

July 16, 2024

To the Board of Trustees
Charter Township of Cooper

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Charter Township of Cooper for the year ended March 31, 2024. Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated February 26, 2024. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Charter Township of Cooper are described in Note 1 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during 2024. We noted no transactions entered into by the Charter Township of Cooper during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were fair value of investments, capital asset depreciation, and the liability for other post-employment benefits other than pension (OPEB).

Management's estimate of the fair value of investments is based upon sales information for similar securities. Capital asset depreciation is based on the estimated useful lives of the Township's capital assets. Management's estimate of the OPEB, and changes therein, is based on actuarial assumptions considered appropriate in the current circumstances. We evaluated the key factors and assumptions used to develop the fair value of investments, capital asset depreciation, and the OPEB in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Audit Adjustments

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. Management has recorded all of our proposed audit adjustments.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated July 16, 2024.

Other Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Charter Township of Cooper's auditor. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to management's discussion and analysis, the budgetary comparison schedules, and the schedules for the postemployment healthcare plan, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Communication Regarding Internal Control

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Charter Township of Cooper as of and for the year ended March 31, 2024, in accordance with auditing standards generally accepted in the United States of America, we considered the Charter Township of Cooper's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. In addition, because of the inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. However, as discussed below, we have identified a deficiency in internal control that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Township's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the following deficiency in the Charter Township of Cooper's internal control to be a material weakness.

Material audit adjustments and financial statement preparation:

Criteria: All governmental units in Michigan are required to prepare financial statements in accordance with generally accepted accounting principles (GAAP). This is the responsibility of management. The preparation of financial statements in accordance with GAAP requires internal controls over both (1) recording, processing, and summarizing accounting data (i.e., maintaining internal accounting records), and (2) reporting government-wide and fund financial statements, including the related notes to the financial statements (i.e., external financial reporting).

Condition: We identified and proposed several material audit adjustments that management reviewed and approved. Adjustments were recorded to:

- Accrue receivables at year end
- Accrue payables at year end
- Adjust deferred inflow and outflow balances
- Convert the fund-based data necessary to prepare the government-wide financial statements

As is the case with many small and medium-sized governmental units, the Township has historically relied on its independent external auditor to assist with the preparation of the financial statements, the related notes, and the management's discussion and analysis as part of its external financial reporting process. Accordingly, the Township's ability to prepare financial statements in accordance with GAAP is based, in part, on its reliance on its external auditor, who cannot by definition be considered part of the Township's internal controls. This is a repeat finding.

Cause: This condition was caused by the Township's decision to outsource the preparation of its annual financial statements to the external auditor rather than incur the costs of obtaining the necessary training and expertise required for the Township to perform this task internally because outsourcing the task is considered more cost effective.

Effect: The Township's accounting records were initially misstated by amounts material to the financial statements. In addition, the Township lacks complete internal controls over the preparation of its financial statements in accordance with GAAP and relies, at least in part, on assistance from its external auditor with this task.

Auditor's Recommendation: We recommend that management continue to monitor the relative costs and benefits of securing the internal or other external resources necessary to develop material adjustments and prepare a draft of the Township's annual financial statements versus contracting with its auditor for these services.

Management Response: Management has made an ongoing evaluation of the respective costs and benefits of obtaining internal or external resources, specifically for the preparation of financial statements, and has determined that the additional benefits derived from implementing such a system would not outweigh the costs incurred to do so. Management will continue to review the draft financial statements and notes prior to approving them and accepting responsibility for their content and presentation.

The Charter Township of Cooper's response to the internal control finding described above was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Restriction on Use

This information is intended solely for the use of the Board of Trustees of the Charter Township of Cooper and the State of Michigan Department of Treasury and is not intended to be and should not be used by anyone other than these specified parties.

Siegfried Crandall P.C.

*Charter Township of Cooper
Kalamazoo County, Michigan*

FINANCIAL STATEMENTS

Year ended March 31, 2024

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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, 2024, 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, 2024, 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.

July 16, 2024

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, 2024. Please read it in conjunction with the Township's financial statements.

FINANCIAL HIGHLIGHTS

- The Township's total net position increased by \$1,305,781 as a result of this year's activities.
- Of the \$7,823,825 total net position reported, \$5,493,944 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 \$4,269,458, which represents 150 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 2024 and 2023 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 \$7,823,825. Of this total, \$2,137,194 is invested in capital assets and \$192,687 is restricted for public works and public safety. The remaining unrestricted net position was \$5,493,944.

*Condensed financial information
Net position*

	<i>Governmental activities</i>	
	<u>2024</u>	<u>2023</u>
Current and other assets	\$ 6,190,985	\$ 6,575,954
Capital assets	<u>2,137,194</u>	<u>977,941</u>
Total assets	<u>8,328,179</u>	<u>7,553,895</u>
Deferred outflows of resources	<u>-</u>	<u>14,699</u>
Current and other liabilities	229,837	90,879
Unearned revenue	<u>274,517</u>	<u>959,166</u>
Total liabilities	<u>504,354</u>	<u>1,050,045</u>
Deferred inflows of resources	<u>-</u>	<u>505</u>
Net position:		
Investment in capital assets	2,137,194	977,941
Restricted	192,687	171,229
Unrestricted	<u>5,493,944</u>	<u>5,368,874</u>
Total net position	<u>\$ 7,823,825</u>	<u>\$ 6,518,044</u>

Changes in net position

The Township's total revenues were \$3,282,413. Approximately 36 percent of the total comes from state shared revenue, 11 percent comes from charges for services, and 16 percent comes from property taxes. In the current fiscal year, 25 percent of the Townships total revenues were from capital grants.

The total cost of the Township's programs was \$1,976,632. Approximately 45 percent of the Township's expenses relate to general government costs, 25 percent relate to public safety, and public works amounts to 28 percent of the Township's total expenses.

Condensed financial information
Changes in net position

	<i>Governmental activities</i>	
	<u>2024</u>	<u>2023</u>
Program revenues:		
Charges for services	\$ 606,462	\$ 524,919
Operating grants and contributions	40,919	29,032
Capital grants and contributions	812,463	198,851
General revenues:		
Property taxes	306,640	290,614
State shared revenue	1,176,413	1,188,566
Franchise fees	125,500	137,235
Investment return	197,071	24,732
Gain on sale of capital assets	16,945	25,000
	<u>3,282,413</u>	<u>2,418,949</u>
Total revenues		
Expenses:		
General government	899,248	856,952
Public safety	487,710	384,058
Public works	549,116	603,346
Community and economic development	40,558	25,088
	<u>1,976,632</u>	<u>1,869,444</u>
Total expenses		
Changes in net position	<u>1,305,781</u>	<u>549,505</u>
Net position, end of year	<u>\$ 7,823,825</u>	<u>\$ 6,518,044</u>

Governmental activities

Governmental activities increased the Township's net position by \$1,305,781 compared to a \$549,505 increase last year, reflecting an increase in total revenues and expenses in 2024 compared to 2023. Revenues increased by \$863,464, as the Township recognized \$684,648 in ARPA grant revenues and received \$144,267 from FEMA for fire equipment in the current fiscal year. Total expenses had a net increase of \$107,188, as public safety costs were \$103,652 higher than 2023, while the remaining functions had moderate changes in 2024.

The total cost of governmental activities this year was \$1,976,632. After subtracting the charges to those who directly benefited from the programs (\$606,462), operating grants (\$40,919), and capital grants (\$812,463) the "public benefit" portion covered by taxes, state revenue sharing, and other general revenues was \$516,788, compared to \$1,116,642 in 2023.

FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS

At March 31, 2024, the Township's governmental funds reported combined ending fund balances of \$5,530,504, an increase of \$126,786 from the prior year.

The General Fund is the primary operating fund of the Township. Its fund balance was \$4,631,404 at the end of the fiscal year, which represents a \$114,395 increase, as revenues (\$2,954,573) exceeded expenditures (\$2,840,178).

The Water and Sewer Fund had an increase in fund balance of \$12,382 as revenues (\$13,997) exceeded expenditures (\$1,615). Fund balance at year end was \$686,252.

The Recycling Fund's fund balance decreased by \$19,471, as revenues (\$231,986) were exceeded by expenditures (\$251,457). The ending fund balance was \$74,919.

The Street Lighting Fund's fund balance increased by \$19,480, as revenues (\$94,317) exceeded expenditures (\$74,837). The ending fund balance was \$137,929.

General Fund budgetary highlights

The Township amended its General Fund budget to increase revenues and expenditures by \$876,000 and \$306,380, respectively. Actual revenues were \$554,873 more than budgeted, while expenditures were \$530,602 less than the amounts appropriated. Revenues showed positive variances in all areas except federal grants, licenses and permits, which were \$8,253 less than projected. The majority of the budgeted functional expenditure categories were lower than expected in total, which resulted in a \$1,085,475 positive budget variance and a \$114,395 increase in fund balance compared to a budgeted decrease of \$971,080.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets

The Township's investment in capital assets for its governmental activities as of March 31, 2024, amounts to \$2,137,194 (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 \$1,159,253 for the current year, as \$1,269,783 in asset acquisitions were offset by \$108,499 in depreciation expense and \$2,031 in net disposals.

Major capital asset events during the current fiscal year included building renovations for \$930,478, SCBA equipment totaling \$151,480, Ford F-350 grass rig for a total cost of \$68,835, Pentheon Cutter and Spreaders for \$78,707, and turnout gear totaling \$18,741.

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 2025.

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, 2024

	<u>Governmental activities</u>
ASSETS	
Current assets:	
Cash	\$ 5,072,844
Investments	674,662
Receivables, net	275,772
Prepaid expenses	<u>18,575</u>
Total current assets	<u>6,041,853</u>
Noncurrent assets:	
Receivables, net	20,488
Net other postemployment benefit asset	128,644
Capital assets, not being depreciated	1,292,555
Capital assets, net of accumulated depreciation	<u>844,639</u>
Total noncurrent assets	<u>2,286,326</u>
Total assets	<u>8,328,179</u>
LIABILITIES	
Current liabilities:	
Payables	229,837
Unearned revenue	<u>274,517</u>
Total liabilities	<u>504,354</u>
NET POSITION	
Investment in capital assets	2,137,194
Restricted for:	
Public safety	54,758
Public works	137,929
Unrestricted	<u>5,493,944</u>
Total net position	<u>\$ 7,823,825</u>

See notes to financial statements

STATEMENT OF ACTIVITIES

Year ended March 31, 2024

	<u>Expenses</u>	<u>Program revenues</u>		<u>Net (expenses) revenues and change in net position</u>	
		<u>Charges for services</u>	<u>Operating grants and contributions</u>		<u>Capital grants and contributions</u>
				<u>Governmental activities</u>	
Functions/Programs					
Governmental activities:					
General government	\$ 899,248	\$ 154,072	\$ 29,369	\$ 520,654	\$ (195,153)
Public safety	487,710	56,572	-	291,809	(139,329)
Public works	549,116	375,618	11,550	-	(161,948)
Community and economic development	40,558	20,200	-	-	(20,358)
Total governmental activities	<u>\$ 1,976,632</u>	<u>\$ 606,462</u>	<u>\$ 40,919</u>	<u>\$ 812,463</u>	<u>(516,788)</u>
General revenues:					
Taxes					306,640
State grants					1,176,413
Franchise fees					125,500
Investment income					197,071
Gain on sale of capital assets					16,945
Total general revenues					<u>1,822,569</u>
Change in net position					1,305,781
Net position - beginning					<u>6,518,044</u>
Net position - ending					<u>\$ 7,823,825</u>

See notes to financial statements

BALANCE SHEET - governmental funds

March 31, 2024

	<u>General</u>	<u>Water and Sewer</u>	<u>Recycling</u>	<u>Street Lighting</u>	<u>Total governmental funds</u>
ASSETS					
Cash	\$ 4,160,194	\$ 686,252	\$ 83,749	\$ 142,649	\$ 5,072,844
Investments	674,662	-	-	-	674,662
Receivables	266,715	17,383	10,115	2,047	296,260
Prepaid items	18,575	-	-	-	18,575
Total assets	<u>\$ 5,120,146</u>	<u>\$ 703,635</u>	<u>\$ 93,864</u>	<u>\$ 144,696</u>	<u>\$ 6,062,341</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Payables	\$ 204,125	\$ -	\$ 18,945	\$ 6,767	\$ 229,837
Unearned grant revenue	274,517	-	-	-	274,517
Total liabilities	<u>478,642</u>	<u>-</u>	<u>18,945</u>	<u>6,767</u>	<u>504,354</u>
Deferred inflows of resources:					
Unavailable special assessment revenue	-	17,383	-	-	17,383
Unavailable interest revenue	10,100	-	-	-	10,100
Total deferred inflows of resources	<u>10,100</u>	<u>17,383</u>	<u>-</u>	<u>-</u>	<u>27,483</u>
Fund balances:					
Nonspendable - prepaid items	18,575	-	-	-	18,575
Restricted for:					
Public safety	54,758	-	-	-	54,758
Public works	-	-	-	137,929	137,929
Assigned for:					
Public works	-	686,252	74,919	-	761,171
Capital acquisitions - fire equipment	225,210	-	-	-	225,210
Capital acquisitions - general	63,403	-	-	-	63,403
Unassigned	4,269,458	-	-	-	4,269,458
Total fund balances	<u>4,631,404</u>	<u>686,252</u>	<u>74,919</u>	<u>137,929</u>	<u>5,530,504</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 5,120,146</u>	<u>\$ 703,635</u>	<u>\$ 93,864</u>	<u>\$ 144,696</u>	<u>\$ 6,062,341</u>

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

Total fund balance - total governmental funds \$ 5,530,504

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. 2,137,194

Other postemployment assets are not reported in the funds. 128,644

Certain special assessments and interest receivable are not available to spend and, therefore, are deferred in the funds. 27,483

Net position of *governmental activities* \$ 7,823,825

Charter Township of Cooper

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

Year ended March 31, 2024

	<u>General</u>	<u>Water and Sewer</u>	<u>Recycling</u>	<u>Street Lighting</u>	<u>Total governmental funds</u>
REVENUES					
Taxes	\$ 306,640	\$ -	\$ -	\$ -	\$ 306,640
Special assessments	-	7,171	231,986	94,317	333,474
Federal grants	828,915	-	-	-	828,915
State grants	1,205,462	-	-	-	1,205,462
Licenses and permits	163,832	-	-	-	163,832
Charges for services	237,417	-	-	-	237,417
Interest and rentals	186,145	6,826	-	-	192,971
Other	26,162	-	-	-	26,162
	<u>2,954,573</u>	<u>13,997</u>	<u>231,986</u>	<u>94,317</u>	<u>3,294,873</u>
Total revenues					
EXPENDITURES					
Current:					
General government	869,208	-	-	-	869,208
Public safety	583,162	-	-	-	583,162
Public works	214,609	1,615	251,457	74,837	542,518
Community and economic development	40,558	-	-	-	40,558
Capital outlay	1,132,641	-	-	-	1,132,641
	<u>2,840,178</u>	<u>1,615</u>	<u>251,457</u>	<u>74,837</u>	<u>3,168,087</u>
Total expenditures					
NET CHANGES IN FUND BALANCES	114,395	12,382	(19,471)	19,480	126,786
FUND BALANCES - BEGINNING	<u>4,517,009</u>	<u>673,870</u>	<u>94,390</u>	<u>118,449</u>	<u>5,403,718</u>
FUND BALANCES - ENDING	<u>\$ 4,631,404</u>	<u>\$ 686,252</u>	<u>\$ 74,919</u>	<u>\$ 137,929</u>	<u>\$ 5,530,504</u>

See notes to financial statements

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

Year ended March 31, 2024

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) \$ 126,786

Amounts reported for *governmental activities* in the statement of activities (page 12) are different because:

Capital assets:

Assets acquired	1,269,783
Provision for depreciation	(108,499)
Basis of asset dispositions	(2,031)

Deferred outflows of resources:

Net decrease in deferred outflows of resources - OPEB	(14,699)
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Deferred inflows of resources:

Net decrease in unavailable special assessments	(5,987)
Net decrease in unavailable grant revenues	(10,573)
Net increase in unavailable interest revenues	4,100
Net decrease in deferred inflows of resources - OPEB	505

Changes in other assets/liabilities:

Net decrease in other postemployment liabilities	46,396
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Change in net position of <i>governmental activities</i>	\$ 1,305,781
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Charter Township of Cooper

STATEMENT OF FIDUCIARY NET POSITION - *custodial funds*

March 31, 2024

	<u><i>Retiree Medical Trust</i></u>	<u><i>Tax Collections</i></u>
ASSETS		
Cash	\$ -	\$ 203,979
Investments	<u>225,984</u>	<u>-</u>
Total assets	<u>225,984</u>	<u>203,979</u>
LIABILITIES		
Due to other governments	<u>-</u>	<u>203,979</u>
NET POSITION		
Held in trust for retirees' health benefits	<u><u>\$ 225,984</u></u>	<u><u>\$ -</u></u>

See notes to financial statements

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

Year ended March 31, 2024

	<u>Retiree Medical Trust</u>	<u>Tax Collections</u>
ADDITIONS		
Contributions - employer	\$ 17,083	\$ -
Property taxes collected for other governments	-	13,324,208
Net appreciation of market value	<u>35,596</u>	<u>-</u>
Total additions	<u>52,679</u>	<u>13,324,208</u>
DEDUCTIONS		
Benefits paid	17,083	-
Property taxes distributed to other governments	-	13,324,208
Advisory fees paid	<u>-</u>	<u>-</u>
Total deductions	<u>17,083</u>	<u>13,324,208</u>
NET CHANGE IN FIDUCIARY NET POSITION	35,596	-
NET POSITION - BEGINNING	<u>190,388</u>	<u>-</u>
NET POSITION - ENDING	<u><u>\$ 225,984</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	\$ 5,072,844	\$ 203,979	\$ 5,276,823
Investments	<u>674,662</u>	<u>225,984</u>	<u>900,646</u>
Total cash and investments	<u>\$ 5,747,506</u>	<u>\$ 429,963</u>	<u>\$ 6,177,469</u>
Composition of cash and investments:			
Deposits with financial institutions	\$ 5,072,794	\$ 203,979	\$ 5,276,773
Cash on hand	50	-	50
Investments	<u>674,662</u>	<u>225,984</u>	<u>900,646</u>
Totals	<u>\$ 5,747,506</u>	<u>\$ 429,963</u>	<u>\$ 6,177,469</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, 2024, \$3,084,297 of the Township’s bank balances of \$5,322,917 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, 2024, the fair value, unfunded commitments, and redemption rules of these investments are as follows:

	<u>Michigan CLASS</u>
Fair value at March 31, 2024	\$ 674,662
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, 2024, consisted of the following:

<u>Investment type</u>	<u>Fair value</u>
Mutual Funds:	
Destinations Large Cap Equity	\$ 120,918
Destinations Core Fixed Income	32,412
Destinations Small Mid Cap Equity	20,280
Destinations Intl Equity Fd	16,431
Destinations Multi Strgy Alt	13,294
Destinations Equity Income Fd	8,248
Destinations Low Dur Fixed Inc	7,520
Destinations Global Fixed Inc Oppor	6,650
Constellation Trust Cash	<u>231</u>
Total mutual funds	<u>\$ 225,984</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.

NOTE 3 - CASH AND INVESTMENTS (continued)

Fair value measurement - The Township categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Township has the following recurring fair value measurements as of March 31, 2024:

- Cooper Charter Township Section 115 Trust, with a balance of \$225,984 on March 31, 2024 is valued using observable fair values of similar assets (Level 1).

NOTE 4 - RECEIVABLES

Receivables as of March 31, 2024, for the Township’s individual major funds were as follows:

<u>Fund</u>	<u>Accounts</u>	<u>Property taxes</u>	<u>Special assessments</u>	<u>Interest</u>	<u>Inter-governmental</u>	<u>Totals</u>
General	\$ 30,139	\$ 23,761	\$ -	\$ 18,100	\$ 194,715	\$ 266,715
Water and Sewer	-	-	17,383	-	-	17,383
Recycling	-	10,115	-	-	-	10,115
Street Lighting	-	-	2,047	-	-	2,047
Totals	<u>\$ 30,139</u>	<u>\$ 33,876</u>	<u>\$ 19,430</u>	<u>\$ 18,100</u>	<u>\$ 194,715</u>	<u>\$ 296,260</u>
Noncurrent portion	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,388</u>	<u>\$ 10,100</u>	<u>\$ -</u>	<u>\$ 20,488</u>

All receivables are considered fully collectible.

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the year ended March 31, 2024, 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	\$ 362,077	\$ -	\$ -	\$ 362,077
Construction in progress	<u>-</u>	<u>930,478</u>	<u>-</u>	<u>930,478</u>
Total capital assets not being depreciated	<u>362,077</u>	<u>930,478</u>	<u>-</u>	<u>1,292,555</u>
Capital assets being depreciated:				
Buildings and improvements	846,516	-	-	846,516
Equipment	641,788	270,470	(9,700)	902,558
Vehicles	<u>850,530</u>	<u>68,835</u>	<u>(28,666)</u>	<u>890,699</u>
Subtotal	<u>2,338,834</u>	<u>339,305</u>	<u>(38,366)</u>	<u>2,639,773</u>
Less accumulated depreciation for:				
Buildings and improvements	(625,356)	(27,665)	-	(653,021)
Equipment	(539,403)	(33,884)	9,700	(563,587)
Vehicles	<u>(558,211)</u>	<u>(46,950)</u>	<u>26,635</u>	<u>(578,526)</u>
Subtotal	<u>(1,722,970)</u>	<u>(108,499)</u>	<u>36,335</u>	<u>(1,795,134)</u>
Total capital assets being depreciated, net	<u>615,864</u>	<u>230,806</u>	<u>(2,031)</u>	<u>844,639</u>
Governmental activities capital assets, net	<u>\$ 977,941</u>	<u>\$ 1,161,284</u>	<u>\$ (2,031)</u>	<u>\$ 2,137,194</u>

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

Governmental activities:	
General government	\$ 33,691
Public safety	68,210
Public works	<u>6,598</u>
Total governmental activities	<u>\$ 108,499</u>

NOTE 6 - PAYABLES

Payables as of March 31, 2024, for the Township’s individual major funds were as follows:

<u>Fund</u>	<u>Accounts</u>	<u>Payroll</u>	<u>Inter-govern- mental</u>	<u>Totals</u>
General	\$ 173,147	\$ 26,936	\$ 4,042	\$ 204,125
Recycling	16,411	-	2,534	18,945
Street Lighting	6,767	-	-	6,767
Totals	<u>\$ 196,325</u>	<u>\$ 26,936</u>	<u>\$ 6,576</u>	<u>\$ 229,837</u>

NOTE 7 - PROPERTY TAXES

The 2023 taxable valuation of the Township approximated \$371,241,000, on which ad valorem taxes levied consisted of 0.8278 mills for operating purposes, raising approximately \$306,000. 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, 2024, the Township made contributions of \$53,234. At March 31, 2024, 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 - 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. The Township has used the alternative measurement method permitted by GASB Statement 75.

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.

As of March 31, 2024, 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 on a pay as you go basis any required amounts. 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. The Township reported a \$17,083 OPEB expense for the year ending March 31, 2024.

Actuarial Assumptions:

The actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about retirement ages, mortality and the healthcare cost trend. The actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The total OPEB liability was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement period, unless otherwise specified:

Inflation	Included in investment rate of return
Salary increase	Not applicable
Investment rate of return	6.90% (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

NOTE 10 - POSTEMPLOYMENT HEALTHCARE PLAN (Continued)

Discount rate:

The discount rate used to measure the total OPEB liability was 6.90%. 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, 2024, the discount rate used to value OPEB liabilities was 6.90%.

Changes in the net OPEB liability (asset):

	<i>Increase (decrease)</i>		
	<i>Total OPEB liability</i>	<i>Plan fiduciary net position</i>	<i>Net OPEB liability (asset)</i>
	<i>(a)</i>	<i>(b)</i>	<i>(a) - (b)</i>
Balances at March 31, 2023	\$ 108,140	\$ 190,388	\$ (82,248)
Changes for the year:			
Interest	6,283	-	6,283
Contributions - employer	-	17,083	(17,083)
Net investment income (loss)	-	35,596	(35,596)
Benefit payments			
Benefit payments; including refunds of Employee Contributions	(17,083)	(17,083)	-
Administrative expenses	-	-	-
Net changes	(10,800)	35,596	(46,396)
Balances at March 31, 2024	\$ 97,340	\$ 225,984	\$ (128,644)

The OPEB Plan Fiduciary Net Position as of March 31, 2024 is \$225,984.

NOTE 11 - CONSTRUCTION COMMITMENT

At March 31, 2024, The Township had the following contractual construction commitments:

	<i>Contractor</i>	<i>Project authorization</i>	<i>Expended through March 31, 2024</i>	<i>Committed</i>
Charter Township of Cooper Hall Renovations	Kalleward Group, Inc.	\$ 1,724,852	\$ 793,654	\$ 931,198

REQUIRED SUPPLEMENTARY INFORMATION

Charter Township of Cooper

BUDGETARY COMPARISON SCHEDULE - General Fund

Year ended March 31, 2024

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget positive (negative)</u>
REVENUES				
Taxes	\$ 271,500	\$ 271,500	\$ 306,640	\$ 35,140
Federal grants	-	833,000	828,915	(4,085)
State grants	939,400	949,400	1,205,462	256,062
Licenses and permits	135,000	168,000	163,832	(4,168)
Charges for services	143,000	143,000	237,417	94,417
Interest and rentals	29,800	29,800	186,145	156,345
Other	5,000	5,000	26,162	21,162
Total revenues	<u>1,523,700</u>	<u>2,399,700</u>	<u>2,954,573</u>	<u>554,873</u>
EXPENDITURES				
General government:				
Legislative	15,300	15,300	13,456	1,844
Supervisor	79,000	79,000	67,729	11,271
Election	29,300	45,300	30,890	14,410
Assessor	124,100	129,100	124,176	4,924
Clerk	114,250	114,250	95,238	19,012
Treasurer	92,000	92,000	77,686	14,314
Board of review	3,600	4,800	4,521	279
Professional services	40,000	40,000	23,912	16,088
Buildings and grounds	91,500	91,500	69,406	22,094
General operations	344,000	369,000	362,194	6,806
Total general government	<u>933,050</u>	<u>980,250</u>	<u>869,208</u>	<u>111,042</u>
Public safety:				
Fire protection	380,050	527,530	475,712	51,818
Building inspections	3,100	36,500	36,354	146
Ordinance enforcement	52,000	78,500	71,096	7,404
Total public safety	<u>435,150</u>	<u>642,530</u>	<u>583,162</u>	<u>59,368</u>
Public works - highways and streets:				
Highways and streets	201,000	174,800	131,709	43,091
Cemetery	71,500	84,500	82,650	1,850
Drains	1,000	1,000	250	750
Total public works	<u>273,500</u>	<u>260,300</u>	<u>214,609</u>	<u>45,691</u>
Community and economic development -				
planning and zoning	61,700	61,700	40,558	21,142

BUDGETARY COMPARISON SCHEDULE - General Fund (Continued)

Year ended March 31, 2024

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget positive (negative)</u>
EXPENDITURES (Continued)				
Capital outlay	\$ 1,361,000	\$ 1,426,000	\$ 1,132,641	\$ 293,359
Total expenditures	<u>3,064,400</u>	<u>3,370,780</u>	<u>2,840,178</u>	<u>530,602</u>
NET CHANGES IN FUND BALANCES	(1,540,700)	(971,080)	114,395	1,085,475
FUND BALANCES - BEGINNING	<u>4,517,009</u>	<u>4,517,009</u>	<u>4,517,009</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 2,976,309</u>	<u>\$ 3,545,929</u>	<u>\$ 4,631,404</u>	<u>\$ 1,085,475</u>

Charter Township of Cooper

BUDGETARY COMPARISON SCHEDULE - Water and Sewer Fund

Year ended March 31, 2024

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget positive (negative)</u>
REVENUES				
Special assessments	\$ 1,000	\$ 1,000	\$ 7,171	\$ 6,171
Charges for services	80,000	80,000	-	(80,000)
Interest	<u>500</u>	<u>500</u>	<u>6,826</u>	<u>6,326</u>
Total revenues	<u>81,500</u>	<u>81,500</u>	<u>13,997</u>	<u>(67,503)</u>
EXPENDITURES				
Public works	<u>81,000</u>	<u>81,000</u>	<u>1,615</u>	<u>79,385</u>
NET CHANGES IN FUND BALANCES	500	500	12,382	11,882
FUND BALANCES - BEGINNING	<u>673,870</u>	<u>673,870</u>	<u>673,870</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 674,370</u>	<u>\$ 674,370</u>	<u>\$ 686,252</u>	<u>\$ 11,882</u>

BUDGETARY COMPARISON SCHEDULE - Recycling Fund

Year ended March 31, 2024

	<i>Original budget</i>	<i>Final budget</i>	<i>Actual</i>	<i>Variance with final budget positive (negative)</i>
REVENUES				
Special assessment	\$ 225,000	\$ 225,000	\$ 231,986	\$ 6,986
EXPENDITURES				
Public works	251,500	251,500	251,457	43
NET CHANGES IN FUND BALANCES	(26,500)	(26,500)	(19,471)	7,029
FUND BALANCES - BEGINNING	94,390	94,390	94,390	-
FUND BALANCES - ENDING	\$ 67,890	\$ 67,890	\$ 74,919	\$ 7,029

BUDGETARY COMPARISON SCHEDULE - Street Lighting Fund

Year ended March 31, 2024

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget positive (negative)</u>
REVENUES				
Special assessments	\$ 40,000	\$ 80,000	\$ 94,317	\$ 14,317
EXPENDITURES				
Public works	73,600	73,600	74,837	(1,237)
NET CHANGES IN FUND BALANCES	(33,600)	6,400	19,480	13,080
FUND BALANCES - BEGINNING	118,449	118,449	118,449	-
FUND BALANCES - ENDING	<u>\$ 84,849</u>	<u>\$ 124,849</u>	<u>\$ 137,929</u>	<u>\$ 13,080</u>

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

Year Ended March 31, 2024

	<u>2024</u>	<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	6,283	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>(17,083)</u>	<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	(10,800)	(10,479)	1,034	(64,498)	(406,411)	58,248
Total OPEB liability, beginning of year	<u>\$ 108,140</u>	<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>\$ 97,340</u>	<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	\$ 17,083	\$ 15,748	\$ 16,570	\$ 14,861	\$ 14,383	\$ 14,017
Net investment income	35,596	(12,074)	8,775	57,778	(14,260)	8,016
Benefit payments, including refunds	(17,083)	(15,748)	(16,570)	(14,861)	(122,216)	(14,017)
Administrative expenses	<u>-</u>	<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	35,596	(13,181)	7,736	56,933	(123,067)	6,743
Plan fiduciary net position, beginning of year	<u>\$ 190,388</u>	<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>\$ 225,984</u>	<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>\$ (128,644)</u>	<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	232.16%	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%	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, 2024

	<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)	<u>17,083</u>	<u>15,748</u>	<u>16,570</u>	<u>14,861</u>	<u>14,383</u>
Contribution deficiency/(excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
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, 2024

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, 2024

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, 2024

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

INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE FOR THE U.S. DEPARTMENT OF TREASURY
CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS PROGRAM

Board of Trustees
Charter Township of Copper, Michigan

We have examined the Charter Township of Cooper's (the Township) compliance with the compliance requirements "activities allowed or unallowed" and "allowable cost/cost principles" (the specified requirements) as described in Part IV "Requirements for an Alternative Compliance Examination Engagement for Recipients That Would Otherwise be Required to Undergo a Single Audit or Program-Specific Audit as a Result of Receiving Coronavirus State and Local Fiscal Recovery Funds" of the CSLFRF section of the 2022 OMB *Compliance Supplement* (referred to herein as "Requirements for an Alternative CSLFRF Compliance Examination Engagement") during the year ended March 31, 2024. Management of the Township is responsible for the Township's compliance with the specified requirements. Our responsibility is to express an opinion on the Township's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the AICPA; the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in the "Requirements for an Alternative CSLFRF Compliance Examination Engagement." Those standards and requirements require that we plan and perform the examination to obtain reasonable assurance about whether the Township complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Township complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

Our examination does not provide a legal determination on the Township's compliance with specified requirements.

In our opinion, the Township complied, in all material respects, with the specified requirements referenced above during the year ended March 31, 2024.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we are required to report all deficiencies that are considered to be significant deficiencies or material weaknesses in internal control; fraud, and noncompliance with provisions of laws, regulations, contracts or grant agreements that have a material effect on the Township’s compliance with the specified requirements and any other instances that warrant the attention of those charged with governance. We are also required to obtain and report the views of responsible officials concerning the findings, conclusions, and recommendations, as well as any planned corrective actions. We performed our examination to express an opinion on the Township’s compliance with the specified requirements and not for the purpose of expressing an opinion on the internal control over the specified requirements or on compliance and other matters; accordingly, we express no such opinions. The results of our tests disclosed no matters that are required to be reported under *Government Auditing Standards*.

Intended Purpose

The purpose of this examination report is solely to express an opinion on whether the Township complied, in all material respects, with the specified requirements referenced above during the year ended March 31, 2024. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Siegfried Crandall P.C." The signature is written in a cursive, flowing style.

July 16, 2024