

*Charter Township of Cooper
Kalamazoo County, Michigan*

FINANCIAL STATEMENTS

Year ended March 31, 2023

	<i>Page</i>
INDEPENDENT AUDITOR'S REPORT	3 - 4
MANAGEMENT'S DISCUSSION AND ANALYSIS	5 - 10
BASIC FINANCIAL STATEMENTS	
Government-wide financial statements:	
Statement of net position	11
Statement of activities	12
Fund financial statements:	
Balance sheet - governmental funds	13
Statement of revenues, expenditures, and changes in fund balances - governmental funds	14 - 15
Statement of fiduciary net position - custodial funds	16
Statement of changes in fiduciary net position - custodial funds	17
Notes to financial statements	18 - 30
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary comparison schedules:	
General Fund	31 - 32
Water and Sewer Fund	33
Recycling Fund	34
Street Lighting Fund	35
Schedule of changes in the Township's Net OPEB liability and related ratios	36
Schedule of Township OPEB contributions	37 - 38

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Charter Township of Cooper, Michigan

Opinions

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, 2023, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements, as listed in the contents.

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, 2023, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Township, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Township's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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.

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, 2023. Please read it in conjunction with the Township's financial statements.

FINANCIAL HIGHLIGHTS

- The Township's total net position increased by \$549,505 as a result of this year's activities.
- Of the \$6,518,044 total net position reported, \$5,368,874 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 \$4,202,131, which represents 237 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 2023 and 2022 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 \$6,518,044. Of this total, \$977,941 is invested in capital assets and \$171,229 is restricted for public works and public safety. The remaining unrestricted net position was \$5,368,874.

*Condensed financial information
Net position*

	<i>Governmental activities</i>	
	<u>2023</u>	<u>2022</u>
Current and other assets	\$ 6,575,954	\$ 5,806,433
Capital assets	<u>977,941</u>	<u>791,063</u>
Total assets	<u>7,553,895</u>	<u>6,597,496</u>
Deferred outflows of resources	<u>14,699</u>	<u>10,210</u>
Current and other liabilities	90,879	42,791
Unearned revenue	<u>959,166</u>	<u>581,515</u>
Total liabilities	<u>1,050,045</u>	<u>624,306</u>
Deferred inflows of resources	<u>505</u>	<u>14,861</u>
Net position:		
Investment in capital assets	977,941	791,063
Restricted	171,229	198,516
Unrestricted	<u>5,368,874</u>	<u>4,978,960</u>
Total net position	<u>\$ 6,518,044</u>	<u>\$ 5,968,539</u>

Changes in net position

The Township's total revenues were \$2,418,949. Approximately 49 percent of the total comes from state shared revenue, 22 percent comes from charges for services, and 12 percent comes from property taxes.

The total cost of the Township's programs was \$1,869,444. Approximately 46 percent of the Township's expenses relate to general government costs, 21 percent relate to public safety, and public works amounts to 32 percent of the Township's total expenses.

Condensed financial information
Changes in net position

	<i>Governmental activities</i>	
	<u>2023</u>	<u>2022</u>
Program revenues:		
Charges for services	\$ 524,919	\$ 663,353
Operating grants and contributions	29,032	15,142
Capital grants and contributions	198,851	-
General revenues:		
Property taxes	290,614	270,667
State shared revenue	1,188,566	1,113,543
Franchise fees	137,235	135,097
Investment return	24,732	(9,407)
Gain on sale of capital assets	<u>25,000</u>	<u>-</u>
Total revenues	<u>2,418,949</u>	<u>2,188,395</u>
Expenses:		
General government	856,952	825,104
Public safety	384,058	368,649
Public works	603,346	498,457
Community and economic development	25,088	38,873
Interest	<u>-</u>	<u>223</u>
Total expenses	<u>1,869,444</u>	<u>1,731,306</u>
Special item - transfer of assets	<u>-</u>	<u>(888,977)</u>
Changes in net position	<u>549,505</u>	<u>(431,888)</u>
Net position, end of year	<u>\$ 6,518,044</u>	<u>\$ 5,968,539</u>

Governmental activities

Governmental activities increased the Township's net position by \$549,505 compared to a \$431,888 decrease last year, reflecting an increase in total revenues and expenses in 2023 compared to 2022. Revenues increased by \$230,554, as the Township recognized \$214,424 in ARPA grant revenues in the current fiscal year. Total expenses had a net increase of \$138,138, as public works costs were \$104,889 higher than 2022, while the remaining functions had moderate changes in 2023. In 2022, A special item related to assets transferred to the City of Kalamazoo, totaling \$888,977, was recorded as the result of a sewer services agreement signed during the previous fiscal year.

The total cost of governmental activities this year was \$1,869,444. After subtracting the charges to those who directly benefited from the programs (\$524,919), operating grants (\$29,032), and capital grants (\$198,851) the "public benefit" portion covered by taxes, state revenue sharing, and other general revenues was \$1,116,642, compared to \$1,052,811 in 2022.

FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS

At March 31, 2023, the Township's governmental funds reported combined ending fund balances of \$5,403,718, an increase of \$317,547 from the prior year.

The General Fund is the primary operating fund of the Township. Its fund balance was \$4,517,009 at the end of the fiscal year, which represents a \$320,719 increase, as revenues (\$2,090,935) exceeded expenditures (\$1,770,216).

The Water and Sewer Fund had an increase in fund balance of \$32,494 as revenues (\$35,789) exceeded expenditures (\$3,295). Fund balance at year end was \$673,870.

The Recycling Fund's fund balance decreased by \$14,121, as revenues (\$217,671) were exceeded by expenditures (\$231,792). The ending fund balance was \$94,390.

The Street Lighting Fund's fund balance decreased by \$21,545, as revenues (\$45,617) were exceeded by expenditures (\$67,162). The ending fund balance was \$118,449.

General Fund budgetary highlights

The Township amended its General Fund budget to increase revenues and expenditures by \$203,851 and \$213,351, respectively. Actual revenues were \$373,384 more than budgeted, while expenditures were \$186,285 less than the amounts appropriated. Revenues showed positive variances in all areas except interest and rentals, which were \$4,268 less than projected. The majority of the budgeted functional expenditure categories were lower than expected in total, which resulted in a \$559,669 positive budget variance and a \$320,719 increase in fund balance compared to a budgeted decrease of \$238,950.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets

The Township's investment in capital assets for its governmental activities as of March 31, 2023, amounts to \$977,941 (net of accumulated depreciation). This investment includes several different types of assets, including land, buildings, and equipment. The Township's investment in capital assets increased by \$186,878 for the current year, as \$278,898 in asset acquisitions were offset by \$92,020 in depreciation expenses.

Major capital asset events during the current fiscal year included Douglas Avenue property purchased for \$205,551, and cemetery drive improvements totaling \$31,320.

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

Debt

The Township had no debt outstanding at the beginning or end of the fiscal year.

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 2024.

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

STATEMENT OF NET POSITION

March 31, 2023

	<u>Governmental activities</u>
ASSETS	
Current assets:	
Cash	\$ 5,212,303
Investments	991,768
Receivables, net	255,907
Prepaid expenses	<u>17,109</u>
Total current assets	<u>6,477,087</u>
Noncurrent assets:	
Receivables, net	16,619
Net other postemployment benefit asset	82,248
Capital assets, not being depreciated	362,077
Capital assets, net of accumulated depreciation	<u>615,864</u>
Total noncurrent assets	<u>1,076,808</u>
Total assets	<u>7,553,895</u>
DEFERRED OUTFLOWS OF RESOURCES - OPEB	<u>14,699</u>
LIABILITIES	
Current liabilities:	
Payables	90,879
Unearned revenue	<u>959,166</u>
Total liabilities	<u>1,050,045</u>
DEFERRED INFLOWS OF RESOURCES - OPEB	<u>505</u>
NET POSITION	
Investment in capital assets	977,941
Restricted for:	
Public safety	52,780
Public works	118,449
Unrestricted	<u>5,368,874</u>
Total net position	<u>\$ 6,518,044</u>

See notes to financial statements

Charter Township of Cooper

STATEMENT OF ACTIVITIES

Year ended March 31, 2023

	<u>Expenses</u>	<u>Program revenues</u>		<u>Governmental activities</u>	<u>Net (expenses) revenues and change in net position</u>
		<u>Charges for services</u>	<u>Operating grants and contributions</u>		
Functions/Programs					
Governmental activities:					
General government	\$ 856,952	\$ 142,072	\$ 18,619	\$ 198,851	\$ (497,410)
Public safety	384,058	-	-	-	(384,058)
Public works	603,346	354,447	10,413	-	(238,486)
Community and economic development	25,088	28,400	-	-	3,312
Total governmental activities	<u>\$ 1,869,444</u>	<u>\$ 524,919</u>	<u>\$ 29,032</u>	<u>\$ 198,851</u>	<u>(1,116,642)</u>
General revenues:					
Taxes					290,614
State grants					1,188,566
Franchise fees					137,235
Investment income					24,732
Gain on sale of capital assets					25,000
Total general revenues					<u>1,666,147</u>
Change in net position					549,505
Net position - beginning					<u>5,968,539</u>
Net position - ending					<u>\$ 6,518,044</u>

See notes to financial statements

BALANCE SHEET - governmental funds

March 31, 2023

	<u>General</u>	<u>Water and Sewer</u>	<u>Recycling</u>	<u>Street Lighting</u>	<u>Total governmental funds</u>
ASSETS					
Cash	\$ 4,311,137	\$ 673,572	\$ 104,178	\$ 123,416	\$ 5,212,303
Investments	991,768	-	-	-	991,768
Receivables	238,152	23,668	9,639	1,067	272,526
Prepaid items	17,109	-	-	-	17,109
Total assets	<u>\$ 5,558,166</u>	<u>\$ 697,240</u>	<u>\$ 113,817</u>	<u>\$ 124,483</u>	<u>\$ 6,493,706</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Payables	\$ 65,418	\$ -	\$ 19,427	\$ 6,034	\$ 90,879
Unearned grant revenue	959,166	-	-	-	959,166
Total liabilities	<u>1,024,584</u>	<u>-</u>	<u>19,427</u>	<u>6,034</u>	<u>1,050,045</u>
Deferred inflows of resources:					
Unavailable special assessment revenue	-	23,370	-	-	23,370
Unavailable grant revenue	10,573	-	-	-	10,573
Unavailable interest revenue	6,000	-	-	-	6,000
Total deferred inflows of resources	<u>16,573</u>	<u>23,370</u>	<u>-</u>	<u>-</u>	<u>39,943</u>
Fund balances:					
Nonspendable - prepaid items	17,109	-	-	-	17,109
Restricted for:					
Public safety	52,780	-	-	-	52,780
Public works	-	-	-	118,449	118,449
Assigned for:					
Public works	-	673,870	94,390	-	768,260
Capital acquisitions - fire equipment	119,989	-	-	-	119,989
Capital acquisitions - general	125,000	-	-	-	125,000
Unassigned	4,202,131	-	-	-	4,202,131
Total fund balances	<u>4,517,009</u>	<u>673,870</u>	<u>94,390</u>	<u>118,449</u>	<u>5,403,718</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 5,558,166</u>	<u>\$ 697,240</u>	<u>\$ 113,817</u>	<u>\$ 124,483</u>	<u>\$ 6,493,706</u>

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

Total fund balance - total governmental funds \$ 5,403,718

Amounts reported for *governmental activities* in the statement of net position (page 11) are different because:

Capital assets used in *governmental activities* are not reported in the funds. 977,941

Deferred outflows of resources, related to the OPEB plan, relate to future years and, therefore, are not reported in the funds. 14,699

Other postemployment assets are not reported in the funds. 82,248

Deferred inflows of resources, related to the OPEB plan, relate to future years and, therefore, are not reported in the funds. (505)

Certain special assessments, grants, and interest receivable are not available to spend and, therefore, are deferred in the funds. 39,943

Net position of *governmental activities* \$ 6,518,044

See notes to financial statements

Charter Township of Cooper

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

Year ended March 31, 2023

	<u>General</u>	<u>Water and Sewer</u>	<u>Recycling</u>	<u>Street Lighting</u>	<u>Total governmental funds</u>
REVENUES					
Taxes	\$ 290,614	\$ -	\$ -	\$ -	\$ 290,614
Federal grants	203,851	-	-	-	203,851
State grants	1,198,979	-	-	-	1,198,979
Licenses and permits	137,235	-	-	-	137,235
Charges for services	205,529	-	-	-	205,529
Interest and rentals	25,532	2,691	-	-	28,223
Other	29,195	33,098	217,671	45,617	325,581
	<u>2,090,935</u>	<u>35,789</u>	<u>217,671</u>	<u>45,617</u>	<u>2,390,012</u>
Total revenues					
EXPENDITURES					
Current:					
General government	816,704	-	-	-	816,704
Public safety	356,925	-	-	-	356,925
Public works	296,348	3,295	231,792	67,162	598,597
Community and economic development	25,088	-	-	-	25,088
Capital outlay	275,151	-	-	-	275,151
	<u>1,770,216</u>	<u>3,295</u>	<u>231,792</u>	<u>67,162</u>	<u>2,072,465</u>
Total expenditures					
NET CHANGES IN FUND BALANCES	320,719	32,494	(14,121)	(21,545)	317,547
FUND BALANCES - BEGINNING	<u>4,196,290</u>	<u>641,376</u>	<u>108,511</u>	<u>139,994</u>	<u>5,086,171</u>
FUND BALANCES - ENDING	<u>\$ 4,517,009</u>	<u>\$ 673,870</u>	<u>\$ 94,390</u>	<u>\$ 118,449</u>	<u>\$ 5,403,718</u>

See notes to financial statements

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

Year ended March 31, 2023

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)	\$ 317,547
Amounts reported for <i>governmental activities</i> in the statement of activities (page 12) are different because:	
Capital assets:	
Assets acquired	278,898
Provision for depreciation	(92,020)
Deferred outflows of resources:	
Net increase in deferred outflows of resources - OPEB	4,489
Deferred inflows of resources:	
Net increase in unavailable special assessments	19,164
Net increase in unavailable grant revenues	10,573
Net decrease in unavailable interest revenues	(800)
Net increase in deferred inflows of resources - OPEB	14,356
Changes in other assets/liabilities:	
Net decrease in other postemployment liabilities	<u>(2,702)</u>
Change in net position of <i>governmental activities</i>	<u>\$ 549,505</u>

Charter Township of Cooper

STATEMENT OF FIDUCIARY NET POSITION - *custodial funds*

March 31, 2023

	<u><i>Retiree Medical Trust</i></u>	<u><i>Tax Collections</i></u>
ASSETS		
Investments	\$ 190,388	\$ -
NET POSITION		
Held in trust for retirees' health benefits	<u>\$ 190,388</u>	<u>\$ -</u>

See notes to financial statements

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - *custodial funds*

Year ended March 31, 2023

	<u>Retiree Medical Trust</u>	<u>Tax Collections</u>
ADDITIONS		
Contributions - employer	\$ 15,748	\$ -
Property taxes collected for other governments	-	12,402,264
Net appreciation of market value	<u>(11,987)</u>	<u>-</u>
Total additions	<u>3,761</u>	<u>12,402,264</u>
DEDUCTIONS		
Benefits paid	15,748	-
Property taxes distributed to other governments	-	12,402,264
Advisory fees paid	<u>1,194</u>	<u>-</u>
Total deductions	<u>16,942</u>	<u>12,402,264</u>
NET CHANGE IN FIDUCIARY NET POSITION	(13,181)	-
NET POSITION - BEGINNING	<u>203,569</u>	<u>-</u>
NET POSTION - ENDING	<u><u>\$ 190,388</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

Unearned revenue - Unearned revenue represents resources related to federal grant revenue, which has not yet been earned.

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 11. 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 11.

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 activity level. All annual appropriations lapse at the end of the fiscal year. There were no reportable budget variations at year end.

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 activities</u>	<u>Totals</u>
Cash	\$ 5,212,303	\$ -	\$ 5,212,303
Investments	<u>991,768</u>	<u>190,388</u>	<u>1,182,156</u>
Total cash and investments	<u>\$ 6,204,071</u>	<u>\$ 190,388</u>	<u>\$ 6,394,459</u>
Composition of cash and investments:			
Deposits with financial institutions	\$ 5,212,253	\$ -	\$ 5,212,253
Cash on hand	50	-	50
Investments	<u>991,768</u>	<u>190,388</u>	<u>1,182,156</u>
Totals	<u>\$ 6,204,071</u>	<u>\$ 190,388</u>	<u>\$ 6,394,459</u>

NOTE 3 - CASH AND INVESTMENTS (continued)

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, 2023, \$2,430,205 of the Township’s bank balances of \$5,282,650 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, primary government - State statutes and the Township’s investment policy authorize the Township to invest in a) obligations of the U.S. Treasury, agencies, and instrumentalities; b) commercial paper rated within the two highest rate classifications, which mature not more than 270 days after the date of purchase; c) repurchase agreements, collateralized by U.S. governmental securities; d) bankers' acceptances; e) mutual funds composed of otherwise legal investments; and f) investment pools organized under the local government investment pool act.

Investments in entities that calculate net asset value per share - The Township holds shares in an investment pool where the fair value of the investment is measured on a recurring basis using net asset value per share of the investment pool as a practical expedient. At March 31, 2023, the fair value, unfunded commitments, and redemption rules of these investments are as follows:

	<i>Michigan</i>
	<u>CLASS</u>
Fair value at March 31, 2023	\$ 991,768
Unfunded commitments	none
Redemption frequency	n/a
Notice period	none

The Michigan CLASS investment Pool invests in U.S. Treasury obligations, federal agency obligations of the U.S. government, high-grade commercial paper (rated 'A-1' or better), collateralized bank deposits, repurchase agreements (collateralized at 102% by treasury agencies), and approved money market funds. The program is designed to meet the needs of Michigan public sector investors. The Pool purchases securities that are legally permissible under state statutes and are available for investment by Michigan counties, cities, townships, school districts, authorities, and other public agencies.

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, 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.

NOTE 3 - CASH AND INVESTMENTS (continued)

Specific fund holdings at March 31, 2023, consisted of the following:

<u>Investment type</u>	<u>Fair value</u>
Mutual Funds:	
Destinations Large Cap Equity	\$ 94,018
Destinations Core Fixed Income	31,741
Destinations Small Mid Cap Equity	16,786
Destinations Intl Equity Fd	14,730
Destinations Multi Strgy Alt	11,844
Destinations Equity Income Fd	7,445
Destinations Low Dur Fixed Inc	7,241
Destinations Global Fixed Inc Oppor	5,986
Constellation Trust Cash	<u>597</u>
Total mutual funds	<u>\$ 190,388</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, 2023:

- Cooper Charter Township Section 115 Trust, with a balance of \$190,388, at March 31, 2023 is valued using observable fair values of similar assets (Level 1).

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 4 - RECEIVABLES

Receivables as of March 31, 2023, for the Township’s individual major funds and nonmajor fund, in the aggregate, were as follows:

<u>Fund</u>	<u>Accounts</u>	<u>Property taxes</u>	<u>Special assess-ments</u>	<u>Interest</u>	<u>Inter-govern-mental</u>	<u>Totals</u>
General	\$ 33,496	\$ 11,538	\$ -	\$ 6,200	\$ 186,918	\$ 238,152
Water and Sewer	-	-	23,668	-	-	23,668
Recycling	-	-	9,639	-	-	9,639
Street Lighting	-	-	1,067	-	-	1,067
Totals	<u>\$ 33,496</u>	<u>\$ 11,538</u>	<u>\$ 34,374</u>	<u>\$ 6,200</u>	<u>\$ 186,918</u>	<u>\$ 272,526</u>
Noncurrent portion	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,619</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,619</u>

All receivables are considered fully collectible.

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the year ended March 31, 2023, was as follows:

	<u>Beginning balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending balance</u>
Governmental activities:				
Capital assets not being depreciated - land	<u>\$ 156,526</u>	<u>\$ 205,551</u>	<u>\$ -</u>	<u>\$ 362,077</u>
Capital assets being depreciated:				
Buildings and improvements	836,996	31,320	(21,800)	846,516
Equipment	725,880	42,027	(126,119)	641,788
Vehicles	<u>850,530</u>	<u>-</u>	<u>-</u>	<u>850,530</u>
Subtotal	<u>2,413,406</u>	<u>73,347</u>	<u>(147,919)</u>	<u>2,338,834</u>
Less accumulated depreciation for:				
Buildings and improvements	(633,502)	(13,654)	21,800	(625,356)
Equipment	(628,513)	(37,009)	126,119	(539,403)
Vehicles	<u>(516,854)</u>	<u>(41,357)</u>	<u>-</u>	<u>(558,211)</u>
Subtotal	<u>(1,778,869)</u>	<u>(92,020)</u>	<u>147,919</u>	<u>(1,722,970)</u>
Total capital assets being depreciated, net	<u>634,537</u>	<u>(18,673)</u>	<u>-</u>	<u>615,864</u>
Governmental activities capital assets, net	<u>\$ 791,063</u>	<u>\$ 186,878</u>	<u>\$ -</u>	<u>\$ 977,941</u>

NOTE 5 - CAPITAL ASSETS (continued)

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

Governmental activities:	
General government	\$ 39,851
Public safety	47,920
Public works	<u>4,249</u>
Total governmental activities	<u>\$ 92,020</u>

NOTE 6 - PAYABLES

Payables as of March 31, 2023, 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	\$ 44,366	\$ 21,052	\$ 65,418
Recycling	19,427	-	19,427
Street Lighting	<u>6,034</u>	<u>-</u>	<u>6,034</u>
Totals	<u>\$ 69,827</u>	<u>\$ 21,052</u>	<u>\$ 90,879</u>

NOTE 7 - PROPERTY TAXES

The 2022 taxable valuation of the Township approximated \$344,712,000, on which ad valorem taxes levied consisted of 0.8278 mills for operating purposes, raising approximately \$285,000. This amount is recognized in the respective fund financial statements as property tax revenue.

NOTE 8 - 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 9 - 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, 2023, the Township made contributions of \$51,758. At March 31, 2023, 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 10 - 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 11 - 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. No 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.

NOTE 11 - POSTEMPLOYMENT HEALTHCARE PLAN (Continued)

As of March 31, 2023, 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, 2023, 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	7.45% (including inflation)
20-year Aa Municipal bond rate	4.05% (S&P Municipal Bond 20-Year High Grade Rate Index)
Mortality	2010 Public General Employee and Healthy Retiree, headcount weighted with MP-2021 improvement scale

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, 2023, 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%	9.00%
Global fixed income	26.00%	4.70%
Real Assets	5.00%	6.40%
Diversifying strategies	5.00%	3.00%

The sum of each target allocation times its long-term expected real rate, plus inflation, is 7.45%.

NOTE 11 - POSTEMPLOYMENT HEALTHCARE PLAN (Continued)

Discount rate:

The discount rate used to measure the total OPEB liability was 7.45%. 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, 2022, the discount rate used to value OPEB liabilities was 7.00%.

Changes in the net OPEB liability:

	<i>Increase (decrease)</i>		
	<i>Total OPEB liability (a)</i>	<i>Plan fiduciary net position (b)</i>	<i>Net OPEB liability (asset) (a) - (b)</i>
Balances at March 31, 2022	\$ 118,619	\$ 203,569	\$ (84,950)
Changes for the year:			
Service cost	-	-	-
Interest	7,752	-	7,752
Experience (Gains)/Losses	44	-	44
Change in plan terms	-	-	-
Change in assumptions	(2,527)	-	(2,527)
Contributions - employer	-	15,748	(15,748)
Net investment income (loss)	-	(12,074)	12,074
Benefit payments			
Benefit payments; including refunds of Employee Contributions	(15,748)	(15,748)	-
Administrative expenses	-	(1,107)	1,107
Net changes	(10,479)	(13,181)	2,702
Balances at March 31, 2023	\$ 108,140	\$ 190,388	\$ (82,248)

NOTE 11 - 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)	\$ (76,239)	\$ (82,248)	\$ (87,634)

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)	\$ (83,184)	\$ (82,248)	\$ (81,585)

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, 2023

	<i>Fiscal Year</i> <u>Ending 3/31/2023</u>
Service Cost	\$ -
Interest on Total OPEB Liability	7,752
Experience (Gains)/Losses	(505)
Change in plan terms	-
Change in assumptions	2,791
Projected earnings on OPEB plan investments	(14,211)
Investments earnings (gains)/losses	2,671
Administrative expenses	<u>1,107</u>
	<u>\$ (395)</u>

OPEB Plan Fiduciary Net Position:

The OPEB Plan Fiduciary Net Position as of March 31, 2023 is \$190,388.

Deferred Inflows and Outflows of Resources Related to OPEB Plan:

	<u>Deferred Outflows</u> <u>of Resources</u>	<u>Deferred Inflows</u> <u>of Resources</u>
Experience (gains)/losses	\$ -	\$ 505
Change in assumptions	4,892	-
Investment earnings (gains)/losses	<u>9,807</u>	<u>-</u>
Total	<u>\$ 14,699</u>	<u>\$ 505</u>

NOTE 11 - 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:

<u>Year Ended</u> <u>March 31,</u>	<u>Amount</u> <u>Recognized</u>
2024	\$ 6,080
2025	(3,381)
2026	6,238
2027	5,257
Thereafter	<u>-</u>
	<u>\$ 14,194</u>

Reconciliation of Net OPEB Liability (Asset):

	<u>Net OPEB</u> <u>Liability (Asset)</u>
Net OPEB Liability (Asset) March 31, 2022	\$ (84,950)
Total OPEB expense	(395)
Contributions	(15,748)
Change in deferred outflows of resources	4,489
Change in deferred inflows of resources	<u>14,356</u>
Net OPEB Liability (Asset) March 31, 2023	<u>\$ (82,248)</u>

Total OPEB liability by participant status:

	<u>Total OPEB Liability</u>
Active participants	\$ -
Inactive participants	-
Retirees and beneficiaries	<u>108,140</u>
Total	<u>\$ 108,140</u>

NOTE 12 - PENDING ACCOUNTING PRONOUNCEMENT

In May 2020, the GASB issued Statement No. 96, Subscription-based Information Technology Arrangements. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. The Township is currently evaluating the impact this standard will have on the financial statements when adopted during the 2024 fiscal year.

REQUIRED SUPPLEMENTARY INFORMATION

Charter Township of Cooper

BUDGETARY COMPARISON SCHEDULE - General Fund

Year ended March 31, 2023

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget positive (negative)</u>
REVENUES				
Taxes	\$ 261,500	\$ 261,500	\$ 290,614	\$ 29,114
Federal grants	-	203,851	203,851	-
State grants	939,400	939,400	1,198,979	259,579
Licenses and permits	135,000	135,000	137,235	2,235
Charges for services	143,000	143,000	205,529	62,529
Interest and rentals	29,800	29,800	25,532	(4,268)
Other	5,000	5,000	29,195	24,195
	<u>1,513,700</u>	<u>1,717,551</u>	<u>2,090,935</u>	<u>373,384</u>
EXPENDITURES				
General government:				
Legislative	11,800	14,800	13,854	946
Supervisor	74,000	74,000	68,637	5,363
Election	25,800	41,300	36,800	4,500
Assessor	122,100	130,100	120,823	9,277
Clerk	108,250	108,250	91,726	16,524
Treasurer	82,000	87,000	81,044	5,956
Board of review	3,600	3,600	2,798	802
Professional services	40,000	40,000	20,665	19,335
Buildings and grounds	73,100	78,100	77,253	847
General operations	311,000	311,000	303,104	7,896
	<u>851,650</u>	<u>888,150</u>	<u>816,704</u>	<u>71,446</u>
Public safety:				
Fire protection	328,200	328,200	315,488	12,712
Building inspections	3,100	3,100	1,535	1,565
Ordinance enforcement	50,000	50,000	39,902	10,098
	<u>381,300</u>	<u>381,300</u>	<u>356,925</u>	<u>24,375</u>
Public works - highways and streets:				
Highways and streets	200,000	221,000	220,484	516
Cemetery	71,500	73,500	75,274	(1,774)
Street lights	1,000	1,000	590	410
	<u>272,500</u>	<u>295,500</u>	<u>296,348</u>	<u>(848)</u>
Community and economic development - planning and zoning				
	<u>61,700</u>	<u>61,700</u>	<u>25,088</u>	<u>36,612</u>

Charter Township of Cooper

BUDGETARY COMPARISON SCHEDULE - General Fund (Continued)

Year ended March 31, 2023

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget positive (negative)</u>
EXPENDITURES (Continued)				
Capital outlay	\$ 176,000	\$ 329,851	\$ 275,151	\$ 54,700
Total expenditures	<u>1,743,150</u>	<u>1,956,501</u>	<u>1,770,216</u>	<u>186,285</u>
EXCESS (DEFICENCY) OF REVENUES OVER EXPENDITURES	(229,450)	(238,950)	320,719	559,669
OTHER FINANCING USES				
Transfers out	<u>(50,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGES IN FUND BALANCES	(279,450)	(238,950)	320,719	559,669
FUND BALANCES - BEGINNING	<u>4,196,290</u>	<u>4,196,290</u>	<u>4,196,290</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 3,916,840</u>	<u>\$ 3,957,340</u>	<u>\$ 4,517,009</u>	<u>\$ 559,669</u>

Charter Township of Cooper

BUDGETARY COMPARISON SCHEDULE - Water and Sewer Fund

Year ended March 31, 2023

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget positive (negative)</u>
REVENUES				
Charges for services	\$ 80,000	\$ 80,000	\$ -	\$ (80,000)
Interest	500	500	2,691	2,191
Other - special assessments	<u>1,000</u>	<u>1,000</u>	<u>33,098</u>	<u>32,098</u>
Total revenues	<u>81,500</u>	<u>81,500</u>	<u>35,789</u>	<u>(45,711)</u>
EXPENDITURES				
Public works	<u>36,000</u>	<u>36,000</u>	<u>3,295</u>	<u>32,705</u>
NET CHANGES IN FUND BALANCES	45,500	45,500	32,494	(13,006)
FUND BALANCES - BEGINNING	<u>641,376</u>	<u>641,376</u>	<u>641,376</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 686,876</u>	<u>\$ 686,876</u>	<u>\$ 673,870</u>	<u>\$ (13,006)</u>

Charter Township of Cooper

BUDGETARY COMPARISON SCHEDULE - Recycling Fund

Year ended March 31, 2023

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget positive (negative)</u>
REVENUES				
Other - special assessments	\$ 225,000	\$ 225,000	\$ 217,671	\$ (7,329)
EXPENDITURES				
Public works	251,500	251,500	231,792	19,708
DEFICIENCY OF REVENUES OVER EXPENDITURES	(26,500)	(26,500)	(14,121)	12,379
OTHER FINANCING SOURCES				
Transfers in	50,000	-	-	-
NET CHANGES IN FUND BALANCES	23,500	(26,500)	(14,121)	12,379
FUND BALANCES - BEGINNING	108,511	108,511	108,511	-
FUND BALANCES - ENDING	<u>\$ 132,011</u>	<u>\$ 82,011</u>	<u>\$ 94,390</u>	<u>\$ 12,379</u>

Charter Township of Cooper

BUDGETARY COMPARISON SCHEDULE - Street Lighting Fund

Year ended March 31, 2023

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget positive (negative)</u>
REVENUES				
Other - special assessments	<u>\$ 80,000</u>	<u>\$ 40,000</u>	<u>\$ 45,617</u>	<u>\$ 5,617</u>
EXPENDITURES				
Public works	<u>73,600</u>	<u>73,600</u>	<u>67,162</u>	<u>6,438</u>
NET CHANGES IN FUND BALANCES	6,400	(33,600)	(21,545)	12,055
FUND BALANCES - BEGINNING	<u>139,994</u>	<u>139,994</u>	<u>139,994</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 146,394</u>	<u>\$ 106,394</u>	<u>\$ 118,449</u>	<u>\$ 12,055</u>

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

Year Ended March 31, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total OPEB liability:					
Service cost	\$ -	\$ -	\$ -	\$ 26,965	\$ 23,423
Interest	7,752	7,651	8,820	23,966	20,609
Changes in plan terms	-	10,468	(41,442)	(434,665)	-
Difference between expected and actual experience	44	-	(1,558)	10,670	(3,249)
Changes in assumptions	(2,527)	(515)	(15,457)	(18,964)	31,482
Benefit payments, including refunds	<u>(15,748)</u>	<u>(16,570)</u>	<u>(14,861)</u>	<u>(14,383)</u>	<u>(14,017)</u>
Net change in total OPEB liability	(10,479)	1,034	(64,498)	(406,411)	58,248
Total OPEB liability, beginning of year	<u>\$ 118,619</u>	<u>117,585</u>	<u>182,083</u>	<u>588,494</u>	<u>530,246</u>
Total OPEB liability, end of year	<u>\$ 108,140</u>	<u>\$ 118,619</u>	<u>\$ 117,585</u>	<u>\$ 182,083</u>	<u>\$ 588,494</u>
Plan fiduciary net position:					
Contributions:					
Employer	\$ 15,748	\$ 16,570	\$ 14,861	\$ 14,383	\$ 14,017
Employee	-	-	-	-	-
Net investment income	(12,074)	8,775	57,778	(14,260)	8,016
Benefit payments, including refunds	(15,748)	(16,570)	(14,861)	(122,216)	(14,017)
Administrative expenses	<u>(1,107)</u>	<u>(1,039)</u>	<u>(845)</u>	<u>(974)</u>	<u>(1,273)</u>
Net change in plan fiduciary net position	(13,181)	7,736	56,933	(123,067)	6,743
Plan fiduciary net position, beginning of year	<u>\$ 203,569</u>	<u>195,833</u>	<u>138,900</u>	<u>261,967</u>	<u>255,224</u>
Plan fiduciary net position, end of year	<u>\$ 190,388</u>	<u>\$ 203,569</u>	<u>\$ 195,833</u>	<u>\$ 138,900</u>	<u>\$ 261,967</u>
Township's net OPEB liability (asset), end of year	<u>\$ (82,248)</u>	<u>\$ (84,950)</u>	<u>\$ (78,248)</u>	<u>\$ 43,183</u>	<u>\$ 326,527</u>
Plan fiduciary net position as a percent of total OPEB liability	176.06%	171.62%	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%	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, 2023

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Actuarially determined employer contributions					
Normal costs	\$ -	\$ -	\$ -	\$ -	\$ 26,965
Amortization of unfunded liability	-	-	-	43,183	36,899
Interest cost	-	-	-	2,181	2,516
Actuarial determined employer contribution, not less than \$0	-	-	-	45,364	66,380
Employer contributions (benefit payment)	TBD	TBD	16,570	14,861	14,383
Contribution deficiency/(excess)	TBD	TBD	\$ -	\$ -	\$ -
Covered payroll	\$ -	\$ -	\$ -	\$ -	\$ -
Contribution as a percentage of covered payroll	NA	NA	NA	NA	NA

Assumptions Used in Calculation of Actuarially Determined Contribution

Valuation date March 31, 2023

Actuarial methods:

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

Actuarial assumptions:

Discount rate - 7.45% for liability and 7.00% contribution for March 31, 2023
 Rationale - blended rate based on long term expected return and the 20-year Aa Municipal Bond rate

20 year Aa Municipal Bond rate - 4.05%
 Rationale - 20-year bond rate (S&P Municipal Bond 20-year High Grade Rate Index as of March 31, 2022)

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

Return on plan assets - 7.45%
 Rationale - Provided by investment manager

Mortality rates - Public General 2010 Employee and Health Retiree, headcount weighted, MP-2021 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, 2023

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)	\$ 377.50	\$ -	\$ -
Coverage 1 (dual)	813.00	-	-
Coverage 2 (single)	237.50	45.82	12.70
Coverage 2 (dual)	440.60	91.64	25.40

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

Medical trend rates:
Pre-Medicare, not applicable
Post-Medicare, 5.5% grade down 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

Mortality Improvement Scale updated from MP-2019 to MP-2021