
City of Riverview, Michigan

**Financial Report
with Supplemental Information
June 30, 2019**

Independent Auditor's Report	1-2
Management's Discussion and Analysis	3-10
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Position	11
Statement of Activities	12-13
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	14
Reconciliation of the Balance Sheet to the Statement of Net Position	15
Statement of Revenue, Expenditures, and Changes in Fund Balances	16
Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	17
Proprietary Funds:	
Statement of Net Position	18
Statement of Revenue, Expenses, and Changes in Net Position	19
Statement of Cash Flows	20-21
Fiduciary Funds:	
Statement of Fiduciary Net Position	22
Statement of Changes in Fiduciary Net Position	23
Component Units:	
Statement of Net Position	24
Statement of Activities	25
Notes to Financial Statements	26-55
Required Supplemental Information	56
Budgetary Comparison Schedule - General Fund	57
Budgetary Comparison Schedule - Major Special Revenue Funds	58-59
Schedule of Changes in the Net Pension Liability and Related Ratios	60
Schedule of Pension Investment Returns	61
Schedule of Pension Contributions - Employees' Retirement System	62
Schedule of Pension Contributions - Operating Engineers Local 324	63
Schedule of Changes in the Total OPEB Liability and Related Ratios	64
Note to Required Supplemental Information	65
Other Supplemental Information	66
Nonmajor Governmental Funds:	
Combining Balance Sheet	67-68
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances	69-70
Internal Service Funds:	
Combining Statement of Net Position	71
Combining Statement of Revenue, Expenses, and Changes in Net Position	72
Combining Statement of Cash Flows	73
Agency Funds -	
Statement of Assets and Liabilities	74
Activities Reported in the General Fund:	
Combining Balance Sheet	75
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances	76

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 governmental activities, the business-type activities, the discretely presented component units, 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, 2019 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 opinions 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 governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Riverview, Michigan as of June 30, 2019 and the respective changes in its financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the City Council
City of Riverview, Michigan

Other Matters

Required Supplemental Information

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

Other Information

Our audit was conducted for the purpose of forming an opinion 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 16, 2019

Management's Discussion and Analysis

Overview of the Financial Statements

The City of Riverview, Michigan's (the "City") 2019 annual financial report is presented in conformity with the requirements of GASB Statement No. 34, as it was in 2018. 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 and practice, and land preserve are all included here.

Component Unit - The City includes the Economic Development Corporation and the Brownfield Redevelopment 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.

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.

Management's Discussion and Analysis (Continued)

Financial Highlights

The financial report for the year ended June 30, 2019 reflects complete implementation of Governmental Accounting Standards Board Statement No. 34, which significantly changed the content and format of municipal financial reporting. Accordingly, these statements present both entity-wide financial reporting for all governmental and business-type activities in addition to reporting financial information at the fund level. A reconciliation of the net change in fund balance to the change in net position is provided on page 17.

Assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the end of the fiscal year by \$16,380,913 (net position), a decrease of \$1,745,952 from the previous year. Unrestricted net position, the portion of net position that can be used to finance day-to-day operations, for the City as a whole stands at a deficit of \$59,959,245.

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 \$2,101,304. The Land Preserve Fund transferred \$2,300,333 to the General Fund (combined basis) and the General Fund transferred \$50,000 to other funds. The resulting impact is an increase in the General Fund (combined basis) fund balance to \$149,029. Of this amount, \$108,025 or 0.95 percent of General Fund (combined basis) expenditures, is unassigned.

City of Riverview, Michigan

Management's Discussion and Analysis (Continued)

The City as a Whole

The City's combined net position is \$16.4 million at June 30, 2019. Business-type activities make up \$12.8 million and governmental activities make up \$3.6 million of the total. The following table shows, in a condensed format, the net position as of June 30, 2019 and compared to the prior year:

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Assets						
Current assets	\$ 8.0	\$ 7.3	\$ 6.5	\$ 8.1	\$ 14.5	\$ 15.4
Noncurrent assets	29.8	30.7	83.8	83.2	113.6	113.9
Total assets	37.8	38.0	90.3	91.3	128.1	129.3
Deferred Outflows of Resources	1.6	0.9	1.6	0.3	3.2	1.2
Liabilities						
Current liabilities	1.6	1.7	3.3	4.0	4.9	5.7
Long-term liabilities	32.2	35.1	73.4	71.4	105.6	106.5
Total liabilities	33.8	36.8	76.7	75.4	110.5	112.2
Deferred Inflows of Resources	2.0	0.1	2.4	-	4.4	0.1
Net Position						
Net investment in capital assests	23.8	23.2	49.1	44.6	72.9	67.8
Restricted	2.6	2.2	0.9	0.7	3.5	2.9
Unrestricted	(22.8)	(23.4)	(37.2)	(29.1)	(60.0)	(52.5)
Total net position	<u>\$ 3.6</u>	<u>\$ 2.0</u>	<u>\$ 12.8</u>	<u>\$ 16.2</u>	<u>\$ 16.4</u>	<u>\$ 18.2</u>

As noted earlier, the City's assets and deferred outflows exceed its liabilities and deferred inflows at the end of the fiscal year by \$16.4 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 decreased by approximately \$1.2 million from the prior year while current liabilities have decreased by \$0.8 million and long-term liabilities have decreased by \$0.9 million.

City of Riverview, Michigan

Management's Discussion and Analysis (Continued)

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenue						
Program revenue:						
Charges for services	\$ 1.1	\$ 1.4	\$ 17.8	\$ 17.1	\$ 18.9	\$ 18.5
Operating grants	1.2	1.4	-	0.7	1.2	2.1
Capital grants	-	0.1	-	-	-	0.1
General revenue:						
Property taxes	6.1	5.9	0.5	0.4	6.6	6.3
State-shared revenue	1.5	1.4	-	-	1.5	1.4
Cable, franchise, and right-of-way fees	0.4	0.4	-	-	0.4	0.4
Investment earnings	-	-	1.7	(0.3)	1.7	(0.3)
Other revenue	0.3	0.2	-	-	0.3	0.2
Gain on sale of capital assets	-	-	0.1	-	0.1	-
Transfers	2.8	2.9	(2.8)	(2.8)	-	0.1
Total revenue	13.4	13.7	17.3	15.1	30.7	28.8
Program Expenses						
General government	2.2	2.1	-	-	2.2	2.1
Public safety	5.0	5.7	-	-	5.0	5.7
Public works	3.1	3.2	-	-	3.1	3.2
Community and economic development	0.3	0.4	-	-	0.3	0.4
Recreation and cultural	1.0	0.9	-	-	1.0	0.9
Interest on long-term debt	0.2	0.2	-	-	0.2	0.2
Water and sewer	-	-	4.8	4.2	4.8	4.2
Land preserve	-	-	14.9	17.2	14.9	17.2
Golf course and practice	-	-	1.0	1.7	1.0	1.7
Total program expenses	11.8	12.5	20.7	23.1	32.5	35.6
Change in Net Position	1.6	1.2	(3.4)	(8.0)	(1.8)	(6.8)
Net Position - Beginning of year	2.0	0.8	16.2	24.2	18.2	25.0
Net Position - End of year	<u>\$ 3.6</u>	<u>\$ 2.0</u>	<u>\$ 12.8</u>	<u>\$ 16.2</u>	<u>\$ 16.4</u>	<u>\$ 18.2</u>

Property taxes increased slightly for the City as a whole due to the City's operating tax levy remaining unchanged from the prior year, and there was a 3 percent increase in the total taxable value of the City.

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

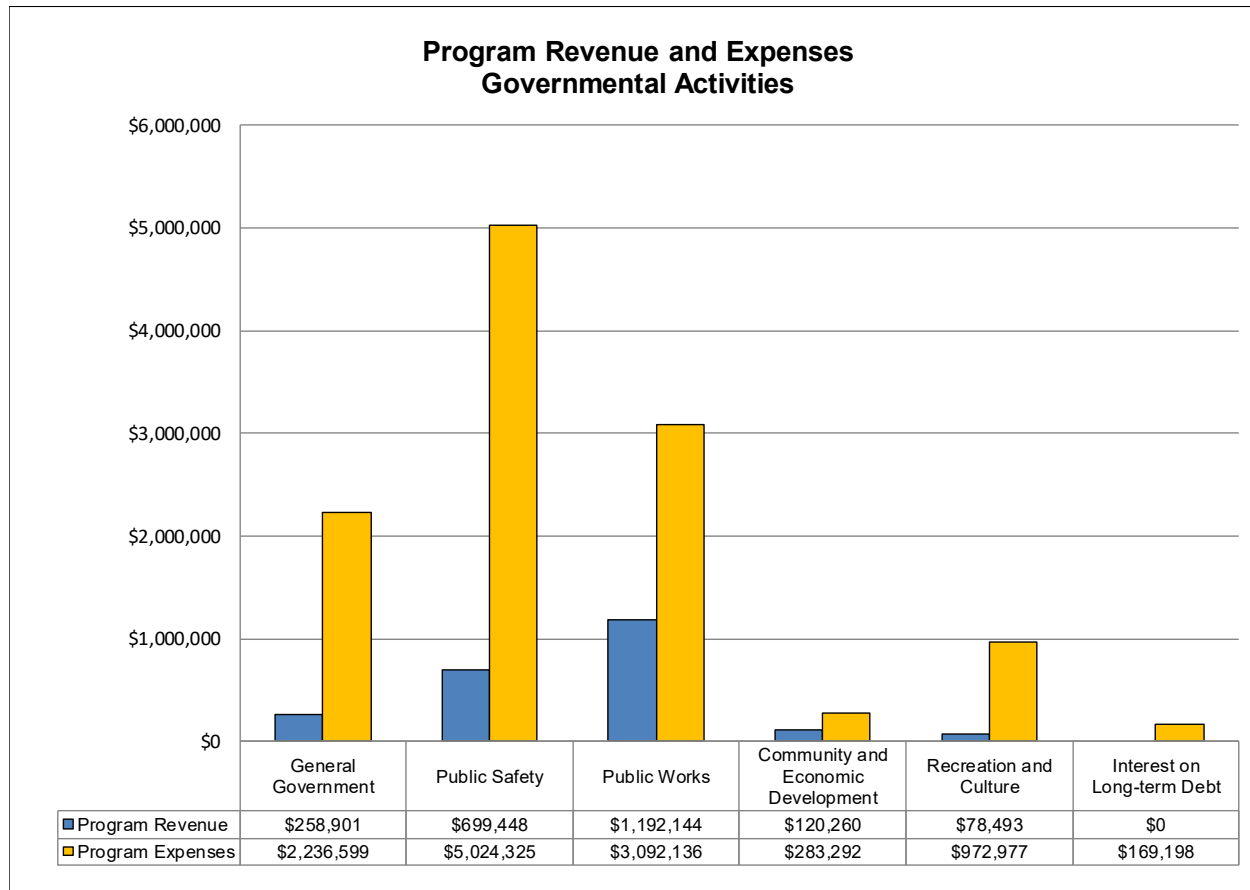
Land preserve expenses have decreased \$2.3 million compared to last year, primarily due to decreased closure costs in 2019.

City of Riverview, Michigan

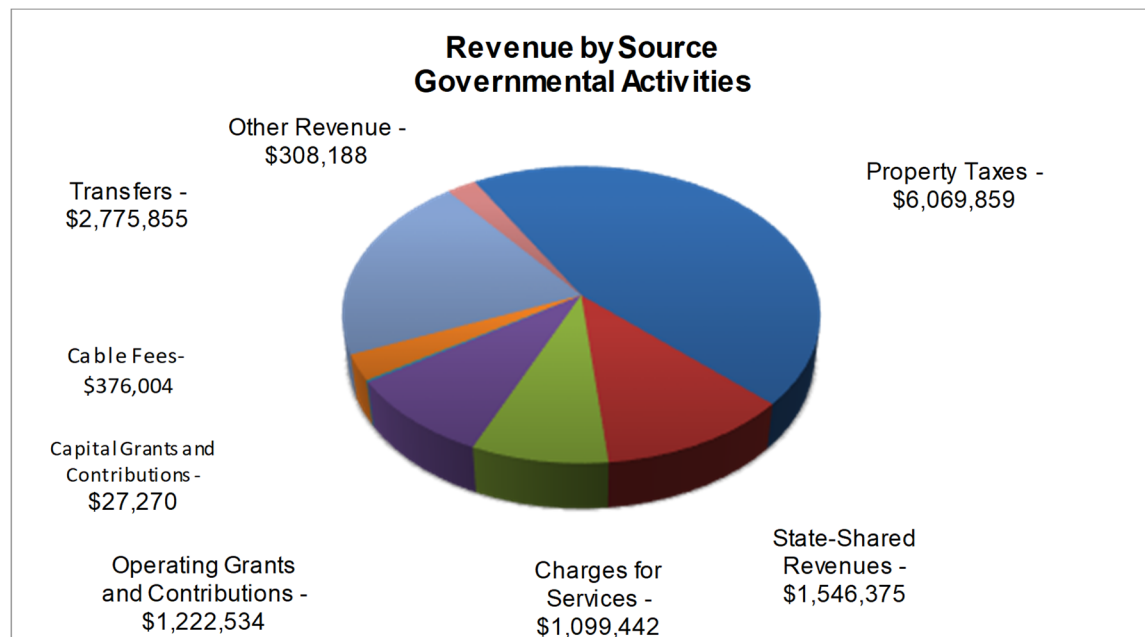
Management's Discussion and Analysis (Continued)

Governmental Activities

For the year ended June 30, 2019, revenue for the City's governmental activities totaled \$13.5 million, an decrease of \$0.2. million from 2018. Property taxes increased slightly, while operating transfers from enterprise funds remained flat from 2018. State-shared revenue remained relatively flat at \$1.5 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.



Management's Discussion and Analysis (Continued)

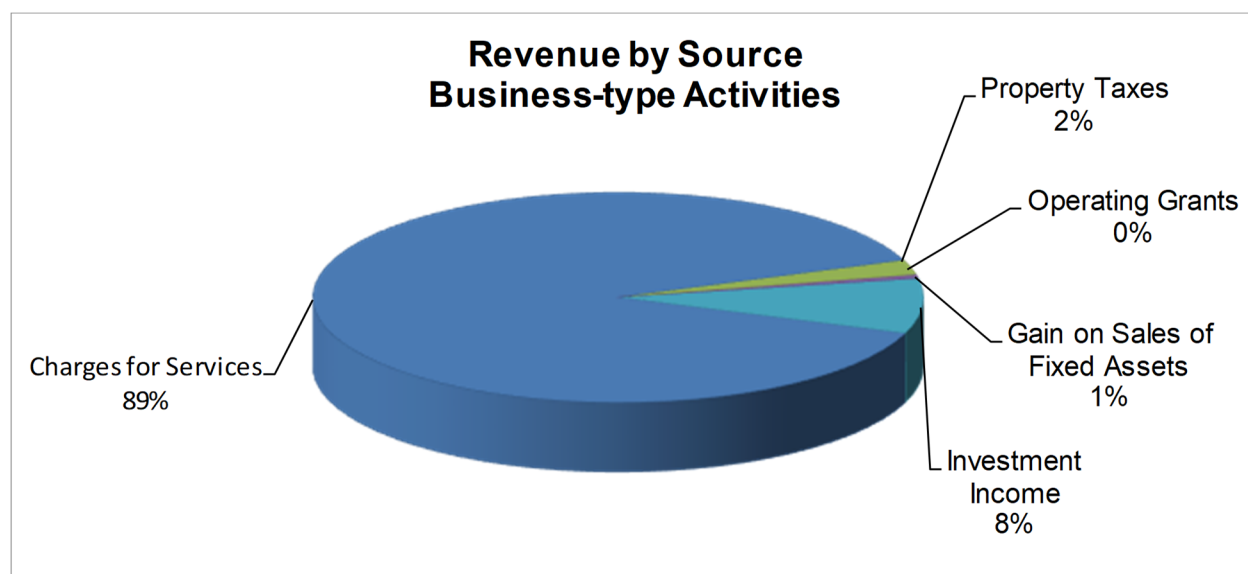
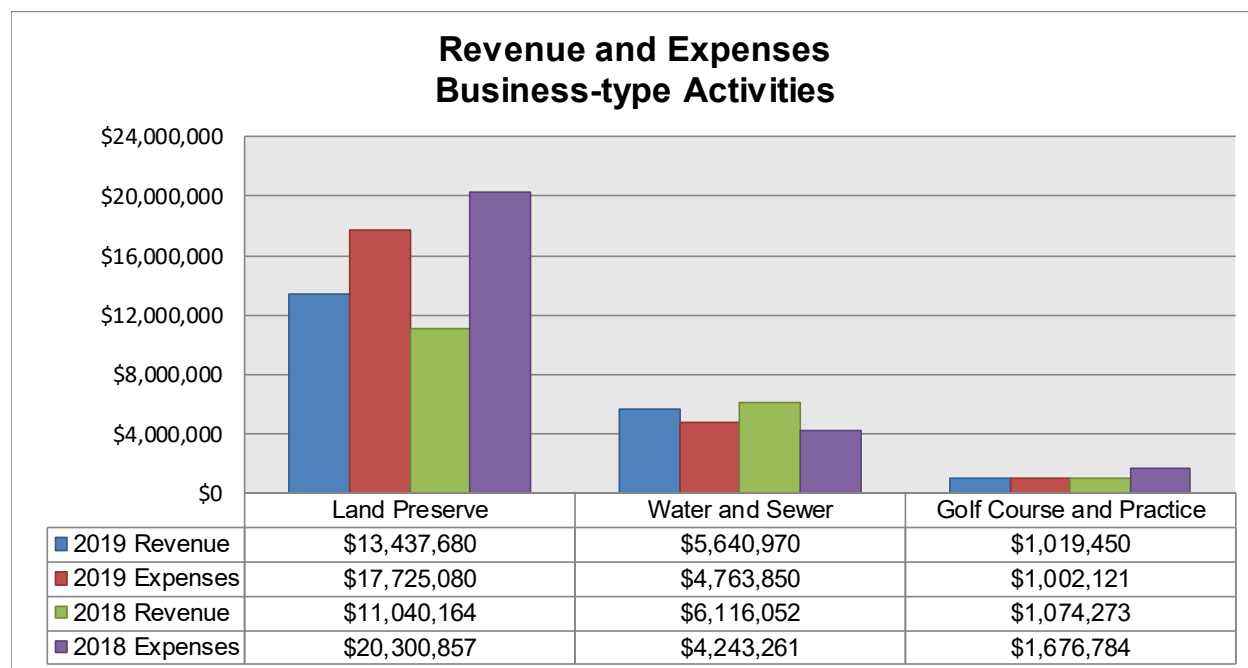


Business-type Activities

The City has three business-type activities: the water and sewer system, golf course and practice, and the land preserve. In total, these four activities generated \$17.8 million in charges for services and incurred \$23.5 million in expenses and transfers out in 2019, compared to \$17.1 million in charges for services and \$26.2 million in expenses and transfers out for 2018. The business-type activities net position decreased \$3.4 million to \$12.8 million in 2019.

In addition, general revenue for business-type activities was \$0.1 million in 2019, compared to \$0.1 million in 2018. Investment income/loss went from \$0.4 million loss in 2018 to \$1.7 million of income in 2019; this was primarily due to the increase in market values on long-term investments at the land preserve in 2018. Property tax revenue was \$0.5 million for 2019, compared to \$0.4 million in 2018; these property taxes are used to make payments on debt incurred for the sewer system improvements and decreased due to a reduction in debt service payments to be made.

Management's Discussion and Analysis (Continued)



At the end of fiscal year 2019, the City has \$210 million invested, before depreciation, in a wide range of capital assets, including land, building, public safety equipment, computer equipment, and water and sewer lines.

Debt of \$6.0 million, related to the construction and acquisition of the above-mentioned capital assets is reported as a liability in the governmental activities in the statement of net position.

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

Management's Discussion and Analysis (Continued)

Long-term debt obligations for the land preserve totaling \$0.9 million are recorded as a liability in the business-type activities in the statement of net position. The majority of this debt represents installment-type loans whose proceeds were used to purchase equipment for the land preserve.

The City's Funds

The fund financial statements begin on page 14 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 2019 include the General Fund (combined basis) and the Major and Local Streets Funds.

The City's governmental funds reported a combined fund balance of \$5.2 million for this year, an increase of \$0.8 million over 2018.

The Major Streets Fund fund balance increased by \$154,871 and the Local Streets Fund fund balance increased by \$197,243. The two funds spent a combined \$1.1 million in 2019. The Local Street Funds received a transfer of debt proceeds from the Street and Water Main Repair Fund of approximately \$78,000. Property tax revenue for the Local Streets Fund continue to be flat.

General Fund Budgetary Highlights

Revenue for the General Fund increased from the original budget to the final budget by \$147,600, due to an increase all revenue categories. Actual revenue was approximately \$162,600 below the final budget amounts; this was primarily due lower than expected property tax revenues.

Expenditures increased from the original budget to the final budget by approximately \$465,000, spread across several activities. Actual expenses were approximately \$1.1 million below the final budget, primarily due to lower staffing than was budgeted due to open positions.

Current Economic Conditions

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

Contacting the City's Financial Management

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

June 30, 2019

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and investments (Note 3)	\$ 5,214,905	\$ 4,270,620	\$ 9,485,525	\$ 24,474
Receivables:				
Property taxes receivable	905	-	905	-
Customer sales	-	3,456,595	3,456,595	-
Other receivables	483,255	9,240	492,495	-
Due from other governments	500,725	-	500,725	-
Internal balances	1,477,986	(1,477,986)	-	-
Inventory	-	38,201	38,201	-
Prepaid expenses and other assets	216,187	175,090	391,277	-
Deposits	33,436	-	33,436	-
Restricted assets (Note 5)	-	28,280,522	28,280,522	-
Capital assets: (Note 6)				
Assets not subject to depreciation	11,692,443	5,186,677	16,879,120	-
Assets subject to depreciation - Net	18,143,595	50,315,985	68,459,580	-
Total assets	37,763,437	90,254,944	128,018,381	24,474
Deferred Outflows of Resources				
OPEB (Note 11)	1,283,632	1,495,411	2,779,043	-
Pension (Note 10)	343,995	150,614	494,609	-
Total deferred outflows of resources	1,627,627	1,646,025	3,273,652	-
Liabilities				
Accounts payable	909,471	3,125,309	4,034,780	540
Accrued liabilities and other	645,468	148,901	794,369	-
Noncurrent liabilities:				
Due within one year:				
Accounts payable from restricted assets	-	838,545	838,545	-
Provision for claims (Note 9)	69,279	-	69,279	-
Current portion of long-term debt (Note 7)	776,774	1,330,847	2,107,621	-
Due in more than one year:				
Compensated absences (Note 7)	551,364	16,791	568,155	-
Landfill closure and postclosure (Note 5)	-	39,742,823	39,742,823	-
Net pension liability (Note 10)	4,618,012	2,021,925	6,639,937	-
Total OPEB liability (Note 11)	20,938,775	24,393,362	45,332,137	-
Long-term debt (Note 7)	5,215,448	5,103,082	10,318,530	-
Total liabilities	33,724,591	76,721,585	110,446,176	540
Deferred Inflows of Resources				
Deferred pension cost reductions (Note 10)	43,460	19,027	62,487	-
Deferred OPEB cost reductions (Note 11)	2,033,482	2,368,975	4,402,457	-
Total deferred inflows of resources	2,076,942	2,388,002	4,464,944	-
Net Position				
Net investment in capital assets	23,843,816	49,068,733	72,912,549	-
Restricted:				
Streets	1,885,810	-	1,885,810	-
Community development	95,365	-	95,365	-
Drug forfeiture	552,014	-	552,014	-
Water and sewer debt service	-	893,224	893,224	-
Debt service	1,196	-	1,196	-
Unrestricted	(22,788,670)	(37,170,575)	(59,959,245)	23,934
Total net position	\$ 3,589,531	\$ 12,791,382	\$ 16,380,913	\$ 23,934

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	\$ 2,236,599	\$ 258,901	\$ -	\$ -
Public safety	5,024,325	639,480	50,847	9,121
Public works	3,092,136	111,496	1,062,499	18,149
Community and economic development	283,292	11,072	109,188	-
Recreation and culture	972,977	78,493	-	-
Interest on long-term debt	169,199	-	-	-
Total governmental activities	11,778,528	1,099,442	1,222,534	27,270
Business-type activities:				
Water and Sewer	4,763,850	5,142,860	-	-
Land Preserve	14,949,225	11,662,150	-	-
Golf Course and Practice	1,002,121	1,018,313	-	-
Total business-type activities	20,715,196	17,823,323	-	-
Total primary government	<u>\$ 32,493,724</u>	<u>\$ 18,922,765</u>	<u>\$ 1,222,534</u>	<u>\$ 27,270</u>
Component units:				
Brownfield Redevelopment Authority	\$ 3,115	\$ 50	\$ 10,855	\$ -
Economic Development Corporation	-	-	-	-
Total component units	<u>\$ 3,115</u>	<u>\$ 50</u>	<u>\$ 10,855</u>	<u>\$ -</u>
General revenue:				
Property taxes				
Unrestricted state-shared revenue				
Unrestricted investment income				
Cable franchise fees				
Gain on sale of capital assets				
Other miscellaneous income				
Total general revenue				
Transfers				
Change in Net Position				
Net Position - Beginning of year				
Net Position - End of year				

Statement of Activities

Year Ended June 30, 2019

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (1,977,698)	\$ -	\$ (1,977,698)	\$ -
(4,324,877)	-	(4,324,877)	-
(1,899,992)	-	(1,899,992)	-
(163,032)	-	(163,032)	-
(894,484)	-	(894,484)	-
(169,199)	-	(169,199)	-
(9,429,282)	-	(9,429,282)	-
-	379,010	379,010	-
-	(3,287,075)	(3,287,075)	-
-	16,192	16,192	-
-	(2,891,873)	(2,891,873)	-
(9,429,282)	(2,891,873)	(12,321,155)	-
-	-	-	7,790
-	-	-	-
-	-	-	7,790
6,069,859	457,917	6,527,776	-
1,546,375	-	1,546,375	-
23,867	1,691,860	1,715,727	-
376,004	-	376,004	-
285	125,000	125,285	-
284,036	-	284,036	-
8,300,426	2,274,777	10,575,203	-
2,775,855	(2,775,855)	-	-
1,646,999	(3,392,951)	(1,745,952)	7,790
1,942,532	16,184,333	18,126,865	16,144
\$ 3,589,531	\$ 12,791,382	\$ 16,380,913	\$ 23,934

City of Riverview, Michigan

Governmental Funds Balance Sheet

June 30, 2019

	General Fund	Major Streets Fund	Local Streets Fund	Nonmajor Funds	Total Governmental Funds
Assets					
Cash and investments (Note 3)	\$ 1,365,278	\$ 680,656	\$ 1,259,884	\$ 1,412,411	\$ 4,718,229
Receivables:					
Property taxes receivable	-	-	373	532	905
Other receivables	388,904	-	235	-	389,139
Due from other governments	313,533	124,735	54,169	8,288	500,725
Due from other funds (Note 4)	51,025	-	-	-	51,025
Advances to other funds (Note 4)	1,385,781	-	-	-	1,385,781
Prepaid expenses and other assets	138,243	-	-	215	138,458
Total assets	<u>\$ 3,642,764</u>	<u>\$ 805,391</u>	<u>\$ 1,314,661</u>	<u>\$ 1,421,446</u>	<u>\$ 7,184,262</u>
Liabilities					
Accounts payable	\$ 564,249	\$ 13,959	\$ 220,193	\$ 23,493	\$ 821,894
Due to other funds (Note 4)	532,722	-	-	-	532,722
Accrued liabilities and other	587,463	-	90	-	587,553
Total liabilities	1,684,434	13,959	220,283	23,493	1,942,169
Deferred Inflows of Resources - Unavailable revenue	-	-	-	8,063	8,063
Total liabilities and deferred inflows of resources	1,684,434	13,959	220,283	31,556	1,950,232
Fund Balances					
Nonspendable:					
Prepays	138,243	-	-	215	138,458
Advances to funds	1,385,781	-	-	-	1,385,781
Restricted:					
Streets	-	791,432	1,094,378	-	1,885,810
Police	-	-	-	551,799	551,799
Debt service	-	-	-	1,196	1,196
CDBG	-	-	-	87,302	87,302
Assigned:					
Cable	96,219	-	-	-	96,219
Library	165,448	-	-	-	165,448
Debt service	-	-	-	128,985	128,985
Capital projects	-	-	-	620,393	620,393
Rubbish	64,614	-	-	-	64,614
Unassigned	108,025	-	-	-	108,025
Total fund balances	<u>1,958,330</u>	<u>791,432</u>	<u>1,094,378</u>	<u>1,389,890</u>	<u>5,234,030</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 3,642,764</u>	<u>\$ 805,391</u>	<u>\$ 1,314,661</u>	<u>\$ 1,421,446</u>	<u>\$ 7,184,262</u>

Governmental Funds

Reconciliation of the Balance Sheet to the Statement of Net Position

June 30, 2019

Fund Balances Reported in Governmental Funds	\$ 5,234,030
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	29,836,038
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	8,063
Bonds payable and capital lease obligations are not due and payable in the current period and are not reported in the funds	(5,992,222)
Accrued interest is not due and payable in the current period and is not reported in the funds	(57,915)
Some employee fringe benefits 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:	
Employee compensated absences	(551,364)
Net pension liabilities and related deferred inflows and outflows	(4,317,477)
Net OPEB liability and related deferred inflows and outflows	(21,688,625)
Internal service funds are included as part of governmental activities	1,119,003
Net Position of Governmental Activities	<u>\$ 3,589,531</u>

City of Riverview, Michigan

Governmental Funds Statement of Revenue, Expenditures, and Changes in Fund Balances

Year Ended June 30, 2019

	General Fund	Major Streets Fund	Local Streets Fund	Nonmajor Funds	Total Governmental Funds
Revenue					
Property taxes	\$ 4,993,608	\$ -	\$ 230,991	\$ 845,260	\$ 6,069,859
Charges to other funds	930,741	-	-	-	930,741
State and federal sources:					
Federal grants	-	-	-	136,592	136,592
State sources	1,456,222	716,800	473,130	1,323	2,647,475
Charges for services	751,548	-	-	-	751,548
Fines and forfeitures	113,777	-	-	-	113,777
Licenses and permits:					
Cable franchise fees	376,004	-	-	-	376,004
Other licenses and permits	359,951	-	-	-	359,951
Investment gain	14,442	65	409	8,935	23,851
Other revenue	228,643	-	-	285	228,928
Total revenue	9,224,936	716,865	704,530	992,395	11,638,726
Expenditures					
Current services:					
General government	2,762,929	-	-	-	2,762,929
Public safety	5,405,465	-	-	62,657	5,468,122
Public works	2,007,729	325,450	822,360	-	3,155,539
Community and economic development	198,847	-	-	23,908	222,755
Recreation and culture	922,461	-	-	-	922,461
Capital outlay	-	-	-	84,910	84,910
Debt service	28,809	-	-	933,158	961,967
Total expenditures	11,326,240	325,450	822,360	1,104,633	13,578,683
Excess of Revenue (Under) Over Expenditures	(2,101,304)	391,415	(117,830)	(112,238)	(1,939,957)
Other Financing Sources (Uses)					
Transfers in	2,300,333	-	315,073	525,522	3,140,928
Transfers out	(50,000)	(236,544)	-	(78,529)	(365,073)
Total other financing sources (uses)	2,250,333	(236,544)	315,073	446,993	2,775,855
Net Change in Fund Balances	149,029	154,871	197,243	334,755	835,898
Fund Balances - Beginning of year	1,809,301	636,561	897,135	1,055,135	4,398,132
Fund Balances - End of year	\$ 1,958,330	\$ 791,432	\$ 1,094,378	\$ 1,389,890	\$ 5,234,030

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, 2019

Net Change in Fund Balances Reported in Governmental Funds	\$ 835,898
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	963,861
Depreciation expense	(1,735,891)
Certain revenue from federal sources is deferred and will be recognized as revenue in the fund statements in future years	(49,890)
Accumulated employee sick and vacation pay is recorded when paid in the governmental funds	5,347
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 activities	(213,829)
Repayment of bond principal is an expenditure in the governmental funds but not in the statement of activities (where it reduces long-term debt)	792,967
The change in net OPEB liability and deferred inflows and outflows related to OPEB amounts does not require the use of current resources and is not reported in the governmental activities	1,096,108
Interest expense is recorded when incurred in the statement of activities	(198)
Internal service funds are included as part of governmental activities	(47,374)
Change in Net Position of Governmental Activities	<u>\$ 1,646,999</u>

Proprietary Funds
Statement of Net Position

June 30, 2019

	Enterprise Funds				Governmental Activities
	Water and Sewer	Land Preserve	Nonmajor Enterprise - Golf Course and Practice	Total Enterprise Funds	Internal Service Funds
Assets					
Current assets:					
Cash and investments (Note 3)	\$ 4,235,832	\$ -	\$ 34,788	\$ 4,270,620	\$ 496,676
Receivables:					
Customer sales	1,111,139	2,345,456	-	3,456,595	-
Other receivables	9,240	-	-	9,240	94,116
Due from other funds (Note 4)	1,774,391	-	-	1,774,391	573,902
Inventory	-	-	38,201	38,201	-
Prepaid expenses and other assets	138,426	36,664	-	175,090	77,729
Deposits	-	-	-	-	33,436
Total current assets	7,269,028	2,382,120	72,989	9,724,137	1,275,859
Noncurrent assets:					
Restricted assets (Note 5)	893,224	27,387,298	-	28,280,522	-
Advances to other funds (Note 4)	-	177,480	-	177,480	-
Capital assets: (Note 6)					
Assets not subject to depreciation	661,971	3,832,805	691,901	5,186,677	-
Assets subject to depreciation - Net	24,820,963	23,707,728	1,787,294	50,315,985	-
Total noncurrent assets	26,376,158	55,105,311	2,479,195	83,960,664	-
Total assets	33,645,186	57,487,431	2,552,184	93,684,801	1,275,859
Deferred Outflows of Resources					
OPEB (Note 11)	331,421	1,013,309	150,681	1,495,411	-
Pension (Note 10)	26,237	117,574	6,803	150,614	-
Total deferred outflows of resources	357,658	1,130,883	157,484	1,646,025	-
Liabilities					
Current liabilities:					
Accounts payable	594,259	2,505,414	25,636	3,125,309	87,577
Due to other funds (Note 4)	92,205	1,774,391	-	1,866,596	-
Accrued liabilities and other	24,233	84,860	39,808	148,901	-
Provision for claims (Note 5)	-	-	-	-	69,279
Current portion of long-term debt (Note 7)	766,114	564,733	-	1,330,847	-
Total current liabilities	1,476,811	4,929,398	65,444	6,471,653	156,856
Noncurrent liabilities:					
Advances from other funds (Note 4)	-	-	1,563,261	1,563,261	-
Accounts payable from restricted assets	-	838,545	-	838,545	-
Compensated absences (Note 7)	16,791	-	-	16,791	-
Landfill closure and postclosure (Note 5)	-	39,742,823	-	39,742,823	-
Net pension liability (Note 10)	352,203	1,578,405	91,317	2,021,925	-
Total OPEB liability (Note 11)	5,406,181	16,529,238	2,457,943	24,393,362	-
Long-term debt (Note 7)	4,768,920	334,162	-	5,103,082	-
Total noncurrent liabilities	10,544,095	59,023,173	4,112,521	73,679,789	-
Total liabilities	12,020,906	63,952,571	4,177,965	80,151,442	156,856
Deferred Inflows of Resources					
Deferred pension cost reductions (Note 10)	3,314	14,854	859	19,027	-
Deferred OPEB cost reductions (Note 11)	525,024	1,605,247	238,704	2,368,975	-
Total deferred inflows of resources	528,338	1,620,101	239,563	2,388,002	-
Net Position					
Net investment in capital assets	19,947,900	26,641,638	2,479,195	49,068,733	-
Restricted - Water and sewer debt service (Note 5)	893,224	-	-	893,224	-
Unrestricted	612,476	(33,595,996)	(4,187,055)	(37,170,575)	1,119,003
Total net position	\$ 21,453,600	\$ (6,954,358)	\$ (1,707,860)	\$ 12,791,382	\$ 1,119,003

Proprietary Funds

Statement of Revenue, Expenses, and Changes in Net Position

Year Ended June 30, 2019

	Enterprise Funds				Governmental Activities
	Water and Sewer	Land Preserve	Nonmajor Enterprise - Golf Course and Practice	Total Enterprise Funds	Internal Service Funds
Operating Revenue					
Customer billings	\$ 5,142,860	\$ -	\$ -	\$ 5,142,860	\$ -
Greens fees	-	-	590,053	590,053	-
Equipment rentals	-	-	245,506	245,506	-
Charges for services	-	-	-	-	2,027,271
Miscellaneous revenue	-	227,328	182,754	410,082	-
Rubbish collections	-	11,434,822	-	11,434,822	-
Total operating revenue	5,142,860	11,662,150	1,018,313	17,823,323	2,027,271
Operating Expenses					
Cost of water and sewer	1,455,410	-	-	1,455,410	-
Operations and maintenance	966,176	6,598,356	253,471	7,818,003	-
Supplies	11,534	59,186	167,484	238,204	-
Other services and charges	391,418	4,341,089	347,231	5,079,738	2,074,661
Depreciation	1,274,030	3,922,603	228,932	5,425,565	-
Total operating expenses	4,098,568	14,921,234	997,118	20,016,920	2,074,661
Operating Income (Loss)	1,044,292	(3,259,084)	21,195	(2,193,597)	(47,390)
Nonoperating Revenue (Expense)					
Property taxes - Sewage disposal system	457,917	-	-	457,917	-
Investment income	40,193	1,650,530	1,137	1,691,860	16
Interest expense	(124,401)	(27,991)	(5,003)	(157,395)	-
Loss on transfer of asset	(540,881)	-	-	(540,881)	-
Gain on sale of assets	-	125,000	-	125,000	-
Total nonoperating (expense) revenue	(167,172)	1,747,539	(3,866)	1,576,501	16
Transfers Out	-	(2,775,855)	-	(2,775,855)	-
Change in Net Position	877,120	(4,287,400)	17,329	(3,392,951)	(47,374)
Net Position - Beginning of year	20,576,480	(2,666,958)	(1,725,189)	16,184,333	1,166,377
Net Position - End of year	<u>\$ 21,453,600</u>	<u>\$ (6,954,358)</u>	<u>\$ (1,707,860)</u>	<u>\$ 12,791,382</u>	<u>\$ 1,119,003</u>

Proprietary Funds
Statement of Cash Flows

Year Ended June 30, 2019

	Enterprise Funds				Governmental Activities
	Water and Sewer	Land Preserve	Nonmajor Enterprise - Golf Course and Practice	Total	Internal Service Funds
Cash Flows from Operating Activities					
Receipts from customers	\$ 5,080,099	\$ 11,165,534	\$ 1,018,313	\$ 17,263,946	\$ -
Receipts from interfund services and reimbursements	-	-	-	-	1,898,875
Payments to suppliers	(3,642,804)	(2,935,385)	(525,141)	(7,103,330)	-
Payments to employees	(859,126)	(3,753,708)	(734,841)	(5,347,675)	-
Claims paid	-	-	-	-	(1,972,461)
Net cash and cash equivalents provided by (used in) operating activities	578,169	4,476,441	(241,669)	4,812,941	(73,586)
Cash Flows from Noncapital Financing Activities					
Net transfers to other funds	-	(2,775,855)	-	(2,775,855)	-
Loans received from other funds	-	1,774,391	518,561	2,292,952	-
Repayment of loans from other funds	(18,182)	-	(46,671)	(64,853)	-
Loans to other funds	(1,774,391)	(125,753)	-	(1,900,144)	-
Net cash and cash equivalents (used in) provided by noncapital financing activities	(1,792,573)	(1,127,217)	471,890	(2,447,900)	-
Cash Flows from Capital and Related Financing Activities					
Proceeds from sale of capital assets	-	125,000	-	125,000	-
Property taxes restricted for capital items	499,799	-	-	499,799	-
Purchase of capital assets	(230,708)	(7,391,364)	(242,527)	(7,864,599)	-
Principal and interest paid on capital debt	(897,097)	(588,272)	-	(1,485,369)	-
Net cash and cash equivalents used in capital and related financing activities	(628,006)	(7,854,636)	(242,527)	(8,725,169)	-
Cash Flows from Investing Activities					
Investment earnings	40,193	1,650,530	1,137	1,691,860	16
Purchases of investment securities	(73,167)	-	(1,137)	(74,304)	-
Proceeds from sale and maturities of investment securities	-	2,854,882	-	2,854,882	-
Net cash and cash equivalents (used in) provided by investing activities	(32,974)	4,505,412	-	4,472,438	16
Net Decrease in Cash and Cash Equivalents	(1,875,384)	-	(12,306)	(1,887,690)	(73,570)
Cash and Cash Equivalents - Beginning of year	3,873,131	-	12,306	3,885,437	570,246
Cash and Cash Equivalents - End of year	<u>\$ 1,997,747</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,997,747</u>	<u>\$ 496,676</u>

Proprietary Funds
Statement of Cash Flows (Continued)

Year Ended June 30, 2019

	Enterprise Funds				Governmental Activities
	Water and Sewer	Land Preserve	Nonmajor Enterprise - Golf Course and Practice	Total	Internal Service Funds
Classification of Cash and Cash Equivalents					
Cash and investments (Note: Land Preserve includes restricted investments)	\$ 4,235,832	\$ 27,387,298	\$ 34,788	\$ 31,657,918	\$ 496,676
Less amounts classified as investments	(2,238,085)	-	(34,788)	(2,272,873)	-
Less amounts classified as restricted assets	-	(27,387,298)	-	(27,387,298)	-
Total cash and cash equivalents	\$ 1,997,747	\$ -	\$ -	\$ 1,997,747	\$ 496,676
Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities					
Operating income (loss)	\$ 1,044,292	\$ (3,259,084)	\$ 21,195	\$ (2,193,597)	\$ (47,390)
Adjustments to reconcile operating income (loss) to net cash from operating activities:					
Depreciation	1,274,030	3,922,603	228,932	5,425,565	-
Changes in assets and liabilities:					
Receivables	(62,761)	(496,616)	-	(559,377)	-
Due to and from other funds	-	-	-	-	(128,396)
Inventories	-	-	(8,747)	(8,747)	-
Prepaid and other assets	(2,975)	38,549	82	35,656	-
Net pension or OPEB asset	-	-	237,756	237,756	-
Accounts payable	(1,666,046)	1,361,508	(1,761)	(306,299)	-
Estimated claims liability	-	-	-	-	102,200
Net pension or OPEB liability	(246,771)	897,115	(591,930)	58,414	-
Deferrals related to pension or OPEB	219,584	714,230	(129,082)	804,732	-
Accrued and other liabilities	18,816	3,586	1,886	24,288	-
Land preserve closure liability	-	1,294,550	-	1,294,550	-
Total adjustments	(466,123)	7,735,525	(262,864)	7,006,538	(26,196)
Net cash and cash equivalents provided by (used in) operating activities	\$ 578,169	\$ 4,476,441	\$ (241,669)	\$ 4,812,941	\$ (73,586)

For Land Preserve, the investments are classified as restricted assets on the statement of net position.

Noncash Capital and Related Financing Activities - During the current year, debt was issued on behalf of the City in the amount of \$1,544,534 for construction related to the Downriver Utility Wastewater Authority. There was also a decrease in the City's debt of \$62,067 due to a decrease in the City's allocation of the Downriver Utility Wastewater Authority debt due to a decrease in the City's sewage flow compared to the total sewage flow of the system. The remaining investment in joint venture of \$743,330 for the Downriver Sewage Disposal System was written off to zero.

Fiduciary Funds
Statement of Fiduciary Net Position

June 30, 2019

	Pension Trust Fund - Employees' Retirement System	Private Purpose Trust Fund - Community Trust	Agency Funds
Assets			
Cash and cash equivalents	\$ 782,527	\$ 17,981	\$ 229,149
Investments:			
U.S. government securities	4,201,732	-	-
Stocks and pooled equity investments	20,602,298	-	-
Corporate bonds	5,591,021	-	-
Receivables - Other receivables	407,606	-	190,548
Total assets	31,585,184	17,981	\$ 419,697
Liabilities			
Due to other governmental units	-	-	\$ 279,785
Refundable deposits, bonds, etc.	-	-	139,912
Accrued liabilities and other	-	11,755	-
Total liabilities	-	11,755	\$ 419,697
Net Position	\$ 31,585,184	\$ 6,226	

Fiduciary Funds
Statement of Changes in Fiduciary Net Position

Year Ended June 30, 2019

	Pension Trust Fund - Employees' Retirement System	Private Purpose Trust Fund - Community Trust
Additions		
Investment income (loss):		
Interest and dividends	\$ 873,845	\$ 1
Net increase in fair value of investments	924,501	-
Investment-related expenses	(131,033)	-
Total investment income	1,667,313	1
Contributions:		
Employer	1,140,203	-
Employee	120,874	-
Total contributions	1,261,077	-
Total additions	2,928,390	1
Deductions - Benefit payments	2,494,769	-
Net Increase in Net Position Held in Trust	433,621	1
Net Position Held in Trust - Beginning of year	31,151,563	6,225
Net Position Held in Trust - End of year	\$ 31,585,184	\$ 6,226

Component Units
Statement of Net Position

June 30, 2019

	Brownfield Redevelopment Authority	Economic Development Corporation	Total
Assets - Cash and cash equivalents	\$ 11,337	\$ 13,137	\$ 24,474
Liabilities - Accounts payable	540	-	540
Net Position - Unrestricted	<u>\$ 10,797</u>	<u>\$ 13,137</u>	<u>\$ 23,934</u>

City of Riverview, Michigan

Component Units Statement of Activities

Year Ended June 30, 2019

	Expenses	Program Revenue			Net Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Brownfield Redevelopment Authority	Economic Development Corporation	Total
Functions/Programs							
Brownfield Redevelopment Authority	\$ 3,115	\$ 50	\$ 10,855	\$ -	\$ 7,790	\$ -	\$ 7,790
Economic Development Corporation	-	-	-	-	-	-	-
Total component units	<u><u>\$ 3,115</u></u>	<u><u>\$ 50</u></u>	<u><u>\$ 10,855</u></u>	<u><u>\$ -</u></u>	7,790	-	7,790
Change in Net Position					7,790	-	7,790
Net Position - Beginning of year					3,007	13,137	16,144
Net Position - End of year					<u><u>\$ 10,797</u></u>	<u><u>\$ 13,137</u></u>	<u><u>\$ 23,934</u></u>

June 30, 2019

Note 1 - 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 is governed by a mayor and an elected six-member City Council. The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units are, in substance, part of the city operations, even though they are separate legal entities. Thus, blended component units are appropriately presented as funds of the City. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the City.

Blended Component Unit

The City Building Authority (the "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 Brownfield Redevelopment Authority (the "BRA") was created to facilitate the implementation of plans for the identification, treatment, and revitalization of environmentally distressed areas within the City designated as brownfield redevelopment zones. The BRA's governing board of directors, consisting of nine individuals, is appointed by the City Council.

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 BRA and 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) applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Governmental Accounting Standards Board.

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 units, as applicable. 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 revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The statements also present a schedule reconciling these amounts to the modified accrual based presentation found in the fund-based statements.

Note 1 - Significant Accounting Policies (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Taxes, unrestricted intergovernmental receipts, and other items not properly included among program revenue are reported instead as general revenue.

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

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

Fund Accounting

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

The various funds are aggregated into three broad fund types:

Governmental Funds

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:

- **General Fund** - The General Fund is the City's primary operating fund. It accounts for all financial resources used to provide government services other than those specifically assigned to another fund.
- **Major Streets Fund** - The Major Streets Fund accounts for maintenance and improvement activities for streets designated as "major" within the City. Funding is provided primarily through state-shared gas and weight taxes.
- **Local Streets Fund** - The Local Streets Fund accounts for maintenance and improvement activities for streets designated as "local" within the City. Funding is provided primarily through state-shared gas and weight taxes.

Proprietary Funds

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 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.

June 30, 2019

Note 1 - Significant Accounting Policies (Continued)

Internal Service Funds

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

Fiduciary Funds

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 the following:

- **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.

Furthermore, 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 government has spent its resources.

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

June 30, 2019

Note 1 - Significant Accounting Policies (Continued)

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

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

Specific Balances and Transactions**Cash 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 and Prepaid Items

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. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

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.

Capital Assets

Capital assets, which include property, plant, equipment, intangible assets, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial individual cost of more than \$500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

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

	Depreciable Life - Years
Infrastructure	10 to 30
Buildings and improvements	20 to 30
Vehicles	1 to 10
Furniture, fixtures, and equipment	3 to 30
Water and sewer distribution system	20 to 40
Land improvements	5 to 40

June 30, 2019

Note 1 - Significant Accounting Policies (Continued)

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 and premiums as "other financing sources" and bond discounts as "other financing uses." The debt service funds are generally used to liquidate governmental long-term debt.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense/expenditure) until then. The City reports deferred outflows related to pension and OPEB, as described in Notes 10 and 11, respectively.

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 future periods and will not be recognized as an inflow of resources (revenue) until that time. The City reports deferred inflows related to pension and OPEB, as described in Notes 10 and 11, respectively. Additionally, the City reports deferred inflows of resources related to unavailable revenue only in the governmental funds. These amounts will be recognized as an inflow of resources in the period the amounts become available.

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 government's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Balance Flow Assumptions

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 government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Furthermore, 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.

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).

Note 1 - Significant Accounting Policies (Continued)

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

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

Property Tax Revenue

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

The City's 2018 property tax revenue was levied and collectible on July 1, 2018 and is recognized as revenue in the year ended June 30, 2019 when the proceeds of the levy are budgeted and available for the financing of operations.

The 2018 taxable valuation of the City totaled \$305 million, on which ad valorem taxes levied consisted of 16.26 mills for operating purposes, 1.47 mills for sewage disposal debt, and 2.75 mills for street and water main repair debt service. This resulted, when combined with administrative fees, in \$5.2 million for operating purposes (taxes are reflected in the General Fund and Local Streets Fund), \$0.4 million for sewage disposal debt, and \$0.8 million for street and water main repair debt service.

Pension

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

Other Postemployment Benefit

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

June 30, 2019

Note 1 - Significant Accounting Policies (Continued)

Compensated Absences (Vacation and Sick Leave)

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 for these amounts 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 obligations.

Proprietary Funds Operating Classification

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of proprietary funds are charges to customers for sales or services. Operating expenses for these funds include the cost of sales or services, administrative expenses, and may include depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

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.

Upcoming Accounting Pronouncements

In January 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 84, *Fiduciary Activities*. This statement establishes criteria for identifying fiduciary activities of all state and local governments. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. The City is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the City's financial statements for the year ending June 30, 2020.

In June 2017, the Governmental Accounting Standards Board issued Statement No. 87, *Leases*, which improves accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The City is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the City's financial statements for the year ending June 30, 2021.

Note 1 - Significant Accounting Policies (Continued)

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which simplifies accounting for interest cost incurred before the end of construction and requires those costs to be expensed in the period incurred. As a result, interest cost incurred before the end of a construction period will not be capitalized and included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This statement also reiterates that, in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements of the standard will be applied prospectively and result in increased interest expense during periods of construction. The provisions of this statement are effective for the City's financial statements for the December 31, 2020 fiscal year.

Note 2 - Stewardship, Compliance, and Accountability

Budgetary Information

The annual budget is prepared by the city manager and adopted by the City Council; subsequent amendments are approved by the City Council. Unexpended appropriations lapse at year end; encumbrances are not included as expenditures. During the current year, the budget was amended in a legally permissible manner.

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 adopted by the City Council is included in the required supplemental information. This comparison includes an expenditure overrun. A comparison of the actual results of operations to the nonmajor special revenue funds budgets adopted by the City Council is available at City Hall for inspection.

Excess of Expenditures Over Appropriations in Budgeted Funds

The City did not have significant expenditure budget variances.

Notes to Financial Statements

June 30, 2019

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

Construction Code Fees

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 surplus or shortfall generated since January 1, 2000 is as follows:

Shortfall at July 1, 2018		\$	(1,802,475)
Current year permit revenue			216,336
Related expenses:			
Direct costs	\$	229,745	-
Estimated indirect costs		22,975	(252,720)
			<u>(36,384)</u>
Current year shortfall			<u>(36,384)</u>
Cumulative shortfall at June 30, 2019		\$	<u><u>(1,838,859)</u></u>

Note 3 - Deposits and Investments

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The law also allows investments outside the state of Michigan when fully insured. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications that matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions that 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.

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.

Notes to Financial Statements

June 30, 2019

Note 3 - Deposits and Investments (Continued)

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

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. At year end, the City had \$9,412,059 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 because 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	\$ 5,708,460	\$ 273,598	\$ 3,598,624	\$ 1,583,696	\$ 252,542
U.S. Treasury notes	21,401,077	2,581,351	14,378,080	4,380,259	61,387
Total	<u>\$ 27,109,537</u>	<u>\$ 2,854,949</u>	<u>\$ 17,976,704</u>	<u>\$ 5,963,955</u>	<u>\$ 313,929</u>

Fiduciary Funds	Carrying Value	Less Than 1 Year	1-5 Years	6-10 Years	More Than 10 Years
U.S. government agency securities	\$ 585,654	\$ -	\$ -	\$ 49,491	\$ 536,163
U.S. Treasury notes	3,616,078	-	2,749,049	867,029	-
Corporate bonds	5,591,021	563,746	3,825,377	1,201,898	-
Total	<u>\$ 9,792,753</u>	<u>\$ 563,746</u>	<u>\$ 6,574,426</u>	<u>\$ 2,118,418</u>	<u>\$ 536,163</u>

Credit Risk

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

Investment	Fair Value	Rating	Rating Organization
Primary Government			
U.S. Treasury notes	\$ 21,221,807	Aaa	Moody's
U.S. Treasury notes	179,270	Unrated	N/A
U.S. government agency securities	5,708,460	Aaa	Moody's
	<u>\$ 27,109,537</u>		

Notes to Financial Statements

June 30, 2019

Note 3 - Deposits and Investments (Continued)

Investment	Fair Value	Rating	Rating Organization
Fiduciary Funds			
U.S. Treasury notes	\$ 3,478,989	AAA	Moody's
	137,089	Unrated	N/A
U.S. government agency securities	163,275	AAA	Moody's
	422,379	Unrated	N/A
Corporate bonds	282,445	A1	Moody's
	418,803	A2	Moody's
	730,046	A3	Moody's
	67,138	AA1	Moody's
	159,462	AA2	Moody's
	108,263	AA3	Moody's
	1,555,191	AAA	Moody's
	775,477	BAA1	Moody's
	863,821	BAA2	Moody's
	465,625	BAA3	Moody's
	164,750	Unrated	N/A
	<u>\$ 9,792,753</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 9.73 percent and Federal Home Loan Mortgage Corporation at 8.56 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 statement of net position.

Fair Value Measurements

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

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

Notes to Financial Statements

June 30, 2019

Note 3 - Deposits and Investments (Continued)

The City has the following recurring fair value measurements as of June 30, 2019:

Assets Measured at Fair Value on a Recurring Basis at June 30, 2019				
	Quoted Prices in			
	Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2019
Debt securities:				
U.S. Treasury securities	\$ 25,017,155	\$ -	\$ -	\$ 25,017,155
Agency bonds	-	6,294,114	-	6,294,114
Corporate bonds	-	5,591,021	-	5,591,021
Total debt securities	25,017,155	11,885,135	-	36,902,290
Equity securities:				
ETF - Equity	4,305,648	-	-	4,305,648
Mutual fund - Equity	16,296,649	-	-	16,296,649
Total equity securities	20,602,297	-	-	20,602,297
Total assets	\$ 45,619,452	\$ 11,885,135	\$ -	\$ 57,504,587

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

The fair value of debt securities at June 30, 2019 was determined primarily based on Level 2 inputs. The City estimates the fair value of these investments using other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

Note 4 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances at June 30, 2019 is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Water and Sewer Fund	\$ 51,025
Internal service funds	General Fund	532,722
	Water and Sewer Fund	41,180
	Total internal service funds	573,902
Water and Sewer Fund	Land Preserve Fund	1,774,391
	Total	\$ 2,399,318

The City has made the following long-term advances between funds:

Fund Borrowed From	Fund Loaned To	Amount
Land Preserve Fund	Nonmajor enterprise funds	\$ 177,480
General Fund	Nonmajor enterprise funds	1,385,781

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.

Notes to Financial Statements

June 30, 2019

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

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

Interfund transfers reported in the fund financial statements are composed of the following:

Transferred To	Transferred From	Amount
General Fund	Land Preserve Fund (1)	\$ 2,300,333
Local Streets Fund	Major Streets Fund (3)	236,544
	Nonmajor governmental funds (4)	78,529
	Total Local Streets Fund	315,073
Nonmajor governmental funds	General Fund (2)	50,000
	Land Preserve Fund (1)(2)	475,522
	Total nonmajor governmental funds	525,522
	Total	\$ 3,140,928

(1) Transfer of discretionary funds to be used for the benefit of the community

(2) Transfer of discretionary funds to offset debt payments

(3) Transfer allowed under state law Act 51 maintenance

(4) Transfer of bond proceeds to cover construction expenditures incurred

Note 5 - Restricted Assets

A portion of the water and sewer user fee has been restricted by ordinance to be used solely for the purpose of making capital improvements in the City's water and sewer system. In addition, restricted assets result from the establishment of debt reserves related to Wayne County Sewage Disposal System bonds and Downriver Utility Wastewater Authority bonds.

At June 30, 2019, restricted assets are composed of the following:

Description	Water and Sewer Fund	Land Preserve Fund	Total
Cash and investments	\$ -	\$ 27,387,298	\$ 27,387,298
Wayne County Sewage Disposal System bonds - Assets held at the County for future debt payments	536,766	-	536,766
Downriver Utility Wastewater Authority bonds - Assets held at the Authority for future debt payments	356,458	-	356,458
Total	\$ 893,224	\$ 27,387,298	\$ 28,280,522

Water and Sewer

The City has assets of \$536,766 and \$356,458 held at Wayne County, Michigan and Downriver Utility Wastewater Authority, respectively, 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.

June 30, 2019

Note 5 - Restricted Assets (Continued)

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 statement of financial position date. The \$39,742,823 reported as landfill closure and postclosure liability at June 30, 2019 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 \$7.6 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 early 2027. On a volume basis versus site acreage basis, approximately 84 percent of landfill capacity is used as of June 30, 2019. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The City is required by local, state, and federal laws and regulations to make contributions to a trust to finance closure and postclosure care (see Note 8). The City is in compliance with these requirements, and, at June 30, 2019, investments of \$27,387,298 are held for these purposes. These are reported as restricted assets on the statement of net position. Net position has not been restricted since the total restricted assets of \$27,387,298 is less than the sum of the postclosure liability of \$39,742,823 and accounts payable with restricted assets of \$838,545. 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.

The restricted assets are tracked in three accounts: perpetual care, financial assurance, and compliance. The perpetual care and financial assurance accounts total are required by the state and must be maintained for closure and postclosure care. Investment earnings on these accounts are restricted. The compliance account is funded voluntarily by the City and is not mandated by the State. Investment earnings on the compliance account are unrestricted. At June 30, 2019, the compliance account held \$9 million that can be used for eligible land preserve projects.

Notes to Financial Statements

June 30, 2019

Note 6 - Capital Assets

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

Governmental Activities

	Balance July 1, 2018	Reclassifications	Additions	Disposals and Adjustments	Balance June 30, 2019
Capital assets not being depreciated:					
Land	\$ 11,631,020	\$ -	\$ -	\$ -	\$ 11,631,020
Construction in progress	1,312,247	(1,314,751)	63,927	-	61,423
Subtotal	12,943,267	(1,314,751)	63,927	-	11,692,443
Capital assets being depreciated:					
Infrastructure	48,095,335	1,314,751	676,360	-	50,086,446
Buildings and improvements	11,235,307	-	13,805	-	11,249,112
Equipment and vehicles	7,000,069	-	209,769	(34,342)	7,175,496
Subtotal	66,330,711	1,314,751	899,934	(34,342)	68,511,054
Accumulated depreciation:					
Infrastructure	32,750,781	-	1,242,974	-	33,993,755
Buildings and improvements	10,006,346	-	167,733	-	10,174,079
Equipment and vehicles	5,908,783	-	325,184	(34,342)	6,199,625
Subtotal	48,665,910	-	1,735,891	(34,342)	50,367,459
Net capital assets being depreciated	17,664,801	1,314,751	(835,957)	-	18,143,595
Net governmental activities capital assets	<u>\$ 30,608,068</u>	<u>\$ -</u>	<u>\$ (772,030)</u>	<u>\$ -</u>	<u>\$ 29,836,038</u>

Notes to Financial Statements

June 30, 2019

Note 6 - Capital Assets (Continued)

Business-type Activities

	Balance July 1, 2018	Reclassifications	Additions	Disposals and Adjustments	Balance June 30, 2019
Water and Sewer System					
Capital assets not being depreciated - Construction in progress	\$ 588,137	\$ -	\$ 73,834	\$ -	\$ 661,971
Capital assets being depreciated:					
Water and sewer lines	48,108,346	-	1,544,534	-	49,652,880
Buildings and improvements	764,712	-	-	-	764,712
Machinery and equipment	2,065,117	-	19,067	-	2,084,184
Vehicles	862,133	-	137,807	(57,985)	941,955
Subtotal	51,800,308	-	1,701,408	(57,985)	53,443,731
Accumulated depreciation:					
Water and sewer lines	24,301,460	-	1,046,475	-	25,347,935
Buildings and improvements	401,891	-	59,065	-	460,956
Machinery and equipment	1,898,737	-	93,805	-	1,992,542
Vehicles	804,635	-	74,685	(57,985)	821,335
Subtotal	27,406,723	-	1,274,030	(57,985)	28,622,768
Net capital assets being depreciated	24,393,585	-	427,378	-	24,820,963
Net water and sewer system capital assets	24,981,722	-	501,212	-	25,482,934
Golf Course and Practice					
Capital assets not being depreciated - Land	691,901	-	-	-	691,901
Capital assets being depreciated:					
Buildings and improvements	2,460,305	-	-	-	2,460,305
Machinery and equipment	2,922,274	-	239,188	-	3,161,462
Land improvements	1,722,308	-	3,339	-	1,725,647
Subtotal	7,104,887	-	242,527	-	7,347,414
Accumulated depreciation:					
Buildings and improvements	2,177,688	-	60,721	-	2,238,409
Machinery and equipment	2,392,596	-	115,311	-	2,507,907
Land improvements	760,904	-	52,900	-	813,804
Subtotal	5,331,188	-	228,932	-	5,560,120
Net capital assets being depreciated	1,773,699	-	13,595	-	1,787,294
Net golf course and practice capital assets	2,465,600	-	13,595	-	2,479,195

Notes to Financial Statements

June 30, 2019

Note 6 - Capital Assets (Continued)

	Balance July 1, 2018	Reclassifications	Additions	Disposals and Adjustments	Balance June 30, 2019
Land Preserve					
Capital assets not being depreciated:					
Land	\$ 3,269,814	\$ -	\$ -	\$ -	\$ 3,269,814
Construction in progress	59,657	-	503,334	-	562,991
Subtotal	3,329,471	-	503,334	-	3,832,805
Capital assets being depreciated:					
Buildings and improvements	47,514,476	-	6,085,548	-	53,600,024
Machinery and equipment	9,807,003	-	802,482	(548,393)	10,061,092
Vehicles	393,005	-	-	34,590	427,595
Subtotal	57,714,484	-	6,888,030	(513,803)	64,088,711
Accumulated depreciation:					
Buildings and improvements	27,385,327	-	3,118,264	-	30,503,591
Machinery and equipment	9,193,851	-	804,339	(548,393)	9,449,797
Vehicles	393,005	-	-	34,590	427,595
Subtotal	36,972,183	-	3,922,603	(513,803)	40,380,983
Net capital assets being depreciated	20,742,301	-	2,965,427	-	23,707,728
Net land preserve capital assets	24,071,772	-	3,468,761	-	27,540,533
Net business-type activities capital assets	\$ 51,519,094	\$ -	\$ 3,983,568	\$ -	\$ 55,502,662

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

Governmental activities:	
General government	\$ 1,293,855
Public safety	99,320
Public works	144,796
Economic development	8,737
Recreation and culture	189,183
Total governmental activities	\$ 1,735,891
Business-type activities:	
Water and sewer	\$ 1,274,030
Land preserve	3,922,603
Golf course and practice	228,932
Total business-type activities	\$ 5,425,565

Notes to Financial Statements

June 30, 2019

Note 6 - Capital Assets (Continued)

Construction Commitments

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

	Spent to Date	Remaining Commitment
Water main replacement	\$ 528,489	\$ 60,322
Dozer - Land preserve	-	986,000
Excavator	-	219,320
Sweeper	-	541,400
Landfill access road	85,269	608,701
Cell 7 construction	4,444,738	1,703,456
Street repair and sectioning	-	768,386
Fire engine	-	1,560,979
Total	\$ 5,058,496	\$ 6,448,564

Note 7 - Long-term Debt

Long-term debt activity for the year ended June 30, 2019 can be summarized as follows:

Governmental Activities

	Interest Rate Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds and contracts payable:						
Direct borrowings and direct placements:						
Monroe Bank & Trust equipment purchase agreement:						
Amount of issue - \$391,052						
Maturing through 2018	2.45%	\$ 67,156	\$ -	\$ (67,156)	\$ -	\$ -
KS State Bank equipment purchase agreement:						
Amount of issue - \$107,320						
Maturing through 2021	3.73%	80,357	-	(25,811)	54,546	26,774
Total direct borrowings and direct placements principal outstanding		147,513	-	(92,967)	54,546	26,774
Other debt -						
2015 General Obligation Unlimited Tax Bonds:						
Amount of issue - \$7,725,000						
Maturing through 2025	2.00%-3.00%	6,475,000	-	(700,000)	5,775,000	750,000
Unamortized bond premium		189,788	-	(27,112)	162,676	-
Total bonds and contracts and direct placements payable		6,812,301	-	(820,079)	5,992,222	776,774
Compensated absences		556,711	709,121	(714,468)	551,364	-
Total governmental activities long-term debt		\$ 7,369,012	\$ 709,121	\$ (1,534,547)	\$ 6,543,586	\$ 776,774

Notes to Financial Statements

June 30, 2019

Note 7 - Long-term Debt (Continued)

Business-type Activities

	Interest Rate Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds and contracts payable:						
Direct borrowings and direct placements:						
Clean Water Program purchase agreement: Amount of issue - \$349,869						
Maturing through 2037	1.54%	\$ 505,439	\$ -	\$ (30,457)	\$ 474,982	\$ 22,330
Capital One equipment purchase agreement: Amount of issue - \$650,000						
Maturing through 2022	2.84%	650,000	-	(155,693)	494,307	160,145
Talmer Bank equipment purchase agreement: Amount of issue - \$1,618,352						
Maturing through 2020	1.48%	809,176	-	(404,588)	404,588	404,588
County contractual agreements - Downriver Sewage Disposal System Bonds Series B: Amount of issue - \$701,512						
Maturing through 2019	Various	54,933	-	(54,933)	-	-
State Revolving Funds Loan: Amount of issue - \$16,015,786						
Maturing through 2031	2.00% - 2.50%	3,236,434	7,328	(806,087)	2,437,675	668,547
Downriver Sewage Disposal System 2007 Bonds Series B: Amount of issue - \$1,421,841						
Maturing through 2027	4.18% - 5.04%	881,590	-	(69,789)	811,801	73,391
Downriver Sewage Disposal System 2007 Bonds Series D: Amount of issue - \$212,850						
Maturing through 2028	3.95% - 4.61%	83,634	-	(83,634)	-	-
City of Ecorse, Michigan plant capacity obligation: Amount of issue - \$518,402						
Maturing through 2021	Various	3,648	-	(1,802)	1,846	1,846
Downriver Utility Wastewater Authority Bonds: Original issue - Various Maturing through 2043						
	0% - 5%	-	1,808,730	-	1,808,730	-
Total direct borrowings and direct placements principal outstanding		6,224,854	1,816,058	(1,606,983)	6,433,929	1,330,847
Compensated absences		1,296	122,351	(106,856)	16,791	-
Total business-type activities long-term debt		<u>\$ 6,226,150</u>	<u>\$ 1,938,409</u>	<u>\$ (1,713,839)</u>	<u>\$ 6,450,720</u>	<u>\$ 1,330,847</u>

On September 27, 2018, the Downriver Sewage Disposal System (the "System") transferred from the County of Wayne, Michigan to the Downriver Utility Wastewater Authority (DUWA). As part of the System transfer, DUWA issued bonds of \$58.5 million and assumed \$62 million of the System's debt. The City is a participant of DUWA and has an obligation to cover an allocation of the outstanding debt. The City recorded \$1,808,730 for DUWA's \$58.5 million bond proceeds issued in the current year.

June 30, 2019

Note 7 - Long-term Debt (Continued)***Debt Service Requirements to Maturity***

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

Years Ending June 30	Governmental Activities				
	Direct Borrowings and Direct Placements		Other Debt		Total
	Principal	Interest	Principal	Interest	
2020	\$ 26,774	\$ 2,035	\$ 750,000	\$ 150,250	\$ 929,059
2021	27,772	1,036	800,000	134,750	963,558
2022	-	-	800,000	114,750	914,750
2023	-	-	900,000	89,250	989,250
2024	-	-	900,000	62,250	962,250
2025-2029	-	-	1,625,000	46,125	1,671,125
2030-2034	-	-	-	-	-
2035-2039	-	-	-	-	-
Thereafter	-	-	-	-	-
Total	<u>\$ 54,546</u>	<u>\$ 3,071</u>	<u>\$ 5,775,000</u>	<u>\$ 597,375</u>	<u>\$ 6,429,992</u>

Years Ending June 30	Business-type Activities		
	Direct Borrowings and Direct Placements		Total
	Principal	Interest	
2020	\$ 1,330,158	\$ 204,385	\$ 1,534,543
2021	959,571	176,399	1,135,970
2022	447,650	155,225	602,875
2023	246,181	117,018	363,199
2024	362,962	131,515	494,477
2025-2029	1,300,404	559,854	1,860,258
2030-2034	791,964	293,823	1,085,787
2035-2039	535,657	176,513	712,170
Thereafter	459,382	58,859	518,241
Total	<u>\$ 6,433,929</u>	<u>\$ 1,873,591</u>	<u>\$ 8,307,520</u>

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 \$1,954,465. During the current year, net revenue of the system was \$2,318,322, and property tax collections were \$457,917, compared to the annual debt requirements of \$793,673.

Assets Pledged as Collateral

The City's outstanding governmental debt for KS Statement Bank equipment purchase agreement of \$54,546 at June 30, 2019 is secured with collateral of Turn Out Gear capital asset. The City's outstanding business-type debt for Capital One equipment purchase agreement of \$494,307 and Talmer Bank equipment purchase agreement of \$404,588 at June 30, 2019 are secured with the collateral of bulldozer asset and compactor asset, respectively.

Note 8 - Commitments and Contingencies

State of Michigan Perpetual Care Fund

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

Lawsuits

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

Note 9 - Risk Management

The City is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation) as well as medical benefits provided to employees.

The City has purchased commercial insurance for medical benefits, participates in the Michigan Municipal League risk pool program for workers' compensation, and participates in the Michigan Municipal Risk Management Authority (the "Authority") risk pool program for claims related to general and auto liability, auto physical damage, and property. The Authority operates as a claims servicing pool for amounts up to member retention limits and operates as a common risk-sharing management program for losses in excess of member retention amounts. Although funds are paid annually to the Authority, which 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.

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 and those that have not yet been reported. Changes in the estimated liability for the past two fiscal years were as follows:

	General Liability	
	2019	2018
Unpaid claims - Beginning of year	\$ 94,954	\$ 130,853
Incurred claims, including claims incurred but not reported	474,100	258,598
Claim payments	(499,775)	(294,497)
Unpaid claims - End of year	<u>\$ 69,279</u>	<u>\$ 94,954</u>

Note 10 - Pension Plan

Plan Description

The City of Riverview, Michigan 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.

June 30, 2019

Note 10 - Pension Plan (Continued)

Benefits Provided

The City of Riverview Employees' Retirement 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.

Employees Covered by Benefit Terms

At June 30, 2019, the following members were covered by the benefit terms:

Retirees and beneficiaries currently receiving benefits	103
Inactive plan members entitled to but not yet receiving benefits	8
Active plan members	31
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Total employees covered by the plan	142
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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, 2019, 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 46 percent of covered payroll.

Net Pension Liability

The components of the net pension liability of the City at June 30, 2019 were as follows:

Total pension liability	\$ 38,225,121
Plan fiduciary net position	<hr/> (31,585,184)
	<hr/>
Net pension liability of the City	\$ 6,639,937
	<hr/>

The plan's fiduciary net position represents 83 percent of the total pension liability.

The City has chosen to use the June 30, 2019 measurement date as its measurement date for the net pension liability. The June 30, 2019 fiscal year end reported net pension liability was determined using a measure of the total pension liability and the pension net position as of the June 30, 2019 measurement date. The June 30, 2019 total pension liability was determined by an actuarial valuation performed as of June 30, 2018, which used updated procedures to roll forward the estimated liability to June 30, 2019.

Notes to Financial Statements

June 30, 2019

Note 10 - Pension 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 July 1, 2018	\$ 37,919,236	\$ 31,151,563	\$ 6,767,673
Changes for the year:			
Service cost	396,956	-	396,956
Interest	2,580,923	-	2,580,923
Differences between expected and actual experience	(177,225)	-	(177,225)
Contributions - Employer	-	1,140,203	(1,140,203)
Contributions - Employee	-	120,874	(120,874)
Net investment income	-	1,667,313	(1,667,313)
Benefit payments, including refunds	(2,494,769)	(2,494,769)	-
Net changes	305,885	433,621	(127,736)
Balance at June 30, 2019	<u>\$ 38,225,121</u>	<u>\$ 31,585,184</u>	<u>\$ 6,639,937</u>

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

For the year ended June 30, 2019, the City recognized pension expense of \$1,621,160.

At June 30, 2019, 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	\$ -	\$ 62,487
Net difference between projected and actual earnings on pension plan investments	494,609	-
Total	<u>\$ 494,609</u>	<u>\$ 62,487</u>

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
2020	\$ 339,573
2021	(59,625)
2022	58,149
2023	94,025

Actuarial Assumptions

The total pension liability in the June 30, 2018 actuarial valuation was determined using an inflation assumption of 2.50 percent, assumed salary increases (including inflation) ranging from 3.0 to 7.0 percent, and using the RP-2000 Male (unadjusted) and Female (unadjusted) Healthy Life Mortality Table, adjusted for mortality improvements to 2020 using projection scale BB. The discount rate used to measure the total pension liability at June 30, 2018 was 7.0 percent, which is the same percentage used in the June 30, 2017 actuarial valuation.

June 30, 2019

Note 10 - Pension Plan (Continued)***Discount Rate***

The discount rate used to measure the total pension liability was 7.0 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.

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.

Investment Rate of Return

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, 2019 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 equity	4.95 %
International equity	7.06
Fixed income	1.85
Real estate	7.00

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 7.0 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 (6.0 percent) or 1 percentage point higher (8.0 percent) than the current rate:

	1 Percent Decrease (6.0%)	Current Discount Rate (7.0%)	1 Percent Increase (8.0%)
Net pension liability of the City	\$ 10,510,430	\$ 6,639,937	\$ 3,338,032

Rate of Return

For the year ended June 30, 2019, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 5.69 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

June 30, 2019

Note 10 - Pension Plan (Continued)***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, 2019:

Asset Class	Target Allocation
Domestic equity	47.00 %
International equity	13.00
Fixed Income	33.00
Real estate	5.00
Cash or cash equivalents	2.00
Total	100.00 %

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 5.0 percent. For any employee who terminates before vesting in the pension plan, the employee's balance is returned to him or her; 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.

The balances of the reserve accounts at June 30, 2019 are as follows:

	Required Reserve	Amount Funded
Retiree reserve	\$ 23,269,587	\$ 23,269,587
Employee reserve	3,657,934	3,657,934
Employer reserve	-	4,657,663

Receivable to the Pension Plan

At June 30, 2019, the City reported a receivable of \$285,051 for the outstanding amount of contributions to the plan required for the year ended June 30, 2019.

June 30, 2019

Note 11 - Other Postemployment Benefit Plan***Plan Description***

The City provides retiree healthcare benefits to eligible employees and their spouses. The benefits are provided through the City of Riverview Retiree Health Care Program, a single-employer plan administered by the City of Riverview Retirement Board. 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.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits Provided

The City of Riverview Retiree Health Care Program provides healthcare and vision benefits for retirees and their dependents. Benefits are provided through a third-party insurer, and the full cost of the benefits is covered by the plan. Benefit terms have been established by employer policy and contractual agreements authorized by city ordinance, which may be amended by city council actions. As of July 1, 2013, the plan was closed to new entrants.

Employees Covered by Benefit Terms

At June 30, 2019, the following members were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	85
Inactive plan members entitled to but not yet receiving benefits	7
Active plan members	39
	<hr/>
Total plan members	131
	<hr/>

Contributions

Retiree healthcare costs are paid by the City on a "pay-as-you-go" basis. The City has no obligation to make contributions in advance of when the insurance premiums are due for payment. For the fiscal year ended June 30, 2019, the City made payments for postemployment health benefit premiums of \$1,521,552.

Total OPEB Liability

The City's total OPEB liability of \$45,332,137 was measured as of June 30, 2019. The June 30, 2019 total OPEB liability was determined by an actuarial valuation performed as of June 30, 2018, which used updated procedures to roll forward the estimated liability to June 30, 2019.

Changes in the total OPEB liability during the measurement year were as follows:

Changes in Total OPEB Liability	Total OPEB Liability
Balance at June 30, 2018	\$ 47,199,141
Changes for the year:	
Service cost	971,377
Interest	1,698,651
Changes in benefits	(205,630)
Differences between expected and actual experience	(7,643,790)
Changes in assumptions	4,833,940
Benefit payments, including refunds	(1,521,552)
	<hr/>
Net changes	(1,867,004)
	<hr/>
Balance at June 30, 2019	\$ 45,332,137
	<hr/>

June 30, 2019

Note 11 - Other Postemployment Benefit Plan (Continued)***OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB***

For the year ended June 30, 2019, the City recognized OPEB expense of \$1,258,938.

At June 30, 2019, the City reported deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 4,402,457
Changes in assumptions	2,779,043	-

Amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years Ending June 30	Amount
2020	\$ (1,202,486)
2021	(420,928)
Total	<u>\$ (1,623,414)</u>

Actuarial Assumptions

The total OPEB liability in the June 30, 2019 actuarial valuation was determined using an inflation assumption of 3.5 percent; assumed salary increases (including inflation) of 3.0 to 7.0 percent; an investment rate of return (net of investment expenses) of 3.13 percent; a healthcare cost trend rate of 8.25 percent, decreasing to an ultimate rate of 3.5 percent for 2028 and later years; and the RP-2000 Combined Healthy Mortality Table adjusted for mortality improvements to 2020 using projection scale BB. Note that the discount rate used to measure the total OPEB liability decreased in the current year from 3.62 percent to 3.13 percent.

Discount Rate

The discount rate used to measure the total OPEB liability was 3.13 percent. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at rates equal to the required benefit payments.

The discount rate was based on the municipal bond rate, which was 3.13 percent. The source of the bond rate was the Fidelity 20-year Municipal GO AA Index. No projections were made as to the ability of the City to meet benefit obligations in the future since the discount rate is equal to the tax-exempt municipal bond rate. The discount rate of 3.13 percent was applied to all remaining periods.

June 30, 2019

Note 11 - Other Postemployment Benefit Plan (Continued)***Sensitivity of the Total OPEB Liability to Changes in the Discount Rate***

The following presents the total OPEB liability of the City, calculated using the discount rate of 3.13 percent, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.13 percent) or 1 percentage point higher (4.13 percent) than the current rate:

	1 Percent Decrease (2.13%)	Current Discount Rate (3.13%)	1 Percent Increase (4.13%)
Total OPEB liability of the City of Riverview Retiree Health Care Program	\$ 52,533,935	\$ 45,332,137	\$ 39,532,315

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the total OPEB liability of the City, calculated using the healthcare cost trend rate of 8.25 percent, as well as what the City's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower (7.25 percent) or 1 percentage point higher (9.25 percent) than the current rate:

	1 Percent Decrease (7.25%)	Current Healthcare Cost Trend Rate (8.25%)	1 Percent Increase (9.25%)
Total OPEB liability of the City of Riverview Retiree Health Care Program	\$ 38,856,092	\$ 45,332,137	\$ 53,455,542

Assumption Changes

Note that the discount rate and investment rate of return used to measure the total OPEB liability decreased in the current year to 3.13 percent. Total OPEB liability measured at June 30, 2018 was calculated using a discount rate and investment rate of return of 3.62 percent. This decrease is due to the tax-exempt municipal bond rate, which is based on an index of 20-year general obligation bonds with an average AA credit rating, decreasing between June 30, 2018 and June 30, 2019. As a result of the decrease, the total OPEB liability increased by \$4,833,940.

Note 12 - Defined Contribution Pension Plan

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

Clerical (AFSCME Local 1882) members hired on or after January 1, 2005

Public works (AFSCME Local 1590) members hired on or after July 1, 2003

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, Michigan 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 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.

June 30, 2019

Note 12 - Defined Contribution Pension Plan (Continued)

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 \$82,149 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, 2019, employee contributions were \$266,467.

Effective July 1, 2013, all new hires in the police department were placed in a 401(a) retirement plan known as Riverview Police Post 7/1/13 with ICMA instead of the City's defined benefit plan. The employee will contribute 2.5 percent and may also make a voluntary and unmatched after-tax contribution subject to limitations of the plan. The City will contribute 10 percent of earnings on behalf of each participant. For the year ended June 30, 2019, employee contributions were \$24,675. In accordance with the requirements, the City expensed \$38,546 during the current year.

In addition, all new hires under the police contracts will also be placed into a Retiree Health Savings Plan instead of being eligible for city-funded health care upon retirement. For this plan, the employee will contribute a reduction in salary based on 2.5 percent of earnings, and the City will contribute 2.5 percent of earnings. This plan is administered through ICMA. For the year ended June 30, 2019, employee contributions were \$15,881. In accordance with the requirements, the City expensed \$13,387 during the current year.

In addition, all new hires under the administrative contracts can elect to be placed into a 457 deferred compensation plan. For this plan, the employee can make voluntary contributions from earnings. The City will contribute 2.5 percent of earnings for the first year of service and 5 percent of earnings for the second year of service. After the second year of service, the City contributes 7.5 percent of earnings to a 401(a) plan. The 457 plan is administered through ICMA. For the year ended June 30, 2019, employee contributions were \$8,839. In accordance with the requirements, the City expensed \$28,848 during the current year.

Note 13 - Multiple-employer Defined Benefit Pension Plan

The City has land preserve employees who are members of the International Union of Operating Engineers, Local No. 324 Pension Fund. Under the collective bargaining agreement, employees' pensions shall be based and computed on total hours worked (including all overtime). The Local 324 board of trustees defines required contribution rates. As required contributions are defined by hours worked, there is no fixed amount of required contributions. For the year ended June 30, 2019, the City made \$457,730 of contributions to the pension plan. Local 324 members are subject to a collective bargaining agreement that became effective July 1, 2017. The International Union of Operating Engineers, Local 324 Pension Fund has notified the City that, as of April 30, 2017, an estimated \$5,893,815 in unfunded vested benefits would be allocable to the City of Riverview, Michigan if it were to withdraw from the Fund in a complete withdrawal. More recent estimates are not available at this time.

June 30, 2019

Note 14 - Joint Venture

The City, along with 12 other communities, jointly participates in the Downriver Sewage Disposal System (the "System"). On September 27, 2018, the System transferred from the County of Wayne, Michigan (the "County") to the Downriver Utility Wastewater Authority (DUWA). DUWA is a consortium formed in 2010 under Public Act 233 of 1955 to acquire and operate the sewer system. The same 12 communities that originally jointly participated in the System are now the members of DUWA and are effectively owners of the System. The transfer price was \$54 million, which was paid at closing with \$55 million in revenue bonds (Senior Lien bond proceeds) issued by DUWA, plus an obligation for an additional payment of \$3.5 million to be paid in September 2023.

Existing county debt related to the System was handled as follows:

- Judgment levy debt remains as an obligation of the County and will continue to be paid directly from the communities to the County.
- 2007D series bonds were refunding and reissued as part of the \$55 million Senior Lien bond issuance.
- The outstanding State Revolving Fund (SRF) debt of \$62 million was exchanged into DUWA's name and has now become a liability of DUWA.

At the time of the system transfer on September 27, 2018, in addition to transferring the treatment plant, distribution system, and other capital assets with a net book value of approximately \$190 million, the County also transferred approximately \$40 million of cash. In exchange for these assets, DUWA is obligated for the exchanged SRF debt in the principal amount of approximately \$62 million, the new 2018 Senior Lien debt issuance with a face amount of \$55 million, and the \$3.5 million remaining transfer obligation. All DUWA debt is revenue bond debt that will be paid by the communities through rates and charges.

The City's share of capital assets, restricted cash (for debt service), and related debt is recorded in the Water and Sewer Fund. During the year, the City paid \$567,980 for operations of the System and paid \$1,227,998 for debt service. The City is not aware of any circumstances that would cause additional benefit or burden to the participating governments in the near future. Financial statements for the joint venture can be obtained from the administrative offices at 25605 Northline Road, Taylor, MI 48180.

Loss on Transfer of Asset

In previous years, the City recorded an investment in joint ventures for its participation in the Downriver Sewage Disposal System. The investment in joint ventures represented unrestricted net position of the System that would be returned to the communities if the system were to be dissolved or replaced. On September 27, 2018, the System was transferred to DUWA, a legally separate entity. The City of Riverview, Michigan does not have an explicit equitable interest in DUWA. As a result of the transfer of asset, the City reduced the investment in joint ventures to zero. The loss on the transfer of asset of \$540,881 was recorded.

Required Supplemental Information

Required Supplemental Information
Budgetary Comparison Schedule - General Fund

Year Ended June 30, 2019

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 4,820,317	\$ 4,844,317	\$ 4,747,213	\$ (97,104)
Charges to other funds	986,420	986,420	930,741	(55,679)
State and federal sources	1,400,346	1,416,846	1,439,114	22,268
Charges for services	765,500	777,500	751,548	(25,952)
Fines and forfeitures	103,400	115,400	113,777	(1,623)
Licenses and permits	296,200	338,200	359,951	21,751
Investment gain	(14,600)	-	10,740	10,740
Other revenue	222,223	248,723	211,676	(37,047)
Total revenue	8,579,806	8,727,406	8,564,760	(162,646)
Expenditures				
Current services:				
General government:				
City Council	80,331	89,331	82,697	6,634
City manager	363,744	383,744	377,215	6,529
Finance	443,328	442,888	386,640	56,248
Assessing and purchasing	312,197	312,197	305,580	6,617
Information technology	159,478	159,478	154,179	5,299
Clerk	274,849	280,349	242,873	37,476
Attorney	373,750	679,750	638,735	41,015
Human resources	166,470	174,370	161,248	13,122
Insurance and other functions	51,765	51,765	38,614	13,151
General insurance	99,160	99,160	109,385	(10,225)
Public safety:				
Police	4,509,906	4,510,406	4,067,674	442,732
Fire and EMS	1,467,800	1,466,300	1,337,791	128,509
Public works:				
Administration	1,075,509	1,078,209	943,510	134,699
Building maintenance	327,587	354,087	316,809	37,278
Engineering and building	237,096	237,096	229,745	7,351
Motor vehicle pool	192,275	212,925	159,186	53,739
Community and economic development -				
Community development	230,410	288,510	198,847	89,663
Recreation and culture:				
Recreation	644,573	652,319	581,145	71,174
Parks	104,147	107,147	53,328	53,819
Debt service	28,810	28,810	28,809	1
Total expenditures	11,143,185	11,608,841	10,414,010	1,194,831
Excess of Expenditures Over Revenue	(2,563,379)	(2,881,435)	(1,849,250)	1,032,185
Other Financing Sources (Uses)				
Transfers in	2,650,000	2,650,000	2,000,000	(650,000)
Transfers out	(85,000)	(85,000)	(85,000)	-
Total other financing sources	2,565,000	2,565,000	1,915,000	(650,000)
Net Change in Fund Balance	1,621	(316,435)	65,750	382,185
Fund Balance - Beginning of year	1,565,574	1,565,574	1,565,574	-
Fund Balance - End of year	<u>\$ 1,567,195</u>	<u>\$ 1,249,139</u>	<u>\$ 1,631,324</u>	<u>\$ 382,185</u>

City of Riverview, Michigan

Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Funds Major Streets Fund

Year Ended June 30, 2019

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
State and federal sources	\$ 665,974	\$ 665,974	\$ 716,800	\$ 50,826
Investment gain	-	-	65	65
Total revenue	665,974	665,974	716,865	50,891
Expenditures - Current - Public works	443,615	530,655	325,450	205,205
Other Financing Uses - Transfers out	(222,359)	(222,359)	(236,544)	(14,185)
Net Change in Fund Balance	-	(87,040)	154,871	241,911
Fund Balance - Beginning of year	636,561	636,561	636,561	-
Fund Balance - End of year	<u>\$ 636,561</u>	<u>\$ 549,521</u>	<u>\$ 791,432</u>	<u>\$ 241,911</u>

City of Riverview, Michigan**Required Supplemental Information**
Budgetary Comparison Schedule - Major Special Revenue Funds (Continued)
Local Streets Fund**Year Ended June 30, 2019**

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 230,866	\$ 230,866	\$ 230,991	\$ 125
State and federal sources	323,481	323,481	473,130	149,649
Investment gain	-	-	409	409
Total revenue	554,347	554,347	704,530	150,183
Expenditures - Current - Public works	1,026,706	1,124,574	822,360	302,214
Excess of Expenditures Over Revenue	(472,359)	(570,227)	(117,830)	452,397
Other Financing Sources - Transfers in	472,359	472,359	315,073	(157,286)
Net Change in Fund Balance	-	(97,868)	197,243	295,111
Fund Balance - Beginning of year	897,135	897,135	897,135	-
Fund Balance - End of year	<u><u>\$ 897,135</u></u>	<u><u>\$ 799,267</u></u>	<u><u>\$ 1,094,378</u></u>	<u><u>\$ 295,111</u></u>

Required Supplemental Information
Schedule of Changes in the Net Pension Liability and Related Ratios

	Last Six Fiscal Years					
	2019	2018	2017	2016	2015	2014
Total Pension Liability						
Service cost	\$ 396,956	\$ 446,393	\$ 539,931	\$ 507,352	\$ 544,571	\$ 567,439
Interest	2,580,923	2,642,245	2,623,193	2,604,451	2,543,261	2,471,492
Differences between expected and actual experience	(177,225)	(358,046)	(422,115)	(677,798)	(97,837)	-
Changes in assumptions	-	1,445,257	-	-	-	-
Benefit payments, including refunds	(2,494,769)	(2,526,691)	(2,276,987)	(2,200,570)	(2,110,468)	(2,030,696)
Net Change in Total Pension Liability	305,885	1,649,158	464,022	233,435	879,527	1,008,235
Total Pension Liability - Beginning of year	37,919,236	36,270,078	35,806,056	35,572,621	34,693,094	33,684,859
Total Pension Liability - End of year	\$ 38,225,121	\$ 37,919,236	\$ 36,270,078	\$ 35,806,056	\$ 35,572,621	\$ 34,693,094
Plan Fiduciary Net Position						
Contributions - Employer	\$ 1,140,203	\$ 1,018,391	\$ 1,092,653	\$ 1,227,038	\$ 1,377,176	\$ 1,477,292
Contributions - Member	120,874	132,698	149,335	155,264	164,844	175,192
Net investment income (loss)	1,667,313	2,388,365	2,686,928	(131,050)	1,486,481	3,846,197
Administrative expenses	-	(4,635)	-	-	-	-
Benefit payments, including refunds	(2,494,769)	(2,526,691)	(2,276,987)	(2,200,570)	(2,110,468)	(2,030,696)
Other	-	-	-	-	(90,576)	-
Net Change in Plan Fiduciary Net Position	433,621	1,008,128	1,651,929	(949,318)	827,457	3,467,985
Plan Fiduciary Net Position - Beginning of year	31,151,563	30,143,435	28,491,506	29,440,824	28,613,367	25,145,382
Plan Fiduciary Net Position - End of year	\$ 31,585,184	\$ 31,151,563	\$ 30,143,435	\$ 28,491,506	\$ 29,440,824	\$ 28,613,367
City's Net Pension Liability - Ending	\$ 6,639,937	\$ 6,767,673	\$ 6,126,643	\$ 7,314,550	\$ 6,131,797	\$ 6,079,727
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	82.63 %	82.15 %	83.11 %	79.57 %	82.76 %	82.48 %
Covered Payroll	\$ 2,501,677	\$ 2,729,291	\$ 2,933,126	\$ 3,139,326	\$ 3,301,336	\$ 3,995,805
City's Net Pension Liability as a Percentage of Covered Payroll	265.42 %	247.96 %	208.88 %	233.00 %	185.74 %	152.15 %

City of Riverview, Michigan

Required Supplemental Information Schedule of Pension Investment Returns

	Last Six Fiscal Years Years Ended June 30					
	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return - Net of investment expense	5.69 %	8.32 %	9.87 %	(0.40)%	5.20 %	15.80 %

Required Supplemental Information
Schedule of Pension Contributions - Employees' Retirement System

	Last Ten Fiscal Years									
	Years Ended June 30									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Actuarially determined contribution	\$ 1,140,203	\$ 1,018,391	\$ 1,092,653	\$ 1,227,038	\$ 1,377,176	\$ 1,477,292	\$ 1,494,746	\$ 1,295,766	\$ 1,082,935	\$ 973,804
Contributions in relation to the actuarially determined contribution	1,140,203	1,018,391	1,092,653	1,227,038	1,377,176	1,477,292	1,494,746	1,295,766	1,082,935	973,804
Contribution Deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 2,501,677	\$ 2,729,291	\$ 2,933,126	\$ 3,139,326	\$ 3,301,336	\$ 3,995,805	\$ 3,540,861	\$ 3,982,719	\$ 4,454,694	\$ 4,448,361
Contributions as a Percentage of Covered Payroll	45.58 %	37.31 %	37.25 %	39.09 %	41.72 %	36.97 %	42.21 %	32.53 %	24.31 %	21.89 %

Notes to Schedule of Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date Actuarially determined contribution rates are calculated as of June 30, one year prior to the end of the fiscal year in which the contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed
	General employees -11 years, single equivalent period police employees - 16 years, single equivalent period
Remaining amortization period	Four-year smoothed market
Asset valuation method	2.50 percent price inflation, 3.0 percentage wage inflation
Inflation	3.0 percent - 7.0 percent, including inflation
Salary increase	7.00 percent
Investment rate of return	Experience-based table of rates that are specific to the type of eligibility condition
Retirement age	RP-2000 Male (unadjusted) and Female (unadjusted) Healthy Life Mortality Table, adjusted for mortality improvements to 2020 using projection scale BB
Mortality	
Other information	None

Required Supplemental Information
Schedule of Pension Contributions - Operating Engineers Local 324

	Last Ten Fiscal Years									
	Years Ended June 30									
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Local 324 required contribution	\$ 457,730	\$ 396,536	\$ 301,808	\$ 278,817	\$ 231,895	\$ 211,351	\$ 157,968	\$ 164,309	\$ 130,330	\$ 101,246

Note to Schedule of Contributions

Required contributions for Local 342 Pension Plan are calculated based on hours worked and hourly contribution rates.

Required Supplemental Information
Schedule of Changes in the Total OPEB Liability and Related Ratios

	Last Two Fiscal Years	
	2019	2018
Total OPEB Liability		
Service cost	\$ 971,377	\$ 1,213,780
Interest	1,698,651	1,656,748
Changes in benefit terms	(205,630)	-
Differences between expected and actual experience	(7,643,790)	(30,024)
Changes in assumptions	4,833,940	-
Benefit payments, including refunds	(1,521,552)	(1,601,972)
Net Change in Total OPEB Liability	(1,867,004)	1,238,532
Total OPEB Liability - Beginning of year	47,199,141	45,960,609
Total OPEB Liability - End of year	<u>\$ 45,332,137</u>	<u>\$ 47,199,141</u>

Contributions to the OPEB plan are not based on a measure of pay; therefore, no covered payroll is presented.

Changes in Assumptions

Note that the discount rate and investment rate of return used to measure the total OPEB liability decreased in the current year to 3.13 percent. Total OPEB liability measured at June 30, 2018 was calculated using a discount rate and investment rate of return of 3.62 percent. This decrease is due to the tax-exempt municipal bond rate, which is based on an index of 20-year general obligation bonds with an average AA credit rating, decreasing between June 30, 2018 and June 30, 2019. As a result of the decrease, the total OPEB liability increased by \$4,833,940.

June 30, 2019***Budgetary Information***

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

<u>General Fund</u>	<u>Total Revenue</u>	<u>Total Expenditures</u>	<u>Fund Balance</u>
Amounts per operating statement	\$ 9,224,936	\$ 11,326,240	\$ 1,958,330
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>(660,176)</u>	<u>(912,230)</u>	<u>(327,006)</u>
Amounts per budget statement	<u>\$ 8,564,760</u>	<u>\$ 10,414,010</u>	<u>\$ 1,631,324</u>

Other Supplemental Information

City of Riverview, Michigan

	Special Revenue Funds		Debt Service Funds		
	Community Development Block Grant	Drug and Law Enforcement	General Obligation	Building Authority	Street and Water Main Repair
Assets					
Cash and investments	\$ 87,077	\$ 551,954	\$ 63,782	\$ 64,671	\$ 1,196
Receivables:					
Property taxes receivable	-	-	532	-	-
Due from other governments	8,288	-	-	-	-
Prepaid expenses and other assets	-	215	-	-	-
Total assets	\$ 95,365	\$ 552,169	\$ 64,314	\$ 64,671	\$ 1,196
Liabilities - Accounts payable	\$ -	\$ 155	\$ -	\$ -	\$ -
Deferred Inflows of Resources - Unavailable revenue	8,063	-	-	-	-
Total liabilities and deferred inflows of resources	8,063	155	-	-	-
Fund Balances					
Nonspendable	-	215	-	-	-
Restricted:					
Police	-	551,799	-	-	-
Debt service	-	-	-	-	1,196
CDBG	87,302	-	-	-	-
Assigned:					
Debt service	-	-	64,314	64,671	-
Capital projects	-	-	-	-	-
Total fund balances	87,302	552,014	64,314	64,671	1,196
Total liabilities, deferred inflows of resources, and fund balances	\$ 95,365	\$ 552,169	\$ 64,314	\$ 64,671	\$ 1,196

Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2019

Capital Project Funds			Total Nonmajor Governmental Funds
Parks and Recreation Construction	Capital Improvements and Equipment	Development Revolving	
\$ 16,613	\$ 610,668	\$ 16,450	\$ 1,412,411
-	-	-	532
-	-	-	8,288
-	-	-	215
\$ 16,613	\$ 610,668	\$ 16,450	\$ 1,421,446
\$ -	\$ 23,338	\$ -	\$ 23,493
-	-	-	8,063
-	23,338	-	31,556
-	-	-	215
-	-	-	551,799
-	-	-	1,196
-	-	-	87,302
-	-	-	128,985
16,613	587,330	16,450	620,393
16,613	587,330	16,450	1,389,890
\$ 16,613	\$ 610,668	\$ 16,450	\$ 1,421,446

City of Riverview, Michigan

	Special Revenue Funds		Debt Service Funds		
	Community Development Block Grant	Drug and Law Enforcement	General Obligation	Building Authority	Street and Water Main Repair
Revenue					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 845,260
State and federal sources:					
Federal grants	99,180	37,412	-	-	-
State sources	-	1,323	-	-	-
Investment gain	-	-	1,973	1,306	-
Other revenue - Miscellaneous income	-	285	-	-	-
Total revenue	99,180	39,020	1,973	1,306	845,260
Expenditures					
Current services:					
Public safety	-	62,657	-	-	-
Community and economic development	23,908	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	700,000
Interest on long-term debt	-	-	-	-	165,343
Total expenditures	23,908	62,657	-	-	865,343
Excess of Revenue Over (Under) Expenditures	75,272	(23,637)	1,973	1,306	(20,083)
Other Financing Sources (Uses)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	(78,529)
Total other financing (uses) sources	-	-	-	-	(78,529)
Net Change in Fund Balances	75,272	(23,637)	1,973	1,306	(98,612)
Fund Balances - Beginning of year	12,030	575,651	62,341	63,365	99,808
Fund Balances - End of year	<u>\$ 87,302</u>	<u>\$ 552,014</u>	<u>\$ 64,314</u>	<u>\$ 64,671</u>	<u>\$ 1,196</u>

Other Supplemental Information

Combining Statement of Revenue, Expenditures, and Changes in Fund Balances

Nonmajor Governmental Funds

Year Ended June 30, 2019

Capital Project Funds			Total Nonmajor Governmental Funds
Parks and Recreation Construction	Capital Improvements and Equipment	Development Revolving	
\$ -	\$ -	\$ -	\$ 845,260
-	-	-	136,592
-	-	-	1,323
481	5,175	-	8,935
-	-	-	285
481	5,175	-	992,395
-	-	-	62,657
-	-	-	23,908
-	84,910	-	84,910
-	67,156	-	767,156
-	659	-	166,002
-	152,725	-	1,104,633
481	(147,550)	-	(112,238)
-	525,522	-	525,522
-	-	-	(78,529)
-	525,522	-	446,993
481	377,972	-	334,755
16,132	209,358	16,450	1,055,135
\$ 16,613	\$ 587,330	\$ 16,450	\$ 1,389,890

**Other Supplemental Information
Combining Statement of Net Position
Internal Service Funds**

June 30, 2019

	Self-insurance	Retiree Healthcare	Total Internal Service Funds
Assets - Current assets			
Cash and investments	\$ 237,411	\$ 259,265	\$ 496,676
Receivables	94,116	-	94,116
Due from other funds	544,392	29,510	573,902
Prepaid expenses and other assets	-	77,729	77,729
Deposits	33,436	-	33,436
Total assets	909,355	366,504	1,275,859
Liabilities - Current liabilities			
Accounts payable	-	87,577	87,577
Provision for claims	69,279	-	69,279
Total liabilities	69,279	87,577	156,856
Net Position - Unrestricted	\$ 840,076	\$ 278,927	\$ 1,119,003

City of Riverview, Michigan

Other Supplemental Information Combining Statement of Revenue, Expenses, and Changes in Net Position Internal Service Funds

Year Ended June 30, 2019

	Self-insurance	Retiree Healthcare	Total Internal Service Funds
Operating Revenue - Charges for services	\$ 458,735	\$ 1,568,536	\$ 2,027,271
Operating Expenses - Other services and charges	499,776	1,574,885	2,074,661
Operating Loss	(41,041)	(6,349)	(47,390)
Nonoperating Revenue - Investment gain	16	-	16
Change in Net Position	(41,025)	(6,349)	(47,374)
Net Position - Beginning of year	881,101	285,276	1,166,377
Net Position - End of year	<u><u>\$ 840,076</u></u>	<u><u>\$ 278,927</u></u>	<u><u>\$ 1,119,003</u></u>

**Other Supplemental Information
Combining Statement of Cash Flows
Internal Service Funds**

	Year Ended June 30, 2019		
	<u>Self-insurance</u>	<u>Retiree Healthcare</u>	<u>Total Internal Service Funds</u>
Cash Flows from Operating Activities			
Receipts from interfund services and reimbursements	\$ 359,849	\$ 1,539,026	\$ 1,898,875
Claims paid	(414,634)	(1,557,827)	(1,972,461)
Cash Flows Provided by Investing Activities - Interest received on investments	<u>16</u>	<u>-</u>	<u>16</u>
Net Decrease in Cash and Cash Equivalents - Net cash used in operating and investing activities	(54,769)	(18,801)	(73,570)
Cash and Cash Equivalents - Beginning of year	<u>292,180</u>	<u>278,066</u>	<u>570,246</u>
Cash and Cash Equivalents - End of year	<u>\$ 237,411</u>	<u>\$ 259,265</u>	<u>\$ 496,676</u>
Combining Statement of Net Position Classification of Cash and Cash Equivalents - Cash and investments	<u>\$ 237,411</u>	<u>\$ 259,265</u>	<u>\$ 496,676</u>
Reconciliation of Operating Loss to Net Cash from Operating Activities			
Operating loss	\$ (41,041)	\$ (6,349)	\$ (47,390)
Adjustments to reconcile operating loss to net cash from operating activities -			
Changes in assets and liabilities:			
Due to and from other funds	(98,886)	(29,510)	(128,396)
Estimated claims liability	<u>85,142</u>	<u>17,058</u>	<u>102,200</u>
Total adjustments	<u>(13,744)</u>	<u>(12,452)</u>	<u>(26,196)</u>
Net cash and cash equivalents used in operating activities	<u>\$ (54,785)</u>	<u>\$ (18,801)</u>	<u>\$ (73,586)</u>

**Other Supplemental Information
Statement of Assets and Liabilities
Agency Funds**

June 30, 2019

	Special Tax	Inspection	Total Agency Funds
Assets			
Cash and cash equivalents	\$ 89,237	\$ 139,912	\$ 229,149
Receivables	190,548	-	190,548
Total assets	\$ 279,785	\$ 139,912	\$ 419,697
Liabilities			
Due to other governmental units	\$ 279,785	\$ -	\$ 279,785
Refundable deposits, bonds, etc.	-	139,912	139,912
Total liabilities	\$ 279,785	\$ 139,912	\$ 419,697

**Other Supplemental Information
Combining Balance Sheet
Activities Reported in General Fund**

June 30, 2019

	Rubbish	Cable TV	Library	Total Activities Reported in the General Fund
Assets				
Cash and investments	\$ 95,729	\$ 107,900	\$ 174,603	\$ 378,232
Receivables - Due from other governments	-	-	5,052	5,052
Prepaid expenses and other assets	-	537	188	725
Total assets	\$ 95,729	\$ 108,437	\$ 179,843	\$ 384,009
Liabilities				
Accounts payable	\$ 31,115	\$ 7,495	\$ 4,979	\$ 43,589
Accrued liabilities and other	-	4,186	9,228	13,414
Total liabilities	31,115	11,681	14,207	57,003
Fund Balances				
Nonspendable	-	537	188	725
Assigned	64,614	96,219	165,448	326,281
Total fund balances	64,614	96,756	165,636	327,006
Total liabilities and fund balances	\$ 95,729	\$ 108,437	\$ 179,843	\$ 384,009

City of Riverview, Michigan

Other Supplemental Information Combining Statement of Revenue, Expenditures, and Changes in Fund Balances Activities Reported in General Fund

Year Ended June 30, 2019

	Rubbish	Cable TV	Library	Total Activities Reported in the General Fund
Revenue				
Property taxes	\$ -	\$ -	\$ 246,395	\$ 246,395
State and federal sources	-	-	17,108	17,108
Licenses and permits	-	376,004	-	376,004
Investment gain	-	199	3,503	3,702
Other revenue	8,146	-	8,821	16,967
Total revenue	8,146	376,203	275,827	660,176
Expenditures - Current services				
General government	-	265,763	-	265,763
Public works	358,479	-	-	358,479
Recreation and culture	-	-	287,988	287,988
Total expenditures	358,479	265,763	287,988	912,230
Excess of Revenue (Under) Over Expenditures	(350,333)	110,440	(12,161)	(252,054)
Other Financing Sources (Uses)				
Transfers in	350,333	-	85,000	435,333
Transfers out	-	(100,000)	-	(100,000)
Total other financing sources (uses)	350,333	(100,000)	85,000	335,333
Net Change in Fund Balances	-	10,440	72,839	83,279
Fund Balances - Beginning of year	64,614	86,316	92,797	243,727
Fund Balances - End of year	\$ 64,614	\$ 96,756	\$ 165,636	\$ 327,006