

City of Coopersville

Ottawa County, Michigan

Annual Financial Report

Year Ended June 30, 2016



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

City of Coopersville, Michigan
ANNUAL FINANCIAL REPORT
Year Ended June 30, 2016

TABLE OF CONTENTS

	Page
Independent Auditor’s Report	I
Management’s Discussion and Analysis	III
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	1
Statement of Activities	2
Governmental Fund Financial Statements	
Balance Sheet	3
Statement of Revenues, Expenditures and Changes in Fund Balances	4
Reconciliation of the Statement of Revenues, Expenditures and Changes In Fund Balances of Governmental Funds to the Statement of Activities	5
Proprietary Fund Financial Statements	
Statement of Net Position	6
Statement of Revenues, Expenses and Changes in Net Position	7
Statement of Cash Flows	8
Fiduciary Fund Financial Statements	
Statement of Fiduciary Net Position	9
Notes to Financial Statements	10

**City of Coopersville, Michigan
ANNUAL FINANCIAL REPORT
Year Ended June 30, 2016**

TABLE OF CONTENTS - Concluded

	Page
Required Supplementary Information	
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund.....	28
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Major Street Fund	29
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Local Street Fund.....	30
Defined Benefit Pension Plan Schedule of Changes in Net Pension Liability and Related Ratios	31
Defined Benefit Pension Plan Schedule of Contributions	32
 Additional Supplementary Information	
Combining Balance Sheet – Nonmajor Governmental Funds	33
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	34
Discretely Presented Component Unit – Downtown Development Authority	
Combining Balance Sheet	35
Combining Statement of Revenues, Expenditures and Changes in Fund Balance	36



INDEPENDENT AUDITOR'S REPORT

October 19, 2016

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, 2016, 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, 2016 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 19, 2016, 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, 2016. 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 \$20,419,584 (*net position*). Of this amount, \$6,871,673 (*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 \$5,043,593. Net investment in capital assets increased by \$3,703,804, while restricted net position increased by \$34,263, and unrestricted net position increased by \$1,305,526.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$3,242,241, an increase of \$495,615 in comparison with the prior year. Approximately 45% of this total amount, \$1,310,815, 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 \$1,618,751 or 58% of total general fund expenditures and transfers out.
- The City's total debt decreased by \$714,007 (9.6%) during the current fiscal year. This is the result of the City making debt service payments of \$714,007 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 10-26 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 \$20,419,584 at the close of the most recent fiscal year.

The largest portion of the City's net position (62.8%) 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 (3.5%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$6,871,673 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, 2016 and 2015.

City of Coopersville's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 3,614,220	\$ 3,018,373	\$ 4,971,241	\$ 4,292,092	\$ 8,585,461	\$ 7,310,465
Capital assets	4,146,742	2,790,315	15,246,639	13,622,524	19,393,381	16,412,839
Total assets	<u>7,760,962</u>	<u>5,808,688</u>	<u>20,217,880</u>	<u>17,914,616</u>	<u>27,978,842</u>	<u>23,723,304</u>
Deferred outflows of resources	258,422	40,304	89,225	14,021	347,647	54,325
Long-term debt	1,115,000	1,252,007	5,546,000	6,123,000	6,661,000	7,375,007
Net pension liability	649,311	349,208	224,185	126,417	873,496	475,625
Other liabilities	144,163	82,014	228,246	468,992	372,409	551,006
Total liabilities	<u>1,908,474</u>	<u>1,683,229</u>	<u>5,998,431</u>	<u>6,718,409</u>	<u>7,906,905</u>	<u>8,401,638</u>
Net position:						
Net investment in capital assets	3,128,271	1,625,582	9,700,639	7,499,524	12,828,910	9,125,106
Restricted	371,301	352,948	347,700	331,790	719,001	684,738
Unrestricted	2,611,338	2,187,233	4,260,335	3,378,914	6,871,673	5,566,147
Total net position	<u>\$ 6,110,910</u>	<u>\$ 4,165,763</u>	<u>\$ 14,308,674</u>	<u>\$ 11,210,228</u>	<u>\$ 20,419,584</u>	<u>\$ 15,375,991</u>

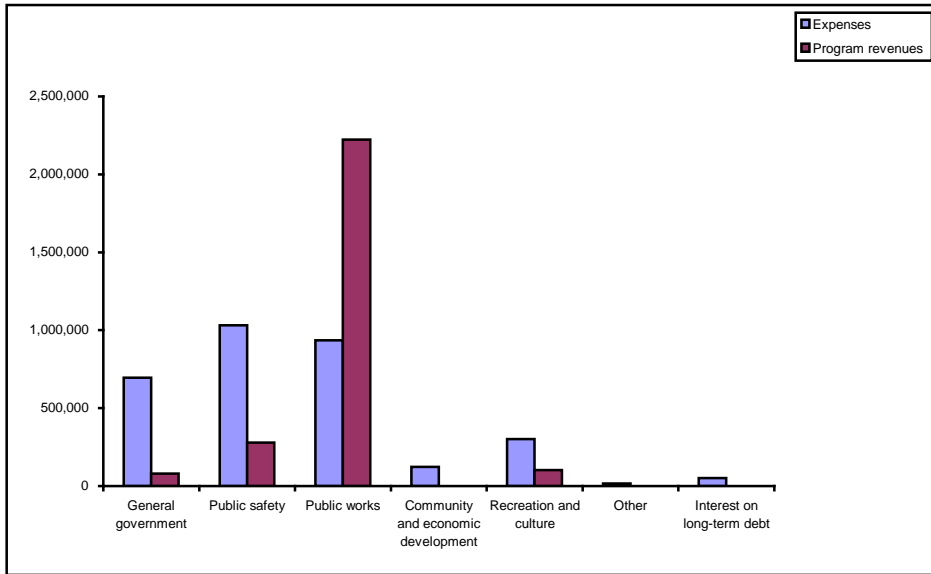
Change in Net Position – Following is a summary of the City’s change in net position for the fiscal year.

City of Coopersville's Changes in Net Position

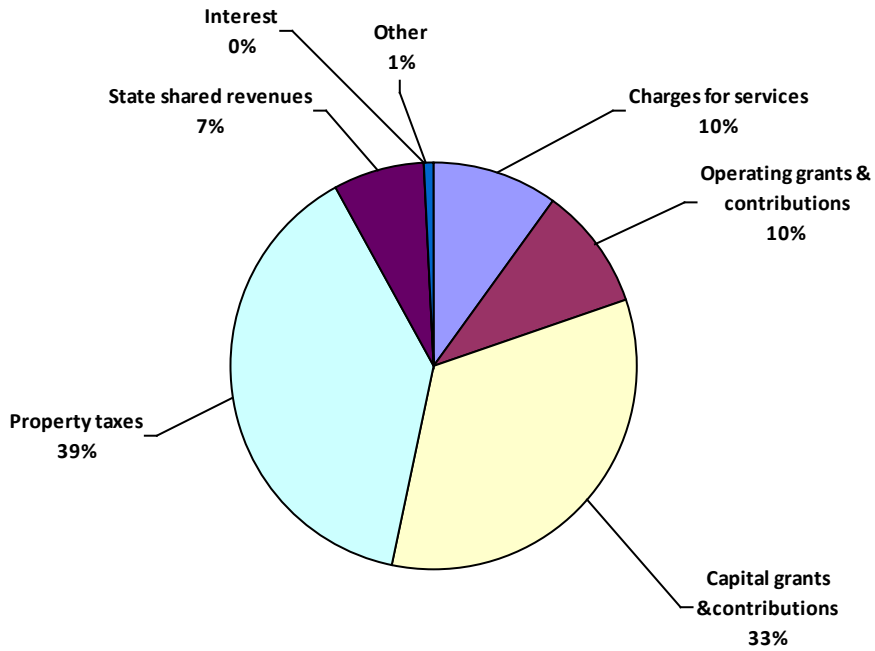
	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Program revenues						
Charges for services	\$ 504,711	\$ 425,825	\$ 5,342,617	\$ 4,655,599	\$ 5,847,328	\$ 5,081,424
Operating grants and contributions	491,348	399,460	-	-	491,348	399,460
Capital grants and contributions	1,687,971	178,051	1,357,209	1,467,419	3,045,180	1,645,470
General revenues						
Property taxes	1,958,157	1,628,600	74,419	73,392	2,032,576	1,701,992
State shared revenues	351,708	361,532	-	-	351,708	361,532
Interest	8,158	7,538	5,409	3,468	13,567	11,006
Other	40,534	22,323	12,629	15,289	53,163	37,612
Total revenues	<u>5,042,587</u>	<u>3,023,329</u>	<u>6,792,283</u>	<u>6,215,167</u>	<u>11,834,870</u>	<u>9,238,496</u>
Program expenses						
General government	696,048	569,349	-	-	696,048	569,349
Public safety	1,031,945	985,717	-	-	1,031,945	985,717
Public works	935,409	959,934	-	-	935,409	959,934
Community and economic development	123,696	74,092	-	-	123,696	74,092
Recreation and culture	301,115	246,162	-	-	301,115	246,162
Other	16,658	14,617	-	-	16,658	14,617
Interest on long-term debt	50,509	56,428	-	-	50,509	56,428
Water supply	-	-	1,278,019	1,082,762	1,278,019	1,082,762
Sewage disposal	-	-	2,357,878	1,991,479	2,357,878	1,991,479
Total expenses	<u>3,155,380</u>	<u>2,906,299</u>	<u>3,635,897</u>	<u>3,074,241</u>	<u>6,791,277</u>	<u>5,980,540</u>
Change before transfers	1,887,207	117,030	3,156,386	3,140,926	5,043,593	3,257,956
Transfers in (out)	<u>57,940</u>	<u>57,940</u>	<u>(57,940)</u>	<u>(57,940)</u>	<u>-</u>	<u>-</u>
Change in net position	<u>\$ 1,945,147</u>	<u>\$ 174,970</u>	<u>\$ 3,098,446</u>	<u>\$ 3,082,986</u>	<u>\$ 5,043,593</u>	<u>\$ 3,257,956</u>

Governmental activities. Governmental activities increased the City’s net position by \$1,945,147, accounting for 38.6% of the total increase in the net position of the City. Total revenues increased by \$2,019,258 compared to the prior year, mostly due to increases in property tax revenue, operating grants and contributions (new county road tax contributed to the city) and capital grants and contributions. Total expenses increased by \$249,081, primarily due to increased net pension costs, compared to the prior year.

Expenses and Program Revenues – Governmental Activities

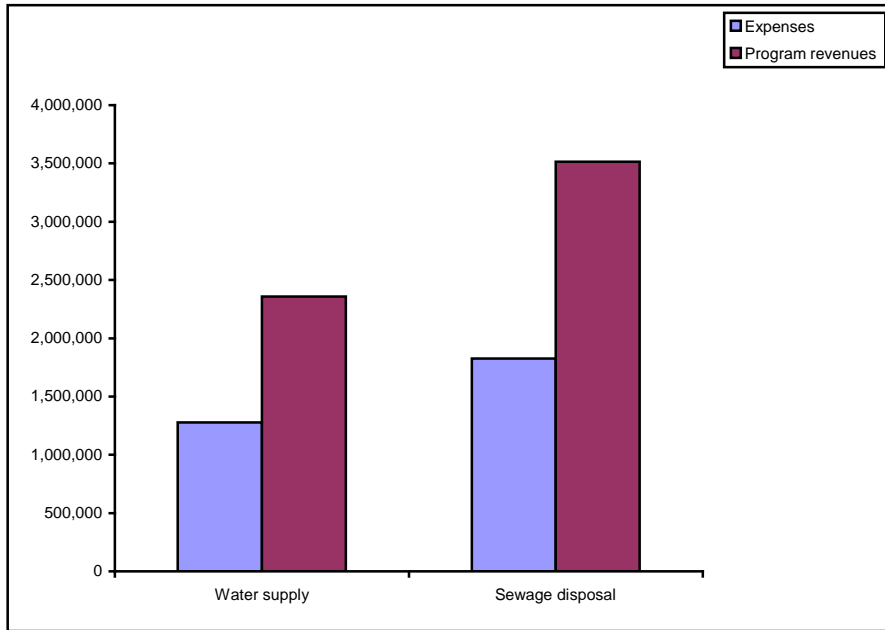


Revenues by Source – Governmental Activities

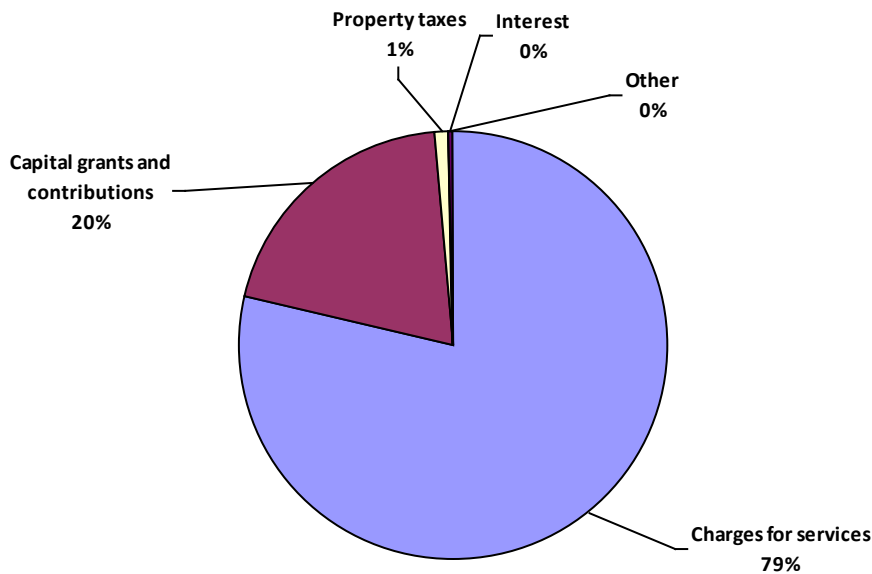


Business-type activities. The total increase in net position for the business-type activities of the City was \$3,098,446 or 28% from the prior fiscal year. Revenues increased by \$577,116 due to an increase in water and sewage disposal sales. Operating expenses increased by \$561,656 from the prior year, mainly due to increases in operation and maintenance costs and depreciation.

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 \$3,242,241, an increase of \$495,615 from the prior year. Approximately 45% of this fund balance amount (\$1,456,418) 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 (\$9,526), 2) legally required to be maintained in tact (\$0), 3) restricted for particular purposes (\$467,830), 4) committed for particular purposes (\$0), or 5) assigned for particular purposes (\$1,308,467).

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 \$1,456,418. 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 52% of total General Fund expenditures and transfers out, while total fund balance represents 70% of the same amount.

The fund balance of the City's General Fund increased by \$128,889 during the current fiscal year. Total revenue sources increased by \$424,689 or 16.9%, primarily due to increases in property taxes. General Fund expenditures increased by \$133,371 or 6.2%, primarily due to increases in public safety expenditures (construction code activities).

The Major Street Fund has a fund balance of \$685,346, an increase of \$267,018 during the year. Total revenues decreased by \$13,329, and transfers in increased by \$175,000 compared to the prior year. Major Street Fund expenditures increased by \$71,150, and transfers out decreased by \$47,500 compared to the prior year.

The Local Street Fund has a fund balance of \$315,519, an increase of \$80,613 during the year. Total revenues increased by \$95,111, and transfers in decreased by \$47,500 compared to the prior year. Local Street Fund expenditures decreased by \$66,418 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 \$1,309,464 and \$2,679,496, respectively. Changes in the Water Supply System and Sewage Disposal System Funds' net position during the current year were an increase of \$584,727 and \$2,469,800, 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 \$30,000 for attorney, \$38,553 in building and grounds expenditures, and \$130,000 in the public safety expenditures for building inspector. Revenues exceeded budgeted amounts by \$266,627 while City operational departments stayed below budget overall, resulting in total expenditures \$267,005 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, 2016, amounted to \$19,393,381 (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:

- \$1,893,273 for forcemain liftstation
- \$1,572,654 for West Randall Street improvements

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 Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	\$ 130,051	\$ 130,051	\$ 47,250	\$ 47,250	\$ 177,301	\$ 177,301
Construction in progress	-	4,547	-	1,630,135	-	1,634,682
Land improvements	96,709	104,602	-	-	96,709	104,602
Buildings and improvements	513,820	554,037	5,729	7,803	519,549	561,840
Systems	-	-	15,160,909	11,894,596	15,160,909	11,894,596
Machinery, equipment, vehicles	263,055	296,552	32,751	42,740	295,806	339,292
Infrastructure	3,143,107	1,700,526	-	-	3,143,107	1,700,526
Total	\$ 4,146,742	\$ 2,790,315	\$ 15,246,639	\$ 13,622,524	\$ 19,393,381	\$ 16,412,839

Long-term debt. At the end of the current fiscal year, the City had total installment debt outstanding of \$6,661,000. Of this amount, \$4,326,000 is general obligation debt and \$2,335,000 is paid from specified revenue sources.

Total outstanding debt decreased by \$714,007 during the current year. This is the result of the City making debt service payments of \$714,007 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 \$873,496, an increase of \$397,871 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

The City of Coopersville continues to experience 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 their 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.

Discussions and designs are currently underway concerning improvements and upgrades to the sanitary sewer system to support further production requirements for Continental Dairy and Fairlife. In addition, engineering is in process to 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. These large scale capital improvement projects will provide the City with a strong foundation for growth that includes industrial, commercial, and residential.

One promising segment of the City's local economy that has been historically stagnant is our housing industry. A new project known as The Reserve of Coopersville has recently broken ground after a delay of nearly ten years. The Reserve of Coopersville housing development, which went dormant when the real estate market crashed a number of years ago, has begun in earnest with utilities being installed in Phase I as of this writing. The start of construction is excellent news for the City because it will attract new residents due to the City's location, its school system, and the strong economic growth it has experience in the last five years.

In addition, the East Gateway, an undeveloped quadrant of the City, has received strong interest from a developer that will fit the Mixed Use PUD zoning of this property in a positive usage. The interest for 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.

Recently the State of Michigan eliminated personal property tax. Obviously, this has affected the City's revenues but to what extent is not fully known at this time. Elements of the new law were to reimburse, or hold harmless local governments' revenue streams but the apparent reality may be something less. Fortunately, the City finds itself in a modest growing economy and while new growth may not provide net revenue increases, it may offset potential losses.

The City of Coopersville continues to maintain a strong fund balance, in fact the General Fund's fund balance has increased as the 2015-2016 Audit will verify. In spite of the City's projection to operate at a deficit in the 2015-2016 Fiscal Year, expenditures were lower than expected across most departments and funds and the audit will show a six-figure balance in the black. The reason for this strong showing was a mixture of projected expenditures being less as well as slight increases in revenues.

The City continues to maintain its AA- bond rating from Fitch Ratings. Although bond ratings can fluctuate, this rating signifies that the City continues to manage its fiscal policy in a conservative, deliberate, and responsible fashion. Financially the City of Coopersville remains strong and viable. The fund balance is strong and because of this, many of the capital expenditures discussed earlier will be partially paid from this source, thereby reducing the City's need to seek financing options such as selling bonds. Our ability to leverage additional sources of funding because of our fund balance has improved as well.

The memory of Delphi becomes fainter and fainter with each new expansion of Fairlife and CDF, the City's two largest industries. These types of industries are more stable over the long-term and traditionally do not have the large fluctuations in production (profitability) as the automotive industry has shown over the past few decades. This is excellent news for Coopersville's local economy, the region of West Michigan, and the City's long-term economic and budgetary health.

With continued industrial investment in the City in conjunction with the recent start of a new housing project, 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, 2016

	Primary Government			Component Unit
	Governmental Activities	Business Type Activities	Total	
ASSETS				
Cash and investments	\$ 3,660,505	\$ 3,212,150	\$ 6,872,655	\$ 528,829
Receivables:				
Accounts	10,246	1,140,016	1,150,262	-
Special assessments	8,569	-	8,569	-
Due from other governments	195,749	-	195,749	-
Internal balances	(271,375)	271,375	-	-
Prepaid items	10,526	-	10,526	-
Restricted cash-revenue bond covenant accounts	-	347,700	347,700	-
Capital assets not being depreciated	130,051	47,250	177,301	-
Capital assets (net of accumulated depreciation)	<u>4,016,691</u>	<u>15,199,389</u>	<u>19,216,080</u>	<u>-</u>
Total Assets	<u>7,760,962</u>	<u>20,217,880</u>	<u>27,978,842</u>	<u>528,829</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows-pension related	<u>258,422</u>	<u>89,225</u>	<u>347,647</u>	<u>-</u>
LIABILITIES				
Accounts payable	131,847	167,579	299,426	13,020
Accrued liabilities	12,316	60,667	72,983	-
Noncurrent liabilities:				
Due within one year				
Long-term debt	80,000	257,000	337,000	-
Due in more than one year				
Net pension liability	649,311	224,185	873,496	-
Long-term debt	<u>1,035,000</u>	<u>5,289,000</u>	<u>6,324,000</u>	<u>-</u>
Total Liabilities	<u>1,908,474</u>	<u>5,998,431</u>	<u>7,906,905</u>	<u>13,020</u>
NET POSITION				
Net investment in capital assets	3,128,271	9,700,639	12,828,910	-
Restricted for:				
Construction code activities	329,166	-	329,166	-
Cemetery operations	42,135	-	42,135	-
Debt service	-	86,450	86,450	-
Repair, replacement and improvements	-	261,250	261,250	-
Unrestricted	<u>2,611,338</u>	<u>4,260,335</u>	<u>6,871,673</u>	<u>515,809</u>
Total Net Position	<u>\$ 6,110,910</u>	<u>\$ 14,308,674</u>	<u>\$ 20,419,584</u>	<u>\$ 515,809</u>

City of Coopersville
STATEMENT OF ACTIVITIES
Year Ended June 30, 2016

Function/Programs:	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Total	Component Unit
Primary Government:								
Governmental Activities:								
General government	\$ 696,048	\$ 80,332	\$ -	\$ -	\$ (615,716)	\$ -	\$ (615,716)	\$ -
Public safety	1,031,945	181,301	96,718	-	(753,926)	-	(753,926)	-
Public works	935,409	141,269	394,630	1,687,971	1,288,461	-	1,288,461	-
Community and economic development	123,696	-	-	-	(123,696)	-	(123,696)	-
Recreation and culture	301,115	101,809	-	-	(199,306)	-	(199,306)	-
Other	16,658	-	-	-	(16,658)	-	(16,658)	-
Interest on long-term debt	50,509	-	-	-	(50,509)	-	(50,509)	-
Total Governmental Activities	<u>3,155,380</u>	<u>504,711</u>	<u>491,348</u>	<u>1,687,971</u>	<u>(471,350)</u>	<u>-</u>	<u>(471,350)</u>	<u>-</u>
Business-type activities:								
Water supply	1,278,019	1,826,601	-	248,508	-	797,090	797,090	-
Sewage disposal	2,357,878	3,516,016	-	1,108,701	-	2,266,839	2,266,839	-
Total Business-type Activities	<u>3,635,897</u>	<u>5,342,617</u>	<u>-</u>	<u>1,357,209</u>	<u>-</u>	<u>3,063,929</u>	<u>3,063,929</u>	<u>-</u>
Total Primary Government	<u>\$ 6,791,277</u>	<u>\$ 5,847,328</u>	<u>\$ 491,348</u>	<u>\$ 3,045,180</u>	<u>(471,350)</u>	<u>3,063,929</u>	<u>2,592,579</u>	<u>-</u>
Component Unit:								
Downtown Development Authority	<u>\$ 319,240</u>	<u>\$ 11,151</u>	<u>\$ -</u>	<u>\$ -</u>				<u>(308,089)</u>
General revenues:								
Property taxes					1,958,157	74,419	2,032,576	400,000
State shared revenues					351,708	-	351,708	-
Interest					8,158	5,409	13,567	1,166
Other					40,534	12,629	53,163	2,912
Transfers					<u>57,940</u>	<u>(57,940)</u>	<u>-</u>	<u>-</u>
Total General Revenues and Transfers					<u>2,416,497</u>	<u>34,517</u>	<u>2,451,014</u>	<u>404,078</u>
Change in Net Position					1,945,147	3,098,446	5,043,593	95,989
Net Position - Beginning (as restated)					<u>4,165,763</u>	<u>11,210,228</u>	<u>15,375,991</u>	<u>419,820</u>
Net Position - Ending					<u>\$ 6,110,910</u>	<u>\$ 14,308,674</u>	<u>\$ 20,419,584</u>	<u>\$ 515,809</u>

See Notes to Financial Statements

**City of Coopersville
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2016**

	General	Major Street	Local Street	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments	\$ 1,997,253	\$ 650,467	\$ 281,364	\$ 288,835	\$ 3,217,919
Receivables:					
Accounts	10,246	-	-	-	10,246
Special assessments	-	-	-	8,569	8,569
Due from other governments	57,512	43,649	34,519	-	135,680
Prepaid items	9,526	-	-	-	9,526
Total Assets	\$ 2,074,537	\$ 694,116	\$ 315,883	\$ 297,404	\$ 3,381,940
LIABILITIES					
Accounts payable	\$ 117,094	\$ 8,770	\$ 364	\$ 4,902	\$ 131,130
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue-special assessments	-	-	-	8,569	8,569
FUND BALANCES					
Non-spendable:					
Prepaid items	9,526	-	-	-	9,526
Restricted for:					
Construction code activities	329,166	-	-	-	329,166
Cemetery operations	-	-	-	42,135	42,135
Capital projects	-	-	-	96,529	96,529
Assigned to:					
Subsequent year's budget: fund balance appropriation	162,333	-	-	-	162,333
Streets and roads	-	685,346	315,519	-	1,000,865
Police services	-	-	-	80,462	80,462
Debt service	-	-	-	12,509	12,509
Capital projects	-	-	-	52,298	52,298
Unassigned	1,456,418	-	-	-	1,456,418
Total Fund Balances	1,957,443	685,346	315,519	283,933	3,242,241
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 2,074,537	\$ 694,116	\$ 315,883	\$ 297,404	

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	3,985,065
State shared revenues (sales taxes) collected and held by the State at year end are not considered available to pay for current year expenditures	60,069
Special assessments receivable are expected to be collected over several years and are not available to pay for current year expenditures	8,569
Interest accrued on outstanding notes payable is not reported in the funds	(12,316)
Long term liabilities are not due and payable in the current period and are not reported in the funds	(1,115,000)
Net pension liability is not due and payable in the current period and is not reported in the funds	(649,311)
Certain pension contributions and changes in pension plan net position are reported as deferred outflows of resources in the statement of net position, but are reported as expenditures in the governmental funds	258,422
Internal Service Funds are included as part of governmental activities	333,171
Net Position of Governmental Activities	\$ 6,110,910

City of Coopersville
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2016

	General	Major Street	Local Street	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 1,958,157	\$ -	\$ -	\$ -	\$ 1,958,157
Licenses and permits	160,925	-	-	-	160,925
State grants	136,188	-	46,545	-	182,733
State shared revenues	354,935	233,966	91,958	-	680,859
Local unit contributions	-	-	68,706	26,500	95,206
Charges for services	260,365	-	-	29,400	289,765
Fines and forfeits	8,389	-	-	-	8,389
Interest	5,159	706	449	1,378	7,692
Other	55,555	-	953	101,379	157,887
Total Revenues	<u>2,939,673</u>	<u>234,672</u>	<u>208,611</u>	<u>158,657</u>	<u>3,541,613</u>
Expenditures:					
Current:					
General government	578,586	-	-	41,517	620,103
Public safety	909,094	-	-	102,523	1,011,617
Public works	368,196	267,654	227,998	-	863,848
Community and economic development	118,270	-	-	-	118,270
Recreation and culture	284,980	-	-	-	284,980
Other	16,658	-	-	-	16,658
Debt service:					
Principal retirement	-	-	-	137,007	137,007
Interest and fiscal charges	-	-	-	51,455	51,455
Total Expenditures	<u>2,275,784</u>	<u>267,654</u>	<u>227,998</u>	<u>332,502</u>	<u>3,103,938</u>
Excess of Revenues Over (Under) Expenditures	<u>663,889</u>	<u>(32,982)</u>	<u>(19,387)</u>	<u>(173,845)</u>	<u>437,675</u>
Other Financing Sources (Uses):					
Transfers in	-	300,000	100,000	192,940	592,940
Transfers out	(535,000)	-	-	-	(535,000)
Total Other Financing Sources (Uses)	<u>(535,000)</u>	<u>300,000</u>	<u>100,000</u>	<u>192,940</u>	<u>57,940</u>
Net Change in Fund Balances	128,889	267,018	80,613	19,095	495,615
Fund Balances - July 1	<u>1,828,554</u>	<u>418,328</u>	<u>234,906</u>	<u>264,838</u>	<u>2,746,626</u>
Fund Balances - June 30	<u>\$ 1,957,443</u>	<u>\$ 685,346</u>	<u>\$ 315,519</u>	<u>\$ 283,933</u>	<u>\$ 3,242,241</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, 2016

Net change in fund balances-Total Governmental Funds \$ 495,615

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	73,916
Current year depreciation expense on capitalized assets	(208,881)

Contributions of capital assets reported as revenue in the statement of activities do not provide current financial resources and are not reported as revenue in the funds	1,498,738
--	-----------

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	(3,227)
Special assessment revenues	(358)

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	137,007
--------------------------------------	---------

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.	(100,844)
---	-----------

In the statement of activities, interest is accrued on outstanding notes payable, whereas in governmental funds, an interest expenditure is reported when due	946
---	-----

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	52,235
--	--------

Change in net position of governmental activities **\$ 1,945,147**

City of Coopersville
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2016

	Enterprise Funds			Internal Service Fund
	Water Supply System	Sewage Disposal System	Total	Equipment Fund
ASSETS				
Current Assets:				
Cash and investments	\$ 1,110,989	\$ 2,101,161	\$ 3,212,150	\$ 442,586
Receivables:				
Accounts	350,923	789,093	1,140,016	-
Prepaid items	-	-	-	1,000
Total Current Assets	<u>1,461,912</u>	<u>2,890,254</u>	<u>4,352,166</u>	<u>443,586</u>
Noncurrent Assets:				
Restricted cash - revenue bond covenant accounts	-	347,700	347,700	-
Capital assets not being depreciated	-	47,250	47,250	-
Capital assets (net of accumulated depreciation)	1,589,789	13,609,600	15,199,389	161,677
Total Noncurrent Assets	<u>1,589,789</u>	<u>14,004,550</u>	<u>15,594,339</u>	<u>161,677</u>
Total Assets	<u>3,051,701</u>	<u>16,894,804</u>	<u>19,946,505</u>	<u>605,263</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows-pension related	42,864	46,361	89,225	-
LIABILITIES				
Current Liabilities:				
Accounts payable	84,945	82,634	167,579	717
Customer deposits	1,200	2,100	3,300	-
Accrued liabilities	1,469	55,898	57,367	-
Current portion of long-term debt	120,000	137,000	257,000	-
Total Current Liabilities	<u>207,614</u>	<u>277,632</u>	<u>485,246</u>	<u>717</u>
Noncurrent Liabilities:				
Net pension liability	107,698	116,487	224,185	-
Long-term debt	165,000	5,124,000	5,289,000	-
Total Noncurrent Liabilities	<u>272,698</u>	<u>5,240,487</u>	<u>5,513,185</u>	<u>-</u>
Total Liabilities	<u>480,312</u>	<u>5,518,119</u>	<u>5,998,431</u>	<u>717</u>
NET POSITION				
Net investment in capital assets	1,304,789	8,395,850	9,700,639	161,677
Restricted for debt service	-	86,450	86,450	-
Restricted for repair, replacement and improvements	-	261,250	261,250	-
Unrestricted	1,309,464	2,679,496	3,988,960	442,869
Total Net Position	<u>\$ 2,614,253</u>	<u>\$ 11,423,046</u>	<u>14,037,299</u>	<u>\$ 604,546</u>
Adjustment to reflect the consolidation of internal service funds activities to enterprise funds			<u>271,375</u>	
Net position of business-type activities			<u>\$ 14,308,674</u>	

See Notes to Financial Statements

City of Coopersville
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
Year Ended June 30, 2016

	Enterprise Funds			Internal Service Fund
	Water Supply System	Sewage Disposal System	Total	Equipment Fund
Operating Revenues:				
Water sales	\$ 1,790,636	\$ -	\$ 1,790,636	\$ -
Sewage disposal service	-	3,483,644	3,483,644	-
Charges for services	-	-	-	246,455
Fees	7,621	5,697	13,318	-
Total Operating Revenues	<u>1,798,257</u>	<u>3,489,341</u>	<u>5,287,598</u>	<u>246,455</u>
Operating Expenses:				
Cost of water	724,756	-	724,756	-
Operations and maintenance	417,071	1,697,926	2,114,997	105,041
Depreciation	122,711	427,806	550,517	51,081
Total Operating Expenses	<u>1,264,538</u>	<u>2,125,732</u>	<u>3,390,270</u>	<u>156,122</u>
Operating Income (Loss)	<u>533,719</u>	<u>1,363,609</u>	<u>1,897,328</u>	<u>90,333</u>
Nonoperating Revenues (Expenses):				
Hook-ups	5,510	5,590	11,100	-
Property taxes	74,419	-	74,419	-
Interest income	1,551	3,858	5,409	466
Other	11,979	650	12,629	5,355
Interest and fiscal charges	(13,481)	(232,146)	(245,627)	-
Total Nonoperating Revenues (Expenses)	<u>79,978</u>	<u>(222,048)</u>	<u>(142,070)</u>	<u>5,821</u>
Income (Loss) Before Transfers	613,697	1,141,561	1,755,258	96,154
Capital contributions - SAW Grant	-	248,508	248,508	-
Capital contributions - CDBG Grant	-	1,108,701	1,108,701	-
Transfers out	<u>(28,970)</u>	<u>(28,970)</u>	<u>(57,940)</u>	<u>-</u>
Change in Net Position	584,727	2,469,800	3,054,527	96,154
Net Position - July 1 (as restated)	<u>2,029,526</u>	<u>8,953,246</u>		<u>508,392</u>
Net Position - June 30	<u>\$ 2,614,253</u>	<u>\$ 11,423,046</u>		<u>\$ 604,546</u>
Adjustment to reflect the consolidation of internal service funds activities to enterprise funds			<u>43,919</u>	
Change in net position of business-type activities			<u>\$ 3,098,446</u>	

City of Coopersville
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2016

	Enterprise Funds			Internal Service Fund
	Water Supply System	Sewage Disposal System	Total	Equipment Fund
Cash Flows From Operating Activities:				
Receipts from customers	\$ 1,670,238	\$ 3,338,520	\$ 5,008,758	\$ -
Receipts from interfund services provided	-	-	-	246,455
Payments to suppliers	(911,348)	(1,703,430)	(2,614,778)	(101,013)
Payments to employees	(134,683)	(187,312)	(321,995)	(22,941)
Payments for interfund services used	(59,618)	(55,051)	(114,669)	-
Receipts from other sources	14,989	6,347	21,336	5,355
Net Cash Provided By Operating Activities	<u>579,578</u>	<u>1,399,074</u>	<u>1,978,652</u>	<u>127,856</u>
Cash Flows From Noncapital Financing Activities:				
Transfers from (to) other funds	(28,970)	(28,970)	(57,940)	-
Cash Flows From Capital and Related Financing Activities:				
Capital contributions	-	1,357,209	1,357,209	-
Construction and purchase of capital assets	-	(2,174,632)	(2,174,632)	(43,735)
Proceeds from sale of capital assets	-	-	-	-
Principal paid on capital debt	(120,000)	(457,000)	(577,000)	-
Interest paid on capital debt	(14,075)	(237,745)	(251,820)	-
Property taxes	74,419	-	74,419	-
Net Cash Provided (Used) By Capital and Related Financing Activities	<u>(59,656)</u>	<u>(1,512,168)</u>	<u>(1,571,824)</u>	<u>(43,735)</u>
Cash Flows From Investing Activities:				
Interest received on investments	1,551	3,858	5,409	466
Net Increase (Decrease) in Cash and Investments	492,503	(138,206)	354,297	84,587
Cash and Investments - July 1	<u>618,486</u>	<u>2,587,067</u>	<u>3,205,553</u>	<u>357,999</u>
Cash and Investments - June 30	<u>\$ 1,110,989</u>	<u>\$ 2,448,861</u>	<u>\$ 3,559,850</u>	<u>\$ 442,586</u>
Reconciliation of Operating Income to Net Cash Provided By Operating Activities:				
Operating income	\$ 533,719	\$ 1,363,609	\$ 1,897,328	\$ 90,333
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	122,711	427,806	550,517	51,081
Other nonoperating income	17,489	6,240	23,729	5,355
Change in assets/deferred outflows of resources and liabilities/deferred inflows of resources				
Receivables	(130,219)	(150,714)	(280,933)	-
Deferred outflows of resources	(36,400)	(38,804)	(75,204)	2,352
Accounts payable	23,162	(257,415)	(234,253)	(54)
Customer deposits	(300)	-	(300)	-
Net pension liability	49,416	48,352	97,768	(21,211)
Net Cash Provided By Operating Activities	<u>\$ 579,578</u>	<u>\$ 1,399,074</u>	<u>\$ 1,978,652</u>	<u>\$ 127,856</u>
Cash and investments:				
Cash and investments	\$ 1,110,989	\$ 2,101,161	\$ 3,212,150	\$ 442,586
Revenue bond covenant accounts	-	347,700	347,700	-
	<u>\$ 1,110,989</u>	<u>\$ 2,448,861</u>	<u>\$ 3,559,850</u>	<u>\$ 442,586</u>

See Notes to Financial Statements

City of Coopersville
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
June 30, 2016

	<u>Agency Funds</u>
ASSETS	
Cash and investments	<u>\$ 28,993</u>
LIABILITIES	
Due to other units	<u>\$ 28,993</u>

City of Coopersville, Michigan
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2016

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.

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 2015 ad valorem tax is levied and collectible on July 1, 2015, and is recognized as revenue in the year ended June 30, 2016, 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 no expenditures in budgeted funds which were in excess of the amounts appropriated.

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		\$ 323,008
Current year - building permit revenue	\$ 160,925	
Current year - related expenditures		
Direct costs	(148,766)	
Estimated indirect costs	<u>(6,001)</u>	<u>6,158</u>
Surplus (deficit) - June 30		<u>\$ 329,166</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:

	Governmental Activities	Business-Type Activities	Fiduciary Funds	Total	Component Unit
Cash and investments	\$ 3,660,505	\$ 3,212,150	\$ 28,993	\$ 6,901,648	\$ 528,829
Revenue bond covenant accounts	-	347,700	-	347,700	-
Total	<u>\$ 3,660,505</u>	<u>\$ 3,559,850</u>	<u>\$ 28,993</u>	<u>\$ 7,249,348</u>	<u>\$ 528,829</u>

The breakdown between deposits and investments is as follows:

	Primary Government	Component Unit
Bank Deposits (checking and savings accounts, certificates of deposit)	\$ 6,440,859	\$ 528,829
Investments	<u>808,489</u>	-
Total	<u>\$ 7,249,348</u>	<u>\$ 528,829</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 \$7,209,789 of which \$1,098,874 was covered by federal depository insurance and \$6,110,915 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.

Investment	Fair value	Weighted average maturity (years)	Rating	Rating Organization
Money Market Funds	\$ 491,011	Not required	Not rated	n/a
Comerica Government Cash Investment Fund	131,355	0.0027	Not rated	n/a
Michigan Class	<u>186,123</u>	0.0027	AAAm	S&P
Total investments	<u>\$ 808,489</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.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The City has the following recurring fair value measurements as of June 30, 2016:

- Michigan Class investments in the amount of \$186,123 are valued using significant other observable inputs (Level 2)

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
Construction in progress	<u>4,547</u>	<u>-</u>	<u>-</u>	<u>(4,547)</u>	<u>-</u>
Subtotal	<u>134,598</u>	<u>-</u>	<u>-</u>	<u>(4,547)</u>	<u>130,051</u>
Capital Assets Being Depreciated					
Building and improvements	1,267,808	-	-	-	1,267,808
Land improvements	1,346,675	-	-	-	1,346,675
Machinery and equipment	193,674	-	-	-	193,674
Office furniture and equipment	234,958	-	-	-	234,958
Vehicles	54,555	-	-	-	54,555
Equipment-Equipment Fund	378,127	43,735	(3,122)	-	418,740
Vehicles-Equipment Fund	454,658	-	-	-	454,658
Infrastructure	<u>2,619,857</u>	<u>1,572,654</u>	<u>-</u>	<u>4,547</u>	<u>4,197,058</u>
Subtotal	<u>6,550,312</u>	<u>1,616,389</u>	<u>(3,122)</u>	<u>4,547</u>	<u>8,168,126</u>
Less Accumulated Depreciation for					
Buildings and improvements	(713,771)	(40,217)	-	-	(753,988)
Land improvements	(1,242,073)	(7,893)	-	-	(1,249,966)
Machinery and equipment	(146,838)	(5,788)	-	-	(152,626)
Office furniture and equipment	(192,832)	(9,452)	-	-	(202,284)
Vehicles	(15,988)	(10,911)	-	-	(26,899)
Equipment-Equipment Fund	(298,084)	(20,439)	3,122	-	(315,401)
Vehicles-Equipment Fund	(365,678)	(30,642)	-	-	(396,320)
Infrastructure	<u>(919,331)</u>	<u>(134,620)</u>	<u>-</u>	<u>-</u>	<u>(1,053,951)</u>
Subtotal	<u>(3,894,595)</u>	<u>(259,962)</u>	<u>3,122</u>	<u>-</u>	<u>(4,151,435)</u>
Net Capital Assets Being Depreciated	<u>2,655,717</u>	<u>1,356,427</u>	<u>-</u>	<u>4,547</u>	<u>4,016,691</u>
Governmental Activities Total					
Capital Assets - Net of Depreciation	<u>\$ 2,790,315</u>	<u>\$ 1,356,427</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,146,742</u>

Depreciation expense was charged to governmental functions as follows:

General government	\$ 22,961
Public safety	20,136
Public works	152,142
Recreation and culture	13,642
Internal service fund depreciation is charged to the various functions based on their usage of the assets	<u>51,081</u>
Total Governmental Activities	<u>\$ 259,962</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>1,630,135</u>	<u>-</u>	<u>-</u>	<u>(1,630,135)</u>	<u>-</u>
Subtotal	<u>1,677,385</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>47,250</u>
Capital Assets Being Depreciated					
Water systems	5,216,702	-	-	-	5,216,702
Sewage systems	14,935,940	2,174,632	(11,593)	1,630,135	18,729,114
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>20,331,184</u>	<u>2,174,632</u>	<u>(11,593)</u>	<u>1,630,135</u>	<u>24,124,358</u>
Less Accumulated Depreciation for					
Water systems	(3,512,005)	(120,637)	-	-	(3,632,642)
Sewage systems	(4,746,041)	(417,817)	11,593	-	(5,152,265)
Building	(75,147)	(2,074)	-	-	(77,221)
Machinery and equipment-water	(10,600)	-	-	-	(10,600)
Machinery and equipment-sewer	<u>(42,252)</u>	<u>(9,989)</u>	<u>-</u>	<u>-</u>	<u>(52,241)</u>
Subtotal	<u>(8,386,045)</u>	<u>(550,517)</u>	<u>11,593</u>	<u>-</u>	<u>(8,924,969)</u>
Net Capital Assets Being Depreciated	<u>11,945,139</u>	<u>1,624,115</u>	<u>-</u>	<u>1,630,135</u>	<u>15,199,389</u>
Business Type Activities Total					
Capital Assets - Net of Depreciation	<u>\$ 13,622,524</u>	<u>\$ 1,624,115</u>	<u>\$ -</u>	<u>\$ 1,630,135</u>	<u>\$ 15,246,639</u>

Depreciation expense was charged to business type activities as follows:

Water supply	\$ 122,711
Sewage disposal	<u>427,806</u>
Total Business-Type Activities	<u>\$ 550,517</u>

Construction Commitments - At June 30, 2016, the City had no significant construction commitments.

5. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

At June 30, 2016, there were no interfund balances. Interfund transfers reported in the funds statements were as follows:

	Transfers Out		
	General	Enterprise	Total
	Fund	Funds	
Transfers In			
Major Street Fund	\$ 300,000 (1)	\$ -	\$ 300,000
Local Street Fund	100,000 (1)	-	100,000
Coopersville-Polkton Cemetery Authority	-	-	-
Community That Cares Fund	25,000 (1)	-	25,000
2006 Capital Improvements Bonds	<u>110,000 (2)</u>	<u>57,940 (2)</u>	<u>167,940</u>
	<u>\$ 535,000</u>	<u>\$ 57,940</u>	<u>\$ 592,940</u>

The following describes the nature of significant transfers:

- (1) Transfer for annual operating purposes
- (2) Transfers for annual debt service requirements

6. LONG-TERM DEBT

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

	Original Issue	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities						
General Obligation Bonds						
2006 General Obligation Capital Improvement, interest rates from 4.375%-4.55%, maturing 2026	\$ 1,715,000	\$ 1,195,000	\$ -	\$ (80,000)	\$ 1,115,000	\$ 80,000
2006 County Revolving Fund Loan, interest rate of 3.0%, maturing 2016	500,000	<u>57,007</u>	-	<u>(57,007)</u>	-	-
Total Governmental Activities		<u>\$ 1,252,007</u>	<u>\$ -</u>	<u>\$ (137,007)</u>	<u>\$ 1,115,000</u>	<u>\$ 80,000</u>

	Original Issue	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-Type Activities						
County Contractual Obligation						
1978 Water Supply, interest rate of 5.0%, maturing 2019	\$ 1,175,000	\$ 225,000	\$ -	\$ (75,000)	\$ 150,000	\$ 75,000
Michigan Municipal Bond Authority						
1998 Drinking Water, interest rate of 2.5%, maturing 2019	746,618	180,000	-	(45,000)	135,000	45,000
Revenue Bonds						
2001 Sewer System Revenue, interest rates from 4.0% - 5.3%, maturing 2021	700,000	325,000	-	(325,000)	-	-
2011 Wastewater Treatment Revenue, interest rate of 4.25%, maturing 2041	3,000,000	2,182,000	-	(62,000)	2,120,000	64,000
General Obligation Bonds						
2011 Wastewater General Obligation, interest rate of 4.25%, maturing 2041	3,404,000	<u>3,211,000</u>	<u>-</u>	<u>(70,000)</u>	<u>3,141,000</u>	<u>73,000</u>
Total Business-Type Activities		<u>\$ 6,123,000</u>	<u>\$ -</u>	<u>\$ (577,000)</u>	<u>\$ 5,546,000</u>	<u>\$ 257,000</u>

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

Years Ended June 30	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2017	\$ 80,000	\$ 47,514	\$ 257,000	\$ 232,593
2018	85,000	43,904	263,000	221,895
2019	90,000	40,076	194,000	212,818
2020	90,000	36,139	156,000	205,360
2021	95,000	32,092	162,000	198,730
2022-2026	550,000	91,827	920,000	884,212
2027-2031	125,000	2,844	1,131,000	671,670
2032-2036	-	-	1,394,000	409,870
2037-2041	<u>-</u>	<u>-</u>	<u>1,069,000</u>	<u>126,565</u>
Total	<u>\$ 1,115,000</u>	<u>\$ 294,396</u>	<u>\$ 5,546,000</u>	<u>\$ 3,163,713</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	\$ 86,450
Repair, replacement and improvements	<u>261,250</u>
	<u>\$ 347,700</u>

8. RISK MANAGEMANT

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>2015 Valuation</u>	<u>2014 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, 2015 valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	16
Inactive members entitled to but not yet receiving benefits	5
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, 2016 were 9.42% based on annual payroll for open divisions.

Net Pension Liability – The City’s Net Pension Liability was measured as of December 31, 2015, 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 1994 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	57.5%	5.02%
Global Fixed Income	20.0%	2.18%
Real Assets	12.5%	4.23%
Diversifying Strategies	10.0%	6.56%

Discount Rate – The discount rate used to measure the total pension liability is 8.25% for 2015. 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 12/31/14	\$ 2,561,718	\$ 2,074,073	\$ 487,645
Changes for the Year			
Service cost	71,295	-	71,295
Interest on Total Pension Liability	207,335	-	207,335
Changes in benefit terms	-	-	-
Difference between expected and actual experience	41,146	-	41,146
Changes in assumptions	141,080	-	141,080
Employer contributions	-	62,693	(62,693)
Employee contributions	-	47,338	(47,338)
Net investment income	-	(30,512)	30,512
Benefit payments, including employee refunds	(168,427)	(168,427)	-
Administrative expenses	-	(4,514)	4,514
Other changes	-	-	-
Net Changes	<u>292,429</u>	<u>(93,422)</u>	<u>385,851</u>
Balances as of 12/31/15	<u>\$ 2,854,147</u>	<u>\$ 1,980,651</u>	<u>\$ 873,496</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	\$ 1,187,403	\$ 873,496	\$ 606,390

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

For the year ended June 30, 2016 the City recognized pension expense of \$159,586. 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	\$ 30,860	\$ -
Changes in assumptions	105,810	-
Excess (inflow) or deficit (outflow) investment returns	180,021	-
Contributions subsequent to the measurement date (1)	30,956	-
Total	<u>\$ 347,647</u>	<u>\$ -</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, 2017

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
2017	\$ 92,295
2018	92,295
2019	92,295
2020	<u>39,806</u>
Total	<u>\$ 316,691</u>

Payable to the Pension Plan

At June 30, 2016, 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, 2016.

NOTE 11 – UPCOMING ACCOUNTING PRONOUNCEMENTS

In August 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 77, *Tax Abatement Disclosures*. The Statement requires disclosure of tax abatement information about a reporting government’s own tax abatement agreements and those that are entered into by other governments that reduce the reporting government’s tax revenues. GASB Statement No. 77 requires governments that enter into tax abatement agreements to disclose a brief description of the arrangement, the gross dollar amount of taxes abated in the current period, and any additional commitments made by the government as part of the agreement. The provisions of this statement are effective for periods beginning after December 15, 2015.

NOTE 12 – FEDERAL GRANTS

During the year ended June 30, 2016, the City expended \$437,647 of federal awards that were administered by the Michigan Department of Transportation (MDOT). The federal awards amount is not included in the City’s single audit as it is included in MDOT’s single audit.

Required
Supplementary Information

City of Coopersville
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 1,940,046	\$ 1,940,046	\$ 1,958,157	\$ 18,111
Licenses and permits	15,000	15,000	160,925	145,925
State grants	108,000	108,000	136,188	28,188
State shared revenues	360,000	360,000	354,935	(5,065)
Charges for services	216,000	216,000	260,365	44,365
Fines and forfeits	6,500	6,500	8,389	1,889
Interest	4,500	4,500	5,159	659
Other	23,000	23,000	55,555	32,555
Total Revenues	<u>2,673,046</u>	<u>2,673,046</u>	<u>2,939,673</u>	<u>266,627</u>
Expenditures:				
Current:				
General Government:				
City Council	15,700	15,700	13,555	2,145
Manager	95,436	95,436	92,658	2,778
Elections	10,700	10,700	9,612	1,088
Assessor	27,926	32,926	27,721	5,205
Attorney	25,000	55,000	44,226	10,774
Clerk	96,862	96,862	81,303	15,559
Board of Review	1,280	1,280	958	322
Treasurer	90,761	90,761	76,181	14,580
Computer services	44,811	44,811	39,060	5,751
Building and grounds	153,303	191,856	181,312	10,544
Cemetery	12,000	12,000	12,000	-
Total General Government	<u>573,779</u>	<u>647,332</u>	<u>578,586</u>	<u>68,746</u>
Public Safety:				
Police	24,771	24,771	19,277	5,494
Sheriff	570,000	570,000	508,478	61,522
Fire department	158,400	158,400	158,400	-
Emergency unit	83,757	83,757	74,173	9,584
Building inspector	18,793	148,793	148,766	27
Total Public Safety	<u>855,721</u>	<u>985,721</u>	<u>909,094</u>	<u>76,627</u>
Public Works:				
Street lighting	60,000	60,000	55,675	4,325
Sanitation	133,660	133,660	131,007	2,653
Storm sewer	258,883	258,883	181,514	77,369
Total Public Works	<u>452,543</u>	<u>452,543</u>	<u>368,196</u>	<u>84,347</u>

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Community and Economic Development:				
Planning and zoning administration	<u>115,923</u>	<u>125,923</u>	<u>118,270</u>	<u>7,653</u>
Recreation and Culture:				
Parks	93,413	93,413	91,647	1,766
Recreation	190,257	190,257	187,605	2,652
Historical society	<u>12,600</u>	<u>12,600</u>	<u>5,728</u>	<u>6,872</u>
Total Recreation and Culture	<u>296,270</u>	<u>296,270</u>	<u>284,980</u>	<u>11,290</u>
Other:				
Insurance	<u>30,000</u>	<u>35,000</u>	<u>16,658</u>	<u>18,342</u>
Total Expenditures	<u>2,324,236</u>	<u>2,542,789</u>	<u>2,275,784</u>	<u>267,005</u>
Excess Of Revenues Over (Under) Expenditures	348,810	130,257	663,889	533,632
Other Financing Sources (Uses):				
Transfers out	<u>(535,000)</u>	<u>(535,000)</u>	<u>(535,000)</u>	<u>-</u>
Net Change in Fund Balances	(186,190)	(404,743)	128,889	533,632
Fund Balances - July 1	<u>1,828,554</u>	<u>1,828,554</u>	<u>1,828,554</u>	<u>-</u>
Fund Balances - June 30	<u>\$ 1,642,364</u>	<u>\$ 1,423,811</u>	<u>\$ 1,957,443</u>	<u>\$ 533,632</u>

City of Coopersville, Michigan
MAJOR STREET FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
State shared revenues	\$ 225,000	\$ 225,000	\$ 233,966	\$ 8,966
Interest	400	400	706	306
Total Revenues	<u>225,400</u>	<u>225,400</u>	<u>234,672</u>	<u>9,272</u>
Expenditures:				
Current:				
Public Works:				
Construction	150,000	150,000	73,916	76,084
Surface maintenance	373,901	373,901	159,088	214,813
Winter maintenance	57,359	57,359	27,429	29,930
Administration	9,836	9,836	7,221	2,615
Total Public Works	<u>591,096</u>	<u>591,096</u>	<u>267,654</u>	<u>323,442</u>
Total Expenditures	<u>591,096</u>	<u>591,096</u>	<u>267,654</u>	<u>323,442</u>
Excess Of Revenues Over (Under) Expenditures	<u>(365,696)</u>	<u>(365,696)</u>	<u>(32,982)</u>	<u>332,714</u>
Other Financing Sources (Uses):				
Transfers in	300,000	300,000	300,000	-
Transfers out	(47,500)	(47,500)	-	47,500
Total Other Financing Sources (Uses)	<u>252,500</u>	<u>252,500</u>	<u>300,000</u>	<u>47,500</u>
Net Change in Fund Balances	(113,196)	(113,196)	267,018	380,214
Fund Balances - July 1	<u>418,328</u>	<u>418,328</u>	<u>418,328</u>	<u>-</u>
Fund Balances - June 30	<u>\$ 305,132</u>	<u>\$ 305,132</u>	<u>\$ 685,346</u>	<u>\$ 380,214</u>

City of Coopersville, Michigan
LOCAL STREET FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
State grants	\$ -	\$ -	\$ 46,545	\$ 46,545
State shared revenues	87,000	87,000	91,958	4,958
Local unit contributions	-	-	68,706	68,706
Interest	350	350	449	99
Other	-	-	953	953
Total Revenues	<u>87,350</u>	<u>87,350</u>	<u>208,611</u>	<u>121,261</u>
Expenditures:				
Current:				
Public Works:				
Surface maintenance	218,669	218,669	193,169	25,500
Winter maintenance	69,589	69,589	29,000	40,589
Administration	7,942	7,942	5,829	2,113
Total Public Works	<u>296,200</u>	<u>296,200</u>	<u>227,998</u>	<u>68,202</u>
Total Expenditures	<u>296,200</u>	<u>296,200</u>	<u>227,998</u>	<u>68,202</u>
Excess Of Revenues Over (Under) Expenditures	(208,850)	(208,850)	(19,387)	189,463
Other Financing Sources (Uses):				
Transfers in	147,500	147,500	100,000	(47,500)
Net Change in Fund Balances	(61,350)	(61,350)	80,613	141,963
Fund Balances - July 1	<u>234,906</u>	<u>234,906</u>	<u>234,906</u>	<u>-</u>
Fund Balances - June 30	<u>\$ 173,556</u>	<u>\$ 173,556</u>	<u>\$ 315,519</u>	<u>\$ 141,963</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,	2016	2015
Total Pension Liability		
Service cost	\$ 71,295	\$ 56,681
Interest on total pension liability	207,335	198,485
Changes in benefit terms	-	-
Differences between expected and actual experience	41,146	-
Changes in assumptions	141,080	-
Benefit payments, including refunds	(168,427)	(141,960)
Other changes	-	-
Net Change in Total Pension Liability	292,429	113,206
Total Pension Liability - Beginning of Year	2,561,718	2,448,512
Total Pension Liability - End of Year	\$ 2,854,147	\$ 2,561,718
Plan Fiduciary Net Position		
Employer contributions	\$ 62,693	\$ 50,374
Employee contributions	47,338	104,149
Net investment income	(30,512)	125,745
Benefit payments, including refunds	(168,427)	(141,960)
Administrative expenses	(4,514)	(4,622)
Net Change in Plan Fiduciary Net Position	(93,422)	133,686
Plan Fiduciary Net Position - Beginning of Year	2,074,073	1,940,387
Plan Fiduciary Net Position - End of Year	\$ 1,980,651	\$ 2,074,073
Net Pension Liability - Ending	\$ 873,496	\$ 487,645
Plan Fiduciary Net Position as a Percent of Total Pension Liability	30.60%	19.04%
Covered Employee Payroll	\$ 755,242	\$ 600,446
Net Pension Liability as a Percent of Covered Employee Payroll	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

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Actuarially determined contribution	\$ 65,723	\$ 54,278	\$ 47,836	\$ 34,840	\$ 37,242	\$ 36,286	\$ 37,781	\$ 40,537	\$ 44,552	\$ 43,573
Contributions in relation to the actuarially determined contribution	<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>	<u>43,573</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	\$ 697,696	\$ 619,612	\$ 618,036	\$ 518,452	\$ 520,140	\$ 493,687	\$ 542,052	\$ 617,942	\$ 686,471	\$ 698,285
Contributions as a Percentage of Covered Employee Payroll	9.42%	8.76%	7.74%	6.72%	7.16%	7.35%	6.97%	6.56%	6.49%	6.24%

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	24 years
Asset valuation method	10 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, 2016**

	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	\$ 42,198	\$ 85,301	\$ 127,499	\$ 12,509	\$ 52,298	\$ 96,529	\$ 148,827	\$ 288,835
Receivables:								
Special assessments	-	-	-	8,569	-	-	-	8,569
Total Assets	<u>\$ 42,198</u>	<u>\$ 85,301</u>	<u>\$ 127,499</u>	<u>\$ 21,078</u>	<u>\$ 52,298</u>	<u>\$ 96,529</u>	<u>\$ 148,827</u>	<u>\$ 297,404</u>
LIABILITIES								
Accounts payable	\$ 63	\$ 4,839	\$ 4,902	-	-	-	-	\$ 4,902
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue-special assessments	-	-	-	8,569	-	-	-	8,569
FUND BALANCES								
Restricted for:								
Cemetery operations	42,135	-	42,135	-	-	-	-	42,135
Capital projects	-	-	-	-	-	96,529	96,529	96,529
Assigned	-	80,462	80,462	12,509	52,298	-	52,298	145,269
Total Fund Balances	<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>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 42,198</u>	<u>\$ 85,301</u>	<u>\$ 127,499</u>	<u>\$ 21,078</u>	<u>\$ 52,298</u>	<u>\$ 96,529</u>	<u>\$ 148,827</u>	<u>\$ 297,404</u>

City of Coopersville
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2016

	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	Capital Improvement Construction	Total	
Revenues:								
Local unit contributions	\$ 24,000	\$ 2,500	\$ 26,500	\$ -	\$ -	\$ -	\$ -	\$ 26,500
Charges for services	29,400	-	29,400	-	-	-	-	29,400
Interest	9	146	155	758	79	386	465	1,378
Other	303	94,218	94,521	6,858	-	-	-	101,379
Total Revenues	<u>53,712</u>	<u>96,864</u>	<u>150,576</u>	<u>7,616</u>	<u>79</u>	<u>386</u>	<u>465</u>	<u>158,657</u>
Expenditures:								
Current:								
General government	41,517	-	41,517	-	-	-	-	41,517
Public safety	-	102,523	102,523	-	-	-	-	102,523
Debt service:								
Principal retirement	-	-	-	137,007	-	-	-	137,007
Interest and fiscal charges	-	-	-	51,455	-	-	-	51,455
Total Expenditures	<u>41,517</u>	<u>102,523</u>	<u>144,040</u>	<u>188,462</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>332,502</u>
Excess of Revenues Over (Under) Expenditures	12,195	(5,659)	6,536	(180,846)	79	386	465	(173,845)
Other Financing Sources (Uses):								
Transfers in	-	25,000	25,000	167,940	-	-	-	192,940
Net Change in Fund Balances	12,195	19,341	31,536	(12,906)	79	386	465	19,095
Fund Balances - July 1	<u>29,940</u>	<u>61,121</u>	<u>91,061</u>	<u>25,415</u>	<u>52,219</u>	<u>96,143</u>	<u>148,362</u>	<u>264,838</u>
Fund Balances - June 30	<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>

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, 2016

ASSETS	General	DDA Construction	Totals
Cash and investments	<u>\$ 454,934</u>	<u>\$ 73,895</u>	<u>\$ 528,829</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	<u>\$ 13,020</u>	<u>\$ -</u>	<u>\$ 13,020</u>
Fund Balances:			
Assigned	-	73,895	73,895
Unassigned	<u>441,914</u>	<u>-</u>	<u>441,914</u>
Total fund balances	<u>441,914</u>	<u>73,895</u>	515,809
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 454,934</u>	<u>\$ 73,895</u>	

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

None	-
Net Position of the Component Unit	<u>\$ 515,809</u>

City of Coopersville
COMPONENT UNIT - DOWNTOWN DEVELOPMENT AUTHORITY
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
Year Ended June 30, 2016

	General	DDA Construction	Totals
Revenues:			
Taxes	\$ 400,000	\$ -	\$ 400,000
Charges for services	11,151	-	11,151
Interest	870	296	1,166
Other	2,912	-	2,912
Total Revenues	414,933	296	415,229
 Expenditures:			
Current:			
Community and economic development	329,927	-	329,927
 Net Change in Fund Balances	85,006	296	85,302
 Fund Balances, July 1	356,908	73,599	
 Fund Balances, June 30	\$ 441,914	\$ 73,895	

Amounts reported for the Component Unit's activities in the statement of activities are different because:

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.

	10,687
Change in Net Position of the Component Unit	\$ 95,989