

City of Riverview, Michigan

**Financial Report
with Supplemental Information
June 30, 2016**

City of Riverview, Michigan

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Independent Auditor's Report

To the City Council
City of Riverview, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of the 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 Riverview, Michigan (the "City") as of and for the year ended June 30, 2016 and the related notes to the financial statements, which collectively comprise the City of Riverview, Michigan's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the 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 Riverview, Michigan as of June 30, 2016 and the respective changes in its financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the City Council
City of Riverview, Michigan

Other Matters

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplemental information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Riverview, Michigan's basic financial statements. The other supplemental information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

The other supplemental information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplemental information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Plante & Moran, PLLC

December 14, 2016

City of Riverview, Michigan

Management's Discussion and Analysis

Overview of the Financial Statements

The City of Riverview, Michigan's (the "City") 2016 annual financial report is presented in conformity with the requirements of GASB Statement No. 34, as it was in 2015. This annual report consists of four parts - management's discussion and analysis, the basic financial statements, required supplemental information, and other supplemental information. The basic financial statements include two kinds of statements that present different views of the City. The first two statements are government-wide financial statements that provide both short-term and long-term information about the City's status. The remaining statements are fund financial statements that focus on individual parts of the City's operations.

Government-wide Statements

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private sector companies. The statement of net position includes all of the City's assets and liabilities. All of the current year's revenue and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the City's net position and how it has changed. Net position, the difference between the City's assets and liabilities, is one way to measure the City's financial health.

The government-wide financial statements of the City are divided into three categories:

Governmental Activities - Most of the City's basic services are included here, such as police, fire, public works, recreation departments, and general administration. Property taxes, state-shared revenue, charges for services, grants, and transfers provide much of the funding.

Business-type Activities - The City charges fees to customers to help it cover the costs of certain services it provides. The City's water and sewer system, golf course, golf practice facility, and land preserve are all included here.

Component Unit - The City includes the Economic Development Corporation in its report.

Fund Financial Statements

The fund financial statements provide more detailed information about the City's most significant funds - not the City as a whole. Funds are accounting tools that the City uses to keep track of specific sources of funding and spending for particular purposes. Some funds are required by state law and bond covenants. The City Council establishes other funds to control and manage money for particular purposes.

Governmental Funds - Most of the City's basic services are included in governmental funds, which focus on how cash and other financial assets that can be converted to cash flow in and out, and the balance left at year end that is available for spending. The governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

City of Riverview, Michigan

Management's Discussion and Analysis (Continued)

Proprietary Funds - Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary fund reporting, like government-wide statements, provides both short- and long-term financial information.

Fiduciary Funds - The City is responsible for ensuring that the assets in these funds are used for their intended purposes. We exclude these activities from the government-wide financial statements because the City cannot use these assets to finance its operations.

Financial Highlights

The financial report for the year ended June 30, 2016 reflects complete implementation of Governmental Accounting Standards Board Statement No. 34, which significantly changed the content and format of municipal financial reporting. Accordingly, these statements present both entity-wide financial reporting for all governmental and business-type activities in addition to reporting financial information at the fund level. A reconciliation of the net change in fund balance to the change in net position is provided on page 17.

Assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the end of the fiscal year by \$52,619,594 (net position), a decrease of \$29,687 from the previous year. Unrestricted net position, the portion of net position that can be used to finance day-to-day operations, for the City as a whole stands at a deficit of \$18,317,159.

During the fiscal year ended June 30, 2011, the City implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund-type Definitions*. Under this new statement, the General Fund, the Library Fund, the Cable Fund, and the Rubbish Fund were combined for reporting purposes and named the General Fund. These funds were combined because their primary sources of revenue are unrestricted.

The General Fund (combined basis) reported expenditures in excess of revenue (excluding other financing sources and uses) of \$1,573,400. The Land Preserve Fund transferred \$1,691,821 to the General Fund (combined basis) and the General Fund transferred \$50,000 to other funds. The resulting impact is an increase in the General Fund (combined basis) fund balance to \$1,282,564. Of this amount, \$313,501 or 3.3 percent of General Fund (combined basis) expenditures, is unassigned.

City of Riverview, Michigan

Management's Discussion and Analysis (Continued)

The City as a Whole

The City's combined net position is \$52.6 million at June 30, 2016. Business-type activities make up \$41.1 million and governmental activities make up \$11.5 million of the total. The following table shows, in a condensed format, the net position as of June 30, 2016 and compared to the prior year:

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Assets						
Current assets	\$ 5.8	\$ 5.5	\$ 8.2	\$ 4.9	\$ 14.0	\$ 10.4
Noncurrent assets	<u>32.8</u>	<u>33.3</u>	<u>85.8</u>	<u>82.7</u>	<u>118.6</u>	<u>116.0</u>
Total assets	38.6	38.8	94.0	87.6	132.6	126.4
Deferred Outflows of Resources	1.5	0.3	0.7	0.2	2.2	0.5
Liabilities						
Current liabilities	2.9	1.4	3.7	2.1	6.6	3.5
Long-term liabilities	<u>25.4</u>	<u>22.6</u>	<u>49.8</u>	<u>48.2</u>	<u>75.2</u>	<u>70.8</u>
Total liabilities	28.3	24.0	53.5	50.3	81.8	74.3
Deferred Inflows of Resources	<u>0.3</u>	-	<u>0.1</u>	-	<u>0.4</u>	-
Net Position						
Net investment in capital assests	24.5	25.3	36.6	34.8	61.1	60.1
Restricted	1.5	1.7	8.3	6.8	9.8	8.5
Unrestricted	<u>(14.5)</u>	<u>(11.9)</u>	<u>(3.8)</u>	<u>(4.1)</u>	<u>(18.3)</u>	<u>(16.0)</u>
Total net position	<u>\$ 11.5</u>	<u>\$ 15.1</u>	<u>\$ 41.1</u>	<u>\$ 37.5</u>	<u>\$ 52.6</u>	<u>\$ 52.6</u>

As noted earlier, the City's assets and deferred outflows exceed its liabilities and deferred inflows at the end of the fiscal year by \$52.6 million (net position). However, a significant portion of the City's net position represents its investment in capital assets (e.g., land, roads, infrastructure, buildings, and equipment), less any related debt used to acquire or construct these assets. The City uses these assets in providing services to its citizens; thus, these assets are not available for future spending.

Total assets have increased by approximately \$6.2 million from the prior year while current liabilities have increased by \$3.1 million and long-term liabilities have increased by \$4.4 million.

City of Riverview, Michigan

Management's Discussion and Analysis (Continued)

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenue						
Program revenue:						
Charges for services	\$ 0.9	\$ 1.3	\$ 19.0	\$ 19.6	\$ 19.9	\$ 20.9
Operating grants	1.0	1.4	-	0.3	1.0	1.7
Capital grants	-	0.3	0.4	-	0.4	0.3
General revenue:						
Property taxes	5.2	5.0	0.6	1.1	5.8	6.1
State-shared revenue	1.2	1.2	-	-	1.2	1.2
Cable, franchise, and right-of-way fees	0.4	0.4	-	-	0.4	0.4
Investment earnings	-	-	1.5	0.6	1.5	0.6
Other revenue	0.3	0.4	-	-	0.3	0.4
Gain on sale of capital assets	-	-	0.1	-	0.1	-
Transfers	0.4	1.7	(0.4)	(1.7)	-	-
Total revenue	9.4	11.7	21.2	19.9	30.6	31.6
Program Expenses						
General government	2.6	2.7	-	-	2.6	2.7
Public safety	6.6	6.2	-	-	6.6	6.2
Public works	2.3	2.5	-	-	2.3	2.5
Community and economic development	0.3	0.5	-	-	0.3	0.5
Recreation and cultural	1.0	0.8	-	-	1.0	0.8
Interest on long-term debt	0.2	0.3	-	-	0.2	0.3
Water and sewer	-	-	5.8	4.5	5.8	4.5
Land preserve	-	-	10.4	11.1	10.4	11.1
Golf course	-	-	1.2	1.4	1.2	1.4
Golf practice	-	-	0.2	0.2	0.2	0.2
Total program expenses	13.0	13.0	17.6	17.2	30.6	30.2
Change in Net Position	(3.6)	(1.3)	3.6	2.7	-	1.4
Net Position - Beginning of year	15.1	16.4	37.5	34.8	52.6	51.2
Net Position - End of year	<u>\$ 11.5</u>	<u>\$ 15.1</u>	<u>\$ 41.1</u>	<u>\$ 37.5</u>	<u>\$ 52.6</u>	<u>\$ 52.6</u>

Property taxes increased slightly for the City as a whole due to the City's operating tax levy remaining unchanged from the prior year, and there was a 2 percent increase in the total taxable value of the City.

Governmental expenses have not changed considerably as compared to last year, primarily due to continued reductions in staffing, as well as slight reductions in healthcare and pension costs. The City has been aggressively moving new employees to defined contribution retirement plans, as opposed to the defined benefit plans.

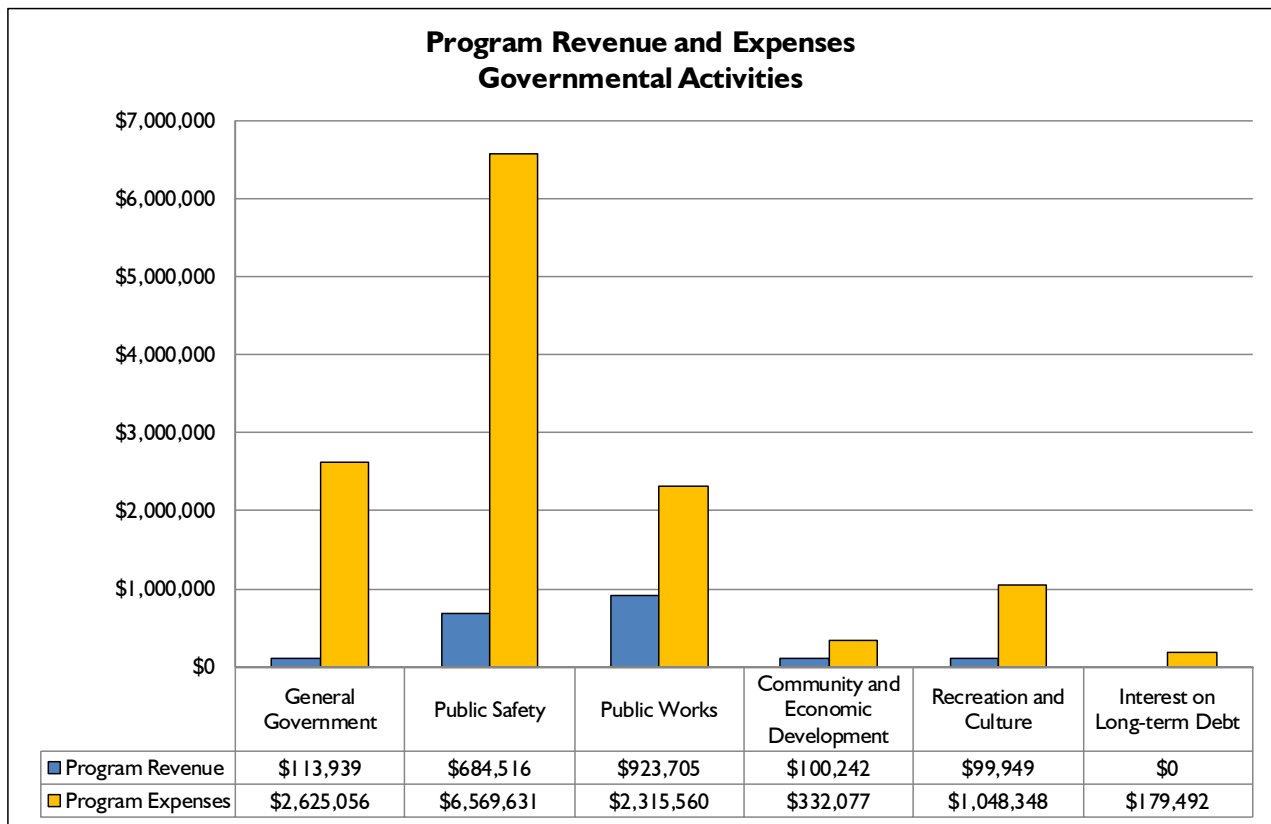
Land preserve expenses have decreased \$0.7 million compared to last year, primarily due to reduced closure costs.

City of Riverview, Michigan

Management's Discussion and Analysis (Continued)

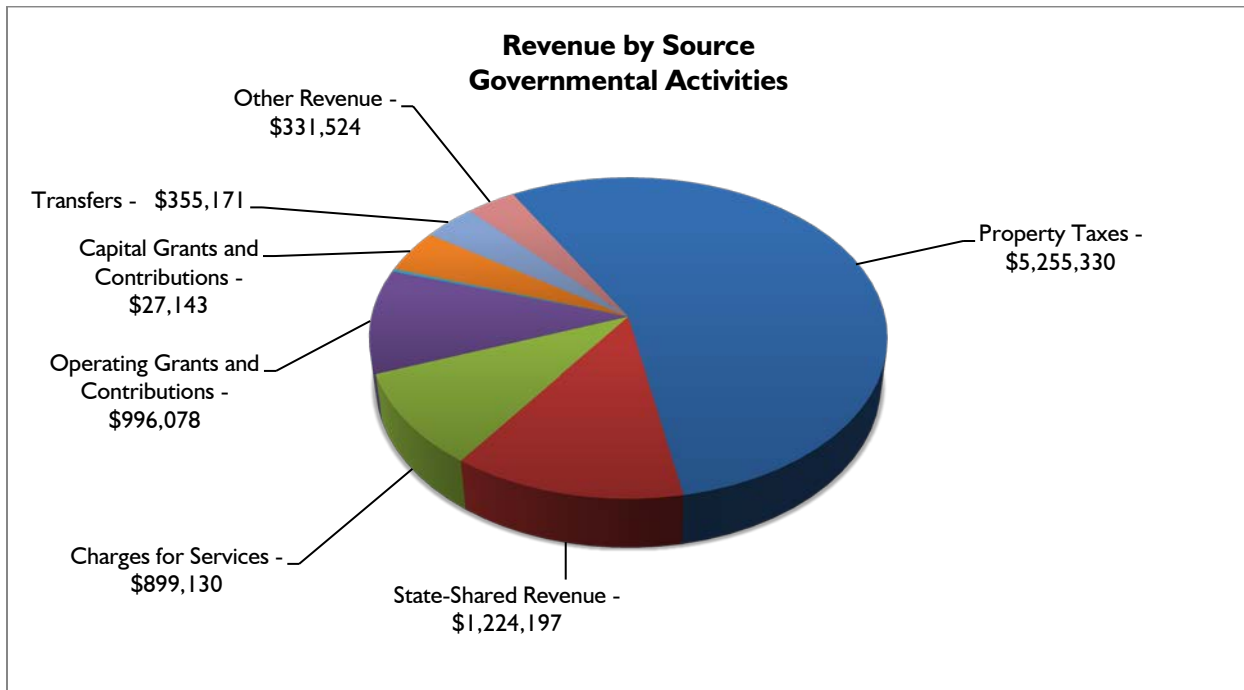
Governmental Activities

For the year ended June 30, 2016, revenue for the City's governmental activities totaled \$9.4 million, a decrease of \$2.3 million from 2015. Property taxes increased slightly, while operating transfers from enterprise funds decreased by \$1.3 million from 2015. State-shared revenue remained relatively flat at \$1.2 million. This revenue continues to be a concern as to future funding levels as the State of Michigan revises its method of distributing funds to the municipalities and looks for ways to fund other priorities such as transportation funding.



City of Riverview, Michigan

Management's Discussion and Analysis (Continued)



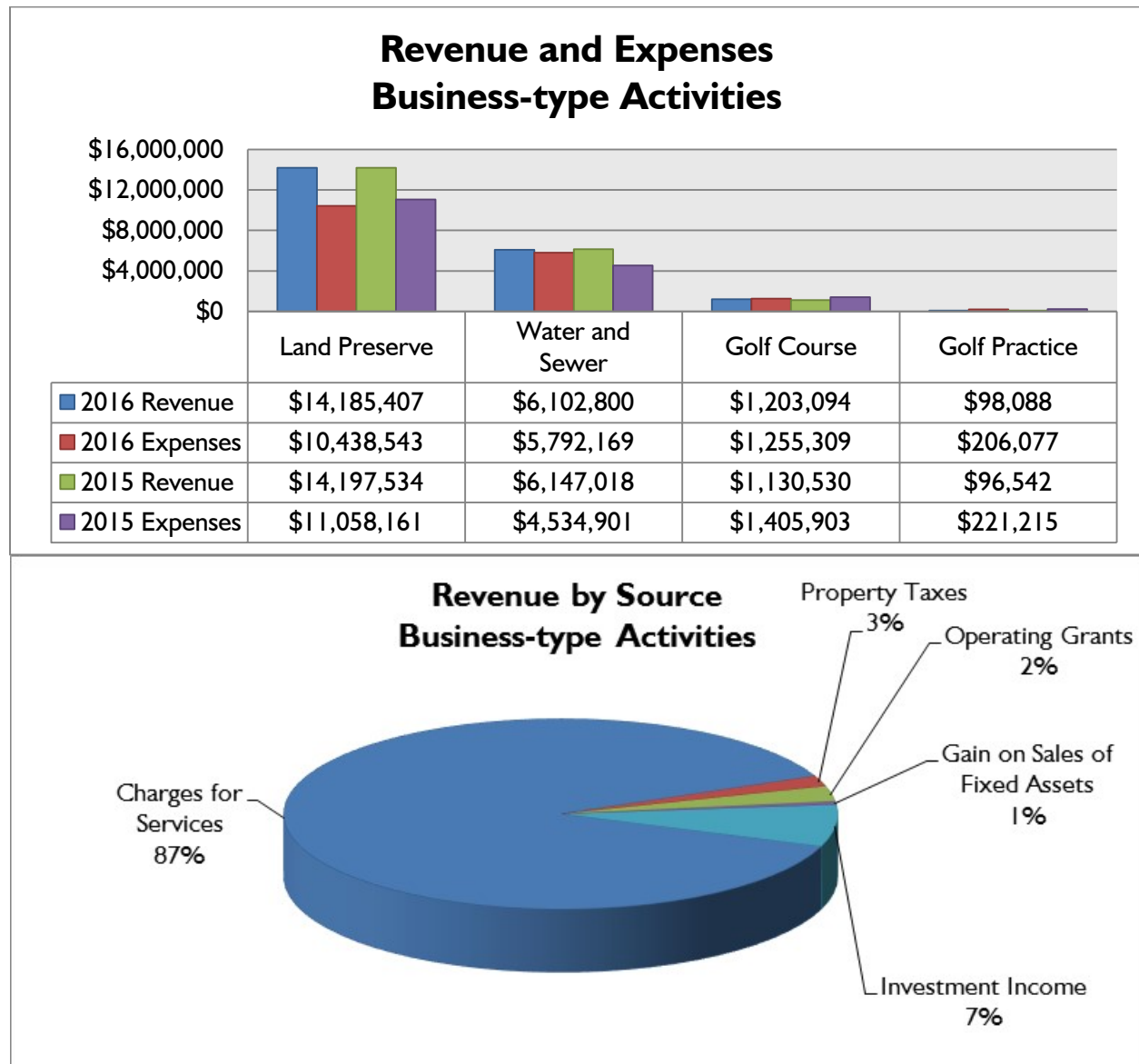
Business-type Activities

The City has four business-type activities: the water and sewer system, the golf course, the golf practice facility, and the land preserve. In total, these four activities generated \$19.0 million in charges for services and incurred \$18.0 million in expenses and transfers out in 2016, compared to \$19.6 million in charges for services and \$18.9 million in expenses and transfers out for 2015. The business-type activities net position increased \$3.6 million to \$41.1 million in 2016.

In addition, general revenue for business-type activities was approximately \$2.1 million in 2016, compared to \$1.7 million in 2015. Investment income went from \$0.6 million in 2015 to \$1.5 million in 2016; this was primarily due to slight increases in market values on long-term investments at the land preserve. Property tax revenue was \$0.6 million for 2016, compared to \$1.1 million in 2015; these property taxes are used to make payments on debt incurred for the sewer system improvements and decreased due to a reduction in debt service payments to be made.

City of Riverview, Michigan

Management's Discussion and Analysis (Continued)



At the end of fiscal year 2016, the City has \$183 million invested, before depreciation, in a wide range of capital assets, including land, building, public safety equipment, computer equipment, and water and sewer lines.

Debt of \$8.1 million, related to the construction and acquisition of the above-mentioned capital assets is reported as a liability in the governmental activities in the statement of net position.

Debt related to the water and sewer system and land preserve totaling \$6.4 million is recorded as a liability in the business-type activities in the statement of net position. This debt represents improvements at the Wyandotte wastewater treatment plant that were mandated by a federal consent decree.

City of Riverview, Michigan

Management's Discussion and Analysis (Continued)

Long-term debt obligations for the land preserve totaling \$1.6 million are recorded as a liability in the business-type activities in the statement of net position. The majority of this debt represents installment-type loans whose proceeds were used to purchase equipment for the land preserve.

The City's Funds

The fund financial statements begin on page 16 and provide detailed information on the most significant governmental funds - not the City as a whole. The City Council creates funds to help manage money for special purposes, as well as to show accountability for certain activities, such as special property tax millages. The City's major governmental funds for 2016 include the General Fund (combined basis) and the Major and Local Streets Funds.

The City's governmental funds reported a combined fund balance of \$3.5 million for this year, a decrease of \$6.4 million over 2015. Of that total reduction, \$6.3 million relates to the planned use of debt proceeds out of the Street and Water Main Repair Fund. General Fund fund balance increased by \$68,421.

In addition, the Major Streets Fund fund balance increased by \$64,090 and the Local Streets Fund fund balance decreased by \$82,757. The two funds spent a combined \$5.8 million in 2016. The Local Street Funds received a transfer of debt proceeds from the Street and Water Main Repair Fund of \$4.7 million. Property tax revenue for the Local Streets Fund continue to be flat.

General Fund Budgetary Highlights

Revenue for the General Fund increased from the original budget to the final budget by \$236,000, primarily due to an increase in the reimbursement from the Local Community Stabilization Authority for lost personal property tax revenue. Actual revenue was approximately \$45,000 below the final budget amounts; this was primarily due to a budgeted parks grant that was not received during the year.

Expenditures increased from the original budget to the final budget by approximately \$165,000, spread across several activities. Actual expenses were approximately \$1.3 million below the final budget, primarily due to lower staffing than was budgeted due to open positions, along with lower pension costs for the General Fund.

City of Riverview, Michigan

Management's Discussion and Analysis (Continued)

Current Economic Conditions

The City continues to maintain positive fund balances in each of its funds. However, concerns arise when considering the revenue and expenses that the City is facing in upcoming years. The major sources of revenue for the City are property taxes, state-shared revenue, and charges for services. These sources have certain limitations outside of the City's control - taxable value of property in the City is expected to remain flat, resulting in property tax revenue staying at a level amount; the State of Michigan has experienced budget deficits and has reduced revenue-sharing payments to local governments to help in reducing their deficit; and the economy has restricted the City in what it can charge its customers. In comparison, certain expenses continue to rise at a rate higher than inflation (i.e., health care). We are continuing to plan for the long term and will continue to balance the budgets through controls over spending, while still providing the City's residents with the same level of service to which they have become accustomed.

Contacting the City's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City manager at the City of Riverview, 14100 Civic Park Drive, Riverview, MI 48193.

City of Riverview, Michigan

Statement of Net Position June 30, 2016

	Primary Government			Component Unit - Economic Development Corporation
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and investments (Note 3)	\$ 4,032,444	\$ 5,633,621	\$ 9,666,065	\$ 13,355
Receivables:				
Property taxes receivable	9,129	-	9,129	-
Customer sales	-	2,656,321	2,656,321	-
Other receivables	531,631	12,881	544,512	-
Due from other governmental units	536,557	-	536,557	-
Internal balances	214,869	(214,869)	-	-
Inventory	-	26,543	26,543	-
Prepaid expenses and other assets	85,163	129,030	214,193	-
Restricted assets (Note 5)	1,455,578	41,264,869	42,720,447	-
Deposits	361,777	-	361,777	-
Capital assets (Note 6):				
Assets not subject to depreciation	17,566,965	7,361,271	24,928,236	-
Assets subject to depreciation	13,765,811	37,183,574	50,949,385	-
Total assets	38,559,924	94,053,241	132,613,165	13,355
Deferred Outflows of Resources -				
Pension (Note 10)	1,542,787	684,838	2,227,625	-
Liabilities				
Accounts payable	2,219,969	3,487,474	5,707,443	-
Accrued liabilities and other	666,146	206,339	872,485	-
Noncurrent liabilities:				
Due within one year:				
Accounts payable from restricted assets	-	610,843	610,843	-
Provision for claims (Note 9)	173,500	-	173,500	-
Current portion of long-term debt (Note 7)	728,755	1,516,085	2,244,840	-
Due in more than one year:				
Compensated absences (Note 7)	529,372	7,443	536,815	-
Landfill closure and postclosure (Note 5)	-	32,553,483	32,553,483	-
Net OPEB obligation (Note 11)	11,337,295	6,347,435	17,684,730	-
Net pension liability (Note 10)	5,065,840	2,248,710	7,314,550	-
Long-term debt (Note 7)	7,568,074	6,554,712	14,122,786	-
Total liabilities	28,288,951	53,532,524	81,821,475	-
Deferred Inflows of Resources -				
Pension (Note 10)	276,835	122,886	399,721	-

City of Riverview, Michigan

Statement of Net Position (Continued) June 30, 2016

	Primary Government			Component Unit - Economic Development Corporation
	Governmental Activities	Business-type Activities	Total	
Net Position				
Net investment in capital assets	\$ 24,491,525	\$ 36,573,857	\$ 61,065,382	\$ -
Restricted for:				
Streets	1,123,102	-	1,123,102	-
Land preserve closure and postclosure costs	-	7,022,915	7,022,915	-
Community development	61,998	-	61,998	-
Drug forfeiture	380,937	-	380,937	-
Water and Sewer debt service	-	1,282,419	1,282,419	-
Unrestricted	<u>(14,520,637)</u>	<u>(3,796,522)</u>	<u>(18,317,159)</u>	<u>13,355</u>
Total net position	<u>\$ 11,536,925</u>	<u>\$ 41,082,669</u>	<u>\$ 52,619,594</u>	<u>\$ 13,355</u>

City of Riverview, Michigan

Functions/Programs	Program Revenue			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 2,625,056	\$ 113,939	\$ -	\$ -
Public safety	6,569,631	613,592	64,253	6,671
Public works	2,315,560	63,212	840,021	20,472
Community and economic development	332,077	8,438	91,804	-
Recreation and culture	1,048,348	99,949	-	-
Interest on long-term debt	179,492	-	-	-
Total governmental activities	13,070,164	899,130	996,078	27,143
Business-type activities:				
Water and sewer	5,792,169	4,949,060	-	390,060
Land preserve	10,438,543	12,729,230	-	-
Golf course	1,255,309	1,204,997	-	-
Golf practice	206,077	97,266	-	-
Total business-type activities	17,692,098	18,980,553	-	390,060
Total primary government	<u>\$ 30,762,262</u>	<u>\$ 19,879,683</u>	<u>\$ 996,078</u>	<u>\$ 417,203</u>
Total component unit - Economic development corporation	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
General revenue:				
Property taxes				
State-shared revenue				
Investment income				
Cable franchise fees				
Other miscellaneous income				
Gain on sale of fixed assets				
Total general revenue				
Transfers				
Change in Net Position				
Net Position - Beginning of year				
Net Position - End of year				

**Statement of Activities
Year Ended June 30, 2016**

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit - Economic Development Corporation
Governmental Activities	Business-type Activities	Total	
\$ (2,511,117)	\$ -	\$ (2,511,117)	\$ -
(5,885,115)	-	(5,885,115)	-
(1,391,855)	-	(1,391,855)	-
(231,835)	-	(231,835)	-
(948,399)	-	(948,399)	-
(179,492)	-	(179,492)	-
(11,147,813)	-	(11,147,813)	-
-	(453,049)	(453,049)	-
-	2,290,687	2,290,687	-
-	(50,312)	(50,312)	-
-	(108,811)	(108,811)	-
-	1,678,515	1,678,515	-
(11,147,813)	1,678,515	(9,469,298)	-
-	-	-	-
5,255,330	558,889	5,814,219	-
1,224,197	-	1,224,197	-
5,353	1,534,587	1,539,940	490
409,784	-	409,784	-
326,171	-	326,171	-
-	125,300	125,300	-
7,220,835	2,218,776	9,439,611	490
355,171	(355,171)	-	-
(3,571,807)	3,542,120	(29,687)	490
15,108,732	37,540,549	52,649,281	12,865
\$ 11,536,925	\$ 41,082,669	\$ 52,619,594	\$ 13,355

City of Riverview, Michigan

Governmental Funds Balance Sheet June 30, 2016

	General Fund	Major Streets Fund	Local Streets Fund	Nonmajor Funds	Total
Assets					
Cash and investments (Note 3)	\$ 2,000,968	\$ 363,380	\$ 871,665	\$ 556,510	\$ 3,792,523
Receivables:					
Property taxes receivable	7,405	-	712	1,012	9,129
Other receivables	417,997	-	113,634	-	531,631
Due from other governmental units	291,857	80,191	61,057	103,452	536,557
Due from other funds (Note 4)	108,866	-	982,085	294,795	1,385,746
Advances to other funds (Note 4)	605,880	-	-	-	605,880
Prepaid expenses	39,194	-	-	215	39,409
Restricted assets	-	-	-	1,455,578	1,455,578
Total assets	\$ 3,472,167	\$ 443,571	\$ 2,029,153	\$ 2,411,562	\$ 8,356,453
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities					
Accounts payable	\$ 749,670	\$ 6,420	\$ 1,343,137	\$ 96,458	\$ 2,195,685
Due to other funds (Note 4)	808,990	-	-	1,162,129	1,971,119
Accrued liabilities and other	630,943	-	65	-	631,008
Total liabilities	2,189,603	6,420	1,343,202	1,258,587	4,797,812
Deferred Inflows of Resources -					
Unavailable revenue	-	-	-	103,028	103,028
Fund Balances					
Nonspendable:					
Prepays	39,194	-	-	215	39,409
Advances to funds	605,880	-	-	-	605,880
Restricted:					
Roads	-	437,151	685,951	-	1,123,102
Police	-	-	-	380,722	380,722
Capital projects (unspent bond proceeds)	-	-	-	477,273	477,273
Assigned:					
Cable	235,709	-	-	-	235,709
Library	23,666	-	-	-	23,666
Debt service	-	-	-	125,754	125,754
Capital projects	-	-	-	107,013	107,013
Rubbish	64,614	-	-	-	64,614
Unassigned	313,501	-	-	(41,030)	272,471
Total fund balances	1,282,564	437,151	685,951	1,049,947	3,455,613
Total liabilities, deferred inflows of resources, and fund balances	\$ 3,472,167	\$ 443,571	\$ 2,029,153	\$ 2,411,562	\$ 8,356,453

City of Riverview, Michigan

Governmental Funds Reconciliation of the Balance Sheet to the Statement of Net Position June 30, 2016

Fund Balance Reported in Governmental Funds	\$ 3,455,613
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds	31,332,776
The net OPEB obligation is not due and payable in the current period and is not reported in the funds	(11,337,295)
Grants and other receivables that are collected after year end, such that they are not available to pay bills outstanding as of year end, are not recognized in the funds	103,028
Bonds payable and capital lease obligations are not due and payable in the current period and are not reported in the funds	(8,296,829)
Accrued interest is not due and payable in the current period and is not reported in the funds	(35,138)
Employee compensated absences are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities	(529,372)
Net pension liabilities and related deferred inflows and outflows are not due and payable in the current period and are not reported in the funds	(3,799,888)
Internal service funds are included as part of governmental activities	<u>644,030</u>
Net Position of Governmental Activities	<u>\$ 11,536,925</u>

City of Riverview, Michigan

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances

Year Ended June 30, 2016

	General Fund	Major Streets Fund	Local Streets Fund	Nonmajor Funds	Total
Revenue					
Property taxes	\$ 4,836,219	\$ -	\$ 224,947	\$ 194,164	\$ 5,255,330
Licenses and permits	240,521	-	-	-	240,521
Federal grants	-	-	-	103,998	103,998
State sources	1,256,118	487,618	356,731	42,953	2,143,420
Charges for services	706,077	-	-	-	706,077
Fines and forfeitures	110,766	-	-	-	110,766
Investment (loss) income	(1,455)	47	295	6,456	5,343
Charges and other revenue:					
Cable franchise fees	409,784	-	-	-	409,784
Other miscellaneous income	247,109	-	-	46,633	293,742
Total revenue	7,805,139	487,665	581,973	394,204	9,268,981
Expenditures					
Current:					
General government	1,348,872	-	-	-	1,348,872
Public safety	5,321,259	-	-	140,497	5,461,756
Public works	1,645,556	265,100	5,491,458	-	7,402,114
Community and economic development	171,665	-	-	155,695	327,360
Recreation and culture	891,187	-	-	-	891,187
Capital outlay	-	-	-	704,968	704,968
Debt service	-	-	-	263,043	263,043
Total expenditures	9,378,539	265,100	5,491,458	1,264,203	16,399,300
Excess of Revenue (Under) Over Expenditures	(1,573,400)	222,565	(4,909,485)	(869,999)	(7,130,319)
Other Financing Sources (Uses)					
Proceeds from equipment loan	-	-	-	391,052	391,052
Transfers in (Note 4)	1,691,821	-	4,826,728	326,156	6,844,705
Transfers out (Note 4)	(50,000)	(158,475)	-	(6,281,059)	(6,489,534)
Total other financing sources (uses)	1,641,821	(158,475)	4,826,728	(5,563,851)	746,223
Net Change in Fund Balances	68,421	64,090	(82,757)	(6,433,850)	(6,384,096)
Fund Balances - Beginning of year	1,214,143	373,061	768,708	7,483,797	9,839,709
Fund Balances - End of year	\$ 1,282,564	\$ 437,151	\$ 685,951	\$ 1,049,947	\$ 3,455,613

City of Riverview, Michigan

Governmental Funds Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended June 30, 2016

Net Change in Fund Balances - Total Governmental Funds \$ (6,384,096)

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

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

Capital outlay	6,554,947
Depreciation expense	(1,774,130)

Certain revenue from federal sources is deferred and will be recognized as revenue in the fund statements in future years	52,542
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Other postemployment benefit obligation is recognized in the statement of activities, but not in the governmental funds	(1,546,574)
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Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)	63,235
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Proceeds received from a bond issuance is revenue in the governmental funds, but recorded as debt on the government-wide statements	(391,052)
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Interest expense is recorded when incurred in the statement of activities	20,316
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Decrease in accumulated employee sick and vacation pay is recorded when paid in the governmental funds	4,304
--	-------

The change in net pension liability and deferred inflows and outflows related to pension amounts does not require the use of current resources and is not reported in the governmental funds	35,064
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Internal service funds are included as part of governmental activities	<u>(206,363)</u>
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Change in Net Position of Governmental Activities \$ (3,571,807)

City of Riverview, Michigan

Proprietary Funds Statement of Net Position June 30, 2016

	Enterprise Funds				Governmental Activities
	Water and Sewer	Land Preserve	Nonmajor Enterprise	Total	Proprietary Internal Service Fund
Assets					
Current assets:					
Cash and investments (Note 3)	\$ 4,344,433	\$ 1,210,240	\$ 78,948	\$ 5,633,621	\$ 239,921
Receivables:					
Customers	1,060,579	1,595,742	-	2,656,321	-
Other	12,881	-	-	12,881	-
Due from other funds (Note 4)	27,262	697,299	-	724,561	194,362
Inventory	-	-	26,543	26,543	-
Prepaid and other assets	128,205	825	-	129,030	45,754
Deposit	-	-	-	-	361,777
Total current assets	5,573,360	3,504,106	105,491	9,182,957	841,814
Noncurrent assets:					
Restricted assets (Note 5)	1,077,628	40,187,241	-	41,264,869	-
Advances to other funds (Note 4)	-	1,760,706	-	1,760,706	-
Capital assets:					
Assets not subject to depreciation (Note 6)	2,817,287	3,852,083	691,901	7,361,271	-
Assets subject to depreciation (Note 6)	23,447,827	11,474,045	2,261,702	37,183,574	-
Total noncurrent assets	27,342,742	57,274,075	2,953,603	87,570,420	-
Total assets	32,916,102	60,778,181	3,059,094	96,753,377	841,814
Deferred Outflows of Resources -					
Pension (Note 10)	186,495	406,533	91,810	684,838	-
Liabilities					
Current liabilities:					
Accounts payable	1,325,801	2,113,997	47,676	3,487,474	24,284
Due to other funds (Note 4)	148,120	185,430	-	333,550	-
Accrued liabilities and other	106,821	69,096	30,422	206,339	-
Provision for claims (Note 9)	-	-	-	-	173,500
Current portion of bonds payable (Note 7)	1,052,866	404,588	58,631	1,516,085	-
Total current liabilities	2,633,608	2,773,111	136,729	5,543,448	197,784

City of Riverview, Michigan

Proprietary Funds Statement of Net Position (Continued) June 30, 2016

	Enterprise Funds				Governmental Activities
	Water and Sewer	Land Preserve	Nonmajor	Total	Proprietary Internal Service Fund
			Enterprise		
Liabilities (Continued)					
Noncurrent liabilities:					
Advances from other funds (Note 4)	\$ 1,760,706	\$ -	\$ 605,880	\$ 2,366,586	\$ -
Accounts payable from restricted assets	-	610,843	-	610,843	-
Compensated absences (Note 7)	7,443	-	-	7,443	-
Landfill closure and postclosure (Note 5)	-	32,553,483	-	32,553,483	-
Net OPEB obligation (Note 11)	1,484,403	4,116,502	746,530	6,347,435	-
Net pension liability (Note 10)	612,366	1,334,878	301,466	2,248,710	-
Bond payable - Net of current portion (Note 7)	5,340,948	1,213,764	-	6,554,712	-
Total noncurrent liabilities	<u>9,205,866</u>	<u>39,829,470</u>	<u>1,653,876</u>	<u>50,689,212</u>	<u>-</u>
Total liabilities	11,839,474	42,602,581	1,790,605	56,232,660	197,784
Deferred Inflows of Resources - Pension (Note 10)	<u>33,464</u>	<u>72,948</u>	<u>16,474</u>	<u>122,886</u>	<u>-</u>
Net Position					
Net investment in capital assets	19,871,300	13,707,776	2,894,972	36,474,048	-
Restricted:					
Land preserve closure and postclosure costs (Note 5)	-	7,022,915	-	7,022,915	-
Water and sewer debt service (Note 5)	1,077,628	-	-	1,077,628	-
Unrestricted	<u>280,731</u>	<u>(2,221,506)</u>	<u>(1,551,147)</u>	<u>(3,491,922)</u>	<u>644,030</u>
Total net position	<u>\$ 21,229,659</u>	<u>\$ 18,509,185</u>	<u>\$ 1,343,825</u>	<u>\$ 41,082,669</u>	<u>\$ 644,030</u>

City of Riverview, Michigan

Proprietary Funds Statement of Revenue, Expenses, and Changes in Net Position Year Ended June 30, 2016

	Enterprise Funds				Governmental Activities
	Water and Sewer	Land Preserve	Nonmajor Enterprise	Total	Internal Service Funds
Operating Revenue					
Customer billings	\$ 4,938,481	\$ -	\$ -	\$ 4,938,481	\$ -
Greens fees	-	-	844,336	844,336	-
Equipment rental	-	-	231,796	231,796	-
Charges for services	-	-	-	-	1,542,594
Miscellaneous revenue	10,579	409,970	226,131	646,680	-
Rubbish collections	-	12,319,260	-	12,319,260	-
Total operating revenue	4,949,060	12,729,230	1,302,263	18,980,553	1,542,594
Operating Expenses					
Cost of water and sewer	1,569,599	-	-	1,569,599	-
Operations and maintenance	1,632,684	4,524,783	617,853	6,775,320	-
Supplies	14,630	47,601	215,356	277,587	-
Other services and charges	1,128,253	3,857,031	350,199	5,335,483	1,748,967
Depreciation	1,263,772	2,009,016	277,978	3,550,766	-
Total operating expenses	5,608,938	10,438,431	1,461,386	17,508,755	1,748,967
Operating (Loss) Income	(659,878)	2,290,799	(159,123)	1,471,798	(206,373)
Nonoperating Revenue (Expense)					
Property taxes - Sewage disposal system	558,889	-	-	558,889	-
Investment income (loss)	204,791	1,330,877	(1,081)	1,534,587	10
Interest expense	(183,231)	(112)	-	(183,343)	-
Gain on sale of assets	-	125,300	-	125,300	-
Nonoperating grants	390,060	-	-	390,060	-
Total nonoperating revenue (expenses)	970,509	1,456,065	(1,081)	2,425,493	10
Income (Loss) - Before transfers	310,631	3,746,864	(160,204)	3,897,291	(206,363)
Transfers In	1,612,806	-	-	1,612,806	-
Transfers Out	-	(1,967,977)	-	(1,967,977)	-
Change in Net Position	1,923,437	1,778,887	(160,204)	3,542,120	(206,363)
Net Position - Beginning of year	19,306,222	16,730,298	1,504,029	37,540,549	850,393
Net Position - End of year	<u>\$ 21,229,659</u>	<u>\$ 18,509,185</u>	<u>\$ 1,343,825</u>	<u>\$ 41,082,669</u>	<u>\$ 644,030</u>

City of Riverview, Michigan

Proprietary Funds Statement of Cash Flows Year Ended June 30, 2016

	Enterprise Funds				Governmental Activities
	Water and Sewer	Land Preserve	Nonmajor Enterprise	Total	Internal Service Funds
Cash Flows from Operating Activities					
Receipts from customers	\$ 4,897,408	\$ 13,547,456	\$ 1,302,263	\$ 19,747,127	\$ -
Receipts from interfund services and reimbursements	-	-	-	-	1,736,400
Payments to suppliers	(1,484,814)	(3,765,711)	(575,379)	(5,825,904)	-
Payments to employees	(1,350,755)	(3,021,143)	(719,437)	(5,091,335)	-
Internal activity - Payments from other funds	6,483	(511,869)	8,263	(497,123)	-
Claims paid	-	-	-	-	(1,614,731)
Net cash provided by operating activities	2,068,322	6,248,733	15,710	8,332,765	121,669
Cash Flows from Noncapital Financing Activities					
Operating grants and subsidies	390,060	-	-	390,060	-
Net transfers from (to) other funds	1,612,806	(1,967,977)	-	(355,171)	-
Loans received from other funds	800,117	-	107,365	907,482	-
Loans made to other funds	-	(761,891)	-	(761,891)	-
Repayments of loans from other funds	-	(437,974)	-	(437,974)	-
Net cash provided by (used in) noncapital financing activities	2,802,983	(3,167,842)	107,365	(257,494)	-
Cash Flows from Capital and Related Financing Activities					
Proceeds from sales of capital assets	-	125,300	-	125,300	-
Property taxes (restricted for capital or capital debt)	626,340	-	-	626,340	-
Purchase of capital assets	(2,286,820)	(1,477,536)	(43,201)	(3,807,557)	-
Principal and interest paid on capital debt	(518,793)	(119,866)	(93,461)	(732,120)	-
Payment to County for debt service	(870,333)	-	-	(870,333)	-
Net cash used in capital and related financing activities	(3,049,606)	(1,472,102)	(136,662)	(4,658,370)	-
Cash Flows from Investing Activities					
Investment income (loss)	204,791	1,330,877	(1,081)	1,534,587	10
Proceeds from sale and maturities of investment securities	151,928	-	-	151,928	-
Purchase of investment securities	-	(1,729,426)	(822)	(1,730,248)	-
Net cash (used in) provided by investing activities	356,719	(398,549)	(1,903)	(43,733)	10
Net Increase (Decrease) in Cash and Cash Equivalents	2,178,418	1,210,240	(15,490)	3,373,168	121,679
Cash and Cash Equivalents - Beginning of year	-	-	60,770	60,770	118,242
Cash and Cash Equivalents - End of year	\$ 2,178,418	\$ 1,210,240	\$ 45,280	\$ 3,433,938	\$ 239,921
Balance Sheet Classification of Cash and Cash Equivalents					
Cash and investments	\$ 4,344,433	\$ 1,210,240	\$ 78,948	\$ 5,633,621	\$ 239,921
Less amounts classified as investments	(2,166,015)	-	(33,668)	(2,199,683)	-
Total cash and cash equivalents	\$ 2,178,418	\$ 1,210,240	\$ 45,280	\$ 3,433,938	\$ 239,921

The Notes to Financial Statements are an Integral Part of this Statement.

City of Riverview, Michigan

Proprietary Funds Statement of Cash Flows (Continued) Year Ended June 30, 2016

	Enterprise Funds				Governmental Activities
	Water and Sewer	Land Preserve	Nonmajor Enterprise	Total	Internal Service Funds
Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities					
Operating (loss) income	\$ (659,878)	\$ 2,290,799	\$ (159,123)	\$ 1,471,798	\$ (206,373)
Adjustments to reconcile operating (loss) income to net cash from operating activities:					
Depreciation	1,263,772	2,009,016	277,978	3,550,766	-
Loss on investment in Downriver Sewage Disposal System	540,146	-	-	540,146	-
Changes in assets, deferred outflows, liabilities, and deferred inflows:					
Receivables	(51,652)	818,226	-	766,574	-
Due from other funds	-	-	8,263	8,263	193,806
Inventories	-	-	(5,749)	(5,749)	-
Prepaid and other assets	51,551	72	47	51,670	-
Accounts payable	728,942	(129,397)	(4,122)	595,423	-
Due to other funds	6,483	(511,869)	-	(505,386)	-
Land preserve closure liability	-	1,147,589	-	1,147,589	134,236
Accrued and other liabilities	100,597	315,073	(156,620)	259,050	-
Net postemployment healthcare obligation	204,488	567,537	96,642	868,667	-
Deferred outflows	(144,723)	(321,331)	(53,630)	(519,684)	-
Deferred inflows	28,596	63,018	12,024	103,638	-
Net cash provided by operating activities	<u>\$ 2,068,322</u>	<u>\$ 6,248,733</u>	<u>\$ 15,710</u>	<u>\$ 8,332,765</u>	<u>\$ 121,669</u>

Noncash transactions in the Water and Sewer Fund include the following:

1. The restricted assets held at the County as of July 1, 2015 amounted to \$1,282,419 and the balance at June 30, 2016 was \$1,077,628. The change during the year was due to revenue from a judgment levy of \$870,333, interest income of \$14,156, and payments of principal and interest of \$939,144 and \$150,136, respectively.
2. The Downriver Sewage Disposal System (the City is a member) issued new debt during the year which resulted in the City reporting an addition to debt and addition to fixed assets. The transaction had no cash impact to the City and the City's portion of the debt issued by the Downriver Sewage Disposal System amounted to \$99,809.

Noncash transactions in the Land Preserve Fund consisted of \$1,618,352 of equipment acquisitions financed through a purchasing agreement.

City of Riverview, Michigan

Fiduciary Funds Statement of Fiduciary Net Position June 30, 2016

	Pension Trust Fund - Employees' Retirement System	Private Purpose Trust Fund - Community Trust	<u>Agency Funds</u>
Assets			
Cash and cash equivalents	\$ 702,404	\$ 16,046	\$ 117,908
Investments:			
U.S. government securities	4,932,454	-	-
Stocks and pooled equity investments	17,429,286	-	-
Corporate bonds	5,055,909	-	-
Receivables - Other receivables	371,453	-	203,046
Total assets	<u>28,491,506</u>	<u>16,046</u>	<u>\$ 320,954</u>
Liabilities			
Due to other governmental units	-	-	\$ 203,046
Refundable deposits, bonds, etc.	-	-	117,908
Accrued liabilities and other	-	9,823	-
Total liabilities	<u>-</u>	<u>9,823</u>	<u>\$ 320,954</u>
Net Position	<u>\$ 28,491,506</u>	<u>\$ 6,223</u>	

City of Riverview, Michigan

Fiduciary Funds Statement of Changes in Fiduciary Net Position Year Ended June 30, 2016

	Pension Trust Fund - Employees' Retirement System	Private Purpose Trust Fund - Community Trust
	System	Trust
Additions		
Investment income:		
Interest and dividends	\$ 528,335	\$ -
Net decrease in fair value of investments	(525,792)	-
Investment-related expenses	(133,593)	-
Net investment income	(131,050)	-
Contributions:		
Employer	1,227,038	-
Employee	155,264	-
Total contributions	1,382,302	-
Total additions	1,251,252	-
Deductions		
Benefit payments	2,200,570	-
Administrative expenses	-	23
Net Decrease in Net Position Held in Trust	(949,318)	(23)
Net Position Held in Trust - Beginning of year	29,440,824	6,246
Net Position Held in Trust - End of year	\$ 28,491,506	\$ 6,223

Note I - Summary of Significant Accounting Policies

The following is a summary of the significant accounting policies used by the City of Riverview, Michigan (the "City"):

Reporting Entity

The City of Riverview is governed by a mayor and an elected 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 legally separate entities, in substance, they are part of the City's operations. The 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 City.

Blended Component Unit - The City's Building Authority is an authority created and directed by the City whose sole business activity is acquiring and leasing property to the City. Although it is legally separate from the City, it is reported as if it were part of the primary government because its primary purpose is to finance and construct the City's public buildings and its operations consist of the issuance and repayment of debt and the related construction. The operations of the Building Authority are reported as a nonmajor debt service fund.

Discretely Presented Component Units - The Economic Development Corporation (the "EDC") was created to provide the means and methods for the encouragement and assistance of industrial and commercial enterprises in relocating, purchasing, constructing, improving, or expanding within the City so as to provide needed services and facilities of such enterprises to the residents of the City. The EDC's governing body, consisting of nine individuals, is appointed by the City Council. Complete financial statements for the EDC can be obtained from the administrative office at 14100 Civic Park Drive, Riverview, MI 48193.

Accounting and Reporting Principles

The City follows accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Governmental Accounting Standards Board.

Note I - Summary of Significant Accounting Policies (Continued)

Report Presentation

Governmental accounting principles require that financial reports include two different perspectives - the government-wide perspective and the fund-based perspective. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component unit. The government-wide financial statements are presented on the economic resources measurement focus and the full accrual basis of accounting. Property taxes are recognized as revenues 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. The statements also present a schedule reconciling these amounts to the modified accrual-based presentation found in the fund-based statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes: (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. Taxes and other items not properly included among program revenue are reported instead as general revenue.

For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are charges between the City's enterprise funds and various other functions of the City. Eliminations of these charges would distort the direct costs and program revenue reported for the various functions concerned.

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.

Fund Accounting

The City accounts for its various activities in several different funds, in order to demonstrate accountability for how we have spent certain resources - separate funds allow us to show the particular expenditures for which specific revenue was used.

Note I - Summary of Significant Accounting Policies (Continued)

The various funds are aggregated into three broad fund types:

Governmental funds include all activities that provide general governmental services that are not business-type activities. This includes the General Fund, special revenue funds, debt service funds, and capital project funds. The City reports the following funds as “major” governmental funds:

- **The 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 Streets Fund** - The Major Streets Fund accounts for maintenance and improvement activities for streets designated as “major” within the City. Funding is provided primarily through state-shared gas and weight taxes.
- **Local Streets Fund** - The Local Streets Fund accounts for maintenance and improvement activities for streets designated as “local” within the City. Funding is provided primarily through state-shared gas and weight taxes.

Proprietary funds include enterprise funds (which provide goods or services to users in exchange for charges or fees) and internal service funds (which provide goods or services to other funds of the City). The City reports the following funds as “major” enterprise funds:

- **Water and Sewer Fund** - The Water and Sewer Fund accounts for the activities of the water distribution system and the sewage and storm water collection systems. Funding is provided primarily through user charges and a local property tax levy.
- **Land Preserve Fund** - The Land Preserve Fund accounts for the activities of the landfill operation. Funding is provided primarily through user charges.

Internal service funds - The internal service funds are used to fund general liability claims, purchase insurance that provides excess general liability coverage for city employees and property, and pay for current retiree healthcare costs. The funds are financed primarily by charges to the various departments of the City.

Fiduciary funds include amounts held in a fiduciary capacity for others. These amounts will not be used to operate our government's programs. Activities that are reported as fiduciary include:

- **Pension Trust Fund** - The Pension Trust Fund accounts for the activities of the employee benefit plan that accumulates resources for pension payments to qualified employees.

Note I - Summary of Significant Accounting Policies (Continued)

- **Private Purpose Trust Fund** - The Private Purpose Trust Fund accounts for the activity of resources donated for the veterans' memorial.
- **Agency Funds** - The agency funds account for assets held by the City in a trustee capacity or as an agent for individuals, organizations, or other governments.

Interfund activity: During the course of operations, the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

Basis of Accounting

The governmental funds use the current financial resources measurement focus and the modified accrual basis of accounting. This basis of accounting is intended to better demonstrate accountability for how the City has spent its resources.

Expenditures are reported when the goods are received or the services are rendered. Capital outlays are reported as expenditures (rather than as capital assets) because they reduce the ability to spend resources in the future; conversely, employee benefit costs that will be funded in the future (such as pension and retiree healthcare-related costs, or sick and vacation pay) are not counted until they come due for payment. In addition, debt service expenditures, claims, and judgments are recorded only when payment is due.

Note I - Summary of Significant Accounting Policies (Continued)

Revenue is not recognized until it is collected, or collected soon enough after the end of the year that it is available to pay for obligations outstanding at the end of the year. For this purpose, the City considers amounts collected within 60 days of year end to be available for recognition. The following major revenue sources meet the availability criterion: state-shared revenue, state gas and weight tax revenue, district court fines, and interest associated with the current fiscal period. Conversely, certain federal grant reimbursements will be collected after the period of availability; receivables have been recorded for these, along with a deferred inflow of resources.

Proprietary funds and fiduciary funds use the economic resources measurement focus and the full accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Specific Balances and Transactions

Cash, Cash Equivalents, and Investments - Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Inventories - Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Restricted Assets - The City is required by state and federal laws and regulations to make contributions to a trust to finance closure and postclosure care costs of the land preserve. These amounts have all been classified as restricted assets. The City also restricts certain amounts collected through taxes for debt service purposes and unspent bond proceeds.

Capital Assets - Capital assets, which include property, plant, equipment, intangible assets, 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. Capital assets are defined by the City as assets with an initial individual cost of more than \$500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition cost at the date of donation.

Note I - Summary of Significant Accounting Policies (Continued)

Capital assets are depreciated using the straight-line method over the following useful lives:

Capital Asset Class	Lives
Infrastructure	10 to 30 years
Buildings and improvements	20 to 30 years
Land improvements	5 to 40 years
Vehicles	1 to 10 years
Furniture, fixtures, and equipment	3 to 30 years
Water and sewer distribution systems	20 to 40 years

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 position. Bond premiums and discounts are deferred and amortized over the lines of the bonds using the effective interest method; bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed at the time they are incurred. In the fund financial statements, governmental fund types recognize bond issuances as an "other financing source," as well as bond premiums and discounts. The debt service funds are generally used to liquidate governmental long-term debt.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has one item that qualifies for reporting in this category. The item reported as deferred outflows in the government-wide statement of net position and proprietary statement of net position is the difference between projected and actual earnings on pension plan investments. This amount is deferred and amortized over five years.

Note I - Summary of Significant Accounting Policies (Continued)

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The City has two items that qualifies for reporting in this category. The deferred inflows of resources related to unavailable revenue is only reported in the governmental funds balance sheet. The governmental funds report unavailable revenue from CDBG housing rehab expenses. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The deferred inflows of resources related to the differences between expected and actual experience with regard to economic or demographic factors in the measurement of the total pension liability are reported in the government-wide statement of net position and proprietary statement of net position. These amounts are deferred and amortized over the expected remaining service lives of all active and inactive employees who are provided with pensions.

Net Position Flow Assumption

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

Fund Balance Flow Assumption

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Note I - Summary of Significant Accounting Policies (Continued)

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The City itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City's highest level of decision-making authority. The City Council is the highest level of decision-making authority for the City that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. The City Council has by resolution authorized the finance director to assign fund balance. The City Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Property Tax Revenue

Properties are assessed as of December 31. The related property taxes are billed and become a lien on July 1 of the following year. These taxes are due without penalty during the period from July 1 through August 31 with the final collection date of February 28 before they are added to the county tax rolls.

The City's 2015 tax is levied and collectible on July 1, 2015 and is recognized as revenue in the year ended June 30, 2016, when the proceeds of the levy are budgeted and available for the financing of operations.

The 2015 taxable valuation of the City totaled \$299.4 million, on which ad valorem taxes levied consisted of 16.26 mills for operating purposes, 1.85 mills for sewage disposal debt, and 0.65 mills for Street and Water Repair. This resulted, when combined with administrative fees, in \$5.1 million for operating purposes (taxes are reflected in the General Fund and Local Streets Fund), \$0.6 million for sewage disposal debt, and \$0.2 million for Street and Water Repair.

Note I - Summary of Significant Accounting Policies (Continued)

Pension - The City offers pension benefits to retirees. The City records a net pension liability for the difference between the total pension liability calculated by the actuary and the pension plan's fiduciary net position. For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plan and additions to/deductions from the pension plan's fiduciary net position have been determined on the same basis as they are reported by the pension plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Postemployment Benefit Costs - The City offers retiree healthcare benefits to retirees. The City receives an actuarial valuation to compute the annual required contribution (ARC) necessary to fund the obligation over the remaining amortization period. In the governmental funds, OPEB costs are recognized as contributions are made. For the government-wide statements and proprietary funds, the City reports the full accrual cost equal to the current year required contribution, adjusted for interest and "adjustment to the ARC" on the beginning of year underpaid amount, if any.

Compensated Absences - It is the City's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. Under the City's policy, employees earn benefits based on time of service with the City. A liability is recorded when incurred in the government-wide financial statements and the proprietary fund financial statements. A liability for these amounts is reported in governmental funds only when they have matured or come due for payment - typically when an individual's employment has terminated as of year end. Generally, the funds that report each employee's compensation (the General Fund, Major and Local Streets Funds, and the enterprise funds) are used to liquidate the obligation.

Proprietary Funds Operating Classification - Proprietary funds distinguish operating revenue and expenses from nonoperating 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 the Water and Sewer Fund and internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service 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 nonoperating revenue and expenses.

Note 1 - Summary of Significant Accounting Policies (Continued)

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

Note 2 - Stewardship, Compliance, and Accountability

Budgetary Information - The annual budget is prepared by the city manager and adopted by the City Council; subsequent amendments are approved by the City Council. Unexpended appropriations lapse at year end; encumbrances are not included as expenditures. During the current year, the budget was amended in a legally permissible manner. Following the end of the year, the City Council approved a budget amendment to increase transfers in to the Local Streets Fund.

The budget has been prepared in accordance with accounting principles generally accepted in the United States of America.

The budget statements (budgetary combined schedules for the general fund and major special revenue funds) are presented on the same basis of accounting used in preparing the adopted budget.

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to the first regular meeting in April, the city manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. As provided for by the City Charter, not later than the second Monday in June, the budget is legally adopted through the passage of budget resolutions for each fund.
4. The city manager is authorized to transfer budgeted amounts within departments; however, any revisions that alter the total expenditure of any department, and transfers between funds or departments or from contingency, must be approved by the City Council.

City of Riverview, Michigan

Notes to Financial Statements June 30, 2016

Note 2 - Stewardship, Compliance, and Accountability (Continued)

The budget has been adopted on an activity basis; expenditures at this level in excess of amounts budgeted are a violation of Michigan law. A comparison of actual results of operations to the General Fund and major special revenue funds budgets as adopted by the City Council is included in the required supplemental information. This comparison includes an expenditure overrun. A comparison of the actual results of operations to the nonmajor special revenue funds budgets as adopted by the City Council is available at City Hall for inspection.

Fund Deficit - At June 30, 2016, the City had a deficit of \$47,847 in the Golf Course Fund as defined by State of Michigan Department of Treasury Numbered Letter 2016-1. This amount represents the lower of the deficit in working capital and unrestricted net position deficit.

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. The law requires that collection of these fees be used only for construction code costs, including an allocation of estimated overhead costs. A summary of the current year activity and the cumulative shortfall generated since January 1, 2000 is as follows:

Cumulative shortfall at July 1, 2015		\$ (1,756,824)
Current year building permit revenue		172,806
Related expenses:		
Direct costs	\$ 163,681	
Estimated indirect costs	16,368	180,049
		<u> </u>
Current year shortfall		<u>(7,243)</u>
Cumulative shortfall at June 30, 2016		<u>\$ (1,764,067)</u>

Note 3 - Deposits and Investments

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The law also allows investments outside the state of Michigan when fully insured. 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; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures 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 that are legal for direct investment by local units of government in Michigan.

City of Riverview, Michigan

Notes to Financial Statements June 30, 2016

Note 3 - Deposits and Investments (Continued)

The Employees' Retirement System is also authorized by Michigan Public Act 347 of 2012, as amended, to invest in certain reverse repurchase agreements, stocks, diversified investment companies, annuity investment contracts, real estate leased to public entities, debt or equity of certain small businesses, certain state and local government obligations, and certain other specified investment vehicles.

The City has designated one bank for the deposit of its funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and CDs, but not the remainder of state statutory authority as listed above. The City of Riverview, Michigan's deposits and investment policies are in accordance with statutory authority.

The City is not in compliance with PA 213 of 2007 of the State of Michigan, which requires quarterly investment reporting to the City Council.

The City's cash and investments are subject to several types of risk, which are examined in more detail below:

Custodial Credit Risk of Bank Deposits - Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. At year end, the City had \$9,497,678 of bank deposits (checking and savings accounts) that were 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 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. To the extent that cash from various funds has been pooled, related investment income is allocated to each fund based on relative participation in the pool.

Interest Rate Risk - Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The City's investment policy does not restrict investment maturities, other than commercial paper which can only be purchased with a 270-day maturity. The majority of the City's investments are recorded in the Land Preserve Fund. The Land Preserve Fund's investments hold longer maturities due to the fact that the land preserve will not need these funds until it is closed sometime in the distant future. At year end, the average maturities of investments are as follows:

Primary Government	Fair Value	Less than 1 Year	1-5 Years	6-10 Years	More than 10 Years
U.S. government agency securities	\$ 8,418,096	\$ -	\$ 3,945,042	\$ 4,223,952	\$ 249,102
U.S. Treasury notes	32,155,128	2,336,243	26,170,600	3,648,285	-
Total	\$ 40,573,224	\$ 2,336,243	\$ 30,115,642	\$ 7,872,237	\$ 249,102

City of Riverview, Michigan

Notes to Financial Statements June 30, 2016

Note 3 - Deposits and Investments (Continued)

Fiduciary Funds	Fair Value	Less than 1 Year	1-5 Years	6-10 Years	More than 10 Years
U.S. government agencies and securities	\$ 530,824	\$ -	\$ -	\$ 30,886	\$ 499,938
U.S. Treasury notes	4,401,630	-	3,327,506	1,074,124	-
Corporate bonds	5,055,909	161,013	3,615,664	1,253,365	25,867
Total	<u>\$ 9,988,363</u>	<u>\$ 161,013</u>	<u>\$ 6,943,170</u>	<u>\$ 2,358,375</u>	<u>\$ 525,805</u>

Credit Risk - State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The City has no investment policy that would further limit its investment choices. As of year end, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

Investment	Fair Value	Rating	Rating Organization
Primary Government			
U.S. government agency securities	\$ 8,416,754	Aaa	Moody's
U.S. government agency securities	1,342	Not rated	Moody's
U.S. Treasury	<u>32,155,128</u>	Aaa	Moody's
Total	<u>\$ 40,573,224</u>		
Fiduciary Funds			
U.S. Treasury	\$ 4,401,630	Aaa	Moody's
U.S. government agency securities	30,884	Aaa	Moody's
	499,940	Not rated	N/A
Corporate bonds	1,254,680	Aaa	Moody's
	86,743	Aa1	Moody's
	116,776	Aa2	Moody's
	152,640	Aa3	Moody's
	367,075	A1	Moody's
	214,959	A2	Moody's
	494,697	A3	Moody's
	788,545	Baa1	Moody's
	691,041	Baa2	Moody's
	388,915	Baa3	Moody's
	499,838	Not rated	Moody's
Total	<u>\$ 9,988,363</u>		

Note 3 - Deposits and Investments (Continued)

Concentration of Credit Risk - The City places no limit on the amount it may invest in any one issuer. More than 5 percent of the City's investments are in U.S. government agencies and securities. U.S. government agencies and securities in the primary government include Federal National Mortgage Association at 11.88 percent.

Risks and Uncertainties - The City invests in various securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the balance sheet.

Fair Value Measurements

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

In instances whereby inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The City's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

City of Riverview, Michigan

Notes to Financial Statements June 30, 2016

Note 3 - Deposits and Investments (Continued)

The City has the following recurring fair value measurements as of June 30, 2016:

Assets Measured at Fair Value on a Recurring Basis

	Balance at June 30, 2016	Fair Value Measurement Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt securities:				
U.S. Treasury securities	\$ 36,556,758	\$ 36,556,758	\$ -	\$ -
Mortgage-backed securities	10,415	-	10,415	-
Agency bonds	8,918,036	-	8,918,036	-
Asset-backed securities	1,439,996	-	1,439,996	-
Corporate bonds	3,605,497	-	3,605,497	-
Other fixed income	845,361	-	845,361	-
Total debt securities	51,376,063	36,556,758	14,819,305	-
Equity securities:				
Stocks	9,096,926	9,096,926	-	-
ETF - equity	2,540,829	2,540,829	-	-
Mutual funds - equity	5,791,531	5,791,531	-	-
Total equity securities	17,429,286	17,429,286	-	-
Total investments by fair value level	\$ 68,805,349	\$ 53,986,044	\$ 14,819,305	\$ -

Equity securities and U.S. Treasury securities classified in Level 1 are valued using prices quoted in active markets for those securities.

The fair value of debt securities, excluding U.S. Treasury securities at June 30, 2016 was determined primarily based on Level 2 inputs. The City estimates the fair value of these investments using other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

City of Riverview, Michigan

Notes to Financial Statements June 30, 2016

Note 4 - Interfund Receivables, Payables, and Transfers

The composition of interfund receivables at June 30, 2016 is as follows:

Receivable Fund	Payable Fund	Amount
Due to/from Other Funds		
General Fund	Water and Sewer Fund	\$ 34,825
	Nonmajor governmental funds	74,041
	Total General Fund	108,866
Nonmajor governmental funds	General Fund	62
	Land Preserve	185,430
	Nonmajor governmental funds	109,303
	Total nonmajor governmental funds	294,795
Local Street Fund	Nonmajor governmental funds	978,785
	Water and Sewer Fund	3,300
	Total Local Street Fund	982,085
Water and Sewer Fund	General Fund	27,262
Land Preserve	Water and Sewer Fund	47,299
	General Fund	650,000
	Total Land Preserve	697,299
Internal service funds	General Fund	131,666
	Water and Sewer Fund	62,696
	Total internal service funds	194,362
	Total	<u>\$ 2,304,669</u>

Receivable Fund	Payable Fund	Amount
Advances from/to Other Funds		
Land Preserve Fund	Water and Sewer Fund	\$ 1,760,706
General Fund	Nonmajor enterprise funds	605,880
	Total	<u>\$ 2,366,586</u>

These balances result from the time lag between the dates that goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

City of Riverview, Michigan

Notes to Financial Statements June 30, 2016

Note 4 - Interfund Receivables, Payables, and Transfers (Continued)

All long-term advances related to amounts borrowed to cover cash shortfalls. These amounts will be paid back to the receivable funds as the payable funds start building up their cash balances.

Interfund transfers reported in the fund financial statements were as follows:

Transferred To	Transferred From	Amount
General Fund	Land Preserve Fund (1)	\$ 1,691,821
Local Streets Fund	Major Streets Fund (3)	158,475
	Nonmajor governmental funds (4)	<u>4,668,253</u>
	Total Local Streets Fund	4,826,728
Nonmajor governmental funds	General Fund (2)	50,000
	Land Preserve Fund (2)	<u>276,156</u>
	Total nonmajor governmental funds	326,156
Water and Sewer Fund	Nonmajor governmental funds (4)	<u>1,612,806</u>
	Total	<u>\$ 8,457,511</u>

- (1) Transfer of discretionary funds to be used for the benefit of the community
- (2) Transfer of discretionary funds to offset debt payments
- (3) Transfer allowed under State law Act 51 maintenance
- (4) Transfer of bond proceeds to cover construction expenditures incurred

Note 5 - Restricted Assets

Restricted assets at June 30, 2016 consist of the following:

	Water and Sewer Fund	Land Preserve Fund	Street and Water Main Repair Fund	Total
Cash and investments	\$ -	\$ 40,187,241	\$ -	\$ 40,187,241
Deposits held by Wayne County - Water and Sewer Fund	1,077,628	-	-	1,077,628
Unspent bond proceeds	<u>-</u>	<u>-</u>	1,455,578	<u>1,455,578</u>
Total restricted assets	<u>\$ 1,077,628</u>	<u>\$ 40,187,241</u>	<u>\$ 1,455,578</u>	<u>\$ 42,720,447</u>

Note 5 - Restricted Assets (Continued)

Water and Sewer - The City has assets of \$1,077,628 held at Wayne County that are restricted for debt payments related to the Downriver Sewage Disposal System project. The restricted assets balance results from the debt service tax levy in excess of debt expenses for the Downriver Sewage Disposal System projects.

Landfill - Closure and Postclosure Care Costs - State and federal laws and regulations require the City to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the City reports a portion of the closure and postclosure care costs as an operating expense in each period based on the acres of the entire permitted site used as of each balance sheet date. The \$32,553,483 reported as landfill closure and postclosure liability at June 30, 2016 represents the cumulative amount reported to date based on the closure and postclosure costs related to the acres of the permitted site that have been used. The City will recognize the remaining estimate of closure and postclosure care costs of approximately \$9.1 million as the remaining estimated capacity is filled.

These amounts are based on what it would cost to perform all closure and postclosure care in current dollars. Engineers have estimated the remaining airspace will be filled by July 2027. On a volume basis versus site acreage basis, approximately 78 percent of landfill capacity is used as of June 30, 2016. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The City is required by state and federal laws and regulations to make contributions to a trust to finance closure and postclosure care (see Note 8). The City is in compliance with these requirements and at June 30, 2016, investments of \$40,187,241 are held for these purposes. These are reported as restricted assets on the balance sheet. Net position has been restricted for \$7,022,915, which is the total restricted assets of \$40,187,241 less the closure and postclosure liability of \$32,553,483 and accounts payable with restricted assets of \$610,843. The City expects that future inflation costs will be paid from interest earnings on these contributions. However, if interest earnings are inadequate or additional postclosure care requirements are determined (due to changes in technology or applicable laws or regulations, for example), these costs may need to be covered by charges to future landfill users or from future tax revenue.

Street and Water Main Repair - The City has \$1,455,578 of unspent bond proceeds remaining from the 2015 General Obligation Unlimited Tax Bonds. The bond proceeds use is restricted to installing, improving, replacing, and reconstructing streets and water mains in the City.

City of Riverview, Michigan

Notes to Financial Statements June 30, 2016

Note 6 - Capital Assets

Capital asset activity of the City's governmental and business-type activities was as follows:

	Balance July 1, 2015	Transfers/ Reclassifications	Additions	Disposals	Balance June 30, 2016
Governmental Activities					
Capital assets not being depreciated:					
Land	\$ 11,582,057	\$ -	\$ 48,963	\$ -	\$ 11,631,020
Construction in progress	1,367,491	(387,247)	4,955,701	-	5,935,945
Subtotal	12,949,548	(387,247)	5,004,664	-	17,566,965
Capital assets being depreciated:					
Infrastructure	41,325,739	149,492	573,994	-	42,049,225
Buildings and improvements	10,773,685	237,755	98,729	-	11,110,169
Equipment and vehicles	6,332,962	-	877,560	(421,626)	6,788,896
Subtotal	58,432,386	387,247	1,550,283	(421,626)	59,948,290
Accumulated depreciation:					
Infrastructure	30,067,950	-	1,062,539	-	31,130,489
Buildings and improvements	9,243,462	-	216,749	-	9,460,211
Equipment and vehicles	5,518,563	-	494,842	(421,626)	5,591,779
Subtotal	44,829,975	-	1,774,130	(421,626)	46,182,479
Net capital assets being depreciated	13,602,411	387,247	(223,847)	-	13,765,811
Net governmental activities capital assets	\$ 26,551,959	\$ -	\$ 4,780,817	\$ -	\$ 31,332,776

City of Riverview, Michigan

Notes to Financial Statements June 30, 2016

Note 6 - Capital Assets (Continued)

Business-type Activities	Balance July 1, 2015	Transfers/ Reclassifications	Additions	Disposals	Balance June 30, 2016
Water and sewer system capital assets:					
Construction in progress	\$ 753,504	\$ -	\$ 2,063,783	\$ -	\$ 2,817,287
Capital assets being depreciated:					
Water and sewer distribution systems	44,714,661	-	99,809	-	44,814,470
Buildings and improvements	796,237	-	-	-	796,237
Furniture, fixtures, and equipment	1,860,783	-	48,254	(3,535)	1,905,502
Vehicles	639,809	-	174,784	-	814,593
Subtotal	48,011,490	-	322,847	(3,535)	48,330,802
Accumulated depreciation:					
Water and sewer distribution systems	21,279,409	-	986,262	-	22,265,671
Buildings and improvements	268,608	-	58,337	-	326,945
Furniture, fixtures, and equipment	1,459,488	-	148,623	(3,535)	1,604,576
Vehicles	615,232	-	70,550	-	685,782
Subtotal	23,622,737	-	1,263,772	(3,535)	24,882,974
Net capital assets being depreciated	24,388,753	-	(940,925)	-	23,447,828
Net capital assets	25,142,257	-	1,122,858	-	26,265,115
Golf course capital assets:					
Capital assets being depreciated:					
Buildings and improvements	1,145,538	-	-	-	1,145,538
Furniture, fixtures, and equipment	1,427,605	-	43,201	(23,277)	1,447,529
Land improvements	1,722,308	-	-	-	1,722,308
Subtotal	4,295,451	-	43,201	(23,277)	4,315,375
Accumulated depreciation:					
Buildings and improvements	1,123,119	-	5,250	-	1,128,369
Furniture, fixtures, and equipment	1,131,013	-	115,108	(23,277)	1,222,844
Land improvements	602,225	-	52,893	-	655,118
Subtotal	2,856,357	-	173,251	(23,277)	3,006,331
Net capital assets	1,439,094	-	(130,050)	-	1,309,044

City of Riverview, Michigan

Notes to Financial Statements June 30, 2016

Note 6 - Capital Assets (Continued)

	Balance July 1, 2015	Transfers/ Reclassifications	Additions	Disposals	Balance June 30, 2016
Business-type Activities (Continued)					
Golf practice capital assets:					
Capital assets not being depreciated - Land	\$ 691,901	\$ -	\$ -	\$ -	\$ 691,901
Capital assets being depreciated:					
Buildings and improvements	1,314,767	-	-	-	1,314,767
Furniture, fixtures, and equipment	1,405,925	-	-	-	1,405,925
Subtotal	2,720,692	-	-	-	2,720,692
Accumulated depreciation:					
Buildings and improvements	869,366	-	58,510	-	927,876
Furniture, fixtures, and equipment	793,941	-	46,217	-	840,158
Subtotal	1,663,307	-	104,727	-	1,768,034
Net capital assets being depreciated	1,057,385	-	(104,727)	-	952,658
Net capital assets	1,749,286	-	(104,727)	-	1,644,559
Land preserve capital assets:					
Capital assets not being depreciated:					
Land	2,761,877	-	-	-	2,761,877
Construction in progress	1,265,340	(1,265,340)	1,090,206	-	1,090,206
Capital assets being depreciated:					
Buildings and improvements	32,217,147	1,265,340	169,244	-	33,651,731
Vehicles	403,404	-	33,491	-	436,895
Furniture, fixtures, and equipment	7,919,259	-	1,802,947	(1,155,365)	8,566,841
Subtotal	40,539,810	1,265,340	2,005,682	(1,155,365)	42,655,467
Accumulated depreciation:					
Buildings and improvements	22,500,898	-	1,141,678	-	23,642,576
Vehicles	324,026	-	62,543	-	386,569
Furniture, fixtures, and equipment	7,502,847	-	804,795	(1,155,365)	7,152,277
Subtotal	30,327,771	-	2,009,016	(1,155,365)	31,181,422
Net capital assets being depreciated	10,212,039	1,265,340	(3,334)	-	11,474,045
Net capital assets	14,239,256	-	1,086,872	-	15,326,128
Net business-type activity capital assets	<u>\$ 42,569,893</u>	<u>\$ -</u>	<u>\$ 1,974,953</u>	<u>\$ -</u>	<u>\$ 44,544,846</u>

City of Riverview, Michigan

Notes to Financial Statements June 30, 2016

Note 6 - Capital Assets (Continued)

Depreciation expense was charged to programs of the primary government as follows:

Governmental activities:

General government	\$ 1,123,532
Public safety	317,507
Public works	162,713
Economic development	8,386
Recreation and culture	161,992
Total governmental activities	<u>\$ 1,774,130</u>

Business-type activities:

Water and sewer	\$ 1,263,772
Golf course	173,251
Land preserve	2,009,016
Golf practice	104,727
Total business-type activities	<u>\$ 3,550,766</u>

Commitments - At year end, the City had the following significant active construction projects:

	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Street repair and sectioning	\$ 218,000	\$ 519,805
Street/Water main replacement	5,724,981	437,074
Gas collection and containment system	-	623,223
Landfill compactor	803,500	834,852

Note 7 - Long-term Debt

The City issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the City. County contractual agreements and installment purchase agreements are also general obligations of the government. Other long-term obligations include capital lease obligations, compensated absences, claims and judgments, and certain risk liabilities.

City of Riverview, Michigan

Notes to Financial Statements June 30, 2016

Note 7 - Long-term Debt (Continued)

Future Revenue Pledged for Debt Payment - The business-type activity county contractual agreements to the County are the result of the county issuing bonds on the City's behalf. The City has pledged substantially all revenue of the Water and Sewer Fund, net of operating expenses, to repay the obligations; in addition, it has pledged to raise property taxes, to the extent permitted by law, if necessary to fund the obligation to repay the County. Proceeds from the County bonds provided financing for the construction and upgrades for the Downriver Sewage Disposal System. The remaining principal and interest to be paid on the bonds total \$7,285,578. During the current year, net revenue of the system was \$703,703 and property tax collections were \$558,889 compared to the annual debt requirements of \$1,065,911.

Long-term debt activity can be summarized as follows:

	Interest Rate Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities						
2015 General Obligation Unlimited Tax						
Bonds:						
Amount of issue - \$7,725,000	2.00% -					
Maturing through 2025	3.00%	\$ 7,725,000	\$ -	\$ -	\$ 7,725,000	\$ 600,000
Bond premium		271,124	-	(27,112)	244,012	-
Monroe Bank & Trust Equipment						
Purchase Agreement:						
Amount of issue - \$391,052						
Maturing through 2018	2.45%	-	391,052	(63,235)	327,817	128,755
Total bonds payable		7,996,124	391,052	(90,347)	8,296,829	728,755
Compensated absences		533,677	745,309	(749,614)	529,372	-
Total governmental activities		\$ 8,529,801	\$ 1,136,361	\$ (839,961)	\$ 8,826,201	\$ 728,755
Business-type Activities						
Capital lease obligations:						
Chase Equipment Leasing Installment:						
Amount of issue - \$702,021						
Maturing through 2016	2.4%	\$ 119,754	\$ -	\$ (119,754)	\$ -	\$ -
Wells Fargo Equipment Purchase						
Agreement:						
Amount of issue - \$244,750						
Maturing through 2017	3.25%	152,092	-	(93,461)	58,631	58,631
Talmer Bank Equipment Purchase						
Agreement:						
Amount of issue - \$1,618,352						
Maturing through 2020	1.48%	-	1,618,352	-	1,618,352	404,588

City of Riverview, Michigan

Notes to Financial Statements June 30, 2016

Note 7 - Long-term Debt (Continued)

	Interest Rate Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type Activities (Continued)						
County contractual agreements:						
Downriver Sewage Disposal System						
Bonds Series B:						
Amount of issue - \$701,512						
Maturing through 2019	Various	\$ 204,306	\$ -	\$ (47,220)	\$ 157,086	\$ 49,791
State Revolving Fund Loan:						
Amount of issue - \$16,015,786	2.00% -					
Maturing through 2031	2.50%	6,031,807	99,808	(1,050,759)	5,080,856	912,759
Downriver Sewage Disposal System						
2007 Bonds Series B:						
Amount of issue - \$1,421,841	4.18% -					
Maturing through 2027	5.04%	1,072,946	-	(60,784)	1,012,162	63,936
Downriver Sewage Disposal System						
2007 Bonds Series D:						
Amount of issue - \$212,850	3.95% -					
Maturing through 2028	4.61%	115,920	-	(14,916)	101,004	6,490
City of Ecorse plant capacity						
obligation:						
Amount of issue - \$518,402						
Maturing through 2021		63,105	-	(20,399)	42,706	19,890
Total bonds payable		7,759,930	1,718,160	(1,407,293)	8,070,797	1,516,085
Compensated absences		13,438	99,609	(105,604)	7,443	-
Total business-type activities		<u>\$ 7,773,368</u>	<u>\$ 1,817,769</u>	<u>\$ (1,512,897)</u>	<u>\$ 8,078,240</u>	<u>\$ 1,516,085</u>

Annual debt service requirements to maturity for the above capital lease and contractual obligations are as follows:

Years Ending June 30	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2017	\$ 728,755	\$ 197,955	\$ 926,710	\$ 1,516,085	\$ 200,717	\$ 1,716,802
2018	781,907	182,303	964,210	1,469,013	167,736	1,636,749
2019	767,155	165,574	932,729	1,302,398	134,577	1,436,975
2020	750,000	150,250	900,250	1,162,425	104,583	1,267,008
2021	800,000	134,750	934,750	750,493	81,257	831,750
2022-2026	4,225,000	312,375	4,537,375	1,027,184	238,206	1,265,390
2027-2031	-	-	-	742,487	56,344	798,831
2032-2036	-	-	-	100,712	3,548	104,260
Total	<u>\$ 8,052,817</u>	<u>\$ 1,143,207</u>	<u>\$ 9,196,024</u>	<u>\$ 8,070,797</u>	<u>\$ 986,968</u>	<u>\$ 9,057,765</u>

Subsequent Event - During January 2016, the Downriver Sewage Disposal System issued a new special revenue fund debt, however, there were no draws until July 2016. The debt will not be recorded on the City's financial statements until the debt has been drawn upon; therefore, no amount was recorded as of June 30, 2016. The debt incurred by the County has a balance of \$17,705,000 with an interest rate of 2.50 percent and will be payable through 2037. The City's portion of the total debt issue will be approximately \$548,855.

Note 8 - Commitments and Contingencies

State of Michigan Perpetual Care Fund - In October 1990, the City entered into an escrow agreement with the State of Michigan Department of Natural Resources to establish a perpetual care fund. This agreement requires that the City deposit into the perpetual care fund escrow account a fixed amount for every unit of solid waste disposed of in the Riverview Land Preserve. These funds, along with all earnings, interest, and profits, are to be used solely for payment of the costs of closure, monitoring, maintenance, or response activities at the facility necessary to protect public health, safety, and welfare or to protect the environment. The perpetual care fund is reported in the restricted assets of the Land Preserve Fund.

Lawsuits - There are several lawsuits pending against the City. The estimated liabilities associated with these lawsuits, if any, cannot be determined and management expects any settlements to be covered by the City's insurance; therefore, no liability has been recorded.

Note 9 - 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 benefits, participates in the Michigan Municipal League risk pool program for workers' compensation, and participates in the Michigan Municipal Risk Management Authority (the "Authority") risk pool program for claims related to general and auto liability, auto physical damage, and property. The Authority operates as a claims servicing pool for amounts up to member retention limits and operates as a common risk-sharing management program for losses in excess of member retention amounts. Although funds are paid annually to the Authority that the Authority uses to pay claims up to the retention limits, the ultimate liability for those claims remains with the City. Settled claims relating to commercial health insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

City of Riverview, Michigan

Notes to Financial Statements June 30, 2016

Note 9 - Risk Management (Continued)

The City estimates the liability for general and motor vehicle claims that have been incurred through the end of the fiscal year, including claims that have been reported as well as those that have not yet been reported. Changes in the estimated liability for the past two fiscal years were as follows:

	General Liability	
	2016	2015
Unpaid claims - Beginning of year	\$ 142,747	\$ 42,729
Incurred claims, including claims incurred but not reported	720,406	448,037
Claim payments	<u>(689,653)</u>	<u>(348,019)</u>
Unpaid claims - End of year	<u>\$ 173,500</u>	<u>\$ 142,747</u>

Note 10 - Retirement Plan

Pension Plan Description

Plan Description - The City of Riverview administers the City of Riverview Employees' Retirement System - a single-employer defined benefit pension plan that provides pensions for all qualified general and police employees of the City. Benefit terms have been established by contractual agreements between the City and the various employee union representation; amendments are subject to the same process.

Management of the plan is vested in the retirement board of trustees, which consists of nine members - the City treasurer, four citizen representatives, and four employee representatives.

Employees Covered by Benefit Terms - At the June 30, 2016, the following employees were covered by the benefit terms:

Retirees and beneficiaries currently receiving benefits	96
Inactive plan members entitled to but not yet receiving benefits	8
Active plan members	<u>43</u>
Total employees covered by the plan	<u>147</u>

Benefits Provided - The system provides retirement, disability, and death benefits to plan members and their beneficiaries. Benefit terms are established by city ordinances and negotiations with the City's collective bargaining units and may be amended through negotiations with the City's collective bargaining units.

Note 10 - Retirement Plan (Continued)

Contributions - Article 9, Section 24 of the State of Michigan Constitution requires that financial benefits arising on account of employee service rendered in each year be funded during that year. Accordingly, the Retirement Board retains an independent actuary to determine the annual contribution. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. Contribution requirements of plan members are established and may be amended by City ordinances and negotiations with the City's collective bargaining units. For the year ended June 30, 2016, the average active member contribution rate was 5 percent of annual pay for all plan members, except for police command employees who contribute 6 percent of annual compensation, and the City's average contribution rate was 39 percent of covered payroll.

Payable to the Pension Plan

At June 30, 2016, the City reported a payable of \$306,760 for the outstanding amount of contributions to the Plan required for the year ended June 30, 2016. The City payment was made shortly after year end.

Pension Plan Investments - Policy and Rate of Return

Investment Policy - The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Retirement Board by a majority vote of its members. It is the policy of the Retirement Board to pursue an investment strategy that manages risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the Board's adopted asset allocation policy as of June 30, 2016:

Asset Class	Target Allocation
Domestic equities	45 %
International equities	15
Fixed income	36
Cash equivalents	4

Rate of Return - For the year ended June 30, 2016, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was -.36 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Note 10 - Retirement Plan (Continued)

Pension Plan Reserves

In accordance with plan documents, the following reserves are required to be set aside within the pension plan:

The retiree reserve is to be computed annually by the actuary as the present value of estimated benefit payments for all current retirees. The amounts reserved may be used solely to pay monthly retiree benefit payments.

The employee reserve is credited as employee contributions are received throughout the year; the plan maintains a record of the amount contributed by each employee and credits interest annually at a rate of 5 percent. For any employee who terminates before vesting in the pension plan, their balance is returned to them; for those who stay until retirement, the balance is transferred into the retiree reserve.

The employer reserve account is used to account for the residual net position balance in the pension plan after funding the above two reserves.

	<u>Required Reserve</u>	<u>Amount Funded</u>
Retiree reserve	\$ 19,459,489	\$ 19,459,489
Employee reserve	4,253,972	4,253,972
Employer reserve	N/A	4,778,045

Net Pension Liability

The components of the net pension liability of the City at June 30, 2016 were as follows:

Total pension liability	\$ 35,806,056
Plan fiduciary net position	<u>(28,491,506)</u>
City's net pension liability	<u>\$ 7,314,550</u>

Plan fiduciary net position as a percentage of the total pension liability	79.6 %
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The City has chosen to use June 30, 2016 as its measurement date for the net pension liability. The June 30, 2016 reported net pension liability was determined using a measure of the total pension liability and the pension net position as of June 30, 2016. The June 30, 2016 total pension liability was determined by an actuarial valuation performed as of June 30, 2015, which used updated procedures to roll forward the estimated liability to June 30, 2016.

City of Riverview, Michigan

Notes to Financial Statements June 30, 2016

Note 10 - Retirement Plan (Continued)

Changes in the net pension liability during the measurement year were as follows:

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at June 30, 2015	\$ 35,572,621	\$ 29,440,824	\$ 6,131,797
Service cost	507,352	-	507,352
Interest	2,604,451	-	2,604,451
Differences between expected and actual experience	(677,798)		(677,798)
Contributions - Employer	-	1,227,038	(1,227,038)
Contributions - Employee	-	155,264	(155,264)
Net investment income	-	(131,050)	131,050
Benefit payments, including refunds	(2,200,570)	(2,200,570)	-
Net changes	233,435	(949,318)	1,182,753
Balance at June 30, 2016	<u>\$ 35,806,056</u>	<u>\$ 28,491,506</u>	<u>\$ 7,314,550</u>

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2016, the City recognized pension expense of \$1,030,544. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 399,721
Net difference between projected and actual earnings on pension plan investments	2,227,625	-
Total	<u>\$ 2,227,625</u>	<u>\$ 399,721</u>

Note 10 - Retirement Plan (Continued)

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

Years Ending June 30	Amount
2017	\$ 269,492
2018	508,081
2019	588,645
2020	461,686

Actuarial Assumptions - The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 %
Salary increases	4.0 - 8.0 % Average, including inflation
Investment rate of return	7.5 % Net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 male (unadjusted) and female (unadjusted) Healthy Life Mortality Table, adjusted for mortality improvements to 2020 using projection scale BB.

Discount Rate - The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that city contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

Projected Cash Flows

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Note 10 - Retirement Plan (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return as of June 30, 2016 for each major asset class included in the pension plan's target asset allocation, as disclosed in the investment footnote, are summarized in the following table:

<u>Asset Class</u>	<u>Long-term Expected Real Rate of Return</u>
Domestic equities	5.9 %
International equities	7.4
Fixed income	1.9
Cash equivalents	0.0

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability of the City, calculated using the discount rate of 7.5 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.5 percent) or 1 percentage point higher (8.5 percent) than the current rate:

	<u>1% Decrease (6.5%)</u>	<u>Current Discount Rate (7.5%)</u>	<u>1% Increase (8.5%)</u>
Net pension liability of the City	\$ 10,975,635	\$ 7,314,550	\$ 4,183,004

Note 11 - Other Postemployment Benefits

Plan Description - The City provides retiree healthcare benefits to eligible employees and their spouses. This is a single-employer defined benefit plan administered by the City. The benefits are provided under collective bargaining agreements.

Funding Policy - The collective bargaining agreements do not require a contribution from employees. The City has no obligation to make contributions in advance of when the insurance premiums are due for payment (in other words, this may be financed on a "pay-as-you-go" basis).

City of Riverview, Michigan

Notes to Financial Statements June 30, 2016

Note 11 - Other Postemployment Benefits (Continued)

Funding Progress - For the year ended June 30, 2016, the City has estimated the cost of providing retiree healthcare benefits through an actuarial valuation as of June 30, 2013. The valuation computes an annual required contribution, which represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

This valuation's computed contribution and actual funding are summarized as follows:

Annual required contribution (recommended)	\$ 3,713,021
ARC adjustment	(702,866)
Interest on the prior year's net OPEB obligation	<u>687,127</u>
Annual OPEB cost	3,697,282
Amounts contributed - Payments of current premiums	<u>(1,282,041)</u>
Increase in net OPEB obligation	2,415,241
OPEB obligation - Beginning of year	<u>15,269,489</u>
OPEB obligation - End of year	<u>\$ 17,684,730</u>

The annual OPEB costs, the percentage contributed to the plan, and the net OPEB obligation for the current and two preceding years were as follows:

<u>Fiscal Year Ended</u>	<u>Actuarial Valuation Date</u>	<u>Annual OPEB Costs</u>	<u>Percentage Contributed</u>	<u>Net OPEB Obligation</u>
6/30/14	6/30/13	\$ 3,612,204	33.3 %	\$ 12,806,295
6/30/15	6/30/13	3,647,862	32.5	15,269,489
6/30/16	6/30/13	3,697,282	34.7	17,684,730

The funding progress of the plan is as follows:

<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 Ratio (Percent) (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll</u>
6/30/07	\$ -	\$ 29,635,785	\$ 29,635,785	- %	\$5,265,532	562.8 %
6/30/10	-	35,504,115	35,504,115	-	4,765,874	745.0
6/30/13	-	41,629,302	41,629,302	-	3,895,516	1,068.6

Note 11 - Other Postemployment Benefits (Continued)

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented above, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

In the June 30, 2013 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 4.5 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 9 percent initially, reduced by decrements to an ultimate rate of 4 percent after 10 years. Both rates included a 4 percent inflation assumption. The actuarial value of assets was based on the market value of investments. The UAAL is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2013 was 24 years.

Note 12 - Defined Contribution Pension Plan

The City established a defined contribution pension plan, known as City of Riverview 401a Plan, under Section 401(a) of the Internal Revenue Code and administered by ICMA for the following employees:

- Clerical (AFSCME Local 1882) members hired on or after January 1, 2005
- Public works (AFSCME Local 1590) members hired on or after July 1, 2003

Note 12 - Defined Contribution Pension Plan (Continued)

In a defined contribution plan, investments are managed by a third party, and investment decisions are made by the individual employees. As established by the City of Riverview through collective bargaining agreements for the employees listed above, the employee is ineligible for participation in the City's retirement system. Instead, the employee has the option of enrolling in the defined contribution plan and receiving a matching contribution by the City. The employees' contributions are limited to the maximum as per the IRS, with the City matching up to 5 percent of their qualified earnings.

The City's contributions for each employee (plus interest allocated to the employee's account) are fully vested after five years of service.

In addition, the City has had a separate plan in place for its administrators and tech/pros, in which the City contributes a percentage of the employee's qualified earnings regardless of whether the employee contributes. The range of contributions is from 2.5 percent to 7.5 percent and is based on years of service.

In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. In accordance with the requirements, the City expensed \$87,052 during the current year.

Employees are permitted, but not required, to make contributions up to the maximum allowed by law. For the year ended June 30, 2016, employee contributions were \$263,163.

Effective July 1, 2013, all new hires in the police department were placed in a 401(a) retirement plan known as Riverview Police Post 7/1/13 with ICMA instead of the City's defined benefit plan. The employee will contribute 2.5 percent and may also make a voluntary and unmatched after-tax contribution subject to limitations of the plan. The City will contribute 10 percent of earnings on behalf of each participant. For the year ended June 30, 2016, employee contributions were \$8,008. In accordance with the requirements, the City expensed \$14,305 during the current year.

In addition, all new hires under the police contracts will also be placed into a Retiree Health Savings Plan instead of being eligible for City-funded health care upon retirement. For this plan, the employee will contribute a reduction in salary based on 2.5 percent of earnings and the City will contribute 2.5 percent of earnings. This plan is administered through ICMA. For the year ended June 30, 2016, employee contributions were \$2,543. In accordance with the requirements, the City expensed \$2,543 during the current year.

Note 12 - Defined Contribution Pension Plan (Continued)

In addition, all new hires under the administrative contracts can elect to be placed into a 457 deferred compensation plan. For this plan, the employee can make voluntary contributions from earnings. The City will contribute 2.5 percent of earnings for the first year of service and 5 percent of earnings for the second year of service. After the second year of service, the City contributes 7.5 percent of earnings to a 401(a) plan. The 457 plan is administered through ICMA. For the year ended June 30, 2016, employee contributions were \$8,408. In accordance with the requirements, the City expensed \$798 during the current year.

Note 13 - Joint Venture

The City, along with 12 other communities, jointly participates in the Downriver Sewage Disposal System. The City's share of capital assets, restricted assets (for debt service), and related debt is recorded in the Water and Sewer Fund. In addition, the City has recorded a liability of \$85,718 in the Water and Sewer Fund at June 30, 2016 related to its share of cumulative underbillings from the System. During the year, the City paid \$559,733 for operations of the system and \$960,587 for debt service.

The City is unaware of any circumstances that would cause an additional benefit or burden to the participating governments in the near future.

Financial statements for the joint venture can be obtained from the County of Wayne's administrative offices at 400 Monroe, Suite 400, Detroit, MI 48226.

Note 14 - Upcoming Accounting Pronouncements

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which addresses reporting by governments that provide postemployment benefits other than pensions (OPEB) to their employees and for governments that finance OPEB for employees of other governments. This OPEB standard will require the City to recognize on the face of the financial statements its net OPEB liability related to its participation in the OPEB plan. The statement also enhances accountability and transparency through revised note disclosures and required supplemental information (RSI). The City is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the City's financial statements for the year ending June 30, 2018.

In August 2015, the GASB issued Statement No. 77, *Tax Abatement Disclosures*. This statement will require governments to disclose in their financial statements information related to tax abatement agreements. The City is currently evaluating the impact this standard will have on the financial statements when adopted during the 2016-2017 fiscal year.

Required Supplemental Information

City of Riverview, Michigan

Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended June 30, 2016

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 4,614,771	\$ 4,614,771	\$ 4,596,191	\$ (18,580)
Licenses and permits	165,565	231,755	240,521	8,766
State-shared revenue and grants	1,211,450	1,341,993	1,247,447	(94,546)
Charges to other funds	1,509,201	1,520,521	1,547,111	26,590
Fines and forfeitures	110,000	110,000	110,766	766
Investment income	(5,000)	(5,000)	(4,130)	870
Other revenue	163,103	191,095	222,212	31,117
Total revenue	<u>7,769,090</u>	<u>8,005,135</u>	<u>7,960,118</u>	<u>(45,017)</u>
Expenditures - Current				
General government:				
City Council	61,714	65,937	62,301	3,636
City manager	315,415	328,315	327,919	396
Finance	417,895	427,664	383,604	44,060
Assessing and purchasing	133,570	160,110	117,215	42,895
Information technology	160,525	160,525	137,679	22,846
Clerk	257,813	257,813	218,417	39,396
Attorney	274,700	281,486	277,291	4,195
Human resources	146,672	146,672	131,247	15,425
Insurance and other functions	43,882	43,882	39,845	4,037
General insurance	93,505	93,505	76,069	17,436
Total general government	<u>1,905,691</u>	<u>1,965,909</u>	<u>1,771,587</u>	<u>194,322</u>
Public safety:				
Police	4,580,963	4,603,635	4,151,775	451,860
Fire and EMS	1,324,888	1,324,888	1,169,484	155,404
Total public safety	<u>5,905,851</u>	<u>5,928,523</u>	<u>5,321,259</u>	<u>607,264</u>
Public works:				
Administration	1,012,934	1,027,847	901,665	126,182
Building maintenance	305,733	310,607	248,015	62,592
Engineering and building	214,150	214,150	163,681	50,469
Motor vehicle pool	249,754	249,941	164,465	85,476
Total public works	<u>1,782,571</u>	<u>1,802,545</u>	<u>1,477,826</u>	<u>324,719</u>
Community and economic development - Community development	204,820	204,820	171,665	33,155
Recreation and culture:				
Recreation	527,447	589,854	487,439	102,415
Parks	83,025	83,025	65,201	17,824
Total recreation and culture	<u>610,472</u>	<u>672,879</u>	<u>552,640</u>	<u>120,239</u>
Total expenditures	<u>10,409,405</u>	<u>10,574,676</u>	<u>9,294,977</u>	<u>1,279,699</u>
Excess of Expenditures Over Revenue	(2,640,315)	(2,569,541)	(1,334,859)	1,234,682
Other Financing Sources -				
Transfers in	2,725,000	2,725,000	1,412,500	(1,312,500)
Transfers out	(70,000)	(70,000)	(70,000)	-
Total other financing sources	<u>2,655,000</u>	<u>2,655,000</u>	<u>1,342,500</u>	<u>(1,312,500)</u>
Net Change in Fund Balance	14,685	85,459	7,641	(77,818)
Fund Balance - Beginning of year	<u>950,732</u>	<u>950,732</u>	<u>950,732</u>	<u>-</u>
Fund Balance - End of year	<u>\$ 965,417</u>	<u>\$ 1,036,191</u>	<u>\$ 958,373</u>	<u>\$ (77,818)</u>

City of Riverview, Michigan

Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Funds Major Streets Fund Year Ended June 30, 2016

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
State-shared revenue and grants	\$ 461,005	\$ 461,005	\$ 487,618	\$ 26,613
Investment income	-	-	47	47
Total revenue	461,005	461,005	487,665	26,660
Expenditures - Current - Public works	285,723	403,137	265,100	138,037
Other Financing Uses - Transfers out	(150,000)	(150,000)	(158,475)	(8,475)
Net Change in Fund Balance	25,282	(92,132)	64,090	156,222
Fund Balance - Beginning of year	373,061	373,061	373,061	-
Fund Balance - End of year	<u>\$ 398,343</u>	<u>\$ 280,929</u>	<u>\$ 437,151</u>	<u>\$ 156,222</u>

City of Riverview, Michigan

Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Funds Local Streets Fund Year Ended June 30, 2016

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 226,060	\$ 226,060	\$ 224,947	\$ (1,113)
State-shared revenue and grants	228,260	228,260	356,731	128,471
Investment income	-	-	295	295
Total revenue	454,320	454,320	581,973	127,653
Expenditures - Current - Public works	580,920	5,798,176	5,491,458	306,718
Excess of Expenditures Over Revenue	(126,600)	(5,343,856)	(4,909,485)	434,371
Other Financing Sources - Transfers in	150,000	4,728,165	4,826,728	98,563
Net Change in Fund Balance	23,400	(615,691)	(82,757)	532,934
Fund Balance - Beginning of year	768,708	768,708	768,708	-
Fund Balance - End of year	<u>\$ 792,108</u>	<u>\$ 153,017</u>	<u>\$ 685,951</u>	<u>\$ 532,934</u>

City of Riverview, Michigan

Note to Required Supplemental Information Year Ended June 30, 2016

Budgetary Information - A reconciliation of the budgetary comparison schedules to the fund-based statement of changes in fund balance is as follows:

	<u>Total Revenue</u>	<u>Total Expenditures</u>	<u>Fund Balance</u>
General Fund:			
Amounts per operating statement	\$ 7,805,139	\$ 9,378,539	\$ 1,282,564
Less Cable Fund, Rubbish Fund, and Library Fund, reported within the General Fund in the operating statement, which was not budgeted as part of the General Fund	(686,055)	(924,596)	(324,191)
Add back reimbursements from other funds that are budgeted as revenue instead of net of expenditures	<u>841,034</u>	<u>841,034</u>	<u>-</u>
Amounts per budget statement	<u>\$ 7,960,118</u>	<u>\$ 9,294,977</u>	<u>\$ 958,373</u>

City of Riverview, Michigan

Required Supplemental Information OPEB System Schedule Year Ended June 30, 2016

The schedule of funding progress is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll
6/30/07	\$ -	\$ 29,635,785	\$ 29,635,785	- %	\$ 5,265,532	562.8 %
6/30/10	-	35,504,115	35,504,115	-	4,765,874	745.0
6/30/13	-	41,629,302	41,629,302	-	3,895,516	1,068.6

The schedule of employer contributions is as follows:

Fiscal Year Ended	Actuarial Valuation Date	Annual OPEB Costs	Percentage Contributed
6/30/14	6/30/13	\$ 3,612,204	33.3 %
6/30/15	6/30/13	3,647,862	32.5
6/30/16	6/30/13	3,697,282	34.7

City of Riverview, Michigan

Required Supplemental Information Schedule of Changes in the City Net Pension Liability and Related Ratios Last Three Fiscal Years

	2016	2015	2014
Total Pension Liability			
Service cost	\$ 507,352	\$ 544,571	\$ 567,439
Interest	2,604,451	2,543,261	2,471,492
Changes in benefit terms	-	-	-
Differences between expected and actual experience	(677,798)	(97,837)	-
Changes in assumptions	-	-	-
Benefit payments, including refunds	(2,200,570)	(2,110,468)	(2,030,696)
Net change in total pension liability	233,435	879,527	1,008,235
Total pension liability - Beginning of year	35,572,621	34,693,094	33,684,859
Total pension liability - End of year	\$ 35,806,056	\$ 35,572,621	\$ 34,693,094
Plan Fiduciary Net Position			
Contributions - Employer	\$ 1,227,038	\$ 1,377,176	\$ 1,477,292
Contributions - Member	155,264	164,844	175,192
Net investment income	(131,050)	1,486,481	3,846,197
Administrative expenses	-	-	-
Benefit payments, including refunds	(2,200,570)	(2,110,468)	(2,030,696)
Other	-	(90,576)	-
Net change in plan fiduciary net position	(949,318)	827,457	3,467,985
Plan fiduciary net position - Beginning of year	29,440,824	28,613,367	25,145,382
Plan fiduciary net position - End of year	\$ 28,491,506	\$ 29,440,824	\$ 28,613,367
City's Net Pension Liability - Ending	\$ 7,314,550	\$ 6,131,797	\$ 6,079,727
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	79.57 %	82.76 %	82.48 %
Covered Employee Payroll	\$ 3,139,326	\$ 3,301,336	\$ 3,995,805
City's Net Pension Liability as a Percentage of Covered Employee Payroll	233.0 %	185.7 %	152.2 %

City of Riverview, Michigan

Required Supplemental Information Schedule of Investment Returns Last Three Fiscal Years

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	(0.4)%	5.2 %	15.8 %

City of Riverview, Michigan

Required Supplemental Information Schedule of City Contributions Last Ten Fiscal Years

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Actuarially determined contribution	\$ 1,227,038	\$ 1,377,176	\$ 1,477,292	\$ 1,494,746	\$ 1,295,766	\$ 1,082,935	\$ 973,804	\$ 986,548	\$ 949,677	\$ 975,555
Contributions in relation to the actuarially determined contribution	1,227,038	1,377,176	1,477,292	1,494,746	1,295,766	1,082,935	973,804	986,548	949,677	975,555
Contribution deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	\$ 3,139,326	\$ 3,301,336	\$ 3,995,805	\$ 3,540,861	\$ 3,982,719	\$ 4,454,694	\$ 4,448,361	\$ 4,482,195	\$ 4,742,807	\$ 4,862,204
Contributions as a percentage of covered employee payroll	39.1 %	41.7 %	37.0 %	42.2 %	32.5 %	24.3 %	21.9 %	22.0 %	20.0 %	20.1 %

Notes to Schedule of City Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date Actuarially determined contribution rates are calculated as of June 30 each year, which is 12 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method Entry-age normal

Amortization method Level dollar, closed

Remaining amortization period 13 years, single equivalent period

Asset valuation method Four-year smoothed market

Inflation 2.75% price inflation; 4.0% wage inflation

Salary increases 4.0% - 8.0%, including inflation

Investment rate of return 7.5%

Retirement age Experience-based table of rates that are specific to the type of eligibility condition.

Mortality RP-2000 male (unadjusted) and female (unadjusted) Healthy Life Mortality Table, adjusted for mortality improvements to 2020 using projection scale BB.

Other information None

Other Supplemental Information

City of Riverview, Michigan

	Special Revenue Funds		Debt Service Funds		
	Community Development Block Grant	Drug and Law Enforcement	General Obligation	Building Authority	Street and Water Main Repair Fund
Assets					
Cash and investments	\$ 6,648	\$ 381,737	\$ 61,838	\$ 63,384	\$ -
Receivables:					
Property taxes	-	-	532	-	480
Due from other governmental units	103,400	-	-	-	-
Due from other funds	80,378	-	-	-	-
Prepaid expenses and other assets	-	215	-	-	-
Restricted assets	-	-	-	-	1,455,578
Total assets	\$ 190,426	\$ 381,952	\$ 62,370	\$ 63,384	\$ 1,456,058
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities					
Accounts payable	\$ 25,400	\$ 1,015	\$ -	\$ -	\$ -
Due to other funds	103,028	-	-	-	978,785
Total liabilities	128,428	1,015	-	-	978,785
Deferred Inflows of Resources -					
Unavailable revenue	103,028	-	-	-	-
Fund Balances					
Nonspendable - Prepays	-	215	-	-	-
Restricted:					
Police	-	380,722	-	-	-
Capital projects (unspent bond proceeds)	-	-	-	-	477,273
Debt service:					
Assigned:					
Debt service	-	-	62,370	63,384	-
Capital projects	-	-	-	-	-
Unassigned	(41,030)	-	-	-	-
Total fund balances	(41,030)	380,937	62,370	63,384	477,273
Total liabilities, deferred inflows of resources, and fund balances	\$ 190,426	\$ 381,952	\$ 62,370	\$ 63,384	\$ 1,456,058

**Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2016**

Capital Projects Funds	Capital Projects Funds		Total Nonmajor Governmental Funds
Parks and Recreation Construction	Capital Improvements and Equipment	Development Revolving	
\$ 16,139	\$ 10,366	\$ 16,450	\$ 556,562
-	-	-	1,012
-	-	-	103,400
-	214,417	-	294,795
-	-	-	215
-	-	-	1,455,578
\$ 16,139	\$ 224,783	\$ 16,450	\$ 2,411,562
\$ -	\$ 70,043	\$ -	\$ 96,458
-	80,316	-	1,162,129
-	150,359	-	1,258,587
-	-	-	103,028
-	-	-	215
-	-	-	380,722
-	-	-	477,273
-	-	-	125,754
16,139	74,424	16,450	107,013
-	-	-	(41,030)
16,139	74,424	16,450	1,049,947
\$ 16,139	\$ 224,783	\$ 16,450	\$ 2,411,562

City of Riverview, Michigan

	Special Revenue Funds		Debt Service Funds		
	Community				
	Development Block Grant	Drug and Law Enforcement	General Obligation	Building Authority	Street and Water Main Repair Fund
Revenue					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 194,164
Federal grants	87,749	16,249	-	-	-
State sources	-	42,953	-	-	-
Investment income	-	-	1,426	944	-
Other	-	12,485	-	-	-
Total revenue	87,749	71,687	1,426	944	194,164
Expenditures					
Current:					
Public safety	-	140,497	-	-	-
Community and economic development	155,695	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest on long-term debt	-	-	-	-	195,063
Total expenditures	155,695	140,497	-	-	195,063
Excess of Revenue (Under) Over Expenditures	(67,946)	(68,810)	1,426	944	(899)
Other Financing Sources (Uses)					
Proceeds from equipment loan	-	-	-	-	-
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	(6,281,059)
Total other financing (uses) sources	-	-	-	-	(6,281,059)
Net Change in Fund Balances	(67,946)	(68,810)	1,426	944	(6,281,958)
Fund Balances - Beginning of year	26,916	449,747	60,944	62,440	6,759,231
Fund Balances - End of year	<u>\$ (41,030)</u>	<u>\$ 380,937</u>	<u>\$ 62,370</u>	<u>\$ 63,384</u>	<u>\$ 477,273</u>

Other Supplemental Information
Combining Statement of Revenue, Expenditures, and Changes in
Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2016

Capital Projects Fund			Total Nonmajor Governmental Funds
Parks and Recreation Construction	Capital Improvements and Equipment	Development Revolving	
\$ -	\$ -	\$ -	\$ 194,164
-	-	-	103,998
-	-	-	42,953
347	3,739	-	6,456
-	34,148	-	46,633
347	37,887	-	394,204
-	-	-	140,497
-	-	-	155,695
-	704,968	-	704,968
-	63,235	-	63,235
-	4,745	-	199,808
-	772,948	-	1,264,203
347	(735,061)	-	(869,999)
-	391,052	-	391,052
-	326,156	-	326,156
-	-	-	(6,281,059)
-	717,208	-	(5,563,851)
347	(17,853)	-	(6,433,850)
15,792	92,277	16,450	7,483,797
\$ 16,139	\$ 74,424	\$ 16,450	\$ 1,049,947

City of Riverview, Michigan

Other Supplemental Information Combining Statement of Net Position Nonmajor Enterprise Funds June 30, 2016

	Golf Course	Golf Practice	Total
Assets			
Current assets:			
Cash and investments	\$ -	\$ 78,948	\$ 78,948
Inventory	26,543	-	26,543
Total current assets	26,543	78,948	105,491
Noncurrent assets:			
Capital assets:			
Assets not subject to depreciation	-	691,901	691,901
Assets subject to depreciation	1,309,044	952,658	2,261,702
Total noncurrent assets	1,309,044	1,644,559	2,953,603
Total assets	1,335,587	1,723,507	3,059,094
Deferred Outflows of Resources - Pension	82,629	9,181	91,810
Liabilities			
Current liabilities:			
Accounts payable	46,696	980	47,676
Accrued liabilities and other	27,694	2,728	30,422
Current portion of long-term debt	58,631	-	58,631
Total current liabilities	133,021	3,708	136,729
Noncurrent liabilities:			
Advances from other funds	605,880	-	605,880
Net OPEB obligation	670,824	75,706	746,530
Net pension liability	271,319	30,147	301,466
Total noncurrent liabilities	1,548,023	105,853	1,653,876
Total liabilities	1,681,044	109,561	1,790,605
Deferred Inflows of Resources - Pension	14,827	1,647	16,474
Net Position			
Net investment in capital assets	1,250,413	1,644,559	2,894,972
Unrestricted	(1,528,068)	(23,079)	(1,551,147)
Total net position	\$ (277,655)	\$ 1,621,480	\$ 1,343,825

City of Riverview, Michigan

Other Supplemental Information Combining Statement of Revenue, Expenses, and Changes in Net Position Nonmajor Enterprise Funds Year Ended June 30, 2016

	<u>Golf Course</u>	<u>Golf Practice</u>	<u>Total</u>
Operating Revenue			
Greens fees	\$ 836,827	\$ 7,509	\$ 844,336
Equipment rentals	142,039	89,757	231,796
Miscellaneous revenue	226,131	-	226,131
Total operating revenue	<u>1,204,997</u>	<u>97,266</u>	<u>1,302,263</u>
Operating Expenses			
Personal services	564,026	53,827	617,853
Supplies	203,797	11,559	215,356
Other services and charges	314,235	35,964	350,199
Depreciation	173,251	104,727	277,978
Total operating expenses	<u>1,255,309</u>	<u>206,077</u>	<u>1,461,386</u>
Operating Loss	(50,312)	(108,811)	(159,123)
Nonoperating (Expense) Revenue -			
Investment (loss) income	(1,903)	822	(1,081)
Change in Net Position	(52,215)	(107,989)	(160,204)
Net Position - Beginning of year	<u>(225,440)</u>	<u>1,729,469</u>	<u>1,504,029</u>
Net Position - End of year	<u><u>\$ (277,655)</u></u>	<u><u>\$ 1,621,480</u></u>	<u><u>\$ 1,343,825</u></u>

City of Riverview, Michigan

Other Supplemental Information Combining Statement of Cash Flows Nonmajor Enterprise Funds Year Ended June 30, 2016

	Golf Course	Golf Practice	Total
Cash Flows from Operating Activities			
Receipts from customers	\$ 1,204,997	\$ 97,266	\$ 1,302,263
Payments to suppliers	(526,249)	(49,130)	(575,379)
Payments to employees	(655,048)	(64,389)	(719,437)
Internal activity - Payments from other funds	7,500	763	8,263
	<u>31,200</u>	<u>(15,490)</u>	<u>15,710</u>
Net cash provided by (used in) operating activities	31,200	(15,490)	15,710
Cash Flows from Noncapital Financing Activities -			
Loans received from other funds	107,365	-	107,365
Cash Flows from Capital and Related Financing Activities			
Purchase of capital assets	(43,201)	-	(43,201)
Principal and interest paid on capital debt	(93,461)	-	(93,461)
	<u>(136,662)</u>	<u>-</u>	<u>(136,662)</u>
Net cash used in capital and related financing activities	(136,662)	-	(136,662)
Cash Flows from Investing Activities			
Investment (loss) gain	(1,903)	822	(1,081)
Purchase of investment securities	-	(822)	(822)
	<u>(1,903)</u>	<u>-</u>	<u>(1,903)</u>
Net cash used in investing activities	(1,903)	-	(1,903)
Net Decrease in Cash and Cash Equivalents	-	(15,490)	(15,490)
Cash and Cash Equivalents - Beginning of year	-	60,770	60,770
	<u>\$ -</u>	<u>\$ 45,280</u>	<u>\$ 45,280</u>
Cash and Cash Equivalents - End of year	<u>\$ -</u>	<u>\$ 45,280</u>	<u>\$ 45,280</u>
Balance Sheet Classification of Cash and Cash Equivalents			
Cash and investments	\$ -	\$ 78,948	\$ 78,948
Less amounts classified as investments	-	(33,668)	(33,668)
	<u>\$ -</u>	<u>\$ 45,280</u>	<u>\$ 45,280</u>
Total cash and cash equivalents	<u>\$ -</u>	<u>\$ 45,280</u>	<u>\$ 45,280</u>
Reconciliation of Operating Loss to Net Cash from Operating Activities			
Operating loss	\$ (50,312)	\$ (108,811)	\$ (159,123)
Adjustments to reconcile operating loss to net cash from operating activities:			
Depreciation and amortization	173,251	104,727	277,978
Changes in assets and liabilities:			
Due from others	7,500	763	8,263
Inventories	(5,749)	-	(5,749)
Prepaid and other assets	42	5	47
Accounts payable	(2,510)	(1,612)	(4,122)
Accrued and other liabilities	(140,344)	(16,276)	(156,620)
Net postemployment healthcare obligation	86,767	9,875	96,642
Deferred outflows	(48,267)	(5,363)	(53,630)
Deferred inflows	10,822	1,202	12,024
	<u>\$ 31,200</u>	<u>\$ (15,490)</u>	<u>\$ 15,710</u>
Net cash provided by (used in) operating activities	<u>\$ 31,200</u>	<u>\$ (15,490)</u>	<u>\$ 15,710</u>

City of Riverview, Michigan

Other Supplemental Information Combining Statement of Net Position Internal Service Funds June 30, 2016

	Self-Insurance Fund	Retiree Health Care	Total
Assets - Current assets			
Cash and investments	\$ -	\$ 239,921	\$ 239,921
Due from other funds	139,728	54,634	194,362
Prepaid and other assets	-	45,754	45,754
Deposit	361,777	-	361,777
Total assets	501,505	340,309	841,814
Liabilities - Current liabilities			
Accounts payable	-	24,284	24,284
Provision for claims	173,500	-	173,500
Total liabilities	173,500	24,284	197,784
Net Position - Unrestricted	\$ 328,005	\$ 316,025	\$ 644,030

City of Riverview, Michigan

Other Supplemental Information Combining Statement of Revenue, Expenses, and Changes in Net Position Internal Service Funds Year Ended June 30, 2016

	Self-insurance Fund	Retiree Health Care	Total
Operating Revenue - Charges for services	\$ 157,651	\$ 1,384,943	\$ 1,542,594
Operating Expenses - Other services and charges	452,126	1,296,841	1,748,967
Operating (Loss) Income	(294,475)	88,102	(206,373)
Nonoperating Revenue - Investment income	10	-	10
Change in Net Position	(294,465)	88,102	(206,363)
Net Position - Beginning of year	622,470	227,923	850,393
Net Position - End of year	<u>\$ 328,005</u>	<u>\$ 316,025</u>	<u>\$ 644,030</u>

City of Riverview, Michigan

Other Supplemental Information Combining Statement of Cash Flows Internal Service Funds Year Ended June 30, 2016

	Self-insurance Fund	Retiree Health Care	Total
Cash Flows from Operating Activities			
Receipts from interfund services and reimbursements	\$ 361,283	\$ 1,375,117	\$ 1,736,400
Claims paid	<u>(361,293)</u>	<u>(1,253,438)</u>	<u>(1,614,731)</u>
Net cash (used in) provided by operating activities	(10)	121,679	121,669
Cash Flows from Investment Activities -			
Investment income	<u>10</u>	<u>-</u>	<u>10</u>
Net Increase in Cash and Cash Equivalents	-	121,679	121,679
Cash and Cash Equivalents - Beginning of year	<u>-</u>	<u>118,242</u>	<u>118,242</u>
Cash and Cash Equivalents - End of year	<u><u>\$ -</u></u>	<u><u>\$ 239,921</u></u>	<u><u>\$ 239,921</u></u>
Balance Sheet Classification of Cash and Cash Equivalents - Cash and investments			
	<u><u>\$ -</u></u>	<u><u>\$ 239,921</u></u>	<u><u>\$ 239,921</u></u>
Reconciliation of Operating (Loss) Income to Net Cash from Operating Activities			
Operating (loss) income	\$ (294,475)	\$ 88,102	\$ (206,373)
Changes in assets and liabilities:			
Due from others	203,632	(9,826)	193,806
Estimated claims liability	<u>90,833</u>	<u>43,403</u>	<u>134,236</u>
Net cash (used in) provided by operating activities	<u><u>\$ (10)</u></u>	<u><u>\$ 121,679</u></u>	<u><u>\$ 121,669</u></u>

City of Riverview, Michigan

Other Supplemental Information Statement of Assets and Liabilities Agency Funds June 30, 2016

	Agency Funds		
	Special Tax	Inspection	Total Agency Funds
Assets			
Cash and cash equivalents	\$ -	\$ 117,908	\$ 117,908
Receivables	203,046	-	203,046
Total assets	<u>\$ 203,046</u>	<u>\$ 117,908</u>	<u>\$ 320,954</u>
Liabilities			
Due to other governmental units	\$ 203,046	\$ -	\$ 203,046
Escrow	-	117,908	117,908
Total liabilities	<u>\$ 203,046</u>	<u>\$ 117,908</u>	<u>\$ 320,954</u>

City of Riverview, Michigan

Activities Reported in the General Fund Balance Sheet June 30, 2016

	Rubbish	Cable TV	Library	Total Activities Reported in the General Fund
Assets				
Cash and investments	\$ 64,904	\$ 253,707	\$ 45,501	\$ 364,112
Receivables:				
Property taxes	-	-	310	310
Other	-	-	8,379	8,379
Prepaid expenses and other assets	-	50	152	202
Total assets	\$ 64,904	\$ 253,757	\$ 54,342	\$ 373,003
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 290	\$ 13,558	\$ 21,707	\$ 35,555
Due to other funds	-	-	62	62
Accrued liabilities and other	-	4,440	8,755	13,195
Total liabilities	290	17,998	30,524	48,812
Fund Balances				
Nonspendable	-	50	152	202
Assigned	64,614	235,709	23,666	323,989
Total fund balances	64,614	235,759	23,818	324,191
Total liabilities and fund balances	\$ 64,904	\$ 253,757	\$ 54,342	\$ 373,003

City of Riverview, Michigan

Activities Reported in the General Fund Statement of Revenue, Expenditures, and Changes in Fund Balances Year Ended June 30, 2016

	Rubbish	Cable TV	Library	Total Activities Reported in the General Fund
Revenue				
Property taxes	\$ -	\$ -	\$ 240,028	\$ 240,028
State sources	-	-	8,671	8,671
Investment income	-	144	2,531	2,675
Other	4,747	409,784	20,150	434,681
Total revenue	4,747	409,928	271,380	686,055
Expenditures - Current				
General government	-	226,982	-	226,982
Public works	359,067	-	-	359,067
Recreation and culture	-	-	338,547	338,547
Total expenditures	359,067	226,982	338,547	924,596
Excess of Revenue (Under) Over Expenditures	(354,320)	182,946	(67,167)	(238,541)
Other Financing Sources (Uses)				
Transfers in	354,321	-	70,000	424,321
Transfers out	-	(125,000)	-	(125,000)
Total other financing sources (uses)	354,321	(125,000)	70,000	299,321
Net Change in Fund Balances	1	57,946	2,833	60,780
Fund Balances - Beginning of year	64,613	177,813	20,985	263,411
Fund Balances - End of year	<u>\$ 64,614</u>	<u>\$ 235,759</u>	<u>\$ 23,818</u>	<u>\$ 324,191</u>