

City of Riverview, Michigan

Financial Report with Supplemental Information June 30, 2015

City of Riverview, Michigan

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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, 2015 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, 2015 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

Emphasis of Matter

As discussed in Note 2 to the financial statements, during the year ended June 30, 2015, the City adopted the provisions of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*. As a result of implementing this pronouncement, the City's net pension liability has been recognized on the government-wide and proprietary statements and, as discussed in Note 2, the beginning of year net position has been restated. Our opinion is not modified with respect to these matters.

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 9, 2015

City of Riverview, Michigan

Management's Discussion and Analysis

Overview of the Financial Statements

The City of Riverview, Michigan's (the "City") 2015 annual financial report is presented in conformity with the requirements of GASB Statement No. 34, as it was in 2014. 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, 2015 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 of the City exceeded its liabilities at the end of the fiscal year by \$52,649,281 (net position), an increase of \$1,386,282 from the previous year after accounting for the retroactive implementation of GASB Statement No. 68. 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 \$15,976,439.

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 \$1,516,838. The Land Preserve Fund transferred \$2,189,981 to the General Fund (combined basis) and the General Fund transferred \$125,000 to other funds. The resulting impact is an increase in the General Fund (combined basis) fund balance to \$1,214,143. Of this amount, \$143,515 is unassigned, or 1.4 percent of General Fund (combined basis) expenditures.

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, 2015. Business-type activities make up \$37.5 million and governmental activities make up \$15.1 million of the total. The following table shows, in a condensed format, the net position as of June 30, 2015 and compared to the prior year:

	Governmental Activities		Business-type Activities		Total	
	2015	2014*	2015	2014*	2015	2014*
Assets						
Current assets	\$ 5.5	\$ 4.2	\$ 4.9	\$ 4.5	\$ 10.4	\$ 8.7
Noncurrent assets	33.3	26.2	82.7	80.5	116.0	106.7
Total assets	38.8	30.4	87.6	85.0	126.4	115.4
Deferred Outflows of Resources	0.3	-	0.2	-	0.5	-
Liabilities						
Current liabilities	1.4	1.2	2.1	4.3	\$ 3.5	\$ 5.5
Long-term liabilities	22.6	9.0	48.2	43.6	70.8	52.6
Total liabilities	24.0	10.2	50.3	47.9	74.3	58.1
Net Position						
Net investment in capital assets	25.3	26.0	34.8	32.2	60.1	58.2
Restricted	1.7	1.4	6.8	8.7	8.5	10.1
Unrestricted	(11.9)	(7.2)	(4.1)	(3.8)	(16.0)	(11.0)
Total net position	<u>\$ 15.1</u>	<u>\$ 20.2</u>	<u>\$ 37.5</u>	<u>\$ 37.1</u>	<u>\$ 52.6</u>	<u>\$ 57.3</u>

* GASB Statement No. 68 was implemented by the City in fiscal year 2015. Fiscal year 2014 amounts shown have not been modified to reflect the retroactive application of the change.

As noted earlier, the City's assets exceed its liabilities 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 \$11.0 million from the prior year while current liabilities have decreased \$2.0 million and long-term liabilities have increased by \$18.2 million. The increase in long-term liabilities is primarily due to the adoption of GASB Statement No. 68 in 2015, which led to the recording of net pension liability totaling \$6,131,797 in 2015, as well as an increase in the landfill closure and post-closure liability in the amount of \$2,462,874. The City issued General Obligation Tax Bonds with a face value amount of \$7,725,000.

City of Riverview, Michigan

Management's Discussion and Analysis (Continued)

	Governmental Activities		Business-type Activities		Total	
	2015	2014*	2015	2014*	2015	2014*
Revenue						
Program revenue:						
Charges for services	\$ 1.3	\$ 0.9	\$ 19.6	\$ 17.9	\$ 20.9	\$ 18.8
Operating grants	1.4	0.9	0.3	-	1.7	0.9
Capital grants	0.3	-	-	-	0.3	-
General revenue:						
Property taxes	5.0	5.0	1.1	1.1	6.1	6.1
State-shared revenue	1.2	1.1	-	-	1.2	1.1
Cable, franchise, and right-of-way fees	0.4	0.4	-	-	0.4	0.4
Investment earnings	-	-	0.6	0.9	0.6	0.9
Other revenue	0.4	0.2	-	-	0.4	0.2
Gain on sale of capital assets	-	-	-	-	-	-
Transfers	1.7	2.6	(1.7)	(2.6)	-	-
Total revenue	11.7	11.1	19.9	17.3	31.6	28.4
Program Expenses						
General government	2.7	2.9	-	-	2.7	2.9
Public safety	6.2	6.4	-	-	6.2	6.4
Public works	2.5	2.6	-	-	2.5	2.6
Community and economic development	0.5	0.3	-	-	0.5	0.3
Recreation and cultural	0.8	1.1	-	-	0.8	1.1
Interest on long-term debt	0.3	-	-	-	0.3	-
Water and sewer	-	-	4.5	4.2	4.5	4.2
Land preserve	-	-	11.1	10.9	11.1	10.9
Golf course	-	-	1.4	1.6	1.4	1.6
Golf practice	-	-	0.2	0.2	0.2	0.2
Total program expenses	13.0	13.3	17.2	16.9	30.2	30.2
Change in Net Position	(1.3)	(2.2)	2.7	0.4	1.4	(1.8)
Net Position - Beginning of year	16.4	22.4	34.8	36.7	51.2	59.1
Net Position - End of year	<u>\$ 15.1</u>	<u>\$ 20.2</u>	<u>\$ 37.5</u>	<u>\$ 37.1</u>	<u>\$ 52.6</u>	<u>\$ 57.3</u>

* GASB Statement No. 68 was implemented by the City in fiscal year 2015. Fiscal year 2014 amounts shown have not been modified to reflect the retroactive application of the change.

Property taxes remained flat for the City as a whole, due to the City's operating tax levy remaining unchanged from the prior year and minimal change in the total taxable value of the City.

Governmental expenses have decreased by \$0.3 million 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.

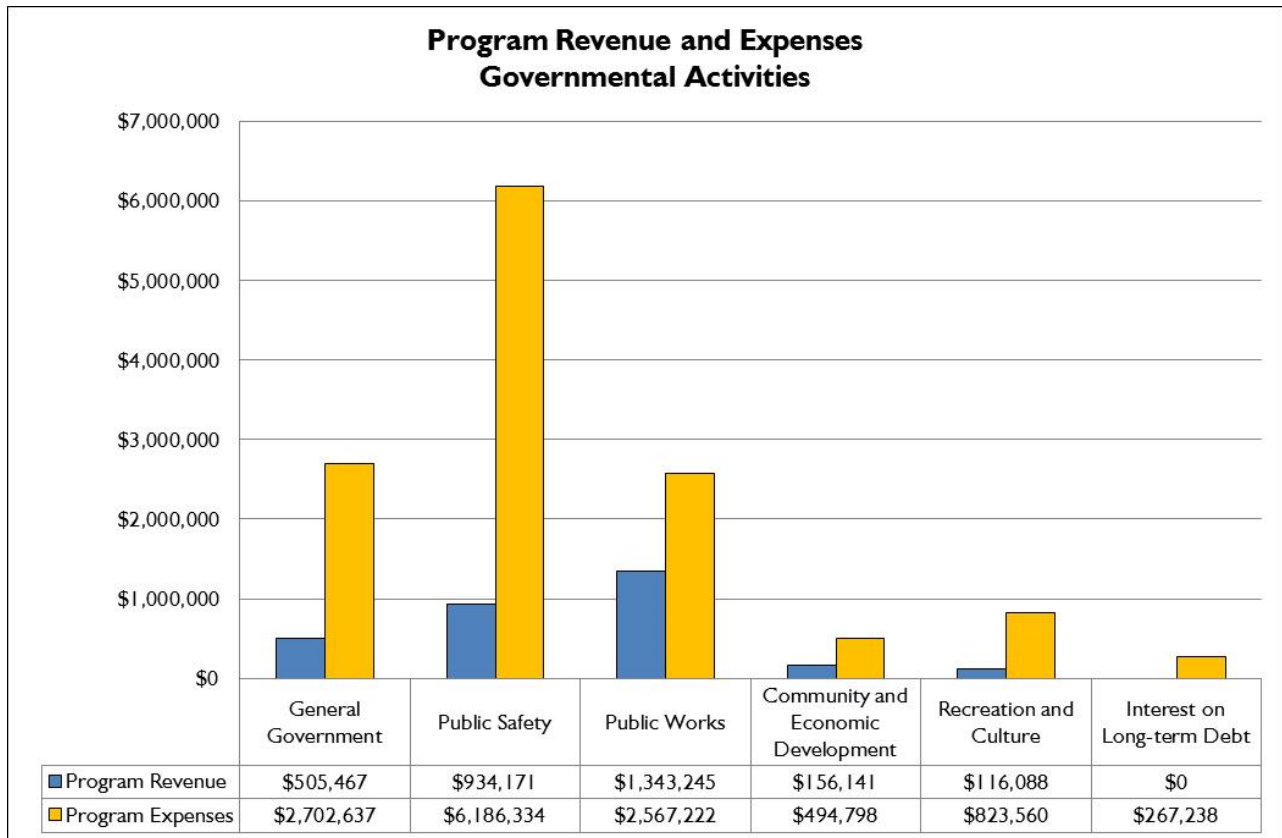
Land preserve expenses have increased \$0.2 million compared to last year, due to higher labor and fringes.

City of Riverview, Michigan

Management's Discussion and Analysis (Continued)

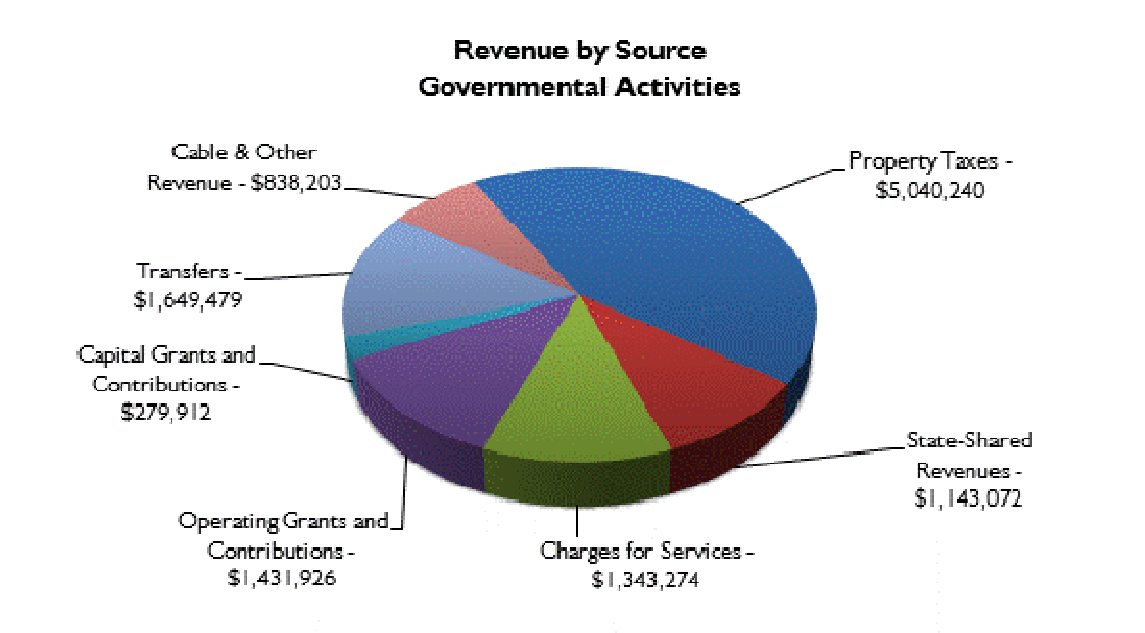
Governmental Activities

For the year ended June 30, 2015, revenue for the City's governmental activities totaled \$11.7 million, an increase of \$0.6 million from 2014. Property taxes remained flat, while operating transfers from enterprise funds decreased by \$0.9 million from 2014. 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)



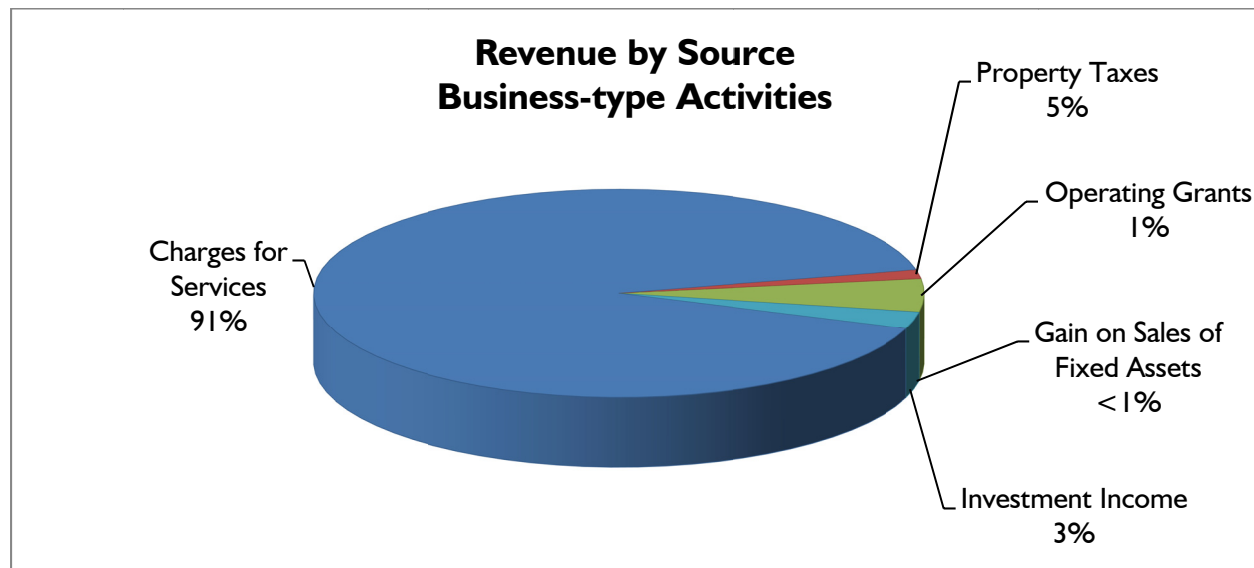
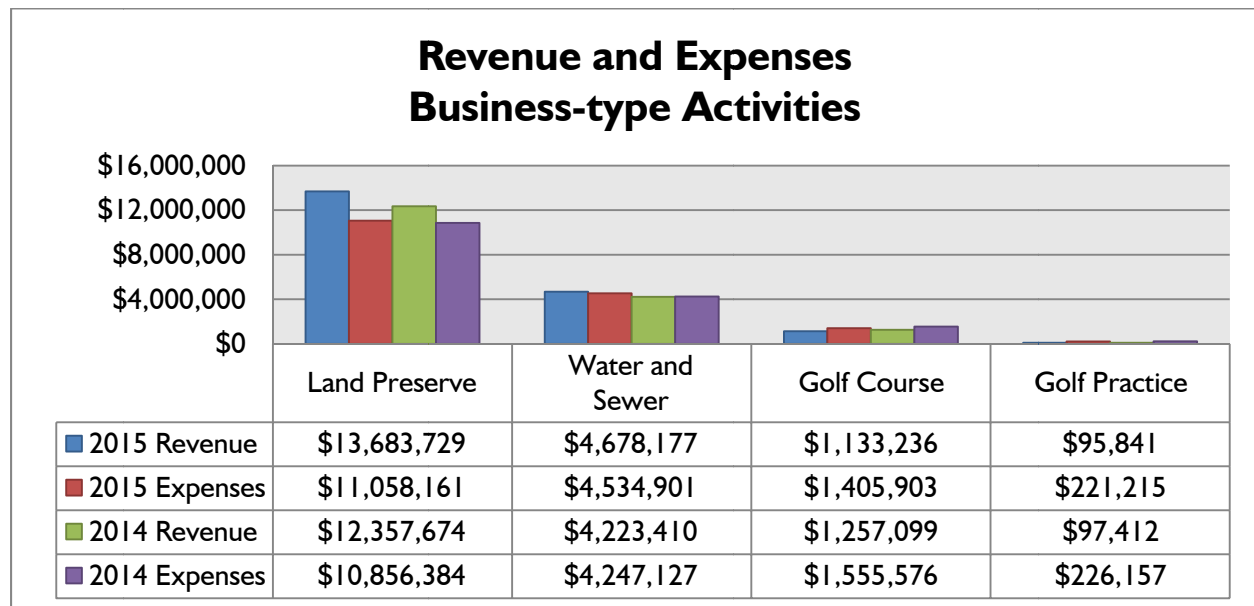
Business-type Activities

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 \$19.6 million in charges for services and incurred \$18.9 million in expenses and transfers out in 2015, compared to \$17.9 million in charges for services and \$19.5 million in expenses and transfers out for 2014. The business-type activities net position increased \$2.7 million to \$37.5 million in 2015.

In addition, general revenue for business-type activities was approximately \$1.7 million in 2015, compared to \$2.0 million in 2014. Investment income went from \$0.9 million in 2014 to \$0.6 million in 2015; this was primarily due to slight decreases in market values on long-term investments at the land preserve. Property tax revenue was \$1.1 million for 2015, equal to the revenue in 2014; these property taxes are used to make payments on debt incurred for the sewer system improvements and decreased due to lower property taxable values.

City of Riverview, Michigan

Management's Discussion and Analysis (Continued)



At the end of fiscal year 2015, the City has \$172.4 million invested, before depreciation, in a wide range of capital assets, including land, building, public safety equipment, computer equipment, and water and sewer lines. Of that amount, approximately \$34.7 million, net of depreciation, relates to infrastructure.

Debt of \$7.7 million, related to the construction of the above-mentioned capital assets is reported as a liability in the governmental activities in the statement of net position. As noted earlier, the City issued \$7.7 million of general obligation bonds in 2015 to finance various street repairs and water main repairs.

City of Riverview, Michigan

Management's Discussion and Analysis (Continued)

Debt related to the water and sewer system totaling \$7.5 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.

Debt related to capital lease obligations totaling \$0.3 million is 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 2015 include the General Fund (combined basis), the Major and Local Streets Funds, and the Street and Water Main Repair Fund.

The City's governmental funds reported a combined fund balance of \$9.8 million for this year, an increase of \$7.2 million over 2014. The Street and Water Main Repaid Fund held fund balance of approximately \$6.8 million primarily due to the issuance of the general obligation bonds. The proceeds of the bond issuance are being used to upgrade water and sewage mains and infrastructure. General Fund fund balance increased by \$548,143.

In addition, the Major Streets Fund fund balance decreased by \$62,266 and the Local Streets Fund fund balance increased by \$309,762. Both funds increased the amount of street maintenance using Act 51 revenues; the Local Streets Fund also received a grant of \$425,000 from the State of Michigan but work was not commenced until the following fiscal year. Property tax revenues 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 \$129,000, primarily due to an increase in the reimbursement from the City of Wyandotte for court revenues. Actual revenue was approximately \$169,000 above the final budget amounts; this was primarily due to receipt of a federal grant in the current fiscal year.

Expenditures increased from the original budget to the final budget by approximately \$90,000, primarily due to higher-than-expected attorney fees for pending litigation. Actual expenses were approximately \$854,000 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. Included in the General Fund expenditures was a contribution to the pension system of approximately \$887,000 for its general members and police members.

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 revenues 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, 2015

	Primary Government			Component Unit - Economic Development Corporation
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and investments (Note 4)	\$ 2,923,639	\$ 2,206,768	\$ 5,130,407	\$ 12,865
Receivables:				
Property taxes receivable	158,848	-	158,848	-
Customer sales	-	3,429,378	3,429,378	-
Other receivables	434,055	73,849	507,904	-
Due from other governmental units	450,824	-	450,824	-
Internal balances	1,004,375	(1,004,375)	-	-
Inventory	-	20,794	20,794	-
Prepaid expenses and other assets	116,462	180,700	297,162	-
Restricted assets (Note 6)	6,759,231	39,740,234	46,499,465	-
Investment in joint ventures (Note 14)	-	454,428	454,428	-
Deposits	421,857	-	421,857	-
Capital assets (Note 7):				
Assets not subject to depreciation	12,949,548	5,472,622	18,422,170	-
Assets subject to depreciation	13,602,411	37,097,271	50,699,682	-
Total assets	38,821,250	87,671,669	126,492,919	12,865
Deferred Outflows of Resources -				
Pension (Note 11)	342,692	165,154	507,846	-
Liabilities				
Accounts payable	909,164	2,000,327	2,909,491	-
Accrued liabilities and other	497,919	122,009	619,928	-
Unearned revenue	7,214	-	7,214	-
Noncurrent liabilities:				
Due within one year:				
Accounts payable from restricted assets	-	1,502,567	1,502,567	-
Provision for claims (Note 10)	142,747	-	142,747	-
Current portion of long-term debt (Note 8)	-	1,275,359	1,275,359	-
Due in more than one year:				
Compensated absences (Note 8)	533,677	13,438	547,115	-
Landfill closure and postclosure (Note 6)	-	31,405,894	31,405,894	-
Net OPEB obligation (Note 12)	9,790,721	5,478,768	15,269,489	-
Net pension liability (Note 11)	4,137,704	1,994,093	6,131,797	-
Long-term debt (Note 8)	7,996,124	6,484,571	14,480,695	-
Total liabilities	24,015,270	50,277,026	74,292,296	-
Deferred Inflows of Resources -				
Pension (Note 11)	39,940	19,248	59,188	-

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

City of Riverview, Michigan

Statement of Net Position (Continued) June 30, 2015

	Primary Government			Component Unit - Economic Development Corporation
	Governmental Activities	Business-type Activities	Total	
Net Position				
Net investment in capital assets	\$ 25,315,066	\$ 34,809,963	\$ 60,125,029	\$ -
Restricted for:				
Streets	1,141,769	-	1,141,769	-
Land preserve closure and postclosure costs	-	5,549,354	5,549,354	-
Community development	77,402	-	77,402	-
Drug forfeiture	449,747	-	449,747	-
Water and Sewer debt service	-	1,282,419	1,282,419	-
Unrestricted	(11,875,252)	(4,101,187)	(15,976,439)	12,865
Total net position	<u>\$ 15,108,732</u>	<u>\$ 37,540,549</u>	<u>\$ 52,649,281</u>	<u>\$ 12,865</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	\$ 2,702,637	\$ 505,467	\$ -	\$ -
Public safety	6,186,334	531,577	122,682	279,912
Public works	2,567,222	170,495	1,172,750	-
Community and economic development	494,798	49,980	106,161	-
Recreation and culture	823,560	85,755	30,333	-
Interest on long-term debt	267,238	-	-	-
Total governmental activities	13,041,789	1,343,274	1,431,926	279,912
Business-type activities:				
Water and sewer	4,534,901	4,678,177	298,428	-
Land preserve	11,058,161	13,683,729	-	-
Golf course	1,405,903	1,133,236	-	-
Golf practice	221,215	95,841	-	-
Total business-type activities	17,220,180	19,590,983	298,428	-
Total primary government	\$ 30,261,969	\$ 20,934,257	\$ 1,730,354	\$ 279,912
Total component unit - economic development corporation	\$ -	\$ -	\$ -	\$ -

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 - As restated (Note 2)

Net Position - End of year

Statement of Activities
Year Ended June 30, 2015

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit - Economic Development Corporation
Governmental Activities	Business-type Activities	Total	
\$ (2,197,170)	\$ -	\$ (2,197,170)	\$ -
(5,252,163)	-	(5,252,163)	-
(1,223,977)	-	(1,223,977)	-
(338,657)	-	(338,657)	-
(707,472)	-	(707,472)	-
(267,238)	-	(267,238)	-
(9,986,677)	-	(9,986,677)	-
-	441,704	441,704	-
-	2,625,568	2,625,568	-
-	(272,667)	(272,667)	-
-	(125,374)	(125,374)	-
-	2,669,231	2,669,231	-
(9,986,677)	2,669,231	(7,317,446)	-
-	-	-	-
5,040,240	1,109,684	6,149,924	-
1,143,072	-	1,143,072	-
16,719	568,256	584,975	-
378,351	-	378,351	-
443,133	-	443,133	-
-	4,273	4,273	-
7,021,515	1,682,213	8,703,728	-
1,649,479	(1,649,479)	-	-
(1,315,683)	2,701,965	1,386,282	-
16,424,415	34,838,584	51,262,999	12,865
\$ 15,108,732	\$ 37,540,549	\$ 52,649,281	\$ 12,865

City of Riverview, Michigan

Governmental Funds Balance Sheet June 30, 2015

	General Fund	Major Streets Fund	Local Streets Fund	Street and Water Main Repair Fund	Nonmajor Funds	Total
Assets						
Cash and investments (Note 4)	\$ 698,641	\$ 318,502	\$ 939,383	\$ -	\$ 848,871	\$ 2,805,397
Receivables:						
Property taxes receivable	151,425	-	6,891	-	532	158,848
Other receivables	408,045	-	26,010	-	-	434,055
Due from other governmental units	292,579	74,168	46,766	-	37,311	450,824
Due from other funds (Note 5)	78,311	-	-	-	51,513	129,824
Advances to other funds (Note 5)	936,489	-	-	-	-	936,489
Prepaid expenses	48,703	-	-	-	-	48,703
Restricted assets	-	-	-	6,759,231	-	6,759,231
Total assets	<u>\$ 2,614,193</u>	<u>\$ 392,670</u>	<u>\$ 1,019,050</u>	<u>\$ 6,759,231</u>	<u>\$ 938,227</u>	<u>\$ 11,723,371</u>
Liabilities						
Accounts payable	\$ 598,422	\$ 19,609	\$ 249,230	\$ -	\$ 39,017	\$ 906,278
Due to other funds (Note 5)	332,115	-	1,047	-	116,944	450,106
Accrued liabilities and other	469,513	-	65	-	-	469,578
Unearned revenue	-	-	-	-	7,214	7,214
Total liabilities	1,400,050	19,609	250,342	-	163,175	1,833,176
Deferred Inflows of Resources -						
Unavailable revenue	-	-	-	-	50,486	50,486
Fund Balances						
Nonspendable:						
Prepays	48,703	-	-	-	-	48,703
Advances to funds	936,489	-	-	-	-	936,489
Restricted:						
Roads	-	373,061	768,708	-	-	1,141,769
Police	-	-	-	-	449,747	449,747
CDBG	-	-	-	-	26,916	26,916
Capital projects (unspent bond proceeds)	-	-	-	6,759,231	-	6,759,231
Assigned:						
Library	20,823	-	-	-	-	20,823
Debt service	-	-	-	-	123,384	123,384
Capital projects	-	-	-	-	124,519	124,519
Rubbish	64,613	-	-	-	-	64,613
Unassigned	143,515	-	-	-	-	143,515
Total fund balances	1,214,143	373,061	768,708	6,759,231	724,566	9,839,709
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,614,193</u>	<u>\$ 392,670</u>	<u>\$ 1,019,050</u>	<u>\$ 6,759,231</u>	<u>\$ 938,227</u>	<u>\$ 11,723,371</u>

City of Riverview, Michigan

Governmental Funds Reconciliation of the Balance Sheet to the Statement of Net Position June 30, 2015

Fund Balance Reported in Governmental Funds	\$ 9,839,709
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	26,551,959
The net OPEB obligation is not due and payable in the current period and is not reported in the funds	(9,790,721)
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	50,486
Bonds payable and capital lease obligations are not due and payable in the current period and are not reported in the funds	(7,996,124)
Accrued interest is not due and payable in the current period and is not reported in the funds	(28,341)
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	(533,677)
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	(3,834,952)
Internal service funds are included as part of governmental activities	<u>850,393</u>
Net Position of Governmental Activities	<u>\$ 15,108,732</u>

City of Riverview, Michigan

Governmental Funds Statement of Revenue, Expenditures, and Changes in Fund Balances Year Ended June 30, 2015

	General Fund	Major Streets Fund	Local Streets Fund	Street and Water Main Repair Fund	Nonmajor Funds	Total
Revenue						
Property taxes	\$ 4,801,610	\$ -	\$ 221,595	\$ -	\$ -	\$ 5,023,205
Licenses and permits	185,430	-	-	-	-	185,430
Federal grants	265,128	-	-	-	163,802	428,930
State sources	1,165,208	462,716	710,516	-	57,689	2,396,129
Charges for services	846,265	-	-	-	-	846,265
Investment income	10,912	40	252	-	5,506	16,710
Charges and other revenues:						
Ambulance charges	520,180	-	-	-	-	520,180
Cable franchise fees	378,351	-	-	-	-	378,351
Other miscellaneous income	409,961	-	-	-	222,200	632,161
Total revenue	8,583,045	462,756	932,363	-	449,197	10,427,361
Expenditures						
Current:						
General government	2,051,026	-	-	-	-	2,051,026
Public safety	5,117,882	-	-	-	130,782	5,248,664
Public works	1,921,284	301,347	1,355,354	-	-	3,577,985
Community and economic development	165,997	-	-	-	100,910	266,907
Recreation and culture	843,694	-	-	-	-	843,694
Capital outlay	-	-	-	-	475,970	475,970
Debt service	-	-	-	237,313	127,375	364,688
Total expenditures	10,099,883	301,347	1,355,354	237,313	835,037	12,828,934
Excess of Revenue (Under) Over Expenditures	(1,516,838)	161,409	(422,991)	(237,313)	(385,840)	(2,401,573)
Other Financing Sources (Uses)						
Face value of debt issue	-	-	-	7,725,000	-	7,725,000
Debt premium	-	-	-	271,124	-	271,124
Transfers in (Note 5)	2,189,981	-	732,753	-	75,000	2,997,734
Transfers out (Note 5)	(125,000)	(223,675)	-	(999,580)	-	(1,348,255)
Total other financing sources (uses)	2,064,981	(223,675)	732,753	6,996,544	75,000	9,645,603
Net Change in Fund Balances	548,143	(62,266)	309,762	6,759,231	(310,840)	7,244,030
Fund Balances - Beginning of year	666,000	435,327	458,946	-	1,035,406	2,595,679
Fund Balances - End of year	\$ 1,214,143	\$ 373,061	\$ 768,708	\$ 6,759,231	\$ 724,566	\$ 9,839,709

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, 2015

Net Change in Fund Balances - Total Governmental Funds	\$ 7,244,030
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	1,887,009
Depreciation expense	(1,518,581)
Certain revenue from federal sources is deferred and will be recognized as revenue in the fund statements in future years	26,505
Other postemployment benefit obligation is recognized in the statement of activities, but not in the governmental funds	(1,595,288)
Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)	125,000
Proceeds received from a bond issuance is revenue in the governmental funds, but recorded as debt on the government-wide statements	(7,996,124)
Interest expense is recorded when incurred in the statement of activities	(27,549)
Decrease in accumulated employee sick and vacation pay is recorded when paid in the governmental funds	73,824
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	(10,576)
Internal service funds are included as part of governmental activities	476,067
Change in Net Position of Governmental Activities	<u>\$ (1,315,683)</u>

City of Riverview, Michigan

Proprietary Funds Statement of Net Position June 30, 2015

	Enterprise Funds				Governmental Activities
	Water and Sewer	Land Preserve	Nonmajor Enterprise	Total	Proprietary Internal Service Fund
Assets					
Current assets:					
Cash and investments (Note 4)	\$ 2,113,152	\$ -	\$ 93,616	\$ 2,206,768	\$ 118,242
Receivables:					
Customers	1,015,410	2,413,968	-	3,429,378	-
Other	73,849	-	-	73,849	-
Due from other funds (Note 5)	33,745	-	8,263	42,008	388,168
Inventory	-	-	20,794	20,794	-
Prepaid and other assets	179,756	897	47	180,700	67,759
Deposit	-	-	-	-	421,857
Total current assets	3,415,912	2,414,865	122,720	5,953,497	996,026
Noncurrent assets:					
Restricted assets (Note 6)	1,282,419	38,457,815	-	39,740,234	-
Advances to other funds (Note 5)	-	998,815	-	998,815	-
Investment in joint ventures (Note 14)	454,428	-	-	454,428	-
Capital assets:					
Assets not subject to depreciation (Note 7)	753,504	4,027,217	691,901	5,472,622	-
Assets subject to depreciation (Note 7)	24,388,753	10,212,039	2,496,479	37,097,271	-
Total noncurrent assets	26,879,104	53,695,886	3,188,380	83,763,370	-
Total assets	30,295,016	56,110,751	3,311,100	89,716,867	996,026
Deferred Outflows of Resources -					
Pension (Note 11)	41,772	85,202	38,180	165,154	-
Liabilities					
Current liabilities:					
Accounts payable	596,859	1,351,670	51,798	2,000,327	2,886
Due to other funds (Note 5)	109,894	-	-	109,894	-
Accrued liabilities and other	34,338	60,160	27,511	122,009	-
Provision for claims (Note 10)	-	-	-	-	142,747
Current portion of bonds payable (Note 8)	1,062,144	119,754	93,461	1,275,359	-
Total current liabilities	1,803,235	1,531,584	172,770	3,507,589	145,633

City of Riverview, Michigan

Proprietary Funds Statement of Net Position (Continued) June 30, 2015

	Enterprise Funds				Governmental Activities
	Water and Sewer	Land Preserve	Nonmajor Enterprise	Total	Proprietary Internal Service Fund
Liabilities (Continued)					
Noncurrent liabilities:					
Advances from other funds (Note 5)	\$ 998,815	\$ 437,974	\$ 498,515	\$ 1,935,304	\$ -
Accounts payable from restricted assets	-	1,502,567	-	1,502,567	-
Compensated absences (Note 8)	13,438	-	-	13,438	-
Landfill closure and postclosure (Note 6)	-	31,405,894	-	31,405,894	-
Net OPEB obligation (Note 12)	1,279,915	3,548,965	649,888	5,478,768	-
Net pension obligation (Note 11)	504,355	1,028,741	460,997	1,994,093	-
Bond payable - Net of current portion (Note 8)	6,425,940	-	58,631	6,484,571	-
Total noncurrent liabilities	<u>9,222,463</u>	<u>37,924,141</u>	<u>1,668,031</u>	<u>48,814,635</u>	<u>-</u>
Total liabilities	11,025,698	39,455,725	1,840,801	52,322,224	145,633
Deferred Inflows of Resources -					
Pension (Note 11)	<u>4,868</u>	<u>9,930</u>	<u>4,450</u>	<u>19,248</u>	<u>-</u>
Net Position					
Net investment in capital assets	17,654,173	14,119,502	3,036,288	34,809,963	-
Restricted:					
Land preserve closure and postclosure costs (Note 6)	-	5,549,354	-	5,549,354	-
Water and sewer debt service (Note 6)	1,282,419	-	-	1,282,419	-
Unrestricted	<u>369,630</u>	<u>(2,938,558)</u>	<u>(1,532,259)</u>	<u>(4,101,187)</u>	<u>850,393</u>
Total net position	<u>\$ 19,306,222</u>	<u>\$ 16,730,298</u>	<u>\$ 1,504,029</u>	<u>\$ 37,540,549</u>	<u>\$ 850,393</u>

City of Riverview, Michigan

Proprietary Funds Statement of Revenue, Expenses, and Changes in Net Position Year Ended June 30, 2015

	Enterprise Funds				Governmental Activities
	Water and Sewer	Land Preserve	Nonmajor Enterprise	Total	Internal Service Funds
Operating Revenue					
Customer billings	\$ 4,673,403	\$ -	\$ -	\$ 4,673,403	\$ -
Greens fees	-	-	656,637	656,637	-
Equipment rental	-	-	371,843	371,843	-
Charges for services	-	-	-	-	1,711,659
Miscellaneous revenue	4,774	275,996	200,597	481,367	-
Rubbish collections	-	13,407,733	-	13,407,733	-
MMRMA distribution	-	-	-	-	421,472
Total operating revenue	4,678,177	13,683,729	1,229,077	19,590,983	2,133,131
Operating Expenses					
Cost of water and sewer	1,414,839	-	-	1,414,839	-
Operations and maintenance	865,717	4,139,655	793,464	5,798,836	-
Supplies	15,749	54,702	204,991	275,442	-
Other services and charges	820,725	5,104,213	343,199	6,268,137	1,657,073
Depreciation	1,183,291	1,751,155	285,464	3,219,910	-
Total operating expenses	4,300,321	11,049,725	1,627,118	16,977,164	1,657,073
Operating Income (Loss)	377,856	2,634,004	(398,041)	2,613,819	476,058
Nonoperating Revenue (Expense)					
Property taxes - Sewage disposal system	1,109,684	-	-	1,109,684	-
Investment income (loss)	60,729	509,532	(2,005)	568,256	9
Interest expense	(234,580)	(8,436)	-	(243,016)	-
Gain on sale of assets	-	4,273	-	4,273	-
Nonoperating grants	298,428	-	-	298,428	-
Total nonoperating revenue (expenses)	1,234,261	505,369	(2,005)	1,737,625	9
Income (Loss) - Before transfers	1,612,117	3,139,373	(400,046)	4,351,444	476,067
Transfers In	710,123	-	-	710,123	-
Transfers Out	-	(2,359,602)	-	(2,359,602)	-
Change in Net Position	2,322,240	779,771	(400,046)	2,701,965	476,067
Net Position - Beginning of year - As restated (Note 2)	16,983,982	15,950,527	1,904,075	34,838,584	374,326
Net Position - End of year	<u>\$ 19,306,222</u>	<u>\$ 16,730,298</u>	<u>\$ 1,504,029</u>	<u>\$ 37,540,549</u>	<u>\$ 850,393</u>

City of Riverview, Michigan

Proprietary Funds Statement of Cash Flows Year Ended June 30, 2015

	Enterprise Funds				Governmental Activities
	Water and Sewer	Land Preserve	Nonmajor	Total	Internal Service Funds
			Enterprise		
Cash Flows from Operating Activities					
Receipts from customers	\$ 4,645,279	\$ 13,254,926	\$ 1,229,077	\$ 19,129,282	\$ -
Receipts from interfund services and reimbursements	-	-	-	-	1,373,755
Payments to suppliers	(2,008,062)	(4,568,429)	(573,763)	(7,150,254)	-
Payments to employees	(814,277)	(2,728,934)	(760,894)	(4,304,105)	-
Internal activity - Payments from (to) other funds	30,831	(53,822)	(8,263)	(31,254)	13,100
Claims paid	-	-	-	-	(1,565,731)
MMRMA distribution	-	-	-	-	434,374
Net cash provided by (used in) operating activities	1,853,771	5,903,741	(113,843)	7,643,669	255,498
Cash Flows from Noncapital Financing Activities					
Net transfers from (to) other funds	710,123	(2,359,602)	-	(1,649,479)	-
Loans received from other funds	-	-	231,394	231,394	-
Repayments of loans made (from) to other funds	(200,000)	1,161,891	115,878	1,077,769	24,267
Repayments of loans from other funds	(961,891)	(255,715)	-	(1,217,606)	(161,532)
Receipts from nonoperating grant	298,428	-	-	298,428	-
Net cash (used in) provided by noncapital financing activities	(153,340)	(1,453,426)	347,272	(1,259,494)	(137,265)
Cash Flows from Capital and Related Financing Activities					
Proceeds from sales of capital assets	-	4,500	-	4,500	-
Property taxes (restricted for capital or capital debt)	1,041,199	-	-	1,041,199	-
Purchase of capital assets	(1,056,508)	(2,183,152)	(61,043)	(3,300,703)	-
Principal and interest paid on capital debt	(997,072)	(634,274)	(76,765)	(1,708,111)	-
Payment to County for debt service	(1,020,418)	-	-	(1,020,418)	-
Net cash used in capital and related financing activities	(2,032,799)	(2,812,926)	(137,808)	(4,983,533)	-
Cash Flows from Investing Activities					
Investment income	60,729	509,532	(2,005)	568,256	9
Purchase of investment securities	13,249	(2,146,921)	(32,846)	(2,166,518)	-
Net cash provided by (used in) investing activities	73,978	(1,637,389)	(34,851)	(1,598,262)	9
Net (Decrease) Increase in Cash and Cash Equivalents	(258,390)	-	60,770	(197,620)	118,242
Cash and Cash Equivalents - Beginning of year	258,390	-	-	258,390	-
Cash and Cash Equivalents - End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 60,770</u>	<u>\$ 60,770</u>	<u>\$ 118,242</u>
Balance Sheet Classification of Cash and Cash Equivalents					
Cash and investments	\$ 2,113,152	\$ -	\$ 93,616	\$ 2,206,768	\$ 118,242
Less amounts classified as investments	(2,113,152)	-	(32,846)	(2,145,998)	-
Total cash and cash equivalents	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 60,770</u>	<u>\$ 60,770</u>	<u>\$ 118,242</u>

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, 2015

	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 income (loss)	\$ 377,856	\$ 2,634,004	\$ (398,041)	\$ 2,613,819	\$ 476,058
Adjustments to reconcile operating income (loss) to net cash from operating activities:					
Depreciation	1,183,291	1,751,155	285,464	3,219,910	-
Loss on investment in Downriver Sewage Disposal System	87,624	-	-	87,624	-
Changes in assets, deferred outflows, liabilities, and deferred inflows:					
Receivables	(32,898)	(428,803)	-	(461,701)	-
Due from other funds	-	-	(7,500)	(7,500)	(337,904)
Inventories	-	-	6,531	6,531	-
Prepaid and other assets	(51,742)	(263)	54	(51,951)	7,494
Accounts payable	294,453	(939,962)	(32,158)	(677,667)	(16,170)
Due to other funds	30,831	(53,822)	(763)	(23,754)	13,100
Land preserve closure liability	-	2,462,874	-	2,462,874	100,018
Accrued and other liabilities	(192,892)	(21,518)	(32,106)	(246,516)	-
Net postemployment healthcare obligation	194,152	575,348	98,406	867,906	12,902
Deferred outflows	(41,772)	(85,202)	(38,180)	(165,154)	-
Deferred inflows	4,868	9,930	4,450	19,248	-
Net cash provided by (used in) operating activities	\$ 1,853,771	\$ 5,903,741	\$ (113,843)	\$ 7,643,669	\$ 255,498

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

1. The restricted assets held at the County as of July 1, 2014 amounted to \$1,340,739 and the balance at June 30, 2015 was \$1,282,419. The change during the year was due to revenue from a judgment levy of \$1,020,418, interest income of \$18,807, and payments of principal and interest of \$923,102 and \$174,443, 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 \$237,986.

City of Riverview, Michigan

Fiduciary Funds Statement of Fiduciary Net Position June 30, 2015

	Pension Trust Fund - Employees' Retirement System	Private Purpose Trust Fund - Community Trust	<u>Agency Funds</u>
Assets			
Cash and cash equivalents	\$ 868,377	\$ 23,603	\$ 102,102
Investments:			
U.S. government securities	5,215,208	-	-
Stocks and pooled equity investments	18,021,553	-	-
Corporate bonds	4,927,501	-	-
Receivables - Other receivables	408,185	-	190,535
Total assets	<u>29,440,824</u>	<u>23,603</u>	<u>\$ 292,637</u>
Liabilities			
Due to other governmental units	-	-	\$ 219,002
Refundable deposits, bonds, etc.	-	-	73,635
Accrued liabilities and other	-	17,357	-
Total liabilities	<u>-</u>	<u>17,357</u>	<u>\$ 292,637</u>
Net Position	<u>\$ 29,440,824</u>	<u>\$ 6,246</u>	

City of Riverview, Michigan

Fiduciary Funds Statement of Changes in Fiduciary Net Position Year Ended June 30, 2015

	Pension Trust Fund - Employees' Retirement System	Private Purpose Trust Fund - Community Trust
Additions		
Investment income:		
Interest and dividends	\$ 526,182	\$ 1
Net increase in fair value of investments	1,024,631	-
Investment-related expenses	(154,908)	-
Net investment income	1,395,905	1
Contributions:		
Employer	1,377,176	-
Employee	164,844	-
Total contributions	1,542,020	-
Total additions	2,937,925	1
Deductions - Benefit payments	2,110,468	-
Net Increase in Net Position Held in Trust	827,457	1
Net Position Held in Trust - Beginning of year	28,613,367	6,245
Net Position Held in Trust - End of year	\$ 29,440,824	\$ 6,246

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 revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Taxes and other items not properly included among program revenues 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 revenues 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 revenues were 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.
- **Street and Water Main Repair Fund** - The Street and Water Main Repair Fund accounts for the resources from a debt issuance and future road millage that are restricted for the maintenance, repair, and construction for roads and water system infrastructure.

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.

Note I - Summary of Significant Accounting Policies (Continued)

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.
- **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.

Note I - Summary of Significant Accounting Policies (Continued)

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.

Revenues are not recognized until they are collected, or collected soon enough after the end of the year that they are 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.

Note I - Summary of Significant Accounting Policies (Continued)

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 fair market value at the date of donation.

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	5 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 life of the bonds using the effective interest method; bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are 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 Local Streets Fund and 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 revenues 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 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 2014 tax is levied and collectible on July 1, 2014 and is recognized as revenue in the year ended June 30, 2015, when the proceeds of the levy are budgeted and available for the financing of operations.

The 2014 taxable valuation of the City totaled \$293.9 million, on which ad valorem taxes levied consisted of 16.26 mills for operating purposes and 3.7 mills for sewage disposal debt. This resulted, when combined with administrative fees, in \$5 million for operating purposes (taxes are reflected in the General Fund and Local Streets Fund) and \$1.1 million for sewage disposal debt.

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 purposes 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 revenues and expenses from nonoperating items. Operating revenues 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 revenues 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 revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

City of Riverview, Michigan

Notes to Financial Statements June 30, 2015

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 - Reporting Change (prior period adjustments)

During the current year, the City adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68*. As a result, the government-wide statements and the proprietary funds now include a liability for our unfunded legacy costs. Some of the changes in this net pension liability will be recognized immediately as part of the pension expense measurement, and part will be deferred and recognized over future years. Refer to the pension note (Note 11) for further details. This change does not impact the General Fund or any other governmental fund.

The financial statements for the year ended June 30, 2014 have been restated in order to adopt GASB Statement Nos. 68 and 71. The effect of these new accounting standards was a decrease in net position to record the net pension liability and deferred outflows at June 30, 2014.

As a result of implementing this statement, the beginning net position of the governmental activities and business-type activities have been restated as indicated:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Net position - June 30, 2014 - As previously reported	\$ 20,248,791	\$ 37,093,935
Adjustment for implementation of GASB Statement No. 68	<u>(3,824,376)</u>	<u>(2,255,351)</u>
Net position - June 30, 2014 - As restated	<u>\$ 16,424,415</u>	<u>\$ 34,838,584</u>

Note 3 - 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.

Note 3 - Stewardship, Compliance, and Accountability (Continued)

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.

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 expenditure overruns. 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 Deficits - At June 30, 2015, the City had a deficit in one enterprise fund, as defined by State of Michigan Department of Treasury Numbered Letter 2014-1, of \$45,331 in the Golf Course Fund (a nonmajor enterprise fund). This amount represents the lower of the deficit in working capital and unrestricted net position deficit. The City has submitted a deficit elimination plan, which has been approved by the State.

City of Riverview, Michigan

Notes to Financial Statements June 30, 2015

Note 3 - Stewardship, Compliance, and Accountability (Continued)

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, 2014		\$ (1,648,052)
Current year building permit revenue		96,994
Related expenses:		
Direct costs	\$ 187,060	
Estimated indirect costs	18,706	205,766
	<u> </u>	<u> </u>
Current year shortfall		(108,772)
Cumulative shortfall at June 30, 2015		<u>\$ (1,756,824)</u>

Note 4 - 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.

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.

City of Riverview, Michigan

Notes to Financial Statements June 30, 2015

Note 4 - Deposits and Investments (Continued)

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 \$8,395,350 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	\$ 6,661,125	\$ -	\$ 2,854,353	\$ 3,387,724	\$ 419,048
U.S. Treasury notes	30,723,420	4,961,174	17,241,729	8,520,517	-
Total	\$ 37,384,545	\$ 4,961,174	\$ 20,096,082	\$ 11,908,241	\$ 419,048
Fiduciary Funds	Fair Value	Less than 1 Year	1-5 Years	6-10 Years	More than 10 Years
U.S. Treasury notes	\$ 5,215,208	\$ 2,063,886	\$ 2,732,083	\$ 419,239	\$ -
Corporate bonds	4,927,501	177,669	1,900,374	2,773,227	76,231
Total	\$ 10,142,709	\$ 2,241,555	\$ 4,632,457	\$ 3,192,466	\$ 76,231

City of Riverview, Michigan

Notes to Financial Statements June 30, 2015

Note 4 - Deposits and Investments (Continued)

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	\$ 6,659,731	Aaa	Moody's
U.S. government agency securities	1,394	Not rated	Moody's
U.S. Treasury	<u>30,723,420</u>	Aaa	Moody's
Total	<u>\$ 37,384,545</u>		
Fiduciary Funds			
U.S. Treasury	\$ 5,215,208	Aaa	Moody's
Corporate bonds	816,637	Aaa	Moody's
	97,705	Aa1	Moody's
	89,550	Aa2	Moody's
	117,572	Aa3	Moody's
	471,323	A1	Moody's
	373,122	A2	Moody's
	673,078	A3	Moody's
	763,077	Baa1	Moody's
	614,142	Baa2	Moody's
	611,369	Baa3	Moody's
	<u>299,926</u>	Not rated	Moody's
Total	<u>\$ 10,142,709</u>		

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 10.30 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.

City of Riverview, Michigan

Notes to Financial Statements June 30, 2015

Note 5 - Interfund Receivables, Payables, and Transfers

The composition of interfund receivables at June 30, 2015 is as follows:

Receivable Fund	Payable Fund	Amount
Due to/from Other Funds		
General Fund	Water and Sewer Fund	\$ 12,694
	Nonmajor governmental funds	65,617
	Total General Fund	78,311
Nonmajor governmental funds	General Fund	186
	Nonmajor governmental funds	51,327
	Total nonmajor governmental funds	51,513
Nonmajor enterprise funds	General Fund	8,263
Water and Sewer Fund	General Fund	32,698
	Local Street Fund	1,047
	Total Water and Sewer Fund	33,745
Internal service funds	General Fund	290,968
	Water and Sewer Fund	97,200
	Total internal service funds	388,168
	Total	<u>\$ 560,000</u>

Receivable Fund	Payable Fund	Amount
Advances from/to Other Funds		
Land Preserve Fund	Water and Sewer Fund	\$ 998,815
General Fund	Land Preserve	437,974
	Nonmajor enterprise funds	498,515
	Total General Fund	936,489
	Total	<u>\$ 1,935,304</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, 2015

Note 5 - 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)	\$ 2,189,981
Local Streets Fund	Major Streets Fund (3)	223,675
	Street and Water Main Repair Fund (4)	<u>509,078</u>
	Total Local Streets Fund	732,753
Nonmajor governmental funds	General Fund (2)	75,000
Water and Sewer Fund	General Fund (2)	50,000
	Street and Water Main Repair Fund (4)	490,502
	Land Preserve Fund (2)	<u>169,621</u>
	Total Water and Sewer Fund	<u>710,123</u>
	Total	<u>\$ 3,707,857</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
- (5) Transfer of portion of the MMRMA Distribution

Note 6 - Restricted Assets

Restricted assets at June 30, 2015 consist of the following:

	Water and Sewer Fund	Land Preserve Fund	Street and Water Main Repair Fund	Total
Cash and investments	\$ -	\$ 38,457,815	\$ -	\$ 38,457,815
Deposits held by Wayne County - Water and Sewer Fund	1,282,419	-	-	1,282,419
Unspent bond proceeds	<u>-</u>	<u>-</u>	<u>6,759,231</u>	<u>6,759,231</u>
Total restricted assets	<u>\$ 1,282,419</u>	<u>\$ 38,457,815</u>	<u>\$ 6,759,231</u>	<u>\$ 46,499,465</u>

Note 6 - Restricted Assets (Continued)

Water and Sewer - The City has assets of \$1,282,419 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 \$31,405,894 reported as landfill closure and postclosure liability at June 30, 2015 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 \$9.9 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 March 2027. On a volume basis versus site acreage basis, approximately 76 percent of landfill capacity is used as of June 30, 2015. 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 9). The City is in compliance with these requirements and at June 30, 2015, investments of \$38,457,815 are held for these purposes. These are reported as restricted assets on the balance sheet. Net position has been restricted for \$5,549,354, which is the total restricted assets of \$38,457,815 less the closure and postclosure liability of \$31,405,894 and accounts payable with restricted assets of \$1,502,567. 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 \$6,759,231 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.

Note 7 - Capital Assets

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

Governmental Activities	Balance July 1, 2014	Transfers	Additions	Disposals	Balance June 30, 2015
Capital assets not being depreciated:					
Land	\$ 11,581,059	\$ -	\$ 998	\$ -	\$ 11,582,057
Construction in progress	-	-	1,367,491	-	1,367,491
Subtotal	11,581,059	-	1,368,489	-	12,949,548
Capital assets being depreciated:					
Infrastructure	41,226,224	-	99,515	-	41,325,739
Buildings and improvements	10,748,649	-	25,036	-	10,773,685
Equipment and vehicles	6,212,642	(44,869)	393,969	(228,780)	6,332,962
Subtotal	58,187,515	(44,869)	518,520	(228,780)	58,432,386
Accumulated depreciation:					
Infrastructure	29,017,375	-	1,050,575	-	30,067,950
Buildings and improvements	9,039,133	-	204,329	-	9,243,462
Equipment and vehicles	5,528,535	(44,869)	263,677	(228,780)	5,518,563
Subtotal	43,585,043	(44,869)	1,518,581	(228,780)	44,829,975
Net capital assets being depreciated	14,602,472	-	(1,000,061)	-	13,602,411
Net governmental activities capital assets	<u>\$ 26,183,531</u>	<u>\$ -</u>	<u>\$ 368,428</u>	<u>\$ -</u>	<u>\$ 26,551,959</u>

City of Riverview, Michigan

Notes to Financial Statements June 30, 2015

Note 7 - Capital Assets (Continued)

Business-type Activities	Balance July 1, 2014	Transfers	Additions	Disposals	Balance June 30, 2015
Water and sewer system capital assets:					
Construction in progress	\$ -	\$ -	\$ 753,504	\$ -	\$ 753,504
Capital assets being depreciated:					
Water and sewer distribution systems	44,471,458	-	243,203	-	44,714,661
Buildings and improvements	656,507	-	139,730	-	796,237
Furniture, fixtures, and equipment	1,743,429	(1,227)	118,581	-	1,860,783
Vehicles	679,571	(76,626)	36,864	-	639,809
Subtotal	47,550,965	(77,853)	538,378	-	48,011,490
Accumulated depreciation:					
Water and sewer distribution systems	20,307,229	-	972,180	-	21,279,409
Buildings and improvements	210,271	-	58,337	-	268,608
Furniture, fixtures, and equipment	1,320,228	(1,227)	140,487	-	1,459,488
Vehicles	679,571	(76,626)	12,287	-	615,232
Subtotal	22,517,299	(77,853)	1,183,291	-	23,622,737
Net capital assets being depreciated	25,033,666	-	(644,913)	-	24,388,753
Net capital assets	25,033,666	-	108,591	-	25,142,257
Golf course capital assets:					
Capital assets being depreciated:					
Buildings and improvements	1,142,288	-	3,250	-	1,145,538
Furniture, fixtures, and equipment	1,389,097	5,330	33,178	-	1,427,605
Land improvements	1,697,693	-	24,615	-	1,722,308
Subtotal	4,229,078	5,330	61,043	-	4,295,451
Accumulated depreciation:					
Buildings and improvements	1,117,869	-	5,250	-	1,123,119
Furniture, fixtures, and equipment	1,003,091	5,330	122,592	-	1,131,013
Land improvements	549,332	-	52,893	-	602,225
Subtotal	2,670,292	5,330	180,735	-	2,856,357
Net capital assets	1,558,786	-	(119,692)	-	1,439,094

Note 7 - Capital Assets (Continued)

	Balance July 1, 2014	Transfers	Additions	Disposals	Balance June 30, 2015
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	810,854	-	58,512	-	869,366
Furniture, fixtures, and equipment	747,724	-	46,217	-	793,941
Subtotal	1,558,578	-	104,729	-	1,663,307
Net capital assets being depreciated	1,162,114	-	(104,729)	-	1,057,385
Net capital assets	1,854,015	-	(104,729)	-	1,749,286
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
Capital assets being depreciated:					
Buildings and improvements	31,450,532	-	766,615	-	32,217,147
Vehicles	201,279	118,125	84,000	-	403,404
Furniture, fixtures, and equipment	7,878,907	(733)	67,196	(26,111)	7,919,259
Subtotal	39,530,718	117,392	917,811	(26,111)	40,539,810
Accumulated depreciation:					
Buildings and improvements	21,428,780	-	1,072,118	-	22,500,898
Vehicles	153,598	118,125	52,303	-	324,026
Furniture, fixtures, and equipment	6,902,731	(733)	626,734	(25,885)	7,502,847
Subtotal	28,485,109	117,392	1,751,155	(25,885)	30,327,771
Net capital assets being depreciated	11,045,609	-	(833,344)	(226)	10,212,039
Net capital assets	13,807,486	-	431,996	(226)	14,239,256
Net business-type activity capital assets	\$ 42,253,953	\$ -	\$ 316,166	\$ (226)	\$ 42,569,893

City of Riverview, Michigan

Notes to Financial Statements June 30, 2015

Note 7 - Capital Assets (Continued)

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

Governmental activities:

General government	\$ 1,127,976
Public safety	144,845
Public works	92,964
Economic development	8,385
Recreation and culture	144,411
Total governmental activities	<u>\$ 1,518,581</u>

Business-type activities:

Water and sewer	\$ 1,183,291
Golf course	180,735
Land preserve	1,751,155
Golf practice	104,729
Total business-type activities	<u>\$ 3,219,910</u>

Commitments - At year end, the City had the following significant active construction projects in the Water and Sewer Fund and General Fund monies committed to ambulance purchases:

	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Ambulances	\$ -	\$ 301,052
Street Repair and Sectioning	377,871	872,225
Street/Water Main Replacement	1,333,063	3,591,769

Note 8 - 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.

Note 8 - 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 \$6,945,666. During the current year, net revenue of the system was \$1,331,592 and property tax collections were \$1,109,684 compared to the annual debt requirements of \$1,877,028.

Long-term debt activity can be summarized as follows:

	Interest Rate Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities						
General obligation bonds:						
2003 Library Building Authority						
Refunding Bonds:						
Amount of issue - \$1,160,000	3.25% -					
Maturing through 2015	3.80%	\$ 125,000	\$ -	\$ (125,000)	\$ -	\$ -
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	-
Bond premium		-	271,124	-	271,124	-
Total bonds payable		125,000	7,996,124	(125,000)	7,996,124	-
Compensated absences		607,501	693,851	(767,675)	533,677	-
Total governmental activities		\$ 732,501	\$ 8,689,975	\$ (892,675)	\$ 8,529,801	\$ -

City of Riverview, Michigan

Notes to Financial Statements June 30, 2015

Note 8 - Long-term Debt (Continued)

	Interest Rate Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type Activities						
General obligation bonds:						
1993 General Obligation Limited Tax Bonds:						
Amount of issue - \$10,860,000						
Maturing through 2015	2.00%	\$ 618,538	\$ -	\$ (618,538)	-	\$ -
2003 General Obligation Limited Tax Refunding Bonds:						
Amount of issue - \$1,295,000						
Maturing through 2015	3.60%	135,000	-	(135,000)	-	-
Capital lease obligations:						
Chase Equipment Leasing Installment:						
Amount of issue - \$702,021						
Maturing through 2016	2.4%	355,371	-	(235,617)	119,754	119,754
Wells Fargo Equipment Purchase Agreement:						
Amount of issue - \$244,750						
Maturing through 2017	3.25%	228,858	-	(76,766)	152,092	93,461
Chase Equipment Installment Purchase Agreement:						
Amount of issue - \$981,057						
Maturing through 2015	1.73%	332,668	-	(332,668)	-	-
Wells Fargo Equipment Installment Purchase Agreement -						
Amount of issue - \$220,113						
Maturing through 2015	3.07%	57,551	-	(57,551)	-	-

City of Riverview, Michigan

Notes to Financial Statements June 30, 2015

Note 8 - 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	\$ 251,058	\$ -	\$ (46,752)	\$ 204,306	\$ 47,219
State Revolving Fund Loan:						
Amount of issue - \$16,015,786	2.00% -					
Maturing through 2031	2.50%	6,688,860	237,986	(895,039)	6,031,807	927,081
Downriver Sewage Disposal System						
2007 Bonds Series B:						
Amount of issue - \$1,421,841	4.18% -					
Maturing through 2027	5.04%	1,130,578	-	(57,632)	1,072,946	60,784
Downriver Sewage Disposal System						
2007 Bonds Series D:						
Amount of issue - \$212,850	3.95% -					
Maturing through 2028	4.61%	122,400	-	(6,480)	115,920	6,660
City of Ecorse plant capacity						
obligation:						
Amount of issue - \$518,402						
Maturing through 2021		89,187	-	(26,082)	63,105	20,400
Total bonds payable		10,010,069	237,986	(2,488,125)	7,759,930	1,275,359
Compensated absences		16,645	92,585	(95,792)	13,438	-
Total business-type activities		\$ 10,026,714	\$ 330,571	\$ (2,583,917)	\$ 7,773,368	\$ 1,275,359

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
2016	\$ -	\$ 194,564	\$ 194,564	\$ 1,275,359	\$ 209,539	\$ 1,484,898
2017	600,000	190,750	790,750	1,119,965	180,590	1,300,555
2018	650,000	178,250	828,250	1,073,126	153,185	1,226,311
2019	700,000	164,750	864,750	908,561	125,610	1,034,171
2020	750,000	150,250	900,250	765,100	101,193	866,293
2021-2025	4,300,000	436,250	4,736,250	1,606,914	290,497	1,897,411
2026-2030	725,000	10,875	735,875	911,579	77,853	989,432
2036-2040	-	-	-	99,326	3,809	103,135
Total	\$ 7,725,000	\$ 1,325,689	\$ 9,050,689	\$ 7,759,930	\$ 1,142,276	\$ 8,902,206

Note 9 - 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 10 - 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.

Note 10 - 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	
	2015	2014
Unpaid claims - Beginning of year	\$ 42,729	\$ 11,500
Incurred claims, including claims incurred but not reported	448,037	457,468
Claim payments	(348,019)	(426,239)
Unpaid claims - End of year	<u>\$ 142,747</u>	<u>\$ 42,729</u>

Note 11 - 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, 2015, the following employees were covered by the benefit terms:

Retirees and beneficiaries currently receiving benefits	95
Inactive plan members entitled to but not yet receiving benefits	8
Active plan members	<u>47</u>
Total employees covered by the plan	<u>150</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 11 - 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, 2015, 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 42 percent of covered payroll.

Payable to the Pension Plan

At June 30, 2015, the City reported a payable of \$344,294 for the outstanding amount of contributions to the Plan required for the year ended June 30, 2015.

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, 2015:

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, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 5.17 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Note 11 - 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	\$ 19,097,134	\$ 19,097,134
Employee reserve	4,300,385	4,300,385
Employer reserve	N/A	6,043,305

Net Pension Liability

The components of the net pension liability of the City at June 30, 2015 were as follows:

Total pension liability	\$ 35,572,621
Plan fiduciary net position	<u>(29,440,824)</u>
City's net pension liability	<u>\$ 6,131,797</u>
Plan fiduciary net position as a percentage of the total pension liability	82.8 %

The City has chosen to use June 30, 2015 as its measurement date for the net pension liability. The June 30, 2015 reported net pension liability was determined using a measure of the total pension liability and the pension net position as of June 30, 2015. The June 30, 2015 total pension liability was determined by an actuarial valuation performed as of June 30, 2014, which used update procedures to roll forward the estimated liability to June 30, 2015.

City of Riverview, Michigan

Notes to Financial Statements June 30, 2015

Note 11 - 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, 2014	\$ 34,693,094	\$ 28,613,367	\$ 6,079,727
Service cost	544,571	-	544,571
Interest	2,543,261	-	2,543,261
Differences between expected and actual experience	(97,837)		(97,837)
Contributions - Employer	-	1,377,176	(1,377,176)
Contributions - Employee	-	164,844	(164,844)
Net investment income	-	1,486,481	(1,486,481)
Benefit payments, including refunds	(2,110,468)	(2,110,468)	-
Administrative expenses	-	(90,576)	90,576
Net changes	<u>879,527</u>	<u>827,457</u>	<u>52,070</u>
Balance at June 30, 2015	<u>\$ 35,572,621</u>	<u>\$ 29,440,824</u>	<u>\$ 6,131,797</u>

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

For the year ended June 30, 2015, the City recognized pension expense of \$980,588. At June 30, 2015, 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	\$ -	\$ 59,188
Net difference between projected and actual earnings on pension plan investments	<u>507,846</u>	<u>-</u>
Total	<u>\$ 507,846</u>	<u>\$ 59,188</u>

Note 11 - 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
2016	\$ 88,312
2017	106,422
2018	126,962
2019	126,962

Actuarial Assumptions - The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 %
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 11 - 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, 2015 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:

Asset Class	Long-term Expected Real Rate of Return
Domestic equities	6.2 %
International equities	7.1 %
Fixed income	2.1 %
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:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Net pension liability of the City	\$ 9,832,938	\$ 6,131,797	\$ 2,970,276

Note 12 - 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, 2015

Note 12 - Other Postemployment Benefits (Continued)

Funding Progress - For the year ended June 30, 2015, 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)	\$ 3,637,829
ARC adjustment	(566,252)
Interest on the prior year's net OPEB obligation	<u>576,285</u>
Annual OPEB cost	3,647,862
Amounts contributed - Payments of current premiums	<u>(1,184,668)</u>
Increase in net OPEB obligation	2,463,194
OPEB obligation - Beginning of year	<u>12,806,295</u>
OPEB obligation - End of year	<u>\$ 15,269,489</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>
6/30/13	6/30/10	\$ 3,449,589	30.2 %	\$ 10,396,387
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

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 12 - 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 13 - 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 13 - 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 \$80,315 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, 2015, employee contributions were \$249,234.

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 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, 2015, employee contributions were \$2,531. In accordance with the requirements, the City expensed \$10,419 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 plan earnings. This plan is administered through ICMA. For the year ended June 30, 2015, employee contributions were \$2,531. In accordance with the requirements, the City expensed \$1,911 during the current year.

Note 13 - 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 will contribute a reduction in salary based on 10 percent of earnings and the City will contribute 2.5 percent of plan earnings. This plan is administered through ICMA. For the year ended June 30, 2015, employee contributions were \$3,821. In accordance with the requirements, the City expensed \$1,610 during the current year.

Note 14 - 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. At June 30, 2015, the City has recorded an additional \$454,428 as "investment in joint venture" in the Water and Sewer Fund. This amount represents the City's share of working capital held by the System. During the year, the City paid \$514,891 for operations of the system and \$1,200,510 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 15 - Upcoming Accounting Pronouncements

In February 2015, the Governmental Accounting Standards Board issued GASB Statement No. 72, *Fair Value Measurement and Application*. The requirements of this Statement will enhance comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and acceptable valuation techniques. This Statement will also enhance fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government's financial position. GASB Statement No. 72 is required to be adopted for years beginning after June 15, 2015. The City is currently evaluating the impact this standard will have on the financial statements when adopted, during the City's 2015-2016 fiscal year.

In August 2015, the GASB issued Statement No. 77, *Tax Abatement Disclosures*. This Statement will require governments to disclose in their financial statement 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.

Note 15 - Upcoming Accounting Pronouncements (Continued)

In June 2015, the GASB issued two new standards addressing accounting and financial reporting by state and local governments for postemployment benefits other than pensions (OPEB). GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, addresses reporting by OPEB plans whereas GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, addresses accounting and reporting by employer governments that provide OPEB benefits to their employees. Along with the currently required statement of fiduciary net position and statement of changes in fiduciary net position, OPEB plans will now be required to include in the financial statement more extensive footnote disclosures and required supplemental information related to the measurement of the OPEB liabilities for which assets have been accumulated. In addition, the City will, after adoption of GASB Statement No. 75, recognize on the face of the financial statements its net OPEB liability. The City is currently evaluating the impact these standards will have on the financial statements when adopted. GASB Statement No. 74 is effective for fiscal years beginning after June 15, 2016 whereas GASB Statement No. 75 is effective one year later.

Required Supplemental Information

City of Riverview, Michigan

Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended June 30, 2015

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 4,536,510	\$ 4,536,510	\$ 4,565,140	\$ 28,630
Licenses and permits	205,370	212,507	185,430	(27,077)
Federal grants	75,000	75,000	265,128	190,128
State-shared revenue and grants	1,161,178	1,189,316	1,157,856	(31,460)
Charges to other funds	826,346	836,046	846,265	10,219
Investment income	8,000	24,379	8,632	(15,747)
Other revenue:				
Special assessments	480,000	480,000	520,180	40,180
Other miscellaneous income	335,931	403,967	378,576	(25,391)
Total revenue	7,628,335	7,757,725	7,927,207	169,482
Expenditures - Current				
General government:				
City Council	50,283	51,283	50,793	490
City manager	305,455	334,200	331,229	2,971
Finance	390,100	418,286	406,155	12,131
Assessing and purchasing	124,220	116,920	110,913	6,007
Information technology	155,365	158,565	153,018	5,547
Clerk	225,361	221,961	212,269	9,692
Attorney	197,700	322,700	322,061	639
Human resources	135,026	135,026	132,345	2,681
Insurance and other functions	43,882	47,332	44,776	2,556
General insurance	96,720	96,720	94,695	2,025
Total general government	1,724,112	1,902,993	1,858,254	44,739
Public safety:				
Police	4,455,160	4,332,570	4,017,676	314,894
Fire and EMS	1,302,666	1,271,166	1,100,206	170,960
Total public safety	5,757,826	5,603,736	5,117,882	485,854
Public works:				
Administration	1,034,747	1,073,085	967,831	105,254
Building maintenance	282,493	282,493	233,924	48,569
Engineering and building	224,500	224,500	187,060	37,440
Motor vehicle pool	246,080	246,080	187,802	58,278
Total public works	1,787,820	1,826,158	1,576,617	249,541
Community and economic development -				
Community development	191,100	186,100	165,997	20,103
Recreation and culture:				
Recreation	488,368	519,921	469,524	50,397
Parks	79,025	79,025	75,299	3,726
Total recreation and culture	567,393	598,946	544,823	54,123
Total expenditures	10,028,251	10,117,933	9,263,573	854,360
Excess of Expenditures Over Revenue	(2,399,916)	(2,360,208)	(1,336,366)	1,023,842
Other Financing Sources -				
Transfers in	2,420,000	2,420,000	1,807,500	(612,500)
Net Change in Fund Balance	20,084	59,792	471,134	411,342
Fund Balance - Beginning of year	479,598	479,598	479,598	-
Fund Balance - End of year	\$ 499,682	\$ 539,390	\$ 950,732	\$ 411,342

City of Riverview, Michigan

Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Funds Major Streets Fund Year Ended June 30, 2015

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
State-shared revenue and grants	\$ 447,350	\$ 447,350	\$ 462,716	\$ 15,366
Investment income	25	25	40	15
Total revenue	447,375	447,375	462,756	15,381
Expenditures - Current - Public works	227,212	413,199	301,347	111,852
Other Financing Uses - Transfers out	(223,675)	(223,675)	(223,675)	-
Net Change in Fund Balance	(3,512)	(189,499)	(62,266)	127,233
Fund Balance - Beginning of year	435,327	435,327	435,327	-
Fund Balance - End of year	<u>\$ 431,815</u>	<u>\$ 245,828</u>	<u>\$ 373,061</u>	<u>\$ 127,233</u>

City of Riverview, Michigan

Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Funds Local Streets Fund Year Ended June 30, 2015

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 224,280	\$ 224,280	\$ 221,595	\$ (2,685)
State-shared revenue and grants	224,310	707,500	710,516	3,016
Investment income	100	100	252	152
Total revenue	448,690	931,880	932,363	483
Expenditures - Current - Public works	554,616	5,359,214	1,355,354	4,003,860
Excess of Expenditures Over Revenue	(105,926)	(4,427,334)	(422,991)	4,004,343
Other Financing Sources - Transfers in	223,675	4,281,275	732,753	(3,548,522)
Net Change in Fund Balance	117,749	(146,059)	309,762	455,821
Fund Balance - Beginning of year	458,946	458,946	458,946	-
Fund Balance - End of year	\$ 576,695	\$ 312,887	\$ 768,708	\$ 455,821

City of Riverview, Michigan

Note to Required Supplemental Information Year Ended June 30, 2015

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	\$ 8,583,045	\$ 10,099,883	\$ 1,214,143
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	<u>(655,838)</u>	<u>(836,310)</u>	<u>(263,411)</u>
Amounts per budget statement	<u>\$ 7,927,207</u>	<u>\$ 9,263,573</u>	<u>\$ 950,732</u>

City of Riverview, Michigan

Required Supplemental Information OPEB System Schedule Year Ended June 30, 2015

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
6/30/13	6/30/10	\$ 3,499,589	30.2
6/30/14	6/30/13	3,612,204	33.3
6/30/15	6/30/13	3,647,862	32.5

City of Riverview, Michigan

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

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

City of Riverview, Michigan

**Required Supplemental Information
Schedule of Investment Returns
Last Two Fiscal Years**

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

City of Riverview, Michigan

Required Supplemental Information Schedule of City Contributions Last Ten Fiscal Years

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Actuarially determined contribution	\$ 1,377,176	\$ 1,477,292	\$ 1,494,746	\$ 1,295,766	\$ 1,082,935	\$ 973,804	\$ 986,548	\$ 949,677	\$ 975,555	\$ 801,016
Contributions in relation to the actuarially determined contribution	1,377,176	1,477,292	1,494,746	1,295,766	1,082,935	973,804	986,548	949,677	975,555	801,016
Contribution deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	\$ 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	\$ 4,866,039
Contributions as a percentage of covered employee payroll	41.7 %	37.0 %	42.2 %	32.5 %	24.3 %	21.9 %	22.0 %	20.0 %	20.1 %	16.5 %

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 14 years, single equivalent period

Asset valuation method 4-year smoothed market

Inflation 3.0% 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		Capital Projects Funds
	Community Development Block Grant	Drug and Law Enforcement	General Obligation	Building Authority	Parks and Recreation Construction
Assets					
Cash and investments (Note 4)	\$ 65,387	\$ 465,711	\$ 60,412	\$ 62,440	\$ 15,792
Receivables:					
Property taxes	-	-	532	-	-
Due from other governmental units	37,311	-	-	-	-
Due from other funds (Note 5)	51,403	110	-	-	-
Total assets	\$ 154,101	\$ 465,821	\$ 60,944	\$ 62,440	\$ 15,792
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities					
Accounts payable	\$ 3,868	\$ 16,074	\$ -	\$ -	\$ -
Due to other funds (Note 5)	65,617	-	-	-	-
Unearned revenue	7,214	-	-	-	-
Total liabilities	76,699	16,074	-	-	-
Deferred Inflows of Resources -					
Unavailable revenue	50,486	-	-	-	-
Fund Balances					
Restricted:					
Police	-	449,747	-	-	-
CDBG	26,916	-	-	-	-
Debt service:					
Assigned:					
Debt service	-	-	60,944	62,440	-
Capital projects	-	-	-	-	15,792
Total fund balances	26,916	449,747	60,944	62,440	15,792
Total liabilities, deferred inflows of resources, and fund balances	\$ 154,101	\$ 465,821	\$ 60,944	\$ 62,440	\$ 15,792

**Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2015**

<u>Capital Projects Funds</u>		Total
Capital Improvements and Equipment	Development Revolving	Nonmajor Governmental Funds
\$ 162,679	\$ 16,450	\$ 848,871
-	-	532
-	-	37,311
-	-	51,513
<u>\$ 162,679</u>	<u>\$ 16,450</u>	<u>\$ 938,227</u>
\$ 19,075	\$ -	\$ 39,017
51,327	-	116,944
-	-	7,214
70,402	-	163,175
-	-	50,486
-	-	449,747
-	-	26,916
-	-	123,384
92,277	16,450	124,519
92,277	16,450	724,566
<u>\$ 162,679</u>	<u>\$ 16,450</u>	<u>\$ 938,227</u>

City of Riverview, Michigan

	Special Revenue Funds		Debt Service Funds	
	Community Development Block Grant	Drug and Law Enforcement	General Obligation	Building Authority
Revenue				
Federal grants	\$ 98,809	\$ 64,993	\$ -	\$ -
State sources	-	57,689	-	-
Investment income	-	-	1,216	805
Other	-	-	-	-
Total revenue	98,809	122,682	1,216	805
Expenditures				
Current:				
Public safety	-	130,782	-	-
Community and economic development	100,910	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	125,000
Interest on long-term debt	-	-	-	2,375
Total expenditures	100,910	130,782	-	127,375
Excess of Revenue (Under) Over Expenditures	(2,101)	(8,100)	1,216	(126,570)
Other Financing Sources -				
Transfers in	-	-	-	75,000
Net Change in Fund Balances	(2,101)	(8,100)	1,216	(51,570)
Fund Balances - Beginning of year	29,017	457,847	59,728	114,010
Fund Balances - End of year	\$ 26,916	\$ 449,747	\$ 60,944	\$ 62,440

Other Supplemental Information
Combining Statement of Revenue, Expenditures, and Changes in
Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2015

Capital Projects Fund			Total Nonmajor Governmental Funds
Parks and Recreation Construction	Capital Improvements and Equipment	Development Revolving	
\$ -	\$ -	\$ -	\$ 163,802
-	-	-	57,689
297	3,188	-	5,506
-	222,200	-	222,200
297	225,388	-	449,197
-	-	-	130,782
-	-	-	100,910
-	475,970	-	475,970
-	-	-	125,000
-	-	-	2,375
-	475,970	-	835,037
297	(250,582)	-	(385,840)
-	-	-	75,000
297	(250,582)	-	(310,840)
15,495	342,859	16,450	1,035,406
\$ 15,792	\$ 92,277	\$ 16,450	\$ 724,566

City of Riverview, Michigan

Other Supplemental Information Combining Statement of Net Position Nonmajor Enterprise Funds June 30, 2015

	Golf Course	Golf Practice	Total
Assets			
Current assets:			
Cash and investments (Note 4)	\$ -	\$ 93,616	\$ 93,616
Due from other funds (Note 5)	7,500	763	8,263
Inventory	20,794	-	20,794
Prepaid and other assets	42	5	47
Total current assets	28,336	94,384	122,720
Noncurrent assets:			
Capital assets:			
Assets not subject to depreciation (Notes 6 and 7)	-	691,901	691,901
Assets subject to depreciation (Note 7)	1,439,094	1,057,385	2,496,479
Total noncurrent assets	1,439,094	1,749,286	3,188,380
Total assets	1,467,430	1,843,670	3,311,100
Deferred Outflows of Resources - Pension	34,362	3,818	38,180
Liabilities			
Current liabilities:			
Accounts payable	49,206	2,592	51,798
Accrued liabilities and other	24,461	3,050	27,511
Current portion of long-term debt (Note 8)	93,461	-	93,461
Total current liabilities	167,128	5,642	172,770
Noncurrent liabilities:			
Advances from other funds (Note 5)	498,515	-	498,515
Net OPEB obligation (Note 12)	584,057	65,831	649,888
Net pension obligation	414,896	46,101	460,997
Long-term debt (Note 8)	58,631	-	58,631
Total noncurrent liabilities	1,556,099	111,932	1,668,031
Total liabilities	1,723,227	117,574	1,840,801
Deferred Inflows of Resources - Pension	4,005	445	4,450
Net Position			
Net investment in capital assets	1,287,002	1,749,286	3,036,288
Unrestricted	(1,512,442)	(19,817)	(1,532,259)
Total net position	\$ (225,440)	\$ 1,729,469	\$ 1,504,029

City of Riverview, Michigan

Other Supplemental Information Combining Statement of Revenue, Expenses, and Changes in Net Position Nonmajor Enterprise Funds Year Ended June 30, 2015

	<u>Golf Course</u>	<u>Golf Practice</u>	<u>Total</u>
Operating Revenue			
Greens fees	\$ 650,012	\$ 6,625	\$ 656,637
Equipment rentals	282,627	89,216	371,843
Miscellaneous revenue	200,597	-	200,597
Total operating revenue	<u>1,133,236</u>	<u>95,841</u>	<u>1,229,077</u>
Operating Expenses			
Personal services	713,868	79,596	793,464
Supplies	193,512	11,479	204,991
Other services and charges	317,788	25,411	343,199
Depreciation	180,735	104,729	285,464
Total operating expenses	<u>1,405,903</u>	<u>221,215</u>	<u>1,627,118</u>
Operating Loss	(272,667)	(125,374)	(398,041)
Nonoperating (Expense) Revenue -			
Investment (expense) income	(2,706)	701	(2,005)
Change in Net Position	(275,373)	(124,673)	(400,046)
Net Position - Beginning of year	<u>49,933</u>	<u>1,854,142</u>	<u>1,904,075</u>
Net Position - End of year	<u>\$ (225,440)</u>	<u>\$ 1,729,469</u>	<u>\$ 1,504,029</u>

City of Riverview, Michigan

Other Supplemental Information Combining Statement of Cash Flows Nonmajor Enterprise Funds Year Ended June 30, 2015

	Golf Course	Golf Practice	Total
Cash Flows from Operating Activities			
Receipts from customers	\$ 1,133,236	\$ 95,841	\$ 1,229,077
Payments to suppliers	(532,447)	(41,316)	(573,763)
Payments to employees	(684,169)	(76,725)	(760,894)
Internal activity - Payments to other funds	(7,500)	(763)	(8,263)
	<u>(90,880)</u>	<u>(22,963)</u>	<u>(113,843)</u>
Net cash used in operating activities			
Cash Flows from Noncapital Financing Activities			
Loans received from other funds	231,394	-	231,394
Repayments of loans made to other funds	-	115,878	115,878
	<u>231,394</u>	<u>115,878</u>	<u>347,272</u>
Net cash provided by noncapital financing activities			
Cash Flows from Capital and Related Financing Activities			
Purchase of capital assets	(61,043)	-	(61,043)
Principal and interest paid on capital debt	(76,765)	-	(76,765)
	<u>(137,808)</u>	<u>-</u>	<u>(137,808)</u>
Net cash used in capital and related financing activities			
Cash Flows from Investing Activities			
Investment (loss) income	(2,706)	701	(2,005)
Purchase of investment securities	-	(32,846)	(32,846)
	<u>(2,706)</u>	<u>(32,145)</u>	<u>(34,851)</u>
Net cash used in investing activities			
Net Increase in Cash and Cash Equivalents	-	60,770	60,770
Cash and Cash Equivalents - Beginning of year	-	-	-
Cash and Cash Equivalents - End of year	<u>\$ -</u>	<u>\$ 60,770</u>	<u>\$ 60,770</u>
Balance Sheet Classification of Cash and Cash Equivalents			
Cash and investments	\$ -	\$ 93,616	\$ 93,616
Less amounts classified as investments	-	(32,846)	(32,846)
	<u>\$ -</u>	<u>\$ 60,770</u>	<u>\$ 60,770</u>
Total cash and cash equivalents			
Reconciliation of Operating Loss to Net Cash from Operating Activities			
Operating loss	\$ (272,667)	\$ (125,374)	\$ (398,041)
Adjustments to reconcile operating loss to net cash from operating activities:			
Depreciation and amortization	180,735	104,729	285,464
Changes in assets and liabilities:			
Due from others	(7,500)	-	(7,500)
Inventories	6,531	-	6,531
Prepaid and other assets	49	5	54
Accounts payable	(27,727)	(4,431)	(32,158)
Due to others	-	(763)	(763)
Accrued and other liabilities	(28,293)	(3,813)	(32,106)
Net postemployment healthcare obligation	88,349	10,057	98,406
Deferred outflows	(34,362)	(3,818)	(38,180)
Deferred inflows	4,005	445	4,450
	<u>(90,880)</u>	<u>(22,963)</u>	<u>(113,843)</u>
Net cash used by operating activities			

City of Riverview, Michigan

Other Supplemental Information Combining Statement of Net Position Internal Service Funds June 30, 2015

	Self-Insurance Fund	Retiree Health Care	Total
Assets			
Current assets:			
Cash and investments (Note 4)	\$ -	\$ 118,242	\$ 118,242
Due from other funds (Note 5)	343,360	44,808	388,168
Prepaid and other assets	-	67,759	67,759
Deposit	421,857	-	421,857
Total assets	765,217	230,809	996,026
Liabilities			
Current liabilities:			
Accounts payable	-	2,886	2,886
Provision for claims (Note 10)	142,747	-	142,747
Total liabilities	142,747	2,886	145,633
Net Position - Unrestricted	\$ 622,470	\$ 227,923	\$ 850,393

City of Riverview, Michigan

Other Supplemental Information Combining Statement of Revenue, Expenses, and Changes in Net Position Internal Service Funds Year Ended June 30, 2015

	Self-insurance Fund	Retiree Health Care	Total
Operating Revenue			
Charges for services	\$ 422,415	\$ 1,289,244	\$ 1,711,659
MMRMA distribution	421,472	-	421,472
Total operating revenue	843,887	1,289,244	2,133,131
Operating Expenses - Other services and charges	457,380	1,199,693	1,657,073
Operating Income	386,507	89,551	476,058
Nonoperating Revenue - Investment income	9	-	9
Change in Net Position	386,516	89,551	476,067
Net Position - Beginning of year	235,954	138,372	374,326
Net Position - End of year	<u>\$ 622,470</u>	<u>\$ 227,923</u>	<u>\$ 850,393</u>

City of Riverview, Michigan

Other Supplemental Information Combining Statement of Cash Flows Internal Service Funds Year Ended June 30, 2015

	Self-insurance Fund	Retiree Health Care	Total
Cash Flows from Operating Activities			
Receipts from interfund services and reimbursements	\$ 84,511	\$ 1,289,244	\$ 1,373,755
Internal activity - Payments to other funds	-	13,100	13,100
Claims paid	(357,362)	(1,208,369)	(1,565,731)
MMRMA distribution	434,374	-	434,374
Net cash provided by operating activities	161,523	93,975	255,498
Cash Flows from Noncapital Financing Activities			
Repayments of loans made to other funds	-	24,267	24,267
Repayments of loans from other funds	(161,532)	-	(161,532)
Net cash (used in) provided by noncapital financing activities	(161,532)	24,267	(137,265)
Cash Flows from Investment Activities -			
Investment income	9	-	9
Net Increase in Cash and Cash Equivalents			
	-	118,242	118,242
Cash and Cash Equivalents - Beginning of year			
	-	-	-
Cash and Cash Equivalents - End of year			
	<u>\$ -</u>	<u>\$ 118,242</u>	<u>\$ 118,242</u>
Balance Sheet Classification of Cash and Cash Equivalents - Cash and investments			
	<u>\$ -</u>	<u>\$ 118,242</u>	<u>\$ 118,242</u>
Reconciliation of Operating Income to Net Cash from Operating Activities			
Operating income	\$ 386,507	\$ 89,551	\$ 476,058
Changes in assets and liabilities:			
Due from others	(337,904)	-	(337,904)
Prepaid and other assets	-	7,494	7,494
Accounts payable	-	(16,170)	(16,170)
Due to/from others	-	13,100	13,100
Estimated claims liability	100,018	-	100,018
MMRMA Reserves	12,902	-	12,902
Net cash provided by operating activities	<u>\$ 161,523</u>	<u>\$ 93,975</u>	<u>\$ 255,498</u>

City of Riverview, Michigan

Other Supplemental Information Statement of Assets and Liabilities Agency Funds June 30, 2015

	Agency Funds		Total Agency Funds
	Special Tax	Inspection	
Assets			
Cash and cash equivalents	\$ 28,467	\$ 73,635	\$ 102,102
Receivables	190,535	-	190,535
Total assets	\$ 219,002	\$ 73,635	\$ 292,637
Liabilities			
Due to other governmental units	\$ 219,002	-	\$ 219,002
Escrow	-	73,635	73,635
Total liabilities	\$ 219,002	\$ 73,635	\$ 292,637

City of Riverview, Michigan

Activities Reported in the General Fund Balance Sheet June 30, 2015

	Rubbish	Cable TV	Library	Total Activities Reported in the General Fund
Assets				
Cash and investments	\$ 66,232	\$ 36,749	\$ 24,309	\$ 127,290
Receivables:				
Property taxes	-	-	6,955	6,955
Other	-	-	10,161	10,161
Due from other governmental units	-	-	3,711	3,711
Due from other funds	-	272	343	615
Advances to other funds	-	177,747	-	177,747
Prepaid expenses and other assets	-	66	162	228
Total assets	\$ 66,232	\$ 214,834	\$ 45,641	\$ 326,707
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 1,619	\$ 19,009	\$ 16,745	\$ 37,373
Due to other funds	-	15,428	62	15,490
Accrued liabilities and other	-	2,584	7,849	10,433
Total liabilities	1,619	37,021	24,656	63,296
Fund Balances				
Nonspendable	-	177,813	162	177,975
Assigned	64,613	-	20,823	85,436
Total fund balances	64,613	177,813	20,985	263,411
Total liabilities and fund balances	\$ 66,232	\$ 214,834	\$ 45,641	\$ 326,707

City of Riverview, Michigan

Activities Reported in the General Fund Statement of Revenue, Expenditures, and Changes in Fund Balances Year Ended June 30, 2015

	Rubbish	Cable TV	Library	Total Activities Reported in the General Fund
Revenue				
Property taxes	\$ -	\$ -	\$ 236,470	\$ 236,470
State sources	-	-	7,352	7,352
Investment income	-	122	2,158	2,280
Other	6,416	378,351	24,969	409,736
Total revenue	6,416	378,473	270,949	655,838
Expenditures				
Current:				
General government	-	192,772	-	192,772
Public works	344,667	-	-	344,667
Recreation and culture	-	-	298,871	298,871
Total expenditures	344,667	192,772	298,871	836,310
Excess of Revenue (Under) Over Expenditures	(338,251)	185,701	(27,922)	(180,472)
Other Financing Sources (Uses)				
Transfers in	352,481	-	105,000	457,481
Transfers out	-	(125,000)	(75,000)	(200,000)
Total other financing sources (uses)	352,481	(125,000)	30,000	257,481
Net Change in Fund Balances	14,230	60,701	2,078	77,009
Fund Balances - Beginning of year	50,383	117,112	18,907	186,402
Fund Balances - End of year	\$ 64,613	\$ 177,813	\$ 20,985	\$ 263,411