

City of Coopersville

Ottawa County, Michigan

Annual Financial Report

Year Ended June 30, 2019



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

**CITY OF COOPERSVILLE
OTTAWA COUNTY, MICHIGAN
ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2019**

**KIEKOVER, SCHOLMA & SHUMAKER, PC
Certified Public Accountants
Zeeland, Michigan**

City of Coopersville, Michigan
ANNUAL FINANCIAL REPORT
Year Ended June 30, 2019

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**City of Coopersville, Michigan
ANNUAL FINANCIAL REPORT
Year Ended June 30, 2019**

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Kiekover Scholma & Shumaker PC

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

October 29, 2019

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, 2019, and the related notes to the financial statements, which collectively comprise the City of Coopersville, Michigan'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 we have obtained is sufficient and appropriate to provide a 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, 2019 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 that the management's discussion and analysis and the other 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 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 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 29, 2019, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Coopersville, Michigan's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Coopersville, Michigan's internal control over financial reporting and compliance.

Kiekover, Scholma & Shumaker, PC
Zeeland, Michigan

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, 2019. 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 and deferred inflows of resources at the close of the most recent fiscal year by \$27,987,235 (*net position*). Of this amount, \$11,770,528 (*unrestricted net position*) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$2,605,573. Net investment in capital assets increased by \$1,265,872, while restricted net position decreased by \$21,487, and unrestricted net position increased by \$1,361,188.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$3,146,429, an increase of \$618,886 in comparison with the prior year. Approximately 44% of this total amount, \$1,373,851, 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 \$1,875,332 or 65% of total general fund expenditures and transfers out.
- The City's total debt decreased by \$205,000 (5%) during the current fiscal year. This is the result of the City issuing \$98,175 of county contractual obligations during the year relating to drains, and making required scheduled debt service payments of \$303,175 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 outflows/inflows 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 seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, which is considered to be a major fund. The City of Coopersville has six nonmajor funds. These include special revenue funds, a debt service fund, and a capital projects fund. 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 Fund. A budgetary comparison statement has been provided herein to demonstrate compliance with that budget.

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 10-28 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, 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 29-32 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information and can be found on pages 33-34 of this report. Statements for the discretely presented component unit are also presented immediately following the required supplementary information and can be found on pages 35-36 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 and deferred inflows of resources by \$27,987,235 at the close of the most recent fiscal year.

The largest portion of the City's net position (56.8%) 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 (1.1%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$11,770,528 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, 2019 and 2018.

City of Coopersville's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 3,412,189	\$ 2,780,039	\$ 9,690,320	\$ 9,127,572	\$ 13,102,509	\$ 11,907,611
Capital assets	4,052,911	4,248,657	15,773,916	14,517,298	19,826,827	18,765,955
Total assets	<u>7,465,100</u>	<u>7,028,696</u>	<u>25,464,236</u>	<u>23,644,870</u>	<u>32,929,336</u>	<u>30,673,566</u>
Deferred outflows of resources	185,187	60,777	56,754	18,739	241,941	79,516
Long-term debt	66,000	-	3,851,000	4,122,000	3,917,000	4,122,000
Net pension liability	693,739	370,090	212,610	114,110	906,349	484,200
Other liabilities	120,781	162,933	239,912	415,052	360,693	577,985
Total liabilities	<u>880,520</u>	<u>533,023</u>	<u>4,303,522</u>	<u>4,651,162</u>	<u>5,184,042</u>	<u>5,184,185</u>
Deferred inflows of resources	-	143,110	-	44,125	-	187,235
Net position:						
Net investment in capital assets	3,986,911	4,248,657	11,922,916	10,395,298	15,909,827	14,643,955
Restricted	306,880	328,367	-	-	306,880	328,367
Unrestricted	<u>2,475,976</u>	<u>1,836,316</u>	<u>9,294,552</u>	<u>8,573,024</u>	<u>11,770,528</u>	<u>10,409,340</u>
Total net position	<u>\$ 6,769,767</u>	<u>\$ 6,413,340</u>	<u>\$ 21,217,468</u>	<u>\$ 18,968,322</u>	<u>\$ 27,987,235</u>	<u>\$ 25,381,662</u>

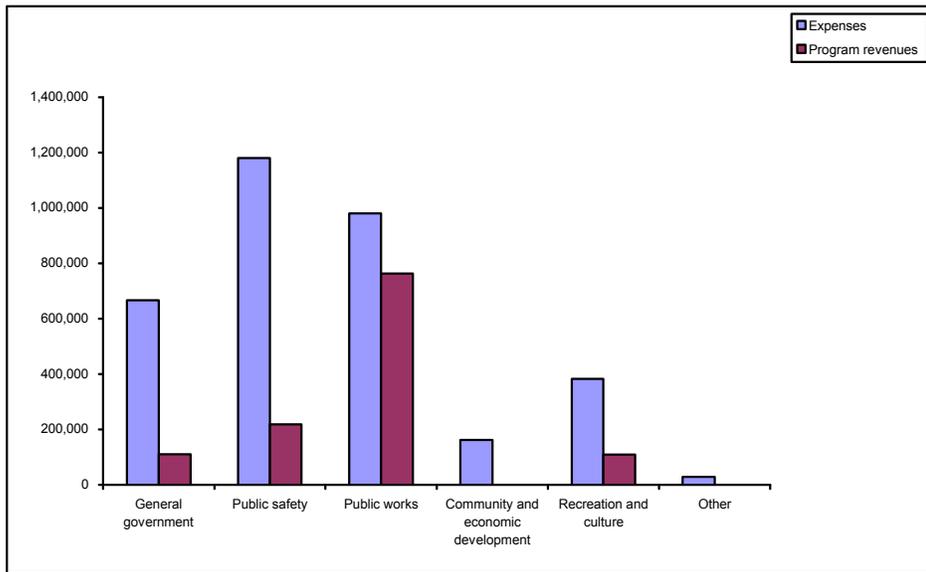
Change in Net Position – Following is a summary of the City’s change in net position for the fiscal year.

City of Coopersville's Changes in Net Position

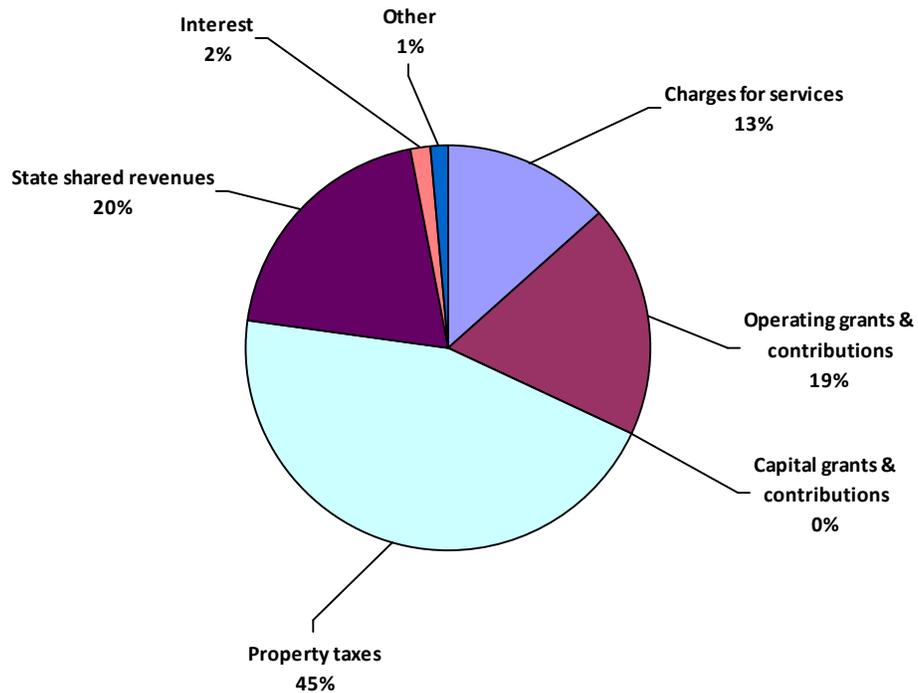
	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Program revenues						
Charges for services	\$ 497,590	\$ 476,779	\$ 5,673,323	\$ 5,454,021	\$ 6,170,913	\$ 5,930,800
Operating grants and contributions	697,797	637,140	-	-	697,797	637,140
Capital grants and contributions	5,950	314,974	-	-	5,950	314,974
General revenues						
Property taxes	1,702,114	1,764,810	625	63,266	1,702,739	1,828,076
State shared revenues	734,963	949,243	-	-	734,963	949,243
Interest	71,810	20,966	169,963	43,659	241,773	64,625
Other	47,033	35,559	2,963	66,138	49,996	101,697
Total revenues	<u>3,757,257</u>	<u>4,199,471</u>	<u>5,846,874</u>	<u>5,627,084</u>	<u>9,604,131</u>	<u>9,826,555</u>
Program expenses						
General government	666,382	724,060	-	-	666,382	724,060
Public safety	1,180,915	1,123,901	-	-	1,180,915	1,123,901
Public works	980,686	1,842,714	-	-	980,686	1,842,714
Community and economic development	161,648	109,568	-	-	161,648	109,568
Recreation and culture	382,351	337,176	-	-	382,351	337,176
Other	28,848	20,800	-	-	28,848	20,800
Interest on long-term debt	-	-	-	-	-	-
Water supply	-	-	1,406,322	1,327,210	1,406,322	1,327,210
Sewage disposal	-	-	2,191,406	2,210,657	2,191,406	2,210,657
Total expenses	<u>3,400,830</u>	<u>4,158,219</u>	<u>3,597,728</u>	<u>3,537,867</u>	<u>6,998,558</u>	<u>7,696,086</u>
Change in net position	<u>\$ 356,427</u>	<u>\$ 41,252</u>	<u>\$ 2,249,146</u>	<u>\$ 2,089,217</u>	<u>\$ 2,605,573</u>	<u>\$ 2,130,469</u>

Governmental activities. Governmental activities increased the City’s net position by \$356,427, accounting for 13.7% of the total increase in the net position of the City. Total revenues decreased by \$442,214 compared to the prior year, mostly due to decreases in property taxes and state shared revenues (primarily due to a decrease in PPT stabilization revenue). Total expenses decreased by \$757,389 compared to the prior year, primarily due to decreased costs for public works.

Expenses and Program Revenues – Governmental Activities

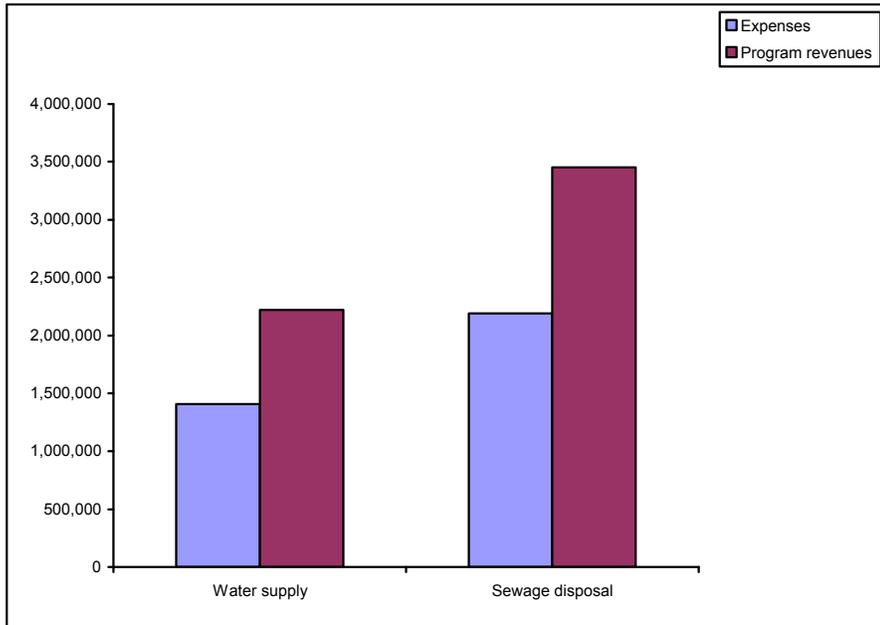


Revenues by Source – Governmental Activities

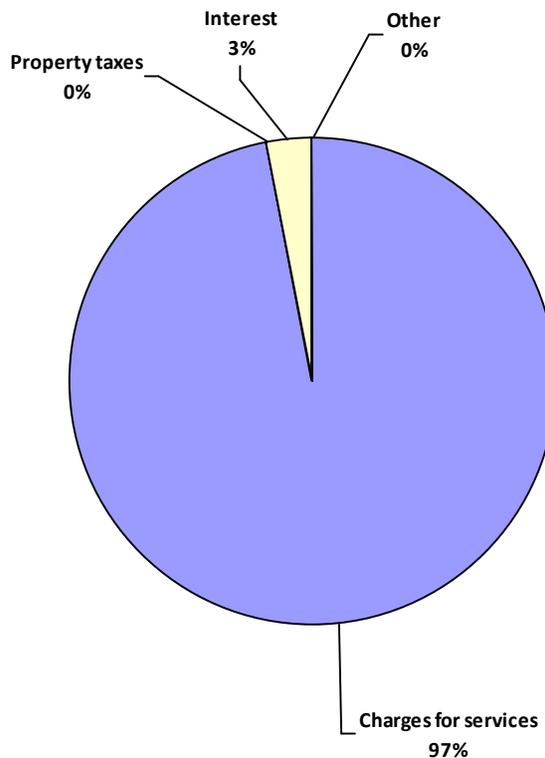


Business-type activities. The total increase in net position for the business-type activities of the City was \$2,249,146 or 11.9% from the prior fiscal year. Revenues increased by \$219,790 due to increases in water and sewage disposal sales and in interest earnings. Operating expenses increased by \$59,861 from the prior year, with no significant changes in overall expenses.

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 \$3,146,429, an increase of \$618,886 from the prior year. Approximately 44% of this fund balance amount (\$1,373,851) 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 (\$14,137), 2) legally required to be maintained in tact (\$0), 3) restricted for particular purposes (\$306,880), 4) committed for particular purposes (\$0), or 5) assigned for particular purposes (\$1,451,561).

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 \$1,373,851. 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 48% of total General Fund expenditures and transfers out, while total fund balance represents 76% of the same amount.

The fund balance of the City's General Fund increased by \$273,025 during the current fiscal year. Total revenue sources decreased by \$200,137 or 6.3%, primarily due to decreases in property taxes and state shared revenues. General Fund expenditures increased by \$15,029 or 0.6%, primarily due to decreases in spending for general government, and increases in public safety and public works compared to the prior year. The General Fund also transferred \$275,000 to other funds, with \$250,000 transferred to the Local Street Fund for operating purposes.

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 \$3,497,078 and \$5,541,459, respectively. Changes in the Water Supply System and Sewage Disposal System Funds' net position during the current year were increases of \$894,760 and \$1,360,303, 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 an increase of \$30,000 in public safety expenditures (made up of a \$55,000 increase for sheriff services, a decrease of \$50,000 for fire department expenditures, and an increase of \$25,000 for building inspector expenditures), an increase of \$70,000 for public works expenditures (storm sewer), and an increase of \$45,000 for planning and zoning administration expenditures. Revenues fell under budgeted amounts by \$30,806 while City operational departments stayed below budget overall, resulting in total expenditures \$238,933 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, 2019, amounted to \$19,826,827 (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:

- \$1,406,989 for waste water treatment plan upgrades and pump station upgrades
- \$42,961 for a trash pump and trailer
- \$402,412 for booster station upgrades
- \$21,242 for Veterans Park upgrades
- \$19,950 for Grove St. Park upgrades
- \$129,935 for Lawton Lane road and utility 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	
	2019	2018	2019	2018	2019	2018
Land	\$ 130,051	\$ 130,051	\$ 76,473	\$ 76,473	\$ 206,524	\$ 206,524
Construction in progress	129,935	-	2,051,910	429,603	2,181,845	429,603
Land improvements	403,688	391,884	-	-	403,688	391,884
Buildings and improvements	456,264	491,594	-	1,582	456,264	493,176
Systems	-	-	13,577,889	13,982,180	13,577,889	13,982,180
Machinery, equipment, vehicles	330,061	411,025	67,644	27,460	397,705	438,485
Infrastructure	2,602,912	2,824,103	-	-	2,602,912	2,824,103
Total	\$ 4,052,911	\$ 4,248,657	\$ 15,773,916	\$ 14,517,298	\$ 19,826,827	\$ 18,765,955

Long-term debt. At the end of the current fiscal year, the City had total installment debt outstanding of \$3,917,000. All of this amount is to be paid from specified revenue sources.

Total outstanding debt decreased by \$205,000 (5%) during the current fiscal year. This is the result of the City issuing \$98,175 of county contractual obligations during the year relating to drains, and making required scheduled debt service payments of \$303,175 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 \$906,349, an increase of \$422,149 from the prior year. Additional information on the City's net pension liability can be found in Note 10 of this report.

Economic Factors Bearing on the City's Future

Key discussion points remain largely the same for Coopersville this year as they have the past few years. Economic growth and expansion continue which result in local economic stability. Our historical and stable bond rating signified that the City has continued to manage its fiscal policy in a conservative, deliberate, and responsible fashion.

Like all communities, the City of Coopersville does have challenges, but the City is fortunate in that these challenges are related to economic growth and expansion. Continental Dairy Facilities (CDF) and fairlife continue to maintain strong production and product lines. Their success unfortunately continues to present serious challenges for the City of Coopersville's Waste Water Treatment Plant (WWTP) in that the continued growth has surpassed the capacity of the WWTP (which was significantly upgraded in 2012). In the past year the City has taken steps to again increase its WWTP capacity with the addition of new effluent pumps and a new UV treatment system. In the coming year, the City will also add a third clarifier that will increase the City's mechanical treatment capacity to 2.5 million gallons per day.

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

- This past year Betten-Baker added yet another car dealership to its "Coopersville Auto Mall", Ford. With this expansion Betten-Baker now has all three major domestic car makers and a pre-owned center along the O'Malley Drive corridor.
- The Coopersville DDA continues to work with downtown businesses and placemaking to attract new and repeat visitors to the downtown. For a period of time in the past year Main Street had no vacant store fronts. And has seen several new additions including an antique shop, a specialty women's clothing store, and a bridal shop.
- The City has also seen solid interest in its Western Commercial Corridor with the addition of a new national automotive retail chain and several other businesses.
- Long-term Coopersville based businesses continue to see growth. This includes Bekins which completed a significant addition to its distribution and training center in late 2018. Lynden Sports Center is also in the midst of completing an expansion of its facility. Lynden Sports Center is a water craft dealer and their expansion will allow for additional sales space as well as indoor storage of boats in the winter months.

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

Other significant projects include:

The East Gateway, an undeveloped quadrant of the City, continues to attract strong interest. In 2019 the developer for this quadrant refocused their objectives for the project electing to move forward with a phased development rather than a platted development. This will allow for more flexibility on the part of the developer. It is anticipated that in the spring/summer of 2020 the City will start to see development in that area, although to date no site plans have been submitted. The Developer is currently engaged in getting the required utilities extended to the site.

The upgrade and expansion to the City of Coopersville's water system continues which includes a second Grand River watermain crossing. This past year, City staff is working closely with Allendale Charter Township, Polkton Charter Township and Ottawa County to finalize construction plans for a new booster station and water line route. Final construction easements have also been secured along the 68th Ave. corridor and financing has been lined up to cover the additional monies required to complete the project. The results of this project will provide the City with a more reliable source of water that will have real, economic development impact for City residents and business owners to insure continued economic growth. Estimated costs for the whole water project are approximately \$6.9 million. This includes a \$2.1 million grant from the U.S. Economic Development Administration which was awarded in early 2018. The balance of the financing will come from the City through a \$2 million cash payment from the City's Water Fund, and direct placement financing. It is the City's objective to have the loan debt repaid in approximately five years.

As was previously noted, the City is engaging in another wastewater expansion project. In September of 2019 the City Council authorized a contract with Triangle Associates for \$2.598 million that will increase the wastewater plant's treatment capacity to 2.5 Million Gallons Per Day (MGD), the current treatment capacity is 1.65 MGD. This increase will allow the City to properly treat wastewater from our dairy partners and will allow the City to recapture its 20-year wastewater growth capacity for other domestic, industrial and commercial users. This project will be paid for in cash through an allocation from the sewer fund.

It was determined the third clarifier at the wastewater plant was necessary once it became clear that the proposed wastewater line from Coopersville to Muskegon County would not be viable at this point in time because of the cost and timeline associated with the Muskegon pipeline project.

Financial – Economic Issues:

- As has been noted in the past, the elimination of Personal Property Taxes (PPT) by the State of Michigan has been an adjustment. The first two years following the elimination of PPT the City saw health reimbursements from the State – greater than anticipated. In FY 2018-19 that trend reversed, and the City was a significant reduction in PPT reimbursements. Going forward staff has accounted for those changes and will be more conservative in PPT reimbursement estimations.
- This past year the City Council elected to institute a fund balance policy. The policy requires a 40% fund balance and outlines steps staff and Council should take to restore a fund balance if an emergency brings it below 40%. The policy also suggests how funds in excess of 40% should be spent if/when that situation arises. This includes paying down long-term debt and/or long-term liabilities (such as retirement benefits) as well as one-time projects.
- As has been discussed in years past, more economic diversification will continue to be a desire of the City. Although the City's two largest taxpayers, Continental Dairy Facilities (CDF) and fairlife, are more stable over the long-term and somewhat immune from economic downturns, it's in the best interest of the City to continue to diversify. It is the City's hope that the development of the East Gateway will help to facilitate that diversification.

The economic outlook for the City of Coopersville remains bright. In essence Coopersville's future remains strong both financially and in the City's 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, Michigan
STATEMENT OF NET POSITION
June 30, 2019

	Primary Government			Component Unit
	Governmental Activities	Business Type Activities	Total	
ASSETS				
Cash and investments	\$ 3,478,159	\$ 8,331,725	\$ 11,809,884	\$ 660,715
Receivables:				
Accounts	12,911	1,102,580	1,115,491	-
Special assessments	6,461	-	6,461	-
Due from other governments	155,536	-	155,536	-
Internal balances	(256,015)	256,015	-	-
Prepaid items	15,137	-	15,137	-
Capital assets not being depreciated	259,986	2,128,383	2,388,369	-
Capital assets (net of accumulated depreciation)	<u>3,792,925</u>	<u>13,645,533</u>	<u>17,438,458</u>	<u>-</u>
Total Assets	<u>7,465,100</u>	<u>25,464,236</u>	<u>32,929,336</u>	<u>660,715</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows-pension related	<u>185,187</u>	<u>56,754</u>	<u>241,941</u>	<u>-</u>
LIABILITIES				
Accounts payable	120,781	204,947	325,728	9,817
Accrued liabilities	-	34,965	34,965	-
Noncurrent liabilities:				
Due within one year				
Long-term debt	33,000	232,000	265,000	-
Due in more than one year				
Net pension liability	693,739	212,610	906,349	-
Long-term debt	<u>33,000</u>	<u>3,619,000</u>	<u>3,652,000</u>	<u>-</u>
Total Liabilities	<u>880,520</u>	<u>4,303,522</u>	<u>5,184,042</u>	<u>9,817</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows-pension related	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	3,986,911	11,922,916	15,909,827	-
Restricted for:				
Construction code activities	275,861	-	275,861	-
Cemetery operations	31,019	-	31,019	-
Unrestricted	<u>2,475,976</u>	<u>9,294,552</u>	<u>11,770,528</u>	<u>650,898</u>
Total Net Position	<u>\$ 6,769,767</u>	<u>\$ 21,217,468</u>	<u>\$ 27,987,235</u>	<u>\$ 650,898</u>

City of Coopersville, Michigan
STATEMENT OF ACTIVITIES
Year Ended June 30, 2019

	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Total	Component Unit
Function/Programs:								
Primary Government:								
Governmental Activities:								
General government	\$ 666,382	\$ 110,465	\$ -	\$ -	\$ (555,917)	\$ -	\$ (555,917)	\$ -
Public safety	1,180,915	110,064	108,527	-	(962,324)	-	(962,324)	-
Public works	980,686	169,460	589,270	5,000	(216,956)	-	(216,956)	-
Community and economic development	161,648	-	-	-	(161,648)	-	(161,648)	-
Recreation and culture	382,351	107,601	-	950	(273,800)	-	(273,800)	-
Other	28,848	-	-	-	(28,848)	-	(28,848)	-
Total Governmental Activities	<u>3,400,830</u>	<u>497,590</u>	<u>697,797</u>	<u>5,950</u>	<u>(2,199,493)</u>	<u>-</u>	<u>(2,199,493)</u>	<u>-</u>
Business-type activities:								
Water supply	1,406,322	2,221,358	-	-	-	815,036	815,036	-
Sewage disposal	2,191,406	3,451,965	-	-	-	1,260,559	1,260,559	-
Total Business-type Activities	<u>3,597,728</u>	<u>5,673,323</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,075,595</u>	<u>2,075,595</u>	<u>-</u>
Total Primary Government	<u>\$ 6,998,558</u>	<u>\$ 6,170,913</u>	<u>\$ 697,797</u>	<u>\$ 5,950</u>	<u>(2,199,493)</u>	<u>2,075,595</u>	<u>(123,898)</u>	<u>-</u>
Component Unit:								
Downtown Development Authority	\$ 360,706	\$ 11,805	\$ -	\$ -				(348,901)
General revenues:								
Property taxes					1,702,114	625	1,702,739	400,000
State shared revenues					734,963	-	734,963	-
Interest					71,810	169,963	241,773	15,795
Other					47,033	2,963	49,996	1,158
Total General Revenues and Transfers					<u>2,555,920</u>	<u>173,551</u>	<u>2,729,471</u>	<u>416,953</u>
Change in Net Position					356,427	2,249,146	2,605,573	68,052
Net Position - Beginning					<u>6,413,340</u>	<u>18,968,322</u>	<u>25,381,662</u>	<u>582,846</u>
Net Position - Ending					<u>\$ 6,769,767</u>	<u>\$ 21,217,468</u>	<u>\$ 27,987,235</u>	<u>\$ 650,898</u>

See Notes to Financial Statements

City of Coopersville, Michigan
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2019

	General	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash and investments	\$ 2,225,065	\$ 928,779	\$ 3,153,844
Receivables:			
Accounts	12,756	155	12,911
Special assessments	-	6,461	6,461
Due from other governments	6,054	79,609	85,663
Prepaid items	14,137	-	14,137
Total Assets	\$ 2,258,012	\$ 1,015,004	\$ 3,273,016
LIABILITIES			
Accounts payable	\$ 92,682	\$ 27,444	\$ 120,126
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue-special assessments	-	6,461	6,461
FUND BALANCES			
Non-spendable:			
Prepaid items	14,137	-	14,137
Restricted for:			
Construction code activities	275,861	-	275,861
Cemetery operations	-	31,019	31,019
Assigned to:			
Subsequent year's budget: fund balance appropriation	501,481	-	501,481
Streets and roads	-	845,050	845,050
Police services	-	100,334	100,334
Debt service	-	4,696	4,696
Unassigned	1,373,851	-	1,373,851
Total Fund Balances	2,165,330	981,099	3,146,429
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 2,258,012	\$ 1,015,004	
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			3,792,453
State shared revenues (sales taxes) collected and held by the State at year end are not considered available to pay for current year expenditures			69,873
Special assessments receivable are expected to be collected over several years and are not available to pay for current year expenditures			6,461
Long term liabilities are not due and payable in the current period and are not reported in the funds			(66,000)
Net pension liability is not due and payable in the current period and is not reported in the funds			(693,739)
Deferred inflows and outflows of resources related to pensions are not reported in the governmental funds			
Deferred outflows of resources related to pensions			185,187
Deferred inflows of resources related to pensions			-
Internal Service Funds are included as part of governmental activities			329,103
Net Position of Governmental Activities			\$ 6,769,767

See Notes to Financial Statements

City of Coopersville, Michigan
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2019

	General	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	\$ 1,702,114	\$ -	\$ 1,702,114
Licenses and permits	86,240	-	86,240
State grants	-	53,726	53,726
State shared revenues	732,939	472,730	1,205,669
Local unit contributions	-	91,814	91,814
Charges for services	327,857	24,250	352,107
Fines and forfeits	4,714	-	4,714
Interest	50,288	18,119	68,407
Other	71,622	117,652	189,274
Total Revenues	<u>2,975,774</u>	<u>778,291</u>	<u>3,754,065</u>
Expenditures:			
Current:			
General government	575,745	46,628	622,373
Public safety	1,034,152	129,857	1,164,009
Public works	412,241	468,457	880,698
Community and economic development	160,958	-	160,958
Recreation and culture	376,468	-	376,468
Other	28,848	-	28,848
Total Expenditures	<u>2,588,412</u>	<u>644,942</u>	<u>3,233,354</u>
Excess of Revenues Over (Under) Expenditures	<u>387,362</u>	<u>133,349</u>	<u>520,711</u>
Other Financing Sources (Uses):			
Proceeds from issuance of long-term debt	98,175	-	98,175
Transfers in	62,488	305,000	367,488
Transfers out	(275,000)	(92,488)	(367,488)
Total Other Financing Sources (Uses)	<u>(114,337)</u>	<u>212,512</u>	<u>98,175</u>
Net Change in Fund Balances	273,025	345,861	618,886
Fund Balances - July 1	<u>1,892,305</u>	<u>635,238</u>	<u>2,527,543</u>
Fund Balances - June 30	<u>\$ 2,165,330</u>	<u>\$ 981,099</u>	<u>\$ 3,146,429</u>

City of Coopersville, Michigan
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2019

Net change in fund balances-Total Governmental Funds \$ 618,886

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	171,127
Current year depreciation expense on capitalized assets	(302,885)

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

State shared revenues	2,023
Special assessment revenues	(870)

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:

Ottawa County contractual obligations issued	(98,175)
Principal payments on long-term debt	32,175

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.

(56,129)

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

(9,725)

Change in net position of governmental activities **\$ 356,427**

City of Coopersville, Michigan
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2019

	Enterprise Funds			Internal Service Fund
	Water Supply System	Sewage Disposal System	Total	Equipment Fund
ASSETS				
Current Assets:				
Cash and investments	\$ 3,393,116	\$ 4,938,609	\$ 8,331,725	\$ 324,315
Receivables:				
Accounts	285,713	816,867	1,102,580	-
Prepaid items	-	-	-	1,000
Total Current Assets	<u>3,678,829</u>	<u>5,755,476</u>	<u>9,434,305</u>	<u>325,315</u>
Noncurrent Assets:				
Capital assets not being depreciated	546,983	1,581,400	2,128,383	-
Capital assets (net of accumulated depreciation)	1,249,379	12,396,154	13,645,533	260,458
Total Noncurrent Assets	<u>1,796,362</u>	<u>13,977,554</u>	<u>15,773,916</u>	<u>260,458</u>
Total Assets	<u>5,475,191</u>	<u>19,733,030</u>	<u>25,208,221</u>	<u>585,773</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows-pension related	28,609	28,145	56,754	-
LIABILITIES				
Current Liabilities:				
Accounts payable	100,936	104,011	204,947	655
Customer deposits	2,250	2,100	4,350	-
Accrued liabilities	-	30,615	30,615	-
Current portion of long-term debt	-	232,000	232,000	-
Total Current Liabilities	<u>103,186</u>	<u>368,726</u>	<u>471,912</u>	<u>655</u>
Noncurrent Liabilities:				
Net pension liability	107,174	105,436	212,610	-
Long-term debt	-	3,619,000	3,619,000	-
Total Noncurrent Liabilities	<u>107,174</u>	<u>3,724,436</u>	<u>3,831,610</u>	<u>-</u>
Total Liabilities	<u>210,360</u>	<u>4,093,162</u>	<u>4,303,522</u>	<u>655</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows-pension related	-	-	-	-
NET POSITION				
Net investment in capital assets	1,796,362	10,126,554	11,922,916	260,458
Unrestricted	3,497,078	5,541,459	9,038,537	324,660
Total Net Position	<u>\$ 5,293,440</u>	<u>\$ 15,668,013</u>	<u>20,961,453</u>	<u>\$ 585,118</u>
Adjustment to reflect the consolidation of internal service funds activities to enterprise funds			<u>256,015</u>	
Net position of business-type activities			<u>\$ 21,217,468</u>	

See Notes to Financial Statements

City of Coopersville, Michigan
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
Year Ended June 30, 2019

	Enterprise Funds			Internal Service Fund
	Water Supply System	Sewage Disposal System	Total	Equipment Fund
Operating Revenues:				
Water sales	\$ 2,173,784	\$ -	\$ 2,173,784	\$ -
Sewage disposal service	-	3,435,873	3,435,873	-
Charges for services	-	-	-	252,835
Fees	31,762	5,412	37,174	-
Total Operating Revenues	<u>2,205,546</u>	<u>3,441,285</u>	<u>5,646,831</u>	<u>252,835</u>
Operating Expenses:				
Cost of water	938,222	-	938,222	-
Operations and maintenance	369,199	1,578,589	1,947,788	162,788
Depreciation	95,279	483,607	578,886	107,728
Total Operating Expenses	<u>1,402,700</u>	<u>2,062,196</u>	<u>3,464,896</u>	<u>270,516</u>
Operating Income (Loss)	<u>802,846</u>	<u>1,379,089</u>	<u>2,181,935</u>	<u>(17,681)</u>
Nonoperating Revenues (Expenses):				
Hook-ups	15,812	10,680	26,492	-
Property taxes	625	-	625	-
Interest income	66,971	102,992	169,963	3,403
Gain (loss) on sale of capital assets	-	(6,387)	(6,387)	-
Other	9,350	-	9,350	(1,364)
Interest and fiscal charges	(844)	(126,071)	(126,915)	-
Total Nonoperating Revenues (Expenses)	<u>91,914</u>	<u>(18,786)</u>	<u>73,128</u>	<u>2,039</u>
Change in Net Position	894,760	1,360,303	2,255,063	(15,642)
Net Position - July 1	<u>4,398,680</u>	<u>14,307,710</u>		<u>600,760</u>
Net Position - June 30	<u>\$ 5,293,440</u>	<u>\$ 15,668,013</u>		<u>\$ 585,118</u>
Adjustment to reflect the consolidation of internal service funds activities to enterprise funds			<u>(5,917)</u>	
Change in net position of business-type activities			<u>\$ 2,249,146</u>	

City of Coopersville, Michigan
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2019

	Enterprise Funds			Internal Service Fund
	Water Supply System	Sewage Disposal System	Total	Equipment Fund
Cash Flows From Operating Activities:				
Receipts from customers	\$ 2,292,627	\$ 3,198,761	\$ 5,491,388	\$ -
Receipts from interfund services provided	-	-	-	252,835
Payments to suppliers	(1,147,979)	(1,379,242)	(2,527,221)	(138,066)
Payments to employees	(182,262)	(172,507)	(354,769)	(27,940)
Payments for interfund services used	(31,662)	(35,799)	(67,461)	-
Receipts from other sources	9,350	-	9,350	1,198
Net Cash Provided By Operating Activities	<u>940,074</u>	<u>1,611,213</u>	<u>2,551,287</u>	<u>88,027</u>
Cash Flows From Capital and Related Financing Activities:				
Construction and purchase of capital assets	(373,037)	(1,584,815)	(1,957,852)	(43,740)
Proceeds from sale of capital assets	-	23,000	23,000	-
Principal paid on capital debt	(45,000)	(226,000)	(271,000)	-
Interest paid on capital debt	(1,125)	(127,868)	(128,993)	-
Property taxes	625	-	625	-
Net Cash Provided (Used) By Capital and Related Financing Activities	<u>(418,537)</u>	<u>(1,915,683)</u>	<u>(2,334,220)</u>	<u>(43,740)</u>
Cash Flows From Investing Activities:				
Interest received on investments	66,971	102,992	169,963	3,403
Net Increase (Decrease) in Cash and Investments	588,508	(201,478)	387,030	47,690
Cash and Investments - July 1	<u>2,804,608</u>	<u>5,140,087</u>	<u>7,944,695</u>	<u>276,625</u>
Cash and Investments - June 30	<u>\$ 3,393,116</u>	<u>\$ 4,938,609</u>	<u>\$ 8,331,725</u>	<u>\$ 324,315</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided By Operating Activities:				
Operating income	\$ 802,846	\$ 1,379,089	\$ 2,181,935	\$ (17,681)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	95,279	483,607	578,886	107,728
Other nonoperating income	25,162	10,680	35,842	(1,364)
Change in assets/deferred outflows of resources and liabilities/deferred inflows of resources				
Receivables	71,569	(253,204)	(181,635)	-
Deferred outflows of resources	(19,239)	(18,776)	(38,015)	-
Accounts payable	(63,294)	(16,507)	(79,801)	(656)
Customer deposits	(300)	-	(300)	-
Net pension liability	50,115	48,385	98,500	-
Deferred inflows of resources	(22,064)	(22,061)	(44,125)	-
Net Cash Provided By Operating Activities	<u>\$ 940,074</u>	<u>\$ 1,611,213</u>	<u>\$ 2,551,287</u>	<u>\$ 88,027</u>
Noncash capital financing activities:				
Acquisition of capital assets through accounts payable	<u>\$ 29,375</u>	<u>\$ (122,336)</u>	<u>\$ (92,961)</u>	<u>\$ -</u>

See Notes to Financial Statements

City of Coopersville, Michigan
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
June 30, 2019

	<u>Agency Funds</u>
ASSETS	
Cash and investments	<u>\$ 60,607</u>
LIABILITIES	
Due to other units	<u>\$ 60,607</u>

City of Coopersville, Michigan
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2019

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.

The City reports the following major proprietary funds:

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

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

Additionally, the City reports the following fund types:

Governmental Funds

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

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

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

Proprietary Funds

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

Fiduciary Funds (Not included in government-wide statements)

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

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

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

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

Budgets and Budgetary Accounting

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

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

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

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

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

Cash and Investments

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

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

Investments are recorded at fair value.

Receivables and Payables

In general, outstanding balances between funds are reported as “due to/from other funds.” Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as “advances to/from other funds.” Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as “internal balances.”

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

Inventories and Prepaid Items

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

Restricted Assets

The City has no restricted assets.

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 acquisition 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 two types of item that qualifies under this category. One 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. The government-wide statements and proprietary funds report deferred inflows-pension related, which includes deferred excess 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).

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 is paid to employees at the time of termination or retirement. If material, vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in the governmental funds only for employee terminations at year-end (if material).

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.

The City Council has adopted a minimum fund balance policy which states that the total unassigned fund balances of the General Fund will be at least forty percent of the average of the last three fiscal years' General Fund revenues.

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 2018 ad valorem tax is levied and collectible on July 1, 2018, and is recognized as revenue in the year ended June 30, 2019, when the proceeds of this levy are budgeted and made available for the financing of operations.

Use of Estimates

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

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Excess of Expenditures Over Appropriations in Budgeted Funds

During the year, the City incurred expenditures in budgeted funds which were in excess of the amounts appropriated. The General Fund budgeted \$123,383 for storm sewer public works expenditures, and incurred \$209,484 of expenditures, which was \$86,101 in excess of budgeted appropriations.

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, 2019.

Surplus (deficit) - July 1		\$ 300,281
Current year - building permit revenue	\$ 72,629	
Current year - related expenditures		
Direct costs	(84,896)	
Estimated indirect costs	<u>(12,153)</u>	<u>(24,420)</u>
Surplus (deficit) - June 30		<u>\$ 275,861</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 policy is 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	<u>\$ 3,478,159</u>	<u>\$ 8,331,725</u>	<u>\$ 60,607</u>	<u>\$ 11,870,491</u>	<u>\$ 660,715</u>

The breakdown between deposits and investments is as follows:

	Primary Government	Component Unit	Total
Bank Deposits (checking and savings accounts, certificates of deposit)	\$ -	\$ 637,044	\$ 637,044
Investments	<u>11,870,491</u>	<u>23,671</u>	<u>11,894,162</u>
Total	<u>\$ 11,870,491</u>	<u>\$ 660,715</u>	<u>\$ 12,531,206</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 \$902,914 of which \$487,466 was covered by federal depository insurance and \$415,448 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	\$ 493,244	Not required	Not rated	n/a
Comerica Government Cash Investment Fund	10,169,164	0.0027	Not rated	n/a
Michigan Class Investment Pool	<u>1,231,754</u>	0.0027	AAAm	S&P
Total investments	<u>\$ 11,894,162</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. More than 5% of the City's investments are in the Comerica Government Cash Investment Fund (85.5%), and the Michigan Class Investment Pool (10.4%).

Foreign Currency Risk. The City is not authorized to invest in investments which have this type of risk.

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 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy.

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

The City did not have any investments subject to the fair value disclosures at June 30, 2019.

Michigan Class Investment Pool holdings are measured on a recurring basis using net asset value (NAV) per share (or its equivalent) of the investment company as a practical expedient. These investments have no unfunded commitments or redemption rules.

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.

Investments in Entities that Calculate Net Asset Value per Share

The City holds shares or interests in investment companies whereby the fair value of the investments is measured on a recurring basis using net asset value per share (or its equivalent) of the investment companies as a practical expedient.

4. CAPITAL ASSETS

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

Governmental Activities	Beginning Balance	Increases	Decreases	Completed Construction	Ending Balance
Capital Assets Not Being Depreciated					
Land	\$ 130,051	\$ -	\$ -	\$ -	\$ 130,051
Construction in progress	<u>-</u>	<u>129,935</u>	<u>-</u>	<u>-</u>	<u>129,935</u>
Subtotal	<u>130,051</u>	<u>129,935</u>	<u>-</u>	<u>-</u>	<u>259,986</u>
Capital Assets Being Depreciated					
Building and improvements	1,320,436	-	-	-	1,320,436
Land improvements	1,656,650	41,192	-	-	1,697,842
Machinery and equipment	197,554	-	-	-	197,554
Office furniture and equipment	215,671	-	-	-	215,671
Vehicles	54,555	-	-	-	54,555
Equipment-Equipment Fund	501,647	13,211	(30,284)	-	484,574
Vehicles-Equipment Fund	675,841	30,529	(59,098)	-	647,272
Infrastructure	<u>4,312,725</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,312,725</u>
Subtotal	<u>8,935,079</u>	<u>84,932</u>	<u>(89,382)</u>	<u>-</u>	<u>8,930,629</u>
Less Accumulated Depreciation for					
Buildings and improvements	(828,842)	(35,330)	-	-	(864,172)
Land improvements	(1,264,766)	(29,388)	-	-	(1,294,154)
Machinery and equipment	(160,563)	(5,243)	-	-	(165,806)
Office furniture and equipment	(173,422)	(6,840)	-	-	(180,262)
Vehicles	(47,216)	(4,893)	-	-	(52,109)
Equipment-Equipment Fund	(371,016)	(35,009)	30,284	-	(375,741)
Vehicles-Equipment Fund	(482,026)	(72,719)	59,098	-	(495,647)
Infrastructure	<u>(1,488,622)</u>	<u>(221,191)</u>	<u>-</u>	<u>-</u>	<u>(1,709,813)</u>
Subtotal	<u>(4,816,473)</u>	<u>(410,613)</u>	<u>89,382</u>	<u>-</u>	<u>(5,137,704)</u>
Net Capital Assets Being Depreciated	<u>4,118,606</u>	<u>(325,681)</u>	<u>-</u>	<u>-</u>	<u>3,792,925</u>
Governmental Activities Total					
Capital Assets - Net of Depreciation	<u>\$ 4,248,657</u>	<u>\$ (195,746)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,052,911</u>

Depreciation expense was charged to governmental functions as follows:

General government	\$ 12,832
Public safety	15,029
Public works	238,334
Recreation and culture	36,690
Internal service fund depreciation is charged to the various functions based on their usage of the assets	<u>107,728</u>
Total Governmental Activities	<u>\$ 410,613</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	\$ 76,473	\$ -	\$ -	\$ -	\$ 76,473
Construction in progress	<u>429,603</u>	<u>1,622,307</u>	<u>-</u>	<u>-</u>	<u>2,051,910</u>
Subtotal	<u>506,076</u>	<u>1,622,307</u>	<u>-</u>	<u>-</u>	<u>2,128,383</u>
Capital Assets Being Depreciated					
Water systems	5,216,702	-	-	-	5,216,702
Sewage systems	18,716,287	187,095	(45,798)	-	18,857,584
Building	82,950	-	-	-	82,950
Machinery and equipment-water	10,600	-	-	-	10,600
Machinery and equipment-sewer	<u>101,892</u>	<u>55,489</u>	<u>-</u>	<u>-</u>	<u>157,381</u>
Subtotal	<u>24,128,431</u>	<u>242,584</u>	<u>(45,798)</u>	<u>-</u>	<u>24,325,217</u>
Less Accumulated Depreciation for					
Water systems	(3,873,626)	(93,697)	-	-	(3,967,323)
Sewage systems	(6,077,183)	(468,302)	16,411	-	(6,529,074)
Building	(81,368)	(1,582)	-	-	(82,950)
Machinery and equipment-water	(10,600)	-	-	-	(10,600)
Machinery and equipment-sewer	<u>(74,432)</u>	<u>(15,305)</u>	<u>-</u>	<u>-</u>	<u>(89,737)</u>
Subtotal	<u>(10,117,209)</u>	<u>(578,886)</u>	<u>16,411</u>	<u>-</u>	<u>(10,679,684)</u>
Net Capital Assets Being Depreciated	<u>14,011,222</u>	<u>(336,302)</u>	<u>(29,387)</u>	<u>-</u>	<u>13,645,533</u>
Business Type Activities Total					
Capital Assets - Net of Depreciation	<u>\$ 14,517,298</u>	<u>\$ 1,286,005</u>	<u>\$ (29,387)</u>	<u>\$ -</u>	<u>\$ 15,773,916</u>

Depreciation expense was charged to business type activities as follows:

Water supply	\$ 95,279
Sewage disposal	<u>483,607</u>
Total Business-Type Activities	<u><u>\$ 578,886</u></u>

Construction Commitments - At June 30, 2019, the City had construction commitments totaling \$259,150.

5. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

At June 30, 2019, there were no interfund balances. Interfund transfers reported in the funds statements were as follows:

	Transfers Out		
	General Fund	Nonmajor Governmental Funds	Total
Transfers In			
General Fund	\$ -	\$ 62,488 (2)	\$ 62,488
Nonmajor Governmental Funds	<u>275,000 (1)</u>	<u>30,000 (3)</u>	<u>305,000</u>
	<u>\$ 275,000</u>	<u>\$ 92,488</u>	<u>\$ 367,488</u>

The following describes the nature of significant transfers:

- (1) Transfer for annual operating purposes
- (2) Transfer of unrestricted funds to close out the Capital Project Future Land Fund
- (3) Transfer from Major Street Fund to Local Street Fund for operating purposes

6. LONG-TERM DEBT

The City issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the government. County contractual agreements and installment purchase agreements are also general obligations of the government. Special assessment bonds provide for capital improvements that benefit specific properties, and will be repaid from amounts levied against those properties benefited from the construction. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the city is obligated to provide resources to cover the deficiency until other resources are received. Revenue bonds involve a pledge of specific income derived from the acquired or constructed assets to pay debt service.

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

	<u>Original Issue</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities						
County Contractual Obligation 2019 Drain Commission, interest rate of 1.89%, maturing 2021	\$ 98,175	\$ -	\$ 98,175	\$ (32,175)	\$ 66,000	\$ 33,000
Business-Type Activities						
Michigan Municipal Bond Authority 1998 Drinking Water, interest rate of 2.5%, maturing 2019	\$ 746,618	\$ 45,000	\$ -	\$ (45,000)	\$ -	\$ -
Revenue Bonds						
2018 Wastewater Treatment System Revenue Refunding Bonds, interest rate of 3.180% maturing 2032	4,314,000	4,077,000	-	(226,000)	3,851,000	232,000
Total Business-Type Activities		<u>\$ 4,122,000</u>	<u>\$ -</u>	<u>\$ (271,000)</u>	<u>\$ 3,851,000</u>	<u>\$ 232,000</u>

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

Years Ended <u>June 30</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 33,000	\$ 988	\$ 232,000	\$ 120,633
2021	33,000	625	240,000	113,192
2022	-	-	248,000	105,497
2023	-	-	255,000	97,547
2024	-	-	264,000	89,374
2025-2029	-	-	1,451,000	314,518
2030-2033	-	-	1,161,000	75,048
Total	<u>\$ 66,000</u>	<u>\$ 1,613</u>	<u>\$ 3,851,000</u>	<u>\$ 915,809</u>

Pledged Revenues-The City has pledged future wastewater treatment customer revenues, net of specified operating expenses, to repay \$4,314,000 in wastewater treatment system refunding bonds issued in 2018. Proceeds from the bonds provided financing for refunding the City's wastewater treatment system revenue bonds. The bonds are payable solely from the net revenues of the City's wastewater treatment system and are payable through 2032. The City has covenanted and agreed to fix, establish, maintain and collect at all times while any bonds payable from net revenues shall be outstanding, such rates, fees, and charges for the sale of the output, capacity, use or service furnished by the wastewater treatment system, which together with other income, shall be reasonably expected to yield net revenues equal to at least the sum of 110% of annual debt service requirements on the bonds for each year and to provide for such other expenditures and funds for the wastewater treatment system as required by the bond resolution.

7. RESTRICTED ASSETS

The City has no restricted assets at June 30, 2019.

8. RISK MANAGEMENT

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

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

9. DEFERRED COMPENSATION PLAN

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

10. EMPLOYEE RETIREMENT SYSTEMS AND PLANS

General Information about the Pension Plan

Plan Description – The City’s defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The City participates in the Municipal Employees’ Retirement System of Michigan (MERS). 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

	2018 Valuation	2017 Valuation
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, 2018 valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	18
Inactive members entitled to but not yet receiving benefits	5
Active plan members	17
Total participants	40

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, 2019 were 10.11% based on annual payroll for open divisions.

Net Pension Liability – The City’s Net Pension Liability was measured as of December 31, 2018, 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 3.75% long-term wage inflation assumption would be consistent with a price inflation of 3%-4%.

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

Mortality rates used were based on the RP-2014 Group Annuity Mortality Table of a 50% Male and 50% Female blend.

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	55.5%	8.65%
Global Fixed Income	18.5%	3.76%
Real Assets	13.5%	9.72%
Diversifying Strategies	12.5%	7.50%

Discount Rate – The discount rate used to measure the total pension liability is 8.00% for 2018. 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 12/31/17	\$ 2,858,232	\$ 2,374,032	\$ 484,200
Changes for the Year			
Service cost	85,556	-	85,556
Interest on Total Pension Liability	223,313	-	223,313
Changes in benefit terms	-	-	-
Difference between expected and actual experience	156,122	-	156,122
Changes in assumptions	-	-	-
Employer contributions	-	104,317	(104,317)
Employee contributions	-	33,927	(33,927)
Net investment income	-	(90,832)	90,832
Benefit payments, including employee refunds	(219,221)	(219,221)	-
Administrative expenses	-	(4,570)	4,570
Other changes	-	-	-
Net Changes	<u>245,770</u>	<u>(176,379)</u>	<u>422,149</u>
Balances as of 12/31/18	<u>\$ 3,104,002</u>	<u>\$ 2,197,653</u>	<u>\$ 906,349</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	\$ 1,241,318	\$ 906,349	\$ 622,501

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

For the year ended June 30, 2019 the City recognized pension expense of \$179,069. 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	\$ 28,331	\$ -
Changes in assumptions	-	-
Excess (inflow) or deficit (outflow) investment returns	167,100	-
Contributions subsequent to the measurement date (1)	46,510	-
Total	<u>\$ 241,941</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, 2020

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
2020	\$ 80,080
2021	34,353
2022	72,041
2023	<u>55,467</u>
Total	<u>\$ 241,941</u>

Payable to the Pension Plan

At June 30, 2019, 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, 2019.

NOTE 11 – TAX ABATEMENTS

As of June 30, 2019, the City provides tax abatement through one type of program: The Industrial Facilities Exemption.

Industrial Facilities Exemption

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

For the year ended June 30, 2019, the City abated property tax revenues approximating \$428,768 under this program.

NOTE 12 – RELATED PARTY TRANSACTIONS

The City contracts for recreation services with a family member of one of the City’s council members. Payments for contracted services under this arrangement totaled \$20,800 for the year ended June 30, 2019.

NOTE 13 – CONTINGENT LIABILITIES

The City is a member of the Coopersville Polkton Joint Building Authority (the Authority), a joint venture of the City and Polkton Charter Township, to provide for the construction of a new fire station. The Authority issued \$2,550,000 of bonds in April 2019 for the construction of the new fire station, maturing through 2033, with interest rates ranging from 3.0-4.0%. The City and Polkton Charter Township have both entered into lease agreements with the Authority so that the costs of capital expenditures are supported by lease payments from the participating municipalities. The City has irrevocably agreed to pay a portion of the principal and interest, through a rental agreement. At June 30, 2019, the City’s portion of outstanding debt for which it has covenanted to pay totaled \$1,405,000. At the time the bonds are paid off the facility will be conveyed to the Coopersville Polkton Area Fire Protection Authority. Accordingly, the transactions are being accounted for as a direct financing lease.

NOTE 14 – JOINT VENTURES

Certain entities which are not part of a city's reporting entity but were, in part, created by the city for special purposes, are accounted for as joint ventures. The following are joint ventures in which the City participates:

Coopersville Polkton Area Fire Protection Authority

The City is a member of the Coopersville Polkton Area Fire Protection Authority (the Authority), a joint venture of the City and Polkton Charter Township, to provide fire protection services to the City and Polkton Charter Township. The City does not have an explicit, measurable equity interest in the Authority. The agreement between the City and Polkton Charter Township provides that the costs of operations and capital expenditures are supported by contributions from the participating municipalities. Contributions from the participating municipalities are based on fire protection runs, population, and tax base in each municipality. The Authority is governed by an appointed fire board, consisting of two members appointed by the City of Coopersville and two members appointed by Polkton Charter Township.

The Authority's fiscal year ends on December 31. For the year ended December 31, 2018, costs were allocated 55.0% to the City and 45.0% to Polkton Charter Township. During the year ended December 31, 2018, the City contributed \$159,400 to the Authority. As of December 31, 2018, the Authority has net position of \$1,728,743 and noncurrent liabilities of \$0. The Authority's (General Fund) fund balance decreased by \$34,145, from \$248,191 to \$214,046, for the year ended December 31, 2018. The Authority's net position increased by \$571,698, from \$1,157,045 to \$1,728,743, for the year ended December 31, 2018. Separate financial statements of the joint venture may be obtained from either of the participating municipalities.

Coopersville Polkton Joint Building Authority

The City is a member of the Coopersville Polkton Joint Building Authority (the Authority), a joint venture of the City and Polkton Charter Township, to provide for the construction of a new fire station. The City does not have an explicit, measurable equity interest in the Authority. The Authority is governed by an appointed board, consisting of two members appointed by the City of Coopersville and two members appointed by Polkton Charter Township.

The Authority issued \$2,550,000 of bonds in April 2019 for the construction of a new fire station, maturing through 2033, with interest rates ranging from 3.0-4.0%. These bonds are backed by the limited tax, full faith and credit of the City and Polkton Charter Township (participating municipalities). The participating municipalities have entered into lease agreements with the Authority; the lease payments are for the payment of the maturing bonds principal and interest. Subsequently, the participating municipalities entered into sublease agreements with the Coopersville Polkton Area Fire Protection Authority; the lease payments are for the payment of the maturing bonds principal and interest. In accordance with the terms of the sublease agreements, the City and Polkton Charter Township have agreed that upon retirement of the related financing, the lease agreements will be terminated and the Authority will convey title of the facilities to the Coopersville Polkton Area Fire Protection Authority.

Required
Supplementary Information

City of Coopersville, Michigan
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 1,690,580	\$ 1,690,580	\$ 1,702,114	\$ 11,534
Licenses and permits	89,500	89,500	86,240	(3,260)
State shared revenues	925,000	925,000	732,939	(192,061)
Charges for services	262,000	262,000	327,857	65,857
Fines and forfeits	4,500	4,500	4,714	214
Interest	10,000	10,000	50,288	40,288
Other	25,000	25,000	71,622	46,622
Total Revenues	<u>3,006,580</u>	<u>3,006,580</u>	<u>2,975,774</u>	<u>(30,806)</u>
Expenditures:				
Current:				
General Government:				
City Council	18,700	18,700	9,019	9,681
Manager	120,414	120,414	74,169	46,245
Elections	17,500	17,500	8,265	9,235
Assessor	35,808	35,808	32,859	2,949
Attorney	40,000	40,000	15,248	24,752
Clerk	104,408	104,408	90,014	14,394
Board of Review	2,470	2,470	2,207	263
Treasurer	99,659	99,659	82,338	17,321
Computer services	142,660	142,660	99,769	42,891
Building and grounds	161,543	161,543	149,857	11,686
Cemetery	12,000	12,000	12,000	-
Total General Government	<u>755,162</u>	<u>755,162</u>	<u>575,745</u>	<u>179,417</u>
Public Safety:				
Police	24,948	24,948	17,919	7,029
Sheriff	620,000	675,000	655,785	19,215
Fire department	215,300	165,300	165,300	-
Emergency unit	126,265	126,265	110,252	16,013
Building inspector	74,537	99,537	84,896	14,641
Total Public Safety	<u>1,061,050</u>	<u>1,091,050</u>	<u>1,034,152</u>	<u>56,898</u>
Public Works:				
Street lighting	60,000	60,000	41,791	18,209
Sanitation	163,000	163,000	160,966	2,034
Storm sewer	53,383	123,383	209,484	(86,101)
Total Public Works	<u>276,383</u>	<u>346,383</u>	<u>412,241</u>	<u>(65,858)</u>

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Community and Economic Development:				
Planning and zoning administration	<u>120,309</u>	<u>165,309</u>	<u>160,958</u>	<u>4,351</u>
Recreation and Culture:				
Parks	135,139	135,139	122,591	12,548
Recreation	230,766	230,766	204,656	26,110
Historical society	<u>63,336</u>	<u>63,336</u>	<u>49,221</u>	<u>14,115</u>
Total Recreation and Culture	<u>429,241</u>	<u>429,241</u>	<u>376,468</u>	<u>52,773</u>
Other:				
Insurance	<u>40,200</u>	<u>40,200</u>	<u>28,848</u>	<u>11,352</u>
Total Expenditures	<u>2,682,345</u>	<u>2,827,345</u>	<u>2,588,412</u>	<u>238,933</u>
Excess Of Revenues Over (Under) Expenditures	324,235	179,235	387,362	208,127
Other Financing Sources (Uses):				
Proceeds from issuance of long-term debt	-	-	98,175	98,175
Transfers in	10,000	10,000	62,488	52,488
Transfers out	<u>(275,000)</u>	<u>(275,000)</u>	<u>(275,000)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(265,000)</u>	<u>(265,000)</u>	<u>(114,337)</u>	<u>52,488</u>
Net Change in Fund Balances	59,235	(85,765)	273,025	260,615
Fund Balances - July 1	<u>1,892,305</u>	<u>1,892,305</u>	<u>1,892,305</u>	<u>-</u>
Fund Balances - June 30	<u>\$ 1,951,540</u>	<u>\$ 1,806,540</u>	<u>\$ 2,165,330</u>	<u>\$ 260,615</u>

City of Coopersville, Michigan
REQUIRED SUPPLEMENTARY INFORMATION

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

Fiscal year ended June 30,	2019	2018	2017	2016	2015
Total Pension Liability					
Service cost	\$ 85,556	\$ 75,474	\$ 71,004	\$ 71,295	\$ 56,681
Interest on total pension liability	223,313	222,286	224,668	207,335	198,485
Changes in benefit terms	-	-	-	-	-
Differences between expected and actual experience	156,122	(96,344)	(162,357)	41,146	-
Changes in assumptions	-	-	-	141,080	-
Benefit payments, including refunds	(219,221)	(168,045)	(162,601)	(168,427)	(141,960)
Other changes	-	-	-	-	-
Net Change in Total Pension Liability	245,770	33,371	(29,286)	292,429	113,206
Total Pension Liability - Beginning of Year	<u>2,858,232</u>	<u>2,824,861</u>	<u>2,854,147</u>	<u>2,561,718</u>	<u>2,448,512</u>
Total Pension Liability - End of Year	<u>\$ 3,104,002</u>	<u>\$ 2,858,232</u>	<u>\$ 2,824,861</u>	<u>\$ 2,854,147</u>	<u>\$ 2,561,718</u>
Plan Fiduciary Net Position					
Employer contributions	\$ 104,317	\$ 94,442	\$ 72,676	\$ 62,693	\$ 50,374
Employee contributions	33,927	30,812	29,542	47,338	104,149
Net investment income	(90,832)	281,571	223,864	(30,512)	125,745
Benefit payments, including refunds	(219,221)	(168,045)	(162,601)	(168,427)	(141,960)
Administrative expenses	(4,570)	(4,460)	(4,420)	(4,514)	(4,622)
Net Change in Plan Fiduciary Net Position	(176,379)	234,320	159,061	(93,422)	133,686
Plan Fiduciary Net Position - Beginning of Year	<u>2,374,032</u>	<u>2,139,712</u>	<u>1,980,651</u>	<u>2,074,073</u>	<u>1,940,387</u>
Plan Fiduciary Net Position - End of Year	<u>\$ 2,197,653</u>	<u>\$ 2,374,032</u>	<u>\$ 2,139,712</u>	<u>\$ 1,980,651</u>	<u>\$ 2,074,073</u>
Net Pension Liability - Ending	<u>\$ 906,349</u>	<u>\$ 484,200</u>	<u>\$ 685,149</u>	<u>\$ 873,496</u>	<u>\$ 487,645</u>
Plan Fiduciary Net Position as a Percent of Total Pension Liability	70.80%	83.06%	75.75%	69.40%	80.96%
Covered Employee Payroll	\$ 872,134	\$ 773,299	\$ 735,794	\$ 755,242	\$ 600,446
Net Pension Liability as a Percent of Covered Employee Payroll	103.92%	62.61%	93.12%	115.66%	81.21%

Benefit Changes: There were no changes to benefit terms in 2018

Changes in Assumptions: There were not changes of benefit assumptions in 2018

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, Michigan
REQUIRED SUPPLEMENTARY INFORMATION

Defined Benefit Pension Plan
Schedule of Contributions
Last Ten Fiscal Years

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Actuarially determined contribution	\$ 87,086	\$ 85,781	\$ 79,128	\$ 65,723	\$ 54,278	\$ 47,836	\$ 34,840	\$ 37,242	\$ 36,286	\$ 37,781
Contributions in relation to the actuarially determined contribution	<u>104,317</u>	<u>101,281</u>	<u>79,128</u>	<u>65,723</u>	<u>54,278</u>	<u>47,836</u>	<u>34,840</u>	<u>37,242</u>	<u>36,286</u>	<u>37,781</u>
Contribution Deficiency (Excess)	<u>\$ (17,231)</u>	<u>\$ (15,500)</u>	<u>\$ -</u>							
Covered Employee Payroll	\$ 861,787	\$ 828,239	\$ 776,526	\$ 697,696	\$ 619,612	\$ 618,036	\$ 518,452	\$ 520,140	\$ 493,687	\$ 542,052
Contributions as a Percentage of Covered Employee Payroll	10.11%	10.36%	10.19%	9.42%	8.76%	7.74%	6.72%	7.16%	7.35%	6.97%

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 normal
Amortization method	Level percentage of payroll, open
Remaining amortization period	20 years
Asset valuation method	5 year smoothed
Inflation	2.5%
Salary increases	3.75%
Investment rate of return	7.75%
Retirement age	60
Mortality	50% Male / 50% Female blend of RP-2014 Healthy Annuitant Mortality Tables, with rates multiplied by 105%, RP-2014 Employee Mortality Tables, RP-2014 Juvenile Mortality Tables
Other information	None

Additional 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 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, Michigan
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2019

	Special Revenue Funds				Total	Debt Service Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
	Major Street	Local Street	Coopersville- Polkton Cemetery Authority	Community That Cares		2006 Capital Improvement Bonds	Capital Project Future Land	
ASSETS								
Cash and investments	\$ 228,433	\$ 555,725	\$ 31,046	\$ 108,879	\$ 924,083	\$ 4,696	\$ -	\$ 928,779
Receivables:								
Accounts	-	-	-	155	155	-	-	155
Special assessments	-	-	-	-	-	6,461	-	6,461
Due from other governments	<u>58,277</u>	<u>21,332</u>	<u>-</u>	<u>-</u>	<u>79,609</u>	<u>-</u>	<u>-</u>	<u>79,609</u>
Total Assets	<u>\$ 286,710</u>	<u>\$ 577,057</u>	<u>\$ 31,046</u>	<u>\$ 109,034</u>	<u>\$ 1,003,847</u>	<u>\$ 11,157</u>	<u>\$ -</u>	<u>\$ 1,015,004</u>
LIABILITIES								
Accounts payable	<u>\$ 1,050</u>	<u>\$ 17,667</u>	<u>\$ 27</u>	<u>\$ 8,700</u>	<u>\$ 27,444</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,444</u>
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue-special assessments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,461</u>	<u>-</u>	<u>6,461</u>
FUND BALANCES								
Restricted for:								
Cemetery operations	-	-	31,019	-	31,019	-	-	31,019
Assigned	<u>285,660</u>	<u>559,390</u>	<u>-</u>	<u>100,334</u>	<u>945,384</u>	<u>4,696</u>	<u>-</u>	<u>950,080</u>
Total Fund Balances	<u>285,660</u>	<u>559,390</u>	<u>31,019</u>	<u>100,334</u>	<u>976,403</u>	<u>4,696</u>	<u>-</u>	<u>981,099</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 286,710</u>	<u>\$ 577,057</u>	<u>\$ 31,046</u>	<u>\$ 109,034</u>	<u>\$ 1,003,847</u>	<u>\$ 11,157</u>	<u>\$ -</u>	<u>\$ 1,015,004</u>

City of Coopersville, Michigan
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2019

	Special Revenue Funds				Debt Service Fund 2006 Capital Improvement Bonds	Capital Projects Fund Capital Project Future Land	Total Nonmajor Governmental Funds	
	Coopersville-							
	Major Street	Local Street	Polkton Cemetery Authority	Community That Cares				Total
Revenues:								
State grants	\$ -	\$ 53,726	\$ -	\$ -	\$ 53,726	\$ -	\$ -	\$ 53,726
State shared revenues	340,949	131,781	-	-	472,730	-	-	472,730
Local unit contributions	-	62,814	24,000	5,000	91,814	-	-	91,814
Charges for services	-	-	24,250	-	24,250	-	-	24,250
Interest	3,524	10,275	684	2,633	17,116	970	33	18,119
Other	1,550	6,078	627	103,527	111,782	5,870	-	117,652
Total Revenues	<u>346,023</u>	<u>264,674</u>	<u>49,561</u>	<u>111,160</u>	<u>771,418</u>	<u>6,840</u>	<u>33</u>	<u>778,291</u>
Expenditures:								
Current:								
General government	-	-	46,628	-	46,628	-	-	46,628
Public safety	-	-	-	129,857	129,857	-	-	129,857
Public works	169,274	299,183	-	-	468,457	-	-	468,457
Total Expenditures	<u>169,274</u>	<u>299,183</u>	<u>46,628</u>	<u>129,857</u>	<u>644,942</u>	<u>-</u>	<u>-</u>	<u>644,942</u>
Excess of Revenues Over (Under) Expenditures	<u>176,749</u>	<u>(34,509)</u>	<u>2,933</u>	<u>(18,697)</u>	<u>126,476</u>	<u>6,840</u>	<u>33</u>	<u>133,349</u>
Other Financing Sources (Uses):								
Transfers in	-	280,000	-	25,000	305,000	-	-	305,000
Transfers out	(30,000)	-	-	-	(30,000)	(10,000)	(52,488)	(92,488)
Total Other Financing Sources (Uses)	<u>(30,000)</u>	<u>280,000</u>	<u>-</u>	<u>25,000</u>	<u>275,000</u>	<u>(10,000)</u>	<u>(52,488)</u>	<u>212,512</u>
Net Change in Fund Balances	146,749	245,491	2,933	6,303	401,476	(3,160)	(52,455)	345,861
Fund Balances - July 1	<u>138,911</u>	<u>313,899</u>	<u>28,086</u>	<u>94,031</u>	<u>574,927</u>	<u>7,856</u>	<u>52,455</u>	<u>635,238</u>
Fund Balances - June 30	<u>\$ 285,660</u>	<u>\$ 559,390</u>	<u>\$ 31,019</u>	<u>\$ 100,334</u>	<u>\$ 976,403</u>	<u>\$ 4,696</u>	<u>\$ -</u>	<u>\$ 981,099</u>

Additional Supplementary Information

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.

City of Coopersville, Michigan
COMPONENT UNIT - DOWNTOWN DEVELOPMENT AUTHORITY
BALANCE SHEET
June 30, 2019

ASSETS	<u>General</u>
Cash and investments	<u>\$ 660,715</u>
LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts payable	<u>\$ 9,817</u>
Fund Balances:	
Assigned to subsequent year's budget: fund balance appropriation	231,251
Unassigned	<u>419,647</u>
Total fund balances	<u>650,898</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 660,715</u>
Amounts reported for the Component Unit in the statement of net position are different because:	
None	<u>-</u>
Net Position of the Component Unit	<u>\$ 650,898</u>

City of Coopersville, Michigan
COMPONENT UNIT - DOWNTOWN DEVELOPMENT AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
Year Ended June 30, 2019

	General
Revenues:	
Taxes	\$ 400,000
Charges for services	11,805
Interest	15,795
Other	1,158
Total Revenues	428,758
 Expenditures:	
Current:	
Community and economic development	360,706
Net Change in Fund Balances	68,052
Fund Balances, July 1	582,846
Fund Balances, June 30	\$ 650,898
Amounts reported for the Component Unit's activities in the statement of activities are different because:	
None	-
Change in Net Position of the Component Unit	\$ 68,052