

*Charter Township of Cooper  
Kalamazoo County, Michigan*

**FINANCIAL STATEMENTS**

*Year ended March 31, 2018*

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## INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
Charter Township of Cooper, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Charter Township of Cooper, Michigan, as of and for the year ended March 31, 2018, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements, as listed in the 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. 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, each major fund, and the aggregate remaining fund information of the Charter Township of Cooper, Michigan, as of March 31, 2018, and the respective changes in financial position 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, the budgetary comparison information, and the schedule of funding progress for the postemployment healthcare plan, as listed in the 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.

*Siegfried Crandall P.C.*

June 26, 2018

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Charter Township of Cooper's (the Township) financial performance provides a narrative overview of the Township's financial activities for the fiscal year ended March 31, 2018. Please read it in conjunction with the Township's financial statements.

### **FINANCIAL HIGHLIGHTS**

- The Township's total net position increased by \$253,883 as a result of this year's activities.
- Of the \$5,950,107 total net position reported, \$4,463,772 is available to be used to meet the Township's ongoing obligations to its citizens and customers, without constraints established by debt covenants, enabling legislation, or other legal requirements.
- The General Fund's unassigned fund balance at the end of the fiscal year was \$3,016,276, which represents 256 percent of the actual General Fund expenditures for the current fiscal year.

### **Overview of the financial statements**

The Township's annual report is comprised of four parts: management's discussion and analysis, the basic financial statements, required supplementary information, and an optional section that presents combining statements for nonmajor governmental funds. The basic financial statements include two kinds of statements that present different views of the Township:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the Township's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Township government, reporting the Township's operations in more detail than the government-wide financial statements.
  - Governmental funds statements explain how government services, like general government, public safety, and public works, were financed in the short-term, as well as what remains for future spending.
  - Fiduciary funds statements provide information about the financial relationships in which the Township acts solely as an agent for the benefit of others to whom the resources in question belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The financial statements are followed by sections of required supplementary information and other supplementary information that further explain and support the information in the financial statements.

A comparative analysis of the government-wide financial statements for 2018 and 2017 is also presented.

### **Government-wide financial statements**

The government-wide financial statements report information about the Township as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the Township's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide statements report the Township's net position and how it has changed. Net position (the difference between the Township's assets, and liabilities and deferred inflows of resources) is one way to measure the Township's financial health, or position.

- Over time, increases or decreases in the Township's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the Township, you need to consider additional nonfinancial factors, such as changes in the Township's property tax base and the condition of the Township's capital assets.

The government-wide financial statements present governmental activities. These activities include functions most commonly associated with government (e.g., general government, public safety, public works, etc.). Property taxes and intergovernmental revenues generally fund these services.

### **Fund financial statements**

The fund financial statements provide more detailed information about the Township's most significant funds - not the Township as a whole. Funds are accounting devices that the Township uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by state law and by bond agreements.
- The Township Board establishes other funds to control and manage money for particular purposes or to show that it is properly using certain other revenues.

The Township has two types of funds:

- *Governmental funds.* All of the Township's basic services are included in its governmental funds, which focus on (1) how cash, and other financial assets that can be readily converted to cash, flows in and out, and (2) the balances left at year end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information that explains the relationship between them.
- *Fiduciary fund.* The Township is the trustee, or fiduciary, for its retiree medical trust. The Township's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Change in Fiduciary Net Position. We exclude these activities from the Township's other financial statements because the Township cannot use these assets to finance its operations. The Township is responsible for ensuring that the assets reported in this fund are used for their intended purposes.

FINANCIAL ANALYSIS OF THE TOWNSHIP AS A WHOLE

Net position

Total net position at the end of the fiscal year was \$5,950,107. Of this total, \$1,330,491 is invested in capital assets and \$155,844 is restricted for public works and public safety. The remaining unrestricted net position was \$4,463,772.

Condensed financial information  
Net position

	<i>Governmental activities</i>	
	<u>2018</u>	<u>2017</u>
Current and other assets	\$ 5,525,853	\$ 5,406,355
Capital assets	<u>1,330,491</u>	<u>1,335,724</u>
Total assets	<u>6,856,344</u>	<u>6,742,079</u>
Current and other liabilities	366,237	370,855
Long-term debt	<u>540,000</u>	<u>675,000</u>
Total liabilities	<u>906,237</u>	<u>1,045,855</u>
Net position:		
Investment in capital assets	1,330,491	1,335,724
Restricted	155,844	143,256
Unrestricted	<u>4,463,772</u>	<u>4,217,244</u>
Total net position	<u>\$ 5,950,107</u>	<u>\$ 5,696,224</u>



**Changes in net position**

The Township's total revenues were \$1,744,728. Approximately 49 percent of the total comes from state grants, 24 percent comes from charges for services, and 13 percent comes from taxes.

The total cost of the Township's programs was \$1,490,845. Approximately 48 percent of the Township's expenses relates to the provision of general government costs, 23 percent relates to public safety, and public works amounts to 24 percent of the Township's total expenses.

*Condensed financial information  
Changes in net position*

	<i>Governmental activities</i>	
	<u>2018</u>	<u>2017</u>
Program revenues:		
Charges for services	\$ 418,711	\$ 395,597
Operating grants and contributions	9,419	9,638
Capital grants and contributions	42,107	-
General revenues:		
Property taxes	233,829	228,762
State shared revenue	863,083	834,242
Franchise fees	144,708	148,674
Investment return	32,871	29,927
Total revenues	<u>1,744,728</u>	<u>1,646,840</u>
Expenses:		
General government	711,317	778,125
Public safety	341,671	343,445
Public works	353,116	347,748
Community and economic development	73,956	60,077
Interest	10,785	13,376
Total expenses	<u>1,490,845</u>	<u>1,542,771</u>
Excess before special item	253,883	104,069
Special item - proceeds from separation agreement	-	93,593
Changes in net position	<u>\$ 253,883</u>	<u>\$ 197,662</u>
Net position, end of year	<u>\$ 5,950,107</u>	<u>\$ 5,696,224</u>

**Governmental activities**

Governmental activities increased the Township's net position by \$253,883 compared to a \$197,662 increase last year, reflecting an increase in total revenues and a slight decrease in expenses in 2018 compared to 2017. Revenues increased by \$97,888, as state shared revenue increased by \$28,841 because available funds distributed to local units by the State increased in the current year. The Township received \$42,107 in capital grants from the State of Michigan for election equipment. Total expenses had a net decrease of \$51,926, as general government expenses decreased by \$66,808 because of a reduction in costs associated with elections and attorney fees.

The total cost of governmental activities this year was \$1,490,845. After subtracting the charges to those who directly benefited from the programs (\$418,711) and operating and capital grants (\$51,526), the "public benefit" portion covered by taxes, state revenue sharing, and other general revenues was \$1,020,608, compared to \$1,137,536 in 2017.

**FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS**

**Governmental funds**

At March 31, 2018, the Township's governmental funds reported combined ending fund balances of \$4,737,632, an increase of \$220,147 from the prior year.

The General Fund is the primary operating fund of the Township. Its fund balance was \$3,119,294 at the end of the fiscal year, which represents a \$216,965 increase, as revenues (\$1,446,970) were sufficient to cover the fund's expenditures (\$1,180,005) and transfers to other funds (\$50,000).

The Water and Sewer Fund had an increase in fund balance of \$12,337 as revenues of \$20,817 exceeded expenditures of \$8,480. Fund balance at year end was \$1,327,719.

The Recycling Fund's fund balance increased by \$22,627, as revenues of \$142,478 and transfers in of \$50,000 covered the fund's expenditures of \$169,851. The ending fund balance was \$44,250.

The Collingwood Debt Service Fund's fund balance decreased by \$44,427, as revenues of \$107,539 were not sufficient to cover the fund's expenditures of \$151,966. The ending fund balance was \$146,737.

**General Fund budgetary highlights**

The Township amended its General Fund budget to increase expenditures and other financing uses by \$197,200 for anticipated increases in multiple functions as follows: general government by \$29,000, public safety by \$52,200, community and economic development by \$8,000, capital outlay by \$58,000, and transfers out by \$50,000. Actual revenues were \$132,070 more than budgeted, while expenditures were \$228,745 less than the amounts appropriated. Revenues showed positive variances in all areas except for interest and rentals and other. All of the budgeted functional categories were lower than expected in total, which resulted in a \$360,815 positive budget variance and a \$216,965 increase in fund balance compared to a budgeted decrease of \$143,850.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital assets**

The Township's investment in capital assets for its governmental activities as of March 31, 2018, amounts to \$1,330,491 (net of accumulated depreciation). This investment includes several different types of assets, including land, buildings, and equipment. The Township's investment in capital assets decreased by \$5,233 for the current year, as \$119,164 in asset acquisitions was offset by \$121,457 in depreciation expenses and \$2,940 in disposals.

More detailed information about the Township's capital assets is presented in Note 5 of the notes to the basic financial statements.

**Debt**

At the end of the fiscal year, the Township had total long-term bonds payable outstanding in the amount of \$540,000, a decrease of \$135,000 after scheduled payments on outstanding sewage system bonds. The debt is backed by the full faith and credit of the Township.

Noncurrent liabilities also include \$318,635 for other postemployment benefit obligations for retiree medical insurance.

More detailed information about the Township's noncurrent liabilities is presented in Notes 7 and 12 of the notes to the basic financial statements.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The Township expects to be affected to some degree by the general economic conditions currently facing the State of Michigan. Property taxes have increased slightly and state revenue sharing is anticipated to increase slightly in 2019. Interest rates on investments remain very low. The Township has maintained sufficient financial resources to continue all ongoing activities.

**CONTACTING THE TOWNSHIP'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Township's finances and to demonstrate the Township's accountability for the resources it receives. Questions regarding any information provided in this report or requests for additional financial information should be addressed to:

Jeff Sorensen, Township Supervisor  
Charter Township of Cooper  
1590 West D Avenue  
Kalamazoo, MI 49009-6321

Phone: (269) 382-0223

## **BASIC FINANCIAL STATEMENTS**

**Charter Township of Cooper**

**STATEMENT OF NET POSITION**

March 31, 2018

	<u>Governmental activities</u>
<b>ASSETS</b>	
Current assets:	
Cash	\$ 4,563,990
Receivables, net	297,022
Prepaid expenses	<u>7,345</u>
Total current assets	<u>4,868,357</u>
Noncurrent assets:	
Receivables, net	657,496
Capital assets, not being depreciated	156,526
Capital assets, net of accumulated depreciation	<u>1,173,965</u>
Total noncurrent assets	<u>1,987,987</u>
Total assets	<u>6,856,344</u>
<b>LIABILITIES</b>	
Current liabilities:	
Payables	47,602
Current maturities of long-term debt	<u>135,000</u>
Total current liabilities	<u>182,602</u>
Noncurrent liabilities:	
Net other postemployment benefits	318,635
Long-term debt	<u>405,000</u>
Total noncurrent liabilities	<u>723,635</u>
Total liabilities	<u>906,237</u>
<b>NET POSITION</b>	
Investment in capital assets	1,330,491
Restricted for:	
Public safety	56,212
Public works	99,632
Unrestricted	<u>4,463,772</u>
Total net position	<u>\$ 5,950,107</u>

See notes to financial statements

**Charter Township of Cooper**  
**STATEMENT OF ACTIVITIES**  
Year ended March 31, 2018

	<u>Expenses</u>	<u>Program revenues</u>		<u>Net (expenses) revenues and change in net position</u>	
		<u>Charges for services</u>	<u>Operating grants and contributions</u>		<u>Capital grants and contributions</u>
<b>Functions/Programs</b>				<b>Governmental activities</b>	
Governmental activities:					
General government	\$ 711,317	\$ 139,860	\$ -	\$ 42,107	\$ (529,350)
Public safety	341,671	19,175	-	-	(322,496)
Public works	353,116	234,611	9,419	-	(109,086)
Community and economic development	73,956	9,150	-	-	(64,806)
Interest	10,785	15,915	-	-	5,130
	<u>\$ 1,490,845</u>	<u>\$ 418,711</u>	<u>\$ 9,419</u>	<u>\$ 42,107</u>	<u>(1,020,608)</u>
General revenues:					
Taxes					233,829
State grants					863,083
Franchise fees					144,708
Investment income					32,871
					<u>1,274,491</u>
Change in net position					253,883
Net position - beginning					<u>5,696,224</u>
Net position - ending					<u>\$ 5,950,107</u>

See notes to financial statements

**BALANCE SHEET - governmental funds**

March 31, 2018

	<u>General</u>	<u>Water and Sewer</u>	<u>Recycling</u>	<u>Collingwood Debt Service</u>	<u>Nonmajor fund</u>	<u>Total governmental funds</u>
<b>ASSETS</b>						
Cash	\$ 2,953,719	\$ 1,327,719	\$ 47,817	\$ 132,542	\$ 102,193	\$ 4,563,990
Receivables	193,222	503,468	8,125	247,146	2,557	954,518
Prepaid items	<u>7,345</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,345</u>
Total assets	<u>\$ 3,154,286</u>	<u>\$ 1,831,187</u>	<u>\$ 55,942</u>	<u>\$ 379,688</u>	<u>\$ 104,750</u>	<u>\$ 5,525,853</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>						
Liabilities - payables	<u>\$ 26,392</u>	<u>\$ -</u>	<u>\$ 11,692</u>	<u>\$ -</u>	<u>\$ 5,118</u>	<u>\$ 43,202</u>
Deferred inflows of resources:						
Unavailable special assessment revenue	-	503,468	-	228,951	-	732,419
Unavailable interest revenue	<u>8,600</u>	<u>-</u>	<u>-</u>	<u>4,000</u>	<u>-</u>	<u>12,600</u>
Total deferred inflows of resources	<u>8,600</u>	<u>503,468</u>	<u>-</u>	<u>232,951</u>	<u>-</u>	<u>745,019</u>
Fund balances:						
Nonspendable - prepaid items	7,345	-	-	-	-	7,345
Restricted for:						
Public safety	56,212	-	-	-	-	56,212
Public works	-	-	-	-	99,632	99,632
Debt service	-	-	-	146,737	-	146,737
Assigned for:						
Public works	-	1,327,719	44,250	-	-	1,371,969
Capital acquisitions - fire equipment	4,860	-	-	-	-	4,860
Capital acquisitions - general	34,601	-	-	-	-	34,601
Unassigned	<u>3,016,276</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,016,276</u>
Total fund balances	<u>3,119,294</u>	<u>1,327,719</u>	<u>44,250</u>	<u>146,737</u>	<u>99,632</u>	<u>4,737,632</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 3,154,286</u>	<u>\$ 1,831,187</u>	<u>\$ 55,942</u>	<u>\$ 379,688</u>	<u>\$ 104,750</u>	<u>\$ 5,525,853</u>

Reconciliation of the balance sheet to the statement of net position:

Total fund balance - total governmental funds	\$ 4,737,632
Amounts reported for <i>governmental activities</i> in the statement of net position (page 11) are different because:	
Capital assets used in <i>governmental activities</i> are not reported in the funds.	1,330,491
Other postemployment liabilities are not reported in the funds.	(318,635)
Long-term liabilities are not reported in the funds.	(540,000)
Certain special assessments and interest receivable are not available to spend and, therefore, are deferred in the funds.	745,019
Accrued interest payable is not due in the current period and, therefore, is not reported in the funds.	<u>(4,400)</u>
Net position of <i>governmental activities</i>	<u>\$ 5,950,107</u>

Charter Township of Cooper

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN

FUND BALANCES - governmental funds

Year ended March 31, 2018

	<u>General</u>	<u>Water and Sewer</u>	<u>Recycling</u>	<u>Collingwood Debt Service</u>	<u>Nonmajor fund</u>	<u>Total governmental funds</u>
<b>REVENUES</b>						
Taxes	\$ 331,802	\$ -	\$ -	\$ -	\$ -	\$ 331,802
State grants	872,502	-	-	-	-	872,502
Licenses and permits	152,489	-	-	-	-	152,489
Charges for services	43,443	19,055	-	-	-	62,498
Interest and rentals	27,745	754	-	18,100	-	46,599
Other	18,989	1,008	142,478	89,439	72,764	324,678
	<u>1,446,970</u>	<u>20,817</u>	<u>142,478</u>	<u>107,539</u>	<u>72,764</u>	<u>1,790,568</u>
Total revenues						
<b>EXPENDITURES</b>						
Current:						
General government	654,136	-	-	-	-	654,136
Public safety	268,182	-	-	-	-	268,182
Public works	114,192	8,480	169,851	5,081	60,119	357,723
Community and economic development	73,956	-	-	-	-	73,956
Capital outlay	69,539	-	-	-	-	69,539
Debt service:						
Principal	-	-	-	135,000	-	135,000
Interest	-	-	-	11,885	-	11,885
	<u>1,180,005</u>	<u>8,480</u>	<u>169,851</u>	<u>151,966</u>	<u>60,119</u>	<u>1,570,421</u>
Total expenditures						
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)</b>						
	<u>266,965</u>	<u>12,337</u>	<u>(27,373)</u>	<u>(44,427)</u>	<u>12,645</u>	<u>220,147</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	50,000	-	-	50,000
Transfers out	(50,000)	-	-	-	-	(50,000)
	<u>(50,000)</u>	<u>-</u>	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net other financing sources (uses)						
<b>NET CHANGES IN FUND BALANCES</b>	216,965	12,337	22,627	(44,427)	12,645	220,147
<b>FUND BALANCES - BEGINNING</b>	<u>2,902,329</u>	<u>1,315,382</u>	<u>21,623</u>	<u>191,164</u>	<u>86,987</u>	<u>4,517,485</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 3,119,294</u>	<u>\$ 1,327,719</u>	<u>\$ 44,250</u>	<u>\$ 146,737</u>	<u>\$ 99,632</u>	<u>\$ 4,737,632</u>

See notes to financial statements



**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES - governmental funds (Continued)**

Year ended March 31, 2018

Reconciliation of the statement of revenues, expenditures, and changes in fund balances to the statement of activities:

Net change in fund balance - total governmental funds (page 14)	\$ 220,147
Amounts reported for <i>governmental activities</i> in the statement of activities (page 12) are different because:	
Capital assets:	
Assets acquired	119,164
Provision for depreciation	(121,457)
Basis of asset dispositions	(2,940)
Long-term debt:	
Principal repayments	135,000
Deferred inflows of resources:	
Net decrease in unavailable special assessments	(93,681)
Net increase in unavailable interest revenues	2,500
Changes in other assets/liabilities:	
Net increase in other postemployment liabilities	(5,950)
Net decrease in interest payable	<u>1,100</u>
Change in net position of <i>governmental activities</i>	<u>\$ 253,883</u>

**STATEMENT OF FIDUCIARY NET POSITION**

March 31, 2018

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	<u>Retiree Medical Trust</u>
<b>ASSETS</b>	
Investments	\$ 255,224
<b>NET POSITION</b>	
Held in trust for retirees' health benefits	\$ 255,224

**STATEMENT OF CHANGE IN FIDUCIARY NET POSITION**

Year ended March 31, 2018

	<b>Retiree Medical Trust</b>
<b>ADDITIONS</b>	
Contributions - employer	\$ 13,120
Net appreciation of market value	<u>23,272</u>
Total additions	<u>36,392</u>
<b>DEDUCTIONS</b>	
Benefits paid	13,120
Advisory fees paid	<u>1,222</u>
Total deductions	<u>14,342</u>
<b>NET INCREASE</b>	22,050
<b>NET POSITION HELD IN TRUST FOR RETIREE HEALTH BENEFITS</b>	
Beginning	<u>233,174</u>
Ending	<u>\$ 255,224</u>

See notes to financial statements

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Charter Township of Cooper, Michigan (the Township), conform to accounting principles generally accepted in the United States of America (hereinafter referred to as generally accepted accounting principles) as applicable to governmental units. The following is a summary of the more significant accounting policies.

*Reporting entity:*

As required by generally accepted accounting principles, these financial statements present only the Township (located in Kalamazoo County), as there are no other entities for which the Township is considered to be financially accountable.

*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 Township. The effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. 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; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and the fiduciary fund, even though the latter is excluded from government-wide financial statements. Major individual governmental 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 fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental funds financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available if they are collected within the current period, or soon enough thereafter, to pay liabilities of the current period. For this purpose, the Township generally considers revenues to be available if they are expected to be collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

State grants, licenses and permits, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable only when cash is received by the Township.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Measurement focus, basis of accounting, and financial statement presentation (continued):*

The Township reports the following major governmental funds:

The General Fund is the Township's primary operating fund. It accounts for all financial resources of the Township, except those required to be accounted for in another fund. Revenues are primarily derived from property taxes and state shared revenue.

The Recycling Fund accounts for financial resources used for the operation of the recycling center and seasonal collections within the Township. Revenues are primarily derived from special assessments.

The Water and Sewer Fund accounts for financial resources used for the expansion and maintenance of water and sewer lines within the Township. Revenues are primarily derived from connection fees and special assessments.

The Collingwood Debt Service Fund accounts for financial resources used for payments of long-term bond obligations. Revenues are primarily derived from special assessments.

The Township also reports fiduciary funds, which account for assets held by the Township as an agent for individuals, private organizations, and other governments. The Township currently reports one fiduciary fund (Retiree Medical Trust Fund). Fiduciary funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Amounts reported as program revenues 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 revenues rather than as program revenues. Likewise, general revenues include all taxes.

*Assets, liabilities, deferred inflows of resources, and net position or equity:*

*Bank deposits* - Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

*Investments* - Investments are reported at fair value, with changes in value recognized in the operating statements of each fund.

*Receivables* - In general, outstanding balances between funds are reported as "due to/from other funds." No allowance for uncollectible accounts has been recorded, as the Township considers all receivables to be fully collectible.

*Prepaid items* - 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.

*Capital assets* - Capital assets, which include property, plant, equipment, and infrastructure assets (water and sewer systems, and similar items), are reported in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial, individual cost of more than \$1,000 (\$10,000 for infrastructure) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value as of the date received. Governments can elect to account for infrastructure assets either retroactively to June 15, 1980, or prospectively. The Township has elected to account for infrastructure assets prospectively, beginning April 1, 2004.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Assets, liabilities, deferred inflows of resources, and net position or equity* (continued):

*Capital assets* (continued) - Capital assets are depreciated or amortized using the straight-line method over the following useful lives:

Buildings and improvements	15 - 40 years
Equipment	3 - 10 years
Vehicles	3 - 20 years

*Deferred inflows of resources* - The governmental funds balance sheet includes a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net position that applies to a future period. The related revenues will not be recognized until a future event occurs. The Township has two items that are included in this category: special assessments and interest. Special assessment and interest revenues, which are not recognized until available (collected not later than 60 days after the end of the Township's fiscal year), are deferred and recognized as an inflow of resources in the period that the revenues become available.

*Net position* - Net position represents the difference between assets, and liabilities and deferred inflows of resources. The Township reports three categories of net position, as follows: (1) *Investment in capital assets* consists of net capital assets reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets; (2) *Restricted net position* is considered restricted if its use is constrained to a particular purpose. Restrictions are imposed by external organizations, such as federal or state laws or buyers of the Township's debt. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets; (3) *Unrestricted net position* consists of all other net position that does not meet the definition of the above components and is available for general use by the Township.

*Net position flow assumption* - Sometimes, the Township will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Township's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

*Fund equity* - Governmental funds report nonspendable fund balance for amounts that cannot be spent because they are either a) not in spendable form, or b) legally or contractually required to be maintained intact. Restricted fund balance is reported when externally imposed constraints are placed on the use of resources by grantors, contributors, or laws and regulations of other governments. The Township Board retains the authority to assign fund balances as to purpose. Unassigned fund balances are amounts that do not fall into any other category above. This is the residual classification for amounts in the General Fund. In other governmental funds, only negative unassigned amounts are reported, if any, and represent expenditures incurred for specific purposes exceeding the amounts previously restricted or assigned to those purposes. When the Township incurs an expenditure for purposes for which various fund balance classifications can be used, it is the Township's policy to use the restricted fund balance first, followed by assigned fund balance, and, finally, unassigned fund balance.

*Property tax revenue recognition* - Property taxes are levied as of December 1 on property values assessed as of December 31 of the prior year. The billings are due on or before February 14, at which time the bill becomes delinquent and penalties and interest may be assessed by the Township. The Township considers property taxes levied December 1 to be revenue of the current year.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Assets, liabilities, deferred inflows of resources, and net position or equity (continued):*

*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 revenue and expenses during the period. Accordingly, actual results could differ from those estimates.

**NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

*Budgetary information* - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for governmental funds. The budget document presents information by fund, function, and department. The legal level of budgetary control adopted by the governing body is the function level. All annual appropriations lapse at the end of the fiscal year. There were no reportable budget variances for the year ending March 31, 2018.

**NOTE 3 - CASH AND INVESTMENTS**

Cash and investments, as shown in the government-wide statement of net position and the fiduciary fund statement of net position, were as follows:

	<u>Governmental activities</u>	<u>Fiduciary activity</u>	<u>Totals</u>
Cash	\$ 4,563,990	\$ -	\$ 4,563,990
Investments	<u>-</u>	<u>255,224</u>	<u>255,224</u>
Total cash and investments	<u>\$ 4,563,990</u>	<u>\$ 255,224</u>	<u>\$ 4,819,214</u>
Composition of cash and investments:			
Deposits with financial institutions	\$ 4,563,940	\$ -	\$ 4,563,940
Cash on hand	50	-	50
Investments	<u>-</u>	<u>255,224</u>	<u>255,224</u>
Totals	<u>\$ 4,563,990</u>	<u>\$ 255,224</u>	<u>\$ 4,819,214</u>

*Deposits* - State statutes and the Township’s investment policy authorize the Township to make deposits in the accounts of federally-insured banks, credit unions, and savings and loan associations. The Township’s deposits are in accordance with statutory authority.

Custodial credit risk is the risk that, in the event of the failure of a financial institution, the Township will not be able to recover its deposits. The Township’s investment policy does not specifically address custodial credit risk for deposits. At March 31, 2018, \$898,312 of the Township’s bank balances of \$4,572,690 was exposed to custodial credit risk because it was uninsured and uncollateralized.

All interest earned on pooled deposits has been assigned to the General Fund.

**NOTE 3 - CASH AND INVESTMENTS (Continued)**

*Investments, retiree health plan* - The investments of the Township’s other postemployment benefit (OPEB) trust fund are maintained separately from the Township’s pooled cash and investments, and are subject to separate investment policies and state statutes. Accordingly, the required disclosures for the OPEB trust fund investments are presented separately.

The Michigan Public Employees Retirement Systems’ Investment Act, Public Act 314 of 1965, as amended, authorizes the other postemployment benefit trust to invest in stocks, governmental and corporate securities, mortgages, real estate, and various other investment instruments, subject to certain limitation. The Township Board has the responsibility and authority to oversee the investment portfolio. The Township has contracted the Constellation Trust Company to assist in managing the OPEB trust fund’s assets. Specific fund holdings at March 31, 2018, consisted of the following:

<u>Investment type</u>	<u>Fair value</u>
Mutual Funds:	
CLS Flexible Income	\$ 80,680
American Fundamental Investors	35,640
American Beacon Large Cap Value	32,593
American Investment Company of America	30,446
CLS Global Diversified Equity	27,114
CLS Global Aggressive Equity	17,449
Schwab 1000 Index	12,688
American Century Value	7,483
JP Morgan US Small Company	5,131
Principal Inv Ptr Large Cap Value Instl	5,010
Constellation Trust Cash	<u>990</u>
Total	<u>\$ 255,224</u>

The Township’s investments are subject to several types of risk, which are discussed below:

*Custodial credit risk.* Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, the Township will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. State statutes and the Township’s OPEB investment policy require that investment securities be held in trust by a third-party institution, in the name of the benefit trust. The Trust fund holdings are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical form.

*Credit risk.* Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This risk is measured by the assignment of a rating by a nationally recognized statistical rating organization. Investments in mutual funds and qualified investment pools, including those within the Trust, are not considered to have credit risk.

*Concentration of credit risk.* Concentration of credit risk is the risk of loss attributable to the magnitude of the Township’s investment in a single holding. The Township’s OPEB investment policy places no limitations on the amount that can be invested in any one issuer.

*Interest rate risk.* Interest rate risk is the risk that the value of an investment will decrease as a result of an increase in market interest rates. Generally, longer investment maturities generate more sensitivity to changes in an investment’s fair value due to changes in market interest rates. The Township’s OPEB investment policy has no specific limitations with respect to maturities of investments. The Trust holdings have no maturities.



**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 3 - CASH AND INVESTMENTS (Continued)**

Fair value measurement - The Township 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. The Township has the following recurring fair value measurements as of March 31, 2018:

- Cooper Charter Township Section 115 Trust, with a balance of \$255,224 at March 31, 2018, which is valued using observable fair values of similar assets (Level 1).

**NOTE 4 - RECEIVABLES**

Receivables as of March 31, 2018, for the Township’s individual major funds and the nonmajor fund were as follows:

<i>Fund</i>	<i>Accounts</i>	<i>Property taxes</i>	<i>Special assessments</i>	<i>Interest</i>	<i>Inter-governmental</i>	<i>Totals</i>
General	\$ 35,267	\$ 11,111	\$ -	\$ 10,400	\$ 136,444	\$ 193,222
Recycling	-	-	8,125	-	-	8,125
Water and Sewer	-	-	503,468	-	-	503,468
Collingwood Debt Service	-	-	243,146	4,000	-	247,146
Non-major fund	-	-	2,557	-	-	2,557
<b>Totals</b>	<b>\$ 35,267</b>	<b>\$ 11,111</b>	<b>\$ 757,296</b>	<b>\$ 14,400</b>	<b>\$ 136,444</b>	<b>\$ 954,518</b>
Noncurrent portion	\$ -	\$ -	\$ 657,496	\$ -	\$ -	\$ 657,496

All receivables are considered fully collectible.

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 5 - CAPITAL ASSETS**

Capital asset activity for the year ended March 31, 2018, was as follows:

	<i>Beginning balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Ending balance</i>
Governmental activities:				
Capital assets not being depreciated - land	\$ 103,412	\$ 53,114	\$ -	\$ 156,526
Capital assets being depreciated:				
Buildings and improvements	782,589	19,224	-	801,813
Equipment	646,527	46,826	(30,000)	663,353
Vehicles	1,007,605	-	(176,417)	831,188
Infrastructure	337,244	-	-	337,244
Subtotal	<u>2,773,965</u>	<u>66,050</u>	<u>(206,417)</u>	<u>2,633,598</u>
Less accumulated depreciation for:				
Buildings and improvements	(518,427)	(22,979)	-	(541,406)
Equipment	(520,045)	(35,907)	30,000	(525,952)
Vehicles	(435,129)	(55,822)	173,477	(317,474)
Infrastructure	(68,052)	(6,749)	-	(74,801)
Subtotal	<u>(1,541,653)</u>	<u>(121,457)</u>	<u>203,477</u>	<u>(1,459,633)</u>
Total capital assets being depreciated, net	<u>1,232,312</u>	<u>(55,407)</u>	<u>(2,940)</u>	<u>1,173,965</u>
Governmental activities capital assets, net	<u>\$ 1,335,724</u>	<u>\$ (2,293)</u>	<u>\$ (2,940)</u>	<u>\$ 1,330,491</u>

Depreciation expense was charged to functions of the Township as follows:

Governmental activities:	
General government	\$ 47,732
Public safety	66,408
Public works	<u>7,317</u>
Total governmental activities	<u>\$ 121,457</u>

**NOTE 6 - PAYABLES**

Payables as of March 31, 2018, for the Township's individual major funds and the nonmajor fund were as follows:

<u>Fund</u>	<u>Accounts</u>	<u>Payroll</u>	<u>Totals</u>
General	\$ 10,499	\$ 15,893	\$ 26,392
Recycling	11,692	-	11,692
Other governmental funds	<u>5,118</u>	<u>-</u>	<u>5,118</u>
Totals	<u>\$ 27,309</u>	<u>\$ 15,893</u>	<u>\$ 43,202</u>

**NOTE 7 - LONG-TERM DEBT**

Long-term debt at March 31, 2018, is comprised of a single issue, the 2012 \$1,195,000 Refunding bonds (limited tax obligation), payable in annual installments of \$135,000, plus interest at 1.96%, through May 2021. The Township has pledged its full faith and credit for repayment of these bonds.

Long-term debt activity for the year ended March 31, 2018, was as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Amounts due within one year</u>
Governmental activities:					
Bonds payable	\$ 675,000	\$ -	\$ (135,000)	\$ 540,000	\$ 135,000

At March 31, 2018, debt service requirements on long-term debt were as follows:

<u>Year ended March 31,</u>	<u>Governmental activities</u>	
	<u>Principal</u>	<u>Interest</u>
2019	\$ 135,000	\$ 9,261
2020	135,000	6,615
2021	135,000	3,969
2022	<u>135,000</u>	<u>1,323</u>
Totals	<u>\$ 540,000</u>	<u>\$ 21,168</u>

**NOTE 8 - PROPERTY TAXES**

The 2017 taxable valuation of the Township approximated \$273,906,000, on which ad valorem taxes levied consisted of .8549 mills for operating purposes, raising approximately \$234,000. This amount is recognized in the respective fund financial statements as property tax revenue.

**NOTE 9 - RISK MANAGEMENT**

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township has joined together with other local governmental units in the State to form the Michigan Municipal League Insurance Pool (MML), a public-entity risk pool currently operating as a common risk management and insurance program for local governmental units within the State. The Township pays an annual premium to MML for all of its insurance coverages. MML is self-sustaining through member premiums and will reinsure through commercial companies for claims in excess for each insured event.

**NOTE 10 - DEFINED CONTRIBUTION PENSION PLAN**

The Township contributes to the Cooper Charter Township Group Pension Plan, a defined contribution pension plan, which is administered by a third-party administrator. The plan covers all elected officials or full-time employees, who are eligible to participate six months after they are elected or hired.

**NOTE 10 - DEFINED CONTRIBUTION PENSION PLAN (Continued)**

Benefit terms, including contribution requirements, for the Plan are established, and may be amended, by the Township Board. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. Employees are eligible to participate as described above. The Township contributes annually 15% of the participant's base salary or \$100, whichever is more. For the year ended March 31, 2018, the Township made contributions of \$42,904. At March 31, 2018, the Township reported no amount as accrued liability as part of the contributions to the plan.

The Township's contributions for each employee (and investment earnings allocated to the employee's account) are fully vested after twenty months of service. Forfeitures may be used to reduce or reallocate employer contributions. There were no forfeitures during the current fiscal year.

The Township is not a trustee of the defined contribution pension plan, nor is the Township responsible for investment management of the pension plan assets. Accordingly, plan assets, and changes therein, are not reported in these financial statements.

**NOTE 11 - JOINT VENTURE**

The Township is a member of the Southwest Michigan Building Authority (the Authority), which is a joint venture of the Charter Townships of Oshtemo, and Cooper. The administrative board of the Authority consists of members appointed by each participating unit and a member at-large. The Authority was established to administer and enforce the Michigan State Construction Code within its constituent municipalities. The inter-local agreement governing the Authority does not convey an explicit and measurable equity interest to its members. The Township is unaware of any indication that the joint venture is accumulating significant financial resources or is experiencing fiscal stress that may cause an additional financial benefit or burden on the Township in the near future. Complete audited financial statements for the Authority can be obtained by contacting the Authority at 7275 W. Main, Kalamazoo, MI 49009.

**NOTE 12 - POSTEMPLOYMENT HEALTHCARE PLAN**

*Plan description:*

The Township administers a single-employer defined benefit healthcare plan. The plan provides lifetime healthcare insurance for eligible retirees and their spouses through the Township's group health insurance plan, which covers only retired members. Six individuals are eligible for postemployment health benefits under the current plan. The retiree health plan does not issue a publicly-available financial report.

*Funding policy:*

The Township has the authority to establish the funding policy and to amend the obligations of both the Township and members.

The Township pays the full cost of coverage of these benefits for retirees and their dependents on a pay-as-you-go basis for health care coverage through private insurers. Retirees are not obligated to make contributions to the plan at this time. For the year ended March 31, 2018, the Township contributed \$13,120 to the plan.

**NOTE 12 - POSTEMPLOYMENT HEALTHCARE PLAN (Continued)**

*Annual OPEB Cost and Net OPEB Obligation:*

Through March 31, 2018, the Township's annual other postemployment benefit (OPEB) cost (expense) was calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, was projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following schedule shows the components of the Township's annual OPEB cost for the year ended March 31, 2018, the amount actually contributed to the plan, and changes in the Township's net OPEB obligation to the plan:

Annual required contribution (ARC)	\$ 29,971
Interest on net OPEB obligation	21,354
Adjustment to annual required contribution	<u>(32,255)</u>
Net OPEB cost	19,070
Contributions made	<u>(13,120)</u>
Increase in net OPEB obligation	5,950
Net OPEB obligation - beginning of year	<u>312,685</u>
Net OPEB obligation - end of year	<u>\$ 318,635</u>

The Township's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2016 through 2018 are as follows:

	<u>Annual OPEB cost</u>	<u>Percentage of annual OPEB cost contributed</u>	<u>Net OPEB obligation</u>
2016	\$ 18,118	-1564.7%	\$ 301,607
2017	18,559	-1584.8%	312,685
2018	19,070	-1570.9%	318,635

*Funded status and funding progress:*

The funded status of the plan for the most recent actuarial valuation date is as follows:

<u>Valuation date, March 31,</u>	<u>Actuarial accrued liability (AAL) (a)</u>	<u>Market value of assets (b)</u>	<u>Unfunded AAL (UAAL) (a-b)</u>	<u>Funded ratio (b/a)</u>
2016	<u>\$ 387,660</u>	<u>\$ 255,224</u>	<u>\$ 132,436</u>	66%

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**NOTE 12 - POSTEMPLOYMENT HEALTHCARE PLAN (Continued)**

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

*Actuarial methods and assumptions:*

The following simplifying assumptions were made:

*Marital status* - Marital status of members at the calculation date was assumed to continue throughout retirement.

*Mortality* - Life expectancies were based on IRS mortality tables.

*Healthcare cost trend rate* - The cost of benefits has been set at a maximum dollar amount of \$11,800 annually, per participant.

In the March 31, 2016, actuarial valuation, the GASB No. 45 alternative actuarial cost method was used. The actuarial assumptions included a 7.5% investment rate of return (net of administrative expenses), which is the expected long-term investment returns on plan assets calculated based on the funded level of the plan at the valuation date.

**NOTE 13 - PENDING ACCOUNTING PRONOUNCEMENT**

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective for fiscal years beginning after June 15, 2017. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and expenses/expenditures related to other postemployment benefits (OPEB). For defined benefit OPEB plans, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. The Statement also enhances accountability and transparency through revised note disclosures and required supplemental information. The Township is currently evaluating the impact this standard will have on the financial statements when adopted during the fiscal year beginning April 1, 2018.

**REQUIRED SUPPLEMENTARY INFORMATION**

Charter Township of Cooper

**BUDGETARY COMPARISON SCHEDULE - General Fund**

Year ended March 31, 2018

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget positive (negative)</u>
<b>REVENUES</b>				
Taxes	\$ 317,000	\$ 317,000	\$ 331,802	\$ 14,802
State grants	770,000	770,000	872,502	102,502
Licenses and permits	142,500	142,500	152,489	9,989
Charges for services	34,500	34,500	43,443	8,943
Interest and rentals	29,900	29,900	27,745	(2,155)
Other	21,000	21,000	18,989	(2,011)
Total revenues	<u>1,314,900</u>	<u>1,314,900</u>	<u>1,446,970</u>	<u>132,070</u>
<b>EXPENDITURES</b>				
General government:				
Legislative	11,300	12,300	10,358	1,942
Supervisor	69,000	69,000	63,810	5,190
Election	6,800	6,800	196	6,604
Assessor	70,900	78,900	74,165	4,735
Clerk	93,200	93,200	84,113	9,087
Treasurer	74,250	74,250	69,744	4,506
Board of review	2,800	2,800	2,489	311
Cemetery	55,250	63,250	61,541	1,709
Professional services	60,000	60,000	28,558	31,442
Buildings and grounds	66,300	78,300	71,328	6,972
General operations	233,500	233,500	187,834	45,666
Total general government	<u>743,300</u>	<u>772,300</u>	<u>654,136</u>	<u>118,164</u>
Public safety:				
Fire protection	214,100	266,300	232,125	34,175
Building inspections	2,000	2,000	57	1,943
Ordinance enforcement	41,100	41,100	36,000	5,100
Total public safety	<u>257,200</u>	<u>309,400</u>	<u>268,182</u>	<u>41,218</u>
Public works - highways and streets:				
Highways and streets	140,000	140,000	111,644	28,356
Street lights	1,000	1,000	2,431	(1,431)
Drains	1,000	1,000	117	883
Total public works	<u>142,000</u>	<u>142,000</u>	<u>114,192</u>	<u>27,808</u>
Community and economic development - planning and zoning				
	<u>75,550</u>	<u>83,550</u>	<u>73,956</u>	<u>9,594</u>



Charter Township of Cooper

**BUDGETARY COMPARISON SCHEDULE - General Fund (Continued)**

Year ended March 31, 2018

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<i>Variance with final budget positive (negative)</i>
<b>EXPENDITURES (Continued)</b>				
Capital outlay	\$ 43,500	\$ 101,500	\$ 69,539	\$ 31,961
Total expenditures	<u>1,261,550</u>	<u>1,408,750</u>	<u>1,180,005</u>	<u>228,745</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	53,350	(93,850)	266,965	360,815
<b>OTHER FINANCING USES</b>				
Transfers out	<u>-</u>	<u>(50,000)</u>	<u>(50,000)</u>	<u>-</u>
<b>NET CHANGES IN FUND BALANCES</b>	53,350	(143,850)	216,965	360,815
<b>FUND BALANCES - BEGINNING</b>	<u>2,902,329</u>	<u>2,902,329</u>	<u>2,902,329</u>	<u>-</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 2,955,679</u>	<u>\$ 2,758,479</u>	<u>\$ 3,119,294</u>	<u>\$ 360,815</u>

Charter Township of Cooper

**BUDGETARY COMPARISON SCHEDULE - Water and Sewer Fund**

Year ended March 31, 2018

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget positive (negative)</u>
<b>REVENUES</b>				
Charges for services	\$ 35,000	\$ 35,000	\$ 19,055	\$ (15,945)
Interest	500	500	754	254
Other - special assessments	<u>10,000</u>	<u>10,000</u>	<u>1,008</u>	<u>(8,992)</u>
Total revenues	45,500	45,500	20,817	(24,683)
<b>EXPENDITURES</b>				
Public works	<u>12,000</u>	<u>12,000</u>	<u>8,480</u>	<u>3,520</u>
<b>NET CHANGES IN FUND BALANCES</b>				
	33,500	33,500	12,337	(21,163)
<b>FUND BALANCES - BEGINNING</b>				
	<u>1,315,382</u>	<u>1,315,382</u>	<u>1,315,382</u>	<u>-</u>
<b>FUND BALANCES - ENDING</b>				
	<u><u>\$ 1,348,882</u></u>	<u><u>\$ 1,348,882</u></u>	<u><u>\$ 1,327,719</u></u>	<u><u>\$ (21,163)</u></u>

**BUDGETARY COMPARISON SCHEDULE - Recycling Fund**

Year ended March 31, 2018

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget positive (negative)</u>
<b>REVENUES</b>				
Other - special assessments	130,000	130,000	\$ 142,478	12,478
<b>EXPENDITURES</b>				
Public works	174,000	174,000	169,851	4,149
<b>DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	(44,000)	(44,000)	(27,373)	16,627
<b>OTHER FINANCING SOURCES</b>				
Transfers in	-	50,000	50,000	-
<b>NET CHANGES IN FUND BALANCES</b>	(44,000)	6,000	22,627	16,627
<b>FUND BALANCES - BEGINNING</b>	21,623	21,623	21,623	-
<b>FUND BALANCES - ENDING</b>	<u>\$ (22,377)</u>	<u>\$ 27,623</u>	<u>\$ 44,250</u>	<u>16,627</u>

*Charter Township of Cooper*

**SCHEDULE OF FUNDING PROGRESS FOR THE POSTEMPLOYMENT  
HEALTHCARE PLAN**

*Year ended March 31, 2018*

<i>Valuation date, March 31,</i>	<i>Actuarial accrued liability (AAL) (a)</i>	<i>Market value of assets (b)</i>	<i>Unfunded AAL (UAAL) (a-b)</i>	<i>Funded ratio (b/a)</i>	<i>Covered payroll (c)</i>	<i>UAAL as a percentage of covered payroll ((a-b)/c)</i>
2016	<u>\$ 387,660</u>	<u>\$ 255,224</u>	<u>\$ 132,436</u>	66%	<u>\$ 462,316</u>	29%