
City of Riverview, Michigan

**Financial Report
with Supplemental Information
June 30, 2020**

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Independent Auditor's Report

To the City Council
City of Riverview, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of the 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, 2020 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, 2020 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

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

Other Information

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

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

Plante & Moreau, PLLC

December 16, 2020

Management's Discussion and Analysis

Overview of the Financial Statements

The City of Riverview, Michigan's (the "City") 2020 annual financial report is presented in conformity with the requirements of GASB Statement No. 34, as it was in 2019. 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, 2020 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 \$10,748,313 (net position), a decrease of \$5,632,600 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 \$65,759,342.

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 \$2,661,993. The Land Preserve Fund transferred \$2,640,588 to the General Fund (combined basis) and the General Fund transferred \$50,000 to other funds. The resulting impact is a \$71,405 decrease in the General Fund (combined basis) fund balance. Of the General Fund (combined bases) fund balance, \$150,519 or 1.30 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 \$10.7 million at June 30, 2020. Business-type activities make up \$2.9 million and governmental activities make up \$7.8 million of the total. The following table shows, in a condensed format, the net position as of June 30, 2020 and compared to the prior year:

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Assets						
Current assets	\$ 8.6	\$ 8.0	\$ 5.7	\$ 6.5	\$ 14.3	\$ 14.5
Noncurrent assets	30.5	29.8	83.9	83.8	114.4	113.6
Total assets	39.1	37.8	89.6	90.3	128.7	128.1
Deferred Outflows of Resources	1.0	1.6	0.6	1.6	1.6	3.2
Liabilities						
Current liabilities	2.2	1.6	3.3	3.3	5.5	4.9
Long-term liabilities	25.9	32.2	78.8	73.4	104.7	105.6
Total liabilities	28.1	33.8	82.1	76.7	110.2	110.5
Deferred Inflows of Resources	4.2	2.0	5.2	2.4	9.4	4.4
Net Position						
Net investment in capital assests	24.4	23.8	64.3	49.1	88.7	72.9
Restricted	2.3	2.6	0.9	0.9	3.2	3.5
Unrestricted	(18.9)	(22.8)	(62.3)	(37.2)	(81.2)	(60.0)
Total net position	<u>\$ 7.8</u>	<u>\$ 3.6</u>	<u>\$ 2.9</u>	<u>\$ 12.8</u>	<u>\$ 10.7</u>	<u>\$ 16.4</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 \$10.7 million (net position). However, a significant portion of the City's net position represents its investment in capital assets (e.g., land, roads, infrastructure, buildings, and equipment), less any related debt used to acquire or construct these assets. The City uses these assets in providing services to its citizens; thus, these assets are not available for future spending.

Total assets have increased by approximately \$0.6 million from the prior year while current liabilities have increased by \$0.6 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	
	2020	2019	2020	2019	2020	2019
Revenue						
Program revenue:						
Charges for services	\$ 1.0	\$ 1.1	\$ 18.1	\$ 17.8	\$ 19.1	\$ 18.9
Operating grants	1.3	1.2	-	-	1.3	1.2
Capital grants	-	-	0.1	-	0.1	-
General revenue:						
Property taxes	6.4	6.1	0.5	0.5	6.9	6.6
State-shared revenue	1.4	1.5	-	-	1.4	1.5
Cable, franchise, and right-of-way fees	0.4	0.4	-	-	0.4	0.4
Investment earnings	-	-	2.1	1.7	2.1	1.7
Other revenue	0.2	0.3	-	-	0.2	0.3
Gain on sale of capital assets	-	-	0.3	0.1	0.3	0.1
Transfers	3.1	2.8	(3.1)	(2.8)	-	-
Total revenue	13.8	13.4	18.0	17.3	31.8	30.7
Program Expenses						
General government	1.3	2.2	-	-	1.3	2.2
Public safety	3.9	5.0	-	-	3.9	5.0
Public works	3.2	3.1	-	-	3.2	3.1
Community and economic development	0.3	0.3	-	-	0.3	0.3
Recreation and cultural	0.8	1.0	-	-	0.8	1.0
Interest on long-term debt	0.1	0.2	-	-	0.1	0.2
Water and sewer	-	-	3.5	4.8	3.5	4.8
Land preserve	-	-	22.7	14.9	22.7	14.9
Golf course and practice	-	-	1.7	1.0	1.7	1.0
Total program expenses	9.6	11.8	27.9	20.7	37.5	32.5
Change in Net Position	4.2	1.6	(9.9)	(3.4)	(5.7)	(1.8)
Net Position - Beginning of year	3.6	2.0	12.8	16.2	16.4	18.2
Net Position - End of year	<u>\$ 7.8</u>	<u>\$ 3.6</u>	<u>\$ 2.9</u>	<u>\$ 12.8</u>	<u>\$ 10.7</u>	<u>\$ 16.4</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 6 percent increase in the total taxable value of the City.

Governmental expenses decreased during 2020 due to a decrease in the net OPEB liability. During 2020, the City created a trust fund for the Riverview Retiree Health Care Program and made employer contributions. As a result, actuary assumptions were updated which resulted in a decrease to net OPEB liability and an OPEB recovery with governmental expenses. The City has been aggressively moving new employees to defined contribution retirement plans, as opposed to the defined benefit plans.

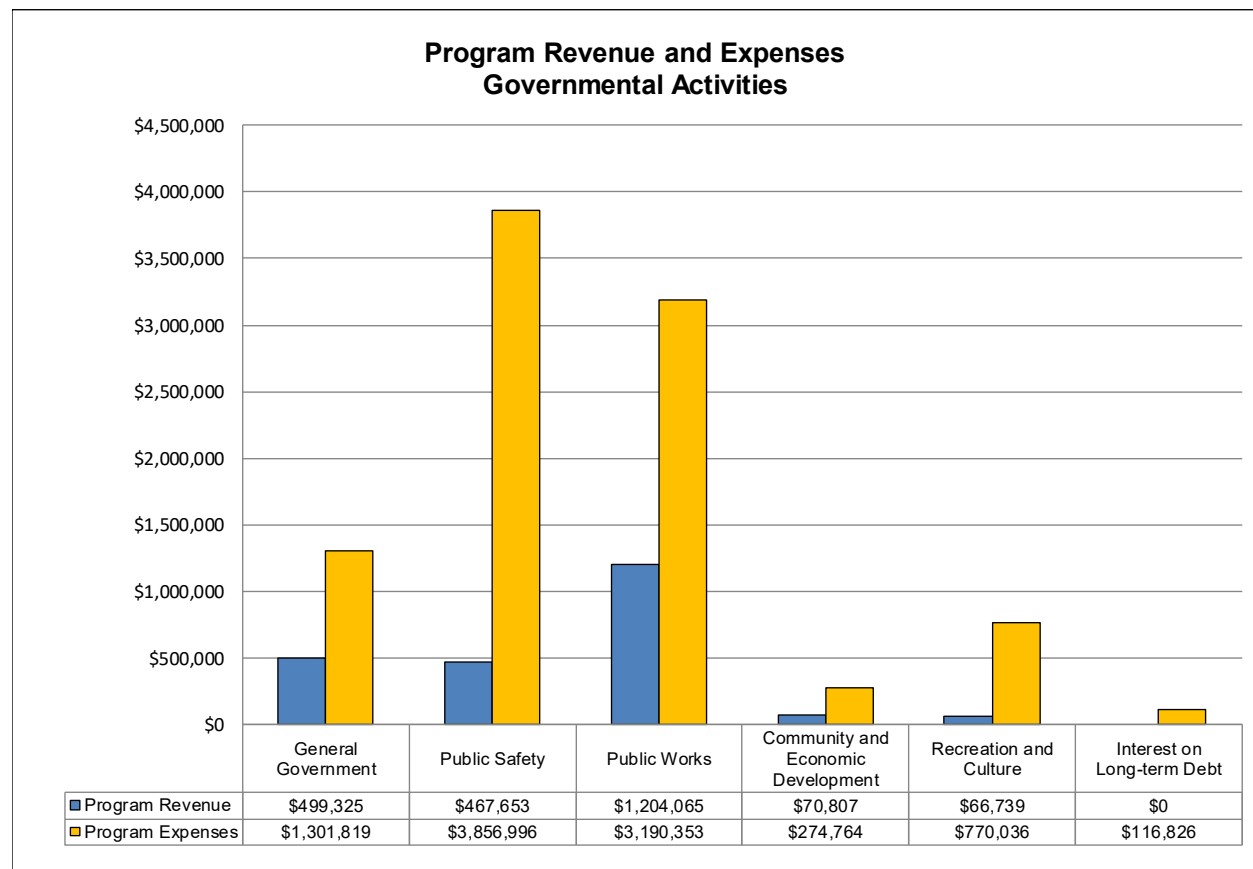
Land preserve operating expenses have increased \$7.8 million compared to last year, primarily due to the increase postclosure costs in 2020.

City of Riverview, Michigan

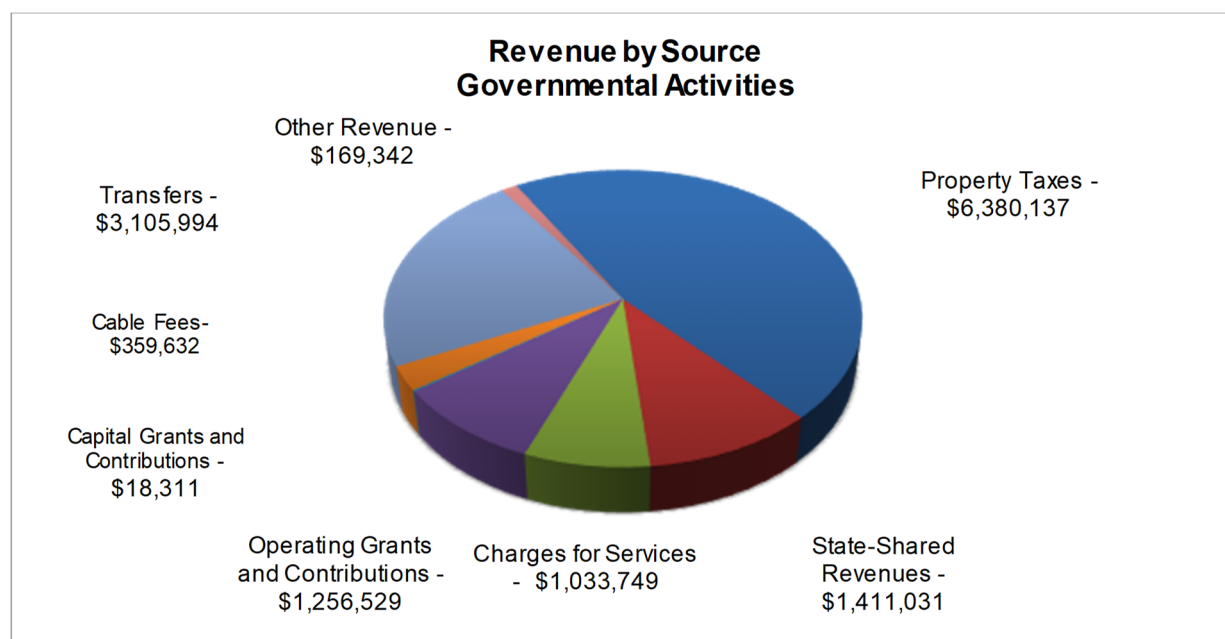
Management's Discussion and Analysis (Continued)

Governmental Activities

For the year ended June 30, 2020, revenue for the City's governmental activities totaled \$13.8 million, an increase of \$0.4 million from 2019. Property taxes and operating transfers from enterprise funds increased slightly during the year. State-shared revenue remained relatively flat at \$1.4 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)

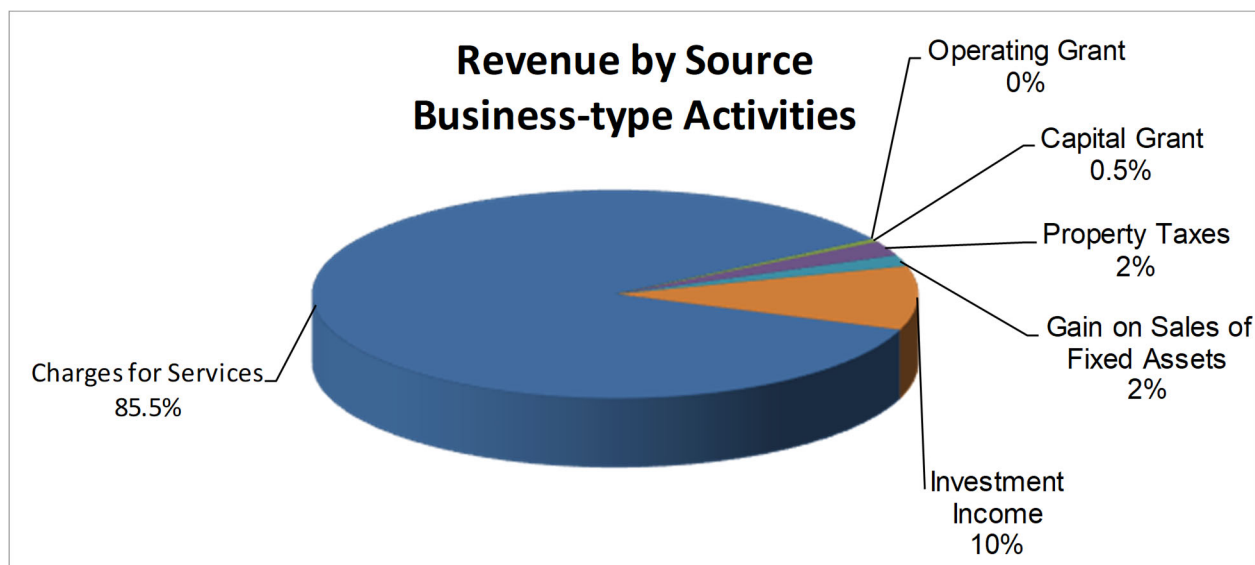
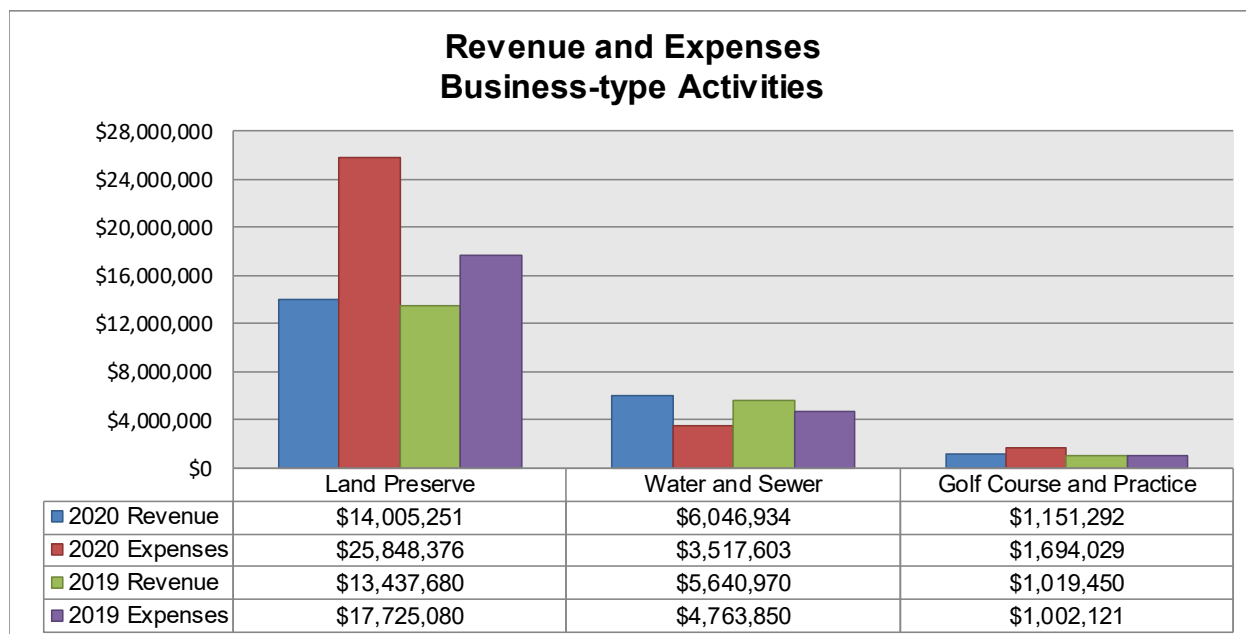


Business-type Activities

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 \$18.1 million in charges for services and incurred \$30.9 million in expenses and transfers out in 2020, compared to \$17.8 million in charges for services and \$23.5 million in expenses and transfers out for 2019. The business-type activities net position decreased \$9.9 million to \$2.9 million in 2020.

In addition, total general revenue for business-type activities was \$2.9 million in 2020, compared to \$2.3 million in 2019. Investment income/loss went from \$1.7 million of income in 2019 to \$2.1 million of income in 2020; this was primarily due to the increase in market values on long-term investments at the land preserve in 2020. Property tax revenue remained consistent at \$0.5 million for 2020; 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 2020, the City has \$216 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 \$6.1 million, related to the construction and acquisition of the above-mentioned capital assets is reported as a liability in the governmental activities in the statement of net position.

Debt related to the water and sewer system and land preserve totaling \$7.4 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 \$2.5 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 2020 include the General Fund (combined basis) and the Major and Local Streets Funds.

The City's governmental funds reported a combined fund balance of \$5.0 million for this year, a decrease of \$0.2 million over 2019.

The Major Streets Fund fund balance increased by \$111,658 and the Local Streets Fund fund balance decreased by \$336,407. The two funds spent a combined \$1.6 million in 2020. 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 \$55,990, due to an increase in state and federal sources and other revenue. Actual revenue was approximately \$651,874 below the final budget amounts; this was primarily due lower than expected charges for services revenues.

Expenditures increased from the original budget to the final budget by approximately \$433,337, spread across several activities. Actual expenses were approximately \$1.2 million below the final budget, primarily due to police expenditures than was budgeted.

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, 2020

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and investments (Note 3)	\$ 7,350,265	\$ 2,393,805	\$ 9,744,070	\$ 71,409
Receivables:				
Property taxes receivable	426	-	426	-
Customer sales	-	3,563,623	3,563,623	-
Other receivables	230,950	8,858	239,808	-
Due from other governments	393,885	-	393,885	-
Internal balances	421,571	(421,571)	-	-
Inventory	-	25,758	25,758	-
Prepaid expenses and other assets	211,110	141,796	352,906	-
Deposits	27,960	-	27,960	-
Restricted assets (Note 5)	-	27,527,440	27,527,440	-
Capital assets: (Note 6)				
Assets not subject to depreciation	11,655,823	4,278,737	15,934,560	-
Assets subject to depreciation - Net	18,854,235	52,067,088	70,921,323	-
Total assets	39,146,225	89,585,534	128,731,759	71,409
Deferred Outflows of Resources				
OPEB (Note 11)	321,499	405,764	727,263	-
Pension (Note 10)	662,695	198,654	861,349	-
Total deferred outflows of resources	984,194	604,418	1,588,612	-
Liabilities				
Accounts payable	1,508,693	3,083,922	4,592,615	848
Accrued liabilities and other	675,128	204,296	879,424	-
Noncurrent liabilities:				
Due within one year:				
Accounts payable from restricted assets	-	315,293	315,293	-
Provision for claims (Note 9)	67,826	-	67,826	-
Current portion of long-term debt (Note 7)	1,050,143	1,534,036	2,584,179	-
Due in more than one year:				
Compensated absences (Note 7)	645,640	6,987	652,627	-
Landfill closure and postclosure (Note 5)	-	51,815,052	51,815,052	-
Net pension liability (Note 10)	5,012,428	1,502,551	6,514,979	-
Net OPEB liability (Note 11)	14,073,294	17,761,973	31,835,267	-
Long-term debt (Note 7)	5,049,569	5,818,574	10,868,143	-
Total liabilities	28,082,721	82,042,684	110,125,405	848
Deferred Inflows of Resources				
Deferred pension cost reductions (Note 10)	136,777	40,996	177,773	-
Deferred OPEB cost reductions (Note 11)	4,097,459	5,171,421	9,268,880	-
Total deferred inflows of resources	4,234,236	5,212,417	9,446,653	-
Net Position				
Net investment in capital assets	24,410,346	48,993,215	73,403,561	-
Restricted:				
Streets	1,661,061	-	1,661,061	-
Community development	106,916	-	106,916	-
Drug forfeiture	424,373	-	424,373	-
Water and sewer debt service	-	886,252	886,252	-
Debt service	25,492	-	25,492	-
Unrestricted	(18,814,726)	(46,944,616)	(65,759,342)	70,561
Total net position	\$ 7,813,462	\$ 2,934,851	\$ 10,748,313	\$ 70,561

City of Riverview, Michigan

	Program Revenue			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Functions/Programs				
Primary government:				
Governmental activities:				
General government	\$ 1,301,819	\$ 499,325	\$ -	\$ -
Public safety	3,856,996	393,753	73,850	50
Public works	3,190,353	73,932	1,111,872	18,261
Community and economic development	274,764	-	70,807	-
Recreation and culture	770,036	66,739	-	-
Interest on long-term debt	116,826	-	-	-
Total governmental activities	9,510,794	1,033,749	1,256,529	18,311
Business-type activities:				
Water and Sewer	3,517,603	5,322,098	107,814	-
Land Preserve	22,742,382	11,663,860	-	-
Golf Course and Practice	1,694,029	1,150,156	-	-
Total business-type activities	27,954,014	18,136,114	107,814	-
Total primary government	<u><u>\$ 37,464,808</u></u>	<u><u>\$ 19,169,863</u></u>	<u><u>\$ 1,364,343</u></u>	<u><u>\$ 18,311</u></u>
Component units:				
Brownfield Redevelopment Authority	\$ 16,446	\$ 50	\$ 63,023	\$ -
Economic Development Corporation	-	-	-	-
Total component units	<u><u>\$ 16,446</u></u>	<u><u>\$ 50</u></u>	<u><u>\$ 63,023</u></u>	<u><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, 2020

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (802,494)	\$ -	\$ (802,494)	\$ -
(3,389,343)	-	(3,389,343)	-
(1,986,288)	-	(1,986,288)	-
(203,957)	-	(203,957)	-
(703,297)	-	(703,297)	-
(116,826)	-	(116,826)	-
(7,202,205)	-	(7,202,205)	-
-	1,912,309	1,912,309	-
-	(11,078,522)	(11,078,522)	-
-	(543,873)	(543,873)	-
-	(9,710,086)	(9,710,086)	-
(7,202,205)	(9,710,086)	(16,912,291)	-
-	-	-	46,627
-	-	-	-
-	-	-	46,627
6,380,137	484,739	6,864,876	-
1,411,031	-	1,411,031	-
27,778	2,102,820	2,130,598	-
359,632	-	359,632	-
11,151	371,990	383,141	-
130,413	-	130,413	-
8,320,142	2,959,549	11,279,691	-
3,105,994	(3,105,994)	-	-
4,223,931	(9,856,531)	(5,632,600)	46,627
3,589,531	12,791,382	16,380,913	23,934
\$ 7,813,462	\$ 2,934,851	\$ 10,748,313	\$ 70,561

City of Riverview, Michigan

Governmental Funds Balance Sheet

June 30, 2020

	General Fund	Major Streets Fund	Local Streets Fund	Nonmajor Funds	Total Governmental Funds
Assets					
Cash and investments (Note 3)	\$ 3,795,468	\$ 809,482	\$ 1,091,670	\$ 894,198	\$ 6,590,818
Receivables:					
Property taxes receivable	-	-	373	53	426
Other receivables	230,715	-	235	-	230,950
Due from other governments	177,942	104,501	45,381	66,061	393,885
Due from other funds (Note 4)	55,536	-	-	-	55,536
Advances to other funds (Note 4)	1,210,466	-	-	594,880	1,805,346
Prepaid expenses and other assets	142,289	-	-	215	142,504
Total assets	\$ 5,612,416	\$ 913,983	\$ 1,137,659	\$ 1,555,407	\$ 9,219,465
Liabilities					
Accounts payable	\$ 1,066,684	\$ 10,893	\$ 379,598	\$ 24,031	\$ 1,481,206
Due to other funds (Note 4)	2,032,722	-	-	-	2,032,722
Accrued liabilities and other	626,085	-	90	-	626,175
Total liabilities	3,725,491	10,893	379,688	24,031	4,140,103
Deferred Inflows of Resources - Unavailable revenue	-	-	-	65,836	65,836
Total liabilities and deferred inflows of resources	3,725,491	10,893	379,688	89,867	4,205,939
Fund Balances					
Nonspendable:					
Prepays	142,289	-	-	215	142,504
Advances to funds	1,210,466	-	-	-	1,210,466
Restricted:					
Streets	-	903,090	757,971	-	1,661,061
Police	-	-	-	424,158	424,158
Debt service	-	-	-	25,492	25,492
CDBG	-	-	-	41,081	41,081
Assigned:					
Cable	91,105	-	-	-	91,105
Library	227,933	-	-	-	227,933
Debt service	-	-	-	131,810	131,810
Capital projects	-	-	-	842,784	842,784
Rubbish	64,613	-	-	-	64,613
Unassigned	150,519	-	-	-	150,519
Total fund balances	1,886,925	903,090	757,971	1,465,540	5,013,526
Total liabilities, deferred inflows of resources, and fund balances	\$ 5,612,416	\$ 913,983	\$ 1,137,659	\$ 1,555,407	\$ 9,219,465

Governmental Funds

Reconciliation of the Balance Sheet to the Statement of Net Position

June 30, 2020

Fund Balances Reported in Governmental Funds	\$ 5,013,526
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	30,510,058
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	65,836
Bonds payable and capital lease obligations are not due and payable in the current period and are not reported in the funds	(6,099,712)
Accrued interest is not due and payable in the current period and is not reported in the funds	(48,953)
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	(645,640)
Net pension liabilities and related deferred inflows and outflows	(4,486,510)
Net OPEB liability and related deferred inflows and outflows	(17,849,254)
Internal service funds are included as part of governmental activities	1,354,111
Net Position of Governmental Activities	<u>\$ 7,813,462</u>

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances

Year Ended June 30, 2020

	General Fund	Major Streets Fund	Local Streets Fund	Nonmajor Funds	Total Governmental Funds
Revenue					
Property taxes	\$ 5,238,822	\$ -	\$ 244,565	\$ 896,750	\$ 6,380,137
Charges to other funds	935,192	-	-	-	935,192
State and federal sources:					
Federal grants	-	-	-	103,471	103,471
State sources	1,431,948	748,744	370,518	26,000	2,577,210
Charges for services	493,260	-	-	-	493,260
Fines and forfeitures	1,810	-	-	-	1,810
Licenses and permits:					
Cable franchise fees	359,632	-	-	-	359,632
Other licenses and permits	268,748	-	-	-	268,748
Investment gain	18,768	64	412	8,519	27,763
Other revenue	189,129	-	-	-	189,129
Total revenue	8,937,309	748,808	615,495	1,034,740	11,336,352
Expenditures					
Current services:					
General government	2,727,723	-	-	-	2,727,723
Public safety	5,613,890	-	-	196,301	5,810,191
Public works	2,060,166	412,527	1,148,135	-	3,620,828
Community and economic development	212,400	-	-	107,032	319,432
Recreation and culture	956,314	-	-	-	956,314
Capital outlay	-	-	-	1,214,005	1,214,005
Debt service	28,809	-	-	900,844	929,653
Total expenditures	11,599,302	412,527	1,148,135	2,418,182	15,578,146
Excess of Revenue (Under) Over Expenditures	(2,661,993)	336,281	(532,640)	(1,383,442)	(4,241,794)
Other Financing Sources (Uses)					
Transfers in	2,640,588	-	224,623	543,796	3,409,007
Transfers out	(50,000)	(224,623)	(28,390)	-	(303,013)
Proceeds from equipment loan	-	-	-	911,355	911,355
Sale of capital assets	-	-	-	3,941	3,941
Total other financing sources (uses)	2,590,588	(224,623)	196,233	1,459,092	4,021,290
Net Change in Fund Balances	(71,405)	111,658	(336,407)	75,650	(220,504)
Fund Balances - Beginning of year	1,958,330	791,432	1,094,378	1,389,890	5,234,030
Fund Balances - End of year	\$ 1,886,925	\$ 903,090	\$ 757,971	\$ 1,465,540	\$ 5,013,526

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, 2020

Net Change in Fund Balances Reported in Governmental Funds **\$ (220,504)**

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	2,830,866
Depreciation expense	(2,156,847)

Certain revenue from federal sources is deferred and will be recognized as revenue in the fund statements in future years	57,773
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Accumulated employee sick and vacation pay is recorded when paid in the governmental funds	(94,276)
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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	(169,032)
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Repayment of bond principal is an expenditure in the governmental funds but not in the statement of activities (where it reduces long-term debt)	776,774
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Issuing debt provides current financial resources to governmental funds but increases long-term liabilities in the statement of net position	(911,355)
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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	3,839,371
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Interest expense is recorded when incurred in the statement of activities	36,053
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Internal service funds are included as part of governmental activities	235,108
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Change in Net Position of Governmental Activities	<u>\$ 4,223,931</u>
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Proprietary Funds Statement of Net Position

June 30, 2020

	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)	\$ 2,357,872	\$ -	\$ 35,933	\$ 2,393,805	\$ 759,447
Receivables:					
Customer sales	1,222,903	2,340,720	-	3,563,623	-
Other receivables	8,858	-	-	8,858	-
Due from other funds (Note 4)	5,690,163	-	-	5,690,163	593,411
Inventory	-	-	25,758	25,758	-
Prepaid expenses and other assets	137,759	3,479	558	141,796	68,606
Deposits	-	-	-	-	27,960
Total current assets	9,417,555	2,344,199	62,249	11,824,003	1,449,424
Noncurrent assets:					
Restricted assets (Note 5)	886,252	26,641,188	-	27,527,440	-
Advances to other funds (Note 4)	-	134,758	-	134,758	-
Capital assets: (Note 6)					
Assets not subject to depreciation	239,677	3,322,174	716,886	4,278,737	-
Assets subject to depreciation - Net	24,169,878	26,168,155	1,729,055	52,067,088	-
Total noncurrent assets	25,295,807	56,266,275	2,445,941	84,008,023	-
Total assets	34,713,362	58,610,474	2,508,190	95,832,026	1,449,424
Deferred Outflows of Resources					
OPEB (Note 11)	86,982	272,896	45,886	405,764	-
Pension (Note 10)	61,693	120,480	16,481	198,654	-
Total deferred outflows of resources	148,675	393,376	62,367	604,418	-
Liabilities					
Current liabilities:					
Accounts payable	576,269	2,393,512	114,141	3,083,922	27,487
Due to other funds (Note 4)	116,225	4,190,163	-	4,306,388	-
Accrued liabilities and other	28,364	130,851	45,081	204,296	-
Provision for claims (Note 9)	-	-	-	-	67,826
Current portion of long-term debt (Note 7)	796,003	738,033	-	1,534,036	-
Total current liabilities	1,516,861	7,452,559	159,222	9,128,642	95,313
Noncurrent liabilities:					
Advances from other funds (Note 4)	-	-	1,940,104	1,940,104	-
Accounts payable from restricted assets	-	315,293	-	315,293	-
Compensated absences (Note 7)	6,720	-	267	6,987	-
Landfill closure and postclosure (Note 5)	-	51,815,052	-	51,815,052	-
Net pension liability (Note 10)	466,619	911,268	124,664	1,502,551	-
Net OPEB liability (Note 11)	3,807,518	11,945,783	2,008,672	17,761,973	-
Long-term debt (Note 7)	3,960,095	1,858,479	-	5,818,574	-
Total noncurrent liabilities	8,240,952	66,845,875	4,073,707	79,160,534	-
Total liabilities	9,757,813	74,298,434	4,232,929	88,289,176	95,313
Deferred Inflows of Resources					
Deferred pension cost reductions (Note 10)	12,730	24,868	3,398	40,996	-
Deferred OPEB cost reductions (Note 11)	1,108,563	3,478,031	584,827	5,171,421	-
Total deferred inflows of resources	1,121,293	3,502,899	588,225	5,212,417	-
Net Position (Deficit)					
Net investment in capital assets	19,653,457	26,893,817	2,445,941	48,993,215	-
Restricted - Water and sewer debt service (Note 5)	886,252	-	-	886,252	-
Unrestricted	3,443,222	(45,691,300)	(4,696,538)	(46,944,616)	1,354,111
Total net position (deficit)	\$ 23,982,931	\$ (18,797,483)	\$ (2,250,597)	\$ 2,934,851	\$ 1,354,111

Proprietary Funds

Statement of Revenue, Expenses, and Changes in Net Position

Year Ended June 30, 2020

	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	\$ 5,322,098	\$ -	\$ -	\$ 5,322,098	\$ -
Greens fees	-	-	703,373	703,373	-
Equipment rentals	-	-	272,725	272,725	-
Charges for services	-	-	-	-	2,121,870
Miscellaneous revenue	-	233,518	174,058	407,576	-
Rubbish collections	-	11,430,342	-	11,430,342	-
Total operating revenue	5,322,098	11,663,860	1,150,156	18,136,114	2,121,870
Operating Expenses					
Cost of water and sewer	1,546,399	-	-	1,546,399	-
Operations and maintenance	343,342	2,462,016	865,616	3,670,974	-
Supplies	12,751	184,361	187,722	384,834	-
Other services and charges	181,424	15,220,616	404,742	15,806,782	1,886,777
Depreciation	1,286,821	4,853,892	231,999	6,372,712	-
Total operating expenses	3,370,737	22,720,885	1,690,079	27,781,701	1,886,777
Operating Income (Loss)	1,951,361	(11,057,025)	(539,923)	(9,645,587)	235,093
Nonoperating Revenue (Expense)					
Property taxes - Sewage disposal system	484,739	-	-	484,739	-
Investment income	132,283	1,969,401	1,136	2,102,820	15
Interest expense	(146,866)	(21,497)	(3,950)	(172,313)	-
Gain on sale of assets	-	371,990	-	371,990	-
Nonoperating grants	107,814	-	-	107,814	-
Total nonoperating revenue (expense)	577,970	2,319,894	(2,814)	2,895,050	15
Transfers Out	-	(3,105,994)	-	(3,105,994)	-
Change in Net Position	2,529,331	(11,843,125)	(542,737)	(9,856,531)	235,108
Net Position (Deficit) - Beginning of year	21,453,600	(6,954,358)	(1,707,860)	12,791,382	1,119,003
Net Position (Deficit) - End of year	<u>\$ 23,982,931</u>	<u>\$ (18,797,483)</u>	<u>\$ (2,250,597)</u>	<u>\$ 2,934,851</u>	<u>\$ 1,354,111</u>

Proprietary Funds
Statement of Cash Flows

Year Ended June 30, 2020

	Enterprise Funds				Governmental Activities
	Water and Sewer	Land Preserve	Nonmajor Enterprise - Golf Course and Practice	Total Enterprise Funds	Internal Service Funds
Cash Flows from Operating Activities					
Receipts from customers	\$ 5,210,716	\$ 11,668,596	\$ 1,150,156	\$ 18,029,468	\$ -
Receipts from interfund services and reimbursements	-	-	-	-	2,196,477
Payments to suppliers	(1,837,448)	(5,049,123)	(492,074)	(7,378,645)	-
Payments to employees	(952,040)	(3,931,906)	(832,221)	(5,716,167)	-
Claims paid	-	-	-	-	(1,933,721)
Net cash and cash equivalents provided by (used in) operating activities	2,421,228	2,687,567	(174,139)	4,934,656	262,756
Cash Flows from Noncapital Financing Activities					
Nonoperating grants	107,814	-	-	107,814	-
Net transfers to other funds	-	(3,105,994)	-	(3,105,994)	-
Loans received from other funds	24,020	2,415,772	372,893	2,812,685	-
Repayments of loans made to other funds	-	42,722	-	42,722	-
Loans to other funds	(3,915,772)	-	-	(3,915,772)	-
Net cash and cash equivalents (used in) provided by noncapital financing activities	(3,783,938)	(647,500)	372,893	(4,058,545)	-
Cash Flows from Capital and Related Financing Activities					
Proceeds from sale of capital assets	-	371,990	-	371,990	-
Property taxes restricted for capital items	484,739	-	-	484,739	-
Purchase of capital assets	(213,442)	(4,445,604)	(198,745)	(4,857,791)	-
Principal and interest paid on capital debt	(925,802)	(681,964)	-	(1,607,766)	-
Net cash and cash equivalents used in capital and related financing activities	(654,505)	(4,755,578)	(198,745)	(5,608,828)	-
Cash Flows from Investing Activities					
Investment earnings	132,283	1,969,401	1,136	2,102,820	15
Purchases of investment securities	(66,685)	-	(1,145)	(67,830)	-
Proceeds from sale and maturities of investment securities	-	746,110	-	746,110	-
Net cash and cash equivalents provided by (used in) investing activities	65,598	2,715,511	(9)	2,781,100	15
Net (Decrease) Increase in Cash and Cash Equivalents	(1,951,617)	-	-	(1,951,617)	262,771
Cash and Cash Equivalents - Beginning of year	1,997,747	-	-	1,997,747	496,676
Cash and Cash Equivalents - End of year	<u>\$ 46,130</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 46,130</u>	<u>\$ 759,447</u>
Classification of Cash and Cash Equivalents					
Cash and investments (note: Water and Sewer Fund and the Land Preserve Fund include restricted investments)	\$ 3,244,124	\$ 26,641,188	\$ 35,933	\$ 29,921,245	\$ 759,447
Less amounts classified as investments	(2,311,742)	-	(35,933)	(2,347,675)	-
Less amounts classified as restricted assets	(886,252)	(26,641,188)	-	(27,527,440)	-
Total cash and cash equivalents	<u>\$ 46,130</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 46,130</u>	<u>\$ 759,447</u>

See notes to financial statements.

Proprietary Funds
Statement of Cash Flows (Continued)

Year Ended June 30, 2020

	Enterprise Funds				Governmental Activities
	Water and Sewer	Land Preserve	Nonmajor Enterprise - Golf Course and Practice	Total Enterprise Funds	Internal Service Funds
Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities					
Operating income (loss)	\$ 1,951,361	\$ (11,057,025)	\$ (539,923)	\$ (9,645,587)	\$ 235,093
Adjustments to reconcile operating income (loss) to net cash from operating activities:					
Depreciation	1,286,821	4,853,892	231,999	6,372,712	-
Changes in assets and liabilities:					
Receivables	(111,382)	4,736	-	(106,646)	-
Due to and from other funds	-	-	-	-	74,607
Inventories	-	-	12,443	12,443	-
Prepaid and other assets	667	33,185	(558)	33,294	-
Accounts payable	(17,990)	(635,154)	88,505	(564,639)	-
Estimated claims liability	-	-	-	-	(46,944)
Net pension or OPEB liability	(1,484,247)	(5,250,592)	(415,924)	(7,150,763)	-
Deferrals related to pension or OPEB	801,938	2,620,305	443,779	3,866,022	-
Accrued and other liabilities	(5,940)	45,991	5,540	45,591	-
Land preserve closure liability	-	12,072,229	-	12,072,229	-
Total adjustments	469,867	13,744,592	365,784	14,580,243	27,663
Net cash and cash equivalents provided by (used in) operating activities	<u>\$ 2,421,228</u>	<u>\$ 2,687,567</u>	<u>\$ (174,139)</u>	<u>\$ 4,934,656</u>	<u>\$ 262,756</u>

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, the City entered into financing agreements to purchase equipment for the Land Preserve Fund. The total amount of capital assets that were financed was \$2,358,084. During the current year, there was an increase of \$11,745 in the Water and Sewer Fund's debt due to an increase in the City's allocation of the Downriver Utility Wastewater Authority debt due to an increase in the City's sewage flow compared to the total sewage flow of the system.

Fiduciary Funds
Statement of Fiduciary Net Position

June 30, 2020

	Pension and Other Employee Benefit Trust Funds	Private Purpose Trust Fund - Community Trust	Agency Funds
Assets			
Cash and cash equivalents	\$ 986,223	\$ 20,527	\$ 389,836
Investments:			
U.S. government securities	4,328,258	-	-
Stocks and pooled equity investments	20,163,437	-	-
Corporate bonds	5,177,515	-	-
Receivables - Other receivables	978,733	-	195,264
Total assets	31,634,166	20,527	<u><u>\$ 585,100</u></u>
Liabilities			
Due to other governmental units	-	-	\$ 424,365
Refundable deposits, bonds, etc.	-	-	160,735
Accrued liabilities and other	-	14,289	-
Total liabilities	-	14,289	<u><u>\$ 585,100</u></u>
Net Position	<u><u>\$ 31,634,166</u></u>	<u><u>\$ 6,238</u></u>	

Fiduciary Funds
Statement of Changes in Fiduciary Net Position

Year Ended June 30, 2020

	Pension and Other Employee Benefit Trust Funds	Private Purpose Trust Fund - Community Trust
Additions		
Investment income (loss):		
Interest and dividends	\$ 749,243	\$ 12
Net increase in fair value of investments	528,175	-
Investment-related expenses	(76,447)	-
Total investment income	1,200,971	12
Contributions:		
Employer	2,828,538	-
Employee	149,245	-
Total contributions	2,977,783	-
Total additions	4,178,754	12
Deductions - Benefit payments	4,129,772	-
Net Increase in Net Position Held in Trust	48,982	12
Net Position Held in Trust - Beginning of year	31,585,184	6,226
Net Position Held in Trust - End of year	\$ 31,634,166	\$ 6,238

**Component Units
Statement of Net Position**

June 30, 2020

	Brownfield Redevelopment Authority	Economic Development Corporation	Total
Assets - Cash and cash equivalents	\$ 58,272	\$ 13,137	\$ 71,409
Liabilities - Accounts payable	848	-	848
Net Position - Unrestricted	<u><u>\$ 57,424</u></u>	<u><u>\$ 13,137</u></u>	<u><u>\$ 70,561</u></u>

City of Riverview, Michigan

Component Units Statement of Activities

Year Ended June 30, 2020

	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	\$ 16,446	\$ 50	\$ 63,023	\$ -	\$ 46,627	\$ -	\$ 46,627
Economic Development Corporation	-	-	-	-	-	-	-
Total component units	\$ 16,446	\$ 50	\$ 63,023	\$ -	46,627	-	46,627
Change in Net Position					46,627	-	46,627
Net Position - Beginning of year					10,797	13,137	23,934
Net Position - End of year					\$ 57,424	\$ 13,137	\$ 70,561

June 30, 2020

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), as applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Governmental Accounting Standards Board (GASB).

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, 2020

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 health care 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.
- **Retiree Health Care Program Trust Fund** - The Retiree Health Care Program Trust Fund accounts for the activities of the employee benefit plan that accumulates resources for retiree health care 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 health care-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, 2020

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

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).

June 30, 2020

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 2019 property tax revenue was levied and collectible on July 1, 2019 and is recognized as revenue in the year ended June 30, 2020 when the proceeds of the levy are budgeted and available for the financing of operations.

The 2019 taxable valuation of the City totaled \$323 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), \$0.5 million for sewage disposal debt, and \$0.9 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. The contributions made to the pension to fund the liability will be made by the fund from which the employee's salary and wage was earned. 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 health care 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. The contributions made to the OPEB plan to fund the liability will be made by the fund from which the employee's salary and wage was earned. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

June 30, 2020

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 is 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 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, 2021.

In June 2017, the GASB 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, 2022.

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 June 30, 2022 fiscal year.

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. This statement addresses eight unrelated practice issues and technical inconsistencies in authoritative literature. The standard addresses leases, intraentity transfers of assets, postemployment benefits, government acquisitions, risk financing and insurance-related activities of public entity risk pools, fair value measurements, and derivative instruments. The standard has various effective dates. The City does not believe this pronouncement will have a significant impact on its financial statements but is still making a full evaluation.

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, which defines SBITAs and provides accounting and financial reporting for SBITAs by governments. This statement requires a government to recognize a subscription liability and an intangible right-to-use subscription asset for SBITAs. 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, 2023.

COVID-19 Pandemic

On March 11, 2020 the World Health Organization declared the outbreak of a respiratory disease caused by a new coronavirus a pandemic. First identified in late 2019 and now known as COVID-19, the outbreak has impacted millions of individuals worldwide. In response, many countries have implemented measures to combat the outbreak that have impacted global business operations. As of the date of issuance of the financial statements, the City's operations have not been significantly impacted, but the City continues to monitor the situation. No impairments were recorded as of the statement of net position/balance sheet date; however, due to significant uncertainty surrounding the situation, management's judgment regarding this could change in the future. In addition, while the City's results of operations, cash flows, and financial condition could be negatively impacted, the extent of impact cannot be reasonably estimated at this time. Investments measured at fair market value are subject to fluctuation.

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.

June 30, 2020

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

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.

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:

Cumulative shortfall at July 1, 2019		\$	(1,838,859)
Current year permit revenue			157,199
Related expenses:			
Direct costs	\$	241,250	-
Estimated indirect costs		24,125	(265,375)
Current year shortfall			(108,176)
Cumulative shortfall at June 30, 2020		\$	<u>(1,947,035)</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 no 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.

June 30, 2020

Note 3 - Deposits and Investments (Continued)

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

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

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

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

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. At year end, the City had \$10,826,543 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	\$ 4,619,954	\$ -	\$ 2,990,809	\$ 1,350,782	\$ 278,363
U.S. Treasury notes	19,598,683	-	12,994,236	6,530,779	73,668
Total	<u>\$ 24,218,637</u>	<u>\$ -</u>	<u>\$ 15,985,045</u>	<u>\$ 7,881,561</u>	<u>\$ 352,031</u>

Fiduciary Funds	Carrying Value	Less Than 1 Year	1-5 Years	6-10 Years	More Than 10 Years
U.S. government agency securities	\$ 1,065,291	\$ -	\$ -	\$ -	\$ 1,065,291
U.S. Treasury notes	3,262,967	-	1,606,289	1,656,678	-
Corporate bonds	5,177,515	-	3,283,384	1,732,971	161,160
Total	<u>\$ 9,505,773</u>	<u>\$ -</u>	<u>\$ 4,889,673</u>	<u>\$ 3,389,649</u>	<u>\$ 1,226,451</u>

Notes to Financial Statements

June 30, 2020

Note 3 - Deposits and Investments (Continued)

Credit Risk

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

Investment	Fair Value	Rating	Rating Organization
Primary Government			
U.S. Treasury notes	\$ 19,530,234	Aaa	Moody's
U.S. Treasury notes	68,449	Unrated	N/A
U.S. government agency securities	4,619,954	Aaa	Moody's
	<u>\$ 24,218,637</u>		
Investment	Fair Value	Rating	Rating Organization
Fiduciary Funds			
U.S. Treasury notes	\$ 3,217,334	AAA	Moody's
	45,633	Unrated	N/A
U.S. government agency securities	1,065,291	Unrated	N/A
Corporate bonds	439,049	A1	Moody's
	556,663	A2	Moody's
	1,031,398	A3	Moody's
	30,632	AA1	Moody's
	85,743	AA2	Moody's
	83,655	AA3	Moody's
	641,672	AAA	Moody's
	44,486	BA2	Moody's
	914,014	BAA1	Moody's
	1,134,389	BAA2	Moody's
	194,982	BAA3	Moody's
	20,832	Unrated	N/A
	<u>\$ 9,505,773</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 8.31 percent and Federal Home Loan Mortgage Corporation at 4.45 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.

June 30, 2020

Note 3 - Deposits and Investments (Continued)***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, and 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 where 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.

The City has the following recurring fair value measurements as of June 30, 2020:

Assets Measured at Carrying Value on a Recurring Basis at June 30, 2020				
	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, 2020
Debt securities:				
U.S. Treasury securities	\$ 22,861,650	\$ -	\$ -	\$ 22,861,650
Agency bonds	-	5,685,245	-	5,685,245
Corporate bonds	-	5,177,515	-	5,177,515
Total debt securities	22,861,650	10,862,760	-	33,724,410
Equity securities:				
ETF - Equity	4,119,479	-	-	4,119,479
Mutual fund - Equity	16,043,958	-	-	16,043,958
Total equity securities	20,163,437	-	-	20,163,437
Total assets	\$ 43,025,087	\$ 10,862,760	\$ -	\$ 53,887,847

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, 2020 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.

Notes to Financial Statements

June 30, 2020

Note 4 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances at June 30, 2020 is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Water and Sewer Fund	\$ 55,536
Internal service funds	General Fund	532,722
	Water and Sewer Fund	60,689
	Total internal service funds	593,411
Water and Sewer Fund	Land Preserve Fund (1)	4,190,163
	General Fund	1,500,000
	Land Preserve Fund	5,690,163
	Total	\$ 6,339,110

(1) Note: the funds provided by the Water and Sewer Fund to the Land Preserve Fund are a short-term loan to cover the cash outflows for the Cell 7 Construction. The Land Preserve Fund intends to reimburse the Water and Sewer Fund through liquidation of the Land Preserve Fund's restricted assets.

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

Fund Borrowed From	Fund Loaned To	Amount
Land Preserve Fund	Nonmajor enterprise funds	\$ 134,758
General Fund	Nonmajor enterprise funds	1,210,466
Nonmajor governmental funds	Nonmajor enterprise funds	594,880

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.

All long-term advances related to amounts borrowed to cover cash shortfalls and internally fund capital improvements. These amounts will be paid back to the receivable funds in future periods.

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

Paying Fund (Transfer Out)	Receiving Fund (Transfer In)	Amount
General Fund	Nonmajor governmental funds (2)	\$ 50,000
Major Streets Fund	Local Streets Fund (3)	224,623
Local Streets Fund	Nonmajor governmental funds (2)	28,390
Land Preserve Fund	General Fund (1)	2,640,588
	Nonmajor governmental funds (1)(2)	465,406
	Total Land Preserve Fund	3,105,994
	Total	\$ 3,409,007

(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

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, 2020, restricted assets are composed of the following:

Description	Water and Sewer Fund	Land Preserve Fund	Total
Cash and investments	\$ -	\$ 26,641,188	\$ 26,641,188
Wayne County Sewage Disposal System bonds - Assets held at the county for future debt payments	518,578	-	518,578
Downriver Utility Wastewater Authority bonds - Assets held at the authority for future debt payments	367,674	-	367,674
Total	<u>\$ 886,252</u>	<u>\$ 26,641,188</u>	<u>\$ 27,527,440</u>

Water and Sewer

The City has assets of \$518,578 and \$367,674 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.

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 \$51,815,052 reported as landfill closure and postclosure liability at June 30, 2020 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.

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 85 percent of landfill capacity is used as of June 30, 2020. 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, 2020, investments of \$26,641,188 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 \$26,641,188 is less than the sum of the postclosure liability of \$51,815,052 and accounts payable with restricted assets of \$315,293. 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.

Notes to Financial Statements

June 30, 2020

Note 5 - Restricted Assets (Continued)

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, 2020, the compliance account held \$7 million that can be used for eligible land preserve projects.

Note 6 - Capital Assets

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

Governmental Activities

	Balance July 1, 2019	Reclassifications	Additions	Disposals and Adjustments	Balance June 30, 2020
Capital assets not being depreciated:					
Land	\$ 11,631,020	\$ -	\$ -	\$ -	\$ 11,631,020
Construction in progress	61,423	(59,147)	22,527	-	24,803
Subtotal	11,692,443	(59,147)	22,527	-	11,655,823
Capital assets being depreciated:					
Infrastructure	50,086,446	59,147	1,446,518	-	51,592,111
Buildings and improvements	11,249,112	-	9,854	-	11,258,966
Equipment and vehicles	7,175,496	-	1,351,968	(65,996)	8,461,468
Subtotal	68,511,054	59,147	2,808,340	(65,996)	71,312,545
Accumulated depreciation:					
Infrastructure	33,993,755	-	1,336,199	-	35,329,954
Buildings and improvements	10,174,079	-	165,409	-	10,339,488
Equipment and vehicles	6,199,625	-	655,239	(65,996)	6,788,868
Subtotal	50,367,459	-	2,156,847	(65,996)	52,458,310
Net capital assets being depreciated	18,143,595	59,147	651,493	-	18,854,235
Net governmental activities capital assets	<u>\$ 29,836,038</u>	<u>\$ -</u>	<u>\$ 674,020</u>	<u>\$ -</u>	<u>\$ 30,510,058</u>

Notes to Financial Statements

June 30, 2020

Note 6 - Capital Assets (Continued)

Business-type Activities

	Balance July 1, 2019	Reclassifications	Additions	Disposals and Adjustments	Balance June 30, 2020
Water and Sewer System					
Capital assets not being depreciated - Construction in progress	\$ 661,971	\$ (622,033)	\$ 199,739	\$ -	\$ 239,677
Capital assets being depreciated:					
Water and sewer lines	49,652,880	558,941	-	-	50,211,821
Buildings and improvements	764,712	-	-	-	764,712
Machinery and equipment	2,084,184	63,092	13,703	-	2,160,979
Vehicles	941,955	-	-	-	941,955
Subtotal	53,443,731	622,033	13,703	-	54,079,467
Accumulated depreciation:					
Water and sewer lines	25,347,935	-	1,089,249	-	26,437,184
Buildings and improvements	460,956	-	49,968	-	510,924
Machinery and equipment	1,992,542	-	72,920	-	2,065,462
Vehicles	821,335	-	74,684	-	896,019
Subtotal	28,622,768	-	1,286,821	-	29,909,589
Net capital assets being depreciated	24,820,963	622,033	(1,273,118)	-	24,169,878
Net water and sewer system capital assets	25,482,934	-	(1,073,379)	-	24,409,555
Golf Course and Practice					
Capital assets not being depreciated:					
Land	691,901	-	-	-	691,901
Construction in progress	-	-	24,985	-	24,985
Subtotal	691,901	-	24,985	-	716,886
Capital assets being depreciated:					
Buildings and improvements	2,460,305	-	19,949	-	2,480,254
Machinery and equipment	3,161,462	-	19,202	-	3,180,664
Land improvements	1,725,647	-	134,609	-	1,860,256
Subtotal	7,347,414	-	173,760	-	7,521,174
Accumulated depreciation:					
Buildings and improvements	2,238,409	-	53,122	-	2,291,531
Machinery and equipment	2,507,907	-	112,516	-	2,620,423
Land improvements	813,804	-	66,361	-	880,165
Subtotal	5,560,120	-	231,999	-	5,792,119
Net capital assets being depreciated	1,787,294	-	(58,239)	-	1,729,055
Net golf course and practice capital assets	2,479,195	-	(33,254)	-	2,445,941

Notes to Financial Statements

June 30, 2020

Note 6 - Capital Assets (Continued)

Business-type Activities (Continued)

	Balance July 1, 2019	Reclassifications	Additions	Disposals and Adjustments	Balance June 30, 2020
Land Preserve					
Capital assets not being depreciated:					
Land	\$ 3,269,814	\$ -	\$ -	\$ -	\$ 3,269,814
Construction in progress	562,991	(510,631)	-	-	52,360
Subtotal	3,832,805	(510,631)	-	-	3,322,174
Capital assets being depreciated:					
Buildings and improvements	3,456,267	7,297	9,155	-	3,472,719
Machinery and equipment	10,061,092	-	3,172,555	(3,366,647)	9,867,000
Vehicles	427,595	-	-	(46,407)	381,188
Land improvements	50,143,757	503,334	3,621,978	-	54,269,069
Subtotal	64,088,711	510,631	6,803,688	(3,413,054)	67,989,976
Accumulated depreciation:					
Buildings and improvements	2,375,121	-	170,441	-	2,545,562
Machinery and equipment	9,449,797	-	1,354,223	(3,366,647)	7,437,373
Vehicles	427,595	-	-	(46,407)	381,188
Land improvements	28,128,470	-	3,329,228	-	31,457,698
Subtotal	40,380,983	-	4,853,892	(3,413,054)	41,821,821
Net capital assets being depreciated	23,707,728	510,631	1,949,796	-	26,168,155
Net land preserve capital assets	27,540,533	-	1,949,796	-	29,490,329
Net business-type activities capital assets	<u>\$ 55,502,662</u>	<u>\$ -</u>	<u>\$ 843,163</u>	<u>\$ -</u>	<u>\$ 56,345,825</u>

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

Governmental activities:	
General government	\$ 1,376,752
Public safety	490,250
Public works	78,575
Economic development	8,737
Recreation and culture	202,533
Total governmental activities	<u>\$ 2,156,847</u>
Business-type activities:	
Water and sewer	\$ 1,286,821
Land preserve	4,853,892
Golf course and practice	231,999
Total business-type activities	<u>\$ 6,372,712</u>

Notes to Financial Statements

June 30, 2020

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
PVR replacement	152,575	149,825
Building supplies	174,761	91,596
Manhole repair - Sewer lines	42,844	125,021
Articulating truck	-	499,345
Cell 7 construction	60,876	139,124
Street repair and sectioning	535,764	79,122
Total	<u>\$ 1,495,309</u>	<u>\$ 1,144,355</u>

Note 7 - Long-term Debt

Long-term debt activity for the year ended June 30, 2020 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:						
JPMorgan Chase equipment purchase agreement:						
Amount of issue - \$911,355						
Maturing through 2024	2.03%	\$ -	\$ 911,355	\$ -	\$ 911,355	\$ 222,350
KS State Bank equipment purchase agreement:						
Amount of issue - \$107,320						
Maturing through 2021	3.73%	54,546	-	(26,753)	27,793	27,793
Total direct borrowings and direct placements principal outstanding		54,546	911,355	(26,753)	939,148	250,143
Other debt -						
2015 General Obligation Unlimited Tax Bonds:						
Amount of issue - \$7,725,000						
Maturing through 2025	2.00%-3.00%	5,775,000	-	(750,000)	5,025,000	800,000
Unamortized bond premium		162,676	-	(27,112)	135,564	-
Total bonds and contracts payable		5,992,222	911,355	(803,865)	6,099,712	1,050,143
Compensated absences		551,364	708,262	(613,986)	645,640	-
Total governmental activities long-term debt		<u>\$ 6,543,586</u>	<u>\$ 1,619,617</u>	<u>\$ (1,417,851)</u>	<u>\$ 6,745,352</u>	<u>\$ 1,050,143</u>

Notes to Financial Statements

June 30, 2020

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%	\$ 474,982	\$ -	\$ (19,391)	\$ 455,591	\$ 23,095
Capital One equipment purchase						
agreement:						
Amount of issue - \$650,000						
Maturing through 2022	2.84%	494,307	-	(160,144)	334,163	164,726
Talmer Bank equipment purchase						
agreement:						
Amount of issue - \$1,618,352						
Maturing through 2020	1.48%	404,588	-	(404,588)	-	-
JPMorgan Chase						
equipment purchase						
agreement:						
Amount of issue - \$1,561,364						
Maturing through 2024	2.03%	-	1,561,364	-	1,561,364	378,596
JPMorgan Chase						
equipment purchase						
agreement:						
Amount of issue - \$796,720						
Maturing through 2024	2.25%	-	796,720	(95,735)	700,985	194,711
State Revolving Funds Loan:						
Amount of issue - \$16,015,786	2.00% -					
Maturing through 2031	2.50%	2,437,675	-	(697,853)	1,739,822	659,025
Downriver Sewage Disposal						
System 2007 Bonds Series B:						
Amount of issue - \$1,421,841	4.18% -					
Maturing through 2027	5.04%	811,801	-	(71,591)	740,210	76,993
City of Ecorse, Michigan plant						
capacity obligation:						
Amount of issue - \$518,402						
Maturing through 2021	Various	1,846	-	(1,846)	-	-
Downriver Utility Wastewater						
Authority Bonds:						
Original issue - Various						
Maturing through 2043	0% - 5%	1,808,730	11,745	-	1,820,475	36,890
Total direct borrowings and						
direct placements						
principal outstanding		6,433,929	2,369,829	(1,451,148)	7,352,610	1,534,036
Compensated absences		16,791	97,414	(107,218)	6,987	-
Total business-type						
activities long-term debt		<u>\$ 6,450,720</u>	<u>\$ 2,467,243</u>	<u>\$ (1,558,366)</u>	<u>\$ 7,359,597</u>	<u>\$ 1,534,036</u>

Notes to Financial Statements

June 30, 2020

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					Business-type Activities		
	Direct Borrowings and Direct Placements		Other Debt		Total	Direct Borrowings and Direct Placements		Total
	Principal	Interest	Principal	Interest		Principal	Interest	
2021	\$ 250,143	\$ 18,528	\$ 800,000	\$ 134,750	\$ 1,203,421	\$ 1,534,036	\$ 221,685	\$ 1,755,721
2022	226,887	12,956	800,000	114,750	1,154,593	993,421	188,543	1,181,964
2023	231,516	8,326	900,000	89,250	1,229,092	845,232	137,712	982,944
2024	230,602	3,603	900,000	62,250	1,196,455	870,702	139,523	1,010,225
2025	-	-	900,000	35,250	935,250	266,809	122,524	389,333
2026-2030	-	-	725,000	10,875	735,875	1,250,331	470,160	1,720,491
2031-2035	-	-	-	-	-	705,897	270,820	976,717
2036-2040	-	-	-	-	-	530,921	156,911	687,832
2041-2045	-	-	-	-	-	355,261	36,123	391,384
Total	<u>\$ 939,148</u>	<u>\$ 43,413</u>	<u>\$ 5,025,000</u>	<u>\$ 447,125</u>	<u>\$ 6,454,686</u>	<u>\$ 7,352,610</u>	<u>\$ 1,744,001</u>	<u>\$ 9,096,611</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 to be paid on the bonds total \$1,304,418. During the current year, net operating income of the system was \$1,951,361, and property tax collections were \$484,739, compared to the annual debt requirements of \$710,293.

Assets Pledged as Collateral

The City's outstanding governmental debt for JPMorgan Chase equipment purchase agreement of \$911,355 at June 30, 2020 is secured with collateral of a firetruck capital asset. The City's outstanding governmental debt for KS Statement Bank equipment purchase agreement of \$27,793 at June 30, 2020 is secured with collateral of Turn Out Gear capital asset.

The City's outstanding business-type debt for Capital One equipment purchase agreement of \$334,163 at June 30, 2020 is secured with the collateral of bulldozer asset. The City's outstanding business-type debt for JP Morgan Chase equipment purchase agreement of \$1,561,364 at June 30, 2020 are secured with the collateral of bulldozer asset and compactor asset. The City's outstanding business-type debt for JP Morgan Chase equipment purchase agreement of \$700,985 at June 30, 2020 are secured with the collateral of a bulldozer, excavator, and sweeper assets.

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	
	2020	2019
Unpaid claims - Beginning of year	\$ 69,279	\$ 94,954
Incurred claims, including claims incurred but not reported	435,189	474,100
Claim payments	(436,642)	(499,775)
Unpaid claims - End of year	<u>\$ 67,826</u>	<u>\$ 69,279</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.

June 30, 2020

Note 10 - Pension Plan (Continued)

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.

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, 2020, the following members were covered by the benefit terms:

Retirees and beneficiaries currently receiving benefits	105
Inactive plan members entitled to but not yet receiving benefits	7
Active plan members	27
	<hr/>
Total employees covered by the plan	139
	<hr/> <hr/>

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, 2020, 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 52 percent of covered payroll.

Net Pension Liability

The components of the net pension liability of the City at June 30, 2020 were as follows:

Total pension liability	\$ 37,902,576
Plan fiduciary net position	<hr/> (31,387,597)
Net pension liability of the City	<hr/> \$ 6,514,979
	<hr/> <hr/>

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

The City has chosen to use the June 30, 2020 measurement date as its measurement date for the net pension liability. The June 30, 2020 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, 2020 measurement date. The June 30, 2020 total pension liability was determined by an actuarial valuation performed as of June 30, 2019, which used update procedures to roll forward the estimated liability to June 30, 2020.

Notes to Financial Statements

June 30, 2020

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, 2019	\$ 38,225,121	\$ 31,585,184	\$ 6,639,937
Changes for the year:			
Service cost	364,102	-	364,102
Interest	2,595,479	-	2,595,479
Differences between expected and actual experience	(624,328)	-	(624,328)
Contributions - Employer	-	1,156,564	(1,156,564)
Contributions - Employee	-	102,638	(102,638)
Net investment income	-	1,201,009	(1,201,009)
Benefit payments, including refunds	(2,657,798)	(2,657,798)	-
Net changes	(322,545)	(197,587)	(124,958)
Balance at June 30, 2020	<u>\$ 37,902,576</u>	<u>\$ 31,387,597</u>	<u>\$ 6,514,979</u>

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

For the year ended June 30, 2020, the City recognized pension expense of \$780,150.

At June 30, 2020, 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	\$ -	\$ 177,773
Net difference between projected and actual earnings on pension plan investments	861,349	-
Total	<u>\$ 861,349</u>	<u>\$ 177,773</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
2021	\$ (45,198)
2022	250,351
2023	286,224
2024	192,199

Actuarial Assumptions

The total pension liability in the June 30, 2019 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, 2019 was 7.0 percent, which is the same percentage used in the June 30, 2018 actuarial valuation.

June 30, 2020

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, 2020 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	4.98 %
International equity	7.20
Fixed income	1.29
Real estate	6.85

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 Percentage Point Decrease (6.0%)	Current Discount Rate (7.0%)	1 Percentage Point Increase (8.0%)
Net pension liability of the City	\$ 10,306,631	\$ 6,514,979	\$ 3,276,215

Rate of Return

For the year ended June 30, 2020, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 3.95 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

June 30, 2020

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, 2020:

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, 2020 are as follows:

	Required Reserve	Amount Funded
Retiree reserve	\$ 24,064,641	\$ 24,064,641
Employee reserve	3,457,245	3,457,245
Employer reserve	-	3,865,711

Receivable to the Pension Plan

At June 30, 2020, the City reported a receivable of \$867,423 for the outstanding amount of contributions to the plan required for the year ended June 30, 2020.

June 30, 2020

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

The City provides retiree health care 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, Michigan's OPEB board of trustees.

In the current year, the City and the plan created a trust that meets the criteria in paragraph 4 of GASB 75 to accumulate assets. The financial statement of the plan are included in these financial statements as a pension and other employee benefit trust fund (a fiduciary fund).

Management of the plan is vested in the OPEB board of trustees, which consists of three members - the mayor, the city manager, and the city finance director, who all serve as ex officio members.

Benefits Provided

The City of Riverview Retiree Health Care Program provides health care 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, 2020, 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/> <hr/>

Contributions

Retiree health care 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, 2020, the City made payments for postemployment health benefit premiums of \$1,471,974, plus it contributed \$200,000 into the trust, which is reported in these financial statements as a pension and other employee benefit trust fund type. For the fiscal year ended June 30, 2020, the employees contributed \$46,607.

Net OPEB Liability

The City has chosen to use the June 30 measurement date as its measurement date for the net OPEB liability. The June 30, 2020 fiscal year end reported net OPEB liability was determined using a measure of the total OPEB liability and the OPEB net position as of the June 30, 2020 measurement date. The June 30, 2020 total OPEB liability was determined by an actuarial valuation performed as of June 30, 2018, which used update procedures to roll forward the estimated liability to June 30, 2020.

Notes to Financial Statements

June 30, 2020

Note 11 - Other Postemployment Benefit Plan (Continued)

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

Changes in Total OPEB Liability	Increase (Decrease)		
	Total OPEB Liability	Plan Net Position	Net OPEB Liability
Balance at June 30, 2019	\$ 45,332,137	\$ -	\$ 45,332,137
Changes for the year:			
Service cost	941,833	-	941,833
Interest	1,410,599	-	1,410,599
Differences between expected and actual experience	(126,462)	-	(126,462)
Changes in assumptions	(14,004,297)	-	(14,004,297)
Contributions - Employer	-	1,671,974	(1,671,974)
Contributions - Employee	-	46,607	(46,607)
Net investment loss	-	(38)	38
Benefit payments, including refunds	(1,471,974)	(1,471,974)	-
Net changes	(13,250,301)	246,569	(13,496,870)
Balance at June 30, 2020	<u>\$ 32,081,836</u>	<u>\$ 246,569</u>	<u>\$ 31,835,267</u>

The plan's fiduciary net position represents 0.77 percent of the total OPEB liability.

OPEB Recovery and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2020, the City recognized OPEB recovery of \$4,906,695.

At June 30, 2020, 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	\$ -	\$ 1,217,777
Changes in assumptions	724,145	8,051,103
Net difference between projected and actual earnings on OPEB plan investments	3,118	-
Total	<u>\$ 727,263</u>	<u>\$ 9,268,880</u>

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

Years Ending June 30	Amount
2021	\$ (6,427,103)
2022	(2,116,072)
2023	779
2024	779
Total	<u>\$ (8,541,617)</u>

June 30, 2020

Note 11 - Other Postemployment Benefit Plan (Continued)**Actuarial Assumptions**

The total OPEB liability in the June 30, 2020 actuarial report 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 6.00 percent; a health care cost trend rate of 8.25 percent, decreasing to an ultimate rate of 3.5 percent for 10 years later and after; 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 increased in the current year from 3.13 to 6.00 percent.

Discount Rate

The discount rate used to measure the total OPEB liability was 6.00 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 cover the retiree health care benefit costs.

Based on those assumptions, the OPEB 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 OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Investment Rate of Return

The long-term expected rate of return on OPEB 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 OPEB 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 adding expected inflation. Best estimates of arithmetic real rates of return as of the June 30, 2020 measurement date for each major asset class included in the OPEB plan's target asset allocation, as disclosed in the investment footnote, are summarized in the following tables:

Asset Class	Long-term Expected Real Rate of Return
Domestic equity	4.98 %
International equity	7.20
Fixed income	1.29
Real estate	6.85

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the City, calculated using the discount rate of 6.0 percent, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.0 percent) or 1 percentage point higher (7.0 percent) than the current rate:

	1 Percentage Point Decrease (5.00%)	Current Discount Rate (6.00%)	1 Percentage Point Increase (7.00%)
Net OPEB liability of the City of Riverview Retiree Health Care Program	\$ 35,842,790	\$ 31,835,267	\$ 28,503,536

June 30, 2020

Note 11 - Other Postemployment Benefit Plan (Continued)***Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate***

The following presents the net OPEB liability of the City, calculated using the health care cost trend rate of 8.25 percent, as well as what the City's net OPEB liability would be if it were calculated using a health care 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 Percentage Point Decrease (7.25%)	Current Health Care Cost Trend Rate (8.25%)	1 Percentage Point Increase (9.25%)
Net OPEB liability of the City of Riverview Retiree Health Care Program	\$ 27,799,989	\$ 31,835,267	\$ 36,745,227

Assumption Changes

Note that the discount rate and investment rate of return used to measure the total OPEB liability increased in the current year to 6.00 percent. Total OPEB liability measured at June 30, 2019 was calculated using a discount rate and investment rate of return of 3.13 percent. This increase is because to the City has established a trust in the current year, has started making contributions to the trust, and has set up an investment policy. As a result of the increase, the total OPEB liability decreased by \$14,004,297.

Investment Policy

The OPEB plan's policy in regard to the allocation of invested assets is established and may be amended by the OPEB board by a majority vote of its members. It is the policy of the OPEB 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 OPEB 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 OPEB board's adopted asset allocation policy as of June 30, 2020:

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 %

Rate of Return

For the year ended June 30, 2020, the annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expense, was 0.00 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. The rate of return was near zero due to the trust was created towards the end of fiscal year June 30, 2020.

June 30, 2020

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.

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 \$108,122 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, 2020, employee contributions were \$257,700.

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, 2020, employee contributions were \$15,839. In accordance with the requirements, the City expensed \$31,677 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, 2020, employee contributions were \$15,577. In accordance with the requirements, the City expensed \$15,577 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, 2020, employee contributions were \$7,565. In accordance with the requirements, the City expensed \$41,620 during the current year.

June 30, 2020

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, 2020, the City made \$515,238 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.

Note 14 - Joint Venture

The City, along with 12 other communities, jointly participates in Downriver Utility Wastewater Authority (DUWA). Previously, this sewer system was operated by Wayne County, Michigan (the "County") and was known as the Downriver Sewage Disposal System (the "System"). On September 27, 2018, the System transferred from the County of Wayne, Michigan to the Downriver Utility Wastewater Authority. 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 authority. The System's assets and all of System's debt, except for the judgment levy debt, were transferred to DUWA. The judgment levy debt from the System still remains as an obligation of the County and will continue to be paid from the communities to the County.

The City's share of capital assets, restricted cash (for debt service), and related debt is recorded in the Water and Sewer Fund. For DUWA, the City paid \$634,509 for operations of the authority and paid \$238,433 for debt service. For the judgment levy debt, the City paid \$679,452 to the County 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, DUWA, can be obtained from the administrative offices at 25605 Northline Road, Taylor, MI 48180.

Required Supplemental Information

Required Supplemental Information
Budgetary Comparison Schedule
General Fund

Year Ended June 30, 2020

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 5,029,428	\$ 5,029,428	\$ 4,977,950	\$ (51,478)
Charges to other funds	1,009,490	1,009,490	935,192	(74,298)
State and federal sources	1,454,946	1,504,946	1,414,070	(90,876)
Charges for services	731,700	731,700	493,260	(238,440)
Fines and forfeitures	89,880	89,880	1,810	(88,070)
Licenses and permits	350,200	350,200	268,748	(81,452)
Investment gain	500	500	15,041	14,541
Other revenue	204,220	210,210	168,409	(41,801)
Total revenue	8,870,364	8,926,354	8,274,480	(651,874)
Expenditures				
Current services:				
General government:				
City Council	81,580	91,580	89,479	2,101
City manager	385,963	385,963	418,979	(33,016)
Finance	425,473	425,473	377,855	47,618
Assessing and purchasing	219,199	219,199	206,477	12,722
Information technology	171,420	171,420	170,734	686
Clerk	298,448	307,448	273,399	34,049
Attorney	426,150	635,150	608,253	26,897
Human resources	174,168	174,168	165,112	9,056
Insurance and other functions	42,656	42,656	37,639	5,017
General insurance	123,109	123,109	114,781	8,328
Public safety:				
Police	4,600,150	4,600,650	4,222,195	378,455
Fire and EMS	1,490,078	1,495,078	1,391,695	103,383
Public works:				
Stormwater drainage	1,103,085	1,103,183	989,607	113,576
Building maintenance	350,427	370,427	315,940	54,487
Engineering and building	243,862	292,362	241,250	51,112
Motor vehicle pool	181,134	199,147	147,709	51,438
Community and economic development -				
Community development	301,930	359,166	212,400	146,766
Recreation and culture:				
Recreation	690,101	740,101	561,067	179,034
Parks	90,326	96,316	76,467	19,849
Debt service	28,810	28,810	28,809	1
Total expenditures	11,428,069	11,861,406	10,649,847	1,211,559
Excess of Expenditures Over Revenue	(2,557,705)	(2,935,052)	(2,375,367)	559,685
Other Financing Sources (Uses)				
Transfers in	2,650,000	2,650,000	2,330,000	(320,000)
Transfers out	(85,000)	(85,000)	(85,000)	-
Total other financing sources	2,565,000	2,565,000	2,245,000	(320,000)
Net Change in Fund Balance	7,295	(370,052)	(130,367)	239,685
Fund Balance - Beginning of year	1,631,324	1,631,324	1,631,324	-
Fund Balance - End of year	<u>\$ 1,638,619</u>	<u>\$ 1,261,272</u>	<u>\$ 1,500,957</u>	<u>\$ 239,685</u>
See note to required supplemental information.	58			

City of Riverview, Michigan

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

Year Ended June 30, 2020

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
State and federal sources	\$ 765,085	\$ 765,085	\$ 748,744	\$ (16,341)
Investment gain	-	-	64	64
Total revenue	765,085	765,085	748,808	(16,277)
Expenditures - Current - Public works	539,014	675,139	412,527	262,612
Other Financing Uses - Transfers out	(226,071)	(226,071)	(224,623)	1,448
Net Change in Fund Balance	-	(136,125)	111,658	247,783
Fund Balance - Beginning of year	791,432	791,432	791,432	-
Fund Balance - End of year	<u>\$ 791,432</u>	<u>\$ 655,307</u>	<u>\$ 903,090</u>	<u>\$ 247,783</u>

City of Riverview, Michigan

Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Funds (Continued) Local Streets Fund

Year Ended June 30, 2020

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 246,040	\$ 246,040	\$ 244,565	\$ (1,475)
State and federal sources	277,921	277,921	370,518	92,597
Investment gain	-	-	412	412
Total revenue	523,961	523,961	615,495	91,534
Expenditures - Current - Public works	1,380,896	1,408,864	1,148,135	260,729
Excess of Expenditures Over Revenue	(856,935)	(884,903)	(532,640)	352,263
Other Financing Sources (Uses)				
Transfers in	226,071	226,071	224,623	(1,448)
Transfers out	-	(28,390)	(28,390)	-
Total other financing sources	226,071	197,681	196,233	(1,448)
Net Change in Fund Balance	(630,864)	(687,222)	(336,407)	350,815
Fund Balance - Beginning of year	1,094,378	1,094,378	1,094,378	-
Fund Balance - End of year	\$ 463,514	\$ 407,156	\$ 757,971	\$ 350,815

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

	Last Seven Fiscal Years						
	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability							
Service cost	\$ 364,102	\$ 396,956	\$ 446,393	\$ 539,931	\$ 507,352	\$ 544,571	\$ 567,439
Interest	2,595,479	2,580,923	2,642,245	2,623,193	2,604,451	2,543,261	2,471,492
Differences between expected and actual experience	(624,328)	(177,225)	(358,046)	(422,115)	(677,798)	(97,837)	-
Changes in assumptions	-	-	1,445,257	-	-	-	-
Benefit payments, including refunds	(2,657,798)	(2,494,769)	(2,526,691)	(2,276,987)	(2,200,570)	(2,110,468)	(2,030,696)
Net Change in Total Pension Liability	(322,545)	305,885	1,649,158	464,022	233,435	879,527	1,008,235
Total Pension Liability - Beginning of year	38,225,121	37,919,236	36,270,078	35,806,056	35,572,621	34,693,094	33,684,859
Total Pension Liability - End of year	\$ 37,902,576	\$ 38,225,121	\$ 37,919,236	\$ 36,270,078	\$ 35,806,056	\$ 35,572,621	\$ 34,693,094
Plan Fiduciary Net Position							
Contributions - Employer	\$ 1,156,564	\$ 1,140,203	\$ 1,018,391	\$ 1,092,653	\$ 1,227,038	\$ 1,377,176	\$ 1,477,292
Contributions - Member	102,638	120,874	132,698	149,335	155,264	164,844	175,192
Net investment income (loss)	1,201,009	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	(2,657,798)	(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	(197,587)	433,621	1,008,128	1,651,929	(949,318)	827,457	3,467,985
Plan Fiduciary Net Position - Beginning of year	31,585,184	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	\$ 31,387,597	\$ 31,585,184	\$ 31,151,563	\$ 30,143,435	\$ 28,491,506	\$ 29,440,824	\$ 28,613,367
City's Net Pension Liability - Ending	\$ 6,514,979	\$ 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	82.81 %	82.63 %	82.15 %	83.11 %	79.57 %	82.76 %	82.48 %
Covered Payroll	\$ 2,219,115	\$ 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	293.58 %	265.42 %	247.96 %	208.88 %	233.00 %	185.74 %	152.15 %

Note: in 2018, there was a change in the discount rate for the pension system. The City decrease the discount rate from 7.50 to 7.00 percent for the measurement of the total pension liability as of June 30, 2018. As a result, the total pension liability increased by \$1,445,257.

City of Riverview, Michigan

Required Supplemental Information Schedule of Pension Investment Returns

	Last Seven Fiscal Years Years Ended June 30						
	2020	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return - Net of investment expense	3.95 %	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									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Actuarially determined contribution	\$ 1,156,564	\$ 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
Contributions in relation to the actuarially determined contribution	1,156,564	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
Contribution Deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 2,219,115	\$ 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
Contributions as a Percentage of Covered Payroll	52.12 %	45.58 %	37.31 %	37.25 %	39.09 %	41.72 %	36.97 %	42.21 %	32.53 %	24.31 %

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
Remaining amortization period	General employees 11 years, single equivalent period Police employees - 16 years, single equivalent period
Asset valuation method	4-year smoothed market
Inflation	2.50 percent price inflation, 3.0 percent wage inflation
Salary increase	3.0 to 7.0 percent, including inflation
Investment rate of return	7.00 percent
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	RP-2000 Male (unadjusted) and Female (unadjusted) Healthy Life Mortality Table, adjusted for mortality improvements to 2020 using projection scale BB
Other information	None

City of Riverview, Michigan

Required Supplemental Information Schedule of Pension Contributions Operating Engineers Local 324

	Last Ten Fiscal Years Years Ended June 30									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Local 324 required contribution	\$ 515,238	\$ 457,730	\$ 396,536	\$ 301,808	\$ 278,817	\$ 231,895	\$ 211,351	\$ 157,968	\$ 164,309	\$ 130,330

Notes to Schedule of Contributions

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

Required Supplemental Information

Schedule of Changes in the Net OPEB Liability and Related Ratios

	Last Three Fiscal Years		
	2020*	2019	2018
Total OPEB Liability			
Service cost	\$ 941,833	\$ 971,377	\$ 1,213,780
Interest	1,410,599	1,698,651	1,656,748
Changes in benefit terms	-	(205,630)	-
Differences between expected and actual experience	(126,462)	(7,643,790)	(30,024)
Changes in assumptions	(14,004,297)	4,833,940	-
Benefit payments, including refunds	(1,471,974)	(1,521,552)	(1,601,972)
Net Change in Total OPEB Liability	(13,250,301)	(1,867,004)	1,238,532
Total OPEB Liability - Beginning of year	45,332,137	47,199,141	45,960,609
Total OPEB Liability - End of year	\$ 32,081,836	\$ 45,332,137	\$ 47,199,141
Plan Fiduciary Net Position			
Contributions - Employer	\$ 1,671,974	\$ -	\$ -
Contributions - Employees	46,607	-	-
Net investment loss	(38)	-	-
Benefit payments, including refunds	(1,471,974)	-	-
Net Change in Plan Fiduciary Net Position	246,569	-	-
Plan Fiduciary Net Position - Beginning of year	-	-	-
Plan Fiduciary Net Position - End of year	\$ 246,569	\$ -	\$ -
Net OPEB Liability - Ending	\$ 31,835,267	\$ 45,332,137	\$ 47,199,141
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	0.77 %	- %	- %
Covered-employee Payroll	\$ 2,872,941	\$ 3,150,032	\$ 3,344,742
Net OPEB Liability as a Percentage of Covered-employee Payroll	1,108.11 %	1,439.10 %	1,411.14 %

Changes in Assumptions

For the year ended June 30, 2020, the discount rate and investment rate of return used to measure the total OPEB liability increased to 6.00 percent. Total OPEB liability measured at June 30, 2019 was calculated using a discount rate and investment rate of return of 3.13 percent. This increase is because the City has established a trust in the current year, has started making contributions to the trust, and has set up an investment policy. As a result of the increase, the total OPEB liability decreased by \$14,004,297.

For the year ended June 30, 2019, the discount rate and investment rate of return used to measure the total OPEB liability decreased to 3.13 percent from 3.62 percent. As a result of the decrease, the total OPEB liability increased by \$4,833,940.

*Note that, in 2020, a trust was established for the Retiree Health Care Program. As a result, plan net position was first included on this schedule for the fiscal year ended June 30, 2020.

**Required Supplemental Information
Schedule of OPEB Contributions**

	Last Fiscal Year Year Ended June 30
	<u>2020</u>
Actuarially determined contribution	\$ 2,480,759
Contributions in relation to the actuarially determined contribution	<u>1,671,974</u>
Contribution Deficiency	<u>\$ (808,785)</u>
Covered-employee Payroll	\$ 2,872,941
Contributions as a Percentage of Covered-employee Payroll	58.20 %

*Note that an OPEB trust was first established in the fiscal year ended June 30, 2020. As a result, the City did not have a actuarially determined contribution calculated for previous years. This schedule will be built prospectively from 2020 until 10 years of data is shown.

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, two years 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
Remaining amortization period	19 years
Inflation	3.50 percent
Health care cost trend rates	8.25 percent trend for the first year, then gradually decreasing to an ultimate trend of 3.50 percent
Salary increase	3.0 to 7.0 percent
Investment rate of return	6.00 percent (net of expenses)
Retirement age	65 years of age
Mortality	RP-2000 Combined Healthy Mortality Table adjusted for mortality improvements to 2020
Other information	None

Required Supplemental Information

Schedule of OPEB Investment Returns

	Last Fiscal Year
	Year Ended June 30
	2020*
Annual money-weighted rate of return - Net of investment expense	- %

*Note that an OPEB trust was first established in the fiscal year ended June 30, 2020. As a result, only one year of investment returns is displayed.

June 30, 2020

Budgetary Information

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

General Fund	Total Revenue	Total Expenditures	Other Financing Sources	Fund Balance
Amounts per operating statement	\$ 8,937,309	\$ 11,599,302	\$ 2,590,588	\$ 1,886,925
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	(662,829)	(949,455)	(345,588)	(385,968)
Amounts per budget statement	<u>\$ 8,274,480</u>	<u>\$ 10,649,847</u>	<u>\$ 2,245,000</u>	<u>\$ 1,500,957</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	\$ 41,831	\$ 425,021	\$ 65,770	\$ 65,987	\$ 25,879
Receivables:					
Property taxes receivable	-	-	53	-	-
Due from other governments	66,061	-	-	-	-
Advances to other funds	-	-	-	-	-
Prepaid expenses and other assets	-	215	-	-	-
Total assets	\$ 107,892	\$ 425,236	\$ 65,823	\$ 65,987	\$ 25,879
Liabilities - Accounts payable	\$ 975	\$ 863	\$ -	\$ -	\$ 387
Deferred Inflows of Resources - Unavailable revenue	65,836	-	-	-	-
Total liabilities and deferred inflows of resources	66,811	863	-	-	387
Fund Balances					
Nonspendable:					
Prepays	-	215	-	-	-
Restricted:					
Police	-	424,158	-	-	-
Debt service	-	-	-	-	25,492
CDBG	41,081	-	-	-	-
Assigned:					
Debt service	-	-	65,823	65,987	-
Capital projects	-	-	-	-	-
Total fund balances	41,081	424,373	65,823	65,987	25,492
Total liabilities, deferred inflows of resources, and fund balances	\$ 107,892	\$ 425,236	\$ 65,823	\$ 65,987	\$ 25,879

Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2020

Capital Project Funds			Total Nonmajor Governmental Funds
Parks and Recreation Construction	Capital Improvements and Equipment	Development Revolving	
\$ 17,097	\$ 236,163	\$ 16,450	\$ 894,198
-	-	-	53
-	-	-	66,061
-	594,880	-	594,880
-	-	-	215
\$ 17,097	\$ 831,043	\$ 16,450	\$ 1,555,407
\$ -	\$ 21,806	\$ -	\$ 24,031
-	-	-	65,836
-	21,806	-	89,867
-	-	-	215
-	-	-	424,158
-	-	-	25,492
-	-	-	41,081
-	-	-	131,810
17,097	809,237	16,450	842,784
17,097	809,237	16,450	1,465,540
\$ 17,097	\$ 831,043	\$ 16,450	\$ 1,555,407

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	\$ -	\$ -	\$ -	\$ -	\$ 896,750
State and federal sources:					
Federal grants	60,811	42,660	-	-	-
State sources	-	26,000	-	-	-
Investment gain	-	-	1,509	1,316	-
Total revenue	60,811	68,660	1,509	1,316	896,750
Expenditures					
Current services:					
Public safety	-	196,301	-	-	-
Community and economic development	107,032	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	750,000
Interest on long-term debt	-	-	-	-	150,844
Total expenditures	107,032	196,301	-	-	900,844
Excess of Revenue (Under) Over Expenditures	(46,221)	(127,641)	1,509	1,316	(4,094)
Other Financing Sources					
Transfers in	-	-	-	-	28,390
Proceeds from equipment loan	-	-	-	-	-
Sale of capital assets	-	-	-	-	-
Total other financing sources	-	-	-	-	28,390
Net Change in Fund Balances	(46,221)	(127,641)	1,509	1,316	24,296
Fund Balances - Beginning of year	87,302	552,014	64,314	64,671	1,196
Fund Balances - End of year	<u>\$ 41,081</u>	<u>\$ 424,373</u>	<u>\$ 65,823</u>	<u>\$ 65,987</u>	<u>\$ 25,492</u>

Other Supplemental Information

Combining Statement of Revenue, Expenditures, and Changes in Fund

Balances

Nonmajor Governmental Funds

Year Ended June 30, 2020

Capital Project Funds			Total Nonmajor Governmental Funds
Parks and Recreation Construction	Capital Improvements and Equipment	Development Revolving	
\$ -	\$ -	\$ -	\$ 896,750
-	-	-	103,471
-	-	-	26,000
484	5,210	-	8,519
484	5,210	-	1,034,740
-	-	-	196,301
-	-	-	107,032
-	1,214,005	-	1,214,005
-	-	-	750,000
-	-	-	150,844
-	1,214,005	-	2,418,182
484	(1,208,795)	-	(1,383,442)
-	515,406	-	543,796
-	911,355	-	911,355
-	3,941	-	3,941
-	1,430,702	-	1,459,092
484	221,907	-	75,650
16,613	587,330	16,450	1,389,890
\$ 17,097	\$ 809,237	\$ 16,450	\$ 1,465,540

City of Riverview, Michigan

Other Supplemental Information Combining Statement of Net Position Internal Service Funds

June 30, 2020

	Self-insurance	Retiree Health Care	Total Internal Service Funds
Assets - Current assets			
Cash and investments	\$ 375,495	\$ 383,952	\$ 759,447
Due from other funds	540,206	53,205	593,411
Prepaid expenses and other assets	-	68,606	68,606
Deposits	27,960	-	27,960
Total assets	943,661	505,763	1,449,424
Liabilities - Current liabilities			
Accounts payable	-	27,487	27,487
Provision for claims	67,826	-	67,826
Total liabilities	67,826	27,487	95,313
Net Position - Unrestricted	\$ 875,835	\$ 478,276	\$ 1,354,111

City of Riverview, Michigan

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

Year Ended June 30, 2020

	Self-insurance	Retiree Health Care	Total Internal Service Funds
Operating Revenue - Charges for services	\$ 472,386	\$ 1,649,484	\$ 2,121,870
Operating Expenses - Other services and charges	436,642	1,450,135	1,886,777
Operating Income	35,744	199,349	235,093
Nonoperating Revenue - Investment gain	15	-	15
Change in Net Position	35,759	199,349	235,108
Net Position - Beginning of year	840,076	278,927	1,119,003
Net Position - End of year	<u>\$ 875,835</u>	<u>\$ 478,276</u>	<u>\$ 1,354,111</u>

Other Supplemental Information
Combining Statement of Cash Flows
Internal Service Funds

Year Ended June 30, 2020

	Self-insurance	Retiree Healthcare	Total Internal Service Funds
Cash Flows from Operating Activities			
Receipts from interfund services and reimbursements	\$ 570,688	\$ 1,625,789	\$ 2,196,477
Claims paid	(432,619)	(1,501,102)	(1,933,721)
Net cash provided by operating activities	138,069	124,687	262,756
Cash Flows Provided by Investing Activities - Interest received on investments	15	-	15
Net Increase in Cash and Cash Equivalents - Net cash provided by operating and investing activities	138,084	124,687	262,771
Cash and Cash Equivalents - Beginning of year	237,411	259,265	496,676
Cash and Cash Equivalents - End of year	<u>\$ 375,495</u>	<u>\$ 383,952</u>	<u>\$ 759,447</u>
Combining Statement of Net Position Classification of Cash and Cash Equivalents - Cash and investments	<u>\$ 375,495</u>	<u>\$ 383,952</u>	<u>\$ 759,447</u>
Reconciliation of Operating Income to Net Cash from Operating Activities			
Operating income	\$ 35,744	\$ 199,349	\$ 235,093
Adjustments to reconcile operating income to net cash from operating activities - Changes in assets and liabilities:			
Due to and from other funds	98,302	(23,695)	74,607
Estimated claims liability	4,023	(50,967)	(46,944)
Total adjustments	102,325	(74,662)	27,663
Net cash and cash equivalents provided by operating activities	<u>\$ 138,069</u>	<u>\$ 124,687</u>	<u>\$ 262,756</u>

Other Supplemental Information
Statement of Assets and Liabilities
Agency Funds

June 30, 2020

	Special Tax	Inspection	Total Agency Funds
Assets			
Cash and cash equivalents	\$ 229,101	\$ 160,735	\$ 389,836
Receivables	195,264	-	195,264
Total assets	\$ 424,365	\$ 160,735	\$ 585,100
Liabilities			
Due to other governmental units	\$ 424,365	\$ -	\$ 424,365
Refundable deposits, bonds, etc.	-	160,735	160,735
Total liabilities	\$ 424,365	\$ 160,735	\$ 585,100

**Other Supplemental Information
Statement of Fiduciary Net Position
Fiduciary Funds**

June 30, 2020

	Employees' Retirement System	Retiree Health Care Program Trust	Pension and Other Employee Benefit Trust Funds
Assets			
Cash and cash equivalents	\$ 739,654	\$ 246,569	\$ 986,223
Investments:			
U.S. government securities	4,328,258	-	4,328,258
Stocks and pooled equity investments	20,163,437	-	20,163,437
Corporate bonds	5,177,515	-	5,177,515
Receivables	978,733	-	978,733
Total assets	31,387,597	246,569	31,634,166
Liabilities	-	-	-
Net Position	\$ 31,387,597	\$ 246,569	\$ 31,634,166

Other Supplemental Information
Statement of Changes in Fiduciary Net Position
Fiduciary Funds

Year Ended June 30, 2020

	Employees' Retirement System	Retiree Health Care Program Trust	Pension and Other Employee Benefit Trust Funds
Additions			
Investment income (loss):			
Interest and dividends	\$ 749,234	\$ 9	\$ 749,243
Net increase in fair value of investments	528,175	-	528,175
Investment-related expenses	(76,400)	(47)	(76,447)
Net investment income (loss)	1,201,009	(38)	1,200,971
Contributions:			
Employer	1,156,564	1,671,974	2,828,538
Employee	102,638	46,607	149,245
Total contributions	1,259,202	1,718,581	2,977,783
Total additions	2,460,211	1,718,543	4,178,754
Deductions - Benefit payments	2,657,798	1,471,974	4,129,772
Net (Decrease) Increase in Fiduciary Net Position	(197,587)	246,569	48,982
Net Position - Beginning of year	31,585,184	-	31,585,184
Net Position - End of year	\$ 31,387,597	\$ 246,569	\$ 31,634,166

Other Supplemental Information
Combining Balance Sheet
Activities Reported in General Fund

June 30, 2020

	Rubbish	Cable TV	Library	Total Activities Reported in the General Fund
Assets				
Cash and investments	\$ 98,428	\$ 119,174	\$ 243,964	\$ 461,566
Receivables - Due from other governments	-	-	5,041	5,041
Prepaid expenses and other assets	-	468	1,849	2,317
Total assets	<u>\$ 98,428</u>	<u>\$ 119,642</u>	<u>\$ 250,854</u>	<u>\$ 468,924</u>
Liabilities				
Accounts payable	\$ 33,815	\$ 23,445	\$ 9,439	\$ 66,699
Accrued liabilities and other	-	4,624	11,633	16,257
Total liabilities	33,815	28,069	21,072	82,956
Fund Balances				
Nonspendable	-	468	1,849	2,317
Assigned	64,613	91,105	227,933	383,651
Total fund balances	64,613	91,573	229,782	385,968
Total liabilities and fund balances	<u>\$ 98,428</u>	<u>\$ 119,642</u>	<u>\$ 250,854</u>	<u>\$ 468,924</u>

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, 2020

	Rubbish	Cable TV	Library	Total Activities Reported in the General Fund
Revenue				
Property taxes	\$ -	\$ -	\$ 260,872	\$ 260,872
State and federal sources	-	-	17,878	17,878
Licenses and permits	-	359,632	-	359,632
Investment gain	-	200	3,527	3,727
Other revenue	5,071	-	15,649	20,720
Total revenue	5,071	359,832	297,926	662,829
Expenditures				
Current services:				
General government	-	265,015	-	265,015
Public works	365,660	-	-	365,660
Recreation and culture	-	-	318,780	318,780
Total expenditures	365,660	265,015	318,780	949,455
Excess of Revenue (Under) Over Expenditures	(360,589)	94,817	(20,854)	(286,626)
Other Financing Sources (Uses)				
Transfers in	360,588	-	85,000	445,588
Transfers out	-	(100,000)	-	(100,000)
Total other financing sources (uses)	360,588	(100,000)	85,000	345,588
Net Change in Fund Balances	(1)	(5,183)	64,146	58,962
Fund Balances - Beginning of year	64,614	96,756	165,636	327,006
Fund Balances - End of year	\$ 64,613	\$ 91,573	\$ 229,782	\$ 385,968