
City of Riverview, Michigan

**Financial Report
with Supplemental Information
June 30, 2018**

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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, 2018 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, 2018 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.

Emphasis of Matter

As discussed in Note 15 to the financial statements, during the year ended June 30, 2018, the City adopted the provisions of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. As a result of implementing this pronouncement, the City's total OPEB liability has been recognized on the government-wide and proprietary fund statements and, as discussed in Note 15, the beginning of year net position been restated. Our opinion is not modified with respect to this matter.

To the City Council
City of Riverview, Michigan

Other Matters

Required Supplemental Information

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

Other Information

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

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

Plante & Moran, PLLC

December 11, 2018

Overview of the Financial Statements

The City of Riverview, Michigan's (the "City") 2018 annual financial report is presented in conformity with the requirements of GASB Statement No. 34, as it was in 2017. 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, 2018 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 \$18,126,864 (net position), a decrease of \$32,538,616 from the previous year. The majority of the decrease in net position compared to 2017 can be attributed to the implementation of GASB Statement No. 75. See Note 15 for additional information. 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 \$52,509,883.

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 \$2,002,580. The Land Preserve Fund transferred \$2,291,662 to the General Fund (combined basis) and the General Fund transferred \$100,000 to other funds. The General Fund also recorded \$107,320 of proceeds from an equipment loan. The resulting impact is an increase in the General Fund (combined basis) fund balance to \$296,402. Of this amount, \$343,649 or 3.1 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 \$18.2 million at June 30, 2018. Business-type activities make up \$16.2 million and governmental activities make up \$2.0 million of the total. The following table shows, in a condensed format, the net position as of June 30, 2018 and compared to the prior year:

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Assets						
Current assets	\$ 7.3	\$ 6.5	\$ 8.1	\$ 9.2	\$ 15.4	\$ 15.7
Noncurrent assets	30.7	31.3	83.2	85.1	113.9	116.4
Total assets	38.0	37.8	91.3	94.3	129.3	132.1
Deferred Outflows of Resources	0.9	0.8	0.3	0.4	1.2	1.2
Liabilities						
Current liabilities	1.7	1.9	4.0	3.6	5.7	5.5
Long-term liabilities	35.1	25.5	71.4	51.3	106.5	76.8
Total liabilities	36.8	27.4	75.4	54.9	112.2	82.3
Deferred Inflows of Resources	0.1	0.2	-	0.1	0.1	0.3
Net Position						
Net investment in capital assets	23.2	23.7	44.6	42.9	67.8	66.6
Restricted	2.2	1.7	0.7	0.9	2.9	2.6
Unrestricted	(23.4)	(14.4)	(29.1)	(4.1)	(52.5)	(18.5)
Total net position	<u>\$ 2.0</u>	<u>\$ 11.0</u>	<u>\$ 16.2</u>	<u>\$ 39.7</u>	<u>\$ 18.2</u>	<u>\$ 50.7</u>

Note: 2018 amounts above include the net OPEB liability of \$47.2 million following the implementation of GASB 75. The amounts for 2017 have not been adjusted for the new standard.

As noted earlier, the City's assets and deferred outflows exceed its liabilities and deferred inflows at the end of the fiscal year by \$18.2 million (net position). However, a significant portion of the City's net position represents its investment in capital assets (e.g., land, roads, infrastructure, buildings, and equipment), less any related debt used to acquire or construct these assets. The City uses these assets in providing services to its citizens; thus, these assets are not available for future spending.

Total assets have decreased by approximately \$2.8 million from the prior year while current liabilities have increased by \$0.2 million and long-term liabilities have increased by \$29.7 million. The increase in long-term liabilities is largely due to the implementation of GASB 75.

City of Riverview, Michigan

Management's Discussion and Analysis (Continued)

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenue						
Program revenue:						
Charges for services	\$ 1.4	\$ 1.3	\$ 17.1	\$ 18.1	\$ 18.5	\$ 19.4
Operating grants	1.4	1.1	0.7	-	2.1	1.1
Capital grants	0.1	0.1	-	0.5	0.1	0.6
General revenue:						
Property taxes	5.9	5.9	0.4	0.5	6.3	6.4
State-shared revenue	1.4	1.3	-	-	1.4	1.3
Cable, franchise, and right-of-way fees	0.4	0.4	-	-	0.4	0.4
Investment earnings	-	-	(0.3)	(0.5)	(0.3)	(0.5)
Other revenue	0.2	0.2	-	-	0.2	0.2
Gain on sale of capital assets	-	-	-	0.1	-	0.1
Transfers	2.8	2.8	(2.8)	(2.8)	-	-
Total revenue	13.6	13.1	15.1	15.9	28.7	29.0
Program Expenses						
General government	2.1	2.4	-	-	2.1	2.4
Public safety	5.7	6.7	-	-	5.7	6.7
Public works	3.2	2.6	-	-	3.2	2.6
Community and economic development	0.4	0.7	-	-	0.4	0.7
Recreation and cultural	0.9	1.0	-	-	0.9	1.0
Interest on long-term debt	0.2	0.2	-	-	0.2	0.2
Water and sewer	-	-	4.2	4.5	4.2	4.5
Land preserve	-	-	17.2	11.3	17.2	11.3
Golf course and practice	-	-	1.7	1.5	1.7	1.5
Total program expenses	12.5	13.6	23.1	17.3	35.6	30.9
Change in Net Position	1.1	(0.5)	(8.0)	(1.4)	(6.9)	(1.9)
Net Position - Beginning of year, as restated	0.8	11.5	24.2	41.1	25.0	52.6
Net Position - End of year	\$ 1.9	\$ 11.0	\$ 16.2	\$ 39.7	\$ 18.1	\$ 50.7

Note: 2018 amounts above include the net OPEB liability of \$47.2 million following the implementation of GASB 75. The amounts for 2017 have not been adjusted for the new standard.

Property taxes did not increase for the City as a whole due to the City's operating tax levy remaining unchanged from the prior year, and there was a 2 percent increase in the total taxable value of the City.

Governmental expenses have increased slightly compared to last year, primarily due to contractual wage increases, as well as increases in healthcare costs. The City has been aggressively moving new employees to defined contribution retirement plans, as opposed to the defined benefit plans.

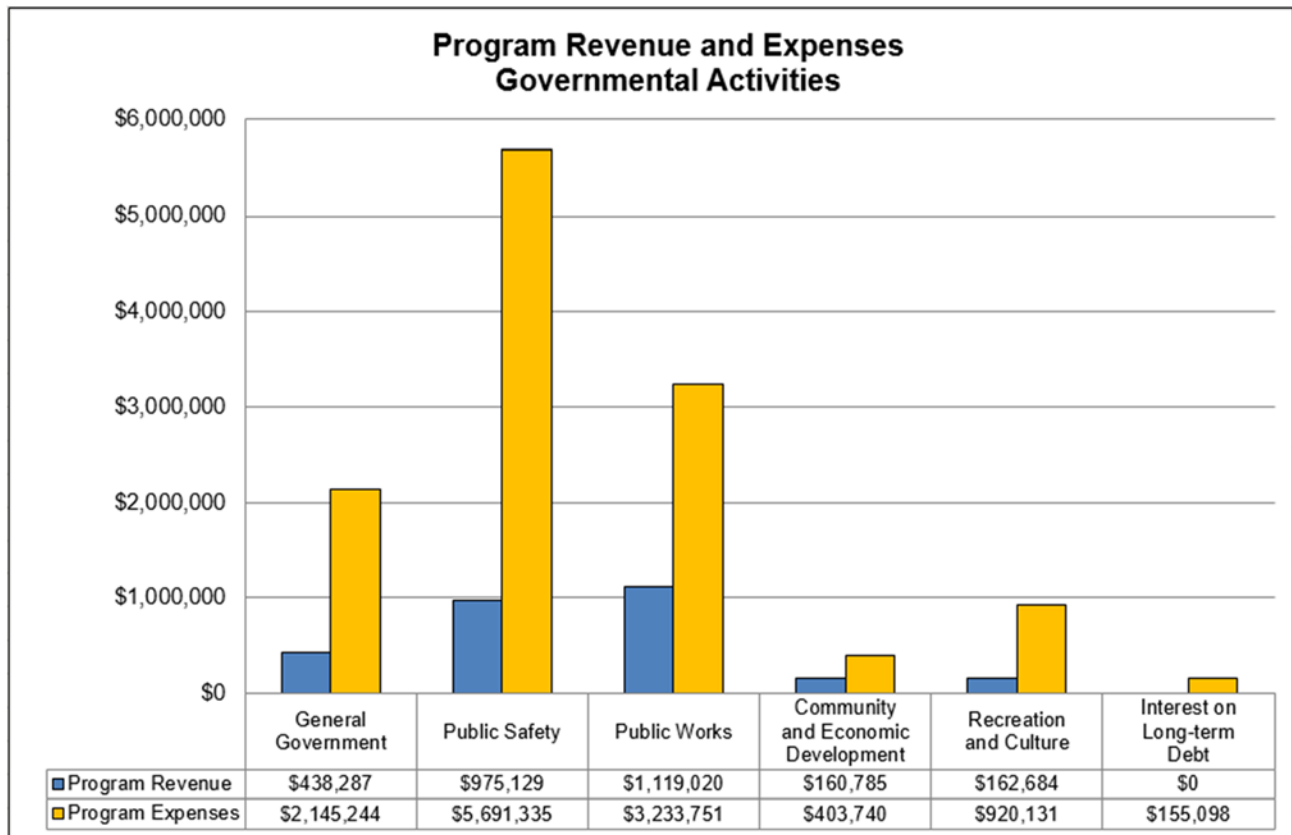
Land preserve expenses have increased \$5.9 million compared to last year, primarily due to increased closure costs.

City of Riverview, Michigan

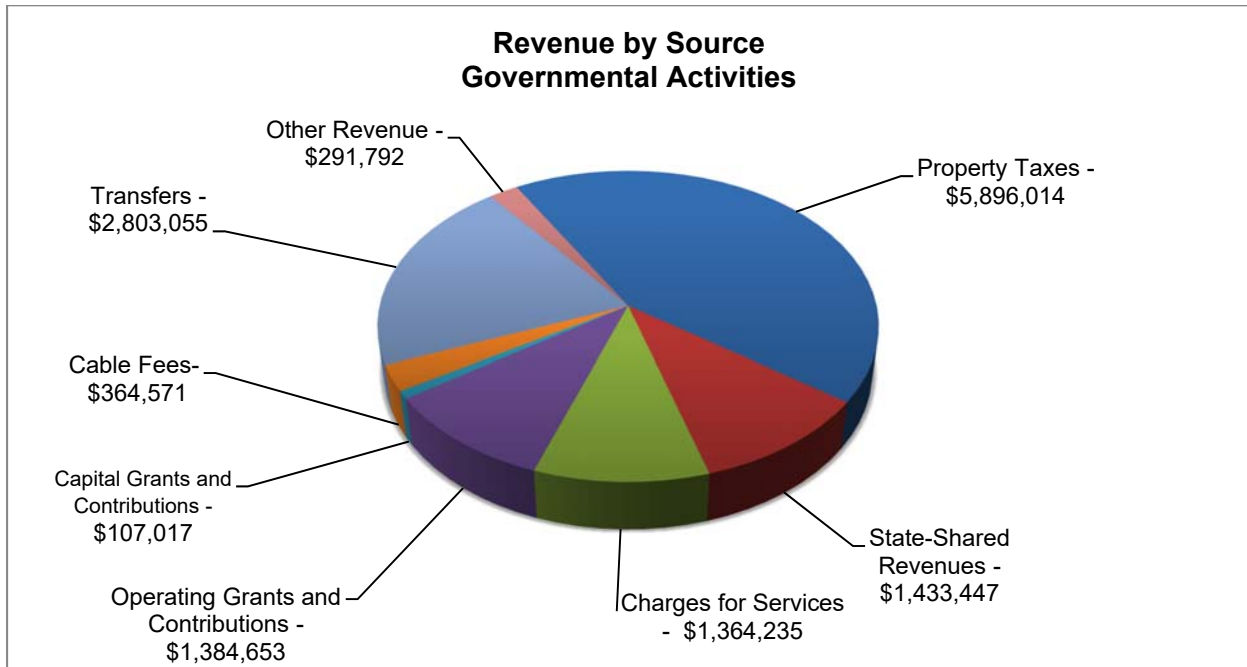
Management's Discussion and Analysis (Continued)

Governmental Activities

For the year ended June 30, 2018, revenue for the City's governmental activities totaled \$13.6 million, an increase of \$0.5 million from 2017. Property taxes and operating transfers stayed flat compared to 2017, while charges for services increased in 2018. State-shared revenue increased slightly compared to 2017. This revenue continues to be a concern as to future funding levels as the State of Michigan revises its method of distributing funds to the municipalities and looks for ways to fund other priorities such as transportation funding.



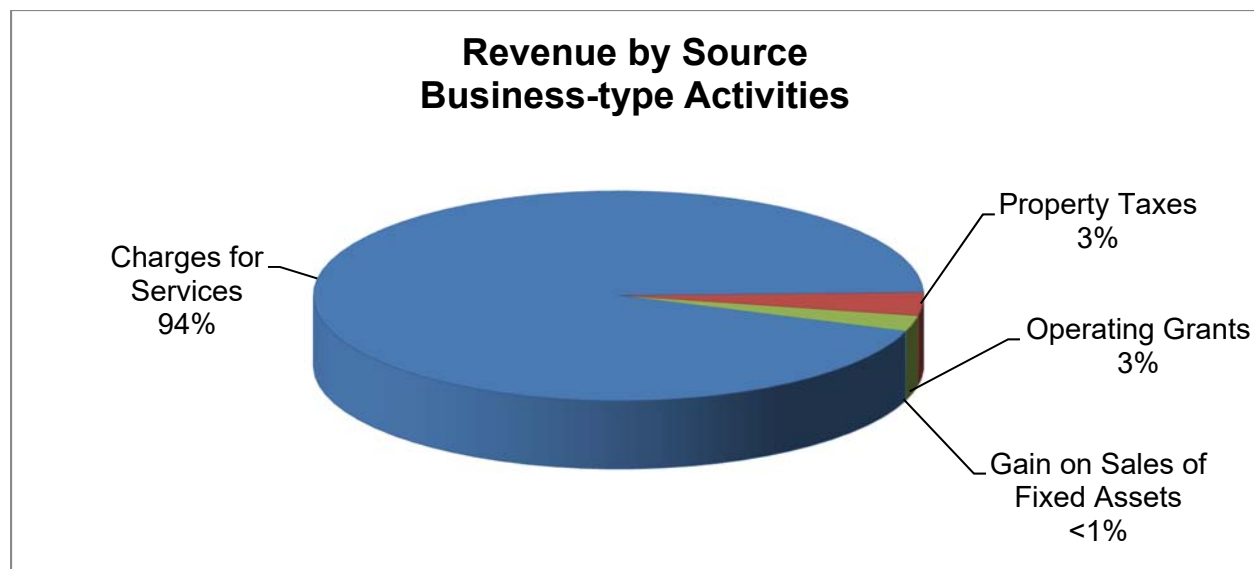
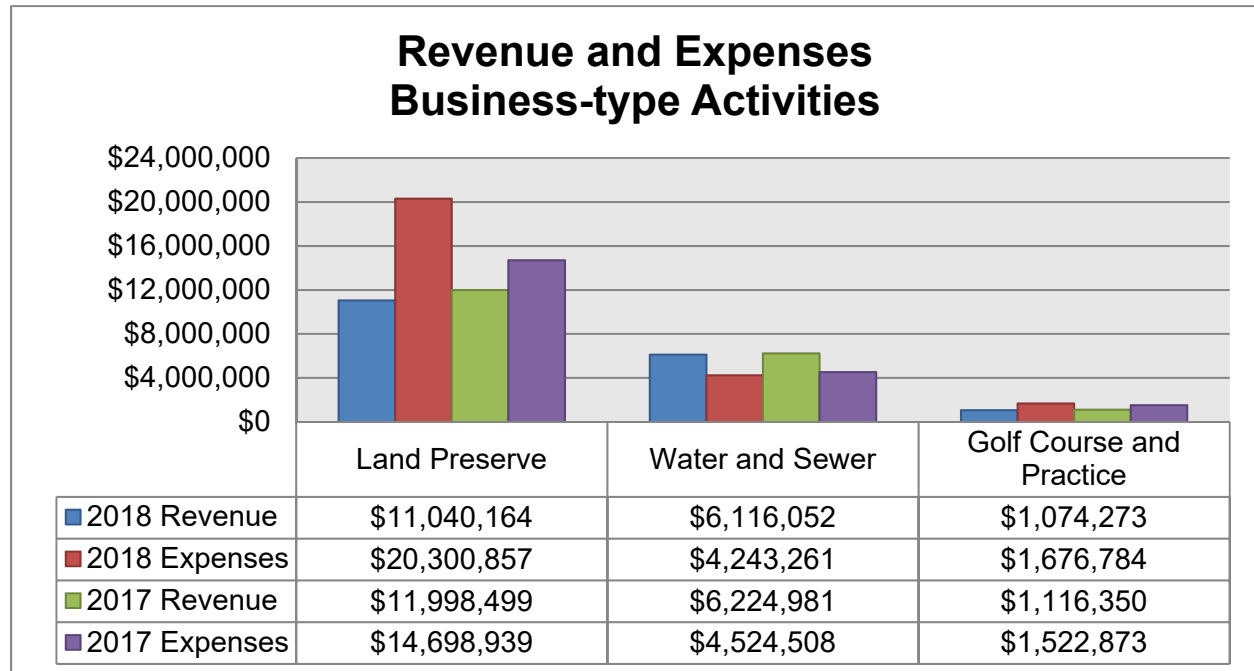
Management's Discussion and Analysis (Continued)



Business-type Activities

The City has three business-type activities: the water and sewer system, golf course and practice, and the land preserve. In total, these four activities generated \$17.1 million in charges for services and incurred \$26.2 million in expenses and transfers out in 2018, compared to \$18.0 million in charges for services and \$20.1 million in expenses and transfers out for 2017. The business-type activities net position decreased \$8.0 million to \$16.2 million in 2018.

In addition, general revenue for business-type activities was \$0.1 million in 2018, compared to \$0.2 million in 2017. Investment income/loss went from \$0.5 million loss in 2017 to \$0.3 million loss in 2018; this was primarily due to a slight decreases in market values on long-term investments at the land preserve. Property tax revenue was \$0.4 million for 2018, compared to \$0.5 million in 2017; 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.



At the end of fiscal year 2018, the City has \$200 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 \$6.8 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 \$4.7 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 \$1.5 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 2018 include the General Fund (combined basis) and the Major and Local Streets Funds.

The City's governmental funds reported a combined fund balance of \$4.4 million for this year, an increase of \$0.7 million over 2017.

The Major Streets Fund fund balance increased by \$204,544 and the Local Streets Fund fund balance increased by \$155,180. The two funds spent a combined \$1.1 million in 2018. The Local Street Funds received a transfer of debt proceeds from the Street and Water Main Repair Fund of \$0.4 million. Property tax revenue for the Local Streets Fund continue to be flat.

General Fund Budgetary Highlights

Revenue for the General Fund increased from the original budget to the final budget by \$387,194, primarily due to an increase in charges for services. Actual revenue was approximately \$49,000 below the final budget amounts. Operating transfers were lower than the budget by \$650,000.

Expenditures increased from the original budget to the final budget by approximately \$627,562, spread across several activities. Actual expenses were approximately \$1.2 million below the final budget, primarily due to lower staffing than was budgeted due to open positions.

Current Economic Conditions

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

Contacting the City's Financial Management

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

June 30, 2018

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and investments (Note 3)	\$ 4,779,698	\$ 6,084,006	\$ 10,863,704	\$ 17,164
Receivables:				
Property taxes receivable	142,963	-	142,963	-
Customer sales	-	2,895,131	2,895,131	-
Other receivables	372,255	53,209	425,464	-
Due from other governments	559,921	-	559,921	-
Internal balances	1,145,028	(1,145,028)	-	-
Inventory	-	29,454	29,454	-
Prepaid expenses and other assets	197,142	210,746	407,888	-
Deposits	144,253	-	144,253	-
Restricted assets (Note 5)	78,529	30,935,437	31,013,966	-
Investment in joint ventures (Note 14)	-	743,330	743,330	-
Capital assets: (Note 6)				
Assets not subject to depreciation	12,943,267	4,609,509	17,552,776	-
Assets subject to depreciation - Net	17,664,801	46,909,585	64,574,386	-
Total assets	38,027,857	91,325,379	129,353,236	17,164
Deferred Outflows of Resources - Pension (Note 10)	865,434	342,324	1,207,758	-
Liabilities				
Accounts payable	1,173,346	3,898,055	5,071,401	1,020
Accrued liabilities and other	559,632	139,828	699,460	-
Noncurrent liabilities:				
Due within one year:				
Accounts payable from restricted assets	-	372,098	372,098	-
Provision for claims (Note 9)	94,954	-	94,954	-
Current portion of long-term debt (Note 7)	792,966	1,473,042	2,266,008	-
Due in more than one year:				
Compensated absences (Note 7)	556,711	1,296	558,007	-
Landfill closure and postclosure (Note 5)	-	38,448,273	38,448,273	-
Net pension liability (Note 10)	4,849,457	1,918,216	6,767,673	-
Net OPEB liability (Note 11)	22,775,553	24,423,588	47,199,141	-
Long-term debt (Note 7)	6,019,335	4,751,812	10,771,147	-
Total liabilities	36,821,954	75,426,208	112,248,162	1,020
Deferred Inflows of Resources				
Deferred pension cost reductions (Note 10)	119,626	47,317	166,943	-
Deferred OPEB cost reductions (Note 11)	9,180	9,845	19,025	-
Total deferred inflows of resources	128,806	57,162	185,968	-
Net Position				
Net investment in capital assets	23,172,746	44,570,135	67,742,881	-
Restricted:				
Streets	1,533,696	-	1,533,696	-
Community development	69,983	-	69,983	-
Drug forfeiture	575,651	-	575,651	-
Water and sewer debt service	-	693,257	693,257	-
Debt service	21,279	-	21,279	-
Unrestricted	(23,430,824)	(29,079,059)	(52,509,883)	16,144
Total net position	\$ 1,942,531	\$ 16,184,333	\$ 18,126,864	\$ 16,144

City of Riverview, Michigan

Functions/Programs	Program Revenue			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 2,145,244	\$ 438,287	\$ -	\$ -
Public safety	5,691,335	721,770	230,734	22,625
Public works	3,233,751	109,620	998,296	11,104
Community and economic development	403,740	5,162	155,623	-
Recreation and culture	920,131	89,396	-	73,288
Interest on long-term debt	155,098	-	-	-
Total governmental activities	12,549,299	1,364,235	1,384,653	107,017
Business-type activities:				
Water and Sewer	4,201,454	5,015,161	653,272	-
Land Preserve	17,207,442	11,039,864	-	-
Golf Course and Practice	1,676,784	1,074,252	-	-
Economic Development Corporation	-	-	-	-
Total business-type activities	23,085,680	17,129,277	653,272	-
Total primary government	\$ 35,634,979	\$ 18,493,512	\$ 2,037,925	\$ 107,017
Component units - Brownfield Redevelopment	\$ 8,993	\$ 12,000	\$ -	\$ -

General revenue:
 Property taxes
 Unrestricted state-shared revenue
 Unrestricted investment income (loss)
 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 - As restated (Note 15)

Net Position - End of year

Statement of Activities

Year Ended June 30, 2018

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (1,706,957)	\$ -	\$ (1,706,957)	\$ -
(4,716,206)	-	(4,716,206)	-
(2,114,731)	-	(2,114,731)	-
(242,955)	-	(242,955)	-
(757,447)	-	(757,447)	-
(155,098)	-	(155,098)	-
(9,693,394)	-	(9,693,394)	-
-	1,466,979	1,466,979	-
-	(6,167,578)	(6,167,578)	-
-	(602,532)	(602,532)	-
-	-	-	-
-	(5,303,131)	(5,303,131)	-
(9,693,394)	(5,303,131)	(14,996,525)	-
-	-	-	3,007
5,896,014	447,619	6,343,633	-
1,433,447	-	1,433,447	-
438	(332,146)	(331,708)	-
364,571	-	364,571	-
20,105	300	20,405	-
271,249	-	271,249	-
7,985,824	115,773	8,101,597	-
2,803,055	(2,803,055)	-	-
1,095,485	(7,990,413)	(6,894,928)	3,007
847,046	24,174,746	25,021,792	13,137
\$ 1,942,531	\$ 16,184,333	\$ 18,126,864	\$ 16,144

Governmental Funds
Balance Sheet

June 30, 2018

	General Fund	Major Streets Fund	Local Streets Fund	Nonmajor Funds	Total Governmental Funds
Assets					
Cash and investments (Note 3)	\$ 1,557,132	\$ 545,104	\$ 1,102,502	\$ 1,004,714	\$ 4,209,452
Receivables:					
Property taxes receivable	115,038	-	5,963	21,962	142,963
Other receivables	372,020	-	235	-	372,255
Due from other governments	295,355	114,945	49,937	99,684	559,921
Due from other funds (Note 4)	51,911	-	-	-	51,911
Advances to other funds (Note 4)	1,086,368	-	-	-	1,086,368
Prepaid expenses and other assets	136,134	-	-	215	136,349
Restricted assets (Note 5)	-	-	-	78,529	78,529
Total assets	\$ 3,613,958	\$ 660,049	\$ 1,158,637	\$ 1,205,104	\$ 6,637,748
Liabilities					
Accounts payable	\$ 742,998	\$ 23,488	\$ 261,412	\$ 91,865	\$ 1,119,763
Due to other funds (Note 4)	532,722	-	-	151	532,873
Accrued liabilities and other	528,937	-	90	-	529,027
Total liabilities	1,804,657	23,488	261,502	92,016	2,181,663
Deferred Inflows of Resources - Unavailable revenue					
	-	-	-	57,953	57,953
Total liabilities and deferred inflows of resources	1,804,657	23,488	261,502	149,969	2,239,616
Fund Balances					
Nonspendable:					
Prepays	136,134	-	-	215	136,349
Advances to funds	1,086,368	-	-	-	1,086,368
Restricted:					
Streets	-	636,561	897,135	-	1,533,696
Police	-	-	-	575,436	575,436
Debt service	-	-	-	21,279	21,279
Capital projects	-	-	-	78,529	78,529
CDBG	-	-	-	12,030	12,030
Assigned:					
Cable	85,739	-	-	-	85,739
Library	92,797	-	-	-	92,797
Debt service	-	-	-	125,706	125,706
Capital projects	-	-	-	241,940	241,940
Rubbish	64,614	-	-	-	64,614
Unassigned	343,649	-	-	-	343,649
Total fund balances	1,809,301	636,561	897,135	1,055,135	4,398,132
Total liabilities, deferred inflows of resources, and fund balances	\$ 3,613,958	\$ 660,049	\$ 1,158,637	\$ 1,205,104	\$ 6,637,748

Governmental Funds

Reconciliation of the Balance Sheet to the Statement of Net Position

June 30, 2018

Fund Balances Reported in Governmental Funds	\$ 4,398,132
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	30,608,068
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	57,953
Bonds payable and capital lease obligations are not due and payable in the current period and are not reported in the funds	(6,812,301)
Accrued interest is not due and payable in the current period and is not reported in the funds	(30,605)
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	(556,711)
Net pension liabilities and related deferred inflows and outflows	(4,103,649)
The net OPEB liability and related deferred inflows	(22,784,733)
Internal service funds are included as part of governmental activities	1,166,377
Net Position of Governmental Activities	<u>\$ 1,942,531</u>

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

Year Ended June 30, 2018

	General Fund	Major Streets Fund	Local Streets Fund	Nonmajor Funds	Total Governmental Funds
Revenue					
Property taxes	\$ 4,848,637	\$ -	\$ 224,749	\$ 822,628	\$ 5,896,014
Charges to other funds	907,047	-	-	-	907,047
State and federal sources:					
Federal grants	6,000	-	-	245,813	251,813
State sources	1,419,277	721,125	353,578	106,036	2,600,016
Charges for services	817,954	-	-	-	817,954
Fines and forfeitures	96,310	-	-	-	96,310
Licenses and permits:					
Cable franchise fees	364,571	-	-	-	364,571
Other licenses and permits	370,066	-	-	-	370,066
Investment gain	7,277	1	8	164	7,450
Other revenue	243,237	-	-	73,288	316,525
Total revenue	9,080,376	721,126	578,335	1,247,929	11,627,766
Expenditures					
Current services:					
General government	2,439,261	-	-	-	2,439,261
Public safety	5,445,818	-	-	41,759	5,487,577
Public works	2,074,475	274,657	811,651	-	3,160,783
Community and economic development	198,734	-	-	141,524	340,258
Recreation and culture	895,858	-	-	-	895,858
Capital outlay	-	-	-	526,006	526,006
Debt service	28,810	-	-	964,804	993,614
Total expenditures	11,082,956	274,657	811,651	1,674,093	13,843,357
Excess of Revenue (Under) Over Expenditures	(2,002,580)	446,469	(233,316)	(426,164)	(2,215,591)
Other Financing Sources (Uses)					
Transfers in	2,291,662	-	388,496	611,393	3,291,551
Transfers out	(100,000)	(241,925)	-	(146,571)	(488,496)
Proceeds from equipment loan	107,320	-	-	-	107,320
Sale of capital assets	-	-	-	49,468	49,468
Total other financing sources (uses)	2,298,982	(241,925)	388,496	514,290	2,959,843
Net Change in Fund Balances	296,402	204,544	155,180	88,126	744,252
Fund Balances - Beginning of year	1,512,899	432,017	741,955	967,009	3,653,880
Fund Balances - End of year	<u>\$ 1,809,301</u>	<u>\$ 636,561</u>	<u>\$ 897,135</u>	<u>\$ 1,055,135</u>	<u>\$ 4,398,132</u>

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, 2018

Net Change in Fund Balances Reported in Governmental Funds	\$	744,252
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:		
Capital outlay		1,469,944
Depreciation expense		(1,809,212)
Net book value of assets disposed of		(29,657)
Certain revenue from federal sources is deferred and will be recognized as revenue in the fund statements in future years		(44,887)
Accumulated employee sick and vacation pay is recorded when paid in the governmental funds		(47,216)
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		(413,536)
Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)		808,870
Issuing debt provides current financial resources to governmental funds, but increases long-term liabilities in the statement of net position		(107,320)
The change in net OPEB liability and deferred inflows related to OPEB amounts does not require the use of current resources and is not reported in the governmental activities		384,029
Interest expense is recorded when incurred in the statement of activities		29,646
Internal service funds are included as part of governmental activities		110,572
Change in Net Position of Governmental Activities	\$	<u>1,095,485</u>

Proprietary Funds
Statement of Net Position

June 30, 2018

	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)	\$ 6,038,049	\$ -	\$ 45,957	\$ 6,084,006	\$ 570,246
Receivables:					
Customer sales	1,046,291	1,848,840	-	2,895,131	-
Other receivables	53,209	-	-	53,209	-
Due from other funds (Note 4)	-	51,727	-	51,727	539,622
Inventory	-	-	29,454	29,454	-
Prepaid expenses and other assets	135,451	75,213	82	210,746	60,793
Deposits	-	-	-	-	144,253
Total current assets	7,273,000	1,975,780	75,493	9,324,273	1,314,914
Noncurrent assets:					
Restricted assets (Note 5)	693,257	30,242,180	-	30,935,437	-
Investment in joint ventures (Note 14)	743,330	-	-	743,330	-
Capital assets: (Note 6)					
Assets not subject to depreciation	588,137	3,329,471	691,901	4,609,509	-
Assets subject to depreciation - Net	24,393,585	20,742,301	1,773,699	46,909,585	-
Total noncurrent assets	26,418,309	54,313,952	2,465,600	83,197,861	-
Total assets	33,691,309	56,289,732	2,541,093	92,522,134	1,314,914
Deferred Outflows of Resources - Pension (Note 10)	59,400	268,451	14,473	342,324	-
Liabilities					
Current liabilities:					
Accounts payable	2,260,305	1,610,353	27,397	3,898,055	53,583
Due to other funds (Note 4)	110,387	-	-	110,387	-
Accrued liabilities and other	20,912	81,274	37,642	139,828	-
Provision for claims (Note 9)	-	-	-	-	94,954
Current portion of long-term debt (Note 7)	912,762	560,280	-	1,473,042	-
Total current liabilities	3,304,366	2,251,907	65,039	5,621,312	148,537
Noncurrent liabilities:					
Advances from other funds (Note 4)	-	-	1,086,368	1,086,368	-
Accounts payable from restricted assets	-	372,098	-	372,098	-
Compensated absences (Note 7)	1,296	-	-	1,296	-
Landfill closure and postclosure (Note 5)	-	38,448,273	-	38,448,273	-
Net pension liability (Note 10)	332,844	1,504,265	81,107	1,918,216	-
Net OPEB liability (Note 11)	5,672,311	15,706,263	3,045,014	24,423,588	-
Long-term debt (Note 7)	3,852,916	898,896	-	4,751,812	-
Total noncurrent liabilities	9,859,367	56,929,795	4,212,489	71,001,651	-
Total liabilities	13,163,733	59,181,702	4,277,528	76,622,963	148,537
Deferred Inflows of Resources					
Deferred pension cost reductions (Note 10)	8,210	37,108	1,999	47,317	-
Deferred OPEB cost reductions (Note 11)	2,286	6,331	1,228	9,845	-
Total deferred inflows of resources	10,496	43,439	3,227	57,162	-
Net Position					
Net investment in capital assets	19,491,939	22,612,596	2,465,600	44,570,135	-
Restricted - Water and sewer debt service (Note 5)	693,257	-	-	693,257	-
Unrestricted	391,284	(25,279,554)	(4,190,789)	(29,079,059)	1,166,377
Total net position	\$ 20,576,480	\$ (2,666,958)	\$ (1,725,189)	\$ 16,184,333	\$ 1,166,377

Proprietary Funds
Statement of Revenue, Expenses, and Changes in Net Position

Year Ended June 30, 2018

	Enterprise Funds			Total Enterprise Funds	Governmental Activities
	Water and Sewer	Land Preserve	Nonmajor Enterprise - Golf Course and Practice		Internal Service Funds
Operating Revenue					
Customer billings	\$ 5,014,430	\$ -	\$ -	\$ 5,014,430	\$ -
Greens fees	-	-	671,305	671,305	-
Equipment rentals	-	-	208,538	208,538	-
Charges for services	-	-	-	-	2,100,669
Miscellaneous revenue	731	246,821	194,409	441,961	-
Rubbish collections	-	10,793,043	-	10,793,043	-
Other operating revenue	600,895	-	-	600,895	-
Total operating revenue	5,616,056	11,039,864	1,074,252	17,730,172	2,100,669
Operating Expenses					
Cost of water and sewer	1,539,877	-	-	1,539,877	-
Operations and maintenance	432,723	6,583,340	872,176	7,888,239	-
Supplies	14,621	69,106	200,935	284,662	-
Other services and charges	716,728	6,895,740	339,670	7,952,138	1,990,097
Depreciation	1,329,200	3,642,566	264,003	5,235,769	-
Total operating expenses	4,033,149	17,190,752	1,676,784	22,900,685	1,990,097
Operating Income (Loss)	1,582,907	(6,150,888)	(602,532)	(5,170,513)	110,572
Nonoperating Revenue (Expense)					
Property taxes - Sewage disposal system	447,619	-	-	447,619	-
Investment (loss) income	(41,807)	(290,360)	21	(332,146)	-
Interest expense	(168,305)	(16,690)	-	(184,995)	-
Gain on sale of assets	-	300	-	300	-
Nonoperating grants	52,377	-	-	52,377	-
Total nonoperating revenue (expense)	289,884	(306,750)	21	(16,845)	-
Transfers Out	-	(2,803,055)	-	(2,803,055)	-
Change in Net Position	1,872,791	(9,260,693)	(602,511)	(7,990,413)	110,572
Net Position - Beginning of year - As restated (Note 15)	18,703,689	6,593,735	(1,122,678)	24,174,746	1,055,805
Net Position - End of year	\$ 20,576,480	\$ (2,666,958)	\$ (1,725,189)	\$ 16,184,333	\$ 1,166,377

Proprietary Funds
Statement of Cash Flows

Year Ended June 30, 2018

	Enterprise Funds				Governmental
	Water and Sewer	Land Preserve	Nonmajor	Total	Internal Service Funds
			Enterprise - Golf Course and Practice		
Cash Flows from Operating Activities					
Receipts from customers	\$ 4,983,109	\$ 10,852,518	\$ 1,074,252	\$ 16,909,879	\$ -
Receipts from interfund services and reimbursements	-	-	-	-	2,137,464
Payments to suppliers	(1,888,959)	(4,805,184)	(552,666)	(7,246,809)	-
Payments to employees	(815,198)	(3,332,670)	(732,017)	(4,879,885)	-
Claims paid	-	-	-	-	(1,931,096)
Net cash and cash equivalents provided by (used in) operating activities	2,278,952	2,714,664	(210,431)	4,783,185	206,368
Cash Flows from Noncapital Financing Activities					
Nonoperating grants	52,377	-	-	52,377	-
Net transfers to other funds	-	(2,803,055)	-	(2,803,055)	-
Loans received from other funds	-	-	215,586	215,586	-
Repayments of loans made to other funds	27,353	1,708,979	-	1,736,332	-
Repayments of loans from other funds	(1,770,027)	(381,349)	-	(2,151,376)	-
Net cash and cash equivalents (used in) provided by noncapital financing activities	(1,690,297)	(1,475,425)	215,586	(2,950,136)	-
Cash Flows from Capital and Related Financing Activities					
Issuance of bonds	-	650,000	-	650,000	-
Proceeds from sale of capital assets	-	300	-	300	-
Property taxes restricted for capital items	405,738	-	-	405,738	-
Purchase of capital assets	(549,293)	(6,325,296)	(20,722)	(6,895,311)	-
Principal and interest paid on capital debt	(389,849)	(421,278)	-	(811,127)	-
Payment to county for debt service	(792,963)	-	-	(792,963)	-
Net cash and cash equivalents used in capital and related financing activities	(1,326,367)	(6,096,274)	(20,722)	(7,443,363)	-
Cash Flows from Investing Activities					
Investment loss	(41,807)	(290,360)	-	(332,167)	-
Proceeds from sale and maturities of investment securities	247,662	4,059,978	-	4,307,640	-
Net cash and cash equivalents provided by investing activities	205,855	3,769,618	-	3,975,473	-
Net (Decrease) Increase in Cash and Cash Equivalents	(531,857)	(1,087,417)	(15,567)	(1,634,841)	206,368
Cash and Cash Equivalents - Beginning of year	4,404,988	1,087,417	27,873	5,520,278	363,878
Cash and Cash Equivalents - End of year	<u>\$ 3,873,131</u>	<u>\$ -</u>	<u>\$ 12,306</u>	<u>\$ 3,885,437</u>	<u>\$ 570,246</u>

Proprietary Funds
Statement of Cash Flows (Continued)

Year Ended June 30, 2018

	Enterprise Funds				Governmental
	Water and Sewer	Land Preserve	Nonmajor Enterprise - Golf Course and Practice	Total	Internal Service Funds
Classification of Cash and Cash Equivalents					
Cash and investments	\$ 6,038,049	\$ -	\$ 45,957	\$ 6,084,006	\$ 570,246
Less amounts classified as investments	(2,164,918)	-	(33,651)	(2,198,569)	-
Total cash and cash equivalents	\$ 3,873,131	\$ -	\$ 12,306	\$ 3,885,437	\$ 570,246
Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities					
Operating income (loss)	\$ 1,582,907	\$ (6,150,888)	\$ (602,532)	\$ (5,170,513)	\$ 110,572
Adjustments to reconcile operating income (loss) to net cash from operating activities:					
Depreciation and amortization	1,329,200	3,642,566	264,003	5,235,769	-
Changes in assets and liabilities:					
Receivables	(32,052)	(187,346)	-	(219,398)	-
Due from other funds	-	-	-	-	36,795
Inventories	-	-	(9,832)	(9,832)	-
Gain on investment in Downriver Sewage Disposal System	(600,895)	-	-	(600,895)	-
Prepaid and other assets	(7,207)	(74,378)	(82)	(81,667)	-
Accounts payable	468,091	(660,503)	(2,147)	(194,559)	-
Estimated claims liability	-	-	-	-	59,001
Net pension or OPEB liability	(484,241)	2,069,784	141,745	1,727,288	-
Deferrals related to pension or OPEB	27,041	(49,477)	(2,765)	(25,201)	-
Accrued and other liabilities	(3,892)	4,542	1,179	1,829	-
Land preserve closure liability	-	4,120,364	-	4,120,364	-
Total adjustments	696,045	8,865,552	392,101	9,953,698	95,796
Net cash and cash equivalents provided by (used in) operating activities	\$ 2,278,952	\$ 2,714,664	\$ (210,431)	\$ 4,783,185	\$ 206,368

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

1. The restricted assets held at the county as of July 1, 2017 amounted to \$942,262, and the balance at June 30, 2018 was \$693,257. The change during the year was due to revenue from a judgment levy of \$792,963, interest income of \$9,371, negative cash adjustments of \$4,353, and payments of principal and interest of \$945,418 and \$101,568, respectively. In addition, there was an increase in investment in joint venture in the amount of \$600,895 related to the Downriver Sewage Disposal System. This activity was administrated by Wayne County, Michigan.

2. The Downriver Sewage Disposal System (the City is a member) issued new debt during the year, which resulted in the City reporting an addition to debt and addition to fixed assets. The transaction had no cash impact to the City, and the City's portion of the debt issued by the Downriver Sewage Disposal System amounted to \$221,372.

Fiduciary Funds
Statement of Fiduciary Net Position

June 30, 2018

	Pension Trust Fund - Employees' Retirement System	Private Purpose Trust Fund - Community Trust	Agency Funds
Assets			
Cash and cash equivalents	\$ 486,155	\$ 17,548	\$ 230,976
Investments:			
U.S. government securities	3,738,504	-	-
Stocks and pooled equity investments	21,084,393	-	-
Corporate bonds	5,486,859	-	-
Receivables - Other receivables	355,652	-	183,799
Total assets	31,151,563	17,548	\$ 414,775
Liabilities			
Due to other governmental units	-	-	\$ 301,715
Refundable deposits, bonds, etc.	-	-	113,060
Accrued liabilities and other	-	11,323	-
Total liabilities	-	11,323	\$ 414,775
Net Position Held in Trust	\$ 31,151,563	\$ 6,225	

Fiduciary Funds
Statement of Changes in Fiduciary Net Position

Year Ended June 30, 2018

	Pension Trust Fund - Employees' Retirement System	Private Purpose Trust Fund - Community Trust
Additions		
Investment income (loss):		
Interest and dividends	\$ 695,883	\$ 1
Net increase in fair value of investments	1,813,944	-
Investment-related expenses	(126,097)	-
Total investment income	2,383,730	1
Contributions:		
Employer	1,018,391	-
Employee	132,698	-
Total contributions	1,151,089	-
Total additions	3,534,819	1
Deductions - Benefit payments	2,526,691	-
Net Increase in Net Position Held in Trust	1,008,128	1
Net Position Held in Trust - Beginning of year	30,143,435	6,224
Net Position Held in Trust - End of year	\$ 31,151,563	\$ 6,225

City of Riverview, Michigan

Component Units Statement of Net Position

June 30, 2018

	Brownfield Redevelopment	Economic Development Corporation	Total
Assets - Cash and cash equivalents	\$ 4,027	\$ 13,137	\$ 17,164
Liabilities - Accounts payable	1,020	-	1,020
Net Position - Unrestricted	<u>\$ 3,007</u>	<u>\$ 13,137</u>	<u>\$ 16,144</u>

City of Riverview, Michigan

**Component Units
Statement of Activities**

Year Ended June 30, 2018

	Program Revenue				Net Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Brownfield Redevelopment	Economic Development Corporation	Total
Functions/Programs							
Brownfield Redevelopment	\$ 8,993	\$ 12,000	\$ -	\$ -	\$ 3,007	\$ -	\$ 3,007
Economic Development Corporation	-	-	-	-	-	-	-
Total component units	\$ 8,993	\$ 12,000	\$ -	\$ -	3,007	-	3,007
Change in Net Position					3,007	-	3,007
Net Position - Beginning of year					-	13,137	13,137
Net Position - End of year					\$ 3,007	\$ 13,137	\$ 16,144

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's 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 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 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.

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 board 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:

- The 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.

Note 1 - Significant Accounting Policies (Continued)

Internal Service Funds

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

Fiduciary Funds

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

- Pension Trust Fund - The Pension Trust Fund accounts for the activities of the employee benefit plan that accumulates resources for pension payments to qualified employees.
- Private Purpose Trust Fund - The Private Purpose Trust Fund accounts for the activity of resources donated for the veterans' memorial.
- Agency Funds - The agency funds account for assets held by the City in a trustee capacity or as an agent for individuals, organizations, or other governments.

Interfund Activity

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

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

Basis of Accounting

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

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

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 and unspent bond proceeds.

Capital Assets

Capital assets, which include property, plant, equipment, intangible assets, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial individual cost of more than \$500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition 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 years
Buildings and improvements	20 to 30 years
Vehicles	1 to 10 years
Furniture, fixtures, and equipment	3 to 30 years
Water and sewer distribution system	20 to 40 years
Land improvements	5 to 40 years

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 an "other financing source" 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, as described in Note 10.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The City reports deferred inflows related to pension and OPEB, as described in Notes 10 and 11, respectively. Additionally, the City reports deferred inflows of resources related to unavailable revenue only in the governmental funds. These amounts will be recognized as an inflow of resources in the period the amounts become available.

Net Position Flow Assumption

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

Fund Balance Flow Assumptions

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

Fund Balance Policies

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

Note 1 - Significant Accounting Policies (Continued)

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

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

Property Tax Revenue

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

The City's 2017 property tax revenue was levied and collectible on July 1, 2017 and is recognized as revenue in the year ended June 30, 2018 when the proceeds of the levy are budgeted and available for the financing of operations.

The 2017 taxable valuation of the City totaled \$300 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 \$5.1 million for operating purposes (taxes are reflected in the General Fund and Local Streets Fund), \$0.4 million for sewage disposal debt, and \$0.8 million for street and water main repair debt service.

Pension

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

Other Postemployment Benefit

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

Note 1 - Significant Accounting Policies (Continued)

Compensated Absences (Vacation and Sick Leave)

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

Proprietary Funds Operating Classification

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

Use of Estimates

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

Upcoming Accounting Pronouncements

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

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

In March 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. This statement establishes criteria to improve the information that is disclosed in the notes to the government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. 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, 2019.

Note 1 - Significant Accounting Policies (Continued)

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

Note 2 - Stewardship, Compliance, and Accountability

Budgetary Information

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

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

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

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

1. Prior to the first regular meeting in April, the city manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. As provided for by the City Charter, no later than the second Monday in June, the budget is legally adopted through the passage of budget resolutions for each fund.
4. The city manager is authorized to transfer budgeted amounts within departments; however, any revisions that alter the total expenditure of any department and transfers between funds or departments or from contingency must be approved by the City Council.

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

Excess of Expenditures Over Appropriations in Budgeted Funds

The City did not have significant expenditure budget variances.

June 30, 2018

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

Construction Code Fees

The City oversees building construction in accordance with the State's Construction Code Act, including inspection of building construction and renovation to ensure compliance with the building codes. The City charges fees for these services. The law requires that collection of these fees be used only for construction code costs, including an allocation of estimated overhead costs. A summary of the current year activity and the cumulative shortfall generated since January 1, 2000 is as follows:

Shortfall at July 1, 2017		\$ (1,802,397)
Current year permit revenue		251,457
Related expenses:		
Direct costs	\$ 228,668	
Estimated indirect costs	22,867	251,535
		<u>(78)</u>
Current year shortfall		<u>(78)</u>
Cumulative shortfall June 30, 2018		<u>\$ (1,802,475)</u>

Note 3 - Deposits and Investments

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

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.

Note 3 - Deposits and Investments (Continued)

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

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. At year end, the City had \$9,019,099 of bank deposits (checking and savings accounts) that were uninsured and uncollateralized. The City believes that, due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the City evaluates each financial institution with which it deposits city funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories. To the extent that cash from various funds has been pooled, related investment income is allocated to each fund based on relative participation in the pool.

Interest Rate Risk

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

Primary Government	Fair Value	Less Than 1 Year	1-5 Years	6-10 Years	More Than 10 Years
U.S. government agency securities	\$ 7,204,439	\$ 304,881	\$ 3,207,807	\$ 3,460,821	\$ 230,930
U.S. Treasury notes	23,228,177	4,375,478	15,286,748	3,565,951	-
Total	\$ 30,432,616	\$ 4,680,359	\$ 18,494,555	\$ 7,026,772	\$ 230,930

Fiduciary Funds	Carrying Value	Less Than 1 Year	1-5 Years	6-10 Years	More Than 10 Years
U.S. government agency securities	\$ 644,623	\$ -	\$ -	\$ 158,768	\$ 485,855
U.S. Treasury notes	3,093,881	104,647	2,037,696	951,538	-
Corporate bonds	5,486,859	260,990	3,971,419	1,254,450	-
Total	\$ 9,225,363	\$ 365,637	\$ 6,009,115	\$ 2,364,756	\$ 485,855

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	\$ 22,935,848	Aaa	Moody's
U.S. Treasury	292,329	Unrated	N/A
U.S. government agency securities	7,204,439	Aaa	Moody's
	\$ 30,432,616		

Note 3 - Deposits and Investments (Continued)

Investment	Fair Value	Rating	Rating Organization
Fiduciary Funds			
U.S. Treasury	\$ 2,996,438	AAA	Moody's
	97,443	Not Rated	N/A
U.S. government agency securities	158,768	AAA	Moody's
	485,855	Not Rated	N/A
Corporate bonds	378,133	A1	Moody's
	343,424	A2	Moody's
	801,044	A3	Moody's
	63,663	AA1	Moody's
	156,932	AA2	Moody's
	94,274	AA3	Moody's
	1,159,535	AAA	Moody's
	34,550	BA2	Moody's
	921,796	BAA1	Moody's
	599,328	BAA2	Moody's
	551,146	BAA3	Moody's
	383,034	Not Rated	N/A
	<u>\$ 9,225,363</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 13.93 percent and Federal Home Loan Mortgage Corporation at 7.41 percent.

Risks and Uncertainties

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

Fair Value Measurements

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

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

June 30, 2018

Note 3 - Deposits and Investments (Continued)

The City has the following recurring fair value measurements as of June 30, 2018:

	Assets Measured at Fair Value on a Recurring Basis at June 30, 2018			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2018
Debt securities:				
U.S. Treasury securities	\$ 26,322,058	\$ -	\$ -	\$ 26,322,058
Agency bonds	-	7,849,062	-	7,849,062
Corporate bonds	-	5,486,859	-	5,486,859
Other fixed income	-	997,173	-	997,173
Total debt securities	26,322,058	14,333,094	-	40,655,152
Equity securities:				
Stocks	3,336,583	-	-	3,336,583
ETF - Equity	3,061,180	-	-	3,061,180
Mutual fund - Equity	14,686,630	-	-	14,686,630
Total equity securities	21,084,393	-	-	21,084,393
Total assets	\$ 47,406,451	\$ 14,333,094	\$ -	\$ 61,739,545

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, 2018 was determined primarily based on Level 2 inputs. The City estimates the fair value of these investments using other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

Note 4 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances at June 30, 2018 is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Water and Sewer Fund	\$ 51,760
	Nonmajor governmental funds	151
	Total General Fund	51,911
Internal Service Funds	General Fund	532,722
	Water and Sewer Fund	6,900
	Total Internal Service Fund	539,622
Land Preserve Fund	Water and Sewer Fund	51,727
	Total	\$ 643,260

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

Fund Borrowed From	Fund Loaned To	Amount
General Fund	Nonmajor enterprise funds	\$ 1,086,368

June 30, 2018

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

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. These amounts will be paid back to the receivable funds as the payable funds start building up their cash balances.

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

Transferred To	Transferred From	Amount
General Fund	Land Preserve Fund (1)	\$ 2,291,662
Local Streets Fund	Major Streets Fund (3)	241,925
	Nonmajor governmental funds (4)	146,571
	Total Local Streets Fund	388,496
Nonmajor governmental funds	General Fund (2)	100,000
	Land Preserve Fund (1)(2)	511,393
	Total nonmajor governmental funds	611,393
	Total	<u>\$ 3,291,551</u>

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

Note 5 - Restricted Assets

At June 30, 2018, restricted assets are composed of the following:

Description	Water and Sewer Fund	Land Preserve Fund	Street and Water Main Repair Fund	Total
Cash and investments	\$ -	\$ 30,242,180	\$ -	\$ 30,242,180
Deposits held by Wayne County, Michigan - Water and Sewer Fund	693,257	-	-	693,257
Unspent bond proceeds	-	-	78,529	78,529
Total	<u>\$ 693,257</u>	<u>\$ 30,242,180</u>	<u>\$ 78,529</u>	<u>\$ 31,013,966</u>

Water and Sewer

The City has assets of \$693,257 held at Wayne County, Michigan 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.

Note 5 - Restricted Assets (Continued)

Landfill - Closure and Postclosure Care Costs

State and federal laws and regulations require the City to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the City reports a portion of the closure and postclosure care costs as an operating expense in each period based on the acres of the entire permitted site used as of each balance sheet date. The \$38,448,273 reported as landfill closure and postclosure liability at June 30, 2018 represents the cumulative amount reported to date based on the closure and postclosure costs related to the acres of the permitted site that have been used. The City will recognize the remaining estimate of closure and postclosure care costs of approximately \$12 million as the remaining estimated capacity is filled.

These amounts are based on what it would cost to perform all closure and postclosure care in current dollars. Engineers have estimated the remaining airspace will be filled by July 2027. On a volume basis versus site acreage basis, approximately 82 percent of landfill capacity is used as of June 30, 2018. 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, 2018, investments of \$30,242,180 are held for these purposes. These are reported as restricted assets on the balance sheet. Net position has been not been restricted for since the total restricted assets of \$30,242,180 is less than the sum of the postclosure liability of \$38,448,273 and accounts payable with restricted assets of \$372,098. The City expects that future inflation costs will be paid from interest earnings on these contributions. However, if interest earnings are inadequate or additional postclosure care requirements are determined (due to changes in technology or applicable laws or regulations, for example), these costs may need to be covered by charges to future landfill users or from future tax revenue.

The restricted assets are tracked in three accounts: perpetual care, financial assurance, and compliance. The perpetual care and financial assurance accounts total are required by the State and must be maintained for closure and postclosure care. Investment earnings on these accounts are restricted. The compliance account is funded voluntarily by the City and is not mandated by the State. Investment earnings on the compliance account are unrestricted. At June 30, 2018, the compliance account held \$13 million that can be used for eligible land preserve projects.

Street and Water Main Repair

The City has \$78,529 of unspent bond proceeds remaining from the 2015 General Obligation Unlimited Tax Bonds. The bond proceeds use is restricted to installing, improving, replacing, and reconstructing streets and water mains in the City.

June 30, 2018

Note 6 - Capital Assets

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

Governmental Activities

	Balance July 1, 2017	Reclassifications	Additions	Disposals and Adjustments	Balance June 30, 2018
Capital assets not being depreciated:					
Land	\$ 11,631,020	\$ -	\$ -	\$ -	\$ 11,631,020
Construction in progress	6,849,654	(5,754,194)	216,787	-	1,312,247
Subtotal	18,480,674	(5,754,194)	216,787	-	12,943,267
Capital assets being depreciated:					
Infrastructure	42,293,605	5,754,194	866,304	(818,768)	48,095,335
Buildings and improvements	11,051,511	-	213,453	(29,657)	11,235,307
Equipment and vehicles	6,864,054	-	173,400	(37,385)	7,000,069
Subtotal	60,209,170	5,754,194	1,253,157	(885,810)	66,330,711
Accumulated depreciation:					
Infrastructure	32,172,231	-	1,397,318	(818,768)	32,750,781
Buildings and improvements	9,600,993	-	405,353	-	10,006,346
Equipment and vehicles	5,939,627	-	6,541	(37,385)	5,908,783
Subtotal	47,712,851	-	1,809,212	(856,153)	48,665,910
Net capital assets being depreciated	12,496,319	5,754,194	(556,055)	(29,657)	17,664,801
Net governmental activities capital assets	<u>\$ 30,976,993</u>	<u>\$ -</u>	<u>\$ (339,268)</u>	<u>\$ (29,657)</u>	<u>\$ 30,608,068</u>

Business-type Activities

	Balance July 1, 2017	Reclassifications	Additions	Disposals and Adjustments	Balance June 30, 2018
Water and Sewer System					
Capital assets not being depreciated -					
Construction in progress	\$ 2,910,578	\$ (2,774,250)	\$ 451,809	\$ -	\$ 588,137
Capital assets being depreciated:					
Water and sewer lines	45,171,906	2,763,318	173,122	-	48,108,346
Buildings and improvements	796,237	10,932	-	(42,457)	764,712
Machinery and equipment	2,054,779	-	11,237	(899)	2,065,117
Vehicles	814,593	-	86,247	(38,707)	862,133
Subtotal	48,837,515	2,774,250	270,606	(82,063)	51,800,308
Accumulated depreciation:					
Water and sewer lines	23,254,986	-	1,046,474	-	24,301,460
Buildings and improvements	385,282	-	59,066	(42,457)	401,891
Machinery and equipment	1,762,986	-	136,650	(899)	1,898,737
Vehicles	756,332	-	87,010	(38,707)	804,635
Subtotal	26,159,586	-	1,329,200	(82,063)	27,406,723
Net capital assets being depreciated	22,677,929	2,774,250	(1,058,594)	-	24,393,585
Net water and sewer system capital assets	25,588,507	-	(606,785)	-	24,981,722

June 30, 2018

Note 6 - Capital Assets (Continued)

Business-type Activities (Continued)

	Balance July 1, 2017	Reclassifications	Additions	Disposals and Adjustments	Balance June 30, 2018
Golf Course and Practice					
Capital assets not being depreciated - Land	\$ 691,901	\$ -	\$ -	\$ -	\$ 691,901
Capital assets being depreciated:					
Buildings and improvements	2,460,305	-	-	-	2,460,305
Machinery and equipment	2,872,167	-	20,722	29,385	2,922,274
Land improvements	1,722,308	-	-	-	1,722,308
Subtotal	7,054,780	-	20,722	29,385	7,104,887
Accumulated depreciation:					
Buildings and improvements	2,116,967	-	60,721	-	2,177,688
Machinery and equipment	2,212,822	-	150,389	29,385	2,392,596
Land improvements	708,011	-	52,893	-	760,904
Subtotal	5,037,800	-	264,003	29,385	5,331,188
Net capital assets being depreciated	2,016,980	-	(243,281)	-	1,773,699
Net golf course and practice capital assets	2,708,881	-	(243,281)	-	2,465,600
Land Preserve					
Capital assets not being depreciated:					
Land	2,761,877	-	507,937	-	3,269,814
Construction in progress	7,162,785	(6,840,384)	-	(262,744)	59,657
Subtotal	9,924,662	(6,840,384)	507,937	(262,744)	3,329,471
Capital assets being depreciated:					
Buildings and improvements	34,587,538	6,840,384	6,086,554	-	47,514,476
Machinery and equipment	9,805,456	-	1,547	-	9,807,003
Vehicles	369,283	-	38,708	(14,986)	393,005
Subtotal	44,762,277	6,840,384	6,126,809	(14,986)	57,714,484
Accumulated depreciation:					
Buildings and improvements	24,873,039	-	2,512,288	-	27,385,327
Machinery and equipment	8,066,738	-	1,119,114	7,999	9,193,851
Vehicles	358,120	-	11,164	23,721	393,005
Subtotal	33,297,897	-	3,642,566	31,720	36,972,183
Net capital assets being depreciated	11,464,380	6,840,384	2,484,243	(46,706)	20,742,301
Net land preserve capital assets	21,389,042	-	2,992,180	(309,450)	24,071,772
Net business-type activity capital assets	\$ 49,686,430	\$ -	\$ 2,142,114	\$ (309,450)	\$ 51,519,094

June 30, 2018

Note 6 - Capital Assets (Continued)

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

Governmental activities:	
General government	\$ 1,183,686
Public safety	249,694
Public works	188,554
Economic development	10,131
Recreation and culture	177,147
	<u>1,809,212</u>
Total governmental activities	<u>\$ 1,809,212</u>
Business-type activities:	
Water and sewer	\$ 1,329,200
Land preserve	3,642,566
Golf course and practice	264,003
	<u>5,235,769</u>
Total business-type activities	<u>\$ 5,235,769</u>

Construction Commitments

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

	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Street repair and sectioning	\$ 791,747	\$ 98,458
Street/Water main replacement	535,581	123,887
Sidewalk replacement	6,717	29,493
Pump equipment	-	213,611
Dozer - Land preserve	-	775,000
GIS software	25,380	32,620
	<u>1,359,425</u>	<u>1,273,069</u>
Total	<u>\$ 1,359,425</u>	<u>\$ 1,273,069</u>

June 30, 2018

Note 7 - Long-term Debt

General Obligation Bonds and Contracts

The City issues general obligation bonds to provide for the acquisition and construction of major capital facilities. General obligations have been issued for both governmental and business-type activities. General obligation bonds are direct obligations and pledge the full faith and credit of the City. County contractual agreements and installment purchase agreements are also general obligations of the City. Long-term debt outstanding at June 30, 2018 is as follows:

	Interest Rate Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Governmental activities:						
2015 General Obligation Unlimited Tax Bonds:						
Amount of issue - \$7,725,000						
Maturing through 2025	2.00% - 3.00%	\$ 7,125,000	\$ -	\$ (650,000)	\$ 6,475,000	\$ 700,000
Bond premium		216,900	-	(27,112)	189,788	-
Monroe Bank & Trust Equipment Purchase Agreement:						
Amount of issue - \$391,052						
Maturing through 2018	2.45%	199,062	-	(131,906)	67,156	67,155
KS State Bank Equipment Purchase Agreement:						
Amount of issue - \$107,320						
Maturing through 2021	3.73%	-	107,320	(26,963)	80,357	25,811
Total bonds payable		7,540,962	107,320	(835,981)	6,812,301	792,966
Compensated absences		509,495	709,121	(661,905)	556,711	-
Total governmental activities long-term debt		\$ 8,050,457	\$ 816,441	\$ (1,497,886)	\$ 7,369,012	\$ 792,966
	Interest Rate Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Business-type activities:						
Clean Water Program Purchase Agreement:						
Amount of issue - \$349,869						
Maturing through 2037	1.54%	\$ 349,869	\$ 168,482	\$ (12,912)	\$ 505,439	\$ 22,578
Capital One Equipment Purchase Agreement:						
Amount of issue - \$650,000						
Maturing through 2022	2.84%	-	650,000	-	650,000	155,692
Talmer Bank Equipment Purchase Agreement:						
Amount of issue - \$1,618,352						
Maturing through 2020	1.48%	1,213,764	-	(404,588)	809,176	404,588
County contractual agreements - Downriver Sewage Disposal System Bonds Series B:						
Amount of issue - \$701,512						
Maturing through 2019	Various	107,296	-	(52,363)	54,933	54,933
State Revolving Funds Loan:						
Amount of issue - \$16,015,786						
Maturing through 2031	2.00% - 2.50%	4,090,815	52,890	(907,271)	3,236,434	756,824
Downriver Sewage Disposal System 2007 Bonds Series B:						
Amount of issue - \$1,421,841						
Maturing through 2027	4.18% - 5.04%	948,227	-	(66,637)	881,590	69,789

June 30, 2018

Note 7 - Long-term Debt (Continued)

	Interest Rate Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Business-type activities (continued):						
Downriver Sewage Disposal System 2007 Bonds Series D: Amount of issue - \$212,850 Maturing through 2028	3.95% - 4.61%	\$ 88,040	\$ -	\$ (4,406)	\$ 83,634	\$ 6,837
City of Ecorse plant capacity obligation: Amount of issue - \$518,402 Maturing through 2021	Various	22,816	-	(19,168)	3,648	1,801
Total business-type activities		6,820,827	871,372	(1,467,345)	6,224,854	1,473,042
Compensated absences		4,623	102,944	(106,271)	1,296	-
Total business-type activities long-term debt		<u>\$ 6,825,450</u>	<u>\$ 974,316</u>	<u>\$ (1,573,616)</u>	<u>\$ 6,226,150</u>	<u>\$ 1,473,042</u>

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		
	Principal	Interest	Total	Principal	Interest	Total
2019	\$ 792,966	\$ 168,572	\$ 961,538	\$ 1,473,042	\$ 158,814	\$ 1,631,856
2020	776,775	152,285	929,060	1,340,964	123,916	1,464,880
2021	827,772	135,786	963,558	934,132	95,548	1,029,680
2022	800,000	114,750	914,750	379,908	75,982	455,890
2023	900,000	89,250	989,250	217,862	39,077	256,939
2024-2028	2,525,000	197,625	2,722,625	1,202,030	291,251	1,493,281
2029-2033	-	-	-	523,178	20,380	543,558
2034-2038	-	-	-	153,738	11,409	165,147
Total	<u>\$ 6,622,513</u>	<u>\$ 858,268</u>	<u>\$ 7,480,781</u>	<u>\$ 6,224,854</u>	<u>\$ 816,377</u>	<u>\$ 7,041,231</u>

Future Revenue Pledged for Debt Payment

The business-type activity county contractual agreements to the county are the result of the county issuing bonds on the City's behalf. The City has pledged substantially all revenue of the Water and Sewer Fund, net of operating expenses, to repay the obligations; in addition, it has pledged to raise property taxes, to the extent permitted by law, if necessary, to fund the obligation to repay the county. Proceeds from the county bonds provided financing for the construction and upgrades for the Downriver Sewage Disposal System. The remaining principal and interest to be paid on the bonds total \$5,521,725. During the current year, net revenue of the system was \$2,912,107 and property tax collections were \$447,619 compared to the annual debt requirements of \$1,211,895.

Note 8 - Commitments and Contingencies

State of Michigan Perpetual Care Fund

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

Lawsuits

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

Note 9 - Risk Management

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

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

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

	General Liability	
	2018	2017
Unpaid claims - Beginning of year	\$ 130,853	\$ 173,500
Incurred claims, including claims incurred but not reported	258,598	215,800
Claim payments	(294,497)	(258,447)
Unpaid claims - End of year	<u>\$ 94,954</u>	<u>\$ 130,853</u>

Note 10 - Pension Plan

Plan Description

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

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

Note 10 - Pension Plan (Continued)

Benefits Provided

The City of Riverview Employees' Retirement System provides retirement, disability, and death benefits to plan members and their beneficiaries. Benefit terms are established by city ordinances and negotiations with the City's collective bargaining units and may be amended through negotiations with the City's collective bargaining units.

Employees Covered by Benefit Terms

At June 30, 2018, the following members were covered by the benefit terms:

Retirees and beneficiaries currently receiving benefits	100
Inactive plan members entitled to but not yet receiving benefits	8
Active plan members	<u>37</u>
Total employees covered by the plan	<u><u>145</u></u>

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, 2018, 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 37 percent of covered payroll.

Net Pension Liability

The components of the net pension liability of the City at June 30, 2018 were as follows:

Total pension liability	\$ 37,919,236
Plan fiduciary net position	<u>(31,151,563)</u>
City's net pension liability	<u><u>\$ 6,767,673</u></u>

The plan's fiduciary net position represents 82 percent of the total pension liability.

The City has chosen to use the June 30, 2018 measurement date as its measurement date for the net pension liability. The June 30, 2018 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, 2018 measurement date. The June 30, 2018 total pension liability was determined by an actuarial valuation performed as of June 30, 2017, which used updated procedures to roll forward the estimated liability to June 30, 2018.

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, 2017	\$ 36,270,078	\$ 30,143,435	\$ 6,126,643
Changes for the year:			
Service cost	446,393	-	446,393
Interest	2,642,245	-	2,642,245
Differences between expected and actual experience	(358,046)	-	(358,046)
Changes in assumptions	1,445,257	-	1,445,257
Contributions - Employer	-	1,018,391	(1,018,391)
Contributions - Employee	-	132,698	(132,698)
Net investment income	-	2,388,365	(2,388,365)
Benefit payments, including refunds	(2,526,691)	(2,526,691)	-
Administrative expenses	-	(4,635)	4,635
Net changes	1,649,158	1,008,128	641,030
Balance at June 30, 2018	\$ 37,919,236	\$ 31,151,563	\$ 6,767,673

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

For the year ended June 30, 2018, the City recognized pension expense of \$1,492,429.

At June 30, 2018, 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	\$ -	\$ 166,943
Changes in assumptions	654,246	-
Net difference between projected and actual earnings on pension plan investments	553,512	-
Total	\$ 1,207,758	\$ 166,943

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
2019	\$ 922,299
2020	308,037
2021	(153,647)
2022	(35,874)

Note 10 - Pension Plan (Continued)

Actuarial Assumptions

The total pension liability in the June 30, 2017 actuarial valuation was determined using an inflation assumption of 2.75 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, 2017 was 7.0 percent, which is lower than the 7.5 percent used in the June 30, 2016 actuarial valuation. The City changed the rate as a result of reviewing assumptions.

Discount Rate

The discount rate used to measure the total pension liability was 7.00 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 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, 2018 for each major asset class included in the pension plan’s target asset allocation, as disclosed in the investment note, are summarized in the following table:

Asset Class	Long-term Expected Real Rate of Return
Domestic equity	5.50 %
International equity	7.14
Fixed income	1.95
Real estate	7.25

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

The following presents the net pension liability of the City, calculated using the discount rate of 7.0 percent, as well as what the City’s net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.0 percent) or 1 percentage point higher (8.0 percent) than the current rate:

	1 Percent Decrease (6.0%)	Current Discount Rate (7.0%)	1 Percent Increase (8.0%)
Net pension liability of the City	\$ 10,681,223	\$ 6,767,673	\$ 3,431,453

Note 10 - Pension Plan (Continued)

Rate of Return

For the year ended June 30, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 8.32 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Assumption Changes

The City changed the discount rate for the measurement of total pension liability from the previous measurement date. For June 30, 2017 measurement date, the City used a discount rate of 7.50 percent. The City changed the discount rate to 7.00 percent for the June 30, 2018 measurement of the total pension liability. As a result of this change in assumptions, the total pension liability was increased by \$1,445,257. This change in assumptions will be deferred and amortized over the average remaining service lives of all active and inactive employees who are provided with pensions.

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, 2018:

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.

Note 10 - Pension Plan (Continued)

The balances of the reserve accounts at June 30, 2018 are as follows:

	Required Reserve	Amount Funded
Retiree reserve	\$ 21,999,881	\$ 21,999,881
Employee reserve	3,946,909	3,946,909
Employer reserve	-	5,204,773

Receivable to the Pension Plan

At June 30, 2018, the City reported a receivable of \$254,598 for the outstanding amount of contributions to the plan required for the year ended June 30, 2018.

Note 11 - Other Postemployment Benefit Plan

Plan Description

The City provides retiree healthcare benefits to eligible employees and their spouses. The benefits are provided through the City of Riverview Retiree Health Care Program, a single-employer plan administered by the City of Riverview retirement board. Management of the plan is vested in the retirement board of trustees, which consists of nine members - the city treasurer, four citizen representatives, and four employee representatives.

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

Benefits Provided

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

Employees Covered by Benefit Terms

At June 30, 2018, the following members were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	84
Inactive plan members entitled to but not yet receiving benefits	8
Active plan members	48
Total plan members	140

Contributions

Retiree healthcare costs are paid by the City on a "pay-as-you-go" basis. The City has no obligation to make contributions in advance of when the insurance premiums are due for payment. For the fiscal year ended June 30, 2018, the City made payments for postemployment health benefit premiums of \$1,601,972.

Total OPEB Liability

The City's total OPEB liability of \$47,199,141 was measured as of June 30, 2018. The June 30, 2018 total OPEB liability was determined by an actuarial valuation performed as of June 30, 2017, which used updated procedures to roll forward the estimated liability to June 30, 2018.

June 30, 2018

Note 11 - Other Postemployment Benefit Plan (Continued)

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

Changes in Net OPEB Liability	Total OPEB Liability
Balance at June 30, 2017	\$ 45,960,609
Changes for the year:	
Service cost	1,213,780
Interest	1,656,748
Differences between expected and actual experience	(30,024)
Benefit payments, including refunds	(1,601,972)
Net changes	1,238,532
Balance at June 30, 2018	<u>\$ 47,199,141</u>

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

For the year ended June 30, 2018, the City recognized OPEB expense of \$2,859,529.

At June 30, 2018, the City reported deferred inflows of resources related to OPEB from the following source:

	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 19,025

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

Years Ending June 30	Amount
2019	\$ (11,000)
2020	(8,025)
Total	<u>\$ (19,025)</u>

Actuarial Assumptions

The total OPEB liability in the June 30, 2018 actuarial valuation was determined using an inflation assumption of 3.5 percent; assumed salary increases (including inflation) of 3.5 to 7.5 percent; an investment rate of return (net of investment expenses) of 4.0 percent; a healthcare cost trend rate of 9.0 percent, decreasing to an ultimate rate of 3.5 percent for 2027 and later years; and using the RP-2000 Combined Healthy Mortality Table adjusted for mortality improvements to 2020 using projection scale BB. These assumptions were applied to all periods included in the measurement.

Discount Rate

The discount rate used to measure the total OPEB liability was 3.62 percent. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at rates equal to the required benefit payments.

The discount rate was based on the municipal bond rate, which was 3.62 percent. The source of that bond rate was the Fidelity 20-year Municipal GO AA Index. No projections were made to the ability of the City to meet benefit obligations in the future were made since the discount rate is equal to the tax-exempt municipal bond rate. The discount rate of 3.62 percent was applied to all remaining periods.

Note 11 - Other Postemployment Benefit Plan (Continued)

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

The following presents the total OPEB liability of the City, calculated using the discount rate of 3.62 percent, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percent Decrease (2.62%)	Current Discount Rate (3.62%)	1 Percent Increase (4.62%)
Total OPEB liability of the City of Riverview Retiree Health Care Program	\$ 54,357,908	\$ 47,199,141	\$ 41,394,903

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

The following presents the total OPEB liability of the City, calculated using the healthcare cost trend rate of 9.0 percent, as well as what the City's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percent Decrease (8.0%)	Current Healthcare Cost Trend Rate (9.0%)	1 Percent Increase (10.0%)
Total OPEB liability of the City of Riverview Retiree Health Care Program	\$ 41,132,251	\$ 47,199,141	\$ 54,271,200

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 as per the IRS, with the City matching up to 5 percent of their qualified earnings.

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

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

In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. In accordance with the requirements, the City expensed \$68,567 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, 2018, employee contributions were \$284,988.

Note 12 - Defined Contribution Pension Plan (Continued)

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, 2018, employee contributions were \$16,846. In accordance with the requirements, the City expensed \$27,796 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, 2018, employee contributions were \$14,085. In accordance with the requirements, the City expensed \$12,159 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, 2018, employee contributions were \$13,081. In accordance with the requirements, the City expensed \$35,279 during the current year.

Note 13 - Multiple-employer Defined Benefit Pension Plan

The City has land preserve employees who are members of the International Union of Operating Engineers, Local No. 324 Pension Fund. Under the collective bargaining agreement, employees pensions shall be based and computed on total hours worked (including all overtime). The Local 324 board of trustees defines required contribution rates. As required contributions are defined by hours worked, there is no fixed amount of required contributions. For the year ended June 30, 2018, the City made \$396,536 of contributions to the pension plan. Local 324 members are subject to a collective bargaining agreement that became effective on July 1, 2017. Local 324 Pension Fund has notified the City that, as of April 30, 2016, an estimated \$4,561,124 in unfunded vested benefits would be allocable to the City of Riverview, Michigan if they 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 the Downriver Sewage Disposal System (the "System"). The City's share of capital assets, restricted assets (for debt service), and related debt is recorded in the Water and Sewer Fund. In addition, the City has recorded an asset of \$743,330 in the Water and Sewer Fund at June 30, 2018 related to its share of unrestricted net position of the system. During the year, the City paid \$590,785 for operations of the system and \$957,791 for debt service.

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

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

Note 14 - Joint Venture (Continued)

Subsequent Event

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

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

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

At the time of the system transfer on September 27, 2018, in addition to transferring the treatment plant, distribution system, and other capital assets with a net book value of approximately \$190 million, the County also transferred approximately \$40 million of cash. In exchange for these assets, DUWA is obligated for the exchanged SRF debt in the principal amount of approximately \$62 million, the new 2018 Senior Lien debt issuance with a face amount of \$55 million, and the \$3.5 million remaining transfer obligation. All DUWA debt is revenue bond debt that will be paid by the communities through rates and charges. The City of Riverview, Michigan is evaluating the impact of the transfer on its Water and Sewer Fund; any such impact will be reflected in its fiscal year 2019 financial statements.

Note 15 - Reporting Changes

Change in Accounting Principle

During the current year, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. As a result, the government-wide statements and the proprietary funds now include a liability for the unfunded portion of the City's retiree healthcare costs. Some of the change in this total OPEB liability will be recognized immediately as part of the OPEB expense measurement, and part will be deferred and recognized over future years. Refer to the other postemployment benefit plan note for further details. This change does not impact the General Fund or any other governmental funds.

As a result of implementing this statement, the beginning net position of the governmental activities, business-types activities, Water and Sewer Fund, Land Preserve Fund, and Golf Course and Practice Fund has been restated as follows:

	Net Position		
	As Previously Reported	As Restated	Effect of Change
Governmental activities	\$ 10,989,301	\$ 847,046	\$ (10,142,255)
Business-type activities	39,676,179	24,174,746	(15,501,433)
Water and Sewer Fund	22,930,132	18,703,689	(4,226,443)
Land Preserve Fund	15,808,745	6,593,735	(9,215,010)
Golf Course and Practice Fund (Nonmajor enterprise fund)	937,302	(1,122,678)	(2,059,980)

June 30, 2018

Note 15 - Reporting Changes (Continued)

Change in Reporting

At the beginning of the current year, the City combined the two nonmajor enterprise funds, the Golf Course Fund and the Golf Practice Fund, into the Golf Course and Practice Fund. As a result of this change, the operating activity from these two funds are combined starting July 1, 2017. The beginning balance of these funds will be restated by combining the net position of the funds. The June 30, 2017 net position for the Golf Course Fund was a deficit of \$566,692 and the Golf Practice Fund was a surplus of \$1,503,994. As a result of this change, the beginning net position of Golf Course and Practice Fund is \$937,302 for the year ended June 30, 2018 combining statement of revenue, expenses, and changes in net position.

Required Supplemental Information

Required Supplemental Information
Budgetary Comparison Schedule - General Fund

Year Ended June 30, 2018

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 4,634,960	\$ 4,650,960	\$ 4,608,897	\$ (42,063)
Charges to other funds	943,560	943,560	907,047	(36,513)
State and federal sources	1,322,231	1,388,207	1,409,767	21,560
Charges for services	569,000	700,700	817,954	117,254
Fines and forfeitures	108,900	110,400	96,310	(14,090)
Licenses and permits	336,470	403,970	370,066	(33,904)
Investment gain	(14,600)	19,976	7,209	(12,767)
Other revenue	195,666	265,608	216,788	(48,820)
Total revenue	8,096,187	8,483,381	8,434,038	(49,343)
Expenditures				
Current services:				
General government:				
City Council	71,286	71,286	63,138	8,148
City manager	349,204	349,204	342,739	6,465
Finance	399,048	399,048	389,776	9,272
Assessing and purchasing	202,330	209,178	196,211	12,967
Information technology	149,292	149,292	143,106	6,186
Clerk	256,500	265,503	208,133	57,370
Attorney	306,350	535,350	511,815	23,535
Human resources	164,940	164,940	131,867	33,073
Insurance and other functions	50,886	50,886	48,837	2,049
General insurance	97,357	97,357	93,724	3,633
Public safety:				
Police	4,479,741	4,481,741	4,059,476	422,265
Fire and EMS	1,467,759	1,573,592	1,386,342	187,250
Public works:				
Administration	1,052,980	1,078,980	978,465	100,515
Building maintenance	302,721	342,233	316,199	26,034
Engineering and building	260,850	286,350	228,668	57,682
Motor vehicle pool	216,024	256,024	202,231	53,793
Community and economic development -				
Community development	228,905	274,361	198,734	75,627
Recreation and culture:				
Recreation	549,051	613,651	526,436	87,215
Parks	77,350	82,350	52,657	29,693
Debt service	-	28,810	28,810	-
Total expenditures	10,682,574	11,310,136	10,107,364	1,202,772
Excess of Expenditures Over Revenue	(2,586,387)	(2,826,755)	(1,673,326)	1,153,429
Other Financing Sources (Uses)				
Transfers in	2,675,000	2,675,000	2,025,000	(650,000)
Transfers out	(87,000)	(87,000)	(87,000)	-
Proceeds from equipment loan	-	107,320	107,320	-
Total other financing sources	2,588,000	2,695,320	2,045,320	(650,000)
Net Change in Fund Balance	1,613	(131,435)	371,994	503,429
Fund Balance - Beginning of year	1,193,580	1,193,580	1,193,580	-
Fund Balance - End of year	\$ 1,195,193	\$ 1,062,145	\$ 1,565,574	\$ 503,429

City of Riverview, Michigan

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

Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget</u>
Revenue				
State and federal sources	\$ 618,289	\$ 618,289	\$ 721,125	\$ 102,836
Investment gain	-	-	1	1
Total revenue	618,289	618,289	721,126	102,837
Expenditures - Current - Public works	410,930	416,621	274,657	141,964
Other Financing Uses - Transfers out	(222,359)	(222,359)	(241,925)	(19,566)
Net Change in Fund Balance	(15,000)	(20,691)	204,544	225,235
Fund Balance - Beginning of year	432,017	432,017	432,017	-
Fund Balance - End of year	<u>\$ 417,017</u>	<u>\$ 411,326</u>	<u>\$ 636,561</u>	<u>\$ 225,235</u>

City of Riverview, Michigan

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

Year Ended June 30, 2018

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 226,817	\$ 226,817	\$ 224,749	\$ (2,068)
State and federal sources	300,527	300,527	353,578	53,051
Investment gain	-	-	8	8
Total revenue	527,344	527,344	578,335	50,991
Expenditures - Current - Public works	873,531	1,268,815	811,651	457,164
Excess of Expenditures Over Revenue	(346,187)	(741,471)	(233,316)	508,155
Other Financing Sources - Transfers in	222,359	222,359	388,496	166,137
Net Change in Fund Balance	(123,828)	(519,112)	155,180	674,292
Fund Balance - Beginning of year	741,955	741,955	741,955	-
Fund Balance - End of year	<u>\$ 618,127</u>	<u>\$ 222,843</u>	<u>\$ 897,135</u>	<u>\$ 674,292</u>

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

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

City of Riverview, Michigan

Required Supplemental Information Schedule of Pension Investment Returns

	Last Five Fiscal Years				
	Years Ended June 30				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	8.32 %	9.87 %	(0.40)%	5.20 %	15.80 %

City of Riverview, Michigan

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

**Last Ten Fiscal Years
Years Ended June 30**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Local 324 required contribution	\$ 396,536	\$ 301,808	\$ 278,817	\$ 231,895	\$ 211,351	\$ 157,968	\$ 164,309	\$ 130,330	\$ 101,246	\$ 73,925

Notes to Schedule of Contributions

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

City of Riverview, Michigan

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

	Last Fiscal Year
	<u>2018</u>
Total OPEB Liability	
Service cost	\$ 1,213,780
Interest	1,656,748
Differences between expected and actual experience	(30,024)
Benefit payments, including refunds	<u>(1,601,972)</u>
Net Change in Total OPEB Liability	1,238,532
Total OPEB Liability - Beginning of year	<u>45,960,609</u>
Total OPEB Liability - End of year	<u>\$ 47,199,141</u>

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

June 30, 2018

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:

<u>General Fund</u>	<u>Total Revenue</u>	<u>Total Expenditures</u>	<u>Fund Balance</u>
Amounts per operating statement	\$ 9,080,376	\$ 11,082,956	\$ 1,809,301
Less Cable Fund, Rubbish Fund, and Library Fund, reported within the General Fund in the operating statement, which was not budgeted as part of the General Fund	<u>(646,338)</u>	<u>(975,592)</u>	<u>(243,727)</u>
Amounts per budget statement	<u>\$ 8,434,038</u>	<u>\$ 10,107,364</u>	<u>\$ 1,565,574</u>

Other Supplemental Information

City of Riverview, Michigan

	Special Revenue Funds		Debt Service Funds		
	Community Development Block Grant	Drug and Law Enforcement Fund	General Obligation	Building Authority	Street and Water Main Repair Fund
Assets					
Cash and investments	\$ 67,362	\$ 534,190	\$ 61,809	\$ 63,365	\$ -
Receivables:					
Property taxes receivable	-	-	532	-	21,430
Due from other governments	58,177	41,507	-	-	-
Prepaid expenses and other assets	-	215	-	-	-
Restricted assets	-	-	-	-	78,529
Total assets	\$ 125,539	\$ 575,912	\$ 62,341	\$ 63,365	\$ 99,959
Liabilities					
Accounts payable	\$ 55,556	\$ 261	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	151
Total liabilities	55,556	261	-	-	151
Deferred Inflows of Resources - Unavailable revenue	57,953	-	-	-	-
Total liabilities and deferred inflows of resources	113,509	261	-	-	151
Fund Balances					
Nonspendable	-	215	-	-	-
Restricted:					
Police	-	575,436	-	-	-
Debt service	-	-	-	-	21,279
Capital projects	-	-	-	-	78,529
CDBG	12,030	-	-	-	-
Assigned:					
Debt service	-	-	62,341	63,365	-
Capital projects	-	-	-	-	-
Total fund balances	12,030	575,651	62,341	63,365	99,808
Total liabilities, deferred inflows of resources, and fund balances	\$ 125,539	\$ 575,912	\$ 62,341	\$ 63,365	\$ 99,959

Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2018

Capital Project Funds			
Parks and Recreation Construction	Capital Improvements and Equipment	Development Revolving	Total Nonmajor Governmental Funds
\$ 16,132	\$ 245,406	\$ 16,450	\$ 1,004,714
-	-	-	21,962
-	-	-	99,684
-	-	-	215
-	-	-	78,529
\$ 16,132	\$ 245,406	\$ 16,450	\$ 1,205,104
\$ -	\$ 36,048	\$ -	\$ 91,865
-	-	-	151
-	36,048	-	92,016
-	-	-	57,953
-	36,048	-	149,969
-	-	-	215
-	-	-	575,436
-	-	-	21,279
-	-	-	78,529
-	-	-	12,030
-	-	-	125,706
16,132	209,358	16,450	241,940
16,132	209,358	16,450	1,055,135
\$ 16,132	\$ 245,406	\$ 16,450	\$ 1,205,104

City of Riverview, Michigan

	Special Revenue Funds		Debt Service Funds		
	Community Development Block Grant	Drug and Law Enforcement Fund	General Obligation	Building Authority	Street and Water Main Repair Fund
Revenue					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 822,628
State and federal sources:					
Federal grants	146,467	99,346	-	-	-
State sources	-	106,036	-	-	-
Investment gain	-	-	36	24	-
Other revenue - Miscellaneous income	-	-	-	-	-
Total revenue	146,467	205,382	36	24	822,628
Expenditures					
Current services:					
Public safety	-	41,759	-	-	-
Community and economic development	141,524	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	650,000
Interest on long-term debt	-	-	-	-	178,843
Total expenditures	141,524	41,759	-	-	828,843
Excess of Revenue Over (Under) Expenditures	4,943	163,623	36	24	(6,215)
Other Financing Sources (Uses)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	(146,571)
Sale of capital assets	-	-	-	-	-
Total other financing (uses) sources	-	-	-	-	(146,571)
Net Change in Fund Balances	4,943	163,623	36	24	(152,786)
Fund Balances - Beginning of year	7,087	412,028	62,305	63,341	252,594
Fund Balances - End of year	<u>\$ 12,030</u>	<u>\$ 575,651</u>	<u>\$ 62,341</u>	<u>\$ 63,365</u>	<u>\$ 99,808</u>

Other Supplemental Information

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

Nonmajor Governmental Funds

Year Ended June 30, 2018

Capital Project Funds			Total Nonmajor Governmental Funds
Parks and Recreation Construction	Capital Improvements and Equipment	Development Revolving	
\$ -	\$ -	\$ -	\$ 822,628
-	-	-	245,813
-	-	-	106,036
9	95	-	164
-	73,288	-	73,288
9	73,383	-	1,247,929
-	-	-	41,759
-	-	-	141,524
-	526,006	-	526,006
-	131,907	-	781,907
-	4,054	-	182,897
-	661,967	-	1,674,093
9	(588,584)	-	(426,164)
-	611,393	-	611,393
-	-	-	(146,571)
-	49,468	-	49,468
-	660,861	-	514,290
9	72,277	-	88,126
16,123	137,081	16,450	967,009
\$ 16,132	\$ 209,358	\$ 16,450	\$ 1,055,135

Other Supplemental Information
Combining Statement of Net Position
Internal Service Funds

June 30, 2018

	Self-Insurance Fund	Retiree Healthcare	Total Internal Service Funds
Assets - Current assets			
Cash and investments	\$ 292,180	\$ 278,066	\$ 570,246
Due from other funds	539,622	-	539,622
Prepaid expenses and other assets	-	60,793	60,793
Deposits	144,253	-	144,253
Total assets	976,055	338,859	1,314,914
Liabilities - Current liabilities			
Accounts payable	-	53,583	53,583
Provision for claims	94,954	-	94,954
Total current liabilities	94,954	53,583	148,537
Net Position - Unrestricted	\$ 881,101	\$ 285,276	\$ 1,166,377

City of Riverview, Michigan

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

Year Ended June 30, 2018

	Self-Insurance Fund	Retiree Healthcare	Total Internal Service Funds
Operating Revenue - Charges for services	\$ 609,729	\$ 1,490,940	\$ 2,100,669
Operating Expenses - Other services and charges	434,127	1,555,970	1,990,097
Operating Income (Loss)	175,602	(65,030)	110,572
Change in Net Position	175,602	(65,030)	110,572
Net Position - Beginning of year	705,499	350,306	1,055,805
Net Position - End of year	<u>\$ 881,101</u>	<u>\$ 285,276</u>	<u>\$ 1,166,377</u>

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

Year Ended June 30, 2018

	Self-Insurance Fund	Retiree Healthcare	Total Internal Service Funds
Cash Flows from Operating Activities			
Receipts from interfund services and reimbursements	\$ 608,795	\$ 1,528,669	\$ 2,137,464
Claims paid	(362,412)	(1,568,684)	(1,931,096)
Net Increase (Decrease) in Cash and Cash Equivalents -			
Net cash provided by (used in) operating activities	246,383	(40,015)	206,368
Cash and Cash Equivalents - Beginning of year	45,797	318,081	363,878
Cash and Cash Equivalents - End of year	\$ 292,180	\$ 278,066	\$ 570,246
Statement of Net Position Classification of Cash and Cash Equivalents - Cash and investments			
	\$ 292,180	\$ 278,066	\$ 570,246
Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities			
Operating income (loss)	\$ 175,602	\$ (65,030)	\$ 110,572
Adjustments to reconcile operating income (loss) to net cash from operating activities -			
Changes in assets and liabilities:			
Due to and from other funds	(934)	37,729	36,795
Estimated claims liability	71,715	(12,714)	59,001
Total adjustments	70,781	25,015	95,796
Net cash and cash equivalents provided (used) by operating activities	\$ 246,383	\$ (40,015)	\$ 206,368

Other Supplemental Information
Statement of Assets and Liabilities
Agency Funds

June 30, 2018

	Special Tax	Inspection	Total Agency Funds
Assets			
Cash and cash equivalents	\$ 117,916	\$ 113,060	\$ 230,976
Receivables	183,799	-	183,799
Total assets	\$ 301,715	\$ 113,060	\$ 414,775
Liabilities			
Due to other governmental units	\$ 301,715	\$ -	\$ 301,715
Refundable deposits, bonds, etc.	-	113,060	113,060
Total liabilities	\$ 301,715	\$ 113,060	\$ 414,775

Other Supplemental Information
Combining Balance Sheet
Activities Reported in General Fund

June 30, 2018

	Rubbish	Cable TV	Library	Total Activities Reported in the General Fund
Assets				
Cash and investments	\$ 96,964	\$ 169,022	\$ 83,977	\$ 349,963
Receivables:				
Property taxes receivable	-	-	5,965	5,965
Other receivables	-	-	7,113	7,113
Due from other governments	-	-	4,612	4,612
Prepaid expenses and other assets	-	577	-	577
Total assets	\$ 96,964	\$ 169,599	\$ 101,667	\$ 368,230
Liabilities				
Accounts payable	\$ 32,350	\$ 78,973	\$ 3,794	\$ 115,117
Accrued liabilities and other	-	4,310	5,076	9,386
Total liabilities	32,350	83,283	8,870	124,503
Fund Balances				
Nonspendable	-	577	-	577
Assigned	64,614	85,739	92,797	243,150
Total fund balances	64,614	86,316	92,797	243,727
Total liabilities and fund balances	\$ 96,964	\$ 169,599	\$ 101,667	\$ 368,230

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, 2018

	Rubbish	Cable TV	Library	Total Activities Reported in the General Fund
Revenue				
Property taxes	\$ -	\$ -	\$ 239,740	\$ 239,740
State and federal sources	-	-	15,510	15,510
Licenses and permits	-	364,571	-	364,571
Investment gain	-	4	64	68
Other revenue	7,250	-	19,199	26,449
Total revenue	7,250	364,575	274,513	646,338
Expenditures - Current services				
General government	-	309,915	-	309,915
Public works	348,912	-	-	348,912
Recreation and culture	-	-	316,765	316,765
Total expenditures	348,912	309,915	316,765	975,592
Excess of Revenue (Under) Over Expenditures	(341,662)	54,660	(42,252)	(329,254)
Other Financing Sources (Uses)				
Transfers in	341,662	-	87,000	428,662
Transfers out	-	(175,000)	-	(175,000)
Total other financing sources (uses)	341,662	(175,000)	87,000	253,662
Net Change in Fund Balance	-	(120,340)	44,748	(75,592)
Fund Balance - Beginning of year	64,614	206,656	48,049	319,319
Fund Balance - End of year	<u>\$ 64,614</u>	<u>\$ 86,316</u>	<u>\$ 92,797</u>	<u>\$ 243,727</u>