension Liability - Ending	\$ 685,149	\$ 873,496	\$ 487,645
Plan Fiduciary Net Position as a Percent of Total Pension Liability	24.25%	30.60%	19.04%
Covered Employee Payroll	\$ 735,794	\$ 755,242	\$ 600,446
Net Pension Liability as a Percent of Covered Employee Payroll	93.12%	115.66%	81.21%

GASB Statement No. 68 was implemented for the fiscal year ended June 30, 2015. Prospective implementation is permitted. Additional years' information will be added to this schedule until 10 years of information is reported.

City of Coopersville
REQUIRED SUPPLEMENTARY INFORMATION

Defined Benefit Pension Plan
Schedule of Contributions
Last Ten Fiscal Years

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Actuarially determined contribution	\$ 79,128	\$ 65,723	\$ 54,278	\$ 47,836	\$ 34,840	\$ 37,242	\$ 36,286	\$ 37,781	\$ 40,537	\$ 44,552
Contributions in relation to the actuarially determined contribution	<u>79,128</u>	<u>65,723</u>	<u>54,278</u>	<u>47,836</u>	<u>34,840</u>	<u>37,242</u>	<u>36,286</u>	<u>37,781</u>	<u>40,537</u>	<u>44,552</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Employee Payroll	\$ 776,526	\$ 697,696	\$ 619,612	\$ 618,036	\$ 518,452	\$ 520,140	\$ 493,687	\$ 542,052	\$ 617,942	\$ 686,471
Contributions as a Percentage of Covered Employee Payroll	10.19%	9.42%	8.76%	7.74%	6.72%	7.16%	7.35%	6.97%	6.56%	6.49%

Notes to Schedule of City Contributions

Valuation date	Actuarially determined contribution rates are calculated as of December 31, which is eighteen months prior to the beginning of the fiscal year in which the contributions are reported.
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, open
Remaining amortization period	22 years
Asset valuation method	5 year smoothed
Inflation	2.5%
Salary increases	3.75%
Investment rate of return	7.75%
Retirement age	60
Mortality	50% Male / 50% Female blend of RP-2014 Healthy Annuitant Mortality Tables, with rates multiplied by 105%, RP-2014 Employee Mortality Tables, RP-2014 Juvenile Mortality Tables
Other information	None

Supplementary Information

Nonmajor Governmental Funds

Special Revenue Funds

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specific purposes and other than debt service or capital projects.

Debt Service Funds

Debt Service Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest payments.

Capital Projects Funds

Capital Project Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

**City of Coopersville
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2017**

	Special Revenue Funds			Debt Service	Capital Projects Funds			Total Nonmajor Governmental Funds
	Coopersville- Polkton Cemetery Authority	Community That Cares	Total	Fund 2006 Capital Improvement Bonds	Capital Project Future Land	2006 Capital Improvement Construction	Total	
ASSETS								
Cash and investments	\$ 39,298	\$ 98,246	\$ 137,544	\$ 1,106	\$ 52,376	\$ -	\$ 52,376	\$ 191,026
Receivables:								
Accounts	-	82	82	-	-	-	-	82
Special assessments	-	-	-	8,212	-	-	-	8,212
Total Assets	<u>\$ 39,298</u>	<u>\$ 98,328</u>	<u>\$ 137,626</u>	<u>\$ 9,318</u>	<u>\$ 52,376</u>	<u>\$ -</u>	<u>\$ 52,376</u>	<u>\$ 199,320</u>
LIABILITIES								
Accounts payable	\$ 269	\$ 7,409	\$ 7,678	\$ -	\$ -	\$ -	\$ -	\$ 7,678
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue-special assessments	-	-	-	8,212	-	-	-	8,212
FUND BALANCES								
Restricted for:								
Cemetery operations	39,029	-	39,029	-	-	-	-	39,029
Assigned	-	90,919	90,919	1,106	52,376	-	52,376	144,401
Total Fund Balances	<u>39,029</u>	<u>90,919</u>	<u>129,948</u>	<u>1,106</u>	<u>52,376</u>	<u>-</u>	<u>52,376</u>	<u>183,430</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 39,298</u>	<u>\$ 98,328</u>	<u>\$ 137,626</u>	<u>\$ 9,318</u>	<u>\$ 52,376</u>	<u>\$ -</u>	<u>\$ 52,376</u>	<u>\$ 199,320</u>

City of Coopersville
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2017

	Special Revenue Funds			Debt Service	Capital Projects Funds			Total Nonmajor Governmental Funds
	Coopersville- Polkton Cemetery Authority	Community That Cares	Total	2006 Fund Capital Improvement Bonds	Capital Project - Future Land	2006 Capital Improvement Construction	Total	
Revenues:								
Local unit contributions	\$ 24,000	\$ 5,000	\$ 29,000	\$ -	\$ -	\$ -	\$ -	\$ 29,000
Charges for services	14,200	-	14,200	-	-	-	-	14,200
Interest	12	148	160	974	78	-	78	1,212
Other	428	96,989	97,417	6,858	-	-	-	104,275
Total Revenues	<u>38,640</u>	<u>102,137</u>	<u>140,777</u>	<u>7,832</u>	<u>78</u>	<u>-</u>	<u>78</u>	<u>148,687</u>
Expenditures:								
Current:								
General government	41,746	-	41,746	-	-	-	-	41,746
Public safety	-	116,680	116,680	-	-	-	-	116,680
Debt service:								
Principal retirement	-	-	-	1,115,000	-	-	-	1,115,000
Interest and fiscal charges	-	-	-	47,814	-	-	-	47,814
Total Expenditures	<u>41,746</u>	<u>116,680</u>	<u>158,426</u>	<u>1,162,814</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,321,240</u>
Excess of Revenues Over (Under) Expenditures	(3,106)	(14,543)	(17,649)	(1,154,982)	78	-	78	(1,172,553)
Other Financing Sources (Uses):								
Transfers in	-	25,000	25,000	1,143,579	-	-	-	1,168,579
Transfers out	-	-	-	-	-	(96,529)	(96,529)	(96,529)
Total Other Financing Sources (Uses)	<u>-</u>	<u>25,000</u>	<u>25,000</u>	<u>1,143,579</u>	<u>-</u>	<u>(96,529)</u>	<u>(96,529)</u>	<u>1,072,050</u>
Net Change in Fund Balances	(3,106)	10,457	7,351	(11,403)	78	(96,529)	(96,451)	(100,503)
Fund Balances - July 1	<u>42,135</u>	<u>80,462</u>	<u>122,597</u>	<u>12,509</u>	<u>52,298</u>	<u>96,529</u>	<u>148,827</u>	<u>283,933</u>
Fund Balances - June 30	<u>\$ 39,029</u>	<u>\$ 90,919</u>	<u>\$ 129,948</u>	<u>\$ 1,106</u>	<u>\$ 52,376</u>	<u>\$ -</u>	<u>\$ 52,376</u>	<u>\$ 183,430</u>

Supplemental Data

Discretely Presented Component Unit

General Fund

The General Fund of the Downtown Development Authority is used to account for and report all financial resources not accounted for and reported in another fund.

Debt Service Funds

Debt Service Funds of the Downtown Development Authority are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest payments. The Debt Service Funds of the Downtown Development Authority had no balances or activity for the fiscal year, and therefore, are not reported.

Capital Projects Funds

Capital Project Funds of the Downtown Development Authority are used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

City of Coopersville
COMPONENT UNIT - DOWNTOWN DEVELOPMENT AUTHORITY
COMBINING BALANCE SHEET
June 30, 2017

ASSETS	General	DDA Construction	Totals
Cash and investments	\$ 752,812	\$ -	\$ 752,812
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 1,479	\$ -	\$ 1,479
Fund Balances:			
Assigned	-	-	-
Unassigned	751,333	-	751,333
Total fund balances	751,333	-	751,333
TOTAL LIABILITIES AND FUND BALANCES	\$ 752,812	\$ -	

Amounts reported for the Component Unit in the statement of net position are different because:

None	-
Net Position of the Component Unit	\$ 751,333

City of Coopersville
COMPONENT UNIT - DOWNTOWN DEVELOPMENT AUTHORITY
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
Year Ended June 30, 2017

	General	DDA Construction	Totals
Revenues:			
Taxes	\$ 400,000	\$ -	\$ 400,000
Charges for services	11,181	-	11,181
Interest	1,103	-	1,103
Other	8,435	-	8,435
Total Revenues	420,719	-	420,719
Expenditures:			
Current:			
Community and economic development	185,195	-	185,195
Other Financing Sources (Uses):			
Transfers in	73,895	-	73,895
Transfers out	-	(73,895)	(73,895)
Total Other Financing Sources (Uses)	73,895	(73,895)	-
Net Change in Fund Balances	309,419	(73,895)	235,524
Fund Balances, July 1	441,914	73,895	
Fund Balances, June 30	\$ 751,333	\$ -	
Amounts reported for the Component Unit's activities in the statement of activities are different because:			
None			-
Change in Net Position of the Component Unit			\$ 235,524