

*Charter Township of Cooper
Kalamazoo County, Michigan*

FINANCIAL STATEMENTS

Year ended March 31, 2021

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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, 2021, 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, 2021, 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 schedules 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 24, 2021

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, 2021. Please read it in conjunction with the Township's financial statements.

FINANCIAL HIGHLIGHTS

- The Township's total net position decreased by \$320,563 as a result of this year's activities.
- Of the \$6,400,427 total net position reported, \$4,493,999 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 \$3,826,343, which represents 298 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 three parts: management's discussion and analysis, the basic financial statements, and required supplementary information. 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 a custodian 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 a section of required supplementary information that further explains and supports the information in the financial statements.

A comparative analysis of the government-wide financial statements for 2021 and 2020 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, deferred outflows of resources, liabilities, and deferred inflows of resources. 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 deferred outflows of resources, 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 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 funds.* These funds are used to account for the collection and disbursement of resources, primarily taxes, for the benefit of parties outside the Township. The Township is responsible for ensuring that the assets reported in the fiduciary funds are used for their intended purposes. The Township's fiduciary balances and activities are reported in the Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position. We exclude these activities from the Township's government-wide financial statements because the Township cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE TOWNSHIP AS A WHOLE

Net position

Total net position at the end of the fiscal year was \$6,400,427. Of this total, \$1,719,688 is invested in capital assets and \$186,740 is restricted for public works and public safety. The remaining unrestricted net position was \$4,493,999.

*Condensed financial information
Net position*

	<i>Governmental activities</i>	
	<u>2021</u>	<u>2020</u>
Current and other assets	\$ 4,877,122	\$ 5,088,636
Capital assets	<u>1,719,688</u>	<u>2,017,636</u>
Total assets	<u>6,596,810</u>	<u>7,106,272</u>
Deferred outflows of resources	<u>15,528</u>	<u>44,072</u>
Current and other liabilities	54,016	157,202
Long-term debt	<u>135,000</u>	<u>270,000</u>
Total liabilities	<u>189,016</u>	<u>427,202</u>
Deferred inflows of resources	<u>22,895</u>	<u>2,152</u>
Net position:		
Investment in capital assets	1,719,688	2,017,636
Restricted	186,740	169,910
Unrestricted	<u>4,493,999</u>	<u>4,533,444</u>
Total net position	<u>\$ 6,400,427</u>	<u>\$ 6,720,990</u>

Changes in net position

The Township's total revenues were \$2,229,633. Approximately 42 percent of the total comes from state shared revenue, 29 percent comes from charges for services, and 12 percent comes from property taxes.

The total cost of the Township's programs was \$1,807,236. Approximately 40 percent of the Township's expenses relates to the provision of general government costs, 20 percent relates to public safety, and public works amounts to 38 percent of the Township's total expenses.

A special item was recorded as the result of a water service agreement with the City of Kalamazoo. The net loss due to the transfer of assets amounts to \$742,960.

Condensed financial information
Changes in net position

	<i>Governmental activities</i>	
	<u>2021</u>	<u>2020</u>
Program revenues:		
Charges for services	\$ 639,762	\$ 551,215
Operating grants and contributions	223,344	9,537
Capital grants and contributions	-	2,396
General revenues:		
Property taxes	263,142	255,329
State shared revenue	935,495	941,534
Franchise fees	138,310	138,948
Investment return	29,580	89,947
Total revenues	<u>2,229,633</u>	<u>1,988,906</u>
Expenses:		
General government	725,240	503,837
Public safety	368,322	353,383
Public works	678,555	478,918
Community and economic development	32,265	66,439
Interest	2,854	5,507
Total expenses	<u>1,807,236</u>	<u>1,408,084</u>
Special item - transfer of assets	<u>(742,960)</u>	<u>-</u>
Changes in net position	<u>(320,563)</u>	<u>580,822</u>
Net position, end of year	<u>\$ 6,400,427</u>	<u>\$ 6,720,990</u>

Governmental activities

Governmental activities decreased the Township's net position by \$320,563 compared to a \$580,822 increase last year, reflecting an increase in total revenues and expenses in 2021 compared to 2020. Revenues increased by \$240,727, as the Township's operating grants increased by \$213,807 in the current period, primarily due to a \$184,854 operating contribution related to PFAS remediation. Total expenses had a net increase of \$399,152, as general government expenses increased by \$221,403 because the net change in post-employment benefits of \$72,144 (liability, deferred inflows and outflows) was \$225,742 less than 2020. A special item related to assets transferred to the City of Kalamazoo, totaling \$742,960, was recorded as the result of a water services agreement signed during the current fiscal year.

The total cost of governmental activities this year was \$1,807,236 (excluding the special item). After subtracting the charges to those who directly benefited from the programs (\$639,762) and operating grants (\$223,344), the "public benefit" portion covered by taxes, state revenue sharing, and other general revenues was \$944,130, compared to \$844,936 in 2020.

FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS

At March 31, 2021, the Township's governmental funds reported combined ending fund balances of \$4,740,150, an increase of \$350,613 from the prior year.

The General Fund is the primary operating fund of the Township. Its fund balance was \$3,946,135 at the end of the fiscal year, which represents a \$278,924 increase, as revenues (\$1,612,145) exceeded expenditures (\$1,283,221) and transfers to other funds (\$50,000).

The Water and Sewer Fund had an increase in fund balance of \$77,336 as revenues (\$355,695) exceeded expenditures (\$247,216) and transfers to other funds (\$31,143). Fund balance at year end was \$603,896.

The Recycling Fund's fund balance increased by \$12,442, as revenues (\$185,733) and transfers in (\$50,000) exceeded expenditures (\$223,291). The ending fund balance was \$56,552.

The Street Lighting Fund's fund balance increased by \$11,222, as revenues (\$79,032) exceeded expenditures (\$67,810). The ending fund balance was \$125,960.

General Fund budgetary highlights

The Township amended its General Fund budget to increase expenditures by \$47,100 for anticipated increases in general government, public safety, and capital outlay costs. Actual revenues were \$108,945 more than budgeted, while expenditures were \$371,929 less than the amounts appropriated. Revenues showed positive variances in all areas except interest and rentals, which were \$920 less than projected. All of the budgeted functional expenditure categories were lower than expected in total, which resulted in a \$480,874 positive budget variance and a \$278,924 increase in fund balance compared to a budgeted decrease of \$201,950.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets

The Township's investment in capital assets for its governmental activities as of March 31, 2021, amounts to \$1,719,688 (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 \$297,948 for the current year, as \$73,208 in asset acquisitions were offset by \$127,665 in depreciation expenses, disposals of \$531, and transfers of \$242,960.

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 \$135,000, 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.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Township expects to be able to use current revenues to provide essential services that will allow current fund balances to be maintained. The Township plans to maintain all ongoing programs for 2022. The ongoing costs of providing essential services for the citizens of the Township will need to be closely monitored in order to maintain the financial condition and operational capabilities of the Township.

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, 2021

	<u><i>Governmental activities</i></u>
ASSETS	
Current assets:	
Cash	\$ 4,538,413
Receivables, net	243,692
Prepaid expenses	<u>13,313</u>
Total current assets	<u>4,795,418</u>
Noncurrent assets:	
Receivables, net	3,456
Net other postemployment benefit asset	78,248
Capital assets, not being depreciated	156,526
Capital assets, net of accumulated depreciation	<u>1,563,162</u>
Total noncurrent assets	<u>1,801,392</u>
Total assets	<u>6,596,810</u>
DEFERRED OUTFLOWS OF RESOURCES - OPEB	<u>15,528</u>
LIABILITIES	
Current liabilities:	
Payables	54,016
Current maturities of long-term debt	<u>135,000</u>
Total liabilities	<u>189,016</u>
DEFERRED INFLOWS OF RESOURCES - OPEB	<u>22,895</u>
NET POSITION	
Investment in capital assets	1,719,688
Restricted for:	
Public safety	55,172
Public works	131,568
Unrestricted	<u>4,493,999</u>
Total net position	<u>\$ 6,400,427</u>

See notes to financial statements

STATEMENT OF ACTIVITIES

Year ended March 31, 2021

	<u>Program revenues</u>			<i>Net (expenses) revenues and change in net position</i>
	<u>Expenses</u>	<u>Charges for services</u>	<u>Operating grants and contributions</u>	<u>Governmental activities</u>
Functions/Programs				
Governmental activities:				
General government	\$ 725,240	\$ 173,912	\$ -	\$ (551,328)
Public safety	368,322	-	28,000	(340,322)
Public works	678,555	440,596	195,344	(42,615)
Community and economic development	32,265	22,916	-	(9,349)
Interest	<u>2,854</u>	<u>2,338</u>	<u>-</u>	<u>(516)</u>
 Total governmental activities	 <u>\$ 1,807,236</u>	 <u>\$ 639,762</u>	 <u>\$ 223,344</u>	 <u>(944,130)</u>
 General revenues:				
Taxes				263,142
State grants				935,495
Franchise fees				138,310
Investment income				<u>29,580</u>
 Total general revenues				 <u>1,366,527</u>
 Special item - transfer of water related assets to the City of Kalamazoo				 <u>(742,960)</u>
 Change in net position				 (320,563)
 Net position - beginning				 <u>6,720,990</u>
 Net position - ending				 <u>\$ 6,400,427</u>

See notes to financial statements

BALANCE SHEET - governmental funds

March 31, 2021

	<u>General</u>	<u>Water and Sewer</u>	<u>Recycling</u>	<u>Street Lighting</u>	<u>Nonmajor fund</u>	<u>Total governmental funds</u>
ASSETS						
Cash	\$ 3,741,409	\$ 605,236	\$ 61,978	\$ 129,790	\$ -	\$ 4,538,413
Receivables	223,135	5,608	8,699	2,099	7,607	247,148
Prepaid items	<u>13,313</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,313</u>
Total assets	<u>\$ 3,977,857</u>	<u>\$ 610,844</u>	<u>\$ 70,677</u>	<u>\$ 131,889</u>	<u>\$ 7,607</u>	<u>\$ 4,798,874</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities - payables	<u>\$ 31,522</u>	<u>\$ 1,340</u>	<u>\$ 14,125</u>	<u>\$ 5,929</u>	<u>\$ -</u>	<u>\$ 52,916</u>
Deferred inflows of resources:						
Unavailable special assessment revenue	-	5,608	-	-	-	5,608
Unavailable interest revenue	<u>200</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>200</u>
Total deferred inflows of resources	<u>200</u>	<u>5,608</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,808</u>
Fund balances:						
Nonspendable - prepaid items	13,313	-	-	-	-	13,313
Restricted for:						
Public safety	55,172	-	-	-	-	55,172
Public works	-	-	-	125,960	-	125,960
Debt service	-	-	-	-	7,607	7,607
Assigned for:						
Public works	-	603,896	56,552	-	-	660,448
Capital acquisitions - fire equipment	15,667	-	-	-	-	15,667
Capital acquisitions - general	35,640	-	-	-	-	35,640
Unassigned	<u>3,826,343</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,826,343</u>
Total fund balances	<u>3,946,135</u>	<u>603,896</u>	<u>56,552</u>	<u>125,960</u>	<u>7,607</u>	<u>4,740,150</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 3,977,857</u>	<u>\$ 610,844</u>	<u>\$ 70,677</u>	<u>\$ 131,889</u>	<u>\$ 7,607</u>	<u>\$ 4,798,874</u>

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

Total fund balance - total governmental funds	\$ 4,740,150
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.	1,719,688
Deferred outflows of resources, related to the OPEB plan, relate to future years and, therefore, are not reported in the funds.	15,528
Other postemployment assets are not reported in the funds.	78,248
Unavailable accrued interest on investments is not reported in the funds.	200
Long-term liabilities are not reported in the funds.	(135,000)
Deferred inflows of resources, related to the OPEB plan, relate to future years and, therefore, are not reported in the funds.	(22,895)
Certain special assessments and interest receivable are not available to spend and, therefore, are deferred in the funds.	5,608
Accrued interest payable is not due in the current period and, therefore, is not reported in the funds.	<u>(1,100)</u>
Net position of <i>governmental activities</i>	<u>\$ 6,400,427</u>

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

Year ended March 31, 2021

	<u>General</u>	<u>Water and Sewer</u>	<u>Recycling</u>	<u>Street Lighting</u>	<u>Nonmajor fund</u>	<u>Total governmental funds</u>
REVENUES						
Taxes	\$ 377,063	\$ -	\$ -	\$ -	\$ -	\$ 377,063
State grants	973,985	-	-	-	-	973,985
Licenses and permits	159,385	-	-	-	-	159,385
Charges for services	40,200	353,792	-	-	-	393,992
Interest and rentals	39,880	1,285	-	-	3,338	44,503
Other	<u>21,632</u>	<u>618</u>	<u>185,733</u>	<u>79,032</u>	<u>75,162</u>	<u>362,177</u>
Total revenues	<u>1,612,145</u>	<u>355,695</u>	<u>185,733</u>	<u>79,032</u>	<u>78,500</u>	<u>2,311,105</u>
EXPENDITURES						
Current:						
General government	729,233	-	-	-	-	729,233
Public safety	301,026	-	-	-	-	301,026
Public works	164,078	247,216	223,291	67,810	-	702,395
Community and economic development	32,265	-	-	-	-	32,265
Capital outlay	56,619	-	-	-	-	56,619
Debt service:						
Principal	-	-	-	-	135,000	135,000
Interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,954</u>	<u>3,954</u>
Total expenditures	<u>1,283,221</u>	<u>247,216</u>	<u>223,291</u>	<u>67,810</u>	<u>138,954</u>	<u>1,960,492</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES						
	<u>328,924</u>	<u>108,479</u>	<u>(37,558)</u>	<u>11,222</u>	<u>(60,454)</u>	<u>350,613</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	50,000	-	31,143	81,143
Transfers out	<u>(50,000)</u>	<u>(31,143)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(81,143)</u>
Net other financing sources (uses)	<u>(50,000)</u>	<u>(31,143)</u>	<u>50,000</u>	<u>-</u>	<u>31,143</u>	<u>-</u>
NET CHANGES IN FUND BALANCES						
	278,924	77,336	12,442	11,222	(29,311)	350,613
FUND BALANCES - BEGINNING						
	<u>3,667,211</u>	<u>526,560</u>	<u>44,110</u>	<u>114,738</u>	<u>36,918</u>	<u>4,389,537</u>
FUND BALANCES - ENDING						
	<u>\$ 3,946,135</u>	<u>\$ 603,896</u>	<u>\$ 56,552</u>	<u>\$ 125,960</u>	<u>\$ 7,607</u>	<u>\$ 4,740,150</u>

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

Year ended March 31, 2021

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)	\$ 350,613
Amounts reported for <i>governmental activities</i> in the statement of activities (page 12) are different because:	
Capital assets:	
Assets acquired	73,208
Provision for depreciation	(127,665)
Basis of asset dispositions	(243,491)
Long-term debt:	
Principal repayments	135,000
Deferred outflows of resources:	
Net decrease in deferred outflows of resources - OPEB	(28,544)
Deferred inflows of resources:	
Net decrease in unavailable special assessments	(570,172)
Net decrease in unavailable interest revenues	(11,300)
Net increase in deferred inflows of resources - OPEB	(20,743)
Changes in other assets/liabilities:	
Net increase in other postemployment liabilities	121,431
Net decrease in interest payable	<u>1,100</u>
Change in net position of <i>governmental activities</i>	<u>\$ (320,563)</u>

STATEMENT OF FIDUCIARY NET POSITION - custodial funds

March 31, 2021

	<u>Retiree Medical Trust</u>	<u>Tax Collections</u>
ASSETS		
Cash	\$ -	\$ 755
Investments	195,833	-
Receivables	<u>-</u>	<u>228</u>
Total assets	<u>195,833</u>	<u>983</u>
LIABILITIES		
Due to other governments	<u>-</u>	<u>983</u>
NET POSITION		
Held in trust for retirees' health benefits	<u>\$ 195,833</u>	<u>\$ -</u>

See notes to financial statements

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - custodial funds

Year ended March 31, 2021

	<u>Retiree Medical Trust</u>	<u>Tax Collections</u>
ADDITIONS		
Contributions - employer	\$ 14,861	\$ -
Property taxes collected for other governments	-	10,890,604
Net appreciation of market value	<u>57,778</u>	<u>-</u>
Total additions	<u>72,639</u>	<u>10,890,604</u>
DEDUCTIONS		
Benefits paid	14,861	-
Property taxes distributed to other governments	-	10,890,604
Advisory fees paid	<u>845</u>	<u>-</u>
Total deductions	<u>15,706</u>	<u>10,890,604</u>
NET CHANGE IN FIDUCIARY NET POSITION	56,933	-
NET POSITION - BEGINNING	<u>138,900</u>	<u>-</u>
NET POSTION - ENDING	<u><u>\$ 195,833</u></u>	<u><u>\$ -</u></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 management has determined that there are no other entities for which the Township is 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 funds, even though the latter are 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 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 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 Street Lighting Fund accounts for financial resources used for street lighting within the Township. Revenues are primarily derived from special assessments.

The Township also reports fiduciary funds, which account for assets held by the Township as a custodian for individuals, private organizations, and other governments. The Township currently reports two fiduciary funds (Retiree Medical Trust Fund and Tax Collections Fund).

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, deferred outflows of resources, liabilities, deferred inflows of resources, and 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 assets) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at 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, deferred outflows of resources, liabilities, deferred inflows of resources, and 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 outflows of resources - The statement of net position includes a separate section for deferred outflows of resources. This separate financial statement element reflects a decrease in net position that applies to a future period. The related expense will not be recognized until a future event occurs. The Township has one item in this category. The deferred outflows, related to the defined benefit other postemployment benefit plan, are discussed in Note 13. No deferred outflows of resources affect the governmental funds financial statements.

Deferred inflows of resources - The statement of net position and the governmental funds balance sheet include 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 three items that are included in this category: special assessments, interest, and defined benefit other postemployment benefit plan. 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. The deferred inflows, related to the defined benefit other postemployment benefit plan, are discussed in Note 13.

Net position - Net position represents the difference between assets and deferred outflows of resources, 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.

Postemployment benefits other than pensions - For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Cooper Charter Township Retiree Medical Plan and additions to/deductions from the plan fiduciary net position have been determined on the same basis as they are reported by the plan. 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, deferred outflows of resources, liabilities, deferred inflows of resources, and equity (continued):

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.

Use of estimates - The preparation of financial statements in conformity with generally accepted accounting principles 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.

Excess of expenditures over appropriations - The following schedule sets forth reportable budget variances:

<u>Fund</u>	<u>Function</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Water and Sewer	Other financing uses	\$ -	\$ 31,143	\$ 31,143
Recycling	Public works	214,300	223,291	8,991

NOTE 3 - CASH

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 activities</u>	<u>Totals</u>
Cash	\$ 4,538,413	\$ 755	\$ 4,539,168
Investments	<u>-</u>	<u>195,833</u>	<u>195,833</u>
Total cash and investments	<u>\$ 4,538,413</u>	<u>\$ 196,588</u>	<u>\$ 4,735,001</u>
Composition of cash and investments:			
Deposits with financial institutions	\$ 4,538,363	\$ 755	\$ 4,539,118
Cash on hand	50	-	50
Investments	<u>-</u>	<u>195,833</u>	<u>195,833</u>
Totals	<u>\$ 4,538,413</u>	<u>\$ 196,588</u>	<u>\$ 4,735,001</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, 2021, \$1,838,456 of the Township’s bank balances of \$4,559,517 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.

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, 2021, consisted of the following:

NOTE 3 - CASH (continued)

<u>Investment type</u>	<u>Fair value</u>
Mutual Funds:	
CLS Flexible Income	\$ 66,643
CLS Global Aggressive Equity	52,883
Schwab 1000 Index	35,971
JP Morgan US Small Company	12,346
American Growth Fund of America	9,773
CLS Growth and Income	9,049
Principal Inv Ptr Large Cap Value Instl	8,084
Constellation Trust Cash	<u>1,084</u>
Total	<u>\$ 195,833</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.

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, 2021:

- Cooper Charter Township Section 115 Trust, with a balance of \$195,833 at March 31, 2021, which is valued using observable fair values of similar assets (Level 1).

NOTE 4 - RECEIVABLES

Receivables as of March 31, 2021, for the Township’s individual major funds and nonmajor fund, in the aggregate, 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	\$ 31,932	\$ 16,604	\$ -	\$ 14,000	\$ 160,599	\$ 223,135
Water and Sewer	-	-	5,608	-	-	5,608
Recycling	-	-	8,699	-	-	8,699
Street Lighting	-	-	2,099	-	-	2,099
Nonmajor	-	-	7,607	-	-	7,607
Totals	\$ 31,932	\$ 16,604	\$ 24,013	\$ 14,000	\$ 160,599	\$ 247,148
Noncurrent portion	\$ -	\$ -	\$ 3,456	\$ -	\$ -	\$ 3,456

All receivables are considered fully collectible.

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the year ended March 31, 2021, 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	\$ 156,526	\$ -	\$ -	\$ 156,526
Capital assets being depreciated:				
Buildings and improvements	804,403	6,411	(420)	810,394
Equipment	670,451	24,952	(10,113)	685,290
Vehicles	850,530	-	-	850,530
Infrastructure	1,213,448	41,845	(338,302)	916,991
Subtotal	3,538,832	73,208	(348,835)	3,263,205
Less accumulated depreciation for:				
Buildings and improvements	(587,392)	(13,644)	420	(600,616)
Equipment	(584,279)	(29,679)	9,582	(604,376)
Vehicles	(417,752)	(57,745)	-	(475,497)
Infrastructure	(88,299)	(26,597)	95,342	(19,554)
Subtotal	(1,677,722)	(127,665)	105,344	(1,700,043)
Total capital assets being depreciated, net	1,861,110	(54,457)	(243,491)	1,563,162
Governmental activities capital assets, net	\$ 2,017,636	\$ (54,457)	\$ (243,491)	\$ 1,719,688

NOTE 5 - CAPITAL ASSETS (continued)

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

Governmental activities:	
General government	\$ 50,469
Public safety	59,191
Public works	<u>18,005</u>
Total governmental activities	<u>\$ 127,665</u>

NOTE 6 - PAYABLES

Payables as of March 31, 2021, 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	\$ 11,274	\$ 20,248	\$ 31,522
Water and Sewer	1,340	-	1,340
Recycling	14,125	-	14,125
Street Lighting	<u>5,929</u>	<u>-</u>	<u>5,929</u>
Totals	<u>\$ 32,668</u>	<u>\$ 20,248</u>	<u>\$ 52,916</u>

NOTE 7 - LONG-TERM DEBT

Long-term debt at March 31, 2021, 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, 2021, was as follows:

	<u>Beginning</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u>	<u>Amounts</u>
	<u>balance</u>			<u>balance</u>	<u>due within</u>
					<u>one year</u>
Governmental activities - bonds payable	<u>\$ 270,000</u>	<u>\$ -</u>	<u>\$ (135,000)</u>	<u>\$ 135,000</u>	<u>\$ 135,000</u>

At March 31, 2021, debt service requirements on long-term debt were as follows:

<u>Year ended</u>	<u>Governmental activities</u>	
<u>March 31,</u>	<u>Principal</u>	<u>Interest</u>
2022	<u>\$ 135,000</u>	<u>\$ 1,308</u>

NOTE 8 - INTERFUND TRANSFERS

<u>Fund</u>	<u>Transfer in</u>	<u>Fund</u>	<u>Transfer out</u>
Recycling	\$ 50,000	General	\$ 50,000
Collingwood Debt Service	<u>31,143</u>	Water and Sewer	<u>31,143</u>
Totals	<u>\$ 81,143</u>	Totals	<u>\$ 81,143</u>

The transfer out of the General Fund represents operational support for the Recycling Fund. The transfer out of the Water and Sewer Fund represents support to cover debt requirements in the Collingwood Debt Service Fund.

NOTE 9 - PROPERTY TAXES

The 2020 taxable valuation of the Township approximated \$307,234,000, on which ad valorem taxes levied consisted of 0.8473 mills for operating purposes, raising approximately \$260,000. This amount is recognized in the respective fund financial statements as property tax revenue.

NOTE 10 - 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 11 - 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.

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, 2021, the Township made contributions of \$45,270. At March 31, 2021, 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 12 - 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 13 - POSTEMPLOYMENT HEALTHCARE PLAN

Plan description:

The Cooper Charter Township OPEB Plan (the Plan) is a single-employer plan established and administered by Cooper Charter Township and can be amended at its discretion.

Funding policy:

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. 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.

As of March 31, 2021, Plan membership consisted of the following:

Active participants	-
Inactive participants	-
Retirees and beneficiaries	<u>2</u>
 Total participants	 <u><u>2</u></u>

Contributions:

The Cooper Charter Township OPEB Plan was established and is being funded under the authority of the Township. The plan’s funding policy is that the employer will contribute any required amounts as determined by an annual actuarial valuation as a reference but not as a definitive requirement. Active participants do not make contributions to pre-fund the Plan. There are no long-term contracts for contributions to the plan. The plan has no legally required reserves.

Actuarial Assumptions:

The total OPEB liability was determined by an actuarial valuation as of March 31, 2021, rolled forward to the measurement date. The following actuarial assumptions were used in the measurement:

Inflation	Included in investment rate of return
Salary increase	Not applicable
Investment rate of return	7.00% (including inflation)
20-year Aa Municipal bond rate	1.74% (S&P Municipal Bond 20-Year High Grade Rate Index)
Mortality	Public General 2010 Employee and Healthy Retiree, headcount weighted with MP-2019 improvement scale

NOTE 13 - POSTEMPLOYMENT HEALTHCARE PLAN (Continued)

The long-term expected rate of return on retirement plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of retirement plan investment expense 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. Best estimates of arithmetic real rates of return for each major asset class included in the Plan’s target asset allocation as of March 31, 2021, 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	64.00%	8.00%
Global fixed income	26.00%	5.50%
Real Assets	5.00%	6.20%
Diversifying strategies	5.00%	2.75%

The sum of each target allocation times its long-term expected real rate, plus inflation, is 7.00%.

Discount rate:

The discount rate used to measure the total OPEB liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that the Township will make no further contribution to the trust and that assets will be used to pay benefits. Based on this assumption, the retirement plan’s fiduciary net position was projected to be sufficient to make all projected future benefit payments of current plan members. For projected benefits that are covered by projected assets, the long-term expected rate was used to discount the projected benefits. From the year that benefit payments were not projected to be covered by the projected assets (the “depletion date”, not applicable for this plan), projected benefits were discounted at a discount rate reflecting a 20-year AA/Aa tax-exempt municipal bond yield. A single equivalent discount rate that yields the same present value of benefits is calculated. This discount rate is used to determine the Total OPEB Liability. As of March 31, 2021, the discount rate used to value OPEB liabilities was 7.00%.

Changes in the net OPEB liability:

	<u>Increase (decrease)</u>		
	<u>Total OPEB liability (a)</u>	<u>Plan fiduciary net position (b)</u>	<u>Net OPEB liability (asset) (a) - (b)</u>
Balances at March 31, 2020	\$ 182,083	\$ 138,900	\$ 43,183
Changes for the year:			
Service cost	-	-	-
Interest	8,820	-	8,820
Experience (Gains)/Losses	(1,558)	-	(1,558)
Change in plan terms	(41,442)	-	(41,442)
Change in assumptions	(15,457)	-	(15,457)
Contributions - employer	-	14,861	(14,861)
Net investment income (loss)	-	57,778	(57,778)
Benefit payments			
Benefit payments; including			
refunds of Employee Contributions	(14,861)	(14,861)	-
Administrative expenses	-	(845)	845
Net changes	(64,498)	56,933	(121,431)
Balances at March 31, 2021	\$ 117,585	\$ 195,833	\$ (78,248)

NOTE 13 - POSTEMPLOYMENT HEALTHCARE PLAN (Continued)

Sensitivity of the net OPEB liability to changes in the discount rate:

The following schedule presents the net OPEB liability (asset) of the Township, calculated using the discount rates 1% higher and lower than the current rate:

	<u>1% decrease</u>	<u>Current rate</u>	<u>1% increase</u>
Net OPEB liability (asset)	\$ (70,962)	\$ (78,248)	\$ (84,719)

Sensitivity of the net OPEB liability to changes in the trend rate:

The following schedule presents the net OPEB liability (asset) of the Township, calculated using healthcare cost trend rates 1% higher and lower than the current rate:

	<u>1% decrease</u>	<u>Current rate</u>	<u>1% increase</u>
Net OPEB liability (asset)	\$ (79,740)	\$ (78,248)	\$ (77,205)

OPEB expense, deferred outflows of resources, and deferred inflows of resources related to OPEB Plan:

Components of Township's OPEB Expense for the Fiscal Year Ending March 31, 2021

Below are the components of the Total OPEB Expense:

	<i>Fiscal Year</i>
	<u>Ending 3/31/2021</u>
Service Cost	\$ -
Interest on Total OPEB Liability	8,820
Experience (Gains)/Losses	(2,107)
Change in plan terms	(41,442)
Change in assumptions	(10,139)
Projected earnings on OPEB plan investments	(9,693)
Investments earnings (gains)/losses	(3,567)
Administrative expenses	<u>845</u>
	<u>\$ (57,283)</u>

OPEB Plan Fiduciary Net Position:

The OPEB Plan Fiduciary Net Position as of March 31, 2021 is \$195,833.

Deferred Inflows and Outflows of Resources Related to OPEB Plan:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
	<u>of Resources</u>	<u>of Resources</u>
Experience (gains)/losses	\$ -	\$ 1,603
Change in assumptions	15,528	-
Investment earnings (gains)/losses	<u>-</u>	<u>21,292</u>
Total	<u>\$ 15,528</u>	<u>\$ 22,895</u>

NOTE 13 - POSTEMPLOYMENT HEALTHCARE PLAN (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<i>Year Ended</i> <u>March 31,</u>	<i>Amount</i> <u>Recognized</u>
2022	\$ 1,202
2023	1,204
2024	(156)
2025	(9,617)
2026	-
Thereafter	<u>-</u>
	<u>\$ (7,367)</u>

Reconciliation of Net OPEB Liability (Asset):

	<i>Net OPEB</i> <u>Liability (Asset)</u>
Net OPEB Liability March 31, 2020	\$ 43,183
Total OPEB expense	(57,283)
Contributions	(14,861)
Change in deferred outflows of resources	(28,544)
Change in deferred inflows of resources	<u>(20,743)</u>
Net OPEB Liability (Asset) March 31, 2021	<u>\$ (78,248)</u>

Total OPEB liability by participant status:

	<u>Total OPEB Liability</u>
Active participants	\$ -
Inactive participants	-
Retirees and beneficiaries	<u>117,585</u>
Total	<u>\$ 117,585</u>

NOTE 14 - PENDING ACCOUNTING PRONOUNCEMENT

Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, was issued by the GASB in June 2017 and will be effective for periods beginning after June 15, 2021. The objective of this Statement is to increase the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use the underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

REQUIRED SUPPLEMENTARY INFORMATION

Charter Township of Cooper

BUDGETARY COMPARISON SCHEDULE - General Fund

Year ended March 31, 2021

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget positive (negative)</u>
REVENUES				
Taxes	\$ 353,000	\$ 353,000	\$ 377,063	\$ 24,063
State grants	906,400	906,400	973,985	67,585
Licenses and permits	158,500	158,500	159,385	885
Charges for services	39,500	39,500	40,200	700
Interest and rentals	40,800	40,800	39,880	(920)
Other	5,000	5,000	21,632	16,632
	<u>1,503,200</u>	<u>1,503,200</u>	<u>1,612,145</u>	<u>108,945</u>
Total revenues				
EXPENDITURES				
General government:				
Legislative	11,800	11,800	6,997	4,803
Supervisor	74,000	74,000	63,487	10,513
Election	37,800	45,800	24,582	21,218
Assessor	98,000	111,000	93,223	17,777
Clerk	103,100	103,100	88,529	14,571
Treasurer	81,300	81,300	70,464	10,836
Board of review	3,600	3,600	845	2,755
Cemetery	71,500	71,500	41,264	30,236
Professional services	44,000	44,000	28,591	15,409
Buildings and grounds	69,750	69,750	46,854	22,896
General operations	284,000	293,000	264,397	28,603
	<u>878,850</u>	<u>908,850</u>	<u>729,233</u>	<u>179,617</u>
Total general government				
Public safety:				
Fire protection	293,500	309,600	269,458	40,142
Building inspections	1,000	1,000	-	1,000
Ordinance enforcement	50,000	50,000	31,568	18,432
	<u>344,500</u>	<u>360,600</u>	<u>301,026</u>	<u>59,574</u>
Total public safety				
Public works - highways and streets:				
Highways and streets	200,000	200,000	163,066	36,934
Street lights	1,000	1,000	570	430
Drains	1,000	1,000	442	558
	<u>202,000</u>	<u>202,000</u>	<u>164,078</u>	<u>37,922</u>
Total public works				
Community and economic development -				
planning and zoning	70,700	70,700	32,265	38,435

Charter Township of Cooper

BUDGETARY COMPARISON SCHEDULE - General Fund (Continued)

Year ended March 31, 2021

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget positive (negative)</u>
EXPENDITURES (Continued)				
Capital outlay	\$ 112,000	\$ 113,000	\$ 56,619	\$ 56,381
Total expenditures	<u>1,608,050</u>	<u>1,655,150</u>	<u>1,283,221</u>	<u>371,929</u>
EXCESS (DEFICENCY) OF REVENUES OVER EXPENDITURES	(104,850)	(151,950)	328,924	480,874
OTHER FINANCING USES				
Transfers out	<u>(50,000)</u>	<u>(50,000)</u>	<u>(50,000)</u>	<u>-</u>
NET CHANGES IN FUND BALANCES	(154,850)	(201,950)	278,924	480,874
FUND BALANCES - BEGINNING	<u>3,667,211</u>	<u>3,667,211</u>	<u>3,667,211</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 3,512,361</u>	<u>\$ 3,465,261</u>	<u>\$ 3,946,135</u>	<u>\$ 480,874</u>

Charter Township of Cooper

BUDGETARY COMPARISON SCHEDULE - Water and Sewer Fund

Year ended March 31, 2021

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget positive (negative)</u>
REVENUES				
Charges for services	\$ 269,854	\$ 269,854	\$ 353,792	\$ 83,938
Interest	500	500	1,285	785
Other - special assessments	<u>6,000</u>	<u>6,000</u>	<u>618</u>	<u>(5,382)</u>
Total revenues	<u>276,354</u>	<u>276,354</u>	<u>355,695</u>	<u>79,341</u>
EXPENDITURES				
Public works	<u>250,854</u>	<u>250,854</u>	<u>247,216</u>	<u>3,638</u>
EXCESS OF REVENUES OVER EXPENDITURES	25,500	25,500	108,479	82,979
OTHER FINANCING USES				
Transfer out - Collingwood Debt Service	<u>-</u>	<u>-</u>	<u>(31,143)</u>	<u>(31,143)</u>
NET CHANGES IN FUND BALANCES	25,500	25,500	77,336	51,836
FUND BALANCES - BEGINNING	<u>526,560</u>	<u>526,560</u>	<u>526,560</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 552,060</u>	<u>\$ 552,060</u>	<u>\$ 603,896</u>	<u>\$ 51,836</u>

Charter Township of Cooper

BUDGETARY COMPARISON SCHEDULE - Recycling Fund

Year ended March 31, 2021

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget positive (negative)</u>
REVENUES				
Other - special assessments	\$ 185,000	\$ 185,000	\$ 185,733	\$ 733
EXPENDITURES				
Public works	214,300	214,300	223,291	(8,991)
DEFICIENCY OF REVENUES OVER EXPENDITURES	(29,300)	(29,300)	(37,558)	(8,258)
OTHER FINANCING SOURCES				
Transfers in	50,000	50,000	50,000	-
NET CHANGES IN FUND BALANCES	20,700	20,700	12,442	(8,258)
FUND BALANCES - BEGINNING	44,110	44,110	44,110	-
FUND BALANCES - ENDING	<u>\$ 64,810</u>	<u>\$ 64,810</u>	<u>\$ 56,552</u>	<u>\$ (8,258)</u>

Charter Township of Cooper

BUDGETARY COMPARISON SCHEDULE - Street Lighting Fund

Year ended March 31, 2021

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget positive (negative)</u>
REVENUES				
Other - special assessments	\$ 69,000	\$ 69,000	\$ 79,032	\$ 10,032
EXPENDITURES				
Public works	71,700	71,700	67,810	3,890
NET CHANGES IN FUND BALANCES	(2,700)	(2,700)	11,222	13,922
FUND BALANCES - BEGINNING	114,738	114,738	114,738	-
FUND BALANCES - ENDING	<u>\$ 112,038</u>	<u>\$ 112,038</u>	<u>\$ 125,960</u>	<u>\$ 13,922</u>

SCHEDULE OF CHANGES IN THE TOWNSHIP'S NET OPEB LIABILITY AND RELATED RATIOS

Year Ended March 31, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total OPEB liability:			
Service cost	\$ -	\$ 26,965	\$ 23,423
Interest	8,820	23,966	20,609
Changes in plan terms	(41,442)	(434,665)	-
Difference between expected and actual experience	(1,558)	10,670	(3,249)
Changes in assumptions	(15,457)	(18,964)	31,482
Benefit payments, including refunds	<u>(14,861)</u>	<u>(14,383)</u>	<u>(14,017)</u>
Net change in total OPEB liability	(64,498)	(406,411)	58,248
Total OPEB liability, beginning of year	<u>182,083</u>	<u>588,494</u>	<u>530,246</u>
Total OPEB liability, end of year	<u>\$ 117,585</u>	<u>\$ 182,083</u>	<u>\$ 588,494</u>
Plan fiduciary net position:			
Contributions:			
Employer	\$ 14,861	\$ 14,383	\$ 14,017
Employee	-	-	-
Net investment income	57,778	(14,260)	8,016
Benefit payments, including refunds	(14,861)	(122,216)	(14,017)
Administrative expenses	<u>(845)</u>	<u>(974)</u>	<u>(1,273)</u>
Net change in plan fiduciary net position	56,933	(123,067)	6,743
Plan fiduciary net position, beginning of year	<u>138,900</u>	<u>261,967</u>	<u>255,224</u>
Plan fiduciary net position, end of year	<u>\$ 195,833</u>	<u>\$ 138,900</u>	<u>\$ 261,967</u>
Township's net OPEB liability (asset), end of year	<u>\$ (78,248)</u>	<u>\$ 43,183</u>	<u>\$ 326,527</u>
Plan fiduciary net position as a percent of total OPEB liability	166.55%	76.28%	44.51%
Covered payroll	\$ -	\$ -	\$ 273,889
Township's net OPEB liability as a percentage of covered payroll	0.00%	0.00%	119.22%

Note: This schedule is being built prospectively after the implementation of GASB 75 in 2019.

Ultimately, ten years of data will be presented.

SCHEDULE OF TOWNSHIP OPEB CONTRIBUTIONS

Year Ended March 31, 2021

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Actuarially determined employer contributions			
Normal costs	\$ -	\$ -	\$ 26,965
Amortization of unfunded liability	(78,248)	43,183	36,899
Interest cost	<u>(5,477)</u>	<u>2,181</u>	<u>2,516</u>
Actuarial determined employer contribution, not less than \$0	(83,725)	45,364	66,380
Employer contributions (benefit payment)	<u>TBD</u>	<u>14,861</u>	<u>14,383</u>
Contribution deficiency/(excess)	<u>TBD</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ -	\$ -	\$ -
Contribution as a percentage of covered payroll	NA	NA	NA

Assumptions Used in Calculation of Actuarially Determined Contribution

Valuation date March 31, 2021

Actuarial methods:

Cost method Entry age normal (level percent)
 Asset valuation method Equal to market value of assets

Actuarial assumptions:

Discount rate - 7.00% for March 31, 2021 liability and 2022 contribution
 Rationale - blended rate based on long term expected return and the 20-year Aa Municipal Bond rate

20 year Aa Municipal Bond rate - 1.74%
 Rationale - 20-year bond rate (S&P Municipal Bond 20-year High Grade Rate Index as of March 31, 2021)

Salary scale - N/A
 Rationale - all participants are retired

Return on plan assets - 7.0%
 Rationale - Provided by investment manager

Mortality rates - Public General 2010 Employee and Health Retiree, headcount weighted, MP-2019 improvement
 Rationale - Most current mortality rates available for municipalities

Utilization - actual coverage used for non-active
 Rationale - Historical

Termination Rates - Not applicable
 Rationale - All participants are retired

Disability Rates - Not applicable
 Rationale - All participants are retired

SCHEDULE OF TOWNSHIP OPEB CONTRIBUTIONS (Continued)

Year Ended March 31, 2021

Retirement Rates - Not applicable

Rationale - All participants are retired

Marital assumption - actual marital status used

Rationale - consistent with experience

Claims Costs - see rates (monthly) below:

Rationale - actual post-65 premiums

	<u>Medicare Supplement</u>	<u>Dental & Vision Supplement</u>	<u>Part D (Rx) Medicare</u>
Coverage 1 (single)	\$ 315.40	\$ 50.56	\$ 14.50
Coverage 1 (dual)	678.30	101.12	42.50
Coverage 2 (single)	182.79	45.82	33.40
Coverage 2 (dual)	351.91	91.64	66.80

Implicit Subsidy - Not applicable; all participants have post-65 coverage

Medical trend rates:

Pre-Medicare, not applicable

Post-Medicare, 6.5% graded down to 5.75% after one year and then by .25% per year to an ultimate rate of 4.5%

Rationale - Based on State of Michigan trend survey

Data Collection

Date and form of data - all personnel and asset data was prepared by the Plan sponsor or a representative and was generally relied upon as being correct and complete without audit by Watkins Ross

Changes since prior valuation

Discount rate changed from 5.05 to 7.00%

Medical trend updated