

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input checked="" type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name City of Coopersville	County Ottawa
Fiscal Year End 6-30-07	Opinion Date 10-1-07	Date Audit Report Submitted to State 10-19-07	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

YES NO **Check each applicable box below.** (See instructions for further detail.)

1. All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. The local unit has adopted a budget for all required funds.
5. A public hearing on the budget was held in accordance with State statute.
6. The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. The local unit only holds deposits/investments that comply with statutory requirements.
9. The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. The local unit is free of repeated comments from previous years.
12. The audit opinion is UNQUALIFIED.
13. The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. The board or council approves all invoices prior to payment as required by charter or statute.
15. To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)		
Financial Statements	<input checked="" type="checkbox"/>			
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>			
Other (Describe)	<input type="checkbox"/>			
Certified Public Accountant (Firm Name) Kiekover, Scholma & Shumaker, PC		Telephone Number 616-772-4615		
Street Address 205 East Main Steet		City Zeeland	State MI	Zip 49464
Authorizing CPA Signature 		Printed Name Emil Sabolish, Jr.		License Number 9304

**CITY OF COOPERSVILLE
OTTAWA COUNTY, MICHIGAN
ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2007**

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

City of Coopersville, Michigan
ANNUAL FINANCIAL REPORT
Year Ended June 30, 2007

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City of Coopersville, Michigan
ANNUAL FINANCIAL REPORT
Year Ended June 30, 2007

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INDEPENDENT AUDITOR'S REPORT

October 1, 2007

Honorable City Council
City of Coopersville
Ottawa County, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Coopersville, Michigan, as of and for the year ended June 30, 2007, which collectively comprise the city's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Coopersville, Michigan's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Coopersville, Michigan, as of June 30, 2007 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information, as identified in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Coopersville, Michigan's basic financial statements. The combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Kiekover, Scholma & Shumaker, PC

Management's Discussion and Analysis

As management of the City of Coopersville Michigan, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2007. We encourage readers to consider the information presented here in conjunction with the City's financial statements that follow this section.

Financial Highlights

- The assets of the City of Coopersville exceeded its liabilities at the close of the most recent fiscal year by \$7,304,463 (*net assets*). Of this amount, \$2,526,721 (*unrestricted net assets*) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net assets increased by \$505,791. Net investment in capital assets decreased by \$10,410, while restricted net assets increased by \$24,691, and unrestricted net assets increased by \$491,240.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$1,889,790, a decrease of \$1,471,558 in comparison with the prior year. Approximately 85% of this total amount, \$1,601,971 is *available for spending* at the City's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$1,082,046 or 50% of total general fund expenditures and transfers out.
- The City's total debt decreased by \$313,277 (7%) during the current fiscal year. This is the result of the City making its required scheduled debt service payments while incurring no new debt during the year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of Coopersville is improving or deteriorating.

The statement of activities presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and accrued interest payable).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, community and economic development, and recreation and culture. The business-type activities of the City include water supply and sewage disposal operations.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also its component unit. The Coopersville Downtown Development Authority, an entity legally separate from the City, is governed by a twelve-member board appointed by the City Council. The Authority is fiscally dependent on the City because tax rates for the Downtown Development Authority district and bonded debt must be approved by the City Council.

The government-wide financial statements can be found on pages 1-2 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories, governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Following the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances, reconciliations are provided to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains fourteen (14) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General, Major Street, Local Street, and 2006 Capital Improvement Construction Funds. Each of these funds is considered to be a major fund. The City of Coopersville has ten (10) nonmajor funds. These include special revenue funds, debt service funds, capital project funds and one permanent fund. The permanent fund is used to record the activity of the Cemetery Trust. Data from the other ten governmental funds are combined into a single aggregate presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City adopts an annual appropriated budget for its General, Major Streets and Local Streets Funds. Budgetary comparison statements have been provided herein to demonstrate compliance with those budgets.

The basic governmental fund financial statements can be found on pages 3-5 of this report.

Proprietary funds. The City maintains two types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its water supply and sewage disposal operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses an internal service fund to account for the rental of machinery, equipment, and vehicles to other departments, and related costs. Because these services predominantly benefit governmental rather than business-type functions, the assets and liabilities of the internal service fund have been included within *governmental activities* in the government-wide statement of net assets.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water Supply System and Sewage Disposal System Funds, both of which are considered to be major funds of the City. The proprietary fund financial statements also provide separate information for the internal service fund.

The basic proprietary fund financial statements can be found on pages 6-8 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for the proprietary funds. The City accounts for one type of fiduciary funds – agency funds.

The City maintains two agency funds to account for tax collections and the Meadow Green Escrow account.

The basic fiduciary fund financial statements can be found on page 9 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 10-22 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* presenting budgetary comparison schedules for the City's General Fund, Major Street Fund and Local Street Fund. Required supplementary information can be found on pages 23-26 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining statements for the discretely presented component unit are also presented immediately following the required supplementary information. Combining statements can be found on pages 27-30 of this report.

Government-wide Financial Analysis

Net Assets - As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Coopersville, assets exceeded liabilities by \$7,304,463 at the close of the most recent fiscal year.

The largest portion of the City's net assets (63.5%) reflects its investment in capital assets (e.g., land, buildings, vehicles, equipment and infrastructure); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net assets (1.9%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$2,526,721) may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

The following table shows, in a condensed format, the net assets of the City of Coopersville as of December 31, 2007 and 2006.

City of Coopersville's Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Current and other assets	\$ 2,238,561	\$ 3,520,019	\$ 883,503	\$ 821,674	\$ 3,122,064	\$ 4,341,693
Capital assets	2,946,010	2,192,540	5,882,037	5,105,546	8,828,047	7,298,086
Total assets	5,184,571	5,712,559	6,765,540	5,927,220	11,950,111	11,639,779
Long-term debt outstanding	2,629,914	2,828,191	1,790,000	1,905,000	4,419,914	4,733,191
Other liabilities	162,907	24,868	62,827	83,048	225,734	107,916
Total liabilities	2,792,821	2,853,059	1,852,827	1,988,048	4,645,648	4,841,107
Net assets:						
Invested in capital assets, net of related debt	549,855	1,451,486	4,092,037	3,200,546	4,641,892	4,652,032
Restricted	54,060	29,369	81,790	81,790	135,850	111,159
Unrestricted	1,787,835	1,378,645	738,886	656,836	2,526,721	2,035,481
	<u>\$ 2,391,750</u>	<u>\$ 2,859,500</u>	<u>\$ 4,912,713</u>	<u>\$ 3,939,172</u>	<u>\$ 7,304,463</u>	<u>\$ 6,798,672</u>

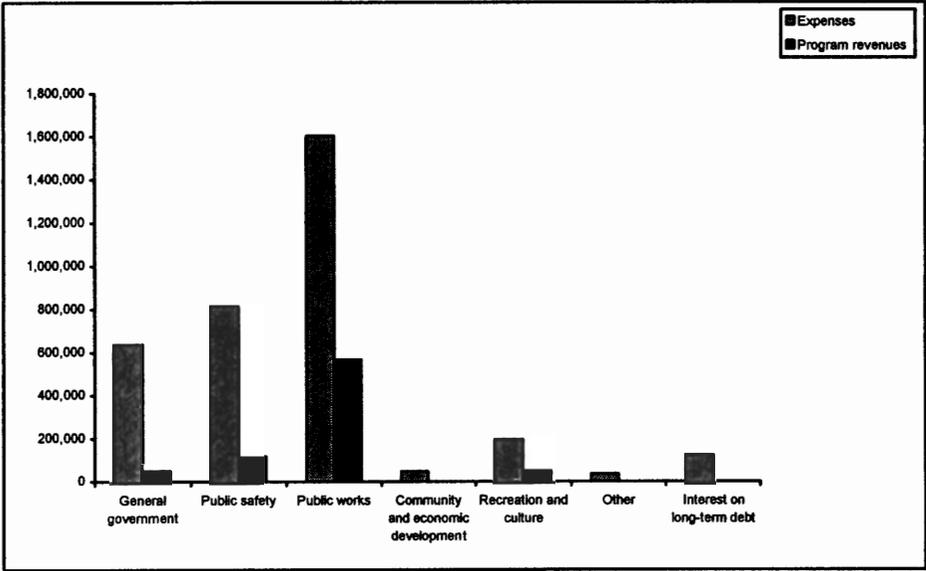
Change in Net Assets - The City of Coopersville's net assets increased by \$505,791 during the current fiscal year. This increase is caused by a \$467,750 decrease in net assets of governmental activities and a \$973,541 increase in net assets of business-type activities.

City of Coopersville's Changes in Net Assets

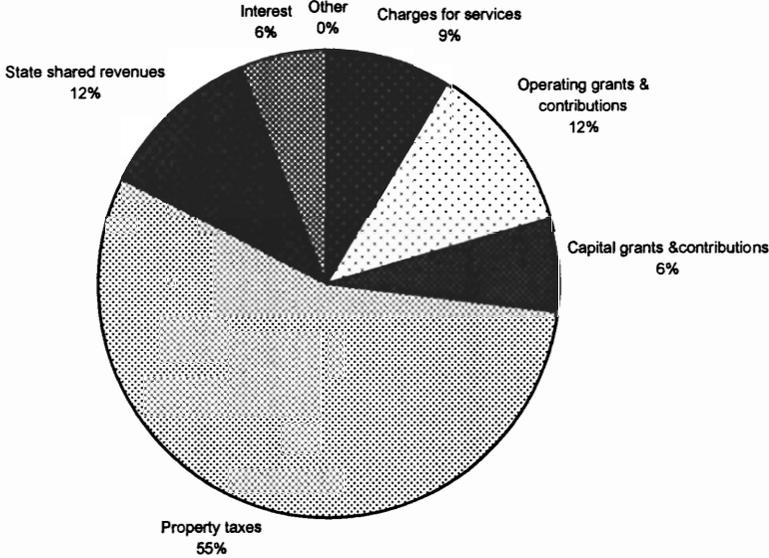
	Governmental		Business-Type		Total	
	Activities		Activities			
	2007	2006	2007	2006	2007	2006
Program revenues						
Charges for services	\$ 254,989	\$ 251,017	\$ 1,088,619	\$ 905,826	\$ 1,343,608	\$ 1,156,843
Operating grants and contributions	352,538	356,819	-	-	352,538	356,819
Capital grants and contributions	186,711	439,230	1,026,358	-	1,213,069	439,230
General revenues						
Property taxes	1,631,658	1,607,825	58,910	56,331	1,690,568	1,664,156
State shared revenues	340,436	350,736	-	-	340,436	350,736
Interest	176,755	83,649	32,700	29,532	209,455	113,181
Other	768	8,832	6,789	14,638	7,557	23,470
Total revenues	<u>2,943,855</u>	<u>3,098,108</u>	<u>2,213,376</u>	<u>1,006,327</u>	<u>5,157,231</u>	<u>4,104,435</u>
Program expenses						
General government	639,958	583,230	-	-	639,958	583,230
Public safety	814,606	852,946	-	-	814,606	852,946
Public works	1,604,131	475,691	-	-	1,604,131	475,691
Community and economic development	47,782	65,696	-	-	47,782	65,696
Recreation and culture	202,038	190,182	-	-	202,038	190,182
Other	34,915	34,119	-	-	34,915	34,119
Interest on long-term debt	128,175	50,691	-	-	128,175	50,691
Water supply	-	-	651,930	683,932	651,930	683,932
Sewage disposal	-	-	527,905	510,901	527,905	510,901
Total expenses	<u>3,471,605</u>	<u>2,252,555</u>	<u>1,179,835</u>	<u>1,194,833</u>	<u>4,651,440</u>	<u>3,447,388</u>
Change before transfers	(527,750)	845,553	1,033,541	(188,506)	505,791	657,047
Transfers in (out)	<u>60,000</u>	<u>-</u>	<u>(60,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Assets	<u>\$ (467,750)</u>	<u>\$ 845,553</u>	<u>\$ 973,541</u>	<u>\$ (188,506)</u>	<u>\$ 505,791</u>	<u>\$ 657,047</u>

Governmental activities. Governmental activities decreased the City's net assets by \$467,750 accounting for -92.5% of the total growth in the net assets of the City. Property taxes increased by \$23,833 (1.5%) from the prior year. This increase was the result of increased taxable values that allowed the City of Coopersville to increase its property tax revenues even after a reduction in its tax rate of .0406 mills.

Expenses and Program Revenues – Governmental Activities

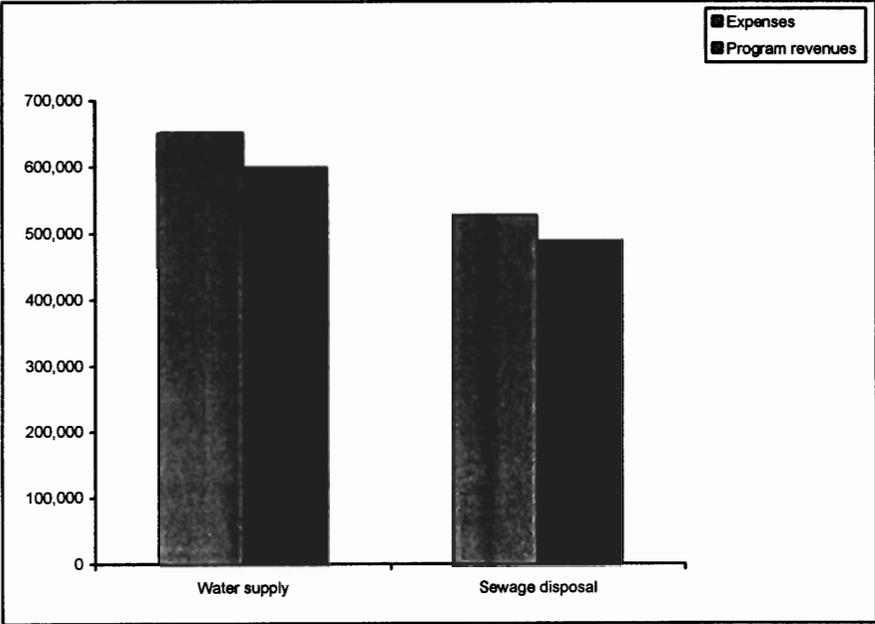


Revenues by Source – Governmental Activities

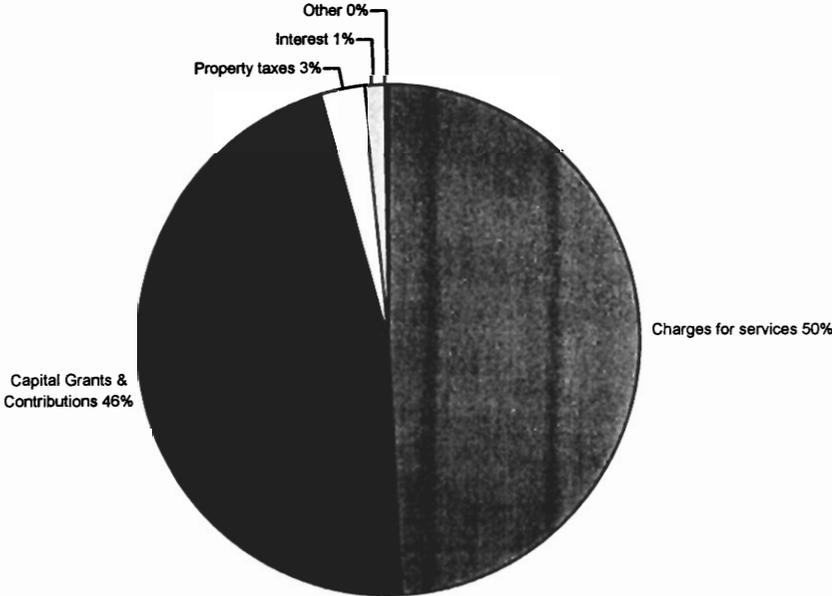


Business-type activities. Business-type activities increased the City of Coopersville’s net assets by \$973,541 (192.5%). Operating revenues increased by \$182,793 due mostly to an increase in water and sewage disposal sales, partly attributable to increases in water and sewer rates during the year. Operating expenses decreased by \$14,998 from the prior year, mainly due to decreases in water operating costs.

Expenses and Program Revenues-Business-type Activities



Revenues by Source – Business-type Activities



Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$1,889,790, a decrease of \$1,471,558 from the prior year. Approximately 85% of this fund balance amount (\$1,601,971) constitutes *unreserved fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed for required debt service (\$47,583), the maintenance of the City of Coopersville's cemetery (\$6,477 non-expendable), and for capital improvement projects (\$233,759).

The General Fund is the chief operating fund of the City. At the end of the current fiscal year the fund balance of the General Fund was \$1,082,046, which is all unreserved. As a measure of the General Fund's liquidity, it may be useful to compare unreserved fund balance to total fund expenditures. Unreserved fund balance (\$1,082,046) represents 50% of total General Fund expenditures and transfers out (\$2,151,507).

The fund balance of the City's General Fund increased by \$174,074 during the current fiscal year. Total revenue sources increased by \$11,372 or .5%. Property taxes increased by \$23,833 or 1.5%. State shared revenues decreased by \$4,327 or 1.2%. Transfers in from other funds decreased by \$31,362 or 57%. General Fund expenditures increased by \$44,198 or 2.6 %, while transfers out to other funds increased by \$35,023 or 9.0%.

The Major Street Fund has a total fund balance of \$191,536, an increase of \$182,224 during the year. Total revenues decreased by \$279,208 due mainly to a decrease in funding for culvert replacement at East and Cleveland Streets. Transfers from other funds decreased by \$22,000 compared to the prior year. Major Street Fund expenditures decreased by \$495,668 compared to the prior year, mainly due to the reduction in construction costs for the East and Cleveland Streets culvert as compared to the prior year.

The Local Street Fund has a fund balance of \$92,177, an increase of \$14,908 during the year. Total revenue increased by \$1,264, and transfers in increased by \$44,443 from the prior year. Expenditures increased by \$43,520 from the prior year. Surface maintenance costs increased by \$20,477 while all other costs increased by \$23,043.

The 2006 Capital Improvement Construction Fund has a fund balance of \$233,759, a decrease of \$1,853,378 compared to the prior year. Expenditures increased by \$1,795,521 to \$1,914,830 as bond and loan proceeds received in the prior year were used for street repairs, installation of new water and sewer lines, and the removal of sludge at the wastewater treatment plant.

Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements (business-type activities), but in more detail.

Unrestricted net assets of the Water Supply System and Sewage Disposal System Funds at the end of the year amounted to \$385,877 and \$299,514, respectively. Increases in the Water Supply System and Sewage Disposal System Funds' net assets during the current year were \$280,801 and \$677,826, respectively. The largest portion of these increases is attributable to the capitalization of water and sewer assets paid for by the City's 2006 Capital Improvement Construction Fund. Other factors concerning the finances of these two funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

Over the course of the year, the City Council amended the budget to take into account events during the year. The most significant change was to increase estimated expenditures for attorney, sheriff and parks. City operational departments stayed below budget overall, resulting in total expenditures \$178,940 below the final budget.

Capital Assets and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business-type activities as of June 30, 2007, amounted to \$8,828,047 (net of accumulated depreciation). This investment in capital assets includes land, buildings and systems, improvements, machinery and equipment, park facilities, and street and sidewalks. The total increase in the City's investment in capital assets for the current fiscal year was \$753,470 (34.4%) for governmental activities. The City's investment in capital assets for the current fiscal year increased by \$776,491 (15.2%) for business-type activities.

Major capital asset events during the current fiscal year included the following:

- \$867,095 expended for street improvements
- \$303,162 expended for wastewater treatment plant improvements
- \$451,537 expended for sewer line extensions
- \$289,431 expended for water line extensions

Additional information on the City's capital assets can be found in note 3C on pages 17-18 of this report.

City of Coopersville's Capital Assets (net of depreciation)

	Governmental		Business-Type		Total	
	Activities		Activities			
	2007	2006	2007	2006	2007	2006
Land	\$ 130,051	\$ 130,051	\$ 47,250	\$ 47,250	\$ 177,301	\$ 177,301
Construction in progress	-	703,449	-	125,408	-	828,857
Land improvements	122,773	197,523	-	-	122,773	197,523
Buildings and improvements	941,252	887,755	24,394	26,468	965,646	914,223
Systems	-	-	5,810,297	4,906,277	5,810,297	4,906,277
Machinery, equipment, vehicles	109,143	135,774	96	143	109,239	135,917
Infrastructure	1,642,791	137,988	-	-	1,642,791	137,988
Total	\$ 2,946,010	\$ 2,192,540	\$ 5,882,037	\$ 5,105,546	\$ 8,828,047	\$ 7,298,086

Long-term debt. At the end of the current fiscal year, the City had total installment debt outstanding of \$4,419,914. Of this amount, \$2,629,914 is general obligation debt and \$1,790,000 is paid from specified revenue sources.

City of Coopersville's Outstanding Debt
General Obligation and Revenue Bonds and Notes Payable

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
General obligation bonds	\$ 1,890,000	\$ 1,965,000	\$ -	\$ -	\$ 1,890,000	\$ 1,965,000
County revolving fund loan	456,468	500,000	-	-	456,468	500,000
Michigan transportation bonds	280,000	310,000	-	-	280,000	310,000
Revenue bonds	-	-	615,000	660,000	615,000	660,000
County contractual obligation	-	-	685,000	720,000	685,000	720,000
Michigan Municipal Bond Authority bonds	-	-	490,000	525,000	490,000	525,000
Notes payable	3,446	53,191	-	-	3,446	53,191
Total	\$ 2,629,914	\$ 2,828,191	\$ 1,790,000	\$ 1,905,000	\$ 4,419,914	\$ 4,733,191

Total outstanding debt decreased by \$313,277 during the current year. This was a result of the City making its required scheduled debt payments of \$313,277 while incurring no new debt.

Additional information on the City's long-term debt can be found in Note 3E on pages 19-20 of this report.

Economic Factors and Next Year's Budgets and Rates

As in most local governments, the state of the City is directly related to the state of its infrastructure. Infrastructure not properly maintained or improved has a direct bearing on the quality of life and ultimately on the worthiness of immediate and future investment. These investments not only include existing businesses within the City, but also businesses looking to relocate or individuals starting new entrepreneurial ventures. The City of Coopersville and its City Council have diligently approved funds to further our commitment to capital projects and yearly maintenance expenditures to ensure this does occur.

In the past three years the City has seen significant improvements and upgrades in its infrastructure. This includes removal of sludge from Lagoon #1 at the Waste Water Treatment Plant (WWTP) and the replacements of water meters with a higher percentage of accuracy. The result of this investment will be a more accurate reading of water usage and in revenue projection and collection. Road improvements include the construction of a "roundabout" at 68th Avenue and Randall Street to increase traffic flow and safety. Also, the City has resurfaced miles of major and local roads with "slurry" that will result in prolonging the life of our road infrastructure thereby saving the City, and the taxpayers, the need for immediate and major expenditures in transportation costs.

The City's budget for 2007-2008 calls for a slight increase in the overall property tax rate from 14.1152 to 14.1947. In the past, rates often declined because it was directly related to the decrease in required payments for water supply and sewage disposal debt service. The slight increase this year is due to the closing of the Delphi Plant which resulted in a decrease of total taxes thereby changing the percentage of taxes to bond payments. Because of Proposal A, the City still needs to continue to watch its budget closely. The state wide tax reform act limits growth in taxable value on any individual property to the lesser of inflation or 5%. Because some properties increase in value by less than inflation, the mathematical result of this is that the total taxable value for the City will grow less than inflation, before considering new property additions.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City Finance Director, 289 Danforth, Coopersville, MI 49404.

**Basic
Financial Statements**

City of Coopersville
STATEMENT OF NET ASSETS
June 30, 2007

	Governmental Activities	Business Type Activities	Total	Component Unit
ASSETS				
Cash and investments	\$ 2,160,182	\$ 546,114	\$ 2,706,296	\$ 191,534
Receivables:				
Accounts	4,420	191,509	195,929	-
Special assessments	30,810	10,595	41,405	-
Due from other governments	82,503	-	82,503	-
Internal balances	(53,495)	53,495	-	-
Prepaid items	14,141	-	14,141	-
Restricted cash-revenue bond covenant accounts	-	81,790	81,790	-
Capital assets	<u>2,946,010</u>	<u>5,882,037</u>	<u>8,828,047</u>	<u>-</u>
 Total Assets	 <u>5,184,571</u>	 <u>6,765,540</u>	 <u>11,950,111</u>	 <u>191,534</u>
LIABILITIES				
Accounts payable	190,755	31,046	221,801	3,741
Accrued liabilities	31,478	21,186	52,664	7,990
Deferred revenue	-	10,595	10,595	-
Noncurrent liabilities:				
Due within one year	223,302	120,000	343,302	150,000
Due in more than one year	2,406,612	1,670,000	4,076,612	765,000
Deferred bond issuance costs	<u>(59,326)</u>	<u>-</u>	<u>(59,326)</u>	<u>-</u>
 Total Liabilities	 <u>2,792,821</u>	 <u>1,852,827</u>	 <u>4,645,648</u>	 <u>926,731</u>
NET ASSETS				
Invested in capital assets, net of related debt	549,855	4,092,037	4,641,892	(915,000)
Restricted for:				
Debt service	47,583	81,790	129,373	-
Perpetual care-nonexpendable	6,477	-	6,477	-
Unrestricted	<u>1,787,835</u>	<u>738,886</u>	<u>2,526,721</u>	<u>179,803</u>
 Total Net Assets (Deficit)	 <u>\$ 2,391,750</u>	 <u>\$ 4,912,713</u>	 <u>\$ 7,304,463</u>	 <u>\$ (735,197)</u>

City of Coopersville
STATEMENT OF ACTIVITIES
Year Ended June 30, 2007

Function/Programs:	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Component Unit
Primary Government:							
Governmental Activities:							
General government	\$ 639,958	\$ 52,927	\$ -	\$ -	\$ (587,031)	\$ -	\$ -
Public safety	814,606	42,314	75,776	-	(696,516)	-	-
Public works	1,604,131	118,030	276,762	171,911	(1,037,428)	-	-
Community and economic development	47,782	-	-	-	(47,782)	-	-
Recreation and culture	202,038	41,718	-	14,800	(145,520)	-	-
Other	34,915	-	-	-	(34,915)	-	-
Interest on long-term debt	128,175	-	-	-	(128,175)	-	-
Total Governmental Activities	3,471,605	254,989	352,538	186,711	(2,677,367)	-	-
Business-type activities:							
Water supply	651,930	599,508	-	289,431	-	237,009	-
Sewage disposal	527,905	489,111	-	736,927	-	698,133	-
Total Business-type Activities	1,179,835	1,088,619	-	1,026,358	-	935,142	-
Total Primary Government	4,651,440	1,343,608	352,538	1,213,069	(2,677,367)	935,142	-
Component Unit:							
Downtown Development Authority	207,082	11,428	-	-	-	-	(195,654)
General revenues:							
Property taxes					1,631,658	58,910	395,012
State shared revenues					340,436	-	-
Interest					176,755	32,700	16,293
Other					768	6,789	-
Transfers					60,000	(60,000)	-
Total General Revenues					2,209,617	38,399	411,305
Change in Net Assets					(467,750)	973,541	215,651
Net Assets (Deficit) - Beginning					2,859,500	3,939,172	(950,848)
Net Assets (Deficit) - Ending					\$ 2,391,750	\$ 4,912,713	\$ (735,197)

City of Coopersville
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2007

	General	Major Street	Local Street	2006 Capital Improvement Construction	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and investments	\$ 1,151,721	\$ 181,205	\$ 84,190	\$ 335,534	\$ 294,992	\$ 2,047,642
Receivables:						
Accounts	4,420	-	-	-	-	4,420
Special assessments	-	-	-	-	30,810	30,810
Due from other governments	-	12,085	9,796	-	-	21,881
Prepaid expenses	13,141	-	-	-	-	13,141
 Total Assets	\$ 1,169,282	\$ 193,290	\$ 93,986	\$ 335,534	\$ 325,802	\$ 2,117,894
 LIABILITIES						
Accounts payable	\$ 81,841	\$ 216	\$ 323	\$ 101,775	\$ 4,720	\$ 188,875
Accrued payroll	5,395	1,538	1,486	-	-	8,419
Deferred revenue	-	-	-	-	30,810	30,810
 Total Liabilities	87,236	1,754	1,809	101,775	35,530	228,104
 FUND BALANCES						
Reserved:						
Debt service	-	-	-	-	47,583	47,583
Perpetual care-nonexpendable	-	-	-	-	6,477	6,477
Capital projects	-	-	-	233,759	-	233,759
Unreserved-reported in:						
General Fund	1,082,046	-	-	-	-	1,082,046
Special Revenue Funds	-	191,536	92,177	-	186,582	470,295
Capital Projects Funds	-	-	-	-	49,630	49,630
 Total Fund Balances	1,082,046	191,536	92,177	233,759	290,272	1,889,790
 TOTAL LIABILITIES AND FUND BALANCES	\$ 1,169,282	\$ 193,290	\$ 93,986	\$ 335,534	\$ 325,802	

Amount reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and are not reported in the funds	2,909,888
State shared revenues (sales taxes) collected and held by the State at year end are not considered available to pay for current year expenditures	60,622
Special assessments receivable are expected to be collected over several years and are not available to pay for current year expenditures	30,810
Bond issuance costs, amortized over the life of the bonds, are not reported in the funds	59,326
Interest accrued on outstanding notes payable is not reported in the funds	(22,660)
Long term liabilities are not due and payable in the current period and are not reported in the funds	(2,626,468)
Internal Service Funds are included as part of governmental activities	90,442
 Net Assets of Governmental Activities	\$ 2,391,750

City of Coopersville
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2007

	General	Major Street	Local Street	2006 Capital Improvement Construction	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:						
Taxes	\$ 1,631,658	\$ -	\$ -	\$ -	\$ -	\$ 1,631,658
Licenses and permits	19,873	-	-	-	-	19,873
State shared revenues	346,337	198,396	78,366	-	-	623,099
Local unit contributions	-	111,968	-	-	62,048	174,016
Charges for services	172,587	-	-	-	13,825	186,412
Fines and forfeits	4,289	-	-	-	-	4,289
Interest and rent	89,264	1,230	1,113	61,452	19,536	172,595
Other	37,935	-	-	-	64,909	102,844
Total Revenues	<u>2,301,943</u>	<u>311,594</u>	<u>79,479</u>	<u>61,452</u>	<u>160,318</u>	<u>2,914,786</u>
Expenditures:						
Current:						
General government	485,516	-	-	10,709	57,836	554,061
Public safety	719,063	-	-	-	99,433	818,496
Public works	160,920	181,205	202,963	1,904,121	-	2,449,209
Community and economic development	47,782	-	-	-	-	47,782
Recreation and culture	277,288	-	-	-	-	277,288
Other	34,915	-	-	-	-	34,915
Debt service:						
Principal retirement	-	-	-	-	148,532	148,532
Interest and fiscal charges	-	-	-	-	116,061	116,061
Total Expenditures	<u>1,725,484</u>	<u>181,205</u>	<u>202,963</u>	<u>1,914,830</u>	<u>421,862</u>	<u>4,446,344</u>
Excess of Revenues Over (Under) Expenditures	<u>576,459</u>	<u>130,389</u>	<u>(123,484)</u>	<u>(1,853,378)</u>	<u>(261,544)</u>	<u>(1,531,558)</u>
Other Financing Sources (Uses):						
Transfers in	23,638	145,000	138,392	-	295,796	602,826
Transfers out	(426,023)	(93,165)	-	-	(23,638)	(542,826)
Total Other Financing Sources (Uses)	<u>(402,385)</u>	<u>51,835</u>	<u>138,392</u>	<u>-</u>	<u>272,158</u>	<u>60,000</u>
Net Change in Fund Balances	174,074	182,224	14,908	(1,853,378)	10,614	(1,471,558)
Fund Balances - July 1	<u>907,972</u>	<u>9,312</u>	<u>77,269</u>	<u>2,087,137</u>	<u>279,658</u>	<u>3,361,348</u>
Fund Balances - June 30	<u>\$ 1,082,046</u>	<u>\$ 191,536</u>	<u>\$ 92,177</u>	<u>\$ 233,759</u>	<u>\$ 290,272</u>	<u>\$ 1,889,790</u>

City of Coopersville
**RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES AND CHANGES
 IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**
 Year Ended June 30, 2007

Net change in fund balances-Total Governmental Funds \$ (1,471,558)

Amounts reported for the governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures; in the statement of activities these costs are allocated over their estimated useful lives as depreciation:

Current year capital outlays capitalized - general capital assets	120,664
Current year capital outlays capitalized - infrastructure capital assets	867,095
Current year depreciation expense on capitalized assets	(180,650)

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

State shared revenues	(5,901)
Special assessment revenues	30,810

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The effect of these differences in the treatment of long-term debt and related items is as follows:

Amortization of deferred bond refunding loss/issuance costs/premiums	(4,757)
Principal payments on long-term debt	148,532

In the statement of activities, interest is accrued on outstanding notes payable, whereas in governmental funds, an interest expenditure is reported when due

(5,590)

An internal service fund is used by management to charge the costs of certain activities, such as equipment rental, to individual funds. A portion of the net revenue (expenses) of the internal service fund is reported with governmental activities

33,605

Change in net assets of governmental activities \$ (467,750)

City of Coopersville
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2007

	Enterprise Funds			Internal Service Fund
	Water Supply System	Sewage Disposal System	Total	Equipment Fund
ASSETS				
Current Assets:				
Cash and investments	\$ 312,341	\$ 233,773	\$ 546,114	\$ 112,540
Receivables:				
Accounts	109,894	81,615	191,509	-
Special assessments	3,757	6,838	10,595	-
Prepaid items	-	-	-	1,000
Total Current Assets	<u>425,992</u>	<u>322,226</u>	<u>748,218</u>	<u>113,540</u>
Noncurrent Assets:				
Revenue bond covenant accounts	-	81,790	81,790	-
Capital assets	2,241,424	3,640,613	5,882,037	36,122
Total Noncurrent Assets	<u>2,241,424</u>	<u>3,722,403</u>	<u>5,963,827</u>	<u>36,122</u>
Total Assets	<u>\$2,667,416</u>	<u>\$4,044,629</u>	<u>\$6,712,045</u>	<u>\$ 149,662</u>
LIABILITIES				
Current Liabilities:				
Accounts payable	\$ 24,386	\$ 6,660	\$ 31,046	\$ 1,880
Accrued liabilities	9,967	7,177	17,144	-
Accrued wages	2,005	2,037	4,042	399
Current portion of long-term debt	75,000	45,000	120,000	3,446
Total Current Liabilities	<u>111,358</u>	<u>60,874</u>	<u>172,232</u>	<u>5,725</u>
Noncurrent Liabilities:				
Deferred revenue	3,757	6,838	10,595	-
Long-term debt	1,100,000	570,000	1,670,000	-
Total Noncurrent Liabilities	<u>1,103,757</u>	<u>576,838</u>	<u>1,680,595</u>	<u>-</u>
Total Liabilities	<u>1,215,115</u>	<u>637,712</u>	<u>1,852,827</u>	<u>5,725</u>
NET ASSETS				
Invested in capital assets, net of related debt	1,066,424	3,025,613	4,092,037	32,676
Restricted for debt service	-	81,790	81,790	-
Unrestricted	385,877	299,514	685,391	111,261
Total Net Assets	<u>\$1,452,301</u>	<u>\$3,406,917</u>	<u>4,859,218</u>	<u>\$ 143,937</u>
Adjustment to reflect the consolidation of internal service funds activities to enterprise funds			<u>53,495</u>	
Net assets of business-type activities			<u>\$4,912,713</u>	

City of Coopersville
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
Year Ended June 30, 2007

	Enterprise Funds			Internal Service Fund
	Water Supply System	Sewage Disposal System	Total	Equipment Fund
Operating Revenues:				
Water sales	\$ 579,082	\$ -	\$ 579,082	\$ -
Sewage disposal service	-	483,691	483,691	-
Charges for services	-	-	-	214,268
Fees	16,034	53	16,087	-
Total Operating Revenues	<u>595,116</u>	<u>483,744</u>	<u>1,078,860</u>	<u>214,268</u>
Operating Expenses:				
Cost of water	256,429	-	256,429	-
Operations and maintenance	237,276	353,015	590,291	107,958
Depreciation	118,088	149,550	267,638	62,549
Total Operating Expenses	<u>611,793</u>	<u>502,565</u>	<u>1,114,358</u>	<u>170,507</u>
Operating Income (Loss)	<u>(16,677)</u>	<u>(18,821)</u>	<u>(35,498)</u>	<u>43,761</u>
Nonoperating Revenues (Expenses):				
Hook-ups	4,392	5,367	9,759	-
Property taxes	58,910	-	58,910	-
Special assessments	941	1,719	2,660	-
Interest income	17,560	15,140	32,700	4,160
Other	4,129	-	4,129	2,365
Interest and fiscal charges	(47,885)	(32,506)	(80,391)	(1,767)
Total Nonoperating Revenues (Expenses)	<u>38,047</u>	<u>(10,280)</u>	<u>27,767</u>	<u>4,758</u>
Income (Loss) Before Contributions and Transfers	21,370	(29,101)	(7,731)	48,519
Capital contributions	289,431	736,927	1,026,358	-
Transfers out	(30,000)	(30,000)	(60,000)	-
Change in Net Assets	280,801	677,826	958,627	48,519
Net Assets - July 1	<u>1,171,500</u>	<u>2,729,091</u>		<u>95,418</u>
Net Assets - June 30	<u>\$ 1,452,301</u>	<u>\$ 3,406,917</u>		<u>\$ 143,937</u>
Adjustment to reflect the consolidation of internal service funds activities to enterprise funds			<u>14,914</u>	
Change in net assets of business-type activities			<u>\$ 973,541</u>	

See Notes to Financial Statements

City of Coopersville
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2007

	Enterprise Funds			Internal Service Fund
	Water Supply System	Sewage Disposal System	Total	Equipment Fund
Cash Flows From Operating Activities:				
Receipts from customers	\$ 581,786	\$ 475,997	\$ 1,057,783	\$ -
Receipts from interfund services provided	-	-	-	214,268
Payments to suppliers	(354,105)	(208,356)	(562,461)	(80,075)
Payments to employees	(111,660)	(124,205)	(235,865)	(28,788)
Payments for interfund services used	(34,265)	(31,690)	(65,955)	-
Receipts from other sources	9,462	7,086	16,548	2,365
Net Cash Provided By Operating Activities	91,218	118,832	210,050	107,770
Cash Flows From Noncapital Financing Activities:				
Transfers from (to) other funds	(30,000)	(30,000)	(60,000)	-
Cash Flows From Capital and Related Financing Activities:				
Construction and purchase of capital assets	-	(17,771)	(17,771)	(8,910)
Principal paid on capital debt	(70,000)	(45,000)	(115,000)	(49,745)
Interest paid on capital debt	(47,885)	(32,506)	(80,391)	(1,767)
Property taxes	58,910	-	58,910	-
Net Cash Provided (Used) By Capital and Related Financing Activities	(58,975)	(95,277)	(154,252)	(60,422)
Cash Flows From Investing Activities:				
Interest received on investments	17,560	15,140	32,700	4,160
Net Increase in Cash and Investments	19,803	8,695	28,498	51,508
Cash and Investments - July 1	292,538	306,868	599,406	61,032
Cash and Investments - June 30	\$ 312,341	\$ 315,563	\$ 627,904	\$ 112,540
Reconciliation of Operating Income (Loss) to Net Cash Provided By Operating Activities:				
Operating income (loss)	\$ (16,677)	\$ (18,821)	\$ (35,498)	\$ 43,761
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	118,088	149,550	267,638	62,549
Other non-operating income	9,462	7,086	16,548	2,365
Change in assets and liabilities:				
Receivables	(12,389)	(6,028)	(18,417)	-
Accounts payable	(6,783)	(10,886)	(17,669)	(1,024)
Accrued and other liabilities	458	(350)	108	119
Deferred revenue	(941)	(1,719)	(2,660)	-
Net Cash Provided By Operating Activities	\$ 91,218	\$ 118,832	\$ 210,050	\$ 107,770
Cash and investments:				
Cash and investments	\$ 312,341	\$ 233,773	\$ 546,114	\$ 112,540
Revenue bond covenant accounts	-	81,790	81,790	-
	\$ 312,341	\$ 315,563	\$ 627,904	\$ 112,540
Noncash capital financing activities:				
Contribution of capital assets from other funds	\$ 289,431	\$ 736,927	\$ 1,026,358	\$ -

See Notes to Financial Statements

City of Coopersville
STATEMENT OF NET ASSETS
FIDUCIARY FUNDS
June 30, 2007

	<u>Agency Funds</u>
ASSETS	
Cash and investments	<u>\$ 20,776</u>
LIABILITIES	
Due to other units	<u>\$ 20,776</u>

City of Coopersville, Michigan
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2007

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of Coopersville conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the City of Coopersville:

A. Reporting Entity

The City of Coopersville is governed by an elected mayor and six-member council. The accompanying financial statements present the city and its component units, entities for which the city is considered to be financially accountable. Although blended component units are legal separate entities, in substance, they are part of the city's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government (see discussion below for description).

Blended Component Unit. The city has no blended component units.

Discretely Presented Component Unit. The Coopersville Downtown Development Authority (DDA) was created to finance improvements within the authority's district of the City. The Authority's twelve member governing board is appointed by the City Council. In addition, the Authority's budget, tax rates and bonded debt are subject to approval by the City Council. The DDA has issued debt, currently receives captured tax increment revenues, and makes debt services payments on \$915,000 of outstanding bonds.

Separate financial statements for the Downtown Development Authority are not prepared. The Authority's financial activity is as reflected in these accompanying financial statements.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Those revenues susceptible to accrual are property taxes, special assessments, licenses, interest revenue, and charges for services. Sales taxes (state shared revenues) collected and held by the State at year end on behalf of the city and paid to the city at the end of the following August are recognized as revenue in the year received. Such amounts are not normally received within 60 days of the end of the current fiscal year and are budgeted for use by the city in the year received. Other revenue is recorded when received.

The city reports the following major governmental funds:

General Fund - The General Fund is the city's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Major and Local Street Funds - The Major Street and Local Street Funds account for the resources of state gas and weight taxes that are restricted for use on major and local streets. They also account for monies received from special taxes levied for street improvement purposes and for monies received from General Fund contributions.

2006 Capital Improvement Construction Fund - This fund is used to account for street repairs, installation of new water and sewer lines, and the removal of sludge from the wastewater treatment plant. These projects are financed by the proceeds from a \$1,715,000 general obligation bond issue and a \$500,000 Ottawa County Revolving Loan Fund loan.

The city reports the following major proprietary funds:

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

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

Additionally, the city reports the following fund types:

Governmental Funds

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for certain purposes and for monies received from General Fund transfers for specified purposes.

Debt Service Funds - Debt Service Funds account for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

Capital Project Funds - Capital Project Funds are used for resources accumulated for the acquisition or construction of specific capital projects or items.

Permanent Fund - The Permanent Fund is used to record the activity of the Cemetery Trust which provides funds for the perpetual care of cemetery lots.

Proprietary Funds

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

Fiduciary Funds (Not included in government-wide statements)

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

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The city has elected not to follow private-sector standards issued after November 30, 1989 for its business-type activities.

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

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

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

When both restricted and unrestricted resources are available for use, it is the city's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities, and Net Assets or Equity

1. Cash and Investments.

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

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

Investments are recorded at fair value.

2. Receivables and Payables.

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

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

3. Inventories and Prepaid Items.

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

4. *Restricted Assets.*

Certain cash and receivables of the enterprise funds are classified as restricted assets on the balance sheet because their use is limited for purposes of servicing outstanding enterprise fund general obligation bonded debt.

5. *Capital Assets.*

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. General infrastructure assets acquired prior to July 1, 2003, are not reported in the basic financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$3,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Interest incurred during the construction of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. During the current year \$0 of interest expense was capitalized as part of the cost of assets under construction.

Property, plant and equipment are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	20-40
Land improvements	5-10
Machinery and equipment	5-15
Office furniture and equipment	5-20
Vehicles	3-25
Roads and sidewalks	15-25
Water and sewer systems	10-50

6. *Compensated Absences.*

City employees are entitled to certain compensated absences based on their length of employment. City employees earn vacation in varying amounts based on length of service. Unused vacation time does not accumulate past June 30 of each fiscal year.

Sick leave is accumulated at the rate of one day per month of employment. Unused sick leave accumulates from year to year to a maximum of 120 days of sick leave. Twenty-five percent of unused sick leave is paid to employees at the time termination or retirement. It is the City's policy to recognize the cost of sick leave at the time payments are made and if material, record a liability for employee terminations at year-end.

7. *Long-Term Obligations.*

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

8. *Fund Equity.*

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

E. Property Taxes

Property taxes are levied on each July 1 (lien date and due date) on the taxable valuation of property as of the preceding December 31. Real and personal property taxes are collected without additional charge from a period of 45 days from the date the bills are due. After that period of time, three percent penalty and interest at one percent per month are added to all unpaid taxes. The city continues to collect taxes until March 1, at which time the delinquent real property taxes are returned to the county for collection. The county’s policy has been to pay the city for all delinquent real property taxes returned. The city continues to collect delinquent personal property taxes.

The City’s 2006 ad valorem tax is levied and collectible on July 1, 2006, and is recognized as revenue in the year ended June 30, 2007, when the proceeds of this levy are budgeted and made available for the financing of operations.

The 2006 taxable valuation of the city totaled \$120,484,565 excluding abated valuations, on which ad valorem taxes levied consisted of 13.0000 mills for operating purposes, .6806 mills for sewer debt purposes, and .4346 mills for water debt purposes. This resulted in \$1,282,515 (after adjustment for amounts captured by the DDA) for operating purposes, \$82,695 for sewer debt purposes, and \$52,802 for water debt purposes.

In addition the city’s 2006 taxable valuation for abated property totaled \$27,107,129 on which taxes levied consisted of 6.5000 mills for operating purposes, .3703 mills for sewer debt purposes, and .2173 mills for water debt purposes. This resulted in \$176,196 (after adjustment for amounts captured by the DDA) for operating purposes, \$9,606 for sewer debt purposes, and \$6,134 for water debt purposes.

The above amounts are recognized in the General and Water Supply System Funds as tax revenue.

F. Use of Estimates

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

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

State Construction Code Act – The city oversees building construction, in accordance with the State’s Construction Code Act, including inspection of building construction and renovation to ensure compliance with the building codes. The city charges fees for these services. Beginning January 1, 2000, the law requires that collection of these fees be used only for construction code costs, including an allocation of estimated overhead costs.

The city accounts for the activity of its building inspection department within its general fund. Following is a summary of the cumulative deficit and activity for the year ended June 30, 2007:

Surplus (deficit) - July 1, 2006		\$ (8,741)
Charges for services	\$ 19,873	
Building inspection expenditures	<u>(13,378)</u>	<u>6,495</u>
Surplus (deficit) - June 30, 2007		<u>\$ (2,246)</u>

NOTE 3. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Michigan Compiled Laws, Section 129.91, authorizes the local governmental unit to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The local unit is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government or federal agency obligations; repurchase agreements; bankers’ acceptance of United States banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

The governing body has designated several banks for the deposit of city funds. The investment policy adopted by the city in accordance with Public Act 196 of 1997 has authorized investment in all of the State statutory authority as listed above.

The city’s deposits and investments are in accordance with statutory authority.

At year-end, the city’s deposits and investments were reported in the basic financial statements in the following categories:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Fiduciary Funds</u>	<u>Total</u>	<u>Component Unit</u>
Cash and investments	\$ 2,160,182	\$ 546,114	\$ 20,776	\$ 2,727,072	\$ 191,534
Revenue bond covenant accounts	-	81,790	-	81,790	-
Total	<u>\$ 2,160,182</u>	<u>\$ 627,904</u>	<u>\$ 20,776</u>	<u>\$ 2,808,862</u>	<u>\$ 191,534</u>

The breakdown between deposits and investments is as follows:

	<u>Primary Government</u>	<u>Component Unit</u>
Bank Deposits (checking and savings accounts, certificates of deposit)	\$ 1,675,360	\$ 177,085
Money Market Funds	123,724	14,449
Investments in Investment Pools	<u>1,009,777</u>	<u>-</u>
Total	<u>\$ 2,808,861</u>	<u>\$ 191,534</u>

Deposits

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a bank failure, the city’s deposits may not be returned. The city does not have a deposit policy for custodial credit risk. At year end the bank balance of the city’s (including it’s Component Unit) deposits was \$1,976,202 of which \$1,136,968 was covered by federal depository insurance and \$839,234 was exposed to custodial credit risk because it was uninsured and uncollateralized. The city believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits. As a result, the city evaluates each financial institution with which it deposits city funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Investments

Interest rate risk. Except as limited by state law as listed in the above list of authorized investments the city does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk. The city has no investment policy that limits its investment choices beyond those required by state law. At year end the city had \$1,133,501 in permissible money market funds and investment pools that are not separately rated. At year end, the Component Unit had \$14,449 in permissible money market funds and investment pools that are not separately rated.

B. Receivables

Receivables as of year-end for the city's individual major funds, and non-major funds and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Major Street</u>	<u>Local Street</u>	<u>Water Supply System</u>	<u>Sewage Disposal System</u>	<u>Non-major Funds</u>	<u>Total</u>
Receivables:							
Accounts	\$ 4,420	\$ -	\$ -	\$ 109,894	\$ 81,615	\$ -	\$ 195,929
Special assessments	-	-	-	3,757	6,838	30,810	41,405
Intergovernmental	-	12,085	9,796	-	-	-	21,881
Gross receivables	4,420	12,085	9,796	113,651	88,453	30,810	259,215
Allowance for uncollectibles	-	-	-	-	-	-	-
Net Total Receivables	<u>\$ 4,420</u>	<u>\$ 12,085</u>	<u>\$ 9,796</u>	<u>\$ 113,651</u>	<u>\$ 88,453</u>	<u>\$ 30,810</u>	<u>\$ 259,215</u>

Governmental funds report deferred revenue in connection with receivables for revenue that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenue are as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Special assessments	<u>\$ 30,810</u>	<u>\$ -</u>

C. Capital Assets

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

Governmental Activities	Beginning Balance	Increases	Decreases	Completed Construction	Ending Balance
Capital Assets Not Being Depreciated					
Land	\$ 130,051	\$ -	\$ -	\$ -	\$ 130,051
Construction in progress	<u>703,449</u>	<u>867,095</u>	<u>-</u>	<u>(1,570,544)</u>	<u>-</u>
Subtotal	<u>833,500</u>	<u>867,095</u>	<u>-</u>	<u>(1,570,544)</u>	<u>130,051</u>
Capital Assets Being Depreciated					
Building and improvements	1,275,246	64,624	-	29,625	1,369,495
Land improvements	1,234,876	6,230	-	-	1,241,106
Machinery and equipment	269,888	38,225	-	-	308,113
Office furniture and equipment	262,196	11,585	-	-	273,781
Vehicles	110,266	-	-	-	110,266
Equipment-Equipment Fund	403,767	8,910	(1,945)	-	410,732
Vehicles-Equipment Fund	330,589	-	-	-	330,589
Infrastructure	<u>151,482</u>	<u>-</u>	<u>-</u>	<u>1,540,919</u>	<u>1,692,401</u>
Subtotal	<u>4,038,310</u>	<u>129,574</u>	<u>(1,945)</u>	<u>1,570,544</u>	<u>5,736,483</u>
Less Accumulated Depreciation for					
Buildings and improvements	(387,491)	(40,752)	-	-	(428,243)
Land improvements	(1,037,353)	(80,980)	-	-	(1,118,333)
Machinery and equipment	(253,345)	(7,153)	-	-	(260,498)
Office furniture and equipment	(245,080)	(7,411)	-	-	(252,491)
Vehicles	(97,912)	(8,238)	-	-	(106,150)
Equipment-Equipment Fund	(368,455)	(28,951)	1,945	-	(395,461)
Vehicles-Equipment Fund	(276,140)	(33,598)	-	-	(309,738)
Infrastructure	<u>(13,494)</u>	<u>(36,116)</u>	<u>-</u>	<u>-</u>	<u>(49,610)</u>
Subtotal	<u>(2,679,270)</u>	<u>(243,199)</u>	<u>1,945</u>	<u>-</u>	<u>(2,920,524)</u>
Net Capital Assets Being Depreciated	<u>1,359,040</u>	<u>(113,625)</u>	<u>-</u>	<u>1,570,544</u>	<u>2,815,959</u>
Governmental Activities Total					
Capital Assets - Net of Depreciation	<u>\$ 2,192,540</u>	<u>\$ 753,470</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,946,010</u>

Depreciation expense was charged to governmental functions as follows:

General government	\$ 99,633
Public safety	17,401
Public works	46,545
Recreation and culture	17,071
Internal service fund depreciation is charged to the various functions based on their usage of the assets	<u>62,549</u>
Total Governmental Activities	<u>\$ 243,199</u>

Business-Type Activities	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Completed Construction</u>	<u>Ending Balance</u>
Capital Assets Not Being Depreciated					
Land	\$ 47,250	\$ -	\$ -	\$ -	\$ 47,250
Construction in progress	125,408	-	-	(125,408)	-
Subtotal	<u>172,658</u>	<u>-</u>	<u>-</u>	<u>(125,408)</u>	<u>47,250</u>
Capital Assets Being Depreciated					
Water systems	4,485,307	289,431	-	-	4,774,738
Sewage systems	5,699,127	754,698	-	125,408	6,579,233
Building	82,950	-	-	-	82,950
Machinery and equipment	19,258	-	-	-	19,258
Office furniture and equipment	28,693	-	-	-	28,693
Subtotal	<u>10,315,335</u>	<u>1,044,129</u>	<u>-</u>	<u>125,408</u>	<u>11,484,872</u>
Less Accumulated Depreciation for					
Water systems	(2,441,766)	(115,990)	-	-	(2,557,756)
Sewage systems	(2,836,391)	(149,527)	-	-	(2,985,918)
Building	(56,482)	(2,074)	-	-	(58,556)
Machinery and equipment	(19,186)	(24)	-	-	(19,210)
Office furniture and equipment	(28,622)	(23)	-	-	(28,645)
Subtotal	<u>(5,382,447)</u>	<u>(267,638)</u>	<u>-</u>	<u>-</u>	<u>(5,650,085)</u>
Net Capital Assets Being Depreciated	<u>4,932,888</u>	<u>776,491</u>	<u>-</u>	<u>125,408</u>	<u>5,834,787</u>
Business Type Activities Total					
Capital Assets - Net of Depreciation	<u>\$ 5,105,546</u>	<u>\$ 776,491</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,882,037</u>

Depreciation expense was charged to business type activities as follows:

Water supply	\$ 118,088
Sewage disposal	<u>149,550</u>
Total Business-Type Activities	<u>\$ 267,638</u>

Construction Commitments-At June 30, 2007, the city had no significant construction commitments.

D. Interfund Receivables, Payables and Transfers

At June 30, 2007, there were no interfund balances. Interfund transfers reported in the funds statements were as follows:

Transfers In	Transfers Out					Total
	General Fund	Major Street Fund	Non-major Governmental Funds	Enterprise Funds		
General Fund	\$ -	\$ -	\$ 23,638	(1) \$ -		23,638
Major Street Fund	145,000 (2)	-	-	-		145,000
Local Street Fund	90,000 (2)	48,392 (3)	-	-		138,392
Community That Cares Fund	25,000 (2)	-	-	-		25,000
1989 LTGO Bonds Debt Fund	92,438 (4)	-	-	-		92,438
1998 Transportation Bonds Debt Fund	-	44,773 (4)	-	-		44,773
2006 Capital Improvement Bonds	68,585 (4)	-	-	60,000 (4)		128,585
Capital Project - Future Land	5,000 (5)	-	-	-		5,000
	<u>\$ 426,023</u>	<u>\$ 93,165</u>	<u>\$ 23,638</u>	<u>\$ 60,000</u>		<u>\$ 602,826</u>

The following describes the nature of significant transfers:

- (1) Transfer to General Fund for general operating purposes
- (2) Transfer from General Fund for annual operating purposes
- (3) 25 percent transfer of gas and weight taxes as allowed by Act 51
- (4) Transfers from General, Major Street and Enterprise Funds for annual debt service requirements
- (5) Transfer from General Fund for capital projects

E. Long-Term Debt

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

	Original Issue	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities						
General obligation bonds						
2006 General obligation capital improvement, interest rates from 4.375%-4.55%, maturing 2026						
	\$ 1,715,000	\$ 1,715,000	\$ -	\$ -	\$ 1,715,000	\$ 55,000
2006 County Revolving Fund Loan, interest rate of 3.0%, maturing 2016						
	500,000	500,000	-	(43,532)	456,468	44,856
1989 Road construction, interest rates from 6.75%-6.9%, maturing 2009						
	990,000	250,000	-	(75,000)	175,000	85,000
Michigan transportation bonds						
1998 MTF, interest rates from 4.0%-5.0%, maturing 2014						
	500,000	310,000	-	(30,000)	280,000	35,000
Valley Ridge Bank, interest rate of 4.90%, due 2006						
	59,098	12,939	-	(12,939)	-	-
Valley Ridge Bank, interest rate of 4.75%, due 2007						
	168,515	40,252	-	(36,806)	3,446	3,446
Total Governmental Activities		<u>\$ 2,828,191</u>	<u>\$ -</u>	<u>\$ (198,277)</u>	<u>\$ 2,629,914</u>	<u>\$ 223,302</u>

	Original Issue	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-Type Activities						
Revenue Bonds						
1989 Sanitary Sewer Revenue, interest rates from 6.6% - 6.9%, maturing 2009	\$ 245,000	\$ 60,000	\$ -	\$ (20,000)	\$ 40,000	\$ 20,000
2001 Sewer System Revenue, interest rates from 4.0% - 5.3%, maturing 2021	700,000	600,000	-	(25,000)	575,000	25,000
County Contractual Obligation						
1978 Water Supply, interest rate of 5.0%, maturing 2018	1,175,000	720,000	-	(35,000)	685,000	40,000
Michigan Municipal Bond Authority						
1998 Drinking Water, interest rate of 2.5%, maturing 2014	746,618	525,000	-	(35,000)	490,000	35,000
Total Business-Type Activities		<u>\$ 1,905,000</u>	<u>\$ -</u>	<u>\$ (115,000)</u>	<u>\$ 1,790,000</u>	<u>\$ 120,000</u>

Bond and contractual obligation activity for the discretely presented component unit can be summarized as follows:

	Original Issue	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Downtown Development Authority						
General obligation bonds						
1998 DDA, interest rates from 4.1% - 5.0%, maturing 2014	\$ 1,000,000	\$ 630,000	\$ -	\$ (65,000)	\$ 565,000	\$ 70,000
1996 DDA, interest rates from 5.2% - 6.75%, maturing 2011	995,000	425,000	-	(75,000)	350,000	80,000
Total Governmental Activities		<u>\$ 1,055,000</u>	<u>\$ -</u>	<u>\$ (140,000)</u>	<u>\$ 915,000</u>	<u>\$ 150,000</u>

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

Year Ended June 30	Governmental Activities		Business-Type Activities		Component Unit	
	Principal	Interest	Principal	Interest	Principal	Interest
2008	\$ 223,302	\$ 112,706	\$ 120,000	\$ 75,550	\$ 150,000	\$ 47,940
2009	231,220	101,391	135,000	69,945	155,000	40,115
2010	147,626	89,575	125,000	63,842	165,000	31,880
2011	154,075	83,852	125,000	58,825	175,000	22,955
2012	155,567	77,336	130,000	53,637	85,000	13,415
2013-2017	683,124	291,473	745,000	179,083	185,000	14,000
2018-2022	460,000	180,038	410,000	38,863	-	-
2023-2027	575,000	66,844	-	-	-	-
Thereafter	-	-	-	-	-	-
Total	<u>\$ 2,629,914</u>	<u>\$ 1,003,215</u>	<u>\$ 1,790,000</u>	<u>\$ 539,745</u>	<u>\$ 915,000</u>	<u>\$ 170,305</u>

F. Restricted Assets

Restricted assets in the business-type activities are amounts required to be set aside for debt service by Sewage Disposal System Fund revenue bond covenants as follows:

Sewage disposal revenue bond covenant amounts \$ 81,790

NOTE 4. OTHER INFORMATION

A. Risk Management

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

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

B. Deferred Compensation Plan

The city offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The assets of the plan were held in trust as described in IRC Section 457(g) for the exclusive benefit of the participants and their beneficiaries. The custodian thereof holds the custodial account for the beneficiaries of this Section 457 plan, and the assets may not be diverted for any other use. The Administrators are the agents of the employer for the purpose of providing direction to the custodian of the custodial accounts from time to time for the investment of the funds held in the account, transfer of the assets to or from the account and all other matters. In accordance with the provisions of GASB Statement 32, plan balances and activities are not reflected in the city's financial statements.

C. Pension

Plan Description – The City participates in the Michigan Municipal Employees' Retirement System (MMERS), an agent multiple-employer defined benefit pension plan that covers all employees of the City. The system provides retirement, disability and death benefits to plan members and their beneficiaries. The MMERS issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the system at 447 N. Canal Rd., Lansing, MI 48917.

Funding Policy – The obligation to contribute to and maintain the system for these employees was established by the City Council and requires a contribution from the employees of 4 percent of gross wages for the year ended June 30, 2007.

Annual Pension Cost – For the year ended June 30, 2007 the City’s annual pension cost of \$43,573 for the plan was equal to the City’s required and actual contribution. The annual required contribution was determined as part of an actuarial valuation at December 31, 2004, using the entry age normal cost method. Significant actuarial assumptions used include (a) an 8 percent investment rate of return, and (b) projected salary increases of 4.5 percent to 12.90 percent per year, including an inflation component of 4.5 percent. The actuarial value of assets was determined using techniques that smooth the effects of any given year’s variation from an 8 percent return over a five-year period. The unfunded actuarial liability is being amortized as a level percentage of payroll on a closed basis over a period of 30 years.

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contribution</u>	<u>Net Pension Obligation</u>
6/30/05	\$ 24,090	100%	None
6/30/06	45,761	100%	None
6/30/07	43,573	100%	None

REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ration (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UUAL as a Percentage of Covered Payroll [(b-a)/c]</u>
12/31/04	\$ 1,336,745	\$ 1,484,186	\$ 147,441	90%	\$ 676,657	22%
12/31/05	1,440,750	1,635,093	194,343	88%	704,888	28%
12/31/06	1,580,064	1,762,903	182,839	90%	674,934	27%

Required
Supplementary Information

City of Coopersville
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u> Amounts	<u>Variance</u> with Final Budget
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 1,649,263	\$ 1,649,263	\$ 1,631,658	\$ (17,605)
Licenses and permits	25,000	25,000	19,873	(5,127)
State shared revenues	335,348	335,348	346,337	10,989
Charges for services	161,820	161,820	172,587	10,767
Fines and forfeits	8,000	8,000	4,289	(3,711)
Interest	32,000	32,000	89,264	57,264
Other	28,431	28,431	37,935	9,504
Total Revenues	<u>2,239,862</u>	<u>2,239,862</u>	<u>2,301,943</u>	<u>62,081</u>
Expenditures:				
Current:				
General Government:				
City Council	25,157	25,157	21,184	3,973
Manager	109,725	109,725	93,158	16,567
Elections	7,300	7,300	4,845	2,455
Assessor	30,466	30,466	29,341	1,125
Attorney	16,000	33,500	34,727	(1,227)
Clerk	58,617	58,617	55,741	2,876
Board of Review	1,205	1,205	975	230
Treasurer	77,321	77,321	75,654	1,667
Computer services	28,100	28,100	22,296	5,804
Building and grounds	159,023	159,023	136,595	22,428
Cemetery	11,000	11,000	11,000	-
Total General Government	<u>523,914</u>	<u>541,414</u>	<u>485,516</u>	<u>55,898</u>
Public Safety:				
Police	27,395	27,395	19,746	7,649
Sheriff	444,225	482,225	478,717	3,508
Fire department	111,900	111,900	111,900	-
Emergency unit	74,639	74,639	55,518	19,121
Building inspector	39,424	39,424	13,378	26,046
Emergency services	48,468	48,468	39,804	8,664
Total Public Safety	<u>746,051</u>	<u>784,051</u>	<u>719,063</u>	<u>64,988</u>
Public Works:				
Street lighting	35,250	42,000	41,666	334
Sanitation	100,000	103,025	103,018	7
Storm sewer	21,421	21,421	16,236	5,185
Highway street and bridges	5,000	5,000	-	5,000
Total Public Works	<u>161,671</u>	<u>171,446</u>	<u>160,920</u>	<u>10,526</u>

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Community and Economic Development Planning and zoning administration	<u>72,318</u>	<u>72,318</u>	<u>47,782</u>	<u>24,536</u>
Recreation and Culture:				
Parks	77,643	132,982	145,076	(12,094)
Recreation	149,963	149,963	131,765	18,198
Library	<u>10,000</u>	<u>10,000</u>	<u>447</u>	<u>9,553</u>
Total Recreation and Culture	<u>237,606</u>	<u>292,945</u>	<u>277,288</u>	<u>15,657</u>
Other:				
Insurance	<u>42,250</u>	<u>42,250</u>	<u>34,915</u>	<u>7,335</u>
Total Expenditures	<u>1,783,810</u>	<u>1,904,424</u>	<u>1,725,484</u>	<u>178,940</u>
Excess Of Revenues Over Expenditures	<u>456,052</u>	<u>335,438</u>	<u>576,459</u>	<u>241,021</u>
Other Financing Sources (Uses):				
Transfers in	20,000	20,000	23,638	3,638
Transfers out	<u>(426,023)</u>	<u>(426,023)</u>	<u>(426,023)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(406,023)</u>	<u>(406,023)</u>	<u>(402,385)</u>	<u>3,638</u>
Net Change in Fund Balances	50,029	(70,585)	174,074	244,659
Fund Balances - July 1	<u>907,972</u>	<u>907,972</u>	<u>907,972</u>	<u>-</u>
Fund Balances - June 30	<u>\$ 958,001</u>	<u>\$ 837,387</u>	<u>\$ 1,082,046</u>	<u>\$ 244,659</u>

City of Coopersville, Michigan
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - MAJOR STREET FUND
Year Ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
State shared revenues	\$ 207,950	\$ 207,950	\$ 198,396	(9,554)
Local unit contributions	-	-	111,968	111,968
Interest	1,020	1,020	1,230	210
Other	1,150	1,150	-	(1,150)
Total Revenues	<u>210,120</u>	<u>210,120</u>	<u>311,594</u>	<u>101,474</u>
Expenditures:				
Current:				
Public Works:				
Construction	55,000	55,000	21,636	33,364
Surface maintenance	147,527	147,527	113,628	33,899
Winter maintenance	34,198	37,673	37,668	5
Administration	8,273	8,273	8,273	-
Total Public Works	<u>244,998</u>	<u>248,473</u>	<u>181,205</u>	<u>67,268</u>
Total Expenditures	<u>244,998</u>	<u>248,473</u>	<u>181,205</u>	<u>67,268</u>
Excess Of Revenues Over (Under) Expenditures	<u>(34,878)</u>	<u>(38,353)</u>	<u>130,389</u>	<u>168,742</u>
Other Financing Sources (Uses):				
Transfers in	145,000	145,000	145,000	-
Transfers out	(95,563)	(95,563)	(93,165)	2,398
Total Other Financing Sources (Uses)	<u>49,437</u>	<u>49,437</u>	<u>51,835</u>	<u>2,398</u>
Net Change in Fund Balances	14,559	11,084	182,224	171,140
Fund Balances - July 1	<u>9,312</u>	<u>9,312</u>	<u>9,312</u>	<u>-</u>
Fund Balances - June 30	<u>\$ 23,871</u>	<u>\$ 20,396</u>	<u>\$ 191,536</u>	<u>\$ 171,140</u>

City of Coopersville, Michigan
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE - LOCAL STREET FUND
 Year Ended June 30, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
State shared revenues	\$ 80,750	\$ 80,750	\$ 78,366	\$ (2,384)
Interest	525	525	1,113	588
Total Revenues	<u>81,275</u>	<u>81,275</u>	<u>79,479</u>	<u>(1,796)</u>
Expenditures:				
Current:				
Public Works:				
Construction	-	-	6,982	(6,982)
Surface maintenance	155,174	155,174	132,589	22,585
Winter maintenance	45,268	55,268	55,119	149
Administration	8,273	8,273	8,273	-
Total Public Works	<u>208,715</u>	<u>218,715</u>	<u>202,963</u>	<u>15,752</u>
Total Expenditures	<u>208,715</u>	<u>218,715</u>	<u>202,963</u>	<u>15,752</u>
Excess Of Revenues Over (Under) Expenditures	(127,440)	(137,440)	(123,484)	13,956
Other Financing Sources (Uses):				
Transfers in	140,790	140,790	138,392	(2,398)
Net Change in Fund Balances	13,350	3,350	14,908	11,558
Fund Balances - July 1	<u>77,269</u>	<u>77,269</u>	<u>77,269</u>	<u>-</u>
Fund Balances - June 30	<u>\$ 90,619</u>	<u>\$ 80,619</u>	<u>\$ 92,177</u>	<u>\$ 11,558</u>

City of Coopersville, Michigan
 NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
 Year Ended June 30, 2007

NOTE - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

Before June 30, the proposed budget is presented to the City's Council for review. The Council holds public hearings and a final budget must be prepared and adopted no later than June 30.

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

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

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

B. Excess of Expenditures Over Appropriations in Budgeted Funds

During the year, the city incurred expenditures in certain budgeted funds budgeted funds which were in excess of the amounts appropriated, as follows:

Budget Items	<u>Budget Appropriation</u>	<u>Actual Expenditure</u>
General Fund - Attorney	\$ 33,500	\$ 34,727
General Fund - Parks	132,982	145,076
Local Street Fund - Construction	-	6,982

Supplemental Data

Nonmajor Governmental Funds

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for certain purposes and for monies received from General Fund transfers for specified purposes.

Debt Service Funds

Debt Service Funds account for resources accumulated and payment made for principal and interest on long-term general obligation debt of governmental funds.

Capital Projects Funds

Capital Project Funds are used to account for resources accumulated for the acquisition or construction of specific capital projects or items.

Permanent Funds

The Permanent Fund is used to record the activity of the Cemetery Trust which provides funds for the perpetual care of cemetery lots.

City of Coopersville
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 June 30, 2007

	Nonmajor Special Revenue Funds					Debt	
	Coopersville- Polkton Cemetery Authority	Community That Cares	Community Promotions	Budget Stabilization	Total	1989 LTGO Bonds Debt Service	1998 Transportation Bonds Debt Service
ASSETS							
Cash	\$ 62,814	\$ 41,111	\$ 839	\$ 86,538	\$ 191,302	\$ 20,066	\$ 2,433
Receivables:							
Special assessments	-	-	-	-	-	-	-
TOTAL ASSETS	\$ 62,814	\$ 41,111	\$ 839	\$ 86,538	\$ 191,302	\$ 20,066	\$ 2,433
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ -	\$ 4,720	\$ -	\$ -	\$ 4,720	\$ -	\$ -
Deferred revenue	-	-	-	-	-	-	-
Total liabilities	-	4,720	-	-	4,720	-	-
Fund Balances:							
Reserved:							
Debt service	-	-	-	-	-	20,066	2,433
Perpetual care-nonexpendable	-	-	-	-	-	-	-
Unreserved-reported in:							
Special Revenue Funds	62,814	36,391	839	86,538	186,582	-	-
Capital Projects Funds	-	-	-	-	-	-	-
Total Fund Balances	62,814	36,391	839	86,538	186,582	20,066	2,433
TOTAL LIABILITIES AND FUND BALANCES	\$ 62,814	\$ 41,111	\$ 839	\$ 86,538	\$ 191,302	\$ 20,066	\$ 2,433

Service Funds		Capital Projects Funds			Permanent Fund	Total Nonmajor Governmental Funds
2006 Capital Improvement Bonds	Total	Capital Project	Capital Project Future Land	Total	Cemetery Trust	
\$ 25,084	\$ 47,583	\$ 661	\$ 48,969	\$ 49,630	\$ 6,477	\$ 294,992
<u>30,810</u>	<u>30,810</u>	-	-	<u>30,810</u>	-	<u>30,810</u>
<u>\$ 55,894</u>	<u>\$ 78,393</u>	<u>\$ 661</u>	<u>\$ 48,969</u>	<u>\$ 80,440</u>	<u>\$ 6,477</u>	<u>\$ 325,802</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,720
<u>30,810</u>	<u>30,810</u>	-	-	<u>30,810</u>	-	<u>30,810</u>
<u>30,810</u>	<u>30,810</u>	-	-	<u>30,810</u>	-	<u>35,530</u>
25,084	47,583	-	-	-	-	47,583
-	-	-	-	-	6,477	6,477
-	-	-	-	-	-	186,582
-	-	<u>661</u>	<u>48,969</u>	<u>49,630</u>	-	<u>49,630</u>
<u>25,084</u>	<u>47,583</u>	<u>661</u>	<u>48,969</u>	<u>49,630</u>	<u>6,477</u>	<u>290,272</u>
<u>\$ 55,894</u>	<u>\$ 78,393</u>	<u>\$ 661</u>	<u>\$ 48,969</u>	<u>\$ 80,440</u>	<u>\$ 6,477</u>	<u>\$ 325,802</u>

City of Coopersville
 COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 Year Ended June 30, 2007

	Nonmajor Special Revenue Funds					Debt	
	Coopersville- Polkton Cemetery Authority	Community That Cares	Community Promotions	Budget Stabilization	Total	1989 LTGO Bonds Debt Service	1998 Transportation Bonds Debt Service
Revenues:							
Local unit contributions	\$ 22,048	\$ 40,000	\$ -	\$ -	\$ 62,048	\$ -	\$ -
Charges for services	13,825	-	-	-	13,825	-	-
Interest and rent	2,439	3,045	44	4,767	10,295	4,172	128
Other	-	33,921	-	1,855	35,776	-	-
Total Revenues	<u>38,312</u>	<u>76,966</u>	<u>44</u>	<u>6,622</u>	<u>121,944</u>	<u>4,172</u>	<u>128</u>
Expenditures:							
Current:							
General government	44,998	-	-	-	44,998	-	-
Public safety	-	99,433	-	-	99,433	-	-
Debt service:							
Principal retirement	-	-	-	-	-	75,000	30,000
Interest and fiscal charges	-	-	-	-	-	17,437	14,773
Total Expenditures	<u>44,998</u>	<u>99,433</u>	<u>-</u>	<u>-</u>	<u>144,431</u>	<u>92,437</u>	<u>44,773</u>
Excess of Revenues Over (Under) Expenditures	<u>(6,686)</u>	<u>(22,467)</u>	<u>44</u>	<u>6,622</u>	<u>(22,487)</u>	<u>(88,265)</u>	<u>(44,645)</u>
Other Financing Sources (Uses):							
Transfers in	-	25,000	-	-	25,000	92,438	44,773
Transfers out	-	-	-	(23,638)	(23,638)	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>25,000</u>	<u>-</u>	<u>(23,638)</u>	<u>1,362</u>	<u>92,438</u>	<u>44,773</u>
Net Change in Fund Balances	<u>(6,686)</u>	<u>2,533</u>	<u>44</u>	<u>(17,016)</u>	<u>(21,125)</u>	<u>4,173</u>	<u>128</u>
Fund Balances - July 1	<u>69,500</u>	<u>33,858</u>	<u>795</u>	<u>103,554</u>	<u>207,707</u>	<u>15,893</u>	<u>2,305</u>
Fund Balances - June 30	<u>\$ 62,814</u>	<u>\$ 36,391</u>	<u>\$ 839</u>	<u>\$ 86,538</u>	<u>\$ 186,582</u>	<u>\$ 20,066</u>	<u>\$ 2,433</u>

Service Funds		Capital Projects Funds			Permanent Fund	Total Nonmajor Governmental Funds
2006 Capital Improvement Bonds	Total	Capital Project	Capital Project - Future Land	Total	Cemetery Trust	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 62,048
-	-	-	-	-	-	13,825
2,731	7,031	35	2,013	2,048	162	19,536
<u>29,133</u>	<u>29,133</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>64,909</u>
<u>31,864</u>	<u>36,164</u>	<u>35</u>	<u>2,013</u>	<u>2,048</u>	<u>162</u>	<u>160,318</u>
12,838	12,838	-	-	-	-	57,836
-	-	-	-	-	-	99,433
43,532	148,532	-	-	-	-	148,532
<u>83,851</u>	<u>116,061</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>116,061</u>
<u>140,221</u>	<u>277,431</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>421,862</u>
<u>(108,357)</u>	<u>(241,267)</u>	<u>35</u>	<u>2,013</u>	<u>2,048</u>	<u>162</u>	<u>(261,544)</u>
128,585	265,796	-	5,000	5,000	-	295,796
-	-	-	-	-	-	(23,638)
<u>128,585</u>	<u>265,796</u>	<u>-</u>	<u>5,000</u>	<u>5,000</u>	<u>-</u>	<u>272,158</u>
20,228	24,529	35	7,013	7,048	162	10,614
<u>4,856</u>	<u>23,054</u>	<u>626</u>	<u>41,956</u>	<u>42,582</u>	<u>6,315</u>	<u>279,658</u>
<u>\$ 25,084</u>	<u>\$ 47,583</u>	<u>\$ 661</u>	<u>\$ 48,969</u>	<u>\$ 49,630</u>	<u>\$ 6,477</u>	<u>\$ 290,272</u>

Supplemental Data

Discretely Presented Component Unit

General Fund

The General Fund is the Downtown Development Authority's primary operating fund. It accounts for all financial resources of the Authority, except those required to be accounted for in another fund.

Debt Service Funds

Debt Service Funds of the Downtown Development Authority account for resources accumulated and payment made for principal and interest on long-term debt of the Authority.

Capital Projects Funds

The Capital Projects Fund of the Downtown Development Authority accounts for resources accumulated for the acquisition or construction of specific capital projects or items.

City of Coopersville
 COMPONENT UNIT - DOWNTOWN DEVELOPMENT AUTHORITY
 COMBINING BALANCE SHEET
 June 30, 2007

ASSETS	General	1995 DDA Debt Fund	1996 DDA Debt Fund	1998 DDA Debt Fund	DDA Construction	Totals
Cash and investments	<u>\$ 122,513</u>	<u>\$ 297</u>	<u>\$ -</u>	<u>\$ 14,245</u>	<u>\$ 54,479</u>	<u>\$ 191,534</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 3,741	\$ -	\$ -	\$ -	\$ -	\$ 3,741
Fund Balances:						
Unreserved	<u>118,772</u>	<u>297</u>	<u>-</u>	<u>14,245</u>	<u>54,479</u>	187,793
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 122,513</u>	<u>\$ 297</u>	<u>\$ -</u>	<u>\$ 14,245</u>	<u>\$ 54,479</u>	

Amounts reported for the Component Unit in the statement of net assets are different because:

Interest accrued on outstanding bonds payable is not reported in the funds	(7,990)
Long term liabilities are not due and payable in the current period and are not reported in the funds	<u>(915,000)</u>
Net Assets (Deficit) of the Component Unit	<u>\$ (735,197)</u>

City of Coopersville
 COMPONENT UNIT - DOWNTOWN DEVELOPMENT AUTHORITY
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 Year Ended June 30, 2007

	General	1995 DDA Debt Fund	1996 DDA Debt Fund	1998 DDA Debt Fund	DDA Construction	Totals
Revenues:						
Taxes	\$ 395,012	\$ -	\$ -	\$ -	\$ -	\$ 395,012
Charges for services	11,428	-	-	-	-	11,428
Interest	13,664	15	-	748	1,866	16,293
Total Revenues	420,104	15	-	748	1,866	422,733
Expenditures:						
Current:						
Community and economic development	152,917	-	-	-	-	152,917
Debt Service:						
Principal retirement	-	-	75,000	65,000	-	140,000
Interest and fiscal charges	-	-	25,030	30,335	-	55,365
Total Expenditures	152,917	-	100,030	95,335	-	348,282
Excess of Revenues Over (Under) Expenditures	267,187	15	(100,030)	(94,587)	1,866	72,585
Other Financing Sources (Uses):						
Transfers in	-	-	100,030	95,335	35,000	230,365
Transfers out	(230,365)	-	-	-	-	(230,365)
Total Other Financing Sources (Uses)	(230,365)	-	100,030	95,335	35,000	-
Net Change in Fund Balances	36,822	15	-	748	36,866	74,451
Fund Balances, July 1	81,950	282	-	13,497	17,613	
Fund Balances, June 30	\$ 118,772	\$ 297	\$ -	\$ 14,245	\$ 54,479	

Amounts reported for the Component Unit's activities in the statement of activities are different because:

In the statement of activities, interest is accrued on outstanding bonds payable, whereas in governmental funds, an interest expenditure is reported when due 1,200

Repayments of bonds payable principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets 140,000

Change in Net Assets of the Component Unit \$ 215,651



October 1, 2007

City Council
City of Coopersville, Michigan

In planning and performing our audit of the financial statements of the governmental activities, business-type activities, the discreetly presented component unit, each major fund, and the remaining aggregate fund information of the City of Coopersville as of and for the year ended June 30, 2007, in accordance with auditing standards generally accepted in the United States of America, we considered the City of Coopersville's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies and other deficiencies that we consider to be material weaknesses.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entities internal control. We believe the following deficiencies to be material weaknesses.

- 1. Preparation of Financial Statements in Accordance with Generally Accepted Accounting Principles (GAAP)** – The City of Coopersville lacks adequate controls to prepare year-end full disclosure financial statements, including the related footnotes and government-wide (GASB 34) statements. The City has limited expertise in the preparation of year-end financial statements and relies on the auditors to draft the annual financial statements including related disclosures. Because of this lack of internal expertise and because the auditor cannot be part of the City's control environment, there exists a likelihood that a misstatement that is more than inconsequential to the financial statements will not be prevented or detected by the City's internal control.
- 2. Fixed Asset Accounting** - The City lacks controls and procedures to identify property and equipment acquired and constructed during the year that is subject to capitalization in accordance with the City's fixed asset capitalization policy. It is necessary for the auditor to propose adjustments to properly reflect this activity.
- 3. Investments** - The City's treasurer/finance director has the authority to invest City funds without significant oversight. The treasurer/finance director is also responsible for making all accounting entries relating to investment activity. This results in the danger that intentional or unintentional errors could be made and not detected

This communication is intended solely for the information and use of management, the City Council, and others in the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Kiekover, Scholma & Shumaker, PC